



## Presentation of Group nine-month 2015 Results



**Pier Francesco Saviotti, CEO**

Verona, 10 November 2015 @ 18:45 CET – conference call & webcast

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# Agenda

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# Nine-month 2015 performance highlights

## Capital

☐ Capital ratios increase in comparison with 30/06/2015:

- CET 1 ratio Phase-in: 12.7% vs. 12.2%
- CET 1 ratio Fully Phased: 12.2% (12.8% proforma) vs. 11.3%

## Profitability

☐ Operating profit increases 5.4% y/y, thanks to:

- The increase in core revenues: Net Interest Income (+1.0%) and Net Commission Income (+1.4%);
- The stronger contribution from shareholdings in the consumer credit and bancassurance businesses (+54.4%), in particular driven by the performance registered by Agos/Ducato (which contributed with €69m in 9M 2015);
- The decrease in operating costs (-4.5%).

☐ Net income (excluding the FVO) stands at €342.3m, including also the recognition of tax assets related to ex-Banca Italease (€85m) and in spite of registering the annual cost of the Single Resolution Fund, for a total of €23m estimated for FY 2015).

## Commercial Performance

☐ M/L-TERM LENDING: Total new lending amounts to €6.7bn in 9M 2015, up by roughly 68% vs. 9M 2014, of which in the main core segments: €1.3bn towards Households & Other Individuals (+54% y/y); €1.6bn towards Small Businesses (+47%y/y); €3.1bn towards Mid Corporates (+70% y/y).

☐ INDIRECT CUSTOMER FUNDING: Stock increases by 7.1% since year-end 2014, thanks to the growth in AUM (+10.3%), driven by the 'Mutual Funds and Sicav' component (+15.0%).

☐ CONSUMER CREDIT: New lending of Agos Ducato products increases by +17% vs. 9M 2014.

☐ CARDS: The number of cards (both debit and credit) rises by more than 168,000 in 9M 2015, of which roughly 123,000 in relation to the new generation ATM cards (YouCards).

☐ ON-LINE BANKING: The number of YouWeb contracts registers an increase of more than 106,000 in 9M 2015, reaching a total of 1.1 million.

☐ CURRENT ACCOUNTS: The number of commercial current accounts (retail and corporate) grows by 40,800 in 9M 2015, reaching 2.25 million.

## Loans

☐ Annualised cost of credit risk at 89bps, hence confirmed within the range of 80-100bps expected for FY 2015.

☐ Net flows to NPLs in sharp decline in 9M 2015: -56,0% vs. 9M 2014.

☐ Stock of gross Non-performing loans is confirmed below the level reached at year-end 2014 (-€164m), even without considering the material disposal of unsecured Bad loans realised on 1 October 2015.

☐ Coverage of NPLs strengthened further vs. the already good level reached at year-end 2014: 45.1%, +0.5p.p. vs. 31/12/2014 (including write-offs).

☐ Downsizing of the Leasing Division portfolio (ex Italease & Release): total gross customer loans down by €432m (-6.7%) and gross Non-performing loans down by €79m (-2.0%) in 9M 2015.

# Consolidated 9M 2015 income statement: annual change

Reclassified income statement €/m	9M 2015	9M 2014	% Chg.	Of which: PPA	
				9M 2015	9M 2014
Net interest income	1,176.5	1,164.4	1.0%		(1.9)
Income (loss) from investments in associates carried at equity	100.5	65.1	54.4%		
<b>Net interest, dividend and similar income</b>	<b>1,277.0</b>	<b>1,229.5</b>	<b>3.9%</b>	-	(1.9)
Net fee and commission income	1,085.2	1,070.7	1.4%		
Other net operating income	72.3	112.5	(35.7%)	(17.9)	(22.3)
Net financial result (excluding FVO)	173.3	217.9	(20.5%)		
<b>Total income</b>	<b>2,607.9</b>	<b>2,630.7</b>	<b>(0.9%)</b>	<b>(17.9)</b>	<b>(24.2)</b>
Personnel expenses	(1,010.3)	(1,053.2)	(4.1%)		
Other administrative expenses	(488.6)	(508.1)	(3.8%)		
Amortization and depreciation	(92.5)	(104.9)	(11.8%)	(2.7)	(2.8)
<b>Operating costs</b>	<b>(1,591.4)</b>	<b>(1,666.2)</b>	<b>(4.5%)</b>	<b>(2.7)</b>	<b>(2.8)</b>
<b>Profit (loss) from operations</b>	<b>1,016.5</b>	<b>964.5</b>	<b>5.4%</b>	<b>(20.6)</b>	<b>(27.0)</b>
Net adjustments on loans to customers	(574.8)	(1,065.4)	(46.0%)		
Net adjustments on receivables due from banks and other assets	(31.0)	(20.5)	51.3%		
Net provisions for risks and charges	(65.4)	11.6	n.s.		
Impairment of goodwill and equity investments	-	-			
Profit (loss) on the disposal of equity and other investments	(4.3)	2.1	n.s.		(0.0)
<b>Income (loss) before tax from continuing operations</b>	<b>341.0</b>	<b>(107.7)</b>	<b>n.s.</b>	<b>(20.6)</b>	<b>(27.0)</b>
Tax on income from continuing operations (excluding FVO)	(2.1)	(1.7)	21.1%	6.7	10.6
Income (loss) after tax from discontinued operations	(7.6)	1.4	n.s.		
Income (loss) attributable to minority interests	11.0	8.7	26.6%		
<b>Net income (loss) for the period excluding FVO</b>	<b>342.3</b>	<b>(99.3)</b>	<b>n.s.</b>	<b>(13.9)</b>	<b>(16.4)</b>
Fair Value Option result (FVO)	11.2	(33.7)	n.s.		
Tax on FVO result	(3.7)	11.3	n.s.		
<b>Net income (loss) for the period</b>	<b>349.8</b>	<b>(121.7)</b>	<b>n.s.</b>	<b>(13.9)</b>	<b>(16.4)</b>

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 30/06/2015, 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 9M 2015 income statement: quarterly change

Reclassified income statement €/m	Q3 2015	Q2 2015	Q1 2015	Of which: PPA		
				Q3 2015	Q2 2015	Q1 2015
Net interest income	387.5	402.0	387.1			
Income (loss) from investments in associates carried at equity	39.2	36.7	24.6			
<b>Net interest, dividend and similar income</b>	<b>426.7</b>	<b>438.6</b>	<b>411.7</b>	-	-	-
Net fee and commission income	314.1	350.2	420.9			
Other net operating income	23.5	20.3	28.6	(6.0)	(6.0)	(6.0)
Net financial result (excluding FVO)	30.0	50.3	93.0			
<b>Total income</b>	<b>794.3</b>	<b>859.4</b>	<b>954.2</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(6.0)</b>
Personnel expenses	(327.7)	(342.2)	(340.4)			
Other administrative expenses	(161.0)	(162.6)	(165.0)			
Amortization and depreciation	(33.7)	(26.3)	(32.5)	(0.9)	(0.9)	(0.9)
<b>Operating costs</b>	<b>(522.4)</b>	<b>(531.1)</b>	<b>(537.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>
<b>Profit (loss) from operations</b>	<b>271.9</b>	<b>328.4</b>	<b>416.3</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(6.9)</b>
Net adjustments on loans to customers	(199.5)	(193.9)	(181.4)			
Net adjustments on receivables due from banks and other assets	(5.2)	(22.3)	(3.6)			
Net provisions for risks and charges	(15.8)	(6.4)	(43.2)			
Impairment of goodwill and equity investments	-	-	-			
Profit (loss) on the disposal of equity and other investments	(0.2)	(4.0)	(0.1)			
<b>Income (loss) before tax from continuing operations</b>	<b>51.2</b>	<b>101.8</b>	<b>188.0</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(6.9)</b>
Tax on income from continuing operations (excluding FVO)	(5.3)	(23.3)	26.5	2.2	2.2	2.2
Income (loss) after tax from discontinued operations	0.2	(6.5)	(1.3)			
Income (loss) attributable to minority interests	5.9	1.2	3.9			
<b>Net income (loss) for the period excluding FVO</b>	<b>52.0</b>	<b>73.1</b>	<b>217.2</b>	<b>(4.6)</b>	<b>(4.6)</b>	<b>(4.7)</b>
Fair Value Option result (FVO)	7.1	16.8	(12.6)			
Tax on FVO result	(2.3)	(5.5)	4.2			
<b>Net income (loss) for the period</b>	<b>56.7</b>	<b>84.3</b>	<b>208.8</b>	<b>(4.6)</b>	<b>(4.6)</b>	<b>(4.7)</b>

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 30/06/2015, 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 9M 2015 income statement: breakdown

	30/09/2015	Of which:
Reclassified income statement €/m	Banco Popolare Group	<i>Leasing Division</i>
Net interest income	1,176.5	29.2
Income (loss) from investments in associates carried at equity	100.5	-
<b>Net interest, dividend and similar income</b>	<b>1,277.0</b>	<b>29.2</b>
Net fee and commission income	1,085.2	(0.4)
Other net operating income	72.3	15.0
Net financial result (excluding FVO)	173.3	0.0
<b>Total income</b>	<b>2,607.9</b>	<b>43.8</b>
Personnel expenses	(1,010.3)	(8.4)
Other administrative expenses	(488.6)	(33.4)
Amortization and depreciation	(92.5)	(10.3)
<b>Operating costs</b>	<b>(1,591.4)</b>	<b>(52.1)</b>
<b>Profit (loss) from operations</b>	<b>1,016.5</b>	<b>(8.3)</b>
Net adjustments on loans to customers	(574.8)	(113.1)
Net adjustments on receivables due from banks and other assets	(31.0)	-
Net provisions for risks and charges	(65.4)	(12.2)
Impairment of goodwill and equity investments	-	(0.0)
Profit (loss) on the disposal of equity and other investments	(4.3)	(4.9)
<b>Income (loss) before tax from continuing operations</b>	<b>341.0</b>	<b>(138.6)</b>
Tax on income from continuing operations (excluding FVO)	(2.1)	39.3
Income (loss) after tax from discontinued operations	(7.6)	-
Income (loss) attributable to minority interests	11.0	11.2
<b>Net income (loss) for the period excluding FVO</b>	<b>342.3</b>	<b>(88.1)</b>

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

# Extraordinary P&L items in 9M 2015

## ELEMENTS FOR THE NORMALISATION

€/m

	9M 2015		Q3		Q2		Q1		P&L Items
	gross	net	gross	net	gross	net	gross	net	
- WRITE-DOWN ON PROPERTY AND EQUIPMENT (REAL ESTATE ASSETS)	(6.1)	(3.8)	(2.3)	(1.6)	0.0	0.0	(3.8)	(2.2)	Amortization and Depreciation
- INCENTIVISED EXITS	(11.6)	(8.4)	0.0	0.0	(11.6)	(8.4)	0.0	0.0	Personnel expenses
- BANCA ITALEASE TAX ASSETS *	85.1	85.1	0.0	0.0	0.0	0.0	85.1	85.1	Tax on income from continuing operations
- LEGAL DISPUTES	(17.7)	(12.2)	0.0	0.0	0.0	0.0	(17.7)	(12.2)	Net provisions for risks and charges
- DISCONTINUED OPERATIONS	(7.6)	(7.6)	0.2	0.2	(6.5)	(6.5)	(1.3)	(1.3)	Income (loss) after tax from discontinued operations
- FAIR VALUE OPTION	11.2	7.5	7.1	4.7	16.8	11.2	(12.6)	(8.4)	FVO result
<b>TOTAL</b>	<b>53.3</b>	<b>60.6</b>	<b>5.0</b>	<b>3.3</b>	<b>(1.4)</b>	<b>(3.7)</b>	<b>49.7</b>	<b>61.0</b>	

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 has come into effect starting from 2015.

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

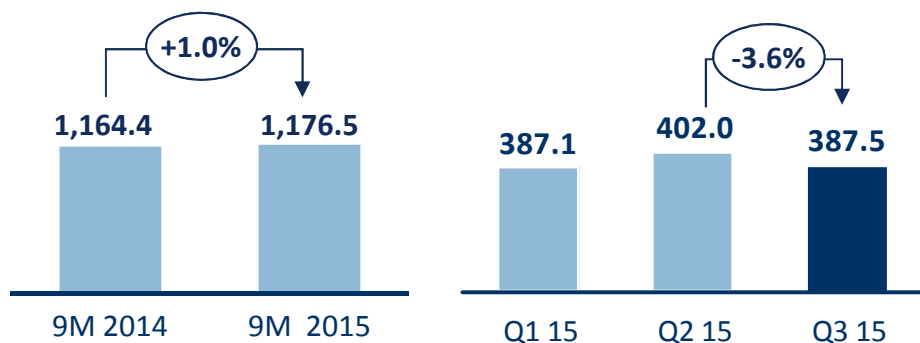
\*\* The estimate does not consider adjustments due to the potential change in the risk profile of the Group and assumes that 70% of the annual contribution, equal to €32.9m, is paid in cash (with the residual 30% treated as a payment commitment and, hence, not entailing any charge in the P&L).



# Net interest income

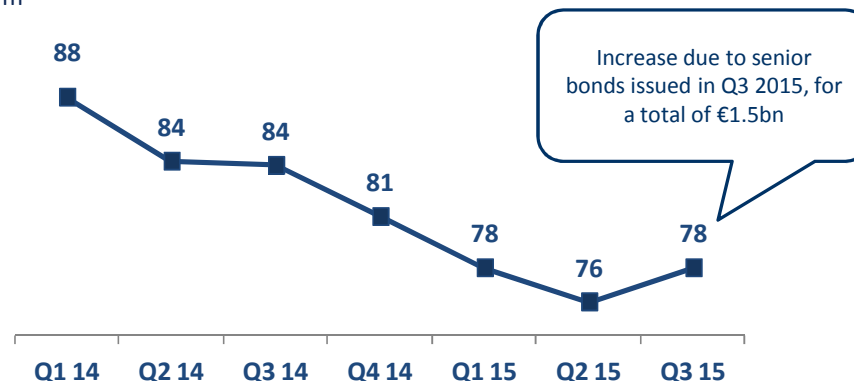
## Evolution of Net interest income

€/m



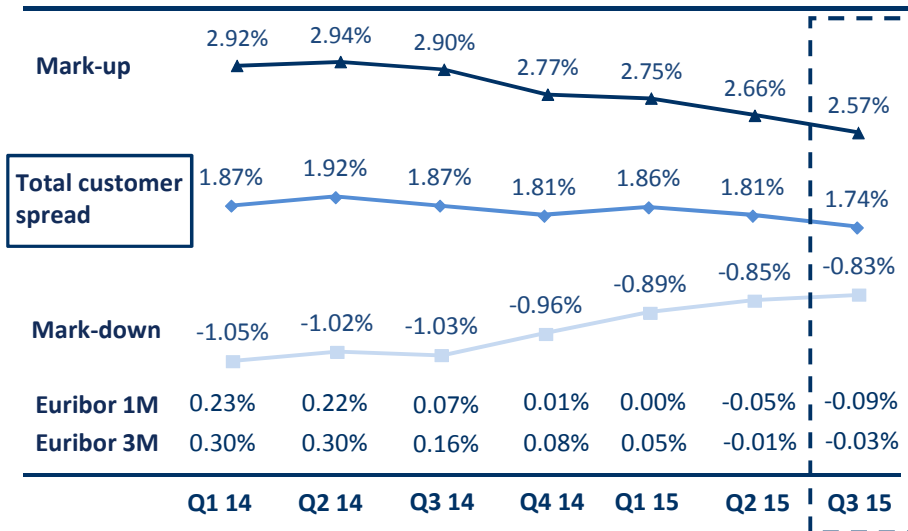
## Evolution of institutional funding cost

€/m



## Customer spread evolution\*

(commercial network)



📌 The net interest income increased on an annual basis (+1.0%), mainly due to the reduction in the cost of both institutional and retail-related funding, reflecting the continued focus on less expensive forms of customer funds.

📌 On a quarterly basis, the decrease (-3.6%) is due to the reduction in the customer spread (-7bps), essentially attributable to the further drop of euribor rates as well as to the strong competition still underway on the lending side, resulting in further downward pressure on the asset spread (-9bp q/q). On the other side, the recovery in the liability spread is confirmed and, notwithstanding a €500m Tier 2 bond placed on the commercial network in Q2 2015, it improved by +2bps (+4bps excluding the impact of the subordinated bond).

# Net commission income

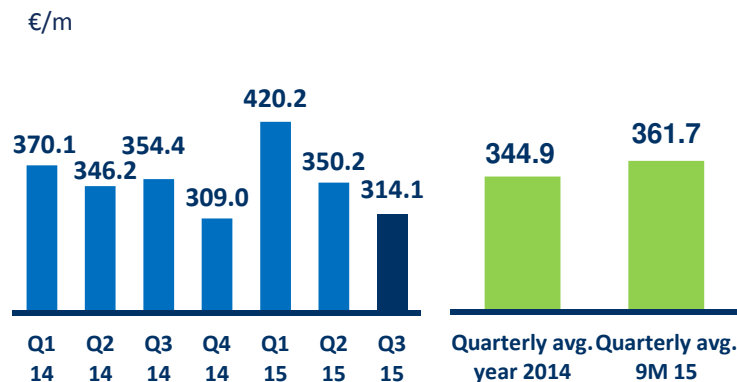
## Analysis of Net commissions

€/m	9M 2015	9M 2014	% Chg.
Mgmt. brokerage and advisory services	555.9	532.5	4.4%
Management of c/a and customer relations	363.6	390.9	-7.0%
Payment and collection services	88.1	91.0	-3.2%
Guarantees given	38.3	17.1	123.5%
Other services	39.3	39.2	0.4%
<b>Total</b>	<b>1,085.2</b>	<b>1,070.7</b>	<b>1.4%</b>

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

€/m	9M 2015	9M 2014	% Chg.
Placement of savings products:	431.7	413.5	4.4%
- Securities sale and distribution	3.5	1.9	91.1%
- Asset management	322.9	289.8	11.4%
- Bancassurance	105.2	121.9	-13.7%
Consumer credit	25.5	23.0	10.9%
Credit cards	22.9	24.6	-7.0%
Custodian banking services	12.8	10.0	28.0%
FX & trading activities of branch customers	43.9	49.3	-10.9%
Other	19.0	12.0	58.8%
<b>Total</b>	<b>555.9</b>	<b>532.5</b>	<b>4.4%</b>

## Quarterly evolution



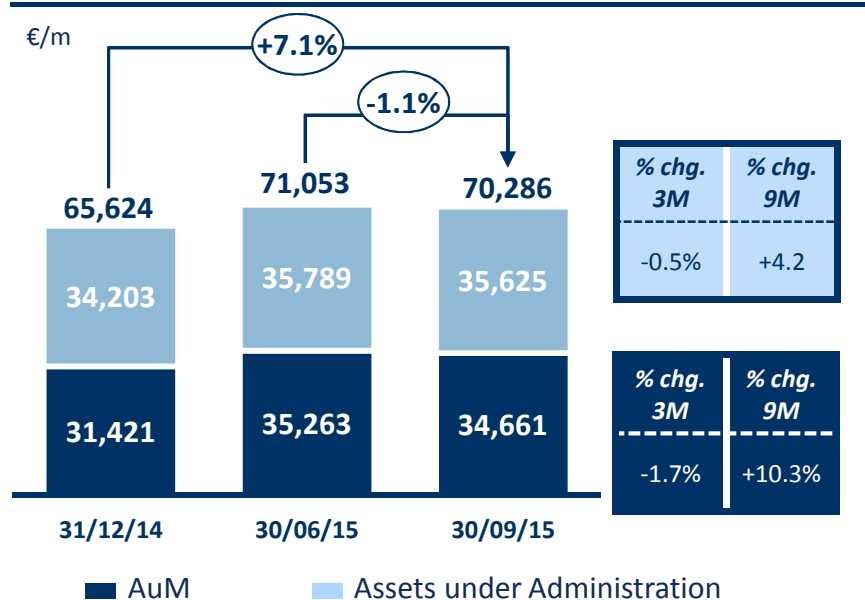
In 9M 2015, net commissions increased by +1.4% y/y, thanks to:

- the strong performance registered by the commercial network in the placement activity of investment products to customers, in particular in relation to Assets under Management (+11.4%);
- as well as to a higher contribution from other fee income sources, in particular consumer credit, guarantees given, custodian banking services and other.

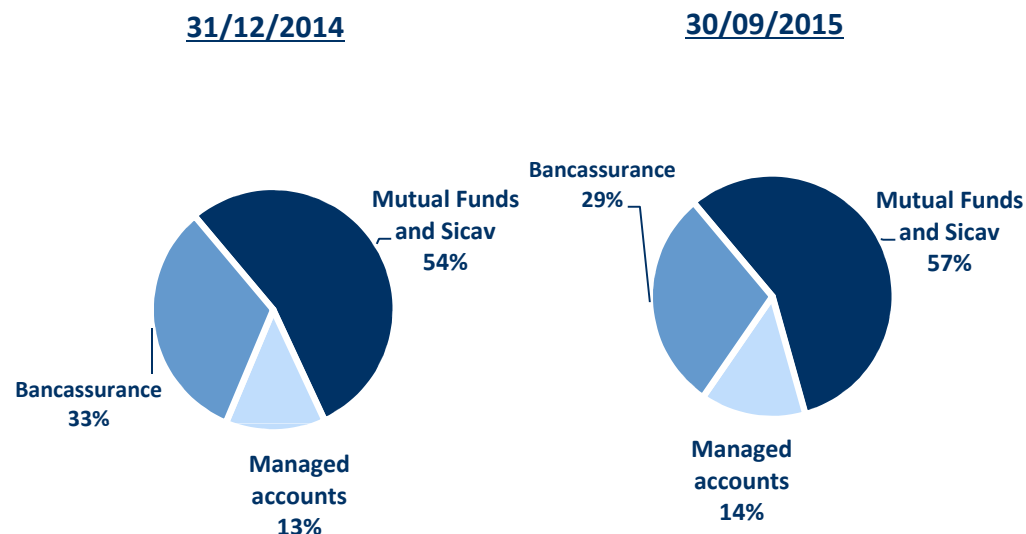
The decrease in net commissions in Q3 2015 is mainly due both to seasonal effects as well as a stronger focus, vs. the previous quarter, on the placement of own bonds.

# Indirect customer funding

**Total Indirect Funding\***  
(stock)



**Breakdown of Assets under Management**  
(stock)



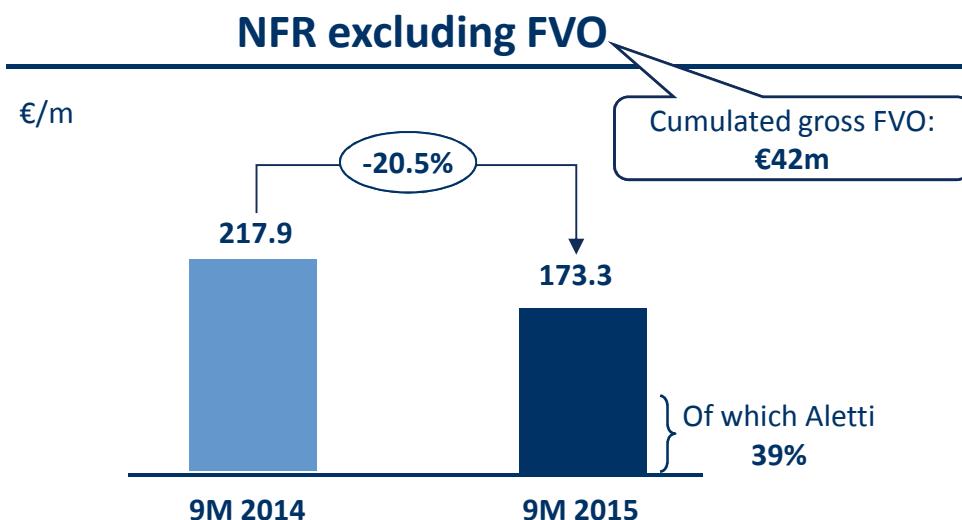
👤 Total indirect customer funds increased **7.1% YTD**, driven by the AuM segment (**+10.3%** on a homogenous basis\*), thanks to the 'Mutual Funds and Sicav' component, which grew by **+15.0% YTD**, strengthening the positive trend started last year.

👤 The decrease of 1.1% q/q is due to negative temporary market performance effects, in particular in relation to the slowdown of the economic activity in China.

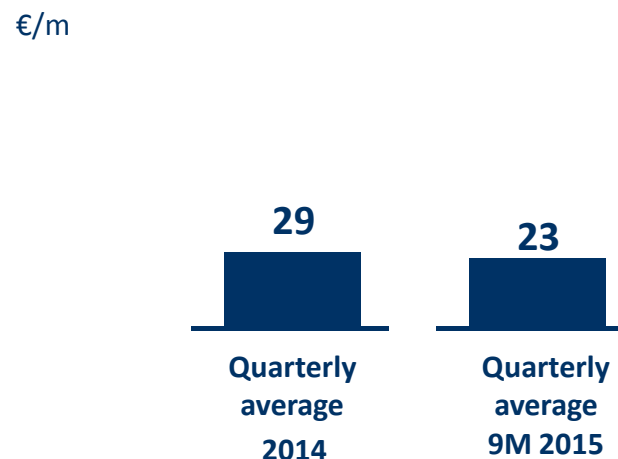
\* In Q1 2015, a managed account of about €2.5bn belonging to Eurovita was wound down, with the underlying securities reclassified under the 'Assets under Administration' segment. In order to have a homogenous comparison, the same reclassification was applied to the figures as at 31/12/2014.

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

# Net financial result (NFR)



## Contribution of Banca Aletti to NFR

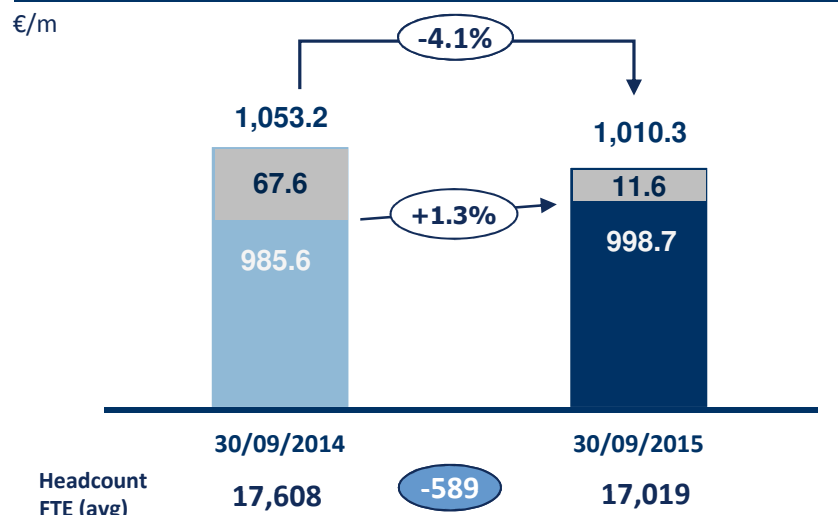


 The NFR decreased by 20.5%, mainly due to:

- lower capital gains related to the trading activity, which was also impacted by the negative trend seen on the financial markets, in conjunction with the worsening of the Greek crisis and the slowdown of the economic activity in China;
- lower structuring activity of products of Banca Aletti (with a quarterly contribution to the NFR that, however, has remained in line with that of 2014), following a higher focus of the commercial network on AuM products.

# Operating costs: personnel expenses

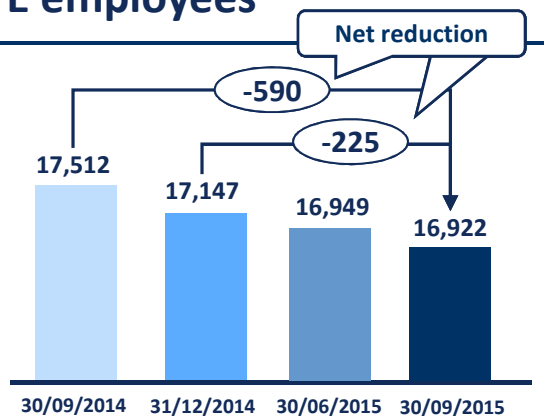
## Personnel expenses



Excluding BP Luxembourg

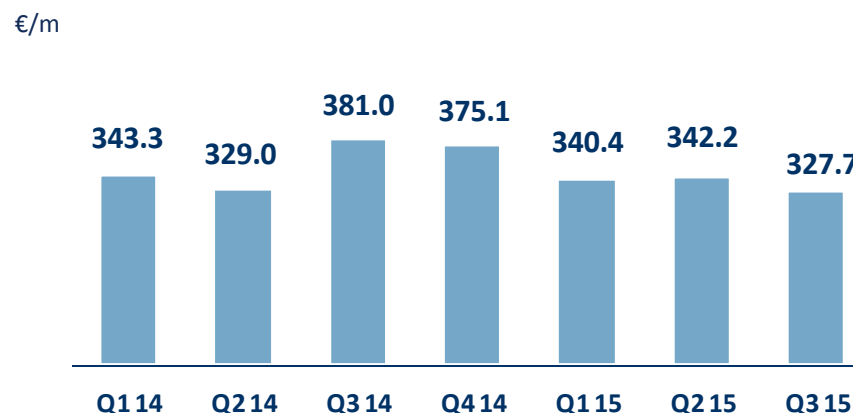
## FTE employees

(period-end data)  
Total Group FTEs



FTE: Full Time Equivalent  
Excluding BP Luxembourg.

## Quarterly average

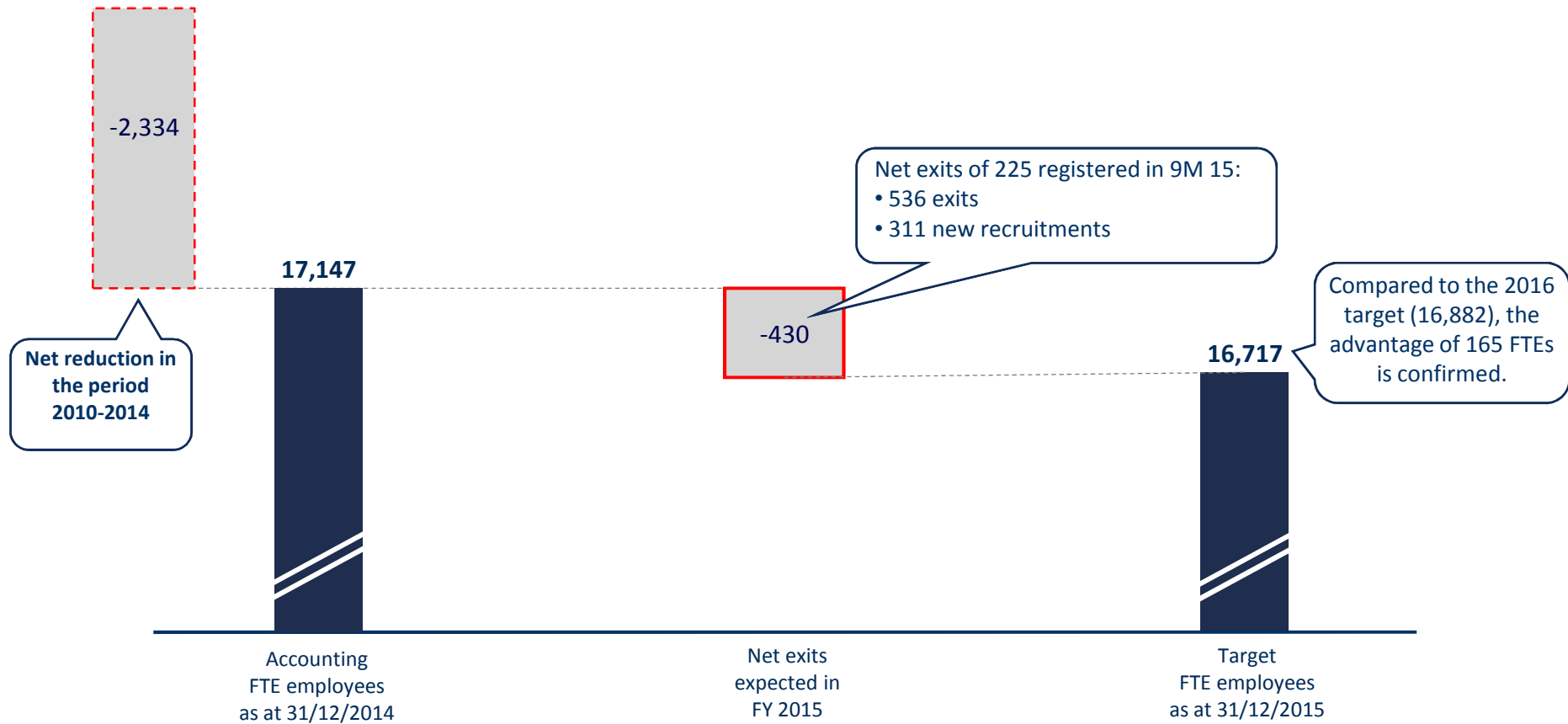


**Personnel expenses decreased by -4.1% y/y**, due to lower non-recurring costs related to the Solidarity Fund and incentivised exits registered in 9M 2015 compared to the previous year (€11.6m vs. €67.6m). Excluding these extraordinary charges, the annual increase of 1.3%, is due to the wage increases stipulated under the previous national labour contract (CCNL) and to the higher costs related to the variable part of remuneration pertaining to 2015, offset by a reduction in the average headcount.

- The average headcount decreased by 589 resources (FTE) on an annual basis.
- The period-end headcount continues to decrease in Q3 2015, in line with the budget.
- In Q4 2015, further headcount reduction, based on the Solidarity Fund and on incentivised exits, is expected.

# Expected headcount evolution in 2015

FTEs (including temporary workers)



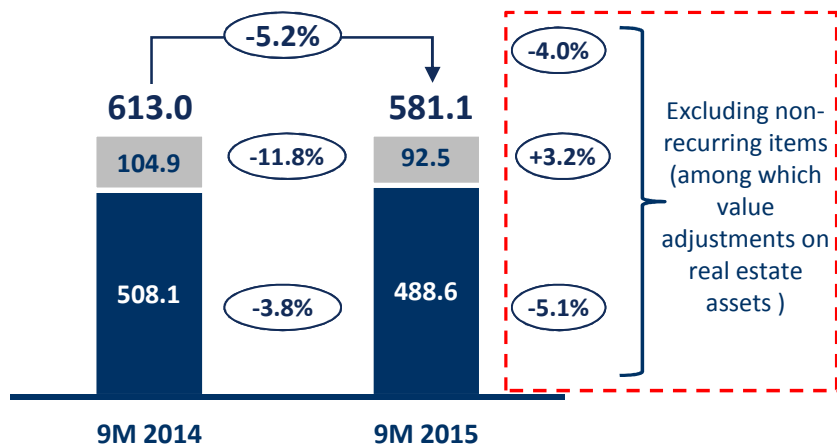
**The headcount reduction is ahead of the Business Plan target.**

The figures exclude BP Luxembourg.

# Operating costs: non-personnel expenses

## Total non-personnel expenses

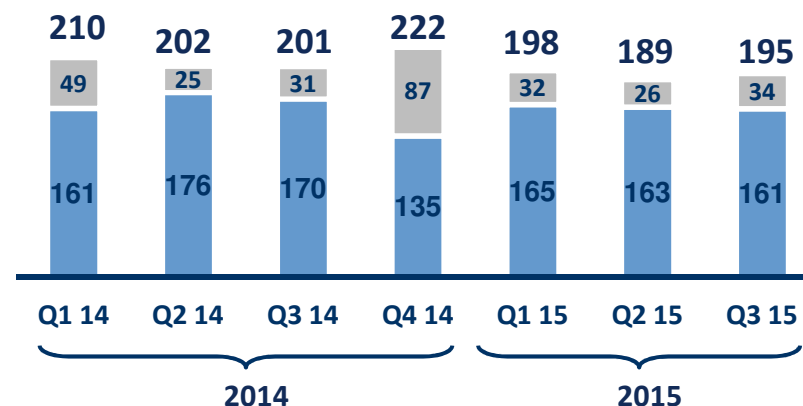
€/m ■ Other admin. expenses ■ Amortisation & Depreciation



--- Chg. excluding non-recurrent items

## Quarterly trend



€/m ■ Other admin. expenses ■ Amortisation & Depreciation



- Total non-personnel expenses** decreased by **-5.2% y/y**. Excluding non-recurrent items registered in 9M 2014 and in 9M 2015, the reduction is equal to **-4.0% y/y**.
- In particular, **other administrative expenses** decreased by 3.8% y/y. Excluding extraordinary savings, equal to €7m registered in 2014, the reduction is equal to **-5.1% y/y**, reflecting continuous cost containment actions.
- Amortisation & Depreciation** was down by 11.8% y/y, but excluding non-recurrent adjustments on real estate assets registered in 2014 (€17m) and in 2015 (€2m), they increased by **3.2% y/y**, also due to higher IT investments.

# Agenda

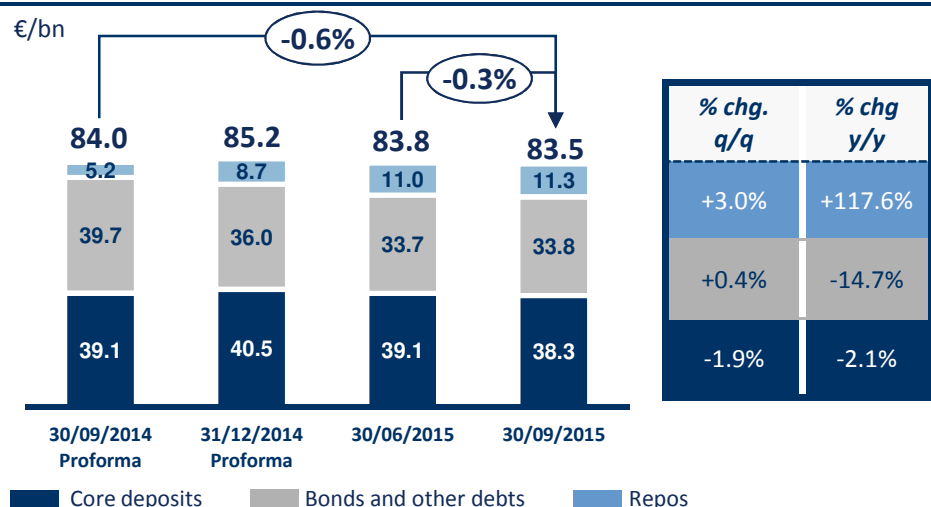
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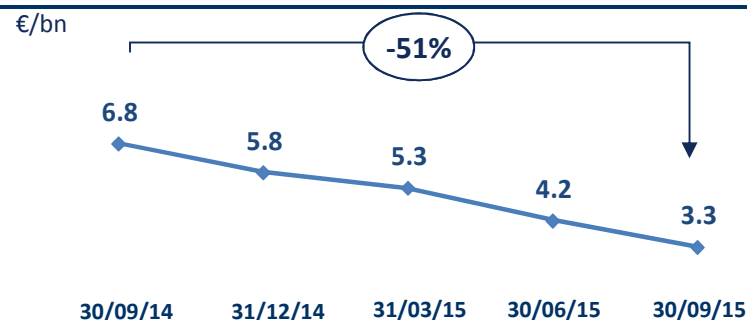


# Direct customer funds: trends and breakdown

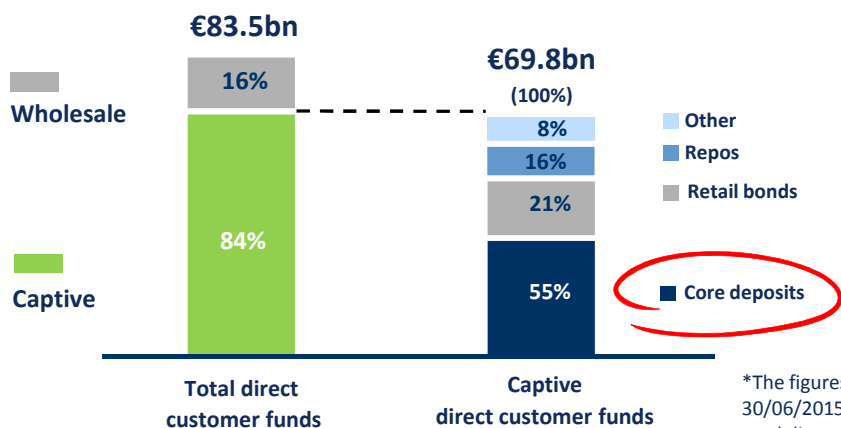
## Total direct customer funds\*



## Evolution of time deposits (certificates of deposit included)



## Direct customer funds: breakdown as at 30/09/2015

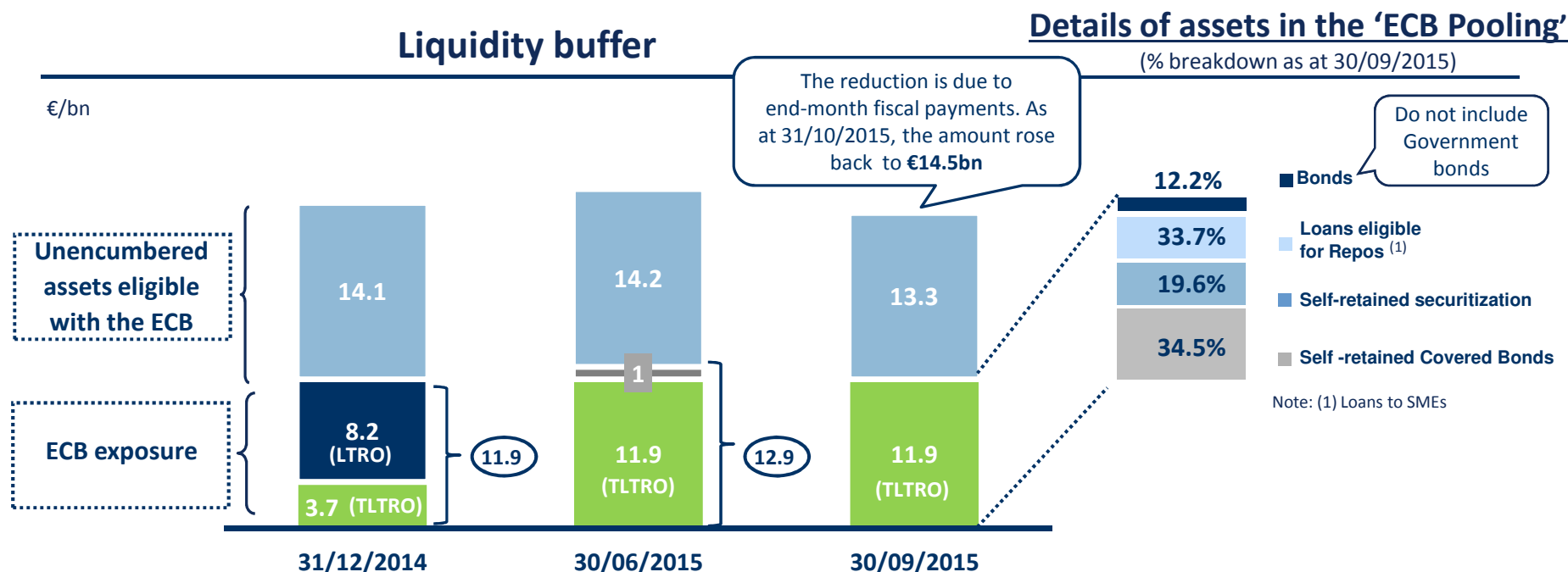


- On an annual basis, total direct customer funds registered a slight decrease (-0.6%), due to the reduction both in the core deposits and bond-related funding, largely offset by an increase in repos. However, including the liquidity generated by the placement of the certificates, the stock of which increased by €1.8bn y/y, total direct customer funds increased by 1.5% y/y.
- The decrease of the bond-related funding (-14.7%) is mainly due to actions aimed at reducing the total cost of funding and to the increased focus of customers on AuM products. Such reduction is partially offset by the medium-term liquidity generated by the placement of certificates.
- On a quarterly basis, total direct customer funds are substantially flat (-0.3%), as the reduction of core deposits has been offset by the increase in bond-related funding and repos.
- The decrease of core deposits, both on an annual (-2.1%) and quarterly basis (-1.9%), is exclusively due to the planned and ongoing reduction in the more expensive component (term deposits).
- The weight of wholesale funding is equal to 16%, in line with previous quarters.

\*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 under Assets under Custody.

# Group liquidity: strong position



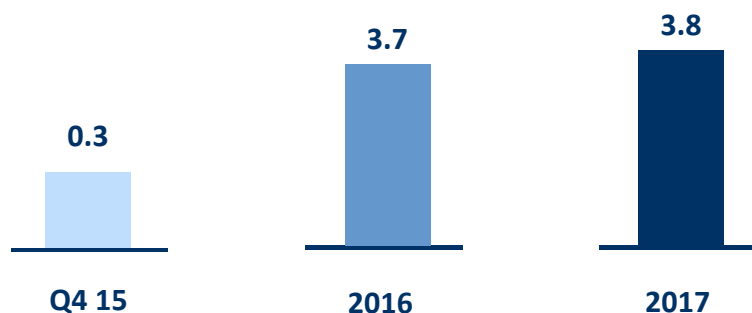
- The ECB exposure is equal to **€11.9bn** as at 30/09/2015, entirely made up of TLTRO drawings. The reduction of €1bn vs. 30/06/2015 is due to the maturity of the short-term component.
- The amount of further unencumbered assets eligible with the ECB is equal to **€13.3bn**, largely consisting of a 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

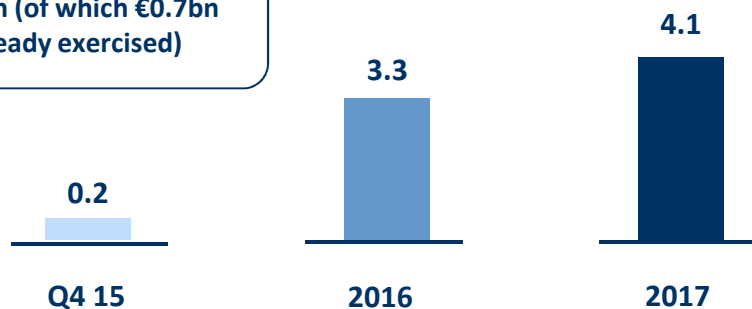
€/bn



## Retail bond maturities

€/bn

**Retail bond calls in 2015:**  
 €1.2bn (of which €0.7bn  
 already exercised)



### Wholesale market:

**A total of €2.5bn bonds was issued in 9M 2015**, of which €1.5bn senior bonds in Q3 2015 and €1.0bn covered bonds in February.

### Retail market:

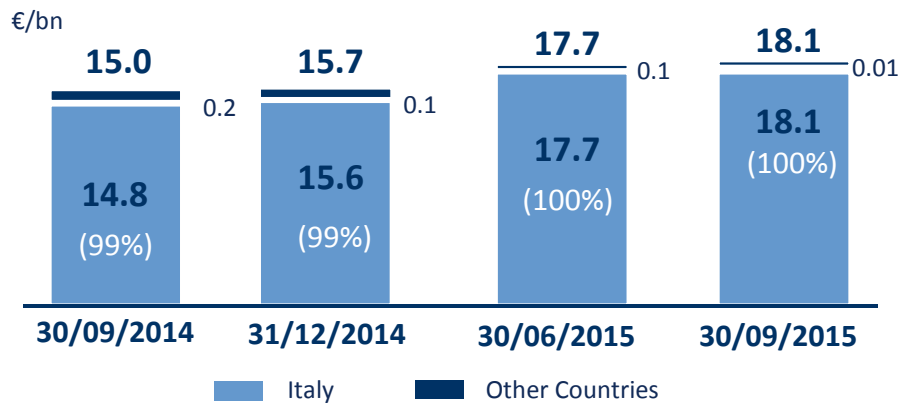
The bond maturities amount to just €0.2bn in Q4 2015 .

In Q3 2015, a €500m Tier 2 bond was placed on the commercial network.

**Over the next months, further bonds are planned to be issued, with a mix between institutional and retail that shall depend on market conditions.**

# Treasury securities portfolio: evolution

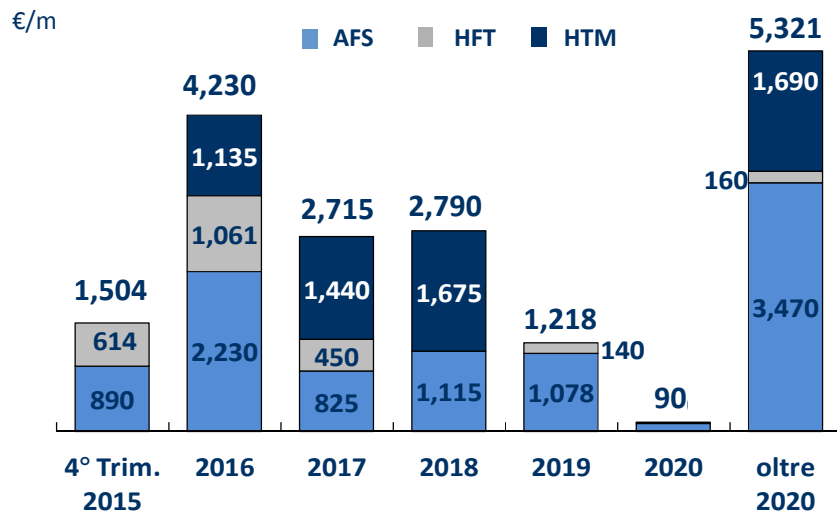
## Total Government bond portfolio, with details on Italian bonds (nominal amounts)



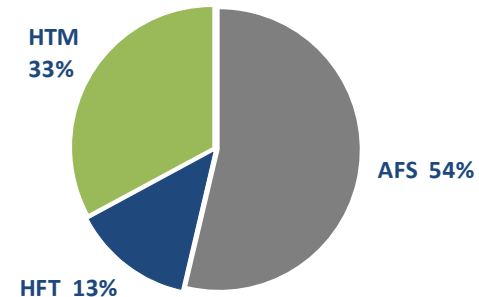
The Government portfolio, which is represented almost entirely by Italian bonds, is equal to €18.1bn, with an average maturity of 3.7 years.

As at 30/09/2015, the AFS reserve on Government bonds was equal to €151m pre-tax (vs. -€14m as at 30/06/2015), while the unrealized gains on Government bonds in HTM amounted to €259m pre-tax (vs. €201m as at 30/06/2015).

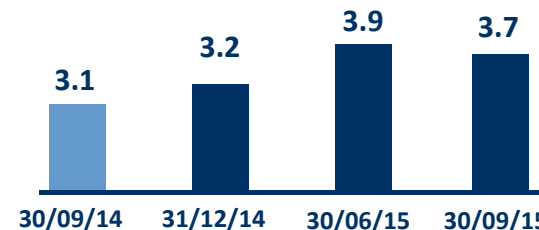
## Focus on Italian Government bonds: maturities profile and accounting classification



## Italian Government bonds: Accounting classification as at 30/09/2015





## Average maturity (Italy; in years)



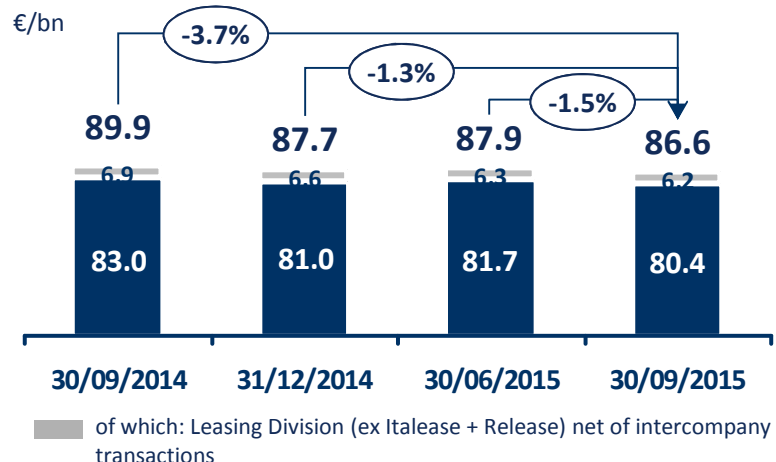
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# Customer loans: evolution and segmentation

## Gross customer loans

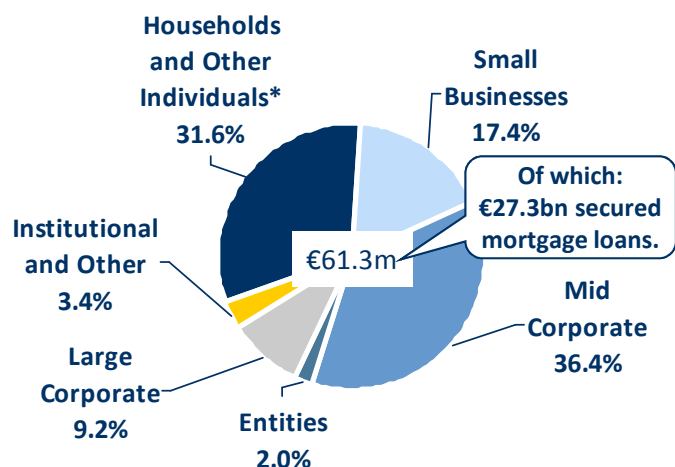


- Gross customer loans stand at €86.6bn, decreasing by 3.7% y/y, by 1.3% in the nine-month period and by 1.5% in the quarter.
- Excluding from the trend of loans the non-core elements, such as the run-off of the Leasing Division and the reduction of REPOs:
  - the annual decrease is reduced to -2.2%;
  - a growth of €524m (+0.7%) is registered in the nine-month period;
  - the quarterly contraction is reduced to -1.1%.
- New M/L-Term lending flows in 9M 2015 were particularly good (€6.7bn in total), registering a significant increase vs. 9M 2014 (+68%), of which in the main core segments in particular:
  - €1.3bn towards Households & Other Individuals: +54% y/y;
  - €1.6bn towards Small Businesses: +47% y/y;
  - €3.1bn towards Mid Corporates: +70% y/y.

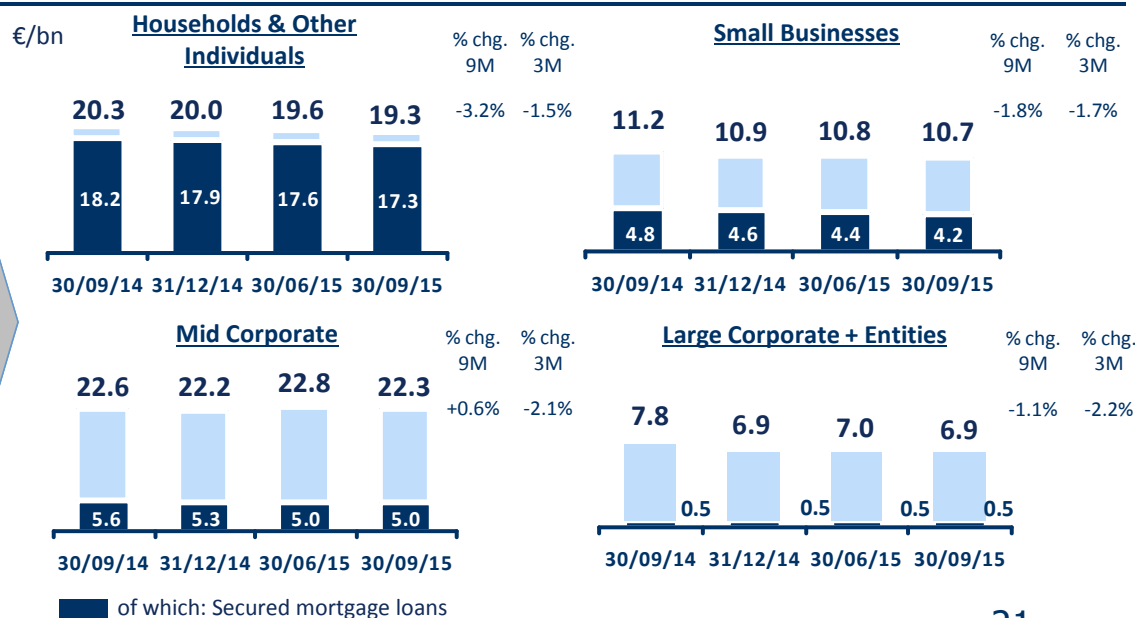
## Performing customer loans: customer breakdown

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

### Breakdown as at 30/09/2015



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

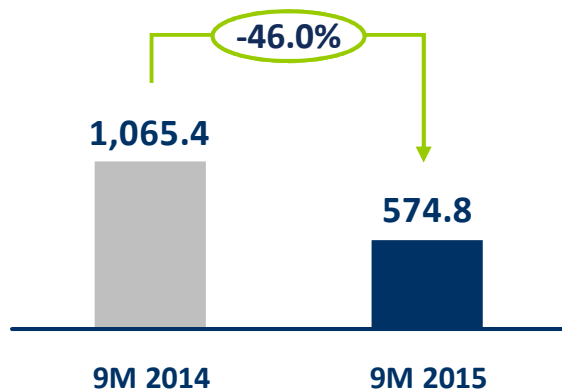


The 2014 quarterly data have been restated taking a refining of the internal data base of customers into account .

# Cost of credit risk

## Loan Loss Provisions: Annual trend

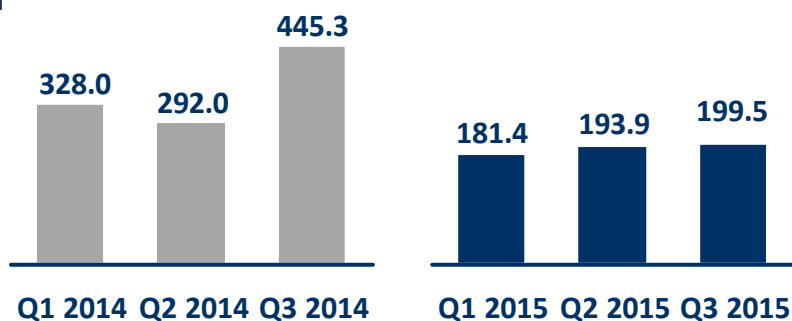
€/m



Gross loans (period-end data)	9M 2014	9M 2015
	89,929	86,562

## Loan Loss Provisions: Quarterly trend

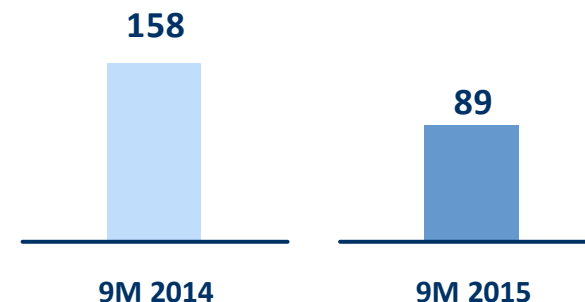
€/m



## Cost of Credit Risk

(on gross customer loans, period-end data)

In basis points - annualised



Loan Loss Provisions, equal to €574.8m in 9M 2015, register a strong decrease vs. the same period of 2014 (-46.0%), thanks to a material drop in the flows of new Non-performing loans vs. 9M 2014, having at the same time substantially confirmed the higher level of coverage reached at year-end 2014.

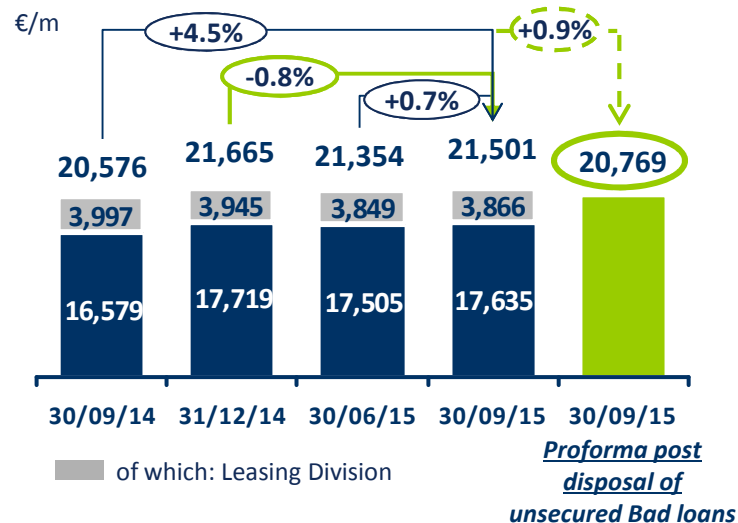
The annualised cost of credit risk for the nine-month period (89bps) stands within the range of 80-100bps expected for FY 2015, notwithstanding the slight decrease of customer loans.

# Banco Popolare Group

## Group NPLs: evolution

The decrease registered YTD improves to -4.1% including the disposal of unsecured Bad loans

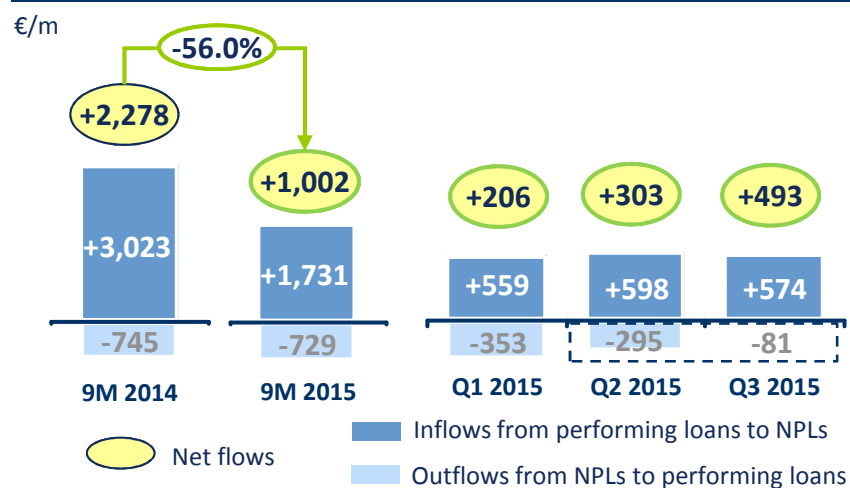
### Stock of gross NPLs



GROSS EXPOSURES	30/09/14	31/12/14	30/06/15	30/09/15	% chg. 12M	% chg. 9M	% chg. 3M
Bad loans	9,946	10,527	10,723	10,974	+10.3%	+4.3%	+2.3%
Unlikely to pay loans	9,907	10,723	10,231	10,126	+2.2%	-5.6%	-1.0%
Past Due loans	724	415	400	401	-44.6%	-3.4%	+0.3%
<b>TOTAL NPLs</b>	<b>20,576</b>	<b>21,665</b>	<b>21,354</b>	<b>21,501</b>	<b>+4.5%</b>	<b>-0.8%</b>	<b>+0.7%</b>

NET EXPOSURES	30/09/14	31/12/14	30/06/15	30/09/15	% chg. 12M	% chg. 9M	% chg. 3M
Bad loans	6,220	6,000	6,277	6,422	+3.2%	+7.0%	+2.3%
Unlikely to pay loans	8,050	7,906	7,494	7,485	-7.0%	-5.3%	-0.1%
Past Due loans	673	344	338	338	-49.8%	-2.0%	-0.2%
<b>TOTAL NPLs</b>	<b>14,944</b>	<b>14,250</b>	<b>14,109</b>	<b>14,245</b>	<b>-4.7%</b>	<b>-0.0%</b>	<b>+1.0%</b>

### Net flows to NPLs



- The strong decrease of net flows to NPLs is confirmed vs. the corresponding period of 2014 (-56.0% vs. 9M 2014).
- The stock of gross NPLs, which grows by 4.5% on an annual basis, is confirmed below the level reached at year-end 2014 (-0.8%), notwithstanding the small increase registered in the quarter (+0.7%).
- Considering the disposal of unsecured Bad loans (for a nominal amount of roughly €950m, corresponding to €732m of gross accounting value excluding write-offs), finalised immediately after Q3 (on 1 October 2015), the annual growth of gross NPLs decreases to +0.9%, while a drop of 4.1% is registered in 9M 2015 and of 2.7% in Q3 2015.
- Net NPLs, are confirmed significantly below the level reached in September 2014 (-4.7%, -€699m), being stable since the beginning of the year (-€5m), with a slight increase in the quarter (+1.0%, +€136m).
- The growth of gross Bad loans continues to be lower than that registered by the Italian banking system, which was equal to +13.5% y/y and to +9.1% in the first 9 months of the year\*.
- The decrease of the gross Unlikely to pay loans, registered both in the nine-month period (-5.6%) and in the quarter (-1.0%), is a particularly positive indicator.

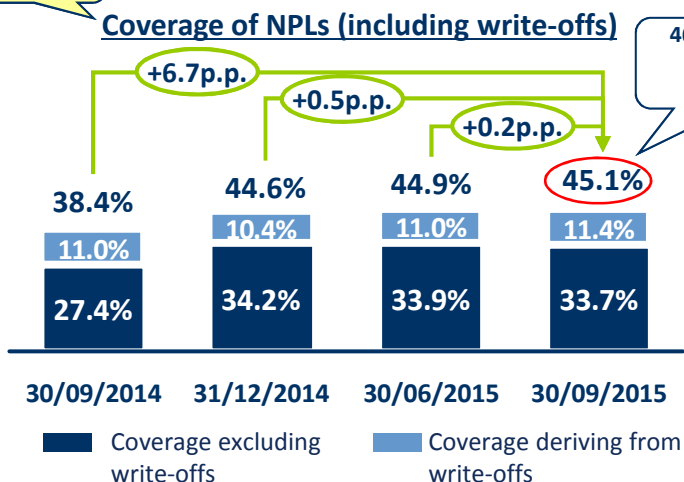


# Banco Popolare Group

## Coverage of Group NPLs

Excludes both real and personal guarantees

### Evolution of the coverage of NPLs



46.9% excluding the Leasing Division

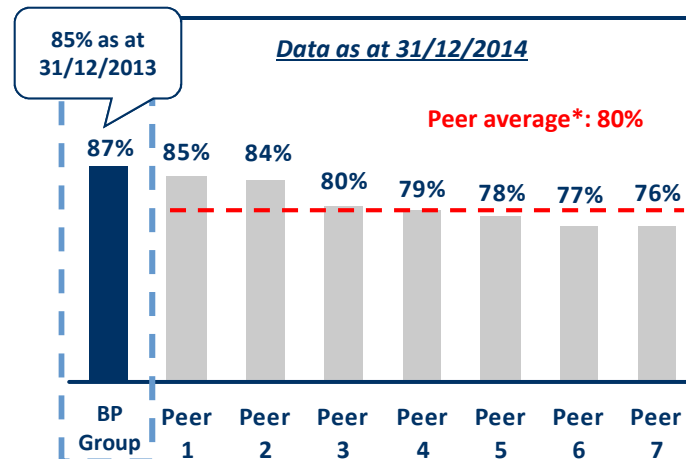
	30/09/2014	31/12/2014	30/06/2015	30/09/2015
	Excl. write-offs	Incl. write-offs	Excl. write-offs	Incl. write-offs
<b>Bad loans</b>	37.5%	54.3%	43.0%	58.8%
- Incl. real guarantees	92.8%	93.1%	96.1%	97.2%
<b>Unlikely to pay loans</b>	18.7%	26.3%	26.8%	26.1%
- Incl. real guarantees	79.1%	84.8%	85.8%	86.8%
<b>Past Due loans</b>	7.0%	17.0%	15.3%	15.8%

>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.

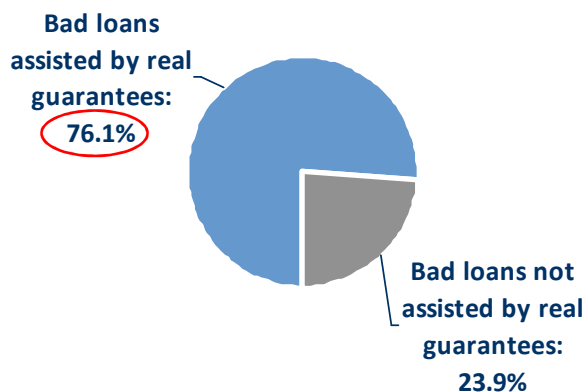
- The coverage of NPLs continues to grow, standing at 45.1% at end-September.
- In the quarter, the transfer from Unlikely to pay loans to Bad loans of two particularly covered exposures determined a decrease of the *cash* coverage of Unlikely to pay loans (from 26.8% to 26.1%) and, concurrently, an increase of the Bad loan coverage (from 58.1% to 58.3%).
- The coverage including real guarantees continues to grow, standing at 96.4% for Bad loans and 86.8% for Unlikely to pay loans, thanks to the high share of loans assisted by such guarantees (equal to 76.1% and to 75.4%, 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).
- It is noted that the disposal of unsecured Bad loans carried out on 1 October determines an increase in the share of Bad loans assisted by real guarantees and, as a consequence, a dilution of the cash coverage of this aggregate vs. the situation as at 30/09/2015 indicated here above.

### Share of loans assisted by guarantees on total net NPLs

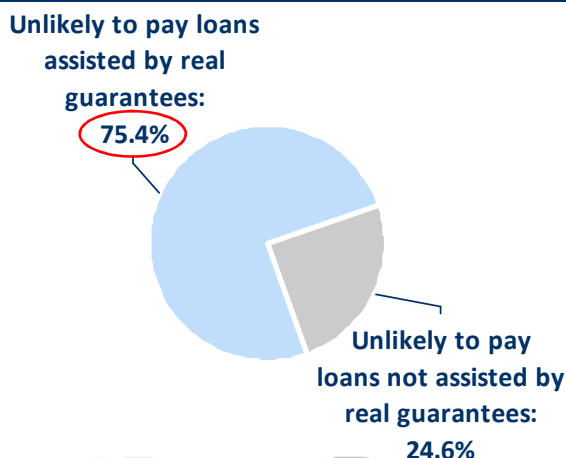


# Focus on coverage and guarantees of Bad & Unlikely to pay loans

## Share of gross Bad loans assisted by real guarantees



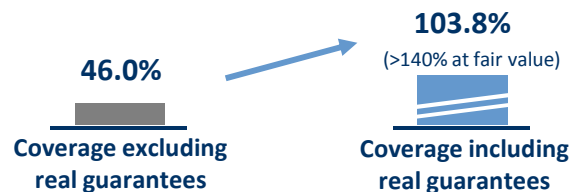
## Share of gross Unlikely to pay loans assisted by real guarantees



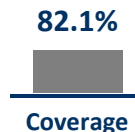
### Analysis of the coverage of **58.3%** for Bad loans as at 30/09/2015

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

#### Bad loans assisted by real guarantees



#### Bad loans not assisted by real guarantees



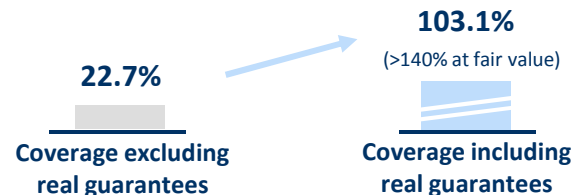
**High quality guarantees:** 95% of real guarantees are represented by real estate assets, of which >41% residential and ~70% located in the north of Italy. The remaining 5% is represented by pledges on securities and on cash\*.

Note: (\*) Banco excluding Leasing Division

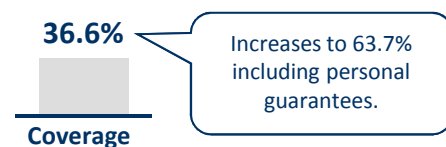
**Highly fragmented risk:** Average ticket size of €91K.

### Analysis of the coverage of **26.1%** for Unlikely to pay loans as at 30/09/2015

#### Unlikely to pay loans assisted by real guarantees



#### Unlikely to pay loans not assisted by real guarantees



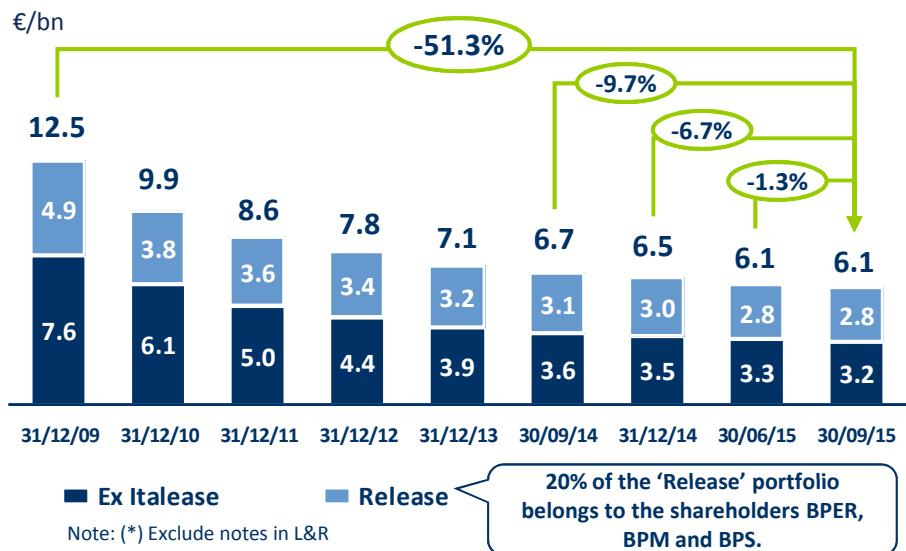
**High quality guarantees:** 94% of real guarantees are represented by real estate assets, of which >33% residential and >69% located in the north of Italy. The remaining 6% is represented by pledges on securities and on cash\*.

Note: (\*) Banco excluding Leasing Division

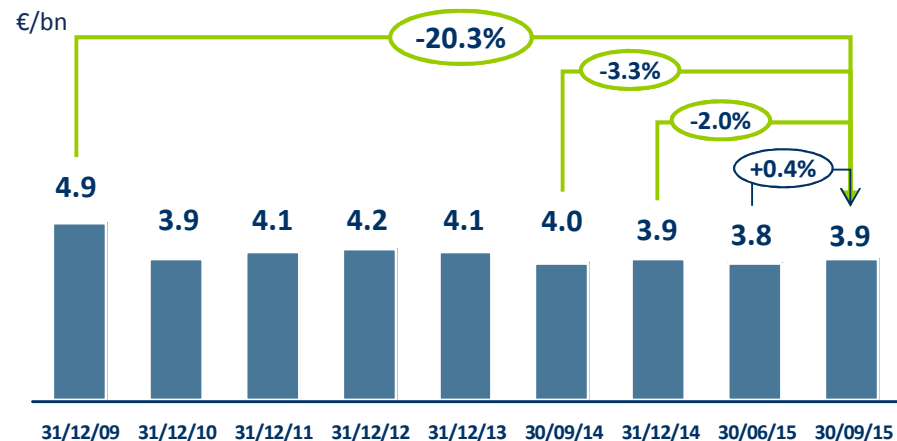
**Highly fragmented risk:** Average ticket size of €84K.

# Leasing Division: further progress in the downsizing

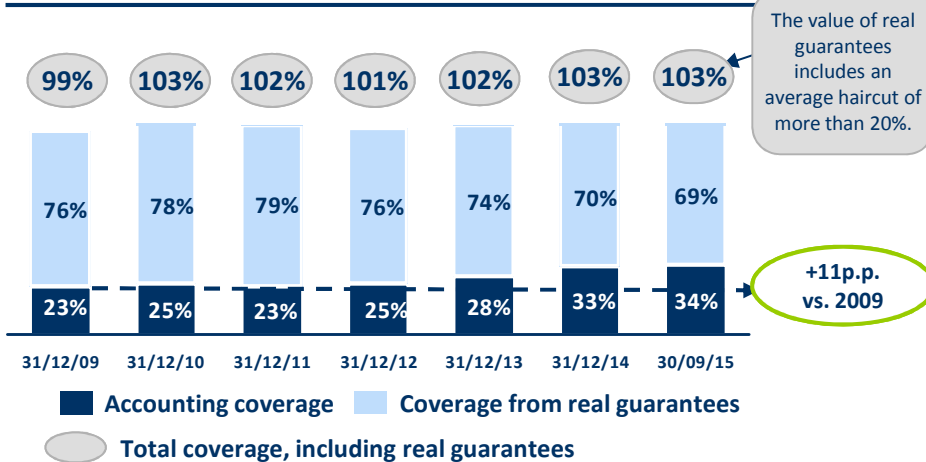
Evolution of total gross customer loans\*



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 €432m in 9M 2015 (-6.7%), after a drop of roughly €6bn registered in the period 2009-2014.
- Gross NPLs at €3,866m, in slight increase in the quarter (+€17m vs. the level of €3,849m as of June), but down both on an annual basis (-3.3%; -€131m) and vs. year-end 2014 (-2.0%; -€79m).
- Accounting coverage (excluding real guarantees) further strengthened (at 34%, +1p.p. vs. year-end 2014 and +11p.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.

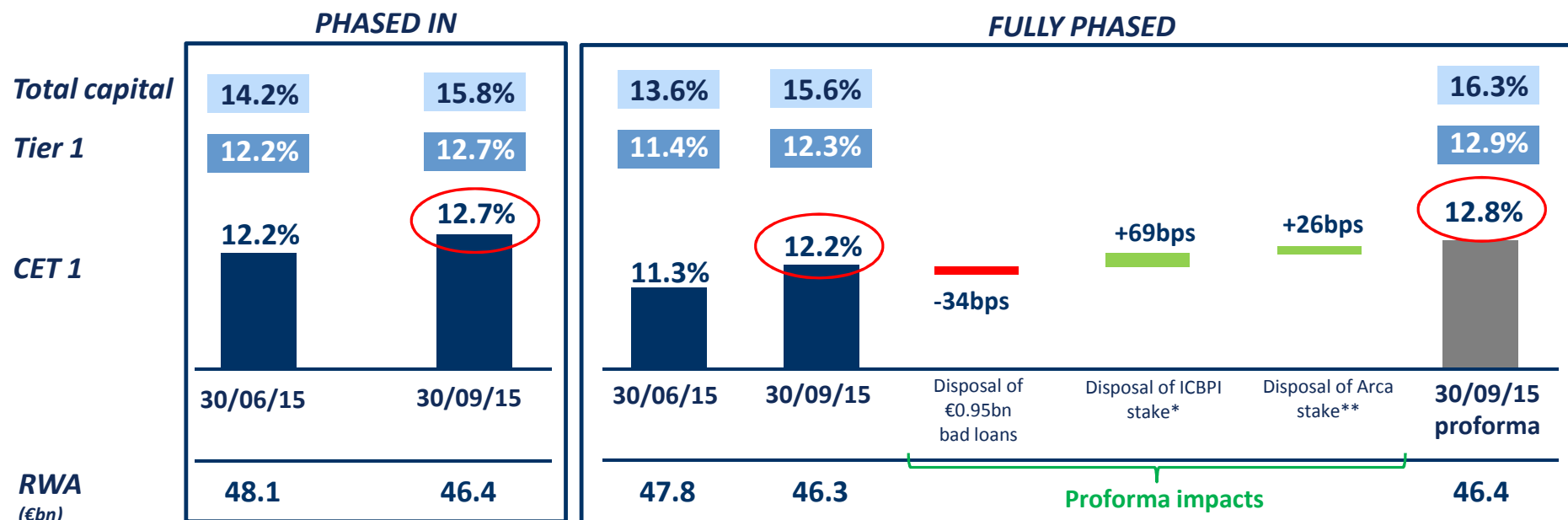
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# Group regulatory capital ratios

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



- 🔔 Capital ratios increased significantly vs. 30/06/2015: CET1 ratio *phase-in* is equal to 12.7%, while the CET1 ratio *fully phased* is equal to 12.2%.
- 🔔 The increase is due to:
  - the net profit registered in the quarter;
  - a reduction in RWAs, essentially resulting from a decrease in credit risks as well as in market risks;
  - and, in the case of the *fully phased ratio*, also to an increase in the AFS reserves.
- 🔔 Including the sale of €0.95bn of unsecured bad loans (finalized on 01/10/2015), as well as the impact set to derive from the disposal of the stakes held in ICBPI and Arca, the **fully phased CET1 ratio increases to 12.8%**. This ratio does not include the positive effect stemming from the sale of VISA Europe, for which an earn-out is expected, for an amount that has yet to be defined.
- 🔔 The total capital ratio is equal to 15.8% on a phase-in basis and 15.6% on a fully phased basis (16.3% including proforma impacts).
- 🔔 In addition, it is noted that in the period between March and May 2015 Banco Popolare sent the request of "model change" on the PD and LGD for both Corporate and Retail and is waiting to receive the validation of the ECB Joint Supervisory Team. It appears likely to expect that the new parameters shall be applied starting from the calculation of the regulatory capital ratios as of December 2015/March 2016.

# Conclusions: confirmation in signs of turnaround

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## Healthy recovery in profitability:

- ❑ Net income of €342m generated in 9M 2015 and of €52m in Q3 2015\*.
- ❑ Operating profit increases 5.4% y/y, driven by core revenues, by a stronger contribution from ancillary businesses (in particular in the fields of bancassurance and consumer credit) and by a decrease in operating costs.



## Asset quality improvement:

- ❑ Substantially flat stock levels in NPLs (gross and net), both in the nine-month period and in Q3 2015, but registering a decrease when considering also the disposal of unsecured bad loans, finalised on 1 October (for a total gross amount of €732m).
- ❑ Sharp decrease in 9M 2015 in net inflows to NPLs (-56% y/y).
- ❑ Further strengthening in the coverage of NPLs, compared to the already sound level reached at year-end 2014: 45.1% (+0.5p.p. vs. 31/12/2014).
- ❑ Further downsizing and derisking of the Leasing Division portfolio.



## Strong decline in the cost of credit risk, which is confirmed within the range of 80-100bps expected for FY 2015:

- ❑ 89bps in 9M 2015, against 158bps registered in 9M 2014 (annualised).



## Consolidation of the Group's capital ratios, which on 30 September 2015 register a level well above the minimum threshold set by the ECB in February 2015 (9.4% for the CET 1 ratio):



- ❑ 12.7% for the phase-in CET 1 ratio;
- ❑ 12.2% for the fully phased CET 1 ratio and 12.8% for the fully phased CET 1 ratio on a pro-forma basis\*\*.

\*Both periods exclude the net impact of the FVO (+€7.5m in 9M 2015 and +4.8m in Q3 2015).

\*\*Includes the estimated impact deriving from the disposal of unsecured bad loans, finalised on 1 October 2015, as well as that expected from the disposal of stakes in ICBPI and Arca SGR.

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# Reclassified consolidated balance sheet

Reclassified assets (in euro thousand)	30/09/2015	31/12/2014	Changes	
Cash and cash equivalents	584,260	619,529	(35,269)	(5.7%)
Financial assets and hedging derivatives	28,316,683	26,190,599	2,126,084	8.1%
Due from banks	4,336,811	5,058,816	(722,005)	(14.3%)
Customer loans	78,929,501	79,823,603	(894,102)	(1.1%)
Equity investments	1,124,003	1,061,412	62,591	5.9%
Property and equipment	2,114,830	2,139,962	(25,132)	(1.2%)
Intangible assets	2,046,443	2,049,912	(3,469)	(0.2%)
Non-current assets held for sale and discontinued operations	135,938	94,308	41,630	44.1%
Other assets	5,764,096	6,043,545	(279,449)	(4.6%)
<b>Total</b>	<b>123,352,565</b>	<b>123,081,686</b>	<b>270,879</b>	<b>0.2%</b>

Reclassified liabilities (in euro thousand)	30/09/2015	31/12/2014	Changes	
Due to banks	16,247,527	17,383,317	(1,135,790)	(6.5%)
Due to customers, debt securities issued and financial liabilities designated at fair value	83,480,620	86,513,468	(3,032,848)	(3.5%)
Financial liabilities and hedging derivatives	8,124,065	6,650,235	1,473,830	22.2%
Liability provisions	1,273,123	1,281,459	(8,336)	(0.7%)
Liabilities associated with assets held for sale	1,355,054	-	1,355,054	
Other liabilities	4,224,576	3,176,858	1,047,718	33.0%
Minority interests	60,875	12,130	48,745	401.9%
Shareholders' equity	8,586,725	8,064,219	522,506	6.5%
- Capital and reserves	8,236,893	10,010,110	(1,773,217)	(17.7%)
- Net income (loss) for the period	349,832	(1,945,891)	2,295,723	
<b>Total</b>	<b>123,352,565</b>	<b>123,081,686</b>	<b>270,879</b>	<b>0.2%</b>



## Appendix: Banco Popolare Group

# Consolidated income statement: quarterly trend

Reclassified income statement €/m	Q3 15	Q2 15	Q1 15*	Q4 14*	Q3 14*	Q2 14*	Q1 14*
Net interest income	387.5	402.0	387.1	387.5	396.0	397.1	371.3
Income (loss) from investments in associates carried at equity	39.2	36.7	24.6	25.0	24.9	20.8	19.4
<b>Net interest, dividend and similar income</b>	<b>426.7</b>	<b>438.6</b>	<b>411.7</b>	<b>412.5</b>	<b>420.9</b>	<b>417.9</b>	<b>390.7</b>
Net fee and commission income	314.1	350.2	420.9	309.0	354.4	346.2	370.1
Other net operating income	23.5	20.3	28.6	26.3	38.7	32.9	40.9
Net financial result (excluding FVO)	30.0	50.3	93.0	(1.9)	23.9	105.6	88.4
<b>Other operating income</b>	<b>367.6</b>	<b>420.8</b>	<b>542.5</b>	<b>333.4</b>	<b>417.0</b>	<b>484.8</b>	<b>499.4</b>
<b>Total income</b>	<b>794.3</b>	<b>859.4</b>	<b>954.2</b>	<b>745.9</b>	<b>837.9</b>	<b>902.7</b>	<b>890.2</b>
Personnel expenses	(327.7)	(342.2)	(340.4)	(375.1)	(381.0)	(329.0)	(343.3)
Other administrative expenses	(161.0)	(162.6)	(165.0)	(135.1)	(170.4)	(176.4)	(161.3)
Amortization and depreciation	(33.7)	(26.3)	(32.5)	(86.8)	(31.0)	(25.2)	(48.7)
<b>Operating costs</b>	<b>(522.4)</b>	<b>(531.1)</b>	<b>(537.9)</b>	<b>(597.0)</b>	<b>(582.3)</b>	<b>(530.6)</b>	<b>(553.2)</b>
<b>Profit (loss) from operations</b>	<b>271.9</b>	<b>328.4</b>	<b>416.3</b>	<b>148.9</b>	<b>255.5</b>	<b>372.0</b>	<b>336.9</b>
Net adjustments on loans to customers	(199.5)	(193.9)	(181.4)	(2,496.1)	(445.3)	(292.0)	(328.0)
Net adjustments on receivables due from banks and other assets	(5.2)	(22.3)	(3.6)	(19.3)	(8.4)	(8.6)	(3.5)
Net provisions for risks and charges	(15.8)	(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	(0.2)	(4.0)	(0.1)	0.2	1.0	0.2	1.0
<b>Income (loss) before tax from continuing operations</b>	<b>51.2</b>	<b>101.8</b>	<b>188.0</b>	<b>(2,656.2)</b>	<b>(194.5)</b>	<b>81.9</b>	<b>4.9</b>
Tax on income from continuing operations (excluding FVO)	(5.3)	(23.3)	26.5	804.8	59.5	(56.1)	(5.1)
Income (loss) after tax from discontinued operations	0.2	(6.5)	(1.3)	0.8	0.4	0.4	0.6
Income (loss) attributable to minority interests	5.9	1.2	3.9	30.0	4.6	3.4	0.7
<b>Net income (loss) for the period excluding FVO</b>	<b>52.0</b>	<b>73.1</b>	<b>217.2</b>	<b>(1,820.6)</b>	<b>(130.1)</b>	<b>29.6</b>	<b>1.2</b>
Fair Value Option result (FVO)	7.1	16.8	(12.6)	(5.1)	3.4	(7.1)	(30.1)
Tax on FVO result	(2.3)	(5.5)	4.2	1.5	(1.1)	2.5	9.9
<b>Net income (loss) for the period</b>	<b>56.7</b>	<b>84.3</b>	<b>208.8</b>	<b>(1,824.1)</b>	<b>(127.8)</b>	<b>25.0</b>	<b>(19.0)</b>

Note: Starting from 30/06/2015, 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'.

# 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	Q3 2015	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	-	-	-	-	-	-	-
<b>Net interest, dividend and similar income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>(0.4)</b>	<b>(0.4)</b>
Net fee and commission income	-	-	-	-	-	-	-
Other net operating income	(6.0)	(6.0)	(6.0)	(7.4)	(7.4)	(7.4)	(7.4)
Net financial result (excluding FVO)	-	-	-	-	-	-	-
<b>Other operating income</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(7.4)</b>	<b>(7.4)</b>	<b>(7.4)</b>	<b>(7.4)</b>
<b>Total income</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(8.4)</b>	<b>(8.4)</b>	<b>(7.9)</b>	<b>(7.9)</b>
Personnel expenses	-	-	-	-	-	-	-
Other administrative expenses	-	-	-	-	-	-	-
Amortization and depreciation	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
<b>Operating costs</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>
<b>Profit (loss) from operations</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(9.3)</b>	<b>(9.4)</b>	<b>(8.8)</b>	<b>(8.8)</b>
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	-
<b>Income (loss) before tax from continuing operations</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(48.3)</b>	<b>(9.4)</b>	<b>(8.8)</b>	<b>(8.8)</b>
Tax on income from continuing operations (excluding FVO)	2.2	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
<b>Net income (loss) for the period excluding FVO</b>	<b>(4.6)</b>	<b>(4.6)</b>	<b>(4.7)</b>	<b>(34.2)</b>	<b>(6.4)</b>	<b>(4.1)</b>	<b>(5.9)</b>

# Income Statement pre PPA: quarterly evolution

Reclassified income statement €/m	Q3 15	Q2 15	Q1 15*	Q4 14*	Q3 14*	Q2 14*	Q1 14*
Net interest income	387.5	402.0	387.1	388.4	397.0	397.5	371.8
Income (loss) from investments in associates carried at equity	39.2	36.7	24.6	25.0	24.9	20.8	19.4
<b>Net interest, dividend and similar income</b>	<b>426.7</b>	<b>438.6</b>	<b>411.7</b>	<b>413.4</b>	<b>421.9</b>	<b>418.3</b>	<b>391.1</b>
Net fee and commission income	314.1	350.2	420.9	309.0	354.4	346.2	370.1
Other net operating income	29.5	26.2	34.5	33.7	46.1	40.4	48.4
Net financial result (excluding FVO)	30.0	50.3	93.0	(1.9)	23.9	105.6	88.4
<b>Other operating income</b>	<b>373.6</b>	<b>426.7</b>	<b>548.4</b>	<b>340.9</b>	<b>424.4</b>	<b>492.2</b>	<b>506.9</b>
<b>Total income</b>	<b>800.2</b>	<b>865.4</b>	<b>960.1</b>	<b>754.3</b>	<b>846.3</b>	<b>910.5</b>	<b>898.0</b>
Personnel expenses	(327.7)	(342.2)	(340.4)	(375.1)	(381.0)	(329.0)	(343.3)
Other administrative expenses	(161.0)	(162.6)	(165.0)	(135.1)	(170.4)	(176.4)	(161.3)
Amortization and depreciation	(32.8)	(25.4)	(31.6)	(85.9)	(30.1)	(24.3)	(47.8)
<b>Operating costs</b>	<b>(521.5)</b>	<b>(530.2)</b>	<b>(537.0)</b>	<b>(596.1)</b>	<b>(581.4)</b>	<b>(529.7)</b>	<b>(552.3)</b>
<b>Profit (loss) from operations</b>	<b>278.7</b>	<b>335.2</b>	<b>423.1</b>	<b>158.2</b>	<b>264.9</b>	<b>380.8</b>	<b>345.7</b>
Net adjustments on loans to customers	(199.5)	(193.9)	(181.4)	(2,496.1)	(445.3)	(292.0)	(328.0)
Net adjustments on receivables due from banks and other assets	(5.2)	(22.3)	(3.6)	(19.3)	(8.4)	(8.6)	(3.5)
Net provisions for risks and charges	(15.8)	(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	(0.2)	(4.0)	(0.1)	0.2	1.0	0.2	1.0
<b>Income (loss) before tax from continuing operations</b>	<b>58.1</b>	<b>108.6</b>	<b>194.9</b>	<b>(2,607.9)</b>	<b>(185.1)</b>	<b>90.7</b>	<b>13.7</b>
Tax on income from continuing operations (excluding FVO)	(7.5)	(25.6)	24.3	790.7	56.4	(60.8)	(7.9)
Income (loss) after tax from discontinued operations	0.2	(6.5)	(1.3)	0.8	0.4	0.4	0.6
Income (loss) attributable to minority interests	5.9	1.2	3.9	30.0	4.6	3.4	0.7
<b>Net income (loss) for the period excluding FVO</b>	<b>56.6</b>	<b>77.7</b>	<b>221.9</b>	<b>(1,786.4)</b>	<b>(123.7)</b>	<b>33.7</b>	<b>7.1</b>
Fair Value Option result (FVO)	7.1	16.8	(12.6)	(5.1)	3.4	(7.1)	(30.1)
Tax on FVO result	(2.3)	(5.5)	4.2	1.5	(1.1)	2.5	9.9
<b>Net income (loss) for the period</b>	<b>61.4</b>	<b>89.0</b>	<b>213.4</b>	<b>(1,790.0)</b>	<b>(121.4)</b>	<b>29.1</b>	<b>(13.0)</b>

Note: Starting from 30/06/2015, 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'.

# Leasing Division: breakdown of 9M 2015 results

Management  
accounting data

Reclassified income statement €/m	Leasing Division		Of which Release	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
Net interest income	29.2	28.8	2.7	1.5
Income (loss) from investments in associates carried at equity	-	-	-	-
<b>Net interest, dividend and similar income</b>	<b>29.2</b>	<b>28.8</b>	<b>2.7</b>	<b>1.5</b>
Net fee and commission income	(0.4)	(0.6)	(0.3)	(0.4)
Other net operating income	15.0	16.0	14.1	10.1
Net financial result (excluding FVO)	0.0	(0.0)	0.0	0.0
<b>Other operating income</b>	<b>14.6</b>	<b>15.4</b>	<b>13.8</b>	<b>9.8</b>
<b>Total income</b>	<b>43.8</b>	<b>44.2</b>	<b>16.5</b>	<b>11.3</b>
Personnel expenses	(8.4)	(9.7)	(1.3)	(1.2)
Other administrative expenses	(33.4)	(37.5)	(14.8)	(16.0)
Amortization and depreciation	(10.3)	(20.9)	(9.7)	(19.2)
<b>Operating costs</b>	<b>(52.1)</b>	<b>(68.0)</b>	<b>(25.7)</b>	<b>(36.5)</b>
<b>Profit (loss) from operations</b>	<b>(8.3)</b>	<b>(23.8)</b>	<b>(9.2)</b>	<b>(25.2)</b>
Net adjustments on loans to customers	(113.1)	(91.1)	(49.6)	(33.4)
Net adjustments on receivables due from banks and other assets	-	-	-	-
Net provisions for risks and charges	(12.2)	(0.6)	(12.1)	(0.5)
Impairment of goodwill and equity investments	(0.0)	0.1	-	-
Profit (loss) on the disposal of equity and other investments	(4.9)	(0.8)	(4.2)	(0.4)
<b>Income (loss) before tax from continuing operations</b>	<b>(138.6)</b>	<b>(116.2)</b>	<b>(75.1)</b>	<b>(59.5)</b>
Tax on income from continuing operations	39.3	33.1	19.2	15.4
Income (loss) after tax from discontinued operations	-	-	-	-
Income (loss) attributable to minority interests	11.2	8.8	-	-
<b>Net income (loss) for the period</b>	<b>(88.1)</b>	<b>(74.3)</b>	<b>(55.8)</b>	<b>(44.1)</b>

# Leasing Division: quarterly trend of the income statement

Reclassified income statement €/m	Management accounting data	Q3 15	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Net interest income		11.0	9.0	9.2	9.9	10.4	8.5	9.9
Income (loss) from investments in associates carried at equity		-	-	-	-	-	-	-
<b>Net interest, dividend and similar income</b>		<b>11.0</b>	<b>9.0</b>	<b>9.2</b>	<b>9.9</b>	<b>10.4</b>	<b>8.5</b>	<b>9.9</b>
Net fee and commission income		(0.1)	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)
Other net operating income		5.2	5.2	4.6	6.3	4.4	4.8	6.8
Net financial result (excluding FVO)		-	0.0	0.0	0.0	0.0	(0.0)	-
<b>Other operating income</b>		<b>5.1</b>	<b>5.1</b>	<b>4.4</b>	<b>6.1</b>	<b>4.2</b>	<b>4.6</b>	<b>6.6</b>
<b>Total income</b>		<b>16.1</b>	<b>14.1</b>	<b>13.6</b>	<b>16.0</b>	<b>14.6</b>	<b>13.1</b>	<b>16.5</b>
Personnel expenses		(2.5)	(2.5)	(3.3)	(3.0)	(3.0)	(3.3)	(3.3)
Other administrative expenses		(11.0)	(10.5)	(11.9)	(13.1)	(12.9)	(12.9)	(11.8)
Amortization and depreciation		(3.4)	0.3	(7.2)	(45.1)	(3.8)	(3.1)	(14.0)
<b>Operating costs</b>		<b>(17.0)</b>	<b>(12.7)</b>	<b>(22.5)</b>	<b>(61.2)</b>	<b>(19.7)</b>	<b>(19.3)</b>	<b>(29.1)</b>
<b>Profit (loss) from operations</b>		<b>(0.8)</b>	<b>1.4</b>	<b>(8.9)</b>	<b>(45.3)</b>	<b>(5.1)</b>	<b>(6.2)</b>	<b>(12.6)</b>
Net adjustments on loans to customers		(40.5)	(47.9)	(24.7)	(170.7)	(56.5)	(15.4)	(19.2)
Net adjustments on receivables due from banks and other assets		-	-	-	-	-	-	-
Net provisions for risks and charges		(11.1)	(0.8)	(0.3)	(3.8)	(0.6)	0.0	(0.1)
Impairment of goodwill and equity investments		-	(0.0)	-	-	-	-	0.1
Profit (loss) on the disposal of equity and other investments		(0.6)	(4.2)	(0.1)	(0.4)	(0.5)	(0.3)	(0.1)
<b>Income (loss) before tax from continuing operations</b>		<b>(53.0)</b>	<b>(51.6)</b>	<b>(34.0)</b>	<b>(220.3)</b>	<b>(62.6)</b>	<b>(21.8)</b>	<b>(31.8)</b>
Tax on income from continuing operations		14.7	15.0	9.6	81.2	19.1	5.1	8.9
Income (loss) after tax from discontinued operations		-	-	-	-	-	-	-
Income (loss) attributable to minority interests		5.7	1.5	3.9	30.2	4.5	1.8	2.5
<b>Net income (loss) for the period</b>		<b>(32.5)</b>	<b>(35.0)</b>	<b>(20.6)</b>	<b>(108.8)</b>	<b>(39.0)</b>	<b>(14.9)</b>	<b>(20.4)</b>

# Asset quality of the Group

With new categories of NPLs  
(see slide 38)

30/09/2015						
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,974	4,552	6,422	41.5%	4,429	58.3%
Unlikely to pay loans	10,126	2,640	7,485	26.1%		
Past Due loans	401	63	338	15.8%		
<b>Non-performing loans</b>	<b>21,501</b>	<b>7,256</b>	<b>14,245</b>	<b>33.7%</b>	<b>4,429</b>	<b>45.1%</b>
Performing loans	65,061	377	64,685	0.6% <sup>(1)</sup>		
<b>Total customer loans</b>	<b>86,562</b>	<b>7,632</b>	<b>78,930</b>	<b>8.8%</b>	<b>4,429</b>	<b>13.3%</b>
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%		
<b>Non-performing loans</b>	<b>21,354</b>	<b>7,245</b>	<b>14,109</b>	<b>33.9%</b>	<b>4,268</b>	<b>44.9%</b>
Performing loans	66,563	400	66,163	0.6% <sup>(2)</sup>		
<b>Total customer loans</b>	<b>87,917</b>	<b>7,645</b>	<b>80,272</b>	<b>8.7%</b>	<b>4,268</b>	<b>12.9%</b>
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%		
<b>Non-performing loans</b>	<b>21,500</b>	<b>7,378</b>	<b>14,122</b>	<b>34.3%</b>	<b>4,207</b>	<b>45.1%</b>
Performing loans	67,136	423	66,713	0.6% <sup>(2)</sup>		
<b>Total customer loans</b>	<b>88,635</b>	<b>7,801</b>	<b>80,835</b>	<b>8.8%</b>	<b>4,207</b>	<b>12.9%</b>
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%		
<b>Non-performing loans</b>	<b>21,665</b>	<b>7,414</b>	<b>14,250</b>	<b>34.2%</b>	<b>4,048</b>	<b>44.6%</b>
Performing loans	65,997	423	65,573	0.6% <sup>(2)</sup>		
<b>Total customer loans</b>	<b>87,661</b>	<b>7,838</b>	<b>79,824</b>	<b>8.9%</b>	<b>4,048</b>	<b>13.0%</b>
30/09/2014						
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	9,946	3,726	6,220	37.5%	3,664	54.3%
Unlikely to pay loans	9,907	1,856	8,050	18.7%		
Past Due loans	724	51	673	7.0%		
<b>Non-performing loans</b>	<b>20,576</b>	<b>5,633</b>	<b>14,944</b>	<b>27.4%</b>	<b>3,664</b>	<b>38.4%</b>
Performing loans	69,353	254	69,099	0.4% <sup>(3)</sup>		
<b>Total customer loans</b>	<b>89,929</b>	<b>5,887</b>	<b>84,042</b>	<b>6.5%</b>	<b>3,664</b>	<b>10.2%</b>

Notes:

(1) 0.6% excluding the Performing exposures, which are totally risk free.

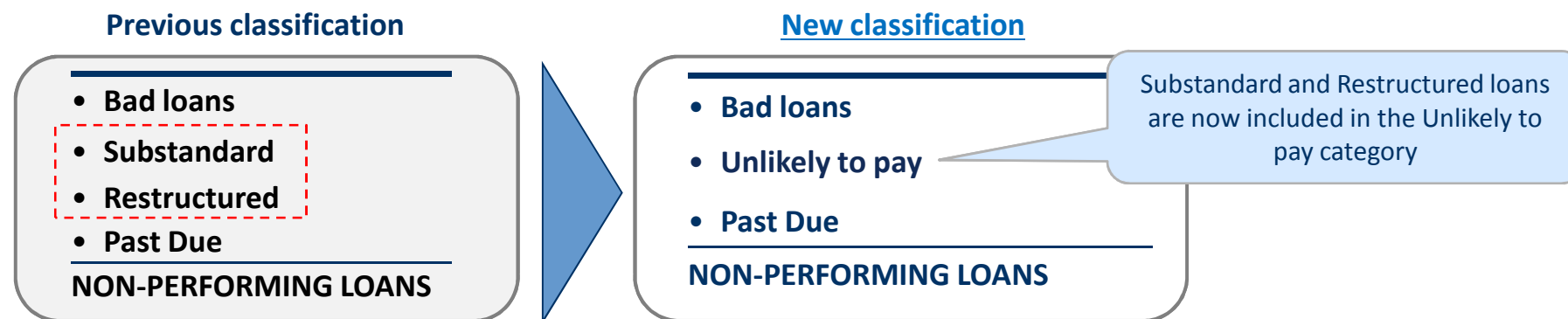
(2) 0.7% excluding the Performing exposures, which are totally risk free.

(3) 0.4% excluding the Performing exposures, which are totally risk free.

## Appendix: Banco Popolare Group

# 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.



### DEFINITIONS:

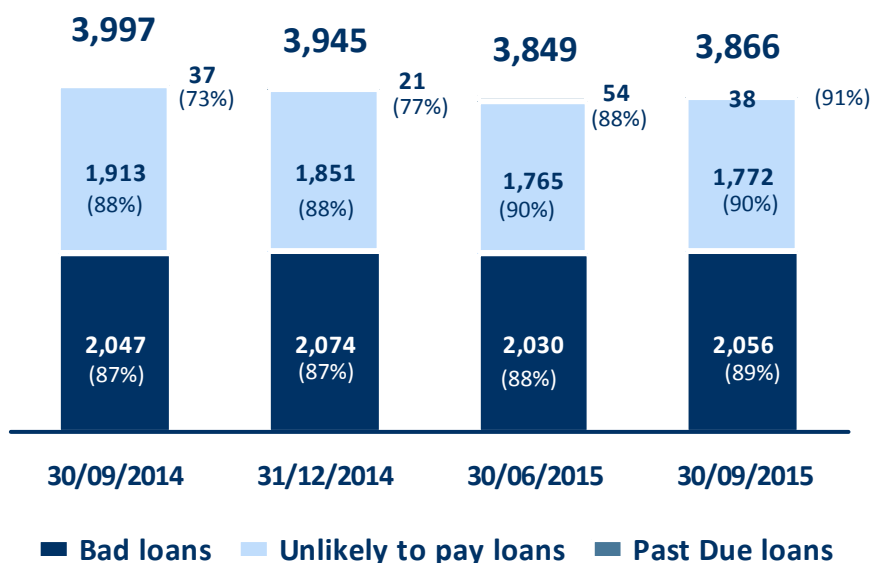
- Bad loans:** exposures to insolvent debtors (even when the insolvency has not been declared by a court), or in essentially similar situations, regardless of any expected loss calculation made by the bank.
- Unlikely to pay:** exposures, other than Bad loans, where according to the bank the debtor is 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 Financial report as at 30/09/2015, because, even if the organizational processes and the underlying IT procedures to identify, monitor and manage “forborne exposures” were already implemented in the first half of 2015 (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.

# Non-performing loans of the Leasing Division

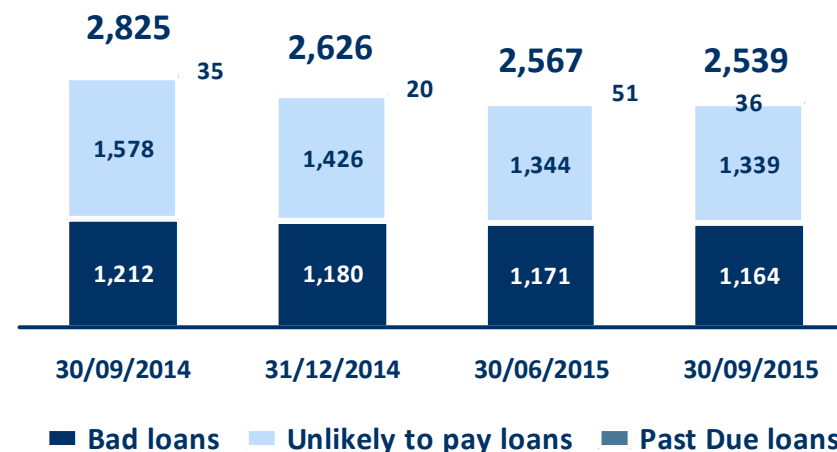
## Gross Non-performing loans

€/m



## Net Non-performing loans

€/m



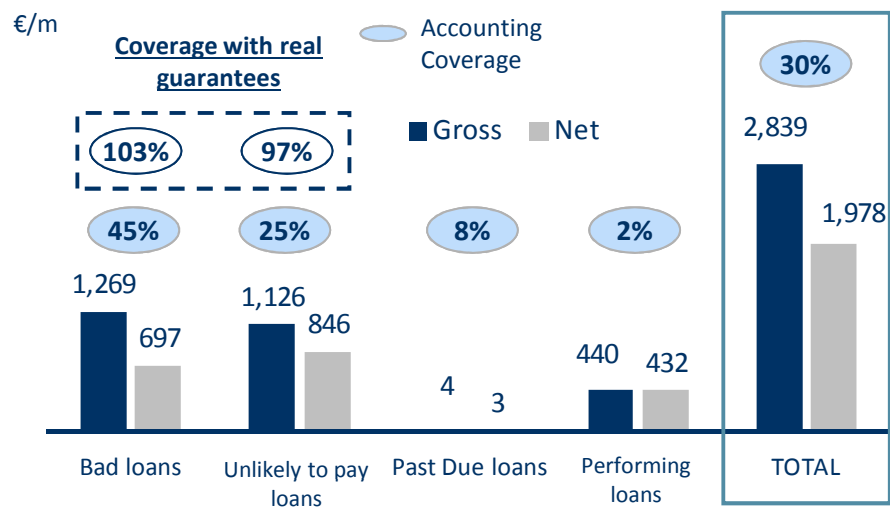
N.B.: The figures indicated in brackets indicate the % share of real estate-related lending.



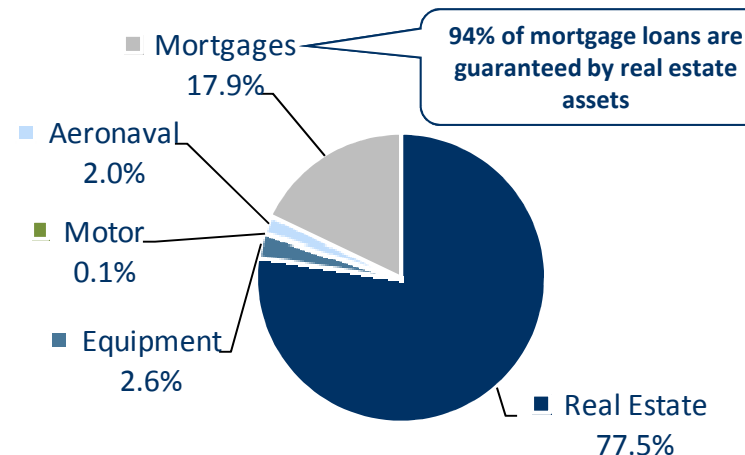
# 'Release' Portfolio: analysis as at 30/09/2015

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

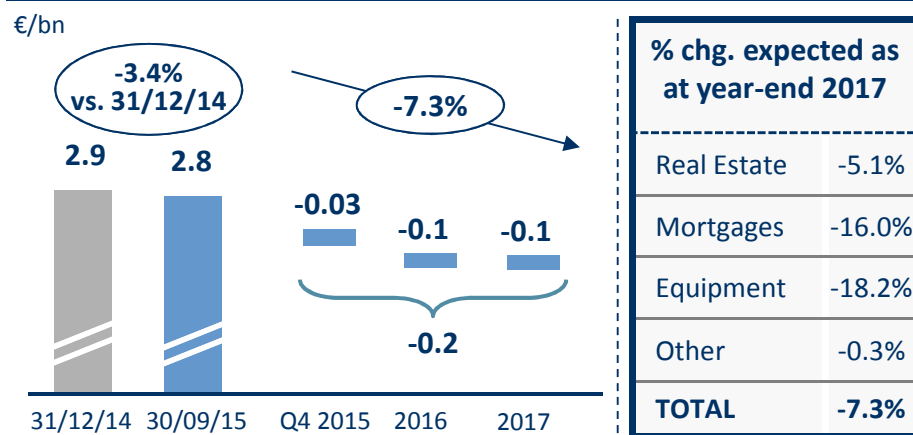
## Gross customer loans: classification



## Loan portfolio by product category



## Repayment plan until 2017\*

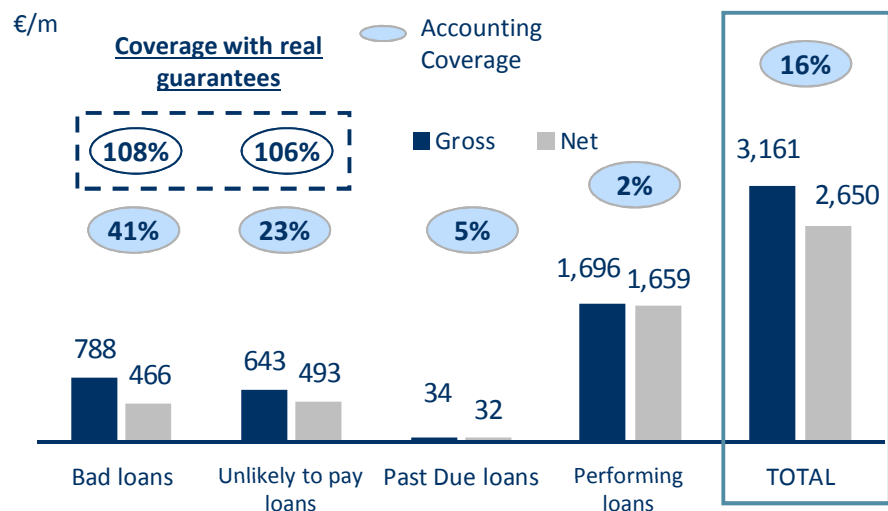


\* Forecasts on the portfolio maturities, based on the financial plan for performing loans.

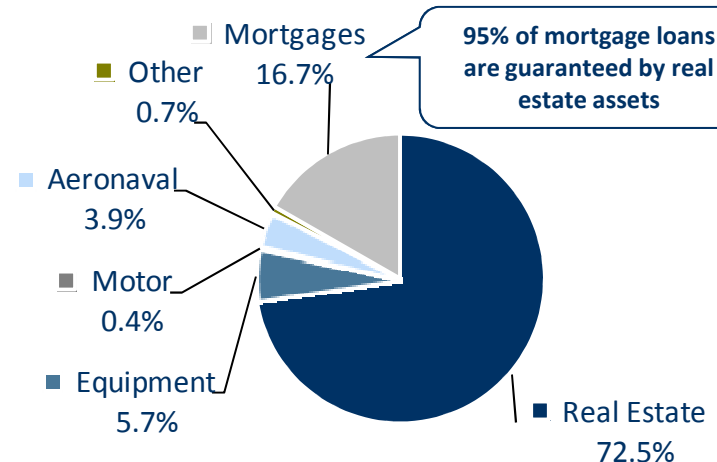
- The 'Release' portfolio falls by 41.5% vs. year-end 2009; in the same period, the aggregate of Bad loans and Unlikely to pay loans decreases by 37.5%. A loan drop of 3.4% was registered YTD.
- The coverage, including real guarantees, is 103% for Bad loans and 97% for Unlikely to pay loans.
- Repayment plan for performing loans: -7.3% expected by year-end 2017 (-€0.2bn).

# 'Ex Italease' Portfolio: analysis as at 30/09/2015

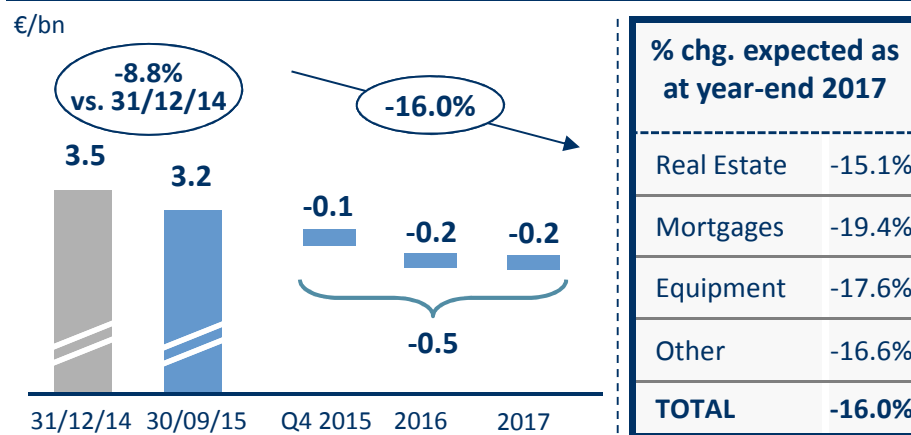
## Gross customer loans: classification



## Loan portfolio by product category



## Repayment plan until 2017\*



- The 'Ex Italease' portfolio drops by 56.8% vs. year-end 2009 and by 8.8% YTD.
- The coverage, including real guarantees, is 108% for Bad loans and 106% for Unlikely to pay loans.
- Repayment plan for performing loans: -16.0% expected by year-end 2017 (-€0.5bn).

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

# IR events in 2015

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## Pipeline of IR events in 2015

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)
1 October 2015	London	BofA Merrill Lynch 20th Annual Banking, Insurance & Diversified Financials CEO Conference 2014 (floor presentation & investor meetings)
10 November 2015	Verona	Press release on Q3 2015 results
10 November 2015	Verona	Banco Popolare: Conference call on Q3 2015 results
27 November 2015	London	Banca IMI Italian Bank Day (Fixed Income) (investor meetings)

# Contacts for Investors and Financial Analysts

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