BANCO POPOLARE

Presentation of Group Q1 2016 results






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Agenda

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Q1 Performance snapshot (1/2)

Capital

Strong capital position

- Phase-in CET 1 ratio at 12.5% and fully-loaded at 11.7%, well above the SREP limit set by the Regulator (9.55%), with a buffer of +293bps and +212bps, respectively.
- These ratios already include part of the incremental provisions provided for reaching the coverage level of NPLs required by ECB under the merger plan with BPM.
- Other things being equal, the CET 1 ratio phased-in as at 31 March 2016 would increase to 14.9% and the CET 1 ratio fully phased to 14.4% thanks to the distribution of dividends made by the main participated financial companies (for an amount of €100m, paid in April 2016), as well as thanks to the incoming €1bn capital increase.

Credit

Focus on the enhancement of the Group's risk profile

- The cost of credit risk has been showing a strong discontinuity compared to its normalized trend (ranging between 80 and 100pb), as already in this quarter NPL coverage ratios were being brought in line with the targets set by the Regulator under the merger plan with BPM.
- The result is a good increase in NPL coverage ratios: from 43.7% at the end of 2015 to 45.7% at March 2016, with bad loans hitting a coverage ratio of 59.7%, compared to 56.3% at December 2015 (103.6% including real guarantees).
- The gross NPL stock remained stable over the quarter (-€8m), after the drop of roughly €1bn in 2015. Net NPLs reported a positive decline (-3.6% YoY and -3.2% QoQ), thanks to provisioning in Q1 2016.
- Net NPL inflows are still moderate (+€386m), confirming the trend towards normalization that had started back in 2015.

Liquidity position

Strong liquidity position

- Unencumbered eligible assets (mostly Italian Government bonds) totaling €15.6bn, greater than the bond maturities in the next 2 years.
- Also, the significant support to Group liquidity provided by certificates should be taken into consideration, whose total stock stood at €5.4bn at March 2016, +33.7% YoY and +1.7% QoQ.
- LCR >160% and NSFR >100%*.

Note: * The NSFR data include certificates with capital protection.

Q1 Performance snapshot (2/2)

Profitability and operational efficiency

- Net of the discontinuity elements included in the Loan Loss Provisions (estimated in roughly €495m gross of Tax), the Group's Net Income would reach roughly €38m in Q1 2016.
- To counteract the pressure on total income caused by a very challenging market environment, Banco Popolare focused on optimizing operational efficiency, with good results on costs over the quarter. Notably:
  - Personnel costs dropped by 4.4% YoY, driven also by the strong headcount reduction reported in prior years.
  - Other administrative expenses, net of SRF charges, stood at €160.3m, down by 2.9% YoY.

Commercial performance

- M/L TERM LOANS: >€2bn total new lending, of which: €0.4bn to Households & Other Individuals; €0.5bn to Small Businesses; €0.9bn to Mid Corporate; €0.2bn to Large Corporate. The decline over Q1 2015 (-23%) was mainly driven by the Mid and Large Corporate segments, as a result of the presence of persistent strong competitive pressures in the market.
- CONSUMER CREDIT: more than €194m loans disbursed by Agos/Ducato, basically stable compared to Q1 2015.
- DIRECT CUSTOMER FUNDING: Core deposits with customers totaling more than €40bn, increasing both YoY (+2.0%) and QoQ (+1.3%).
- ASSETS UNDER MANAGEMENT: Stock up by 0.6% quarter-on-quarter (notwithstanding the negative performance of the markets), driven by the 'Bancassurance' arm (+5.3%).
- CARDS: Payment cards stock (credit and debit) up by more than 32,000 units over the quarter, of which ~26,000 YouCard.
- ON-LINE BANKING: Stock of YouWeb contracts up by more than 27,000 units over the quarter, reaching roughly 1.2m.
- CHECKING ACCOUNTS: Commercial checking accounts (retail and corporate) stable at about 2.3m.

Consolidated Q1 2016 income statement: trend

Reclassified income statement €/m	Q1 2016	Q4 2015	Q1 2015	q/q % Chg.	y/y % Chg.
Net interest income	351.5	368.9	387.1	(4.7%)	(9.2%)
Income (loss) from investments in associates carried at equity	36.1	41.0	24.6	(11.8%)	46.5%
Net interest, dividend and similar income	**387.7**	**409.8**	**411.7**	**(5.4%)**	**(5.8%)**
Net fee and commission income	316.8	340.2	420.9	(6.9%)	(24.7%)
Other net operating income	23.8	37.3	28.6	(36.1%)	(16.5%)
Net financial result (excluding FVO)	57.9	267.8	93.0	(78.4%)	(37.8%)
Total income	**786.2**	**1,055.1**	**954.2**	**(25.5%)**	**(17.6%)**
Personnel expenses	(325.5)	(423.3)	(340.4)	(23.1%)	(4.4%)
Other administrative expenses	(204.6)	(316.3)	(165.0)	(35.3%)	24.0%
Amortization and depreciation	(30.3)	(73.9)	(32.5)	(58.9%)	(6.6%)
Operating costs	**(560.5)**	**(813.4)**	**(537.9)**	**(31.1%)**	**4.2%**
Profit (loss) from operations	**225.7**	**241.7**	**416.3**	**(6.6%)**	**(45.8%)**
Net adjustments on loans to customers	(684.4)	(229.1)	(181.4)	198.7%	277.3%
Net adjustments on receivables due from banks and other assets	1.7	(23.2)	(3.6)	n.s.	n.s.
Net provisions for risks and charges	(3.4)	14.6	(43.2)	n.s.	(92.2%)
Profit (loss) on the disposal of equity and other investments	(0.3)	(0.1)	(0.1)	188.0%	257.5%
Income (loss) before tax from continuing operations	**(460.7)**	**3.9**	**188.0**	**n.s.**	**n.s.**
Tax on income from continuing operations (excluding FVO)	135.6	72.6	26.5	86.8%	n.s.
Income (loss) after tax from discontinued operations	(1.5)	0.3	(1.3)	n.s.	17.1%
Income (loss) attributable to minority interests	2.9	7.7	3.9	(61.7%)	(25.2%)
Net income (loss) for the period excluding FVO	**(323.6)**	**84.5**	**217.2**	**n.s.**	**n.s.**
Fair Value Option result (FVO)	15.0	(6.3)	(12.6)	n.s.	n.s.
Tax on FVO result	(5.0)	2.1	4.2	n.s.	n.s.
Net income (loss) for the period	**(313.6)**	**80.2**	**208.8**	**n.s.**	**n.s.**

Includes extraordinary items shown in slide 6

- **In Q1 2016, net loan loss provisions reported a strong discontinuity compared to their normalized trend (ranging between 80 and 100pb on gross loans), as already in this quarter NPL coverage ratios were being brought in line with the targets set by the ECB under the merger plan with BPM.**

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Extraordinary P&L items

ELEMENTS FOR THE NORMALISATION

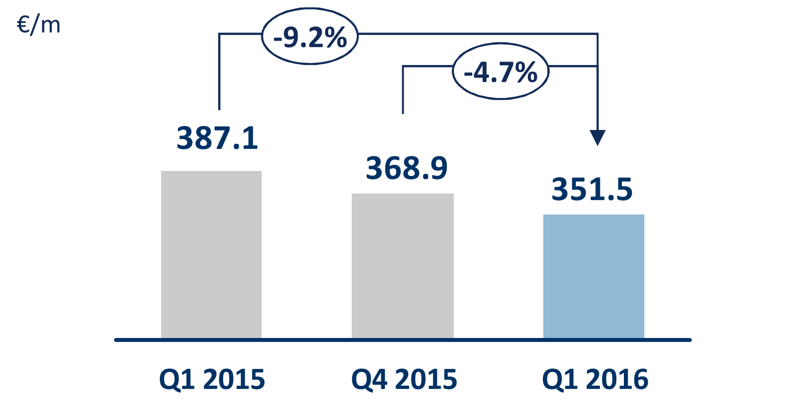
€/m	2016		2015				
	Q1		Q4		Q1		P&L Items
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
DISPOSAL OF ARCA AND ICBPI	-	-	241.2	223.6	-	-	Net financial result
INCENTIVISED EXITS AND OTHER EXTRAORDINARY PERSONNEL EXPENSES	-	-	(82.9)	(56.0)	-	-	Personnel expenses
EXTRAORDINARY CONTRIBUTION TO NRF (Law Decree 180/2015)	-	-	(113.9)	(76.9)	-	-	Other administrative expenses (OAE)
WRITE-DOWNS ON REAL ESTATE ASSETS	-	-	(39.1)	(23.5)	(3.8)	(2.2)	Amortization and Depreciation / Loss on the disposal of investments
BANCA ITALEASE TAX ASSETS	-	-	-	-	85.1	85.1	Tax on income from continuing operations
TAX DISPUTES	-	-	(22.1)	(22.1)	(17.7)	(12.2)	Net provisions for risks and charges
COSTS FOR THE CLOSURE OF BRANCHES	-	-	(4.3)	(3.1)	-	-	Net provisions for risks and charges
DISCONTINUED OPERATIONS (BP LUX.)	(1.5)	(1.5)	0.3	0.3	(1.3)	(1.3)	Income (loss) after tax from discontinued operations
FAIR VALUE OPTION	15.0	10.1	(6.3)	(4.2)	(12.6)	(8.4)	FVO result
TOTAL	**13.6**	**8.6**	**(27.1)**	**38.1**	**49.7**	**61.0**	

- In addition to the non-recurring items reported in this table, for a correct comparison with 2015 please note that in Q1 2016 Banco Popolare reported recurring contributions to the Single Resolution Fund (SRF) of €44.4m (total annual charge for 2016) under the line-item Other Administrative Expenses, compared to €38.0m (total annual charge for 2015), of which €23m recognized in Q1 2015 under the line-item Provisions for risks and charges, and then an additional €15m in Q4 2015, when the entire annual amount was reclassified under Other Administrative Expenses.

Note: *The reason for the recognition was the different taxable income generation capability of Banco Popolare compared to the former subsidiary Banca Italease.

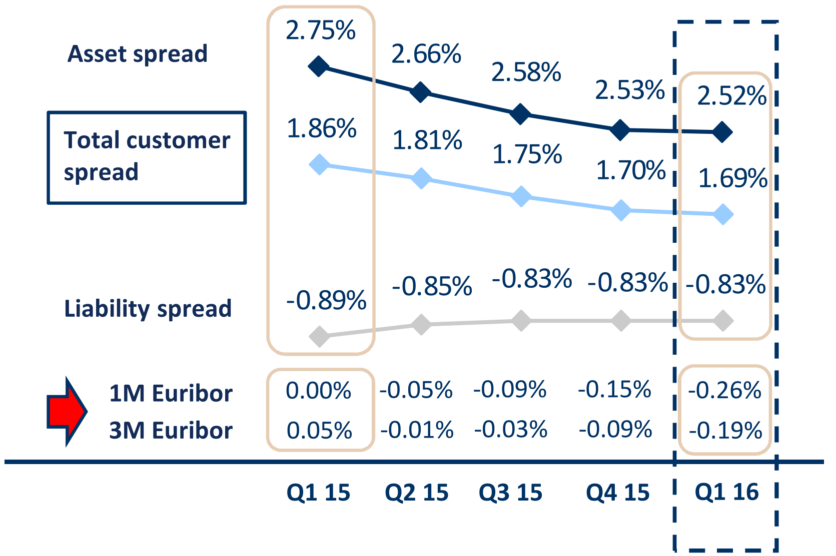
Net interest income

Evolution of Net interest income

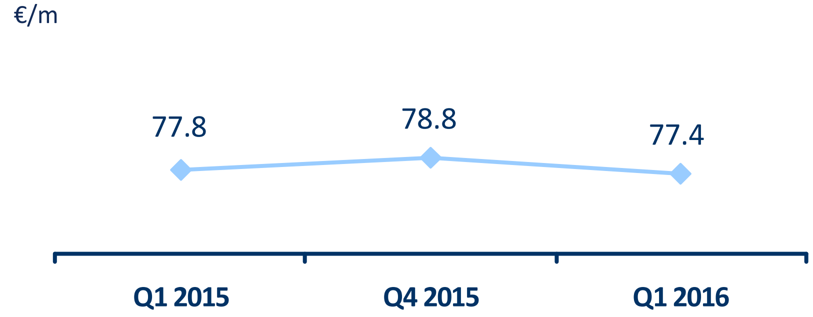


Customer spread evolution*

(commercial network)



Evolution of wholesale funding cost



- In Q1 2016, NII (down by 9.2% YoY) was still affected by the Euribor worsening (1M: -26bps YoY; 3M: -24bps YoY), as well as by the strong competitive pressure on customer loan pricing (asset spread at branch network level down by 23bps YoY).
- The NII quarterly drop (-4.7%), which was again affected by a worsening in Euribor (1M: -11bps QoQ; 3M: -10bps QoQ), was driven also by the days-effect and by the lower contribution from the Government bond portfolio.
- Against this backdrop, worth mentioning among the elements that have been supporting NII are:
  - Improvement of the liability spread at branch network level by 6bps YoY (stable QoQ);
  - Decline in the cost of wholesale funding by 0.6% YoY and by 1.8% QoQ.

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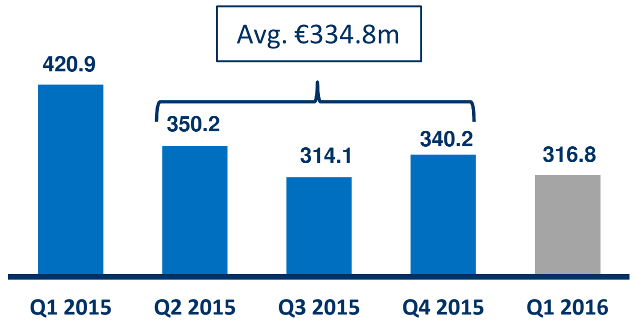
Net Commission Income

Analysis of Net commissions

€/m	Q1 2016	Q4 2015	Q1 2015	% Chg. YoY	% Chg. YTD
Mgmt. brokerage and advisory services	140.0	153.2	245.3	-42.9%	-8.6%
Management of c/a and customer relations	120.6	133.3	120.9	-0.3%	-9.5%
Payment and collection services	28.0	32.1	29.6	-5.4%	-12.6%
Guarantees given	14.3	12.1	13.2	8.2%	17.9%
Other services	14.0	9.5	11.9	17.3%	46.9%
Total	**316.8**	**340.2**	**420.9**	**-24.7%**	**-6.9%**

Quarterly evolution

€/m



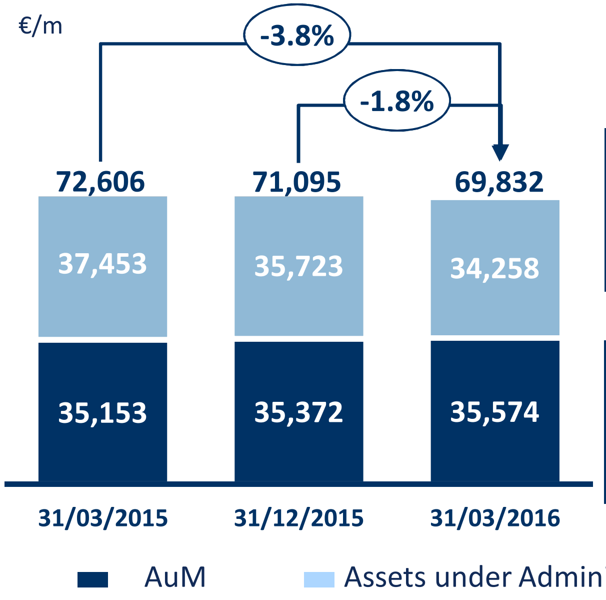
Composition of ' Management, brokerage and advisory services'

€/m	Q1 2016	Q4 2015	Q1 2015	% Chg. YoY	% Chg. YTD
Placement of savings products:	103.0	111.6	199.1	-48.2%	-7.7%
- Securities sale and distribution	*0.3*	*0.3*	*1.0*	*-71.6%*	*2.5%*
- Asset management	*66.5*	*83.9*	*163.7*	*-59.4%*	*-20.8%*
- Bancassurance	*36.3*	*27.4*	*34.3*	*5.6%*	*32.4%*
Consumer credit	7.9	10.1	8.7	-8.8%	-21.7%
Credit cards	5.4	8.9	6.8	-19.4%	-38.6%
Custodian banking services	4.4	4.5	4.1	6.8%	-1.7%
FX & trading activities of branch custome	12.1	12.2	18.7	-35.1%	-1.1%
Other	7.1	5.9	8.0	-11.2%	19.7%
Total	**140.0**	**153.2**	**245.3**	**-42.9%**	**-8.6%**

- Net fees and commissions declined by 24.7% YoY and by 6.9% QoQ. The drop was mainly driven by the negative stock market performance in the first two-month period, which affected also the credit and bond market. This, coupled with the turmoil caused by the four Italian banks under resolution, influenced the investment propensity of clients, who shifted their focus onto Bancassurance products.
- The comparison with Q1 2015 is not very significant considering the particularly lively dynamic shown by the asset management segment in that period.
- Business activities and investment propensity picked up in March, and continued to do so also in April.

Indirect customer funding

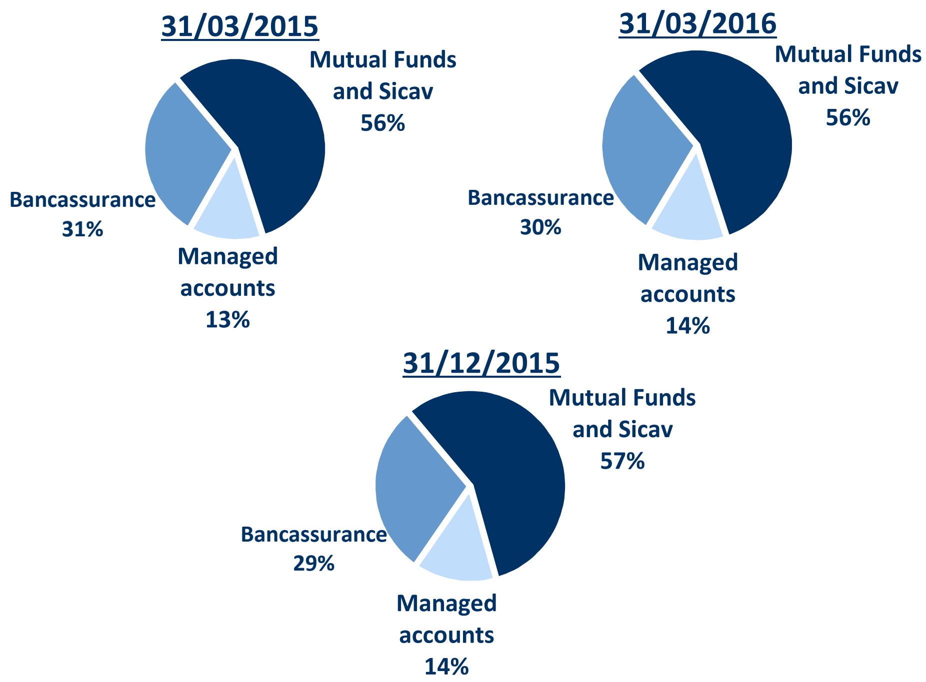
Total Indirect Funding *
(stock)



% chg. 3M	% chg. 12M
-4.1%	-8.5%

% chg. 3M	% chg. 12M
+0.6%	+1.2%

Breakdown of Assets under Management
(stock)

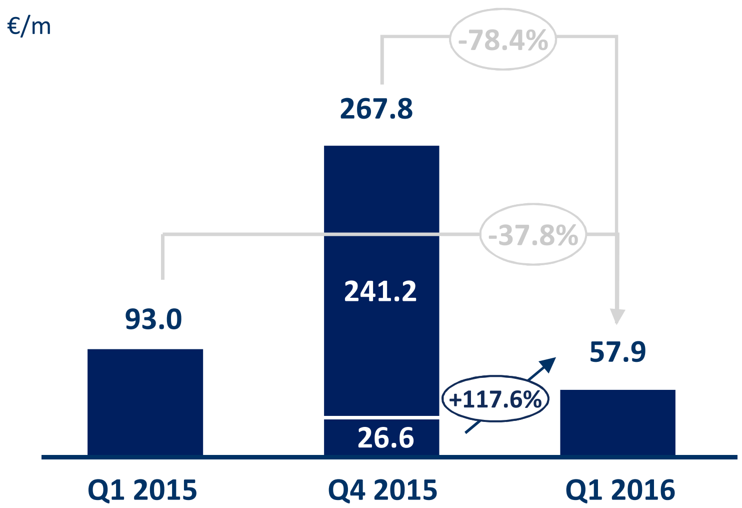


- The underperforming stock market caused a decline in indirect funding of 3.8% YoY and of 1.8% QoQ. Still, the asset management segment grew by +1.2% YoY and by +0.6% QoQ.
- Net of the pricing effect, indirect customer fund volumes would have increased by 1.3% QoQ and by 2.2% YoY.

Net Financial Result (NFR)

NFR excluding FVO

Cumulated gross FVO : **€50.3m**

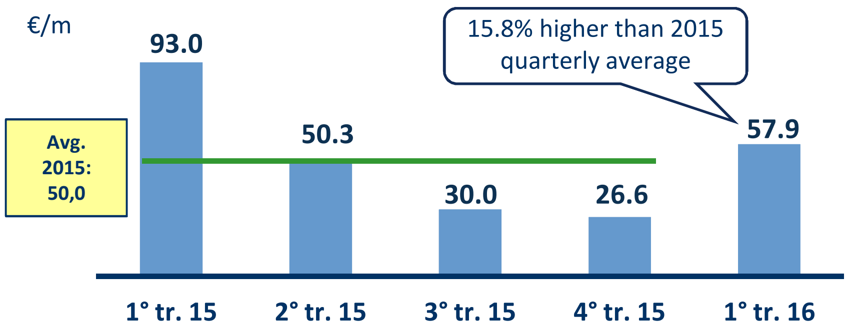


= Capital gains arising from the disposal of stakes

	Q1 2016	Q4 2015	Q1 2015	% Chg. YoY	% Chg. YTD
Net Financial Result	57.9	267.8	93.0	-37.8%	-78.4%
of which: capital gains arising from the disposal of stakes	-	*241.2*	-	*n.s.*	*n.s.*
NFR excluding capital gains	**57.9**	**26.6**	**93.0**	**-37.8%**	**117.6%**
of which: Banca Aletti	-2.4	22.4	46.9	-105.2%	-110.8%
% contribution of Banca Aletti to NFR excluding capital gains	-4.2%	84.4%	50.4%	-108.3%	-105.0%

Proforma NFR

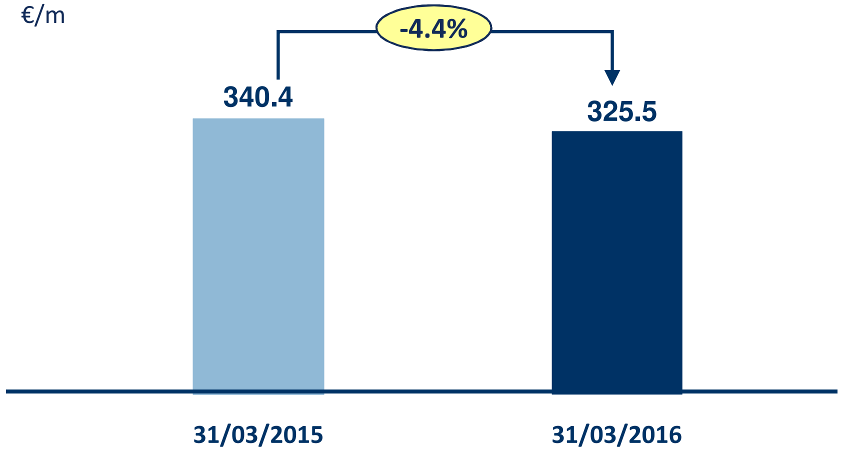
(Quarterly evolution)



- Net of non-recurring capital gains recognized in Q4 2015 on the sale of the equity stakes in ICBPI and Arca (totalling €241.2m), the Net Financial Result (NFR) reported an increase of 117.6% QoQ and a decline of 37.8% YoY.
- The result of Banca Aletti is due to the market underperformance, which modified the clients' investment propensity from structured towards bancassurance and plain vanilla products, with effects both on the placement of certificates (which has a negative impact on the NFR, but, at the same time, supports the stabilization of the liability spread) as well as on the trading activity of the subsidiary.
- In Q1 2016, NFR (€57.9m) grew by 15.8% compared to the quarterly average in 2015 (€50.0m), again net of capital gains on the sale of equity stakes.

Operating costs: personnel expenses

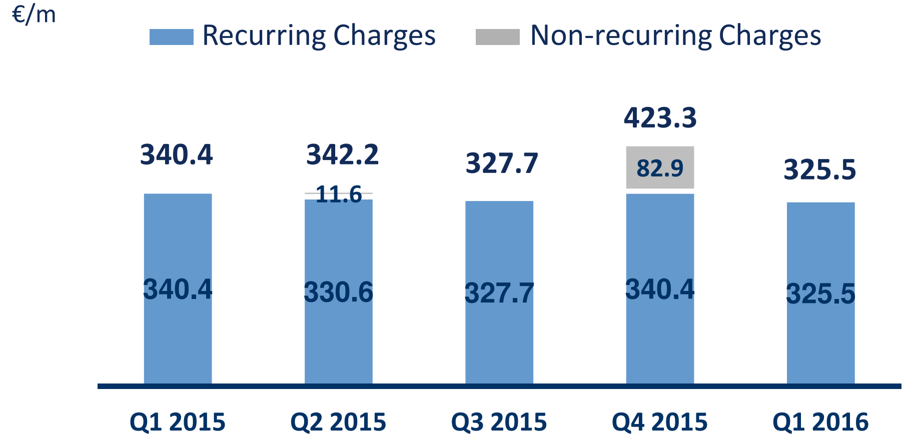
Personnel expenses



Headcount FTE (avg.) 17,137 -475 16,662

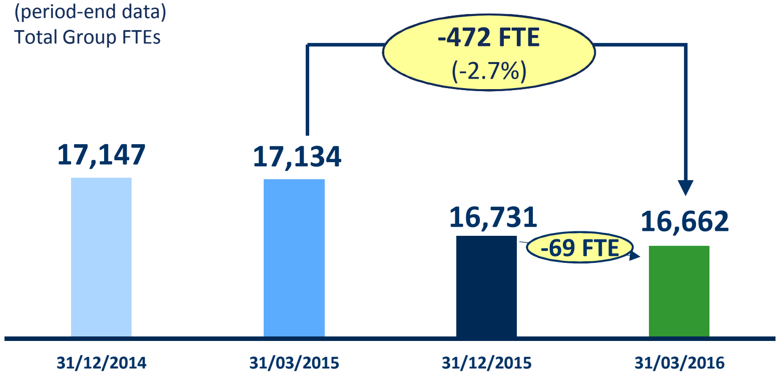
Excluding BP Luxembourg

Quarterly Evolution



Riduzione netta

FTE employees



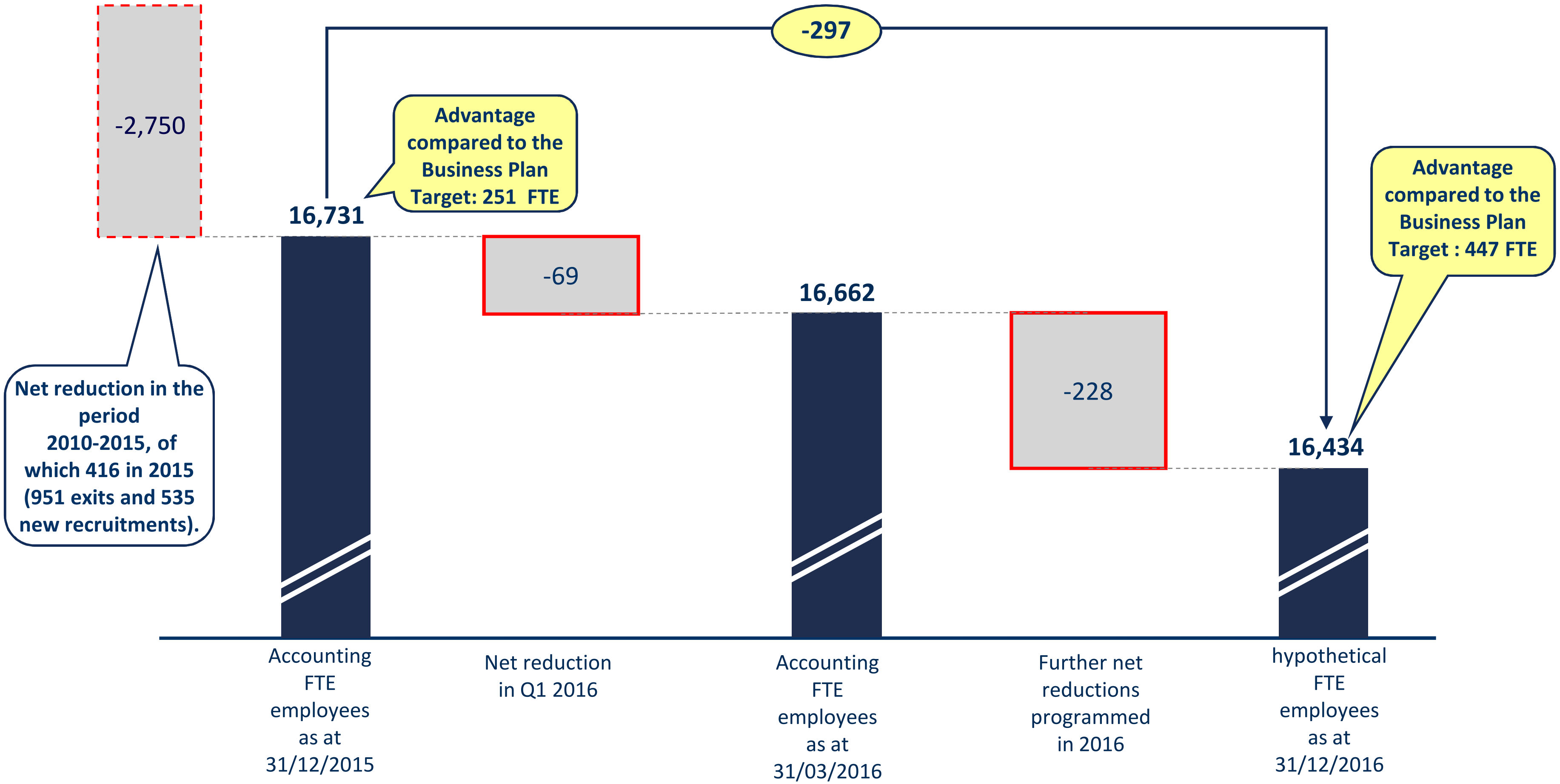
FTE: Full Time Equivalent excluding BP Luxembourg.

Personnel expenses declined by 4.4% YoY, mainly driven by the headcount reduction:

- the average headcount declined by 475 FTEs YoY;
- the end-of-period figure shows a reduction of 69 FTEs over the quarter, corresponding to 472 FTEs on a yearly basis.

Headcount evolution in 2016

FTEs (including temporary workers)

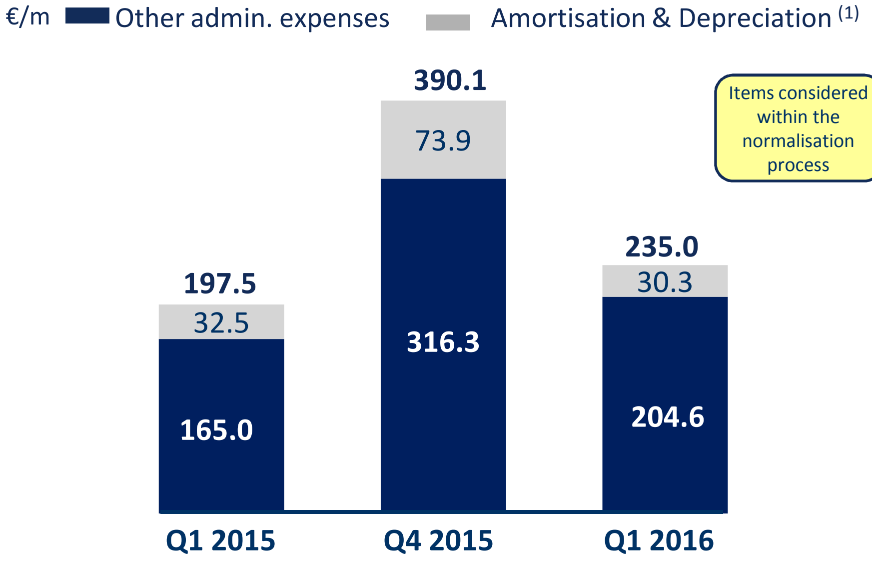


- **The headcount reduction is well ahead of the Business Plan target.**
- **In FY 2016, the estimated net reduction is set to come in at roughly 300 FTEs (compared to the previous assumption of a net reduction of 220 FTEs for the two-year period 2016-2017).**

Operating costs: non-personnel expenses

In Q1 2015, costs tied to the National Resolution Fund were booked under Provisions for risks and charges for a total amount of €23m

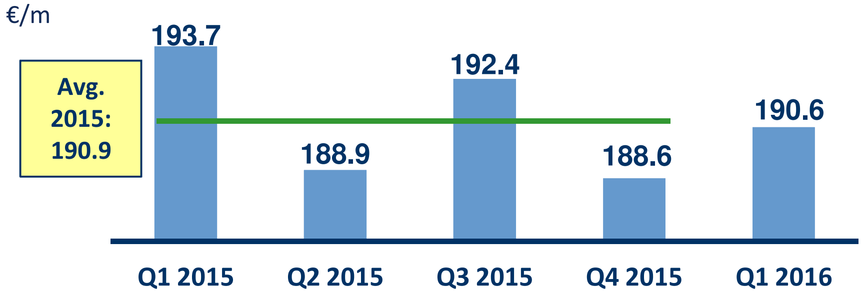
Total non-personnel expenses
(including additional cost tied to SRF+DGS)



(1) Net amortization and depreciation

	Q1 2016	Q4 2015	Q1 2015	% Chg. q/q	% Chg. y/y
Total Non-Personnel Expenses (A+B)	**235.0**	**390.1**	**197.5**	**-39.8%**	**19.0%**
(A) Other administrative expenses	**204.6**	**316.3**	**165.0**	**-35.3%**	**24.0%**
of which: ordinary charges tied to National Resolution Fund (NFR)	*44.4*	*38.0*	*-*	*16.7%*	*n.s.*
*of which: charges tied to Deposit Guarantee Scheme (DGS)**	*-*	*10.5*	*-*	*n.s.*	*n.s.*
of which: extraordinary charges tied to National Resolution Fund	*-*	*113.9*	*-*	*n.s.*	*n.s.*
Total additional charges tied to NRF/DGS	***44.4***	***162.4***	*-*	*-72.7%*	*n.s.*
(A1) Other administrative expenses excluding additional costs and other charges indicated above	**160.3**	**153.9**	**165.0**	**4.2%**	**-2.9%**
(B) Amortisation & Depreciation	**30.3**	**73.9**	**32.5**	**-58.9%**	**-6.6%**
of which: non-recurring	-	39.1	3.8	n.s.	n.s.
(B1) Recurring Amortisation & Depreciation	**30.3**	**34.7**	**28.7**	**-12.6%**	**5.8%**
Total *proforma* non-personnel expenses (A1+B1)	**190.6**	**188.6**	**193.7**	**1.1%**	**-1.6%**

Total *Proforma* Non-Personnel Expenses
Quarterly Evolution



- Other administrative expenses increased by 24.0% YoY, affected by the by the contributions to the Single Resolution Fund totalling €44.4 m. Net of these costs, the decline comes in at 2.9%, again YoY. Finally, a decline by 35.3% is recorded QoQ.
- Amortization and Depreciation fell by 6.6% YoY. The 58.9% drop QoQ was due to a non-recurring impairment on real estate assets carried out in Q4 2015.

* Semi-annual amount due from Banco Popolare

Agenda

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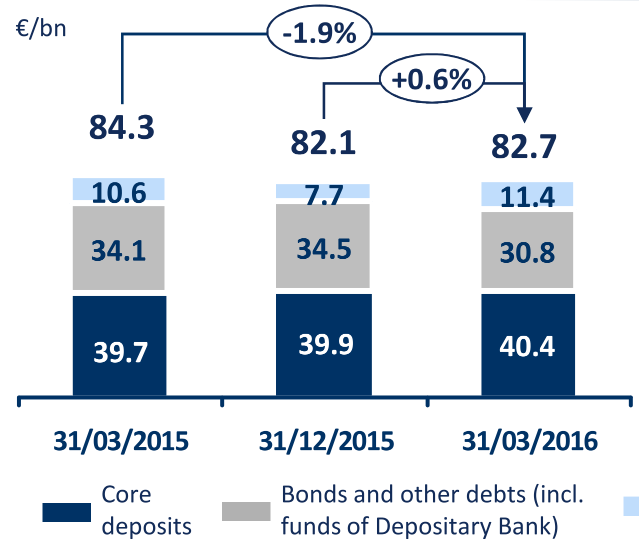
Direct customer funds: trends and breakdown

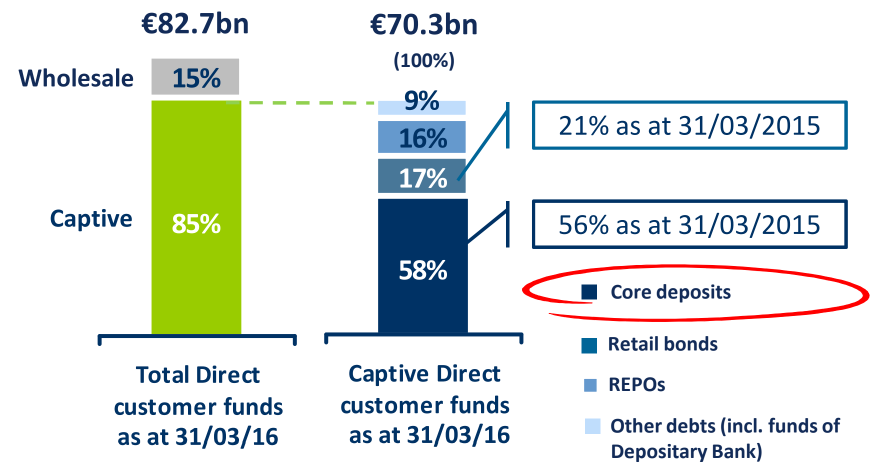
Total direct customer funds*



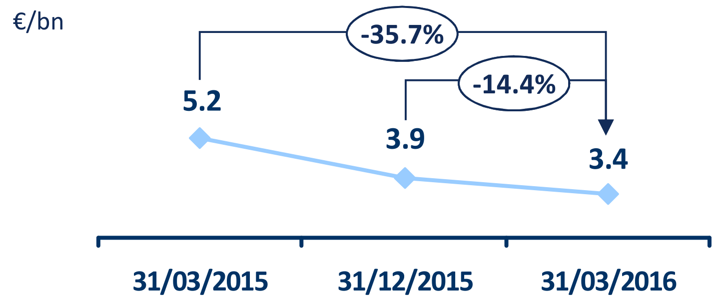
% chg. QoQ	% chg YoY
+47.6%	+7.8%
-10.7%	-9.6%
+1.3%	+2.0%

* The figures of Q1 2015 have been adjusted excluding BP Luxembourg, considering that starting from 30/06/2015, this subsidiary has been reclassified under discontinued operations.

Direct customer funds: breakdown by segment



Evolution of time deposits
(certificates of deposit included)



- Direct funding went down by 1.9% YoY and up by 0.6% over the quarter, with declines affecting exclusively the Bond and other debt segment (-9.6% YoY and -10.7% QoQ).
- In order to optimize the cost of funding we focused on Core deposits, which grew both an a yearly basis (+2.0%), as well as on a quarterly basis (+1.3%).
- Note that direct funding data do not include the liquidity generated by the sale of certificates**, whose stock went up to €5.4bn, +33.7% YoY and +1.7% QoQ.
- The share of captive funding raised by the branches came in at 85%, and its core deposit component confirms once again its significant contribution (58%).

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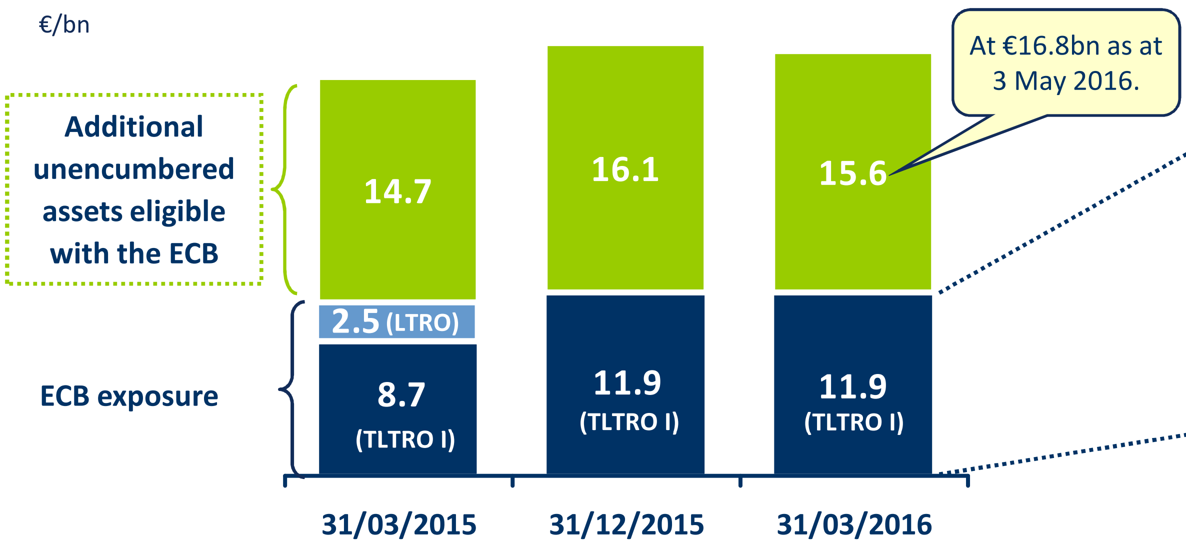
**Certificates are recognized under the line-item "Debt securities held for trading" and, therefore, are considered as Assets under Administration.

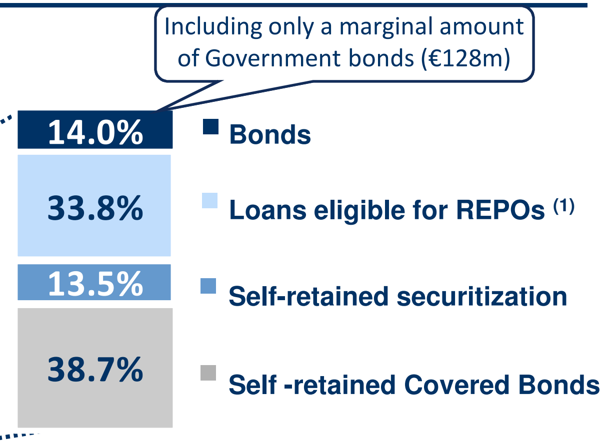
Group liquidity: strong position

Liquidity buffer



Details of assets in the 'ECB Pooling'

(% breakdown as at 31/03/2016)



Note: (1) Loans to SMEs

- ECB exposure at 31/03/2016 was €11.9bn, stable compared to the end of 2015 and entirely made up of TLTRO I drawings.
- Already at the June 2016 auction, we intend converting the entire ECB exposure from TLTRO I to TLTRO II, thus reaping a benefit in terms of cost of funding, and later on we will decide whether to increase the overall exposure to the max. drawing allowance (roughly €15bn).
- At the end of March 2016, additional unencumbered eligible assets (net of haircuts) stood at €15.6bn and were mainly represented by Italian Government bonds.
- Basel 3 liquidity ratios: LCR >160%; NSFR >100%, calculated along the most recent rules of the Quantitative Impact Study*.

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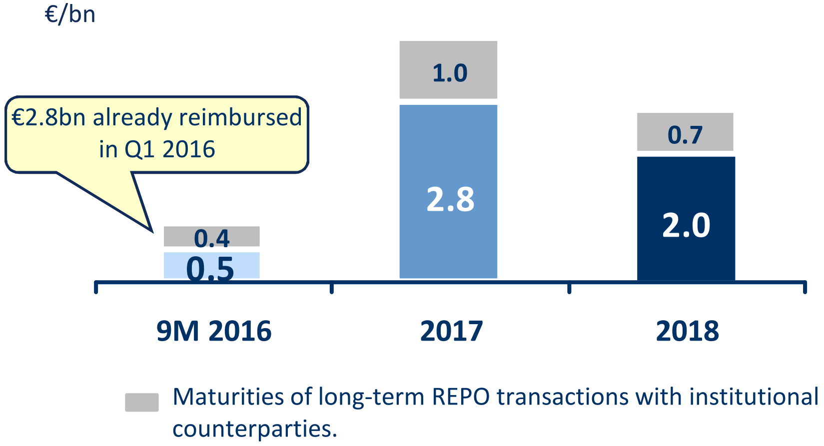
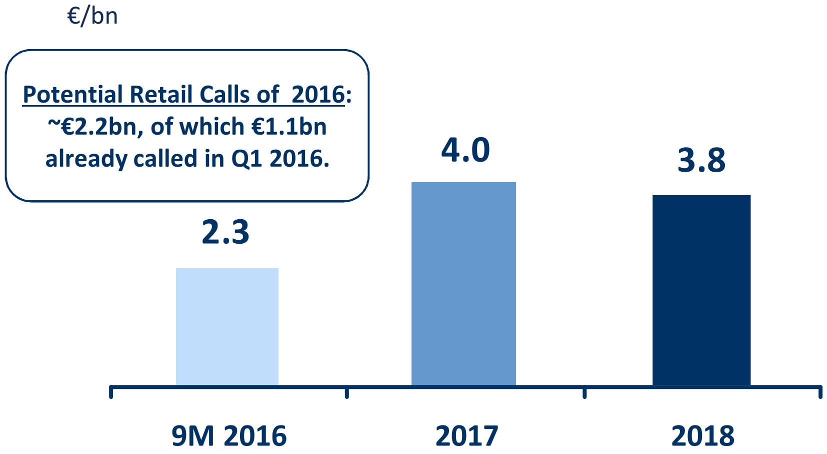
* Data not yet mandatory as the final rules have not been defined yet.
The NSFR data include certificates with capital protection.

Wholesale and Retail maturity profile

Wholesale maturities



Retail bond maturities



Note: Retail maturities exclude the potential exercise of the calls, which is evaluated on a case-by-case basis.

Wholesale market:

- In Q1, with the redemption of €2.8bn (of which €0.3bn were long-term repos and €2.5bn bonds), most wholesale funding maturities for the year have been dealt with.
- In January, the Group issued €1bn bonds on third-party networks, that were very well received and allowed the Group to expand its funding sources.
- Issuance on the wholesale market is impacted by the Group's high liquidity position and by the additional opportunities offered by the new TLTRO II launched by the ECB, in order to further optimize the cost of funding.

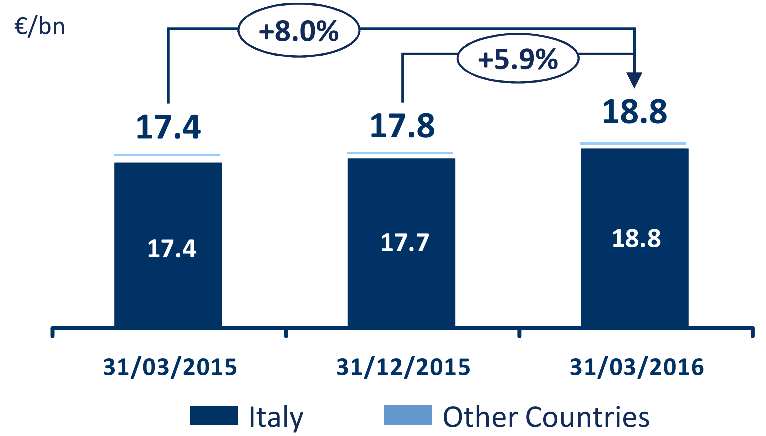
Retail market:

- In Q1 2016 alone, a total of €2.1bn retail bonds expired, (of which €1.1bn for exercised calls).
- In order to optimize the cost of funding, retail bond issues have been reduced in the first months of the year, in favor of core direct funding forms.

In 2016, further funding initiatives will be evaluated, whose timing and mix will essentially depend on market conditions.

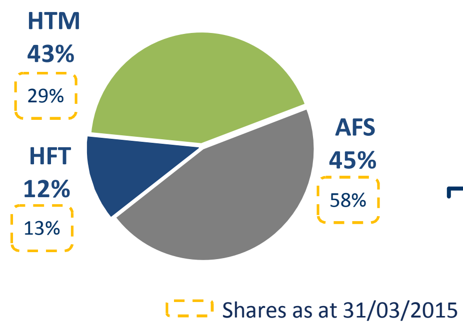
Treasury securities portfolio: evolution

Total Government bond portfolio,
(Nominal amounts)

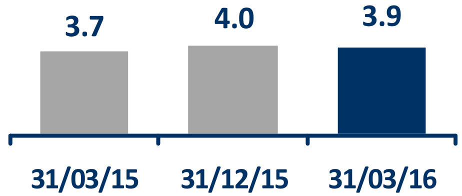


Italian Government bonds
(Nominal amounts)

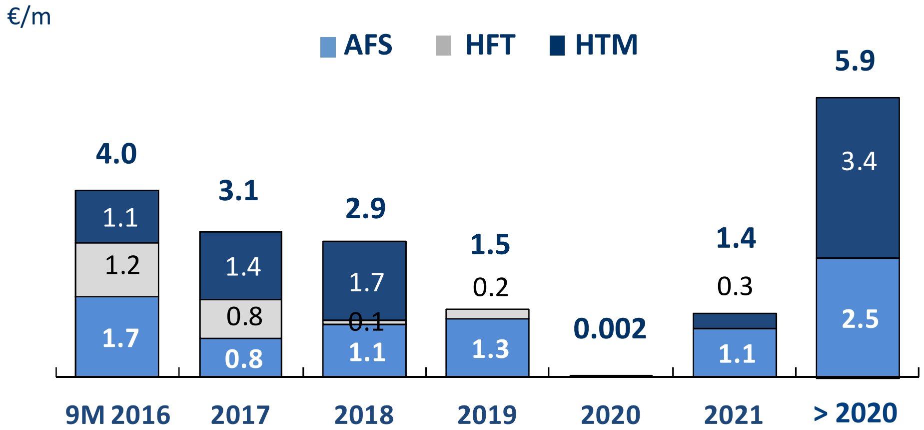
Breackdown as at 31/03/2016



Average maturity
(in years)



Focus on Italian Government bonds:
(Maturities profile – Nominal values)



- The Government bond portfolio, almost entirely made up of Italian securities, at the end of March 2016 came in at nominal value of €18.8bn, up by 5.9% QoQ and by 8.0% YoY.
- Most Italian Government Bonds are classified as AFS (45%) and HTM (43%), while the HFT component remains relatively small (12%). The average time to maturity over the quarter declined from 4.0 to 3.9 years.
- At 31/03/2016, the gross AFS reserve on Government bonds was +€152m (vs. +€223m at 31/12/2015), while the gross unrealized gains on HTM securities added up to +€350m (vs. +€282m at 31/12/2015).

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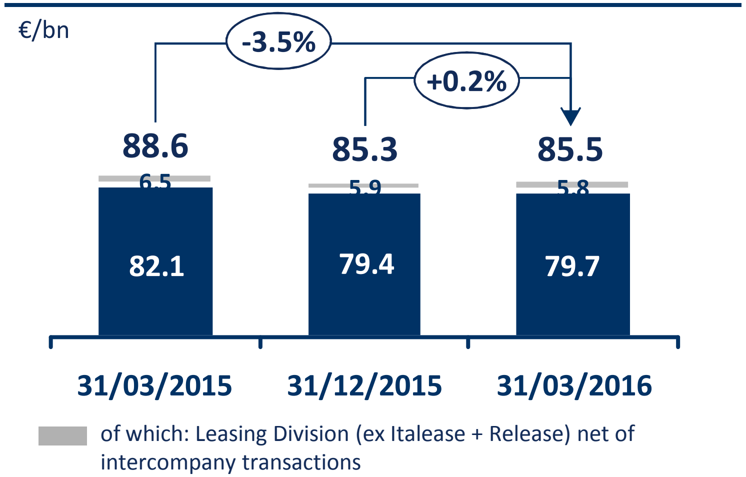
Agenda

Customer loans: evolution and segmentation

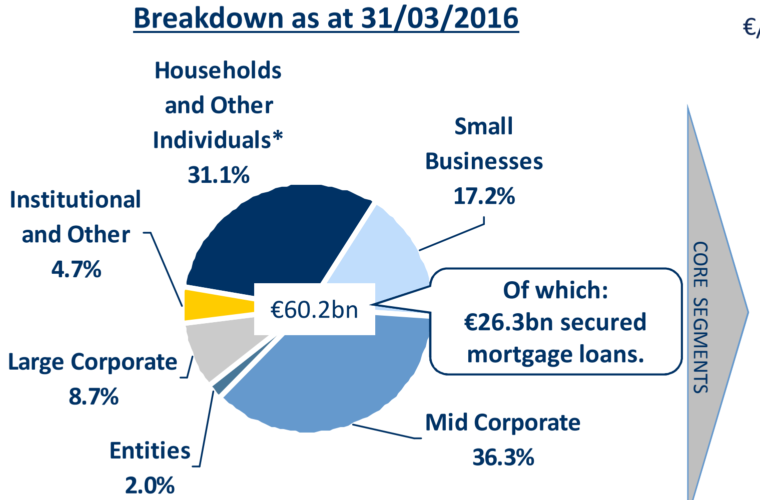
Gross customer loans



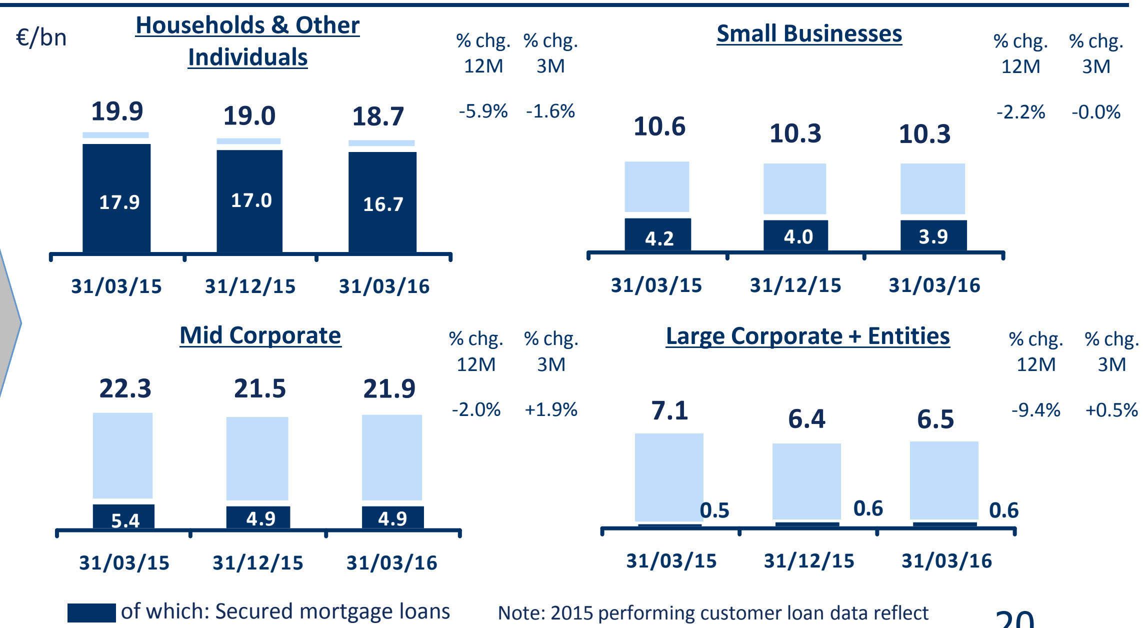
- Gross customer loans added up to €85.5bn, down by 3.5% YoY and reporting a slight increase QoQ (+0.2%).
- Excluding non-core elements from the loan trend, such as the run-off of the Leasing Division, repo dynamics and – with respect exclusively to the yearly change – the sale of unsecured loans in 2015:
  - the annual decline shrinks to -1.1%;
  - the quarterly increase comes in at +0.7%.
- M/L-term new lending for the quarter in excess of €2bn, of which: €0.4bn to Households & Other Individuals; €0.5bn to Small Businesses; €0.9bn to Mid Corporate; €0.2bn to Large Corporate. The drop of roughly 23% compared to Q1 2015 was mainly caused by the Mid and Large Corporate segments, driven by the intention to preserve loan profitability.

Performing customer loans: customer breakdown

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



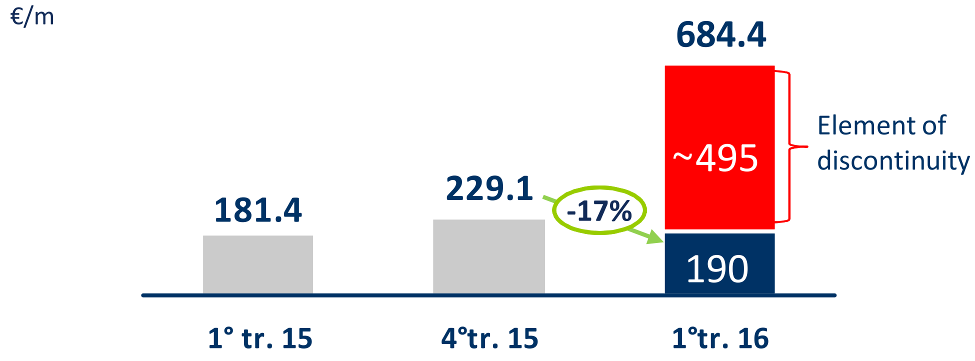
Note: (*) The segment "Households & Other Individuals" includes also businesses and professionals with a turnover <€100K.



Note: 2015 performing customer loan data reflect slight segmentation changes introduced in 2016.

Cost of credit risk

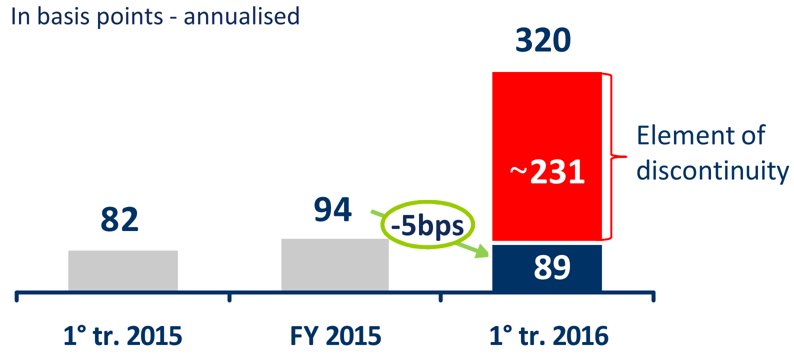
Loan Loss Provisions



	1° tr. 15	4°tr. 15	1°tr. 16
Gross loans (period-end data)	88,635	85,338	**85,495**

Cost of Credit Risk

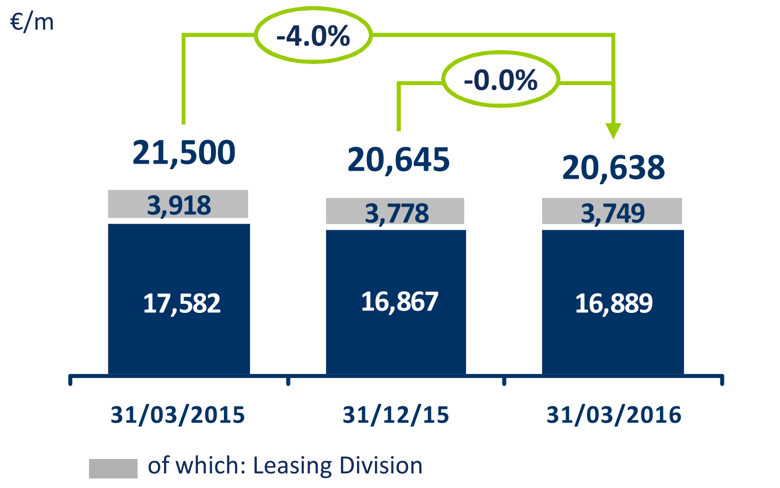
(on gross customer loans, period-end data)



- The cost of credit risk has been showing a strong discontinuity compared to its normalized trend (ranging between 80 and 100bps), as already in this quarter NPL coverage ratios were being brought in line with the targets set by the ECB under the merger plan with BPM.
- It is worth highlighting that, while the NPL portfolio has remained stable compared to the beginning of the year (-€8m), the additional loan loss provisions reported in the quarter have entirely strengthened the NPL coverage ratio, especially for Bad loans.
- Net of the above discontinuity, the cost of credit risk stands at 89bps, below the level of FY 2015 and in line with the guidance.

Group NPLs: evolution

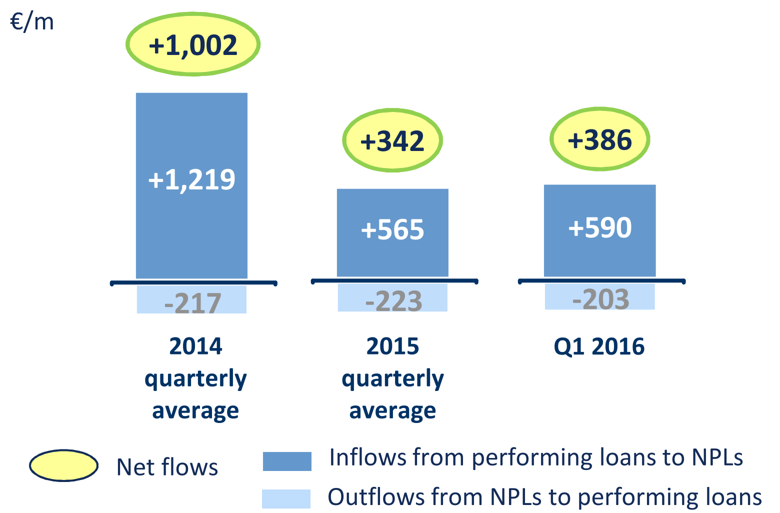
Stock of gross NPLs



GROSS EXPOSURES	31/03/15	31/12/15	31/03/16	% chg. 12M	% chg. 3M
Bad loans	10,751	10,471	10,667	-0.8%	+1.9%
Unlikely-to-pay loans	10,360	9,911	9,736	-6.0%	-1.8%
Past Due loans	388	263	234	-39.7%	-11.1%
TOTAL NPLs	**21,500**	**20,645**	**20,638**	**-4.0%**	**-0.0%**

GROSS EXPOSURES	31/03/15	31/12/15	31/03/16	% chg. 12M	% chg. 3M
Bad loans	6,185	6,458	6,080	-1.7%	-5.9%
Unlikely-to-pay loans	7,611	7,390	7,344	-3.5%	-0.6%
Past Due loans	326	209	190	-41.6%	-9.0%
TOTAL NPLs	**14,122**	**14,057**	**13,614**	**-3.6%**	**-3.2%**

Net flows to NPLs



- Net NPL inflows are still moderate (+€386m), confirming the trend towards normalization that had started back in 2015.
- As a result, in Q1 2016 the gross NPL stock remained stable compared to year-end 2015 (-€8m). YoY it declined by 4.0%, basically due to the sale of unsecured loans in 2015 (€0.9bn); net of this sale, the annual growth would still have been very limited (+0.4%).
- The decline in Unlikely-to-pay (-6.0% YoY and -1.8% QoQ) and Past-due loans (-39.7% YoY and -11.1% QoQ) is confirmed, this being an additional important evidence of an improved credit risk profile.
- Net NPLs, considering the coverage rise in the quarter, reported a decline both YoY (-3.6%), and QoQ (-3.2%).
- Note that the annual gross Bad loans trend (-0.8%) once again compares very favorably to the Italian Banking sector (+3.9%*).

Note *Sector data at March 2016, source: Bank of Italy, Supplement to the Statistical Bulletin, May 2016.

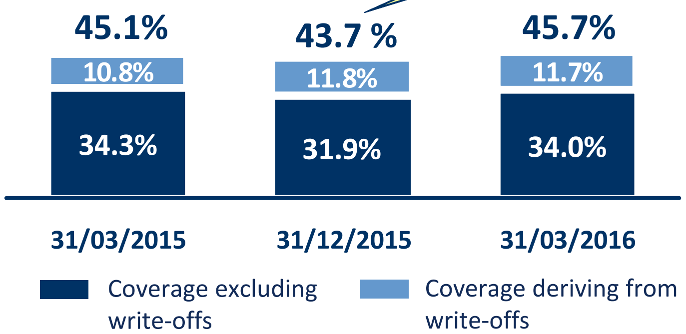
Coverage of Group NPLs

Evolution of the coverage of NPLs

Excludes both real and personal guarantees

Coverage of NPLs (including write-offs)

Decrease completely due to the disposal of unsecured Bad loans



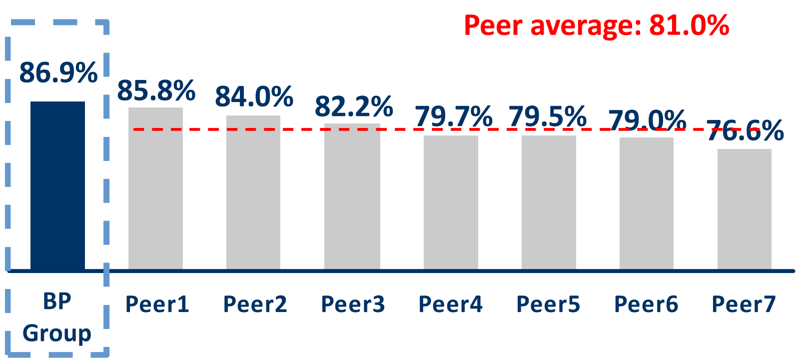
	31/03/2015		31/12/2015		31/03/2016	
	Excl. write-offs	**Incl. write-offs**	Excl. write-offs	**Incl. write-offs**	Excl. write-offs	**Incl. write-offs**
Sofferenze	42.5%	**58.7%**	38.3%	**56.3%**	43.0%	**59.7%**
- con gar. reali	*96.5%*	***97.5%***	*103.7%*	***102.6%***	*105.2%*	***103.6%***
Inadempienze probabili	26.5%		25.4%		**24.6%**	
- con gar. reali	*85.6%*		*85.8%*		*85.7%*	
Scaduti	16.2%		20.7%		18.8%	

~130% at *Fair Value*

N.B.: The value of the pledge considered for the coverage ratios reported in this table is capped at the residual exposure outstanding with borrowers; conversely, the data at Fair Value consider the full fair value of the pledge. For Leasing, the value of the asset is always capped at the salvage value (VPR – Valore di Pronto Realizzo).

- Thanks to the provisions set aside during the quarter, the coverage of NPLs (including write-offs) reached 45.7%, up by 0.6p.p. YoY and by 2.0p.p. compared to year-end 2015.
- The coverage increase mainly involved Bad loans, reaching 59.7% (including write-offs), up by 1.0p.p. YoY and by 3.4p.p. QoQ.
- Thanks to the high percentage of collateralized loans (>74% for Bad loans and >75% for Unlikely-to-pay loans), the coverage of Bad loans including collateral is well in excess of 100% (103.6%), and for Unlikely-to-pay loans it comes in at 85.7%.
- As a result, the high percentage of loans assisted by guarantees over total NPLs compared to the main Italian players (accounting data as at 31/12/2015) should be taken into due consideration when analyzing the coverage levels of our Group.

Share of loans assisted by guarantees on total net NPLs



(*) Peers include ISP, UCG, MPS, UBI, BPER, BPM and Carige.
Arithmetic mean.
Source: FY 2015 Annual Reports. Table A.3.2 of the Integrative Note.

Bad loans: strong collateralisation and coverage

- The Group is definitely characterized by a high percentage of Bad loans assisted by real guarantees (collateral): 74.4% of total gross Bad loans
- The collateral value drives the coverage of the secured component to 117.2% (160.6% with collateral measured at Fair Value).
- Also the portion not assisted by real guarantees (25.6% of total Bad loans) enjoys a very high accounting coverage ratio at 81.9%.
- Thus the 59.7% stated coverage of total Bad loans rises to 103.6% when including collateral (130.3% if measured at fair value), and is proportionally solid if compared to the Italian banking sector, which on average reports a lower collateralization level.

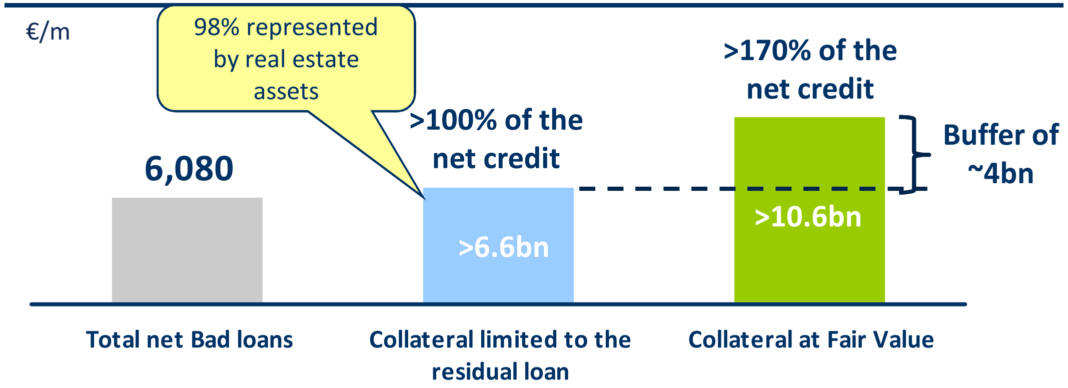
€/m

BAD LOANS	GROSS EXPOSURES	Share on gross exposures (in %)	Accounting coverage (incl. Write-offs)	Coverage including collateral limited to the residual loan*	Coverage including collateral at fair value**
Assisted by collateral	7,936	74.4%	45.8%	117.2%	160.6%
Not assisted by collateral	2,731	25.6%	81.9%	81.9%	81.9%
Total	**10,667**	**100%**	**59.7%**	**103.6%**	**130.3%**

(*) The mortgage value is limited to the residual loan. The lease value is always limited to the salvage value (VPR – valore di pronto realizzo).
(**) The mortgage value is expressed at fair value. The lease value is always limited to the salvage value.

- The value of the collateral backing the secured Bad loans is high enough to **fully cover the net outstanding risk of the entire portfolio, reaching >170% when measured at fair value**.

Value of collateral compared with the net risk



Note: Analysis based on management accounting data. As of this quarter, a new business logic has been introduced to analyze the secured portfolio, by single contract instead of single borrower.

Gruppo Banco Popolare

Unlikely-to-pay loans: strong collateralisation and coverage

- The Group is definitely characterized by <u>a high percentage of Unlikely-to-pay loans assisted by real guarantees (collateral)</u>: 75.1%.
- The collateral value drives <u>the coverage of the secured component to 102.2% (159.9% with collateral measured at Fair Value).</u>
- Also the <u>portion not assisted by real guarantees</u> (24.9% of the total) <u>enjoys a high accounting coverage ratio</u>, at 35.8%.
- Thus the 24.6% stated coverage of total Unlikely-to-pay loans rises to 85.7% when including collateral (128.8% if measured at fair value), and is proportionally <u>solid if compared to the Italian banking sector, which on average reports a lower collateralization level</u>.

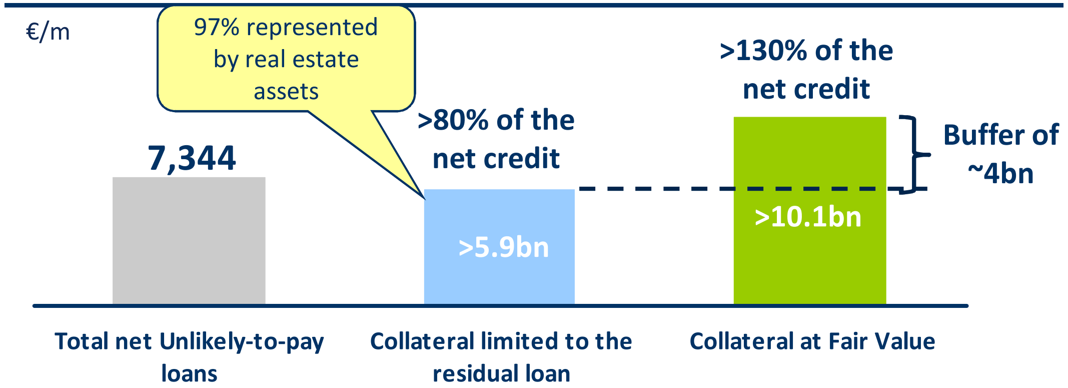
€/m

UNLIKELY-TO-PAY LOANS	GROSS EXPOSURES	Share on gross exposures (in %)	Accounting coverage	Coverage including collateral limited to the residual loan*	Coverage including collateral at fair value**
Assisted by collateral	7,310	75.1%	20.8%	102.2%	159.6%
Not assisted by collateral	2,426	24.9%	35.8%	35.8%	35.8%
Total	**9,736**	**100%**	**24.6%**	**85.7%**	**128.8%**

(*) The mortgage value is limited to the gross residual loan. The lease value is always limited to the salvage value (VPR – valore di pronto realizzo).
(**) The mortgage value is expressed at fair value. The lease value is always limited to the salvage value.

- The value of the collateral backing Unlikely-to-pay loans is high enough to **<u>cover 80% of the net outstanding risk, rising to >130% when measured at fair value.</u>**

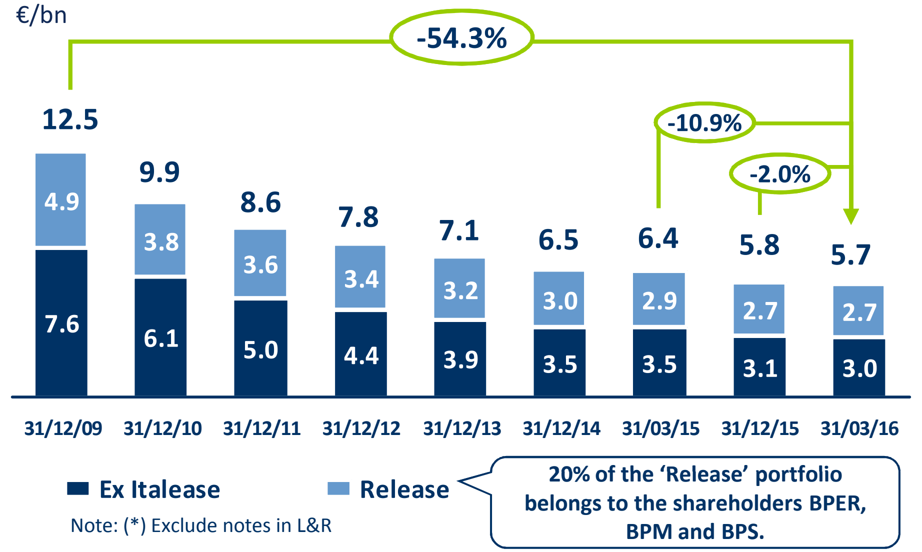
Value of collateral compared with the net risk



Note: Analysis based on management accounting data. As of this quarter, a new business logic has been introduced to analyze the secured portfolio, by single contract instead of single borrower.

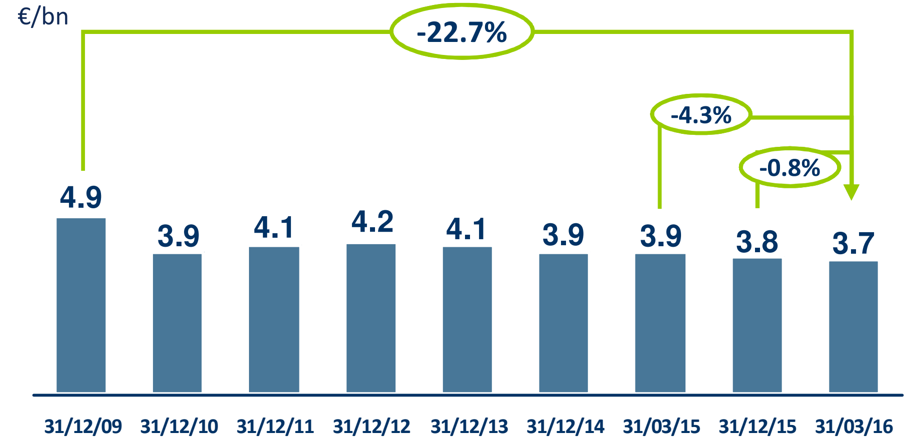
Leasing Division: further progress in the downsizing

Evolution of total gross customer loans*

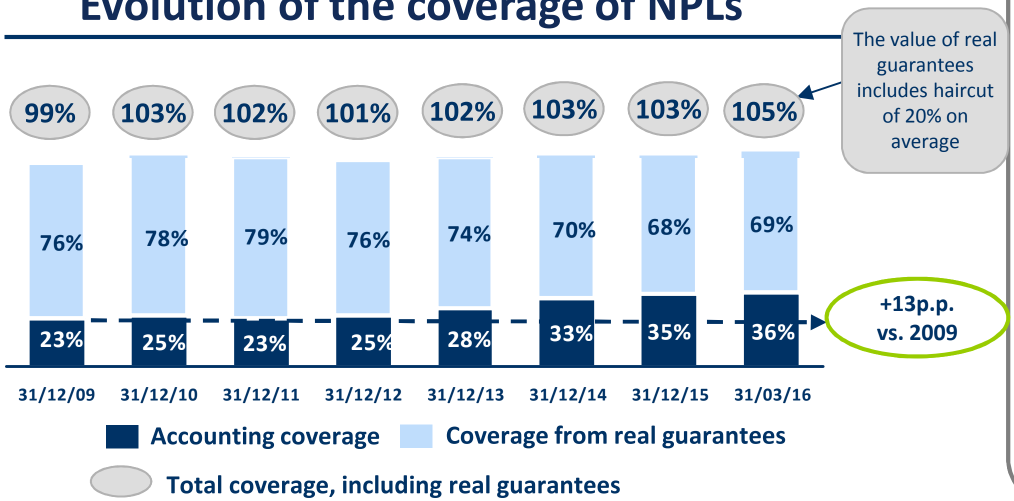


Note: (*) Exclude notes in L&R

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 €117m (-2.0%) in Q1 2016, for a total drop of roughly €6.8bn since 2009.
- Gross NPLs at €3.7bn (the lower level since 2009), down by 4.3% y/y and by 0.8% in the quarter.
- Accounting coverage (excluding real guarantees) further strengthened (at 36%, +1p.p. vs. year-end 2015 and +13p.p. vs. year-end 2009).
- The total coverage, including collateral, stands at a level above 100% (105%, +6p.p. vs. 2009), in spite of the incorporation of an average haircut of 20% for underlying collateral values.

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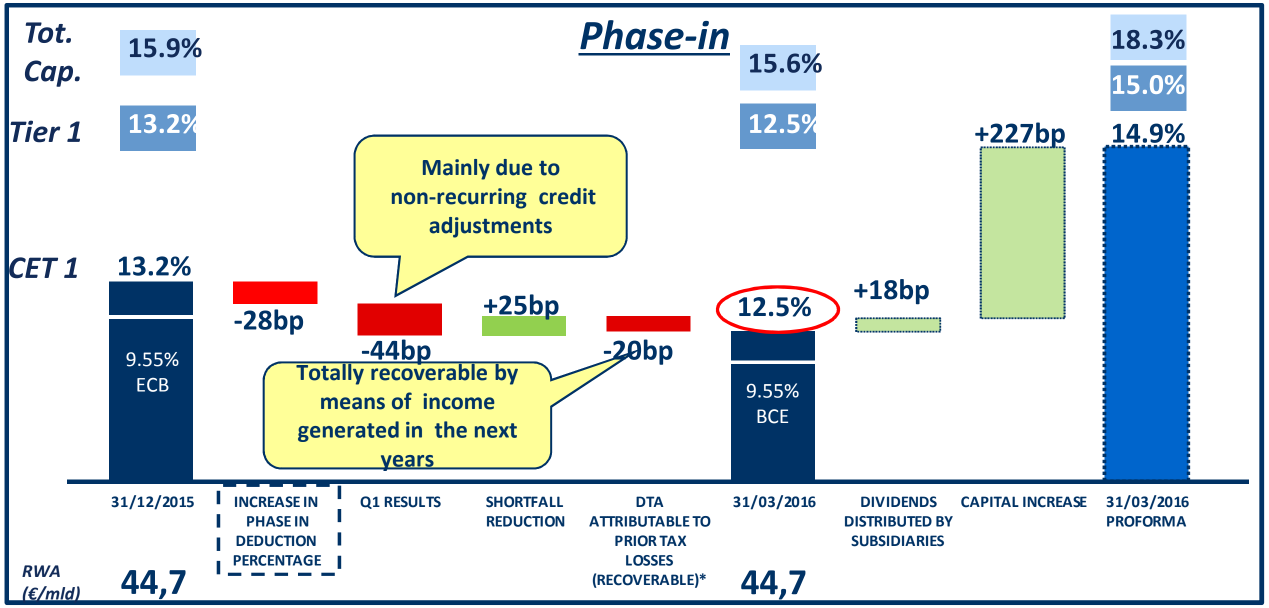
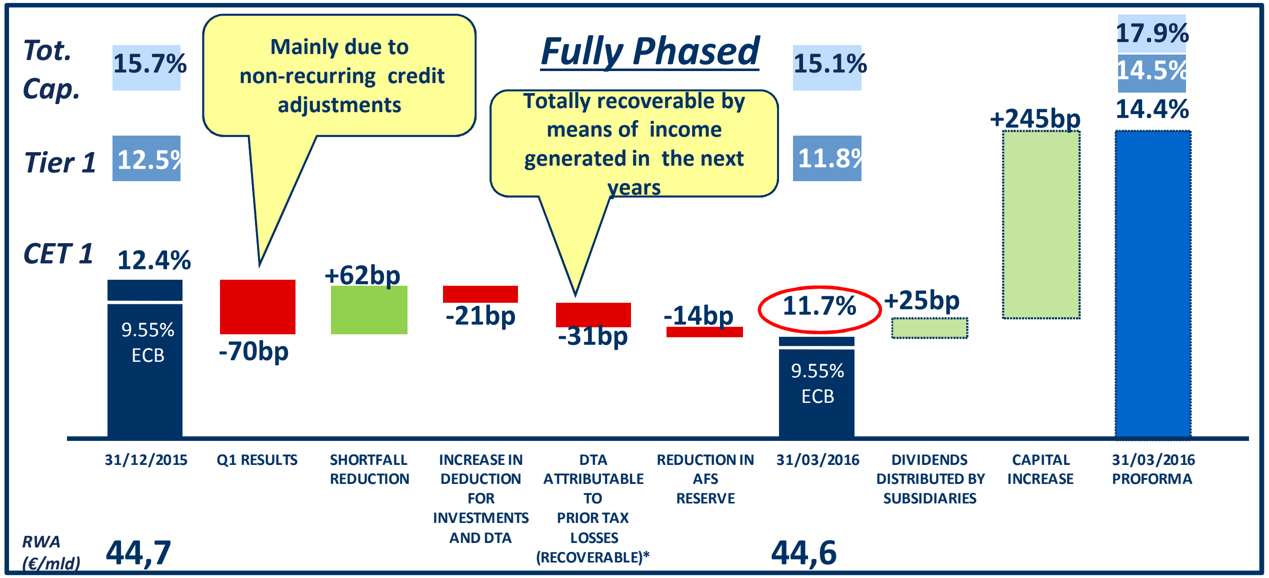
Agenda

Banco Popolare Group

Group Capital Ratios

ECB Capital Decision in November 2015: CET1 ratio requirement set at 9.55%





- The evolution of the CET 1 ratio in Q1 2016 (-67 bp in phase-in and -72 bp in fully phased) reflects the combined effect of:
  - Increase in the deduction percentage from the CET1 from 40% to 60%: -28bps, with regards to phase-in exclusively
  - Q1 results (-44bps in phase and -70bps in fully phased) mainly due to non-recurring credit adjustments
  - Shortfall reduction driven by the increase in credit adjustments
  - With regards exclusively to fully phased: reduction in the deductions for investments and DTAs: -21bps (non significant impact in phase-in)
  - With regards exclusively to fully phased: reduction in the AFS reserve: -14bps (non significant impact in phase-in)
  - Increase in DTAs attributable to prior tax losses: -20bps in phase-in and -31bps in fully phased.
- The CET1 ratios as at 31/03/2016 express solid buffers compared to the minimum threshold of 9.55% set by the ECB under the SREP: +293bps in phase-in and +212bps in fully phased.
- The capital ratios as at 31/12/2016 do not take into consideration:
  - the positive impact deriving from dividend distribution related to the subsidiaries Agos and Popolare Vita finalized in the in the month of April (which entails a reduction in the amount of deductions): +18bps in phase-in and +25bps in fully phased
  - the impact deriving from the capital increase
  - the effects deriving from possible further credit adjustments tied to Merger Project with BPM

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* Totally recoverable by means of generation of taxable income under IRES , usable in the next years, without any time limit

Conclusions (1/2)

Capital:

- The Group's CET 1 ratios (12.5% *phase-in* and 11.7% *fully-loaded*) remain well above the SREP threshold defined by the Regulator (9.55%), even after expensing part of the additional provisions required by the ECB under the merger plan with BPM
- All other things being equal, the CET 1 ratio at 31/03/2016, as a result of the dividend distribution already carried out by some of the main associated financial companies and in view of the planned capital increase, would be running at 14.9% on a phase-in basis and at 14.4% on a fully-loaded basis (pro-forma data that do not include the impact of any additional loan loss provisions under the Merger Plan with BPM)

Profitability:

- Net of discontinuity elements linked to loan loss provisions (estimated at about €495m pre-tax), in Q1 2016 the Group would have reported a net income of roughly €38m
- The Group reacted to the pressures exercised on revenues by a particularly challenging market environment with added actions to optimize operational efficiency, leading to a decline in operating costs (-4.1% YoY, excluding costs tied to the Single Resolution Fund):
    - headcount decreased by 69 FTEs over the quarter (472 FTE YoY), and a net headcount reduction of almost 300 FTEs is expected in 2016 (instead of a net reduction of 220 FTE assumed for the two-year period 2016-2017)
    - 120 branches were closed in mid-April

Conclusions (2/2)

Credit Quality:

- The coverage ratios of NPLs (45.7%) and of Bad loans (59.7%), benefitting from the discontinuity elements in provisioning, have reported a significant increase, leading to a decline in net exposures over the quarter (-3.2% for total NPLs and -5.9% for Bad loans)
- The Unlikely-to-pay and Past-due aggregate declined by 7.2% YoY and by 2.0% QoQ (gross figures)
- Net NPL inflows remain muted (+€386m over the quarter), confirming the normalizing trend started back in 2015

Liquidity:

- The Group's solid liquidity position is confirmed, with €15.6bn unencumbered eligible assets and good liquidity ratios under Basel 3 (LCR > 160% and NSFR > 100%)

Agenda

Reclassified consolidated balance sheet

Reclassified consolidated balance sheet

Reclassified assets (in euro thousand)	31/03/2016	31/12/2015	Chg.	
Cash and cash equivalents	604,189	587,383	16,806	2.9%
Financial assets and hedging derivatives	29,385,957	27,531,012	1,854,945	6.7%
Due from banks	3,029,278	2,817,832	211,446	7.5%
Customer loans	78,155,055	78,421,634	(266,579)	(0.3%)
Equity investments	1,203,124	1,166,324	36,800	3.2%
Property and equipment	2,122,719	2,132,633	(9,914)	(0.5%)
Intangible assets	2,041,533	2,042,120	(587)	(0.0%)
Non-current assets held for sale and discontinued operations	80,400	109,983	(29,583)	(26.9%)
Other assets	5,528,164	5,700,674	(172,510)	(3.0%)
Total	**122,150,419**	**120,509,595**	**1,640,824**	**1.4%**

Reclassified liabilities (in euro thousand)	31/03/2016	31/12/2015	Chg.	
Due to banks	16,633,706	16,334,739	298,967	1.8%
Due to customers, debt securities issued and financial liabilities designated at fair value	82,673,483	82,141,444	532,039	0.6%
Financial liabilities and hedging derivatives	9,658,268	8,564,543	1,093,725	12.8%
Liability provisions	1,319,218	1,333,077	(13,859)	(1.0%)
Liabilities associated with assets held for sale	-	342,265	(342,265)	
Other liabilities	3,757,944	3,246,793	511,151	15.7%
Minority interests	49,848	53,169	(3,321)	(6.2%)
Shareholders' equity	8,057,952	8,493,565	(435,613)	(5.1%)
- Capital and reserves	8,371,527	8,063,492	308,035	3.8%
- Net income (loss) for the period	(313,575)	430,073	(743,648)	
Total	**122,150,419**	**120,509,595**	**1,640,824**	**1.4%**

Appendix: Banco Popolare Group

Consolidated income statement: quarterly trend

Reclassified income statement €/m	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015*
Net interest income	351.5	368.9	387.5	402.0	387.1
Income (loss) from investments in associates carried at equity	36.1	41.0	39.2	36.7	24.6
Net interest, dividend and similar income	**387.7**	**409.8**	**426.7**	**438.6**	**411.7**
Net fee and commission income	316.8	340.2	314.1	350.2	420.9
Other net operating income	23.8	37.3	23.5	20.3	28.6
Net financial result (excluding FVO)	57.9	267.8	30.0	50.3	93.0
Other operating income	**398.6**	**645.3**	**367.6**	**420.8**	**542.5**
Total income	**786.2**	**1,055.1**	**794.3**	**859.4**	**954.2**
Personnel expenses	(325.5)	(423.3)	(327.7)	(342.2)	(340.4)
Other administrative expenses	(204.6)	(316.3)	(161.0)	(162.6)	(165.0)
Amortization and depreciation	(30.3)	(73.9)	(33.7)	(26.3)	(32.5)
Operating costs	**(560.5)**	**(813.4)**	**(522.4)**	**(531.1)**	**(537.9)**
Profit (loss) from operations	**225.7**	**241.7**	**271.9**	**328.4**	**416.3**
Net adjustments on loans to customers	(684.4)	(229.1)	(199.5)	(193.9)	(181.4)
Net adjustments on receivables due from banks and other assets	1.7	(23.2)	(5.2)	(22.3)	(3.6)
Net provisions for risks and charges	(3.4)	14.6	(15.8)	(6.4)	(43.2)
Impairment of goodwill and equity investments	-	-	-	-	-
Profit (loss) on the disposal of equity and other investments	(0.3)	(0.1)	(0.2)	(4.0)	(0.1)
Income (loss) before tax from continuing operations	**(460.7)**	**3.9**	**51.2**	**101.8**	**188.0**
Tax on income from continuing operations (excluding FVO)	135.6	72.6	(5.3)	(23.3)	26.5
Income (loss) after tax from discontinued operations	(1.5)	0.3	0.2	(6.5)	(1.3)
Income (loss) attributable to minority interests	2.9	7.7	5.9	1.2	3.9
Net income (loss) for the period excluding FVO	**(323.6)**	**84.5**	**52.0**	**73.1**	**217.2**
Fair Value Option result (FVO)	15.0	7.1	7.1	16.8	(12.6)
Tax on FVO result	(5.0)	(2.3)	(2.3)	(5.5)	4.2
Net income (loss) for the period	**(313.6)**	**89.2**	**56.7**	**84.3**	**208.8**

Note: (*) 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'.

Appendix: Banco Popolare Group

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	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015*
Net interest income	-	-	-	-	-
Income (loss) from investments in associates carried at equity	-	-	-	-	-
Net interest, dividend and similar income	**-**	**-**	**-**	**-**	**-**
Net fee and commission income	-	-	-	-	-
Other net operating income	(5.5)	(6.0)	(6.0)	(6.0)	(6.0)
Net financial result (excluding FVO)	-	-	-	-	-
Other operating income	**(5.5)**	**(6.0)**	**(6.0)**	**(6.0)**	**(6.0)**
Total income	**(5.5)**	**(6.0)**	**(6.0)**	**(6.0)**	**(6.0)**
Personnel expenses	-	-	-	-	-
Other administrative expenses	-	-	-	-	-
Amortization and depreciation	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Operating costs	**(0.9)**	**(0.9)**	**(0.9)**	**(0.9)**	**(0.9)**
Profit (loss) from operations	**(6.4)**	**(6.9)**	**(6.9)**	**(6.9)**	**(6.9)**
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	-	-	-	-	-
Profit (loss) on the disposal of equity and other investments	0.0	(1.3)	-	-	-
Income (loss) before tax from continuing operations	**(6.4)**	**(8.1)**	**(6.9)**	**(6.9)**	**(6.9)**
Tax on income from continuing operations (excluding FVO)	2.1	6.6	2.2	2.2	2.2
Income (loss) after tax from discontinued operations	-	-	-	-	-
Income (loss) attributable to minority interests	-	-	-	-	-
Net income (loss) for the period excluding FVO	**(4.3)**	**(1.5)**	**(4.6)**	**(4.6)**	**(4.7)**

Appendix A: Banco Popolare Group

Income Statement pre PPA: quarterly evolution

Reclassified income statement €/m	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015*
Net interest income	351.5	368.9	387.5	402.0	387.1
Income (loss) from investments in associates carried at equity	36.1	41.0	39.2	36.7	24.6
Net interest, dividend and similar income	**387.7**	**409.8**	**426.7**	**438.6**	**411.7**
Net fee and commission income	316.8	340.2	314.1	350.2	420.9
Other net operating income	29.3	43.3	29.5	26.2	34.5
Net financial result (excluding FVO)	57.9	267.8	30.0	50.3	93.0
Other operating income	**404.0**	**651.3**	**373.6**	**426.7**	**548.4**
Total income	**791.7**	**1,061.1**	**800.2**	**865.4**	**960.1**
Personnel expenses	(325.5)	(423.3)	(327.7)	(342.2)	(340.4)
Other administrative expenses	(204.6)	(316.3)	(161.0)	(162.6)	(165.0)
Amortization and depreciation	(29.5)	(72.9)	(32.8)	(25.4)	(31.6)
Operating costs	**(559.6)**	**(812.5)**	**(521.5)**	**(530.2)**	**(537.0)**
Profit (loss) from operations	**232.1**	**248.6**	**278.7**	**335.2**	**423.1**
Net adjustments on loans to customers	(684.4)	(229.1)	(199.5)	(193.9)	(181.4)
Net adjustments on receivables due from banks and other assets	1.7	(23.2)	(5.2)	(22.3)	(3.6)
Net provisions for risks and charges	(3.4)	14.6	(15.8)	(6.4)	(43.2)
Impairment of goodwill and equity investments	-	-	-	-	-
Profit (loss) on the disposal of equity and other investments	(0.3)	1.2	(0.2)	(4.0)	(0.1)
Income (loss) before tax from continuing operations	**(454.3)**	**12.0**	**58.1**	**108.6**	**194.9**
Tax on income from continuing operations (excluding FVO)	133.5	66.0	(7.5)	(25.6)	24.3
Income (loss) after tax from discontinued operations	(1.5)	0.3	0.2	(6.5)	(1.3)
Income (loss) attributable to minority interests	2.9	7.7	5.9	1.2	3.9
Net income (loss) for the period excluding FVO	**(319.3)**	**86.0**	**56.6**	**77.7**	**221.9**
Fair Value Option result (FVO)	15.0	(6.3)	7.1	16.8	(12.6)
Tax on FVO result	(5.0)	2.1	(2.3)	(5.5)	4.2
Net income (loss) for the period	**(309.3)**	**81.8**	**61.4**	**89.0**	**213.4**

Note: (*) 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 Q1 2016 results

Management accounting data

Reclassified income statement €/m	Leasing Division 31/03/2016	Leasing Division 31/03/2015	*Of which Release* 31/03/2016	*Of which Release* 31/03/2015
Net interest income	9.3	11.0	*0.7*	*0.8*
Income (loss) from investments in associates carried at equity	-	-	-	-
Net interest, dividend and similar income	**9.3**	**11.0**	***0.7***	***0.8***
Net fee and commission income	0.0	(0.2)	*0.0*	*(0.2)*
Other net operating income	5.3	3.8	*5.1*	*2.8*
Net financial result (excluding FVO)	(0.1)	-	*(0.1)*	*0.0*
Other operating income	**5.2**	**3.6**	***5.0***	***2.7***
Total income	**14.5**	**14.6**	***5.7***	***3.5***
Personnel expenses	(2.5)	(3.3)	*(0.4)*	*(0.4)*
Other administrative expenses	(10.7)	(11.9)	*(4.9)*	*(5.1)*
Amortization and depreciation	(3.9)	(7.2)	*(3.6)*	*(7.0)*
Operating costs	**(17.1)**	**(22.5)**	***(8.8)***	***(12.5)***
Profit (loss) from operations	**(2.6)**	**(7.9)**	***(3.1)***	***(9.1)***
Net adjustments on loans to customers	(30.3)	(24.7)	*(16.5)*	*(17.8)*
Net adjustments on receivables due from banks and other assets	-	-	-	-
Net provisions for risks and charges	(0.2)	(0.3)	*(0.2)*	*(0.2)*
Impairment of goodwill and equity investments	-	-	-	-
Profit (loss) on the disposal of equity and other investments	(0.2)	(0.1)	*(0.3)*	*(0.0)*
Income (loss) before tax from continuing operations	**(33.3)**	**(33.1)**	***(20.1)***	***(27.0)***
Tax on income from continuing operations	8.8	9.2	*4.7*	*7.5*
Income (loss) after tax from discontinued operations	-	-	-	-
Income (loss) attributable to minority interests	3.1	3.9	-	
Net income (loss) for the period	**(21.4)**	**(19.9)**	***(15.4)***	**(19.6)**

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	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net interest income	9.3	11.3	10.1	10.8	11.0
Income (loss) from investments in associates carried at equity	-	-	-	-	-
Net interest, dividend and similar income	**9.3**	**11.3**	**10.1**	**10.8**	**11.0**
Net fee and commission income	-	(0.1)	(0.1)	(0.1)	(0.2)
Other net operating income	5.3	0.0	5.2	6.0	3.8
Net financial result (excluding FVO)	(0.1)	(0.0)	-	0.0	0.0
Other operating income	**5.2**	**(0.1)**	**5.1**	**5.9**	**3.6**
Total income	**14.5**	**11.3**	**15.2**	**16.6**	**14.6**
Personnel expenses	(2.5)	(3.6)	(2.5)	(2.5)	(3.3)
Other administrative expenses	(10.7)	(10.0)	(11.0)	(10.5)	(11.9)
Amortization and depreciation	(3.9)	(38.3)	(3.4)	0.3	(7.2)
Operating costs	**(17.1)**	**(51.9)**	**(17.0)**	**(12.7)**	**(22.5)**
Profit (loss) from operations	**(2.6)**	**(40.6)**	**(1.8)**	**3.9**	**(7.9)**
Net adjustments on loans to customers	(30.3)	(30.8)	(40.5)	(47.9)	(24.7)
Net adjustments on receivables due from banks and other assets	-	-	-	-	-
Net provisions for risks and charges	(0.2)	10.4	(11.1)	(0.8)	(0.3)
Impairment of goodwill and equity investments	-	(0.1)	-	(0.0)	-
Profit (loss) on the disposal of equity and other investments	(0.2)	(0.3)	(0.6)	(4.2)	(0.1)
Income (loss) before tax from continuing operations	**(33.3)**	**(61.2)**	**(53.9)**	**(49.0)**	**(33.1)**
Tax on income from continuing operations	8.8	14.6	15.1	14.2	9.2
Income (loss) after tax from discontinued operations	-	-	-	-	-
Income (loss) attributable to minority interests	3.1	7.9	5.7	1.5	3.9
Net income (loss) for the period	**(21.4)**	**38.8**	**(33.1)**	**(33.3)**	**(19.9)**

Asset quality of the Group

31/03/2016	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,667	4,587	6,080	43.0%	4,430	59.7%
Unlikely to pay loans	9,736	2,392	7,344	24.6%		
Past Due loans	234	44	190	18.8%		
Non-performing loans	**20,638**	**7,023**	**13,614**	**34.0%**	**4,430**	**45.7%**
of which: Forborne	***4,226***	***958***	***3,268***	***22.7%***		
Performing loans	**64,857**	**316**	**64,541**	**0.5%** [1]		
of which: Forborne	***3,486***	***53***	***3,433***	***1.5%***		
Total customer loans	**85,495**	**7,340**	**78,155**	**8.6%**	**4,430**	**13.1%**

31/12/2015	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,471	4,012	6,458	38.3%	4,315	56.3%
Unlikely to pay loans	9,911	2,521	7,390	25.4%		
Past Due loans	263	54	209	20.7%		
Non-performing loans	**20,645**	**6,588**	**14,057**	**31.9%**	**4,315**	**43.7%**
of which: Forborne	***3,937***	***923***	***3,014***	***23.5%***		
Performing loans	**64,692**	**328**	**64,365**	**0.5%** [1]		
of which: Forborne	***3,613***	***56***	***3,557***	***1.5%***		
Total customer loans	**85,338**	**6,916**	**78,422**	**8.1%**	**4,315**	**12.5%**

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%		
Non-performing loans	**21,501**	**7,256**	**14,245**	**33.7%**	**4,429**	**45.1%**
Performing loans	**65,061**	**377**	**64,685**	**0.6%** [1]		
Total customer loans	**86,562**	**7,632**	**78,930**	**8.8%**	**4,429**	**13.3%**

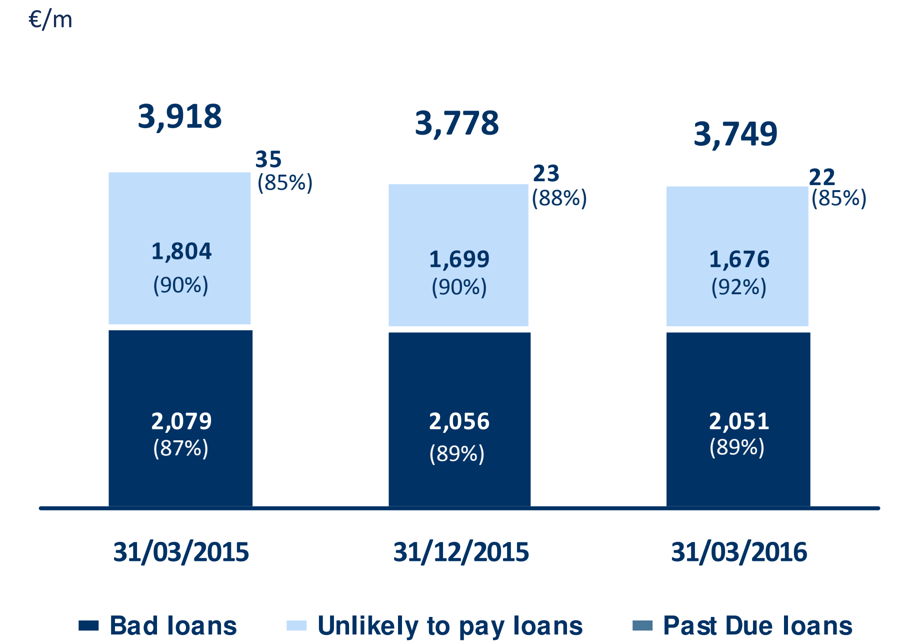
30/06/2015	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,723	4,446	6,277	41.5%	4,268	58.1%
Unlikely to pay loans	10,231	2,737	7,494	26.8%		
Past Due loans	400	61	338	15.3%		
Non-performing loans	**21,354**	**7,245**	**14,109**	**33.9%**	**4,268**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

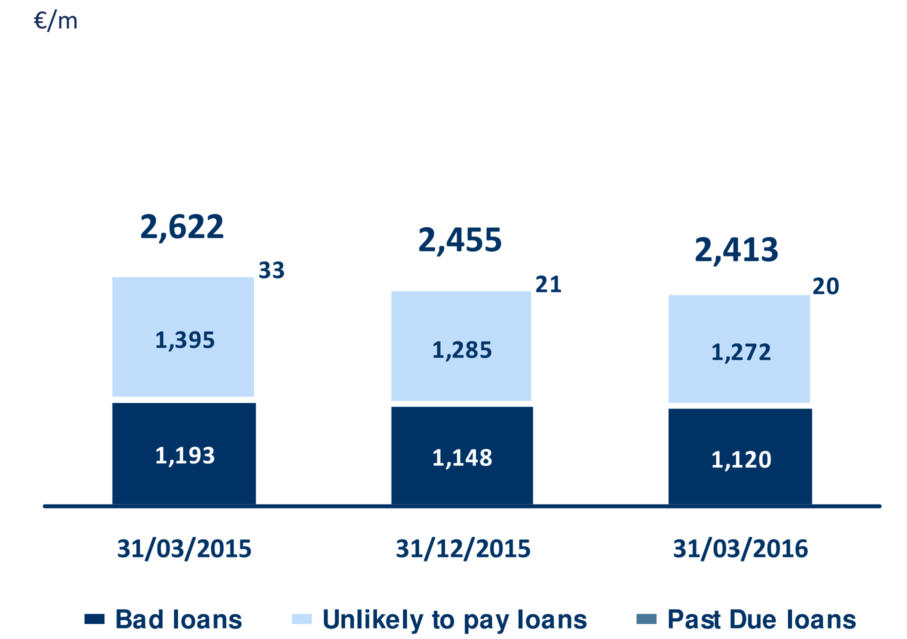
Notes:
(1) 0.6% excluding the Performing exposures, which are totally risk free.
(2) 0.7% excluding the Performing exposures, which are totally risk free.
(3) 0.4% excluding the Performing exposures, which are totally risk free.

Non-performing loans of the Leasing Division

Gross Non-performing loans



Net Non-performing loans



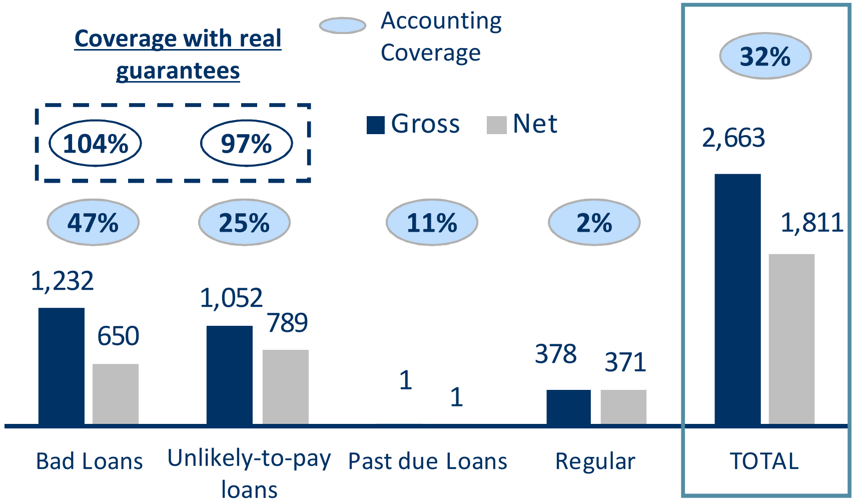
N.B.: The figures indicated in brackets indicate the % share of real estate-related lending.

Appendix: Leasing Division (Ex Italease + Release)

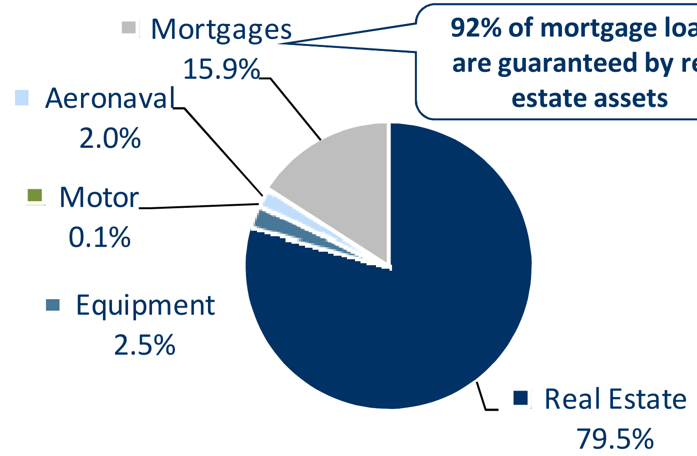
'Release' Portfolio: analysis as at 31/03/2016

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

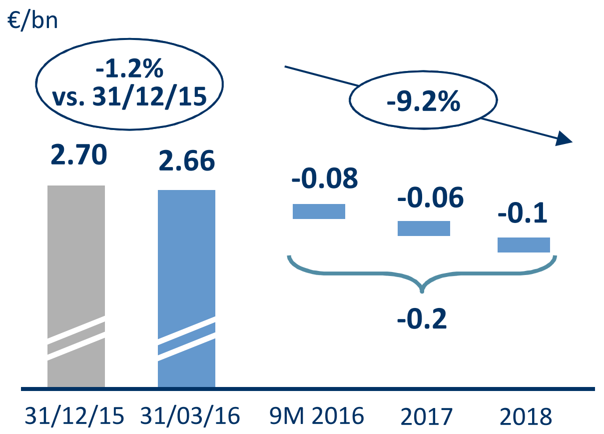
Gross customer loans: classification



Loan portfolio by product category



Repayment plan until 2018*



% chg. expected as at year-end 2018	
Real Estate	-6.6%
Mortgages	-18.7%
Equipment	-39.1%
Other	-0.3%
TOTAL	**-9.2%**

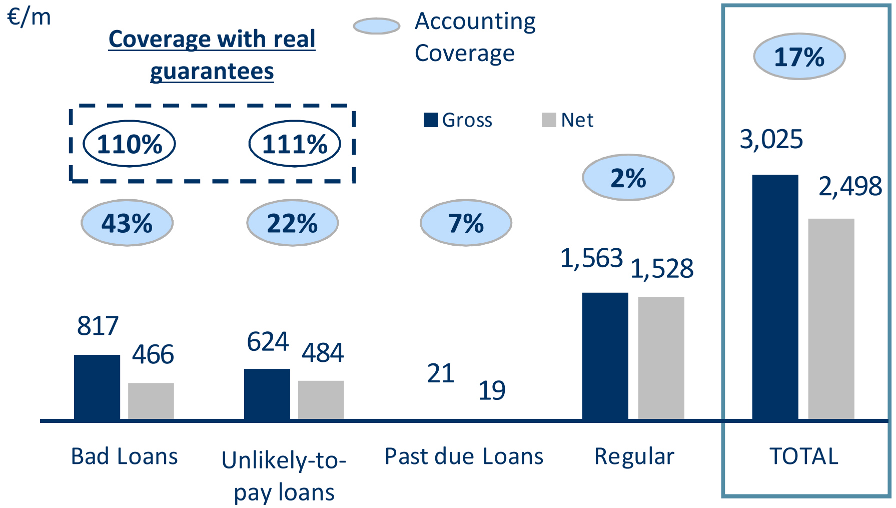
* Forecasts on the portfolio maturities, based on the financial plan for performing loans.

- The 'Release' portfolio falls by 45.1% vs. year-end 2009; in the same period, the aggregate of Bad loans and Unlikely-to-pay loans decreases by 40.4%. In Q1 2016, the decrease both of total loans and of Bad+Unlikely-to-pay Loans stands at -1,2%.
- The coverage, including real guarantees, is 104% for Bad loans and 97% for Unlikely-to-pay loans.
- Repayment plan for performing loans: -9.2 % expected by year-end 2018 (-€0.2bn).

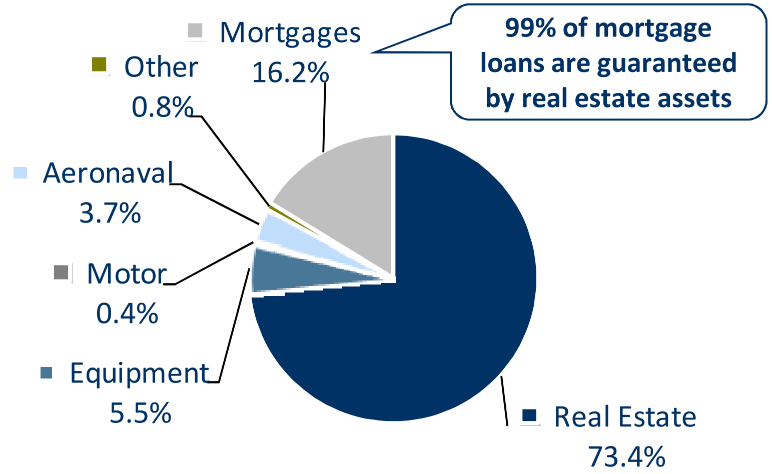
Appendix: Leasing Division (Ex Italease + Release)

‘Ex Italease’ Portfolio: analysis as at 31/03/2016

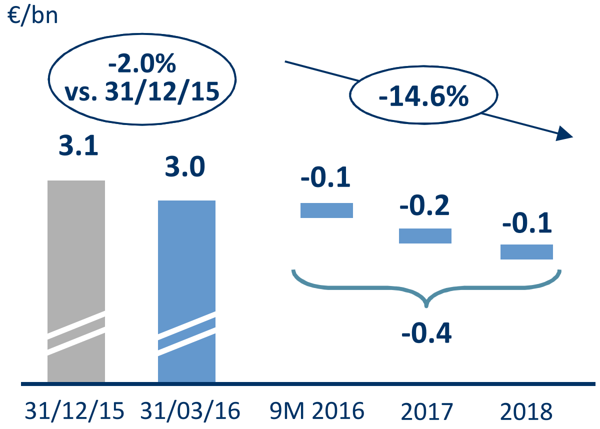
Gross customer loans: classification



Loan portfolio by product category



Repayment plan until 2018*



% chg. expected as at year-end 2018	
Real Estate	-17.6%
Mortgages	-0.6%
Equipment	-17.3%
Other	-13.3%
TOTAL	**-14.6%**

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

- The ‘Ex Italease’ portfolio drops by 58.6% vs. year-end 2009 and by 2.0% in Q1 2016. The sum of Bad loans and Unlikely-to-pay loans drops by 79.3% vs. year-end 2009 (stable in Q1 2016).
- The coverage, including real guarantees, is 110% for Bad loans and 111% for Unlikely-to-pay loans.
- Repayment plan for performing loans: -14.6% expected by year-end 2018 (-€0.4bn).

Pipeline of IR events in 2016

Work
in progress

Pipeline of IR events in 2016

Date	City	Event
9 February 2016	Verona	Press release on FY 2015 results
9 February 2016	Verona	Banco Popolare: *Conference call* on FY 2015 results
18 February 2016	Milan	The CEEMEA and Italian Financials Conference 2016 - UBS (investor meetings)
25 February 2016	London	Roadshow with equity investors
17 March 2016	London	2016 Morgan Stanley European Financials Conference (investor meetings)
19 March 2016	Lodi	Annual Shareholders' meeting (2nd call)
24 March 2016	(web)	Presentation of the Merger Project of Banco Popolare and Banca Popolare di Milano
7 May 2016	Verona	Ordinary and Extraordinary Shareholders' meeting (Share Capital increase - 2° call)
10 May 2016	Verona	Press release on Q1 2016 results
10 May 2016	Verona	Banco Popolare: *Conference call* on Q1 2016 results
Mid May 2016	-	Board Approval of the Business Plan, with press release and market presentation (to be followed by roadshows)
9 June 2016	Paris	Goldman Sachs Twentieth European Financial Conference (investor meetings)
23 June 2016	Milan	Mediobanca Italian CEOs Conference (investor meetings)
5 August 2016	Verona	Press release on H1 2016 results
5 August 2016	Verona	Banco Popolare: *Conference call* on H1 2016 results
8 November 2016	Verona	Press release on Q3 2016 results
8 November 2016	Verona	Banco Popolare: *Conference call* on Q3 2016 results

The Pipeline is work in progress and does not include other roadshows, meetings and the possible participation at additional Investor Conferences.

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