



BPER Group 1H15 results

6th August 2015

Alessandro Vandelli - Chief Executive Officer

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The Manager responsible for preparing the Company’s financial reports, Emilio Annovi, declares, in accordance with art. 154-bis., para. 2, of the “Consolidated Financial Services Act” (Legislative Order No. 58/1998), that the accounting information contained in this document corresponds to documentary records, ledgers and accounting entries.

Emilio Annovi

Manager responsible for preparing the Company's financial reports

Banca popolare dell’Emilia Romagna Società cooperativa con sede in Modena, via San Carlo, 8/20 - Codice Fiscale, Partita IVA e iscrizione nel Registro Imprese di Modena n. 01153230360 - Capitale sociale variabile - Codice ABI 5387.6 Iscritta all’Albo delle Banche al n. 4932 e all’Albo delle Cooperative al n. A163859 - Telefono 059.2021111 - Telefax 059.2022033 - email: bpergroup@bper.it - PEC: bper@pec.gruppobper.it Aderente al Fondo Interbancario di Tutela dei Depositi e al Fondo Nazionale di Garanzia - Capogruppo del Gruppo bancario Banca popolare dell’Emilia Romagna iscritto all’Albo dei Gruppi Bancari al n. 5387.6 - bper@pec.gruppobper.it - bper.it - gruppobper.it

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1H15 Results

☒ Executive summary

☐ Balance sheet structure

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Executive summary

- 1H15 Net profit of 81 €/mn (+90.4% y/y) almost doubled vs 1H14
 - Loan loss provisions accounted in 1H15 (297.7 €/mn) significantly down (-28.6% y/y) confirming the beginning of a phase of “cost of credit” normalization
 - NPLs and unlikely to pay inflows significantly down in 1H15 (respectively -38.5% y/y and -40.3% y/y)
 - Cash coverage ratio on total doubtful loans at 41.8% (+111 bps vs Dec 2014), the highest level since 2009
 - Solid capital base with a CET1 ratio “Fully Phased” pro-forma* of 11.5% as of 30 Jun.’15 (or 11.5% “*Phased in*”) well above minimum regulatory requirement and excluding potential benefits from internal models (“AIRB”) validation (process already started at the end of January 2015 with both ECB and Bank of Italy)
 - B3 leverage ratio above 7% one of the best among domestic peers
-
- Operating income at 1,082.4 €/mn in the 1H15 down by 6.8% y/y:
 - Net interest income down by 5.5% y/y mainly due to pressure on commercial spread in the presence of substantially flat loans volume
 - Net commissions up by 4.2% y/y led by strong performance of indirect deposits & bancassurance fees (+29.9% y/y) while “traditional business” fees related to loans and guarantees still affected by the prolonged economic crisis (-2.2% y/y)
 - Dividends and Trading income down by 41.1% y/y due to negative trend of financial markets particularly in the last part of 2Q15
 - Operating costs slightly down vs 1H14 (-0.5%)

Agenda

1H15 Results

☐ Executive summary

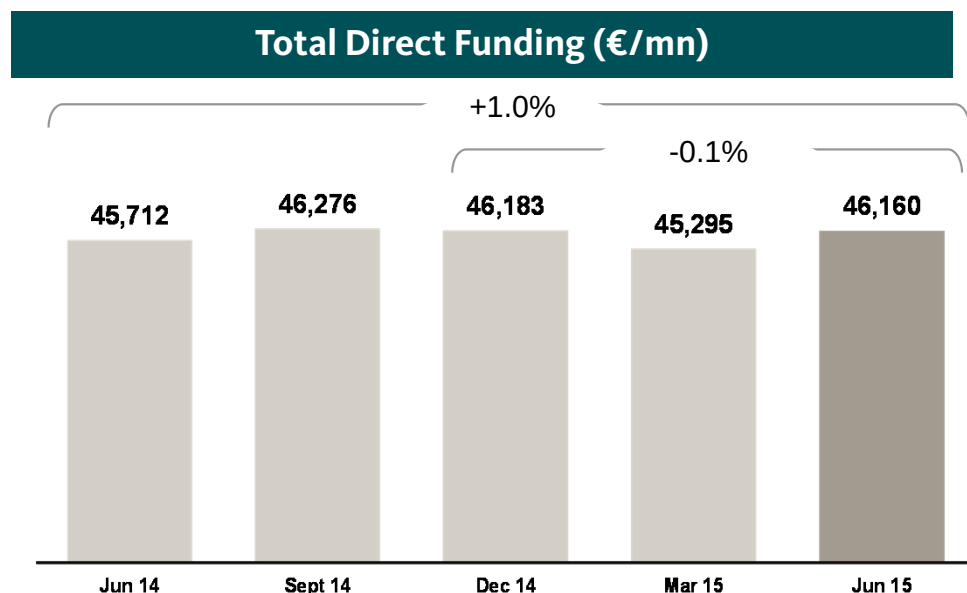
☒ Balance sheet structure

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Direct funding

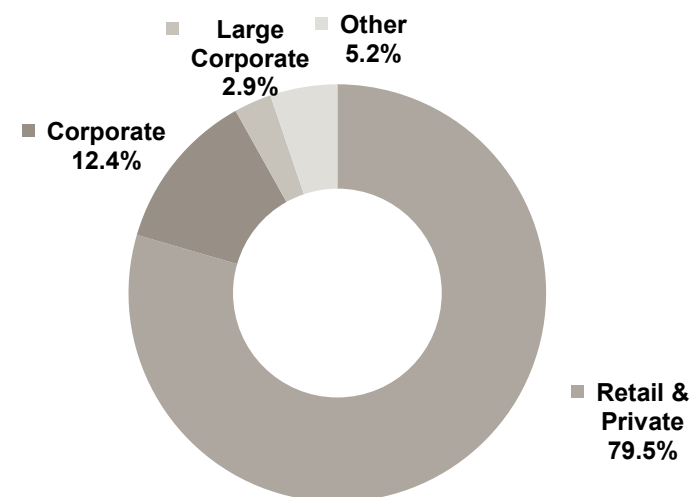


- Direct funding up by 1.0% y/y (+0.4 €/bn) and broadly stable since Dec.'14 (-0.02 €/bn; -0.1%)
- 1H15 key trends:
 - Jan.'15: 750 €/mn Covered bond issue following the strategy to partially substitute retail bonds with less expensive wholesale funding
 - Direct funding stable despite of the switch into AuM and bancassurance products
 - Retail bond maturities only partially replaced by new issues and reduction of expensive funding from customers, mainly corporate
- Total wholesale and covered bonds account only around 2 €/bn as of 30 Jun.'15. No wholesale bond maturities in 2015 and only 0.3 €/bn in 2016-17 providing flexibility to the Group's funding strategy
- Jul.'15: 750 €/mn new Covered bond issue expiring in 2020

Direct Funding breakdown (%)

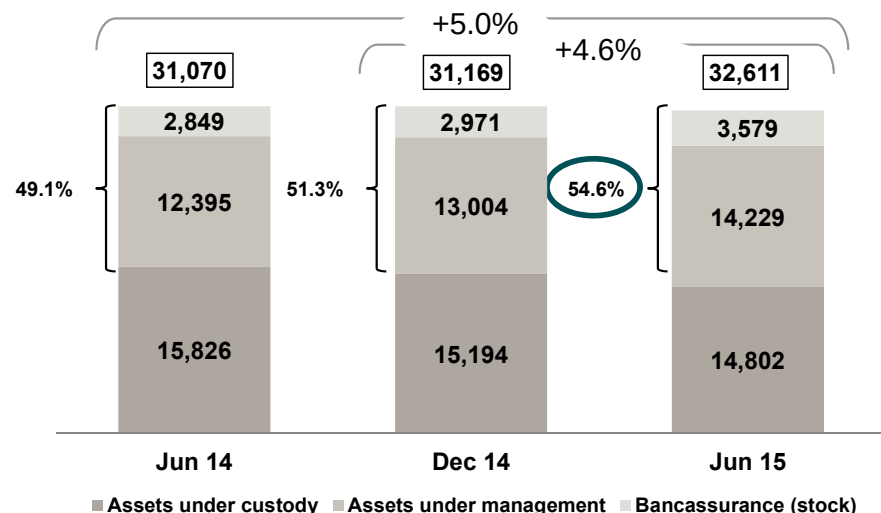
€/mn	Jun 15	Dec 14	Chg vs Dec 14 (%)
Current accounts and sight deposits	27,790	27,487	1.1%
Time deposits	2,305	2,969	-22.4%
Repurchase agreements	2,084	1,063	96.1%
Other short-term loans	2,482	2,445	1.5%
Bonds	7,851	8,319	-5.6%
- subscribed by institutional customers	1,999	1,248	60.1%
- subscribed by ordinary customers	5,852	7,071	-17.2%
Certificates of deposit	3,648	3,900	-6.5%
Direct customer deposits	46,160	46,183	-0.1%

Direct Funding breakdown by customer segment (%)



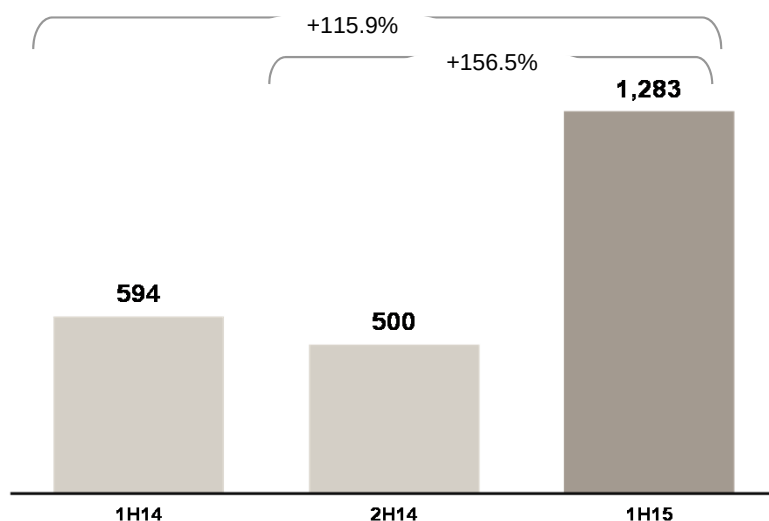
Indirect deposits and “bancassurance”

Total Indirect Deposits and bancassurance* (€/mn)

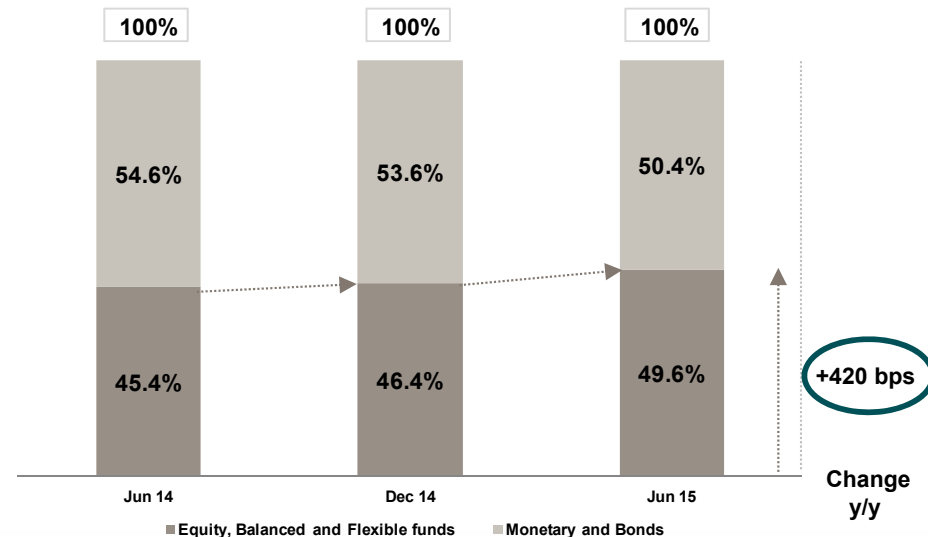


- Indirect deposits and bancassurance* significantly up by 5.0% y/y (+1.5 €/bn) and up by 4.6% since Dec.'14 (+1.4 €/bn):
 - AuM up by 14.8% y/y and up by 9.4% since Dec.'14
 - AuM composition: in the 1H15, Monetary and Bonds funds decreasing in favour of different kinds of Funds (Equity, Balanced, Flexible)
 - Significant growth in bancassurance* both y/y and since Dec.'14 (respectively +25.6% and +20.5%)
 - AuC down by 6.5% y/y and down by 2.6% since Dec.'14
 - Well on track on indirect deposits remix strategy in line with new Business Plan 15-17 guidelines: weight of AUM and bancassurance* on total indirect deposits increased to 54.6% in 1H15 from 51.3% in Dec.'14
- 1H15 AuM net inflows at 1.3 €/bn more than double than 1H14 net inflows

AuM net inflows¹ (€/mn)

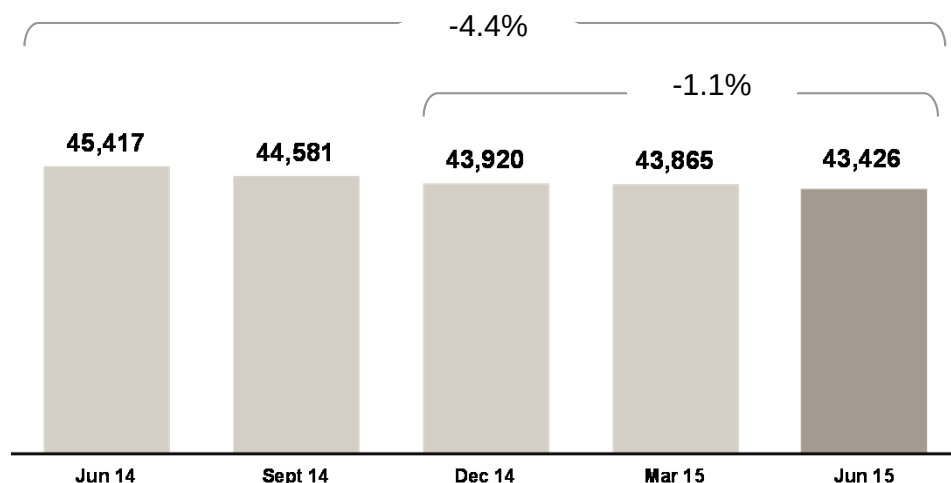


AUM composition¹ (%)



Customer loans

Customer loans (€/mn)

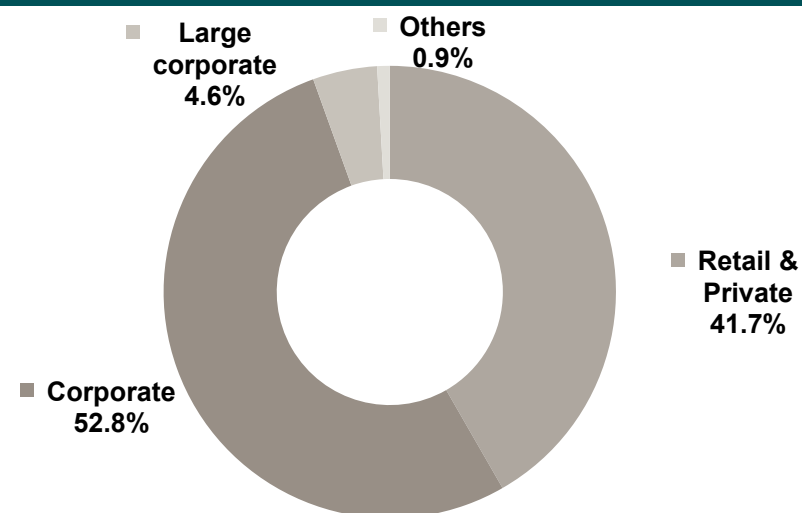


- Net customer loans down by 1.1% since Dec.'14, but quite stable on a like-for-like basis
- Retail mortgages new business up by 63.7% y/y confirming an uptrend which started at the beginning of last year
- Corporate and retail loans account for 94.5% of the total loan book, confirming BPER Group's focus on commercial business

Customer loans breakdown (net figures; €/mn)

€/mn	Jun 15	Dec 14	Chg vs Dec 14 (%)
Current accounts	6,169	6,514	-5.3%
Medium-Long term loans	24,997	24,896	0.4%
Other transactions	12,260	12,510	-2.0%
Customer loans	43,426	43,920	-1.1%

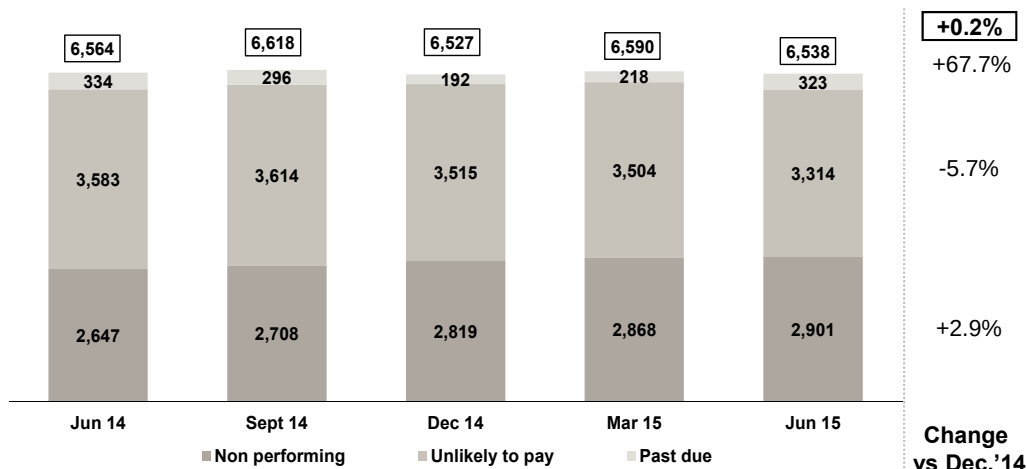
Customer loans breakdown by customer segment (%)



Doubtful loans (1/2)

Doubtful loans breakdown (net figures; €/mn)

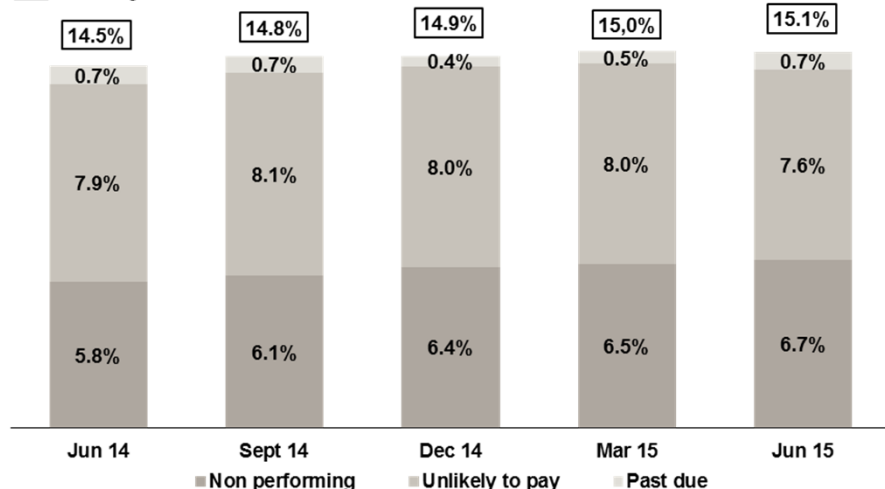
□ Total figures



- Net doubtful loans slightly down by 0.4% (-26 €/mn) y/y continuing to show signs of stabilization
- In details (net figures):
 - Non performing loans (Sofferenze) up (+9.6% y/y; +2.9% since Dec.'14)
 - Unlikely to pay down (-7.5% y/y; -5.7% since Dec.'14)
 - Past-due down by 3.5% y/y and up by 67.7% since Dec.'14
- Coverage on doubtful loans at 41.8% (40.7% in Dec.'14), the highest level since 2009
- 86.7% of total net doubtful loans are collateralized (76.5% fully collateralized)

Doubtful loans breakdown (% on total net loans)

□ Total figures

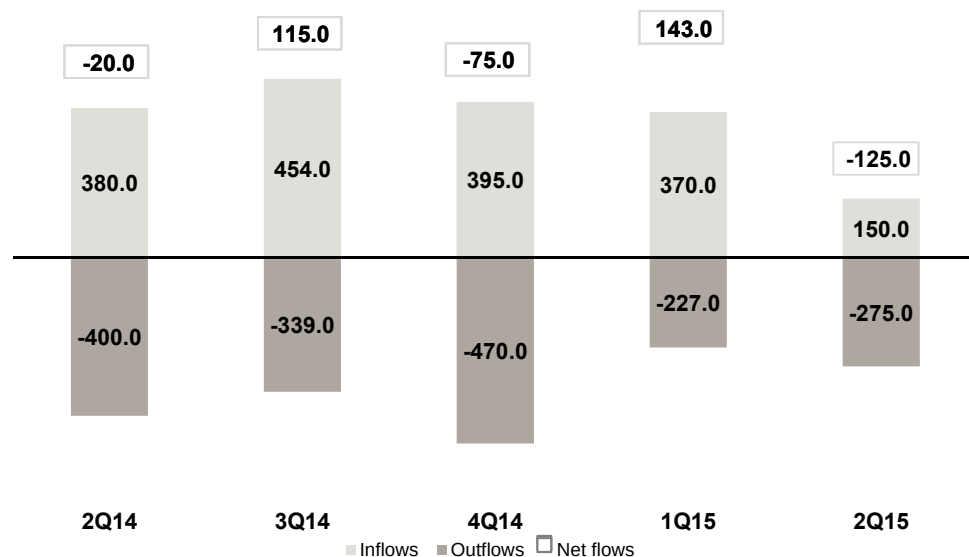


Cash coverage trend (%)

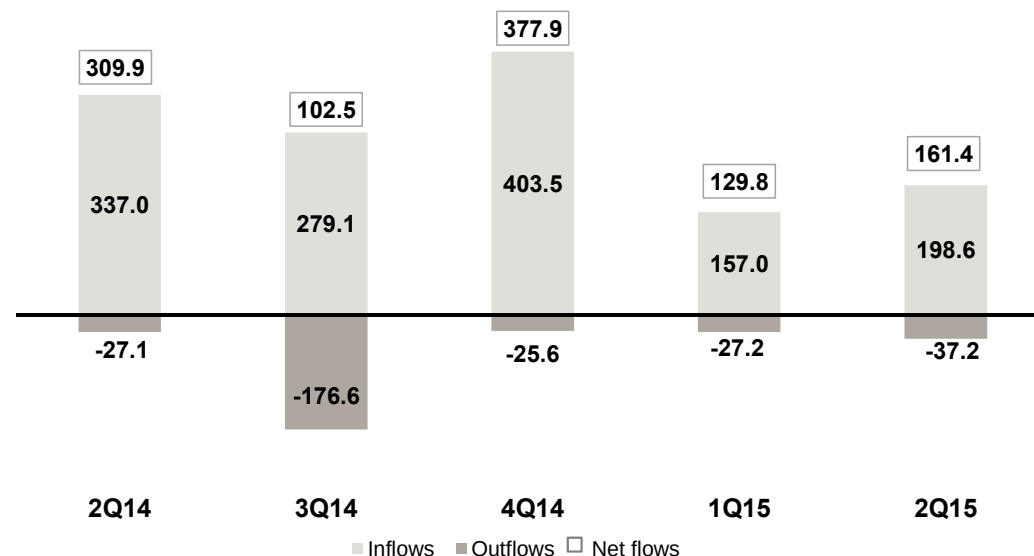
	Jun 15	Dec 14	Jun 14
Non performing	56.9%	56.6%	56.5%
including write-off	63.8%	63.9%	64.8%
Unlikely to pay	20.1%	18.3%	18.5%
Past due	8.1%	8.1%	6.7%
Non performing	41.8%	40.7%	39.4%
including write-off	47.8%	47.0%	46.5%
In bonis	0.6%	0.6%	0.5%
Total loans	10.1%	9.6%	9.0%

Doubtful loans (2/2)

Unlikely to pay inflows/outflows* (gross figures; €/mn)



Non performing (Sofferenze) inflows/outflows* (gross figures; €/mn)



*: Figures from data management system and referred to commercial banks within the Group (excl. CR Bra); Data showed in the boxes referred to inflows/outflows and don't take into consideration other increases/decrease

- 1H15 trends.
 - unlikely to pay loans:
 - Inflows down by 40.3% in 1H15 vs 1H14
 - 2Q15 records the lowest level of inflows comparable to pre-crisis levels
 - non performing loans:
 - inflows down by 38.5% in 1H15 vs 1H14

Note: 3Q14 non-performing loans (Sofferenze) outflows record the disposal of the residential mortgage NPL portfolio "Systema Mutui" already finalized in 2Q14 but accounted on 10 July 2014 with the transfer of the loans and payment of the consideration under a contract signed at the end of Jun. '14 (165.8 €/mn gross value)

Financial Assets

Financial Assets breakdown (€/mn; %)

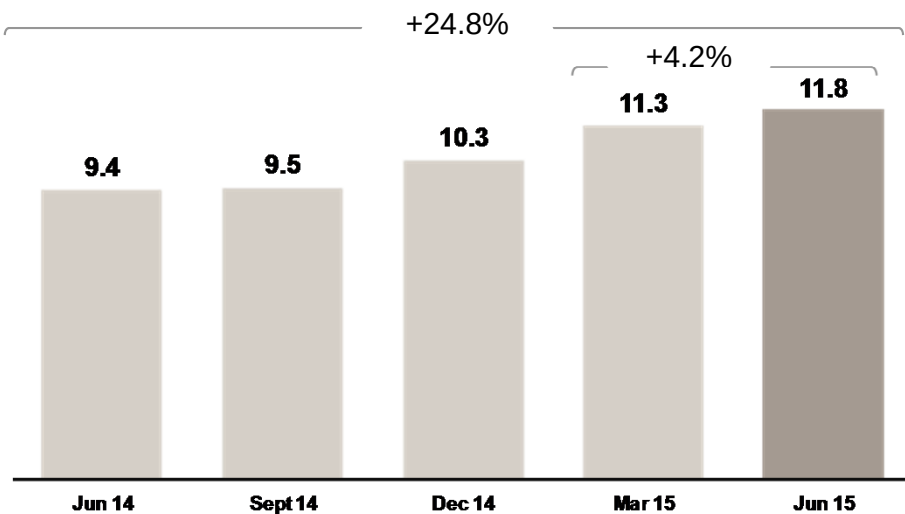
€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	537	37	7,605	2,460	10,639	90.3%
Equity	81		537		618	5.2%
Funds and Sicav	65	69	155		289	2.5%
Other*	232				232	1.9%
Total	915	106	8,297	2,460	11,778	100.0%

* Derivatives for hedging purposes

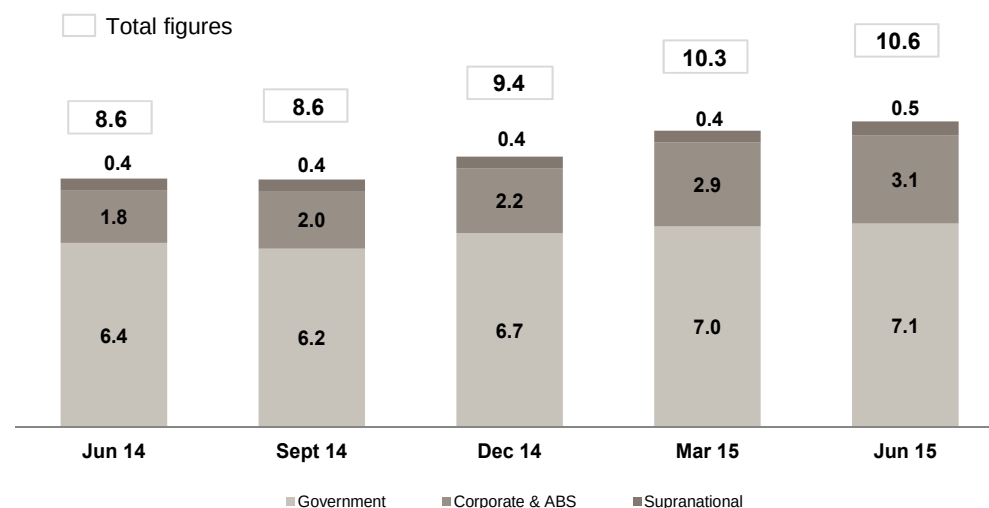
Note: 435.7 €/mn of Loans and Receivables (banks and customers) not included

- Financial assets portfolio at 11.8 €/bn, up by 1.5 €/bn since Dec.'14
- Bond portfolio at 10.6 €/bn of which 6.7 €/bn of Italian Government bonds (duration 3.75 years stable vs Dec.'14)
 - Italian govies account for 129% of tangible shareholders' equity
- AFS reserve as of 30 Jun.'15 at +302.1 €/mn (net of tax) of which 53.4 €/mn on government bonds (respectively 211.3 €/mn and 97.9 €/mn in Dec.'14).
 - In 2Q15 appreciation of ICBPI stake after the disposal agreement (net reserve +112.1 €/mn vs Dec.'14) and ARCA Sgr stake (net reserve +45.3 €/mn vs Dec.'14)
- Implicit positive reserve of 92.3 €/mn as of 30 Jun.'15 on HTM portfolio (net of tax) calculated as difference between the fair value and the book value

Financial Assets (€/bn)



Bond portfolio by issuer (€/bn)



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Profit & Loss

1H15 Reclassified consolidated Profit & Loss

					2015		2014			
Captions	(€/mn)	Jun 15	Jun 14	Chg y/y (%)	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14
10+20	Net interest income	622.5	658.5	-5.5%	308.4	314.1	313.3	320.0	328.6	329.8
40+50	Net commissions	359.9	345.5	4.2%	180.7	179.2	176.2	169.0	174.0	171.5
	Core Income	982.4	1,004.0	-2.2%	489.1	493.3	489.5	489.1	502.7	501.3
70	Dividends	13.8	18.2	-24.0%	13.6	0.2	1.1	0.1	17.6	0.6
80+90+100+110	Trading gains	61.5	109.7	-43.9%	15.5	46.1	37.7	20.3	46.4	63.3
220*	Other costs / revenues	24.7	29.8	-17.1%	9.3	15.4	12.2	5.9	11.1	18.7
	Operating Income	1,082.4	1,161.6	-6.8%	527.3	555.0	540.4	515.3	577.8	583.8
180 a)	Staff expenses	-396.2	-397.9	-0.4%	-196.9	-199.3	-208.8	-180.0	-201.1	-196.8
180 b)*	Administrative expenses	-197.0	-199.7	-1.3%	-103.4	-93.6	-106.8	-97.9	-103.3	-96.3
200+210	Depreciations & Amortizations	-34.4	-33.0	4.4%	-17.1	-17.3	-20.4	-17.0	-16.6	-16.4
	Operating costs	-627.6	-630.5	-0.5%	-317.4	-310.3	-336.0	-295.0	-321.0	-309.5
	Net Operating Income	454.7	531.1	-14.4%	210.0	244.8	204.5	220.4	256.8	274.3
130 a)	Loan loss provisions	-297.7	-416.8	-28.6%	-150.2	-147.5	-232.6	-163.3	-205.0	-211.8
130 b)+c)+d)	Other provisions	-10.0	-6.7	49.7%	-7.5	-2.5	-35.0	-3.8	-3.8	-2.9
	Total provisions	-307.8	-423.5	-27.3%	-157.8	-150.0	-267.6	-167.1	-208.8	-214.7
190	Net Provisions for Risks and Charges	-36.8	-19.6	87.8%	-22.7	-14.1	-11.1	-8.0	-13.0	-6.7
240+260+270	Net other income	5.4	-3.7	-244.3%	7.2	-1.8	0.7	2.3	-2.8	-1.0
280	Profit (loss) before taxes	115.6	84.2	37.3%	36.7	78.9	-73.6	47.5	32.3	52.0
290	Taxes	-34.6	-41.7	-17.0%	-7.4	-27.2	27.6	-14.3	-20.9	-20.8
320	Net profit (loss)	81.0	42.5	90.4%	29.3	51.7	-46.0	33.3	11.3	31.2
330	Minority Interests	7.8	6.6	16.9%	-1.3	-6.5	-0.3	-8.1	-3.7	-2.9
340	Profit (loss) for the period pertaining to the Parent Company	73.2	35.9	104.0%	28.0	45.2	-46.3	25.2	7.6	28.3
cost / income		58.0%	54.3%		60.2%	55.9%	62.2%	57.2%	55.6%	53.0%
cost / (net interest income + net commissions)		63.9%	62.8%		64.9%	62.9%	68.6%	60.3%	63.9%	61.7%
cost of credit		69	92		35	34	53	37	45	46
cost of credit on annual basis (bps)*		137	185							
net profit / total income		7.5%	3.7%		5.6%	9.3%	-8.5%	6.5%	2.0%	5.3%
tax rate		29.9%	49.5%		20.1%	34.5%	37.4%	30.0%	64.9%	39.9%

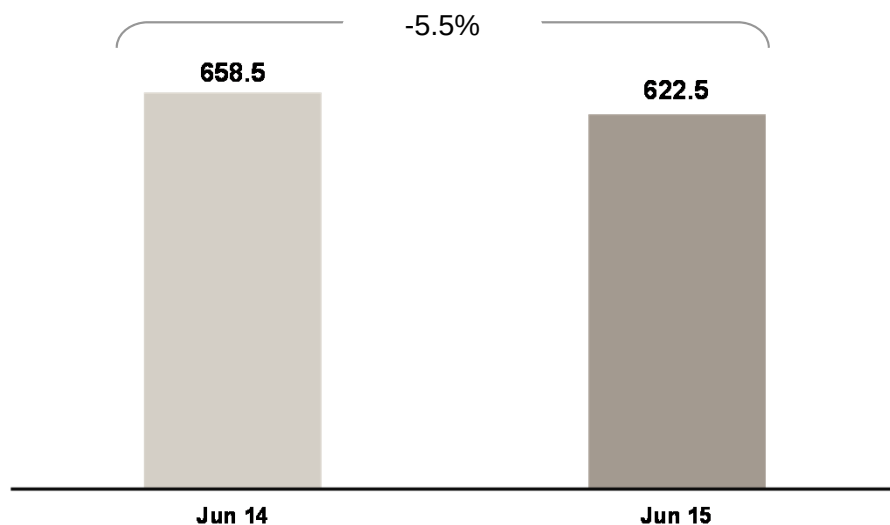
(*) Caption exposed net of "Recovery of taxes" reallocated, for better representation, at caption 180 a) "Other administrative costs", where relative tax costs are accounted

(*) Estimated annualized cost of credit for the period; 2014 final year cost of credit was 185 bps

Note: figures in this page may not add exactly due to rounding differences

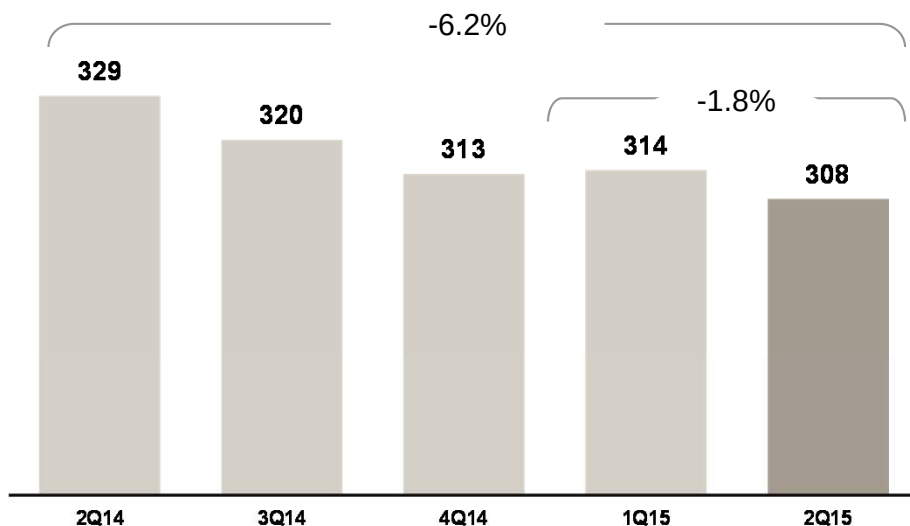
Net Interest Income

Net Interest Income (€/mn)

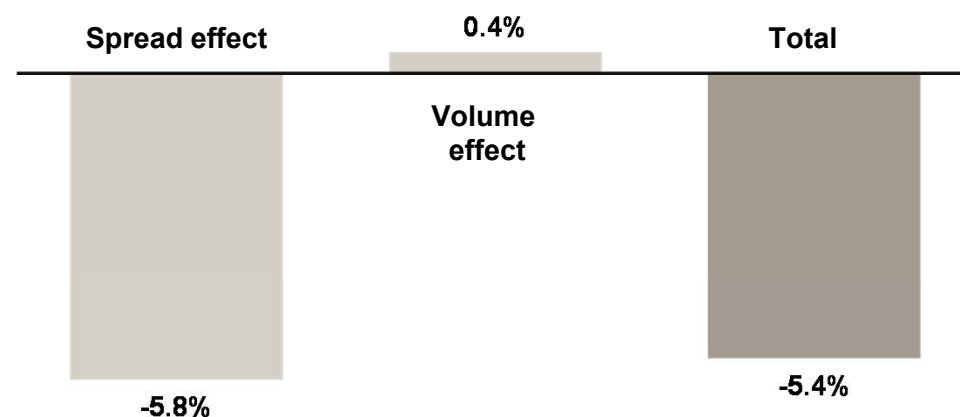


- Net Interest Income down by 5.5% y/y mainly due to the different economic and market environment and interest rates level
- NII down by 1.8% q/q mainly influenced by:
 - increasing pressure on loans competition: customer loans spread reduction (mainly on current account) only partially offset by reduction of cost of funding
 - partial substitution of retail bonds with wholesales funding taking advantage by positive market conditions
 - lower financial asset yield partially offset by an increase in volume
 - customer loans decrease

Net Interest Income evolution (€/mn)

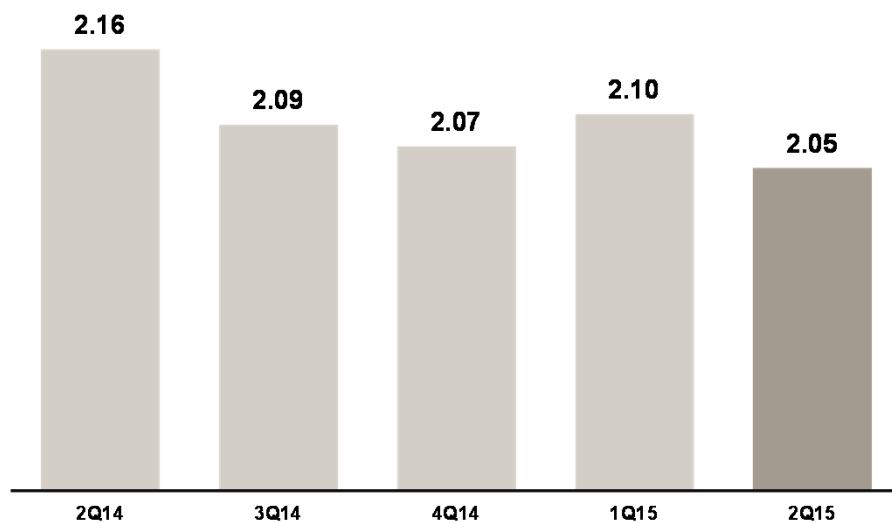


Net Interest Income contribution (%; y/y)



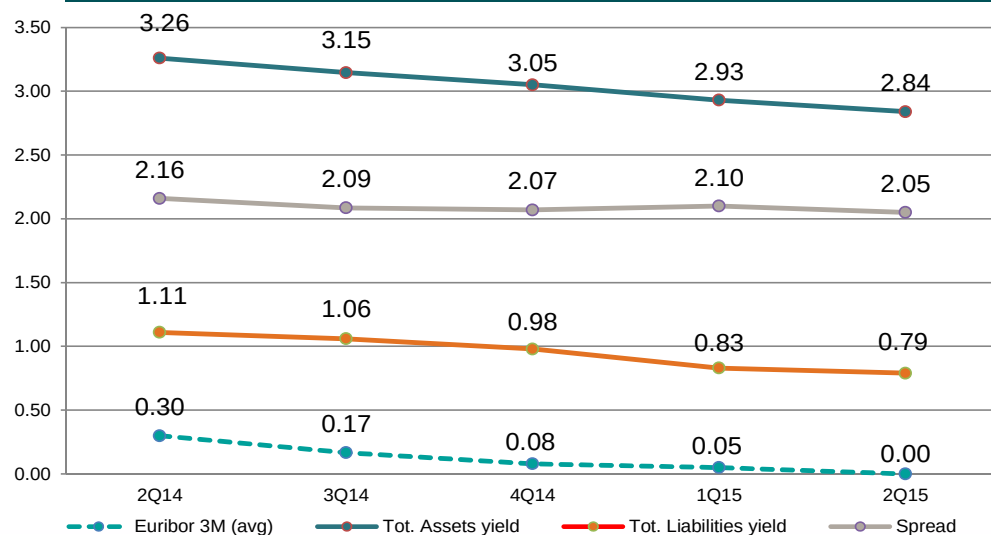
Spread evolution

Spread (%)

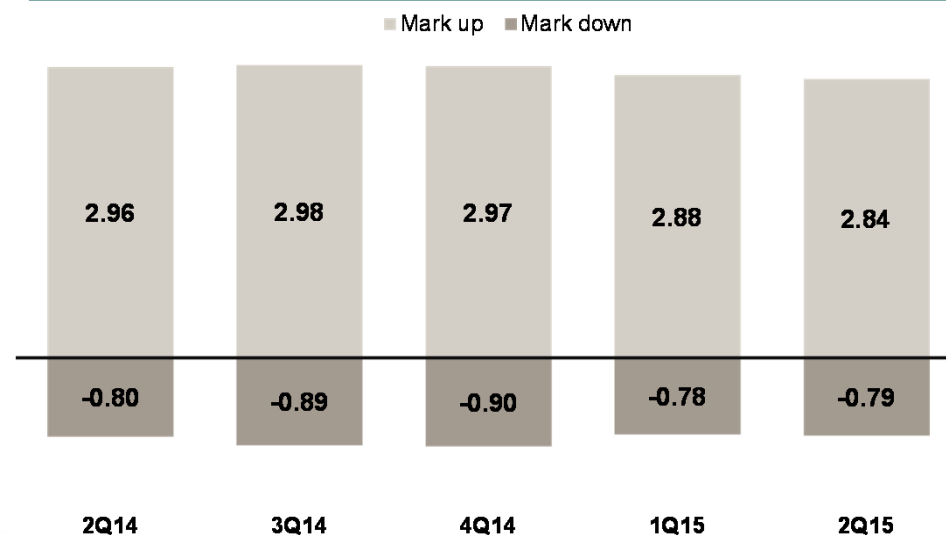


- Spread slightly down (2.05% in the 2Q15 from 2.10% in 1Q15)
- Asset yield reduction driven by commercial and financial yield decline only partially offset by the decrease of cost of funding
- Mark-down broadly stable and mark-up slightly down by 4 bps vs 1Q15
- 2Q15 average 3M Euribor down to 0 bps from 5 bps in 1Q15 and 30 bps in 2Q14

Spread contribution (%)

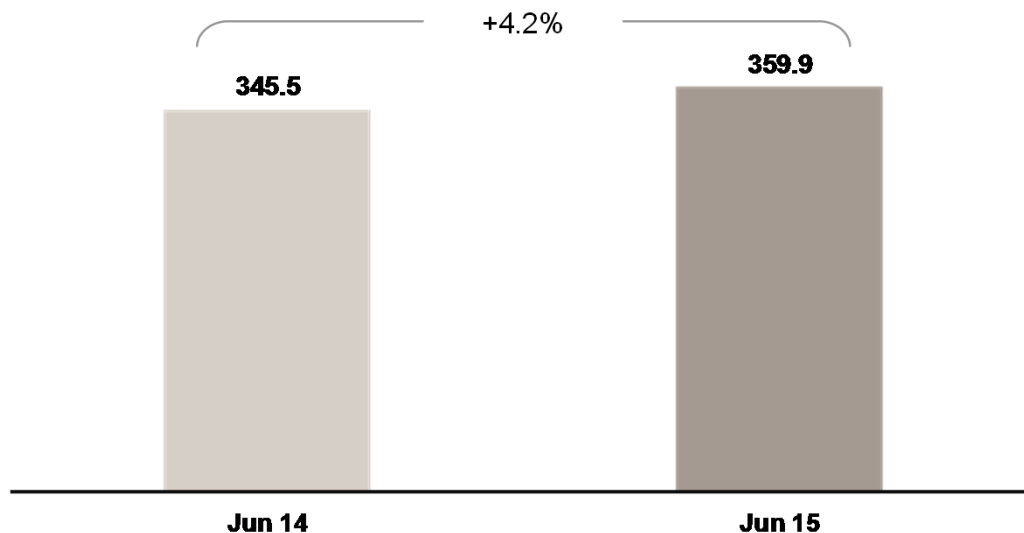


Mark up & mark down (%)



Net Commissions

Net Commissions (€/mn)

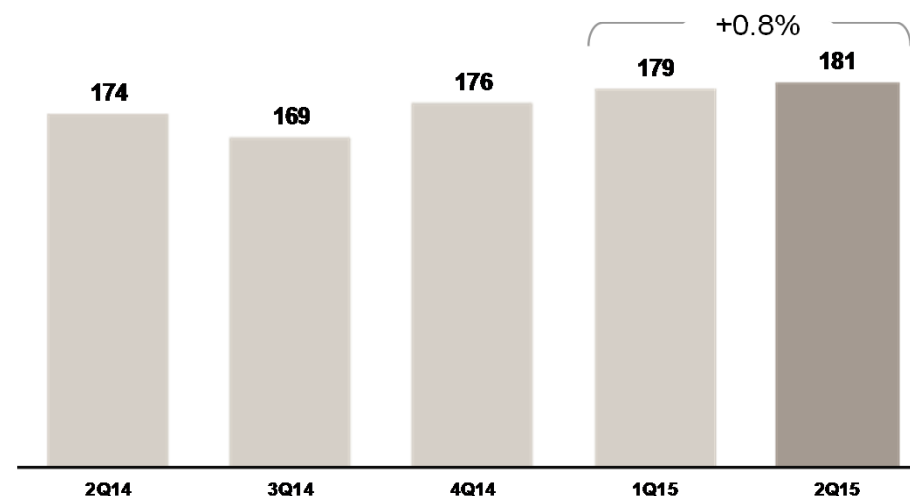


- Net commissions up by 4.2% y/y and +0.8% q/q mainly driven by good performance in AuM and Bancassurance placement:
 - indirect deposits and bancassurance significantly up by 29.9% y/y (+3% q/q) thanks to higher AuM volumes and a different mix of products in favour of equity, balanced and flexible
 - credit cards, collections/payments down by 4.9% y/y and loans and guarantee -5.1% y/y affected by weak credit demand

Net Commissions breakdown (€/mn; %)

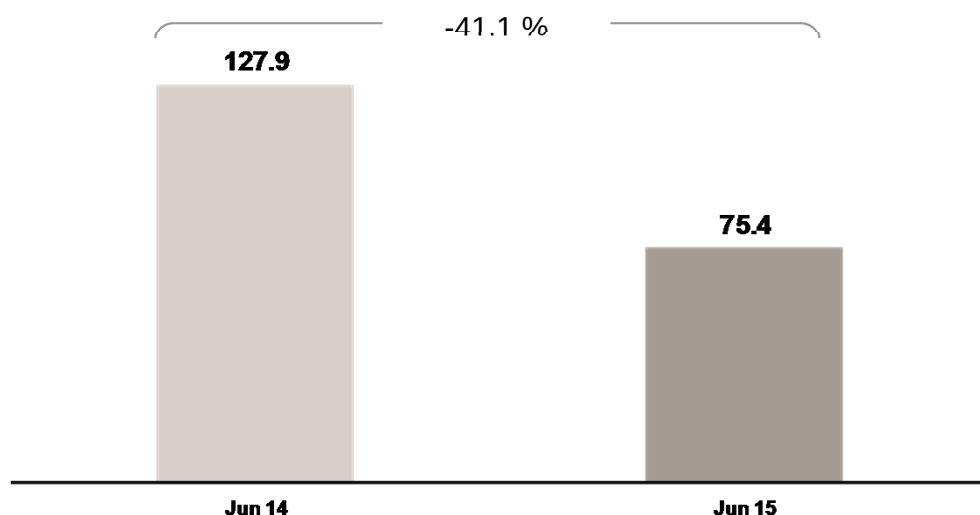
	Jun 15	Jun 14	Chg y/y (%)
Indirect deposits and bancassurance	94.3	72.6	29.9%
Credit cards, collections and payments	74.1	77.9	-4.9%
Loans and guarantees	170.8	180.0	-5.1%
Other commissions	20.6	14.9	38.3%
Total	359.8	345.5	4.2%

Net Commissions evolution (€/mn)



Dividends and Trading income

Dividends and Trading income (€/mn)

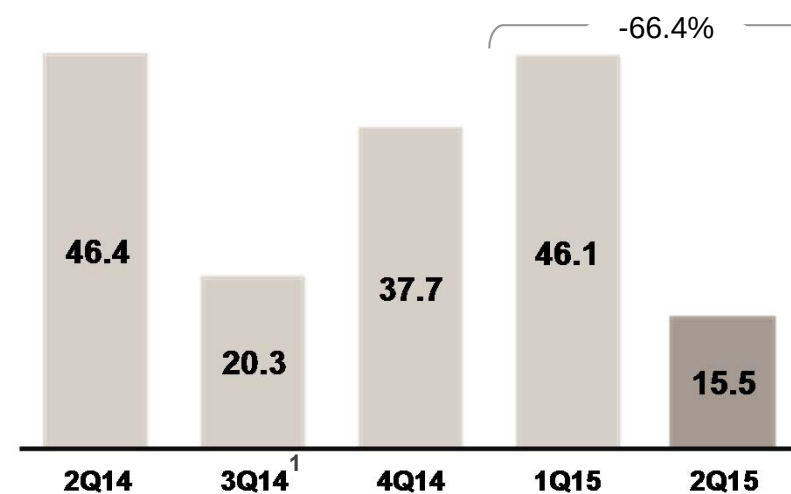


- Dividends and trading income down at 75.4 €/mn vs 127.9 €/mn in Jun.'14 still high despite financial market turmoil at the end of the quarter due to Greek crisis
- Trading income (realized gains) of 48.4 €/mn in 1H15 vs 105.8 €/mn in 1H14 largely due to the AFS financial assets disposal on Government bonds

Dividends and Trading income breakdown (€/mn; %)

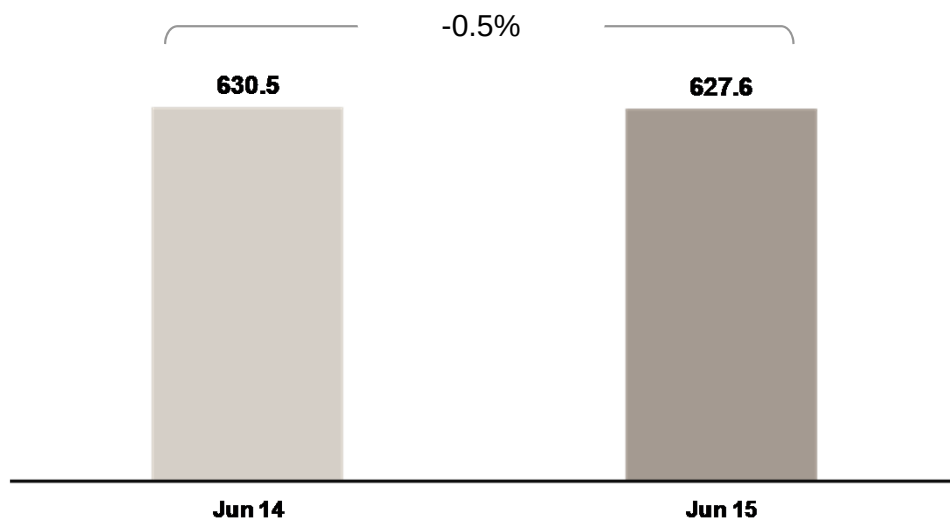
	Jun 15	Jun 14	Chg y/y (%)
Dividends	13.8	18.2	-24.0%
Trading (net)	48.4	105.8	-54.2%
Plus	16.6	20.8	-20.1%
Minus	-7.7	-2.8	169.7%
FVO	1.9	-6.6	-128.6%
Others	2.4	-7.5	-130.2%
Total	75.4	127.9	-41.1%

Trading gains excluding dividends (€/mn)



Operating costs

Operating Costs (€/mn)

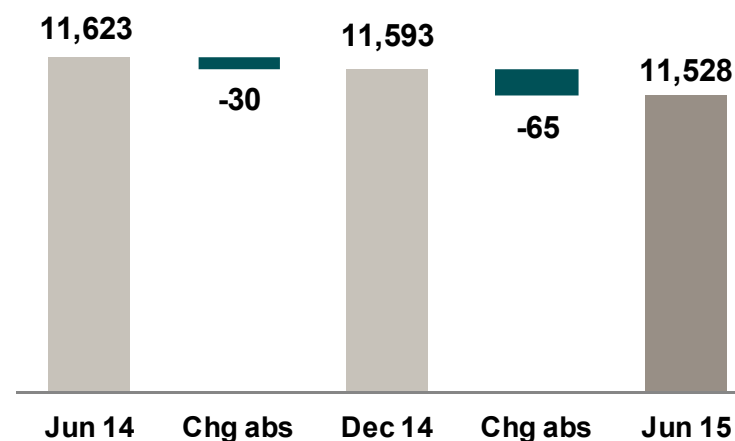


- Operating costs down by 0.5% y/y (+2.3% q/q due to seasonality on admin costs):
 - Staff costs -0.4% y/y (-1.2% q/q)
 - Further headcount reduction of 71 employees effective on 1st of Jul.'15 with costs benefit expected from the 3rd quarter on
 - Administrative expenses down by 1.3% y/y (+10.4% q/q mainly affected by seasonality), including 8.4 €/mn of costs related to new Business plan projects. Running costs down by 3.3% y/y thanks to costs containment actions
 - D&A up 4.4% y/y mainly due to investments expenses in 2014 in execution of the old Business plan

Operating costs breakdown (€/mn; %)

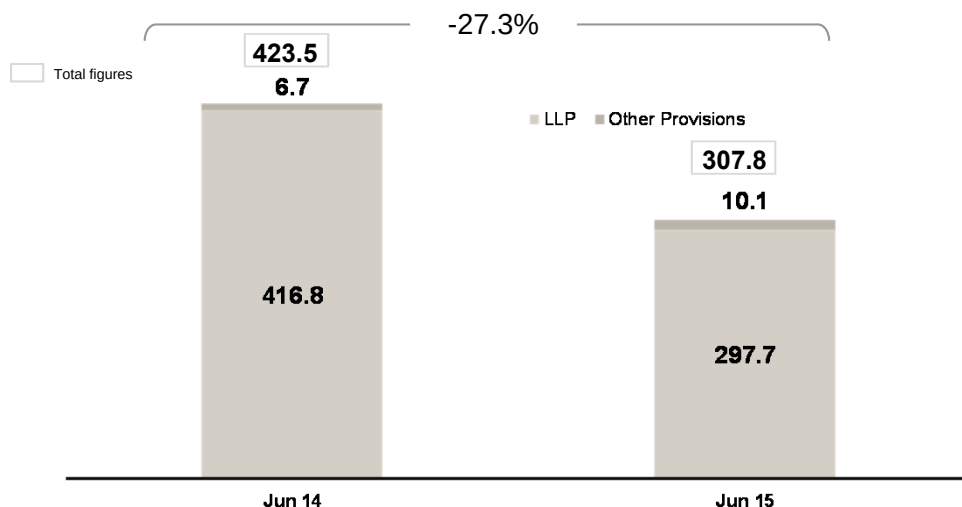
	Jun 15	Jun 14	Chg y/y (%)
Staff expenses	396.2	397.9	-0.4%
Administrative expenses	197.0	199.6	-1.3%
D&A	34.4	33.0	4.4%
Operating costs	627.6	630.5	-0.5%

Headcount



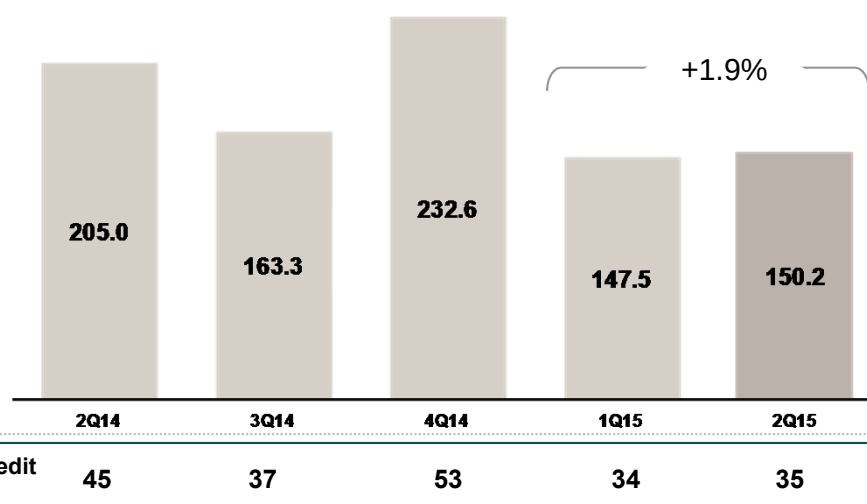
Provisions

Provisions breakdown (€/mn)

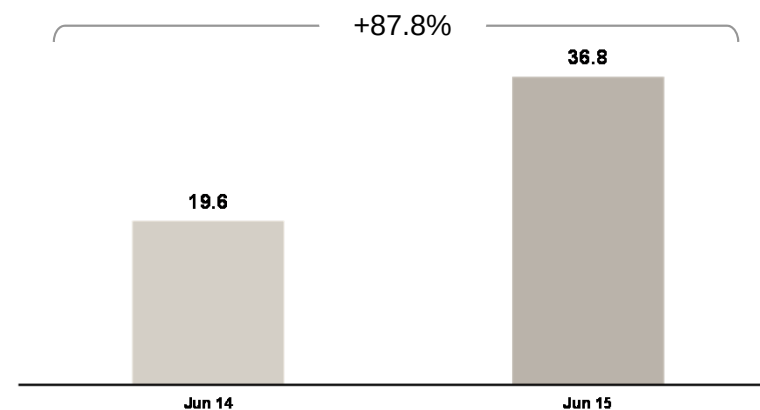


- Total provisions significantly down by 27.3% y/y (-115.7 €/mn y/y) and up by 5.2% q/q (+7.8 €/mn)
 - Loan Loss Provisions down by 28.6% y/y (+1.9% q/q).
 - 2Q15 includes a one-off impairment related to a bank subordinated bond accounted in LRO of 6.7 €/mn: on a pro-forma basis, LLP down both by 30.1% y/y and by 2.6% q/q
 - Other provisions of 10.1 €/mn in 1H15 (6.7 €/mn in 1H14) including an impairment of a financial assets available for sale for a total value of 6.0 €/mn relating to a single shareholding accounted in 1Q15
- Cost of credit at 69 bps in 1H15 (137 bps annualized) remarkably down from 92 bps in 1H14

Loan Loss Provisions evolution (€/mn)



Net Provisions for Risks and Charges (€/mn)



- Net provisions for Risks and Charges at 36.8 €/mn in 1H15 (19.6 €/mn in 1H14) of which 10.2 €/mn concerning the European Single Resolution Fund charge

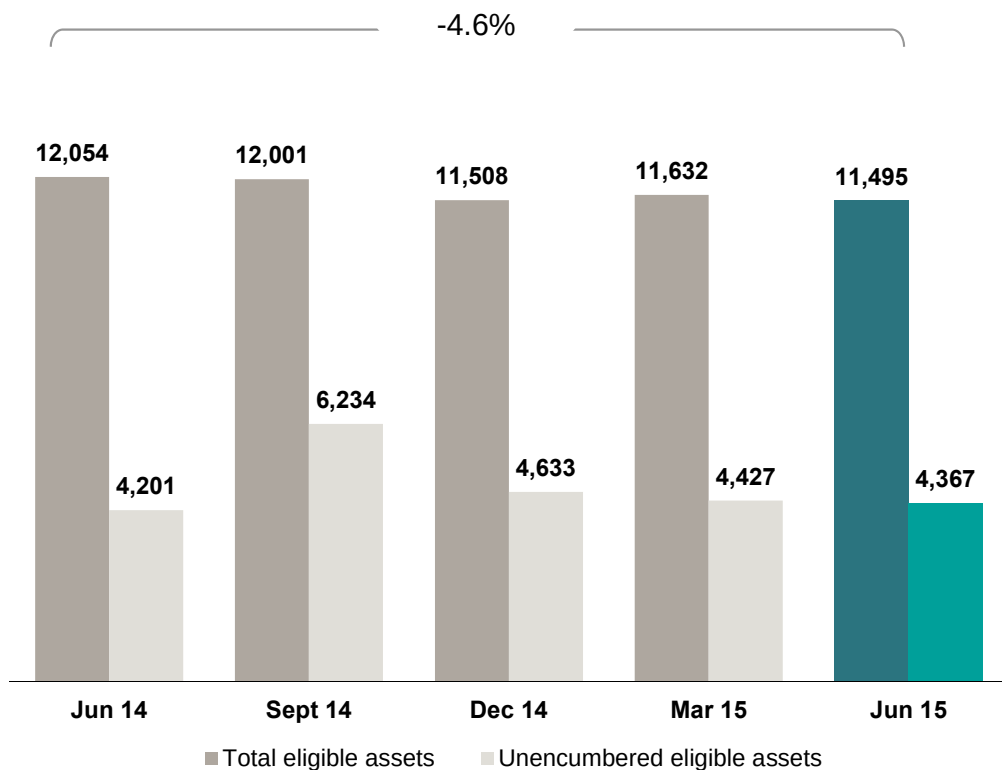
Agenda

1H15 Results

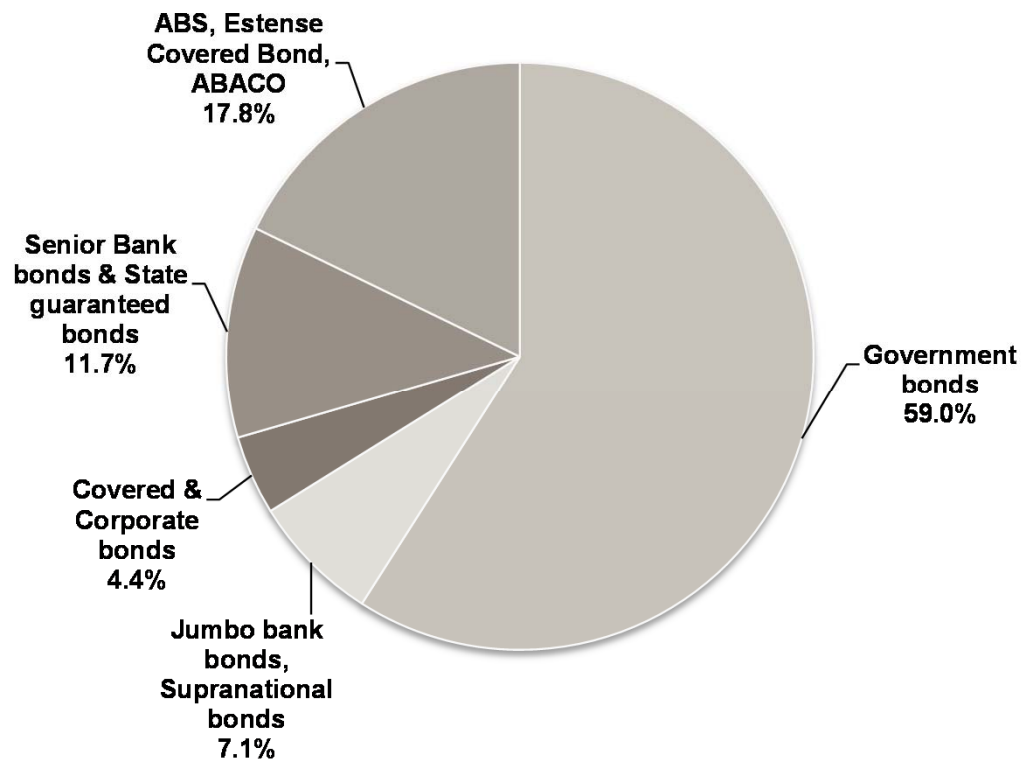
- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☒ Liquidity and Capital adequacy
- ☐ Annexes

Eligible assets and counterbalancing capacity

Total eligible Assets evolution* (€/mn)



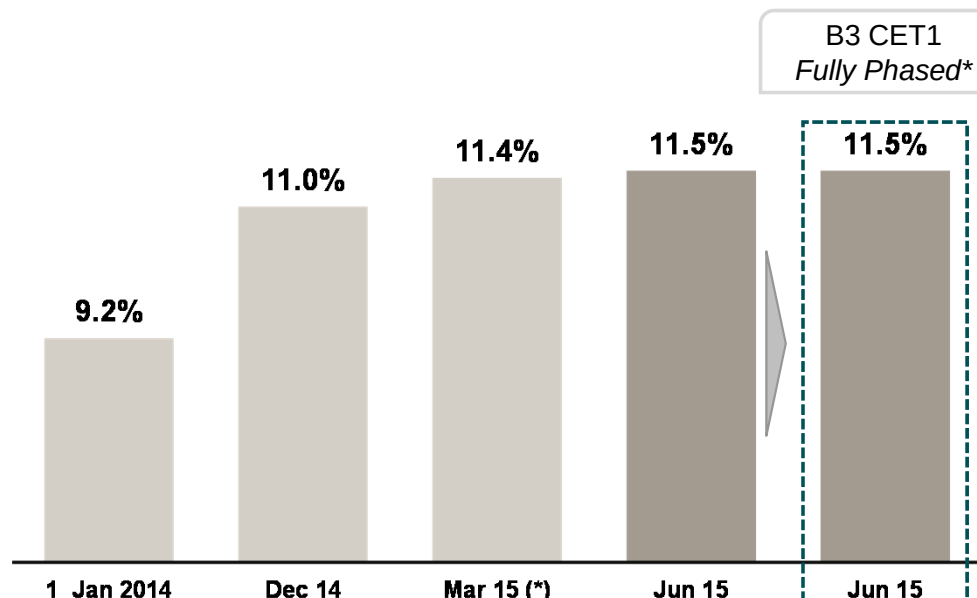
Eligible Assets Pool Composition (%)



- Counterbalancing capacity (CBC) as of Jun.'15 at 11.5 €/bn of which 4.4 €/bn unencumbered
 - In Dec.'14, CBC was at 11.5 €/bn of which 4.6 €/bn unencumbered
- ECB exposure as of Jun.'15: 3.1 €/bn of which 1.1 €/bn attributable to short-term Repos and 2 €/bn to 4Y TLTRO

Basel 3 *Phased in* regulatory capital (pre-AIRB validation)

B3 Common Equity Tier 1 Phased in Ratio (%)



- Capital ratios further improvement vs Dec.'14 excluding potential benefits from internal models ("AIRB") validation:
 - CET1 ratio *Phased in* at 11.51% (11.43% in Mar.'15 and 11.26% in Dec.'14)
 - CET1 ratio *Fully Phased** pro-forma at 11.50% (11.28% in Mar.'15 and 10.91% in Dec.'14) including the effect of the ICBPI disposal
- Own Funds at 12.9% (+63 bps vs Mar.'15) thanks to the effect of the successful Voluntary Public Exchange Offer concerning a subordinated bond that no longer qualify as Tier 2 instruments in the own funds
- RWA broadly stable vs Dec.'15 (+37 €/mn since Dec.'14) and up by 1.2% vs Mar.'15 (+492 €/mn) mainly due to appreciation of ICBPI (from 93.5 €/mn to 214 €/mn) and Arca Sgr stakes (from 27 €/mn to 75.6 €/mn) in the 2Q15

Capital & ratios

€/mn	B3 Phased in		
	Jun 15	Mar 15 (*)	Dec 14
Common Equity TIER 1	4,690	4,599	4,581
TIER 1	4,706	4,616	4,592
Own Funds	5,251	4,934	4,982
Total RWA	40,729	40,237	40,692
Common Equity TIER 1 Ratio	11.5%	11.4%	11.3%
TIER 1 Ratio	11.6%	11.5%	11.3%
Own Funds Ratio	12.9%	12.3%	12.2%

Capital requirements

Requirements as of Jun 15	€/mn	%
Credit risk	2,880	88.4%
Credit Valuation Adjustment (CVA)	20	0.6%
Market risk	63	1.9%
Other regulatory requirements	7	0.2%
Operating risks	288	8.9%
Total	3,258	100.0%

Final remarks

- Net profit of 81 €/mn almost doubled in 1H15 vs 1H14 and much higher than our expectation at the beginning of the year
- Asset quality positive improvements:
 - Loan loss provisions accounted significantly down in 1H15 vs 1H14 confirming the beginning of a phase of “cost of credit” normalization
 - NPLs and unlikely to pay inflows significantly down in 1H15 (respectively -38.5% y/y and -40.3% y/y) comparable to pre-crisis levels
 - Cash coverage ratio on total doubtful loans at 41.8%, the highest level since 2009
- Solid capital base, good liquidity position and leverage ratio:
 - CET1 ratio “Fully Phased” pro-forma* of 11.5% as of 30 Jun.’15 well above minimum regulatory requirement and excluding potential benefits from internal models (“AIRB”) validation
 - LCR and NSFR remarkably higher than 100%
 - Leverage ratio > 7%, one of the best among domestic peers

Agenda

1H15 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☐ Liquidity and Capital adequacy

☒ **Annexes**

Assets & Liabilities: reclassified balance sheet

Assets*

€/mn	Jun 15	Mar 15	Dec 14	Sept 14	Jun 14	Chg vs Dec '14 (%)
Customer Loans	43,426	43,865	43,920	44,581	45,417	-1.1%
Securities Portfolio	11,778	11,300	10,302	9,510	9,439	14.3%
<i>of which AFS</i>	8,296	7,589	6,945	6,845	6,920	19.5%
Equity Investments, Proper	1,709	1,770	1,785	1,764	1,764	-4.3%
Other current assets	2,535	2,324	2,937	2,599	2,699	-13.7%
Total Assets	59,448	59,259	58,944	58,454	59,319	0.9%

* Total Assets shown as net of loans to banks

Liabilities & Shareholders' equity*

€/mn	Jun 15	Mar 15	Dec 14	Sept 14	Jun 14	Chg vs Dec '14 (%)
Customer Deposits	46,160	45,295	46,183	46,276	45,712	0.0%
Net Interbank Position	4,615	5,504	4,770	3,412	5,705	-3.2%
Other Funds & Liabilities	3,016	2,848	2,481	3,215	3,125	21.6%
Shareholders' equity	5,657	5,612	5,510	5,551	4,777	2.7%
Total Liabilities	59,448	59,259	58,944	58,454	59,319	0.9%

*Total Liabilities inclusive of "Net Interbank Position" (Due to banks - Loans to banks)

Customer loans: portfolio composition

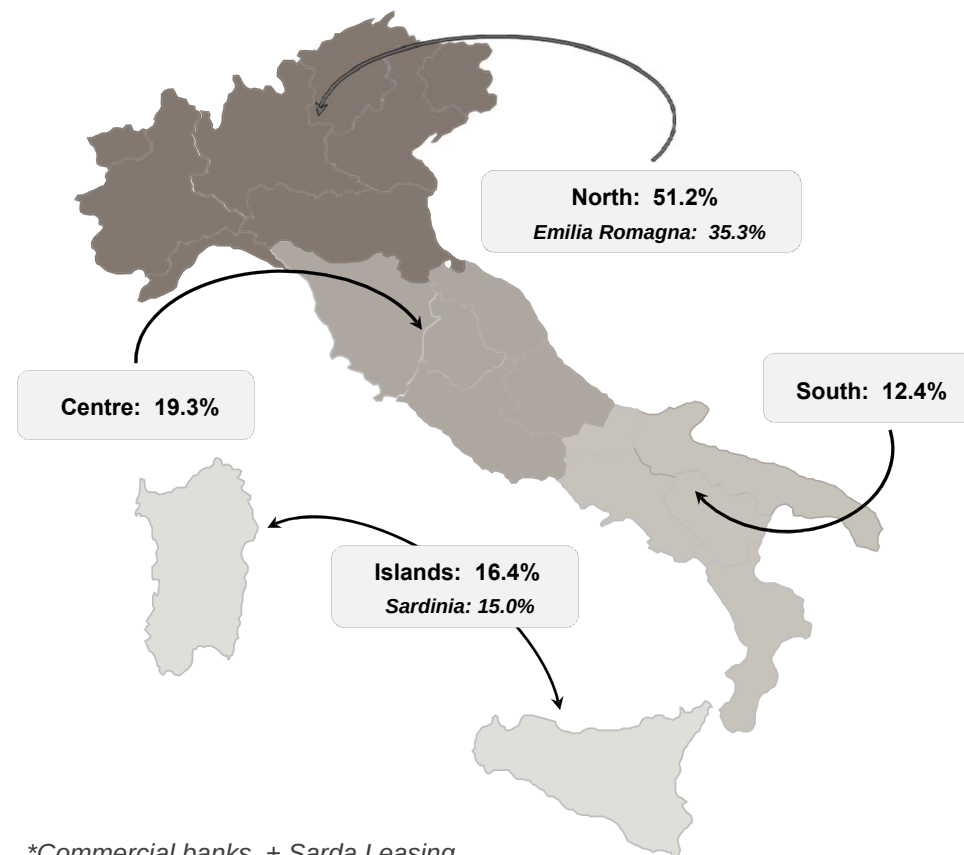
Customer loans breakdown by sectors (%)

Business sector	Jun 15	% on Total	Δ % vs Dec 14
Agriculture, forestry and fishing	1,274	2.9%	2.9%
Manufacturing	6,967	16.0%	0.4%
Constructions	4,698	10.8%	-3.5%
Wholesale and retail services, recoveries and repairs	4,930	11.4%	0.6%
HORECA*	1,636	3.8%	-0.4%
Real Estate	3,364	7.7%	-1.3%
Other	4,963	11.5%	-42.1%
Total loans to resident non-financial businesses	27,832	64.1%	-1.2%
Non-resident, non-financial companies	196	0.5%	52.1%
Total loans to non-financial businesses	28,028	64.6%	-0.9%
Households	10,574	24.3%	0.4%
Total loans to financial businesses	4,824	11.1%	-5.4%
Total Customers Loans	43,426	100.0%	-1.1%

Figures as per ATECO business sector definitions (ISTAT)

*: Hotel, Restaurant & Cafè (HORECA)

Customer loans breakdown by geographical distribution* (%)



- Well diversified loan portfolio
- Construction sector further downsizing (-3.5% since Dec.'14; -10.6% y/y) following a de-risking strategy

Asset quality breakdown

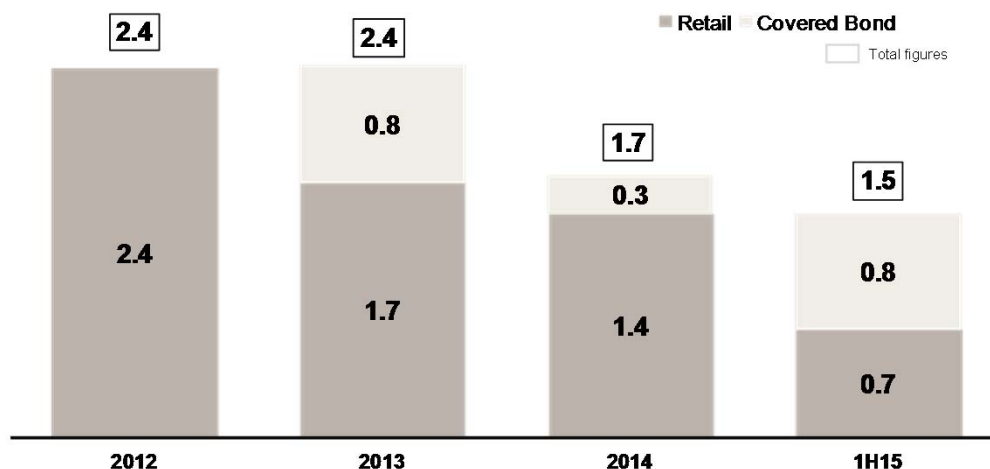
Gross exposure (€/mn)	Jun 15		Dec 14		Jun 14		Chg 30/6 - 31/12 (A-B)		Chg 30/6 - 30/6 (A-C)	
	A	%	B	%	C	%	Abs.	Chg (%)	Abs.	Chg (%)
Doubtful loans	11,227	23.2%	10,998	22.6%	10,835	21.7%	229	2.1%	392	3.6%
Non-performing loans	6,727	13.9%	6,487	13.3%	6,079	12.2%	240	3.7%	648	10.7%
Unlikely to pay loans	4,150	8.6%	4,302	8.9%	4,397	8.8%	-152	-3.5%	-248	-5.6%
Past due loans	351	0.7%	209	0.4%	358	0.7%	142	67.7%	-8	-2.1%
Gross performing loans	37,096	76.8%	37,604	77.4%	39,055	78.3%	-507	-1.3%	-1,958	-5.0%
Total gross exposure	48,324	100.0%	48,602	100.0%	49,890	100.0%	-278	-0.6%	-1,566	-3.1%

Adjustments to loans (€/mn)	Jun 15		Dec 14		Jun 14		Chg 30/6 - 31/12 (A-B)		Chg 30/6 - 30/6 (A-C)	
	A	coverage (%)	B	coverage (%)	C	coverage (%)	Abs.	Chg (%)	Abs.	Chg (%)
Adjustments to doubtful loans	4,690	41.8%	4,472	40.7%	4,271	39.4%	218	4.9%	419	9.8%
Non-performing loans	3,826	56.9%	3,668	56.5%	3,433	56.5%	158	4.3%	393	11.5%
Unlikely to pay loans	835	20.1%	786	18.3%	814	18.5%	49	6.2%	21	2.6%
Past due loans	28	8.1%	17	8.1%	24	6.7%	11	67.4%	4	18.1%
Adjustments to performing loans	208	0.6%	211	0.6%	203	0.5%	-3	-1.3%	5	2.6%
Total adjustments	4,897	10.1%	4,682	9.6%	4,473	9.0%	215	4.6%	424	9.5%

Net exposure (€/mn)	Jun 15		Dec 14		Jun 14		Chg 30/6 - 31/12 (A-B)		Chg 30/6 - 30/6 (A-C)	
	A	%	B	%	C	%	Abs.	Chg (%)	Abs.	Chg (%)
Doubtful loans	6,538	15.1%	6,527	14.9%	6,564	14.5%	11	0.2%	-26	-0.4%
Non-performing loans	2,901	6.7%	2,819	6.4%	2,647	5.8%	82	2.9%	254	9.6%
Unlikely to pay loans	3,314	7.6%	3,515	8.0%	3,583	7.9%	-201	-5.7%	-269	-7.5%
Past due loans	322	0.7%	192	0.4%	334	0.7%	130	67.7%	-12	-3.5%
Net performing loans	36,889	84.9%	37,393	85.1%	38,852	85.5%	-504	-1.3%	-1,964	-5.1%
Total net exposure	43,426	100.0%	43,920	100.0%	45,417	100.0%	-493	-1.1%	-1,990	-4.4%

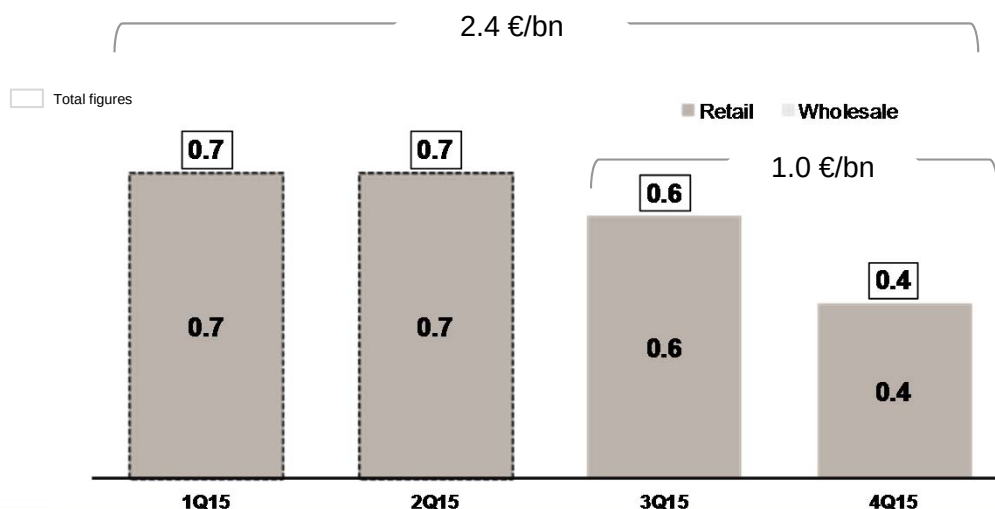
Bonds maturities and issues details

Bonds issues (€/bn)

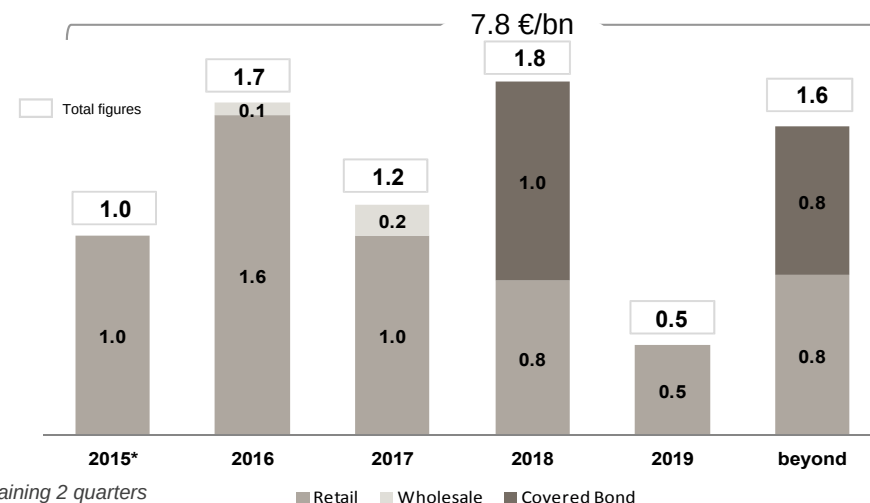


- Bonds stock decline by 5.6% y/y. Substitution of retail bonds in favour of cheaper wholesales funding (Covered bond)
- Covered bond new issue of 750 €/mn in Jan.'15 expiring in 2022
- Total wholesale bond (issues under the EMTN Programme and covered bonds) account only for c. 2 €/bn. No wholesale bond maturities in 2015 and only 0.3 €/bn in 2016-17 providing flexibility to the Group's funding strategy
- Jul.'15: 750 €/mn Covered bond issue (total outstanding at 2.5 €/bn) expiring in 2020

2015 Bonds maturities (€/bn)



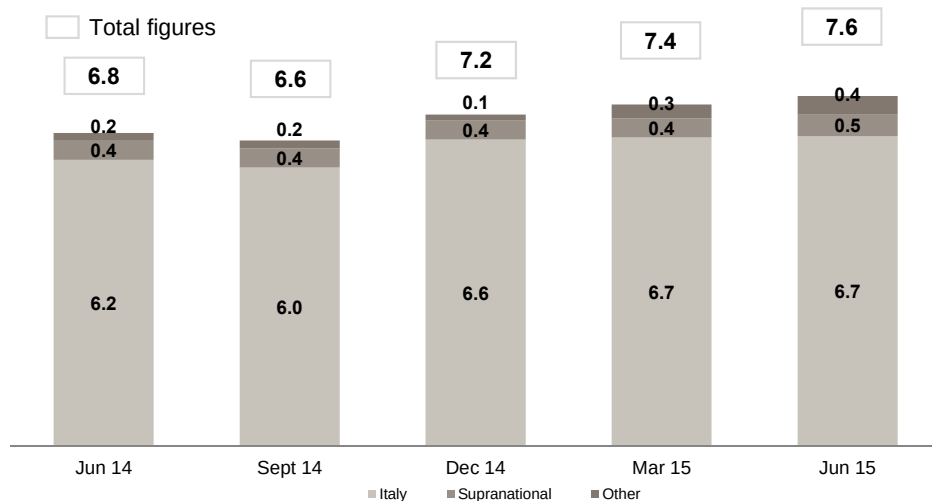
Bonds maturities breakdown (€/bn)



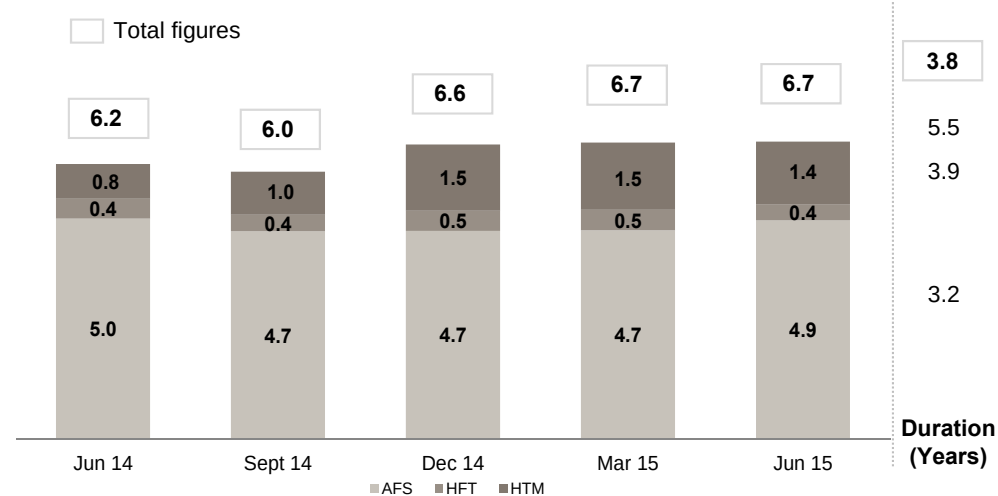
* Remaining 2 quarters

Financial Assets details

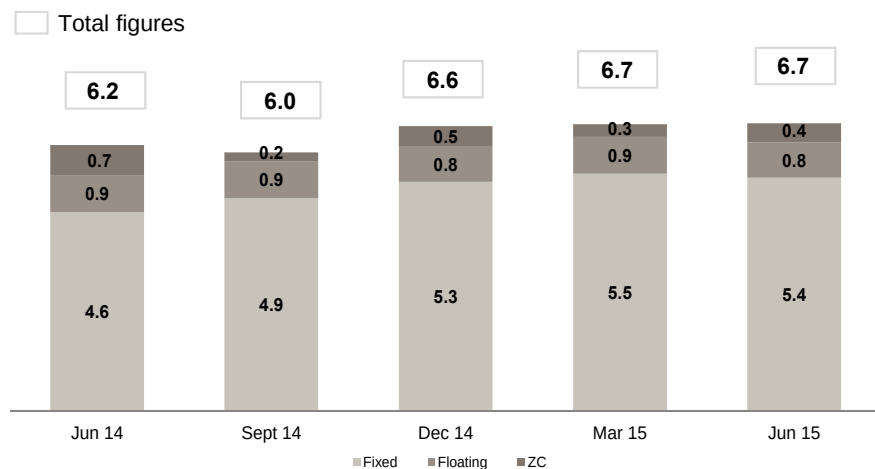
Govies & Supranational PTF by issuing country (€/bn)



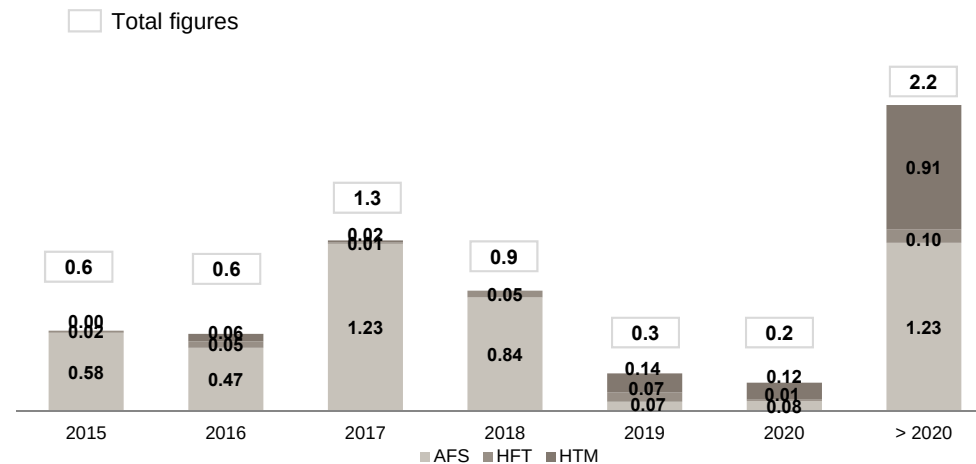
Italian Govies PTF by accounting valuation (€/bn)



Italian Govies PTF by coupon (€/bn)



Italian Govies PTF Maturities* (€/bn)



*: figures are shown as per nominal values

Performance ratios

	30.06.2015	2014(*)
Financial ratios		
Structural ratios (%)		
net loans to customers/total assets	71.28%	72.41%
net loans and advances to customers/direct deposits from customers	94.08%	95.10%
financial assets/total assets	19.33%	16.99%
fixed assets/total assets	2.00%	2.12%
goodwill/total assets	0.62%	0.63%
direct deposits/total assets	85.76%	86.83%
deposits under management/indirect deposits	49.01%	46.12%
financial assets/tangible equity	2.28	2.06 (1)
Total tangible assets/tangible equity	11.70	12.00 (2)
net interbank lending/borrowing (in thousands of Euro)	(4,615,494)	(4,770,260)
number of employees	11,528	11,593
number of national bank branches	1,273	1,273
Profitability ratios (%)		
ROE	3.01%	0.33%
ROTE	3.35%	0.37%
ROA (net profit/total assets)	0.13%	0.07%
Cost/income ratio	57.99%	54.28% (3)
Net adjustments to loans /net loans to customers	0.69%	0.92%
Basic EPS	0.168	0.106
Diluted EPS	0.168	0.106
Risk ratios (%)		
net doubtful loans/net loans to customers	15.06%	14.86%
net non-performing loans/net loans to customers	6.68%	6.42%
net unlikely to pay loans/net loans to customers	7.63%	8.00%
net past due loans/net loans to customers	0.74%	0.44%
adjustments to doubtful loans/gross doubtful loans	41.77%	40.66%
adjustments to non-performing loans/gross non-performing loans	56.87%	56.55%
adjustments to unlikely to pay loans/gross unlikely to pay loans	20.13%	18.28%
adjustments to past due loans/gross past due loans	8.06%	8.07%
adjustments to performing loans/gross performing loans	0.56%	0.56%

	30.06.2015	2014(*)
Own Funds (Phased in)		
Common Equity Tier 1 (CET1)	4,689,914	4,581,261
Own Funds	5,250,945	4,982,079
Risk-weighted assets	40,729,021	40,691,550
Capital and liquidity ratios		
Common Equity ratio (CET1 ratio) - Phased in	11.51%	11.26%
Tier 1 ratio (T1 ratio) - Phased in	11.55%	11.29%
Total Capital ratio (TC ratio) - Phased in	12.89%	12.24%
Common Equity ratio (CET1 ratio) - Fully Phased pro-forma	11.50%	10.91% (4)
Leverage ratio - Phased in	7.4%	7.2%
Leverage ratio - Fully Phased	7.0%	6.9%
Liquidity coverage ratio (LCR)	113%	125%
Net stable funding ratio (NSFR)	n.d.	115% (5)
Non financial ratios		
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,004.13	3,983.71
loans and advances to customers per employee	3,767.04	3,788.47
assets managed per employee	1,234.31	1,121.71
assets administered per employee	1,284.03	1,310.60
core revenues per employee	85.21	86.38 (6)
net interest and other banking income per employee	91.75	97.38
operating costs per employee	55.49	53.37

(*) The comparative figures for the income statement are as at 30 June 2014, except for the ROE and the ROTE which are calculated on a yearly basis.

(1) Tangible equity = total shareholders' equity net of intangible assets

(2) Total tangible assets = total assets net of intangible assets

(3) The cost/income ratio has been calculated on the basis of the layout of the reclassified income statement (operating expenses/operating income); when calculated on the basis of the layouts provided by Circular no. 262 of the Bank of Italy the cost/income ratio is at 60.48% (54.81% at June 30, 2014).

(4) The Fully Phased CET1 Ratio, estimated according to the new Basel 3 rules that will be fully applicable from January 2019, has been calculated pro-forma taking into account the sale of a 9.1422% stake in Istituto Centrale delle Banche Popolari Italiane (ICBPI); completion of this transaction, for which the preliminary sale deal was signed on 19 June 2015, is subject to approval by the competent Authorities, which should be received by the end of this year. The percentage has been estimated at around 42 bps.

(5) The NSFR, not yet available, it is in any case estimated to exceed 100%, (117% as at 31 March 2015)

(6) Core revenues = net interest income + net commission income

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