



BPER Group 3Q15 results

12th November 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

Agenda

3Q15 Results

☒ Executive summary

☐ Balance sheet structure

☐ Profit and loss

☐ Liquidity and Capital adequacy

☐ Annexes

Executive summary

- **9M15 Net profit at 125.1 €/mn (+65% y/y) net of non-recurring item¹** concerning the redundancy incentives and contributions to the Solidarity Fund (54.3 €/mn)
 - **Stated Net Profit at 88.7 €/mn still above 9M14 profit (+17.1%)**
 - Net profit figures include contributions to the “Deposits Guarantee Schemes – DGS” and to the “Single Resolution Fund - SRF” of 19.1 €/mn
- **Net Interest Income** weakness (-54 €/mn y/y; -5.5% y/y), mainly due to the pressure on commercial spread and to the efforts to reduce the risk profile of the loan book, **more than offset by the strong reduction of loan loss provisions (-155.2 €/mn y/y; -26.8% y/y)** confirming the gradual normalization of the cost of credit
- **Net Commissions significantly up by 4.5% y/y** mainly thanks to strong increase of AuM and Bancassurance fees (+37% y/y)
- **Dividends and Trading income positive contribution of 81.9 €/mn (-37% y/y)**
- **Operating costs, net of non-recurring item³, slightly down vs 9M14 (-0.7% y/y)**
- **Net customer loans at 43.5 €/bn (-1.1% since Dec.'14), but slightly up vs Jun'15 (+0.1%)** showing first signal of a turnaround after more than 2 years of non-stop decline; new loans production very positive, up by 51.2% y/y (of which “retail” +93.1% and “corporate” +24.5%)
- **Bad loans (“Sofferenze”) and unlikely to pay inflows significantly down in 9M15 (respectively -34.4% y/y and -39.9% y/y)**
- **Cash coverage ratio of Non Performing Exposures at 42.1% (+145 bps vs Dec 2014), the highest level since 2009**
- **Solid capital base with a CET₁ ratio “Fully Phased” pro-forma² 11.8% as of 30 Sept.'15** (including ICBPI disposal expected to be finalized in 4Q15), well above minimum regulatory requirement and excluding potential benefits from internal models (“AIRB”) validation
- **Leverage ratio at 7.2%** one of the best among domestic peers; **LCR and NSFR well above 100%**

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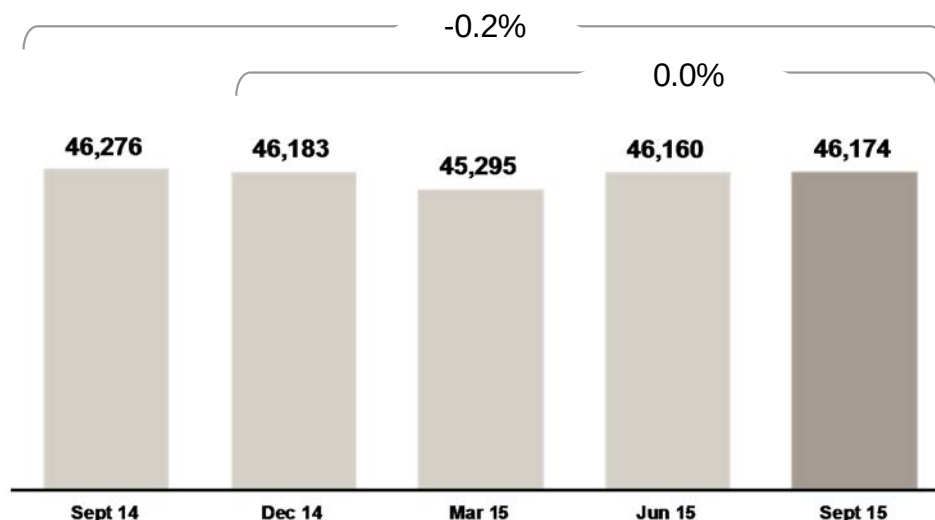
☐ Profit and loss

☐ Liquidity and Capital adequacy

☐ Annexes

Direct funding

Total Direct Funding (€/mn)

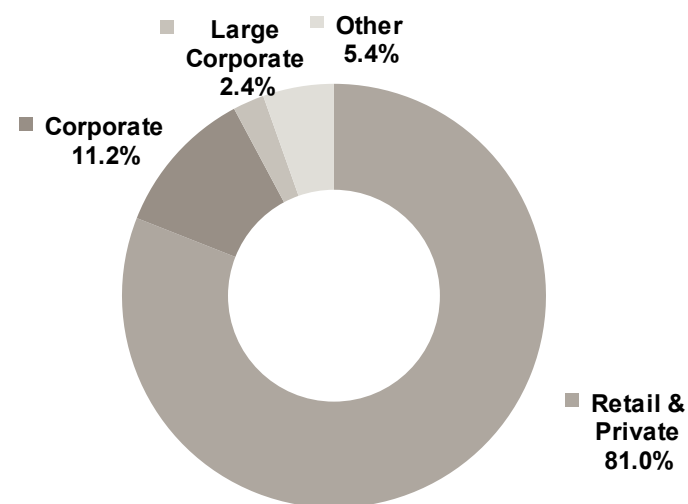


- Direct funding at 46.2 €/bn broadly flat both y/y and since Dec.'14
- 9M15 key trends:
 - Covered bond issues for 1.5 €/bn (750 €/mn in Jan.'15 and 750 €/mn in Jul.'15) in line with the strategy to partially substitute retail bonds with less expensive wholesale funding
 - Expensive retail funding (mostly short-term and bonds) switched into AuM and Bancassurance products
 - Retail bond maturities only partially replaced by new issues
 - Reduction of expensive funding from customers, mainly corporate
- Total wholesale funding and Covered bonds account for 2.8 €/bn as of 30 Sept.'15 (6% of the total direct funding). No wholesale bond maturities before the end of 2015 and only c. 60 €/mn bond in 2016 and c. 150 €/mn bond in 2017 providing great flexibility to the Group's funding strategy

Direct Funding breakdown (%)

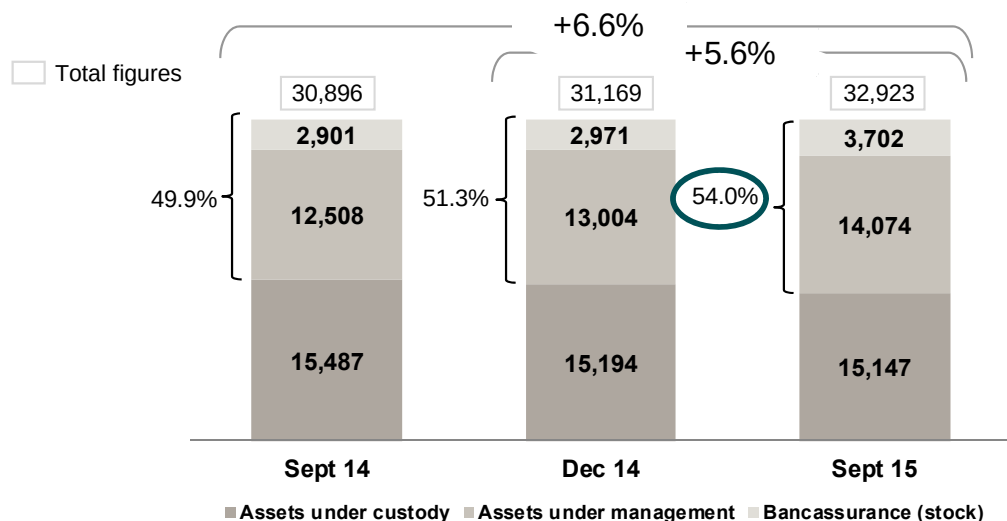
€/mn	Sept 15	Dec 14	Chg vs Dec 14 (%)
Current accounts and sight deposits	27,663	27,487	+0.6%
Time deposits	2,256	2,969	-24.0%
Repurchase agreements	1,912	1,063	+79.9%
Other short-term loans	2,544	2,445	+4.0%
Bonds	8,190	8,319	-1.6%
- subscribed by institutional customers	2,758	1,248	+120.9%
- subscribed by ordinary customers	5,432	7,071	-23.2%
Certificates of deposit	3,609	3,900	-7.4%
Direct customer deposits	46,174	46,183	0.0%

Direct Funding breakdown by customer segment (%)



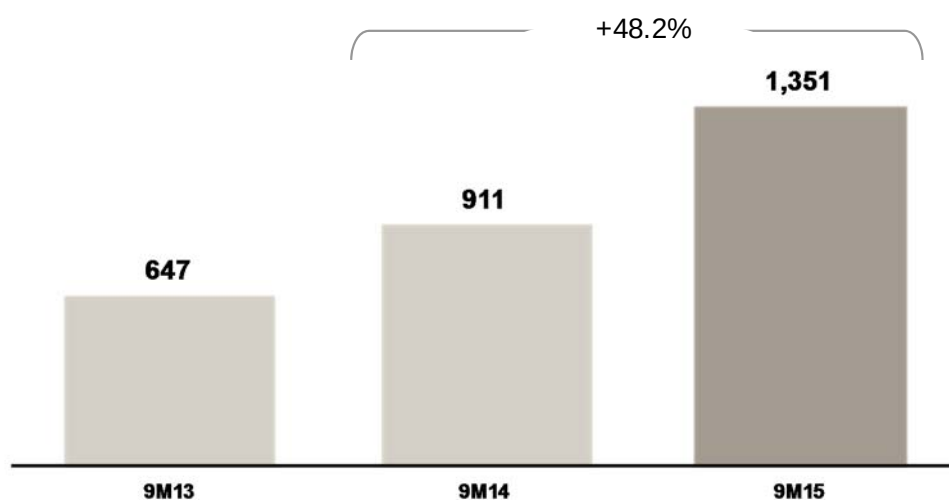
Indirect deposits and “bancassurance”

Total Indirect Deposits and bancassurance* (€/mn)

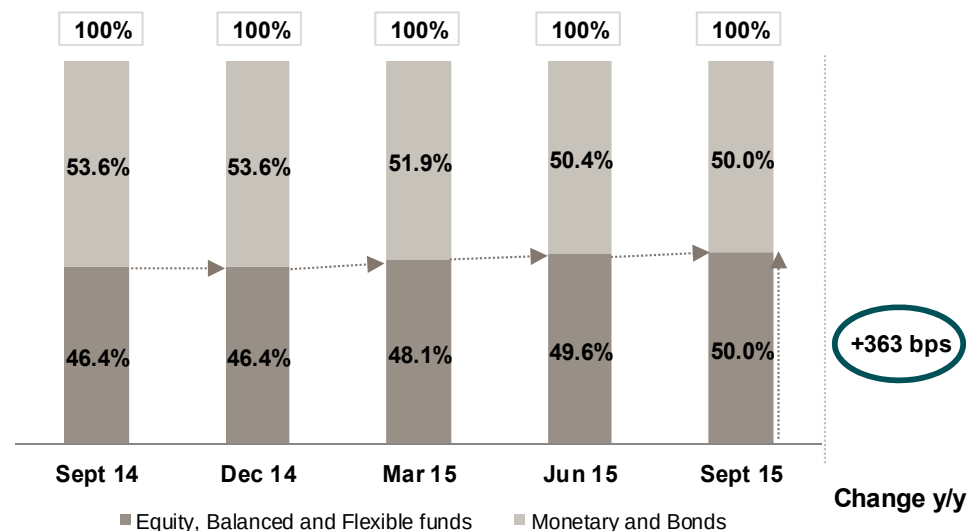


- Indirect deposits and Bancassurance* significantly up by 6.6% y/y (+2 €/bn) and up by 5.6% since Dec.'14 (+1.8 €/bn):
 - AuM up by 12.5% y/y and up by 8.2% since Dec.'14
 - Equity, Balanced, Flexible funds at 50% target of total AuM
 - Significant growth in Bancassurance* both y/y and since Dec.'14 (respectively +27.6% and +24.6%)
 - AuC down by 2.2% y/y and down by 0.3% since Dec.'14
 - Indirect deposits remix strategy well on track with the new Business Plan 15-17 guidelines: weight of AUM and Bancassurance* on total indirect deposits increased to 54% in 9M15 from 51.3% in Dec.'14
- 9M15 AuM net inflows at 1.4 €/bn up by 48.2% vs 9M14 net inflows

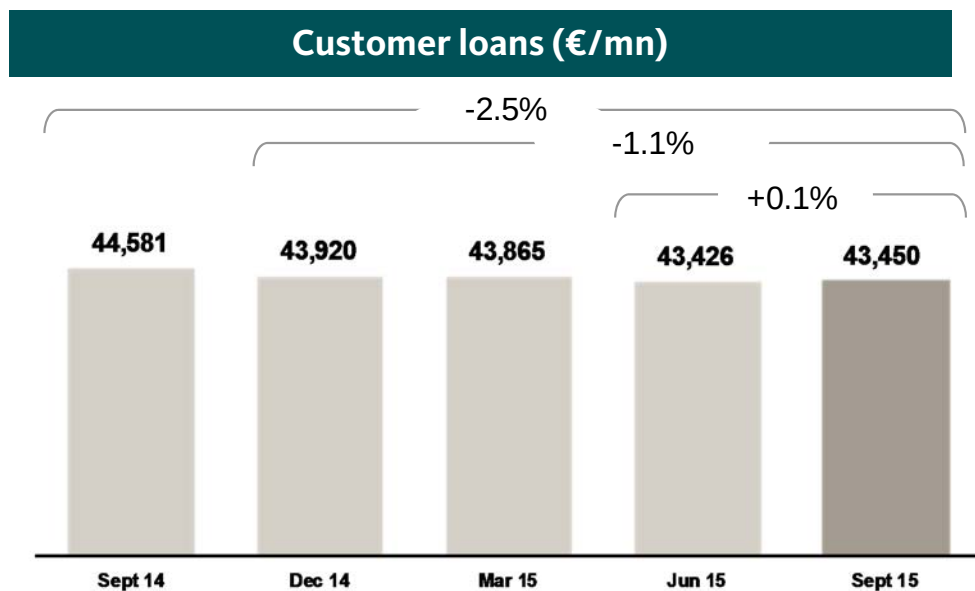
AuM net inflows¹ (€/mn)



AUM composition¹ (%)



Customer loans

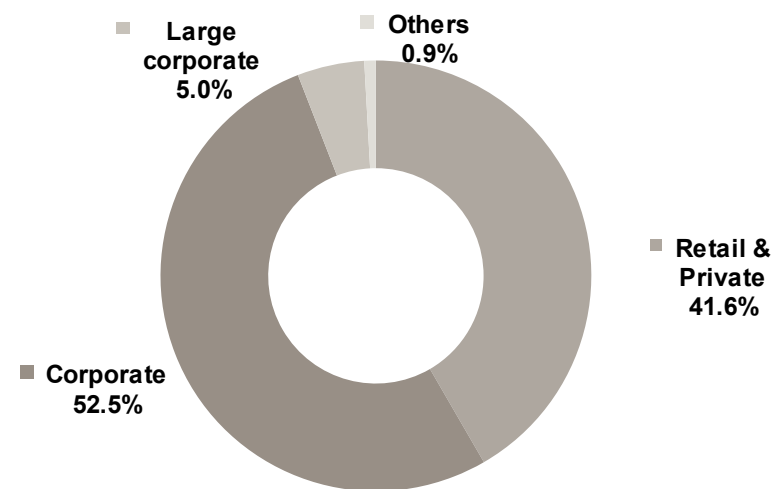


- Net customer loans down by 1.1% since Dec.'14 and -2.5% y/y (gross values respectively -0.3% and -1.4%)
- Net customer loans up 0.1% vs Jun.'15 first signal of a turnaround after more than 2 years of non-stop decline
- Retail mortgages new business up by 69.8% y/y confirming an uptrend which started at the beginning of last year
- New loans production very positive up by 51.2% y/y (of which "retail" +93.1% and "corporate" +24.5%)
- Corporate and retail loans account for 94.1% of the total loan book, confirming BPER Group's focus on commercial business

Customer loans breakdown (net figures; €/mn)

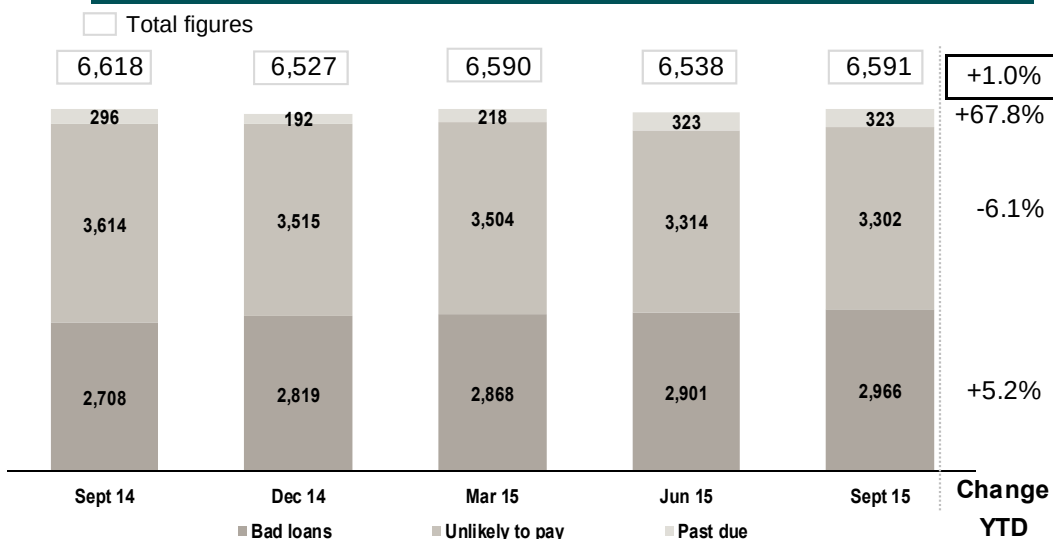
€/mn	Sept 15	Dec 14	Chg vs Dec 14 (%)
Current accounts	6,143	6,514	-5.7%
Medium-Long term loans	25,111	24,896	+0.9%
Other transactions	12,196	12,510	-2.5%
Customer loans	43,450	43,920	-1.1%

Customer loans breakdown by customer segment (%)



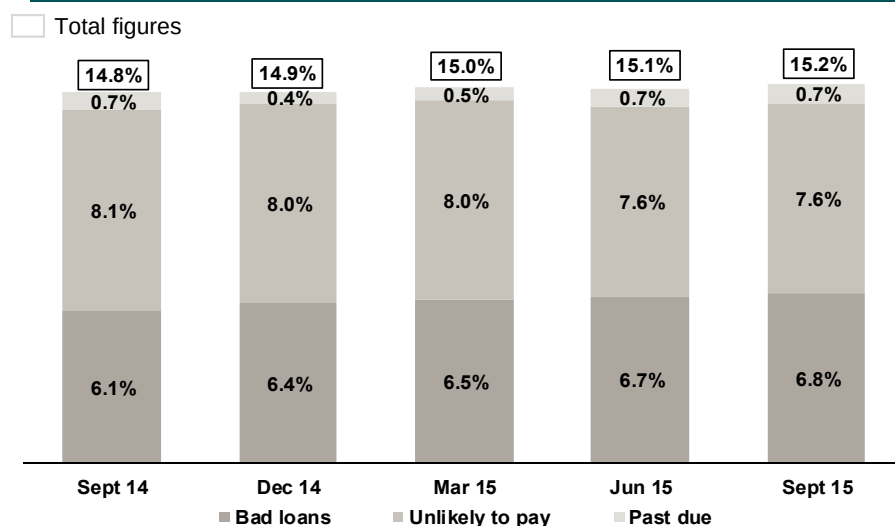
Non-performing exposures – «NPEs» (1/2)

NPEs breakdown (net figures; €/mn)



- Net NPEs slightly down by 0.4% y/y (-27 €/mn) continuing to show signs of stabilization
- In details (net figures):
 - Bad loans ("Sofferenze") up (+9.5% y/y; +5.2% since Dec.'14)
 - Unlikely to pay down (-8.6% y/y; -6.1% since Dec.'14)
 - Past-due up (+9.1% y/y; +67.8% since Dec.'14)
- Coverage of NPEs at 42.1% up by 145 bps since Dec.'14 (41.8% in Jun.'15 and 40.7% in Dec.'14), the highest level since 2009
- 86.7% of total net NPEs are collateralized (76.4% fully collateralized)

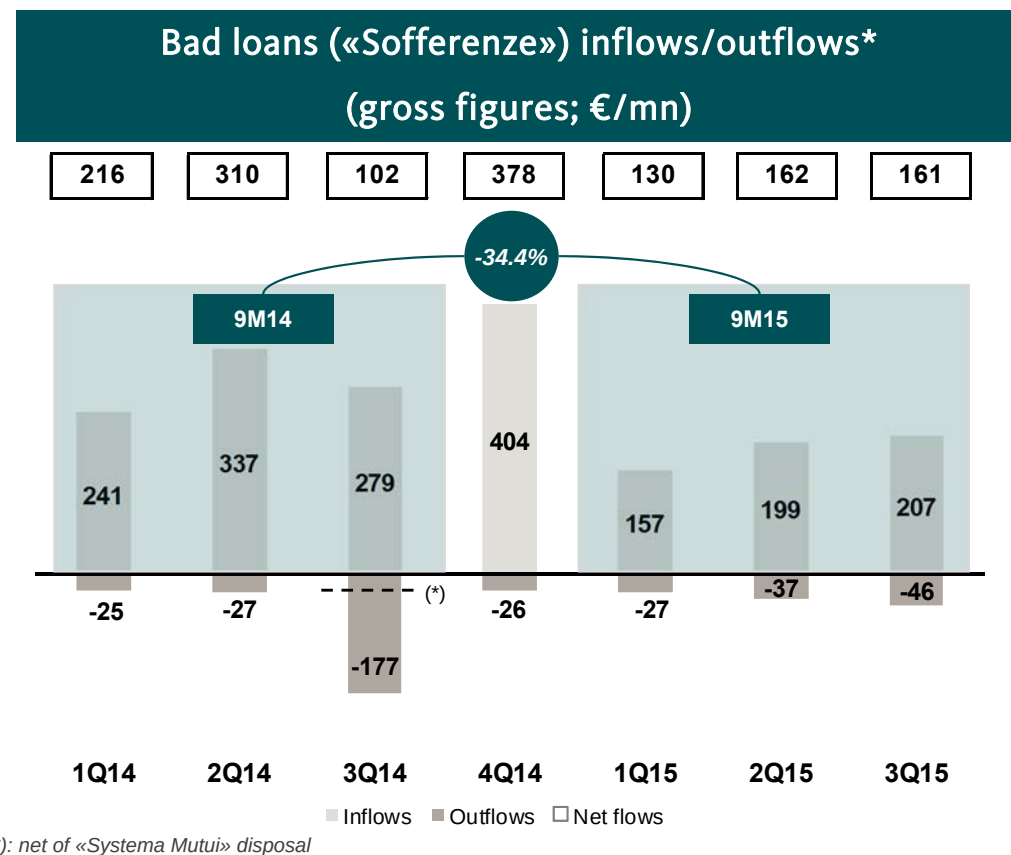
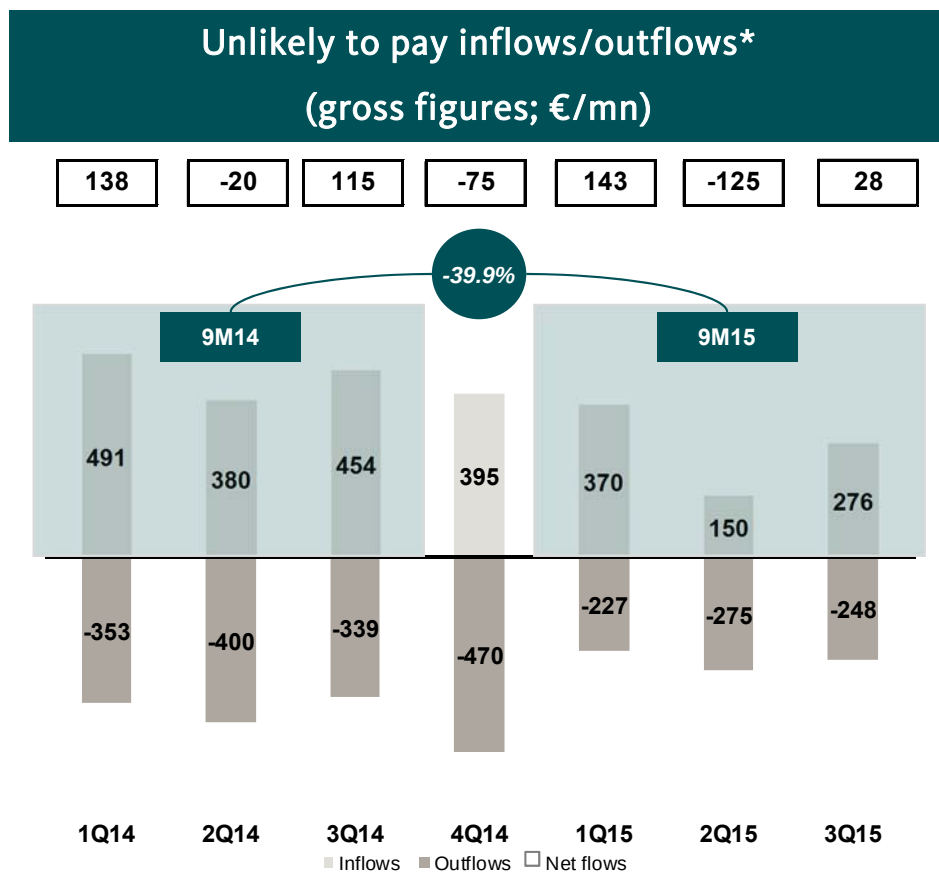
NPEs breakdown (% on total net loans)



Cash coverage trend (%)

	Sept 15	Dec 14	Sept 14
Bad loans ("Sofferenze")	56.8%	56.6%	56.4%
<i>including write-off</i>	63.6%	63.9%	64.2%
Unlikely to pay	20.7%	18.3%	18.5%
Past due	7.8%	8.1%	6.4%
NPEs	42.1%	40.7%	39.6%
<i>including write-off</i>	48.0%	47.0%	46.3%
Performing exposures	0.6%	0.6%	0.5%
Total loans	10.3%	9.6%	9.2%

Non-performing exposures – «NPEs» (2/2)



*: 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

- 9M15 trends:
 - unlikely to pay loans:
 - 9M15 inflows down by 39.9% vs 9M14
 - 9M15 inflows from «performing loans» -25.9% y/y
 - non performing loans:
 - 9M15 inflows down by 34.4% vs 9M14

Financial Assets

Financial Assets breakdown (€/mn; %)

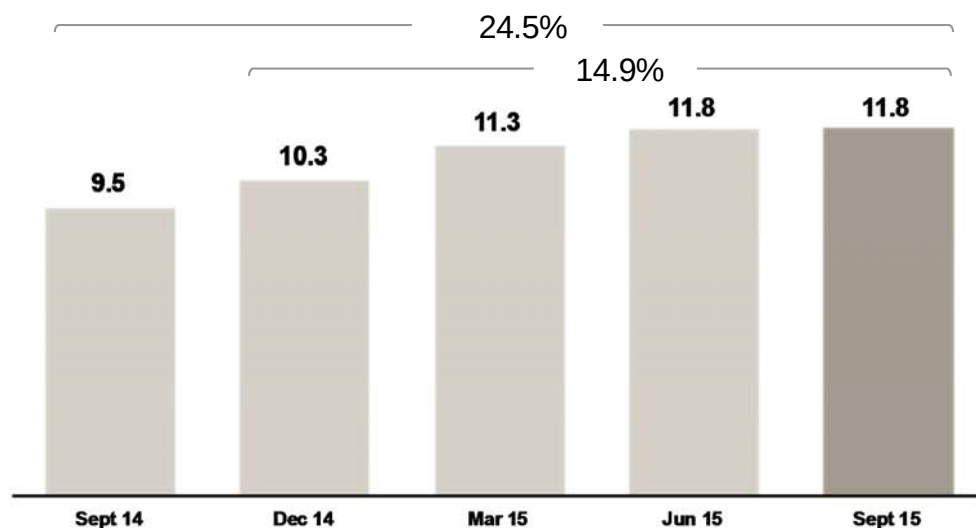
€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	511	37	7,642	2,546	10,736	90.7%
Equity	61		550		611	5.2%
Funds and Sicav	60	64	154		278	2.3%
Other*	213				213	1.8%
Total	845	101	8,346	2,546	11,838	100.0%
Total as of 31.12.2014	1,033	111	6,945	2,213	10,302	
Chg YTD (%)	-18.2%	-8.1%	+20.2%	+15.0%	+14.9%	

* Derivatives for hedging purposes

Note: 423.5 €/mn of Loans and Receivables (banks and customers) not included

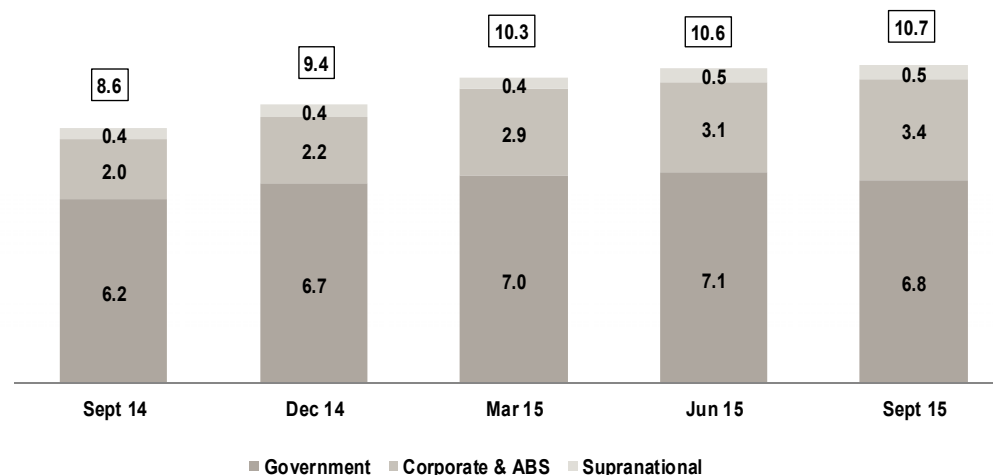
- Financial assets portfolio at 11.8 €/bn, up by 1.5 €/bn since Dec.'14
- Bond portfolio at 10.7 €/bn of which 6.4 €/bn of Italian Government bonds (duration 3.5y; 3.75y in Jun.'15 and 3.9y Dec.'14)
 - Italian govies account for 123% of tangible shareholders' equity (129% in Jun.'15 and 132% in Dec.'14)
- AFS reserve as of 30 Sept.'15 at +353.6 €/mn (net of tax) of which 84.1 €/mn on government bonds (respectively 211.3 €/mn and 97.9 €/mn in Dec.'14)
 - Re-evaluation of ICBPI stake after the disposal agreement and ARCA Sgr stake both booked in AFS portfolio*
- Implicit positive reserve of 121.6 €/mn as of 30 Sept.'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)

□ Total figures



Agenda

3Q15 Results

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Profit & Loss

3Q15 Reclassified consolidated Profit & Loss

Captions	(€/mn)	Sept 15	Sept 15	Sept 15	Sept 14	Chg y/y (%)	2015					2014			
							3Q15	3Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14
			Non-recurring items (1)	Net of Non-recurring items				Non-recurring items (1)	Net of Non-recurring items						
10+20	Net interest income	924.5		924.5	978.5	-5.5%	302.0		302.0	308.4	314.1	313.3	320.0	328.6	329.8
40+50	Net commissions	537.7		537.7	514.5	+4.5%	177.8		177.8	180.7	179.2	176.2	169.0	174.0	171.5
	Core Income	1,462.2		1,462.2	1,493.0	-2.1%	479.8		479.8	489.1	493.3	489.5	489.1	502.7	501.3
70	Dividends	14.3		14.3	18.3	-21.9%	0.5		0.5	13.6	0.2	1.1	0.1	17.6	0.6
80+90+100+110	Trading gains	81.9		81.9	130.0	-37.0%	20.4		20.4	15.5	46.1	37.7	20.3	46.4	63.3
220*	Other costs / revenues	37.0		37.0	35.7	+3.7%	12.3		12.3	9.3	15.4	12.2	5.9	11.1	18.7
	Operating Income	1,595.4		1,595.4	1,677.0	-4.9%	513.0		513.0	527.3	555.0	540.4	515.3	577.8	583.8
180 a)	Staff expenses	-628.6	-54.3	-574.3	-577.9	+8.8%	-232.4	-52.5	-179.9	-196.9	-199.3	-208.8	-180.0	-201.1	-196.8
180 b)*	Administrative expenses	-292.7		-292.7	-297.6	-1.6%	-95.7		-95.7	-103.4	-93.6	-106.8	-97.9	-103.3	-96.3
200+210	Depreciations & Amortizations	-51.9		-51.9	-50.0	+3.9%	-17.5		-17.5	-17.1	-17.3	-20.4	-17.0	-16.6	-16.4
	Operating costs	-973.2	-54.3	-918.9	-925.5	+5.2%	-345.6	-52.5	-293.0	-317.4	-310.3	-336.0	-295.0	-321.0	-309.5
	Net Operating Income	622.2	-54.3	676.5	751.5	-17.2%	167.4	-52.5	219.9	210.0	244.8	204.5	220.4	256.8	274.3
130 a)	Loan loss provisions	-424.9		-424.9	-580.1	-26.8%	-127.2		-127.2	-150.2	-147.5	-232.6	-163.3	-205.0	-211.8
130 b)+c)+d)	Other provisions	-17.9		-17.9	-10.5	+70.5%	-8.0		-8.0	-7.5	-2.5	-35.0	-3.8	-3.8	-2.9
	Total provisions	-442.8		-442.8	-590.6	-25.0%	-135.2		-135.2	-157.8	-150.0	-267.6	-167.1	-208.8	-214.7
190	Net Provisions for Risks and Charges	-52.2		-52.2	-27.7	+88.7%	-15.4		-15.4	-22.7	-14.1	-11.1	-8.0	-13.0	-6.7
240+260+270	Net other income	-1.5		-1.5	-1.5	+2.1%	-6.8		-6.8	7.2	-1.8	0.7	2.3	-2.8	-1.0
280	Profit (loss) before taxes	125.7	-54.3	180.0	131.8	-4.6%	10.1	-52.5	62.6	36.7	78.9	-73.6	47.5	32.3	52.0
290	Taxes	-37.0	17.9	-54.9	-55.9	-33.9%	-2.3	17.4	-19.7	-7.4	-27.2	27.6	-14.3	-20.9	-20.8
320	Net profit (loss)	88.7	-36.4	125.1	75.8	+17.1%	7.7	-35.2	42.9	29.3	51.7	-46.0	33.3	11.3	31.2
330	Minority Interests	-6.1	6.5	-12.6	-14.7	-58.2%	1.7	6.4	-4.8	-1.3	-6.5	-0.3	-8.1	-3.7	-2.9
340	Profit (loss) for the period pertaining to the Parent Company	82.6	-29.9	112.5	61.1	+35.2%	9.4	-28.7	38.1	28.0	45.2	-46.3	25.2	7.6	28.3
	cost / income	61.0%		57.6%	55.2%		67.4%		57.1%	60.2%	55.9%	62.2%	57.2%	55.6%	53.0%
	cost / (net interest income + net commissions)	66.6%		62.8%	62.0%		72.0%		61.1%	64.9%	62.9%	68.6%	60.3%	63.9%	61.7%
	cost of credit	98			130		29			35	34	53	37	45	46
	cost of credit on annual basis (bps)**	130			173										
	net profit / total income	5.6%			4.5%		1.5%			5.6%	9.3%	-8.5%	6.5%	2.0%	5.3%
	tax rate	29.4%			42.5%		23.0%			0.2%	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

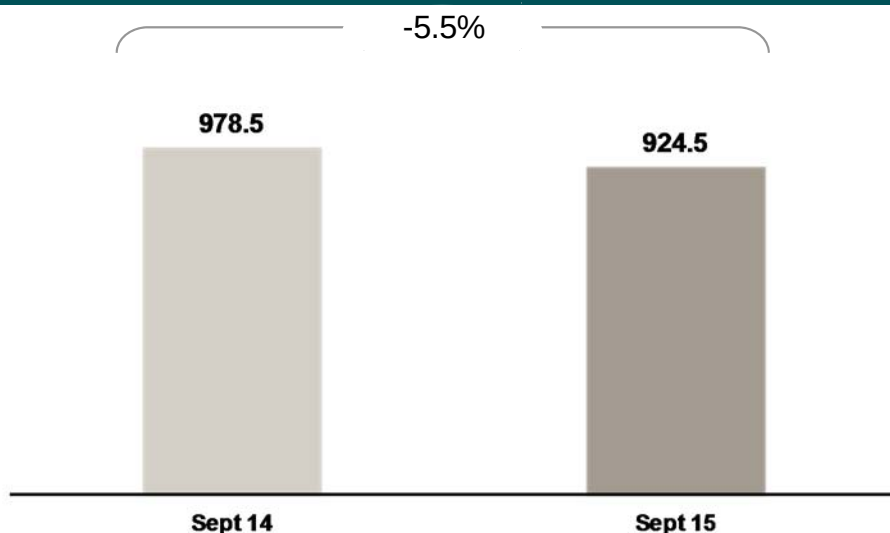
(**) Estimated annualized cost of credit for the period; 2014 final year cost of credit was 185 bps

(1): Non-recurring costs include extraordinary costs for redundancy incentives and the Solidarity Fund of € 54.3 million (before taxes) at 30 September 2015, of which € 52.5 million estimated for 3Q15, in accordance with the agreement signed with the Trade Unions on 14 August 2015 and € 1.8 million already accounted in 2Q15

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

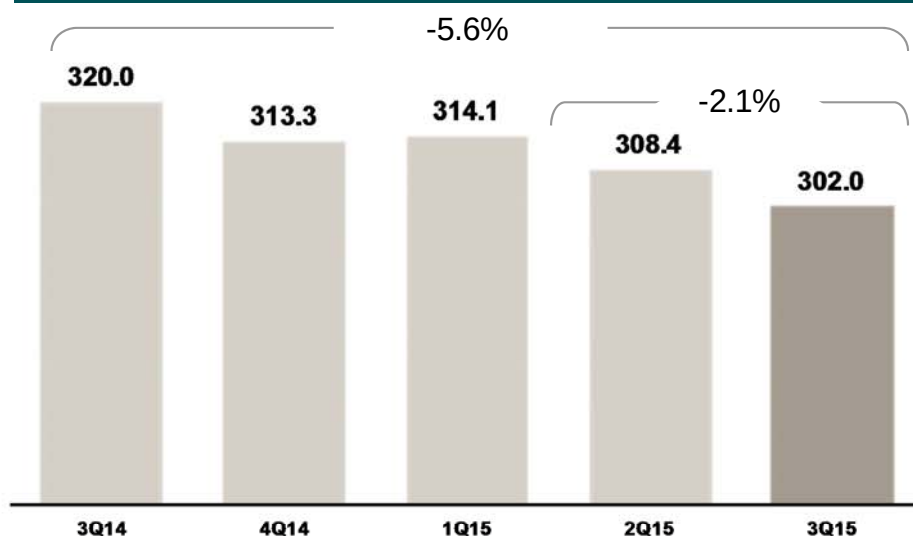
Net Interest Income

Net Interest Income (€/mn)

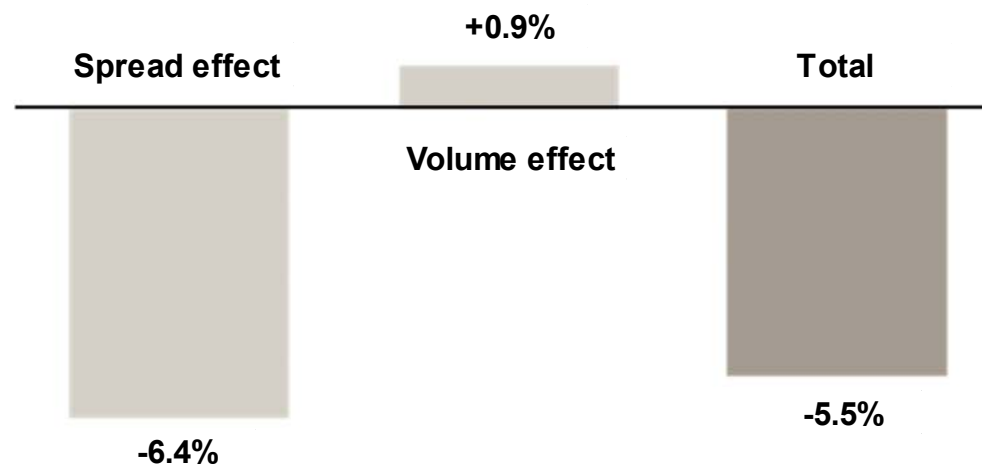


- Net Interest Income down by 5.5% y/y mainly due to the different economic conditions and market environment and low interest rate levels
- NII down by 2.1% q/q mainly influenced by:
 - increasing pressure on loans competition: customer loans spread reduction (mainly on current account) only partially offset by reduction of cost of funding
 - partial substitution of retail funding with wholesale funding taking advantage of positive market conditions
 - repricing action on sight deposits (effective from mid-Sept.) with limited effect on the 3Q, but to be fully exploited from the next quarter on
 - further reduction of financial asset yield

Net Interest Income evolution (€/mn)

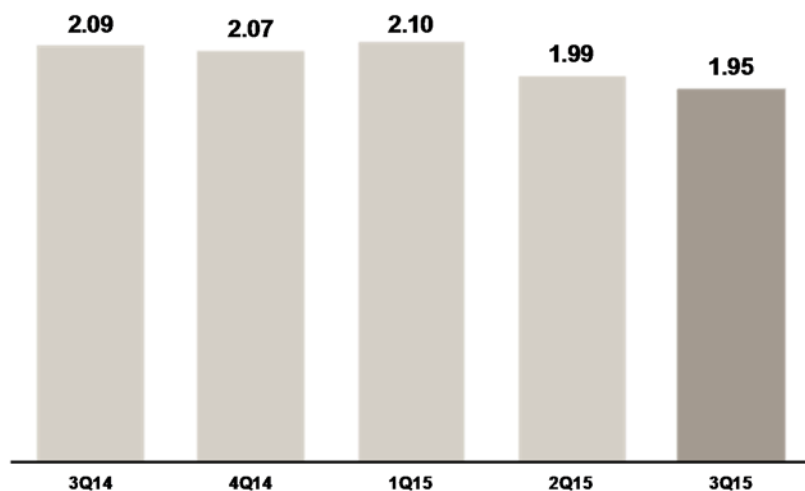


Net Interest Income contribution (%; y/y)



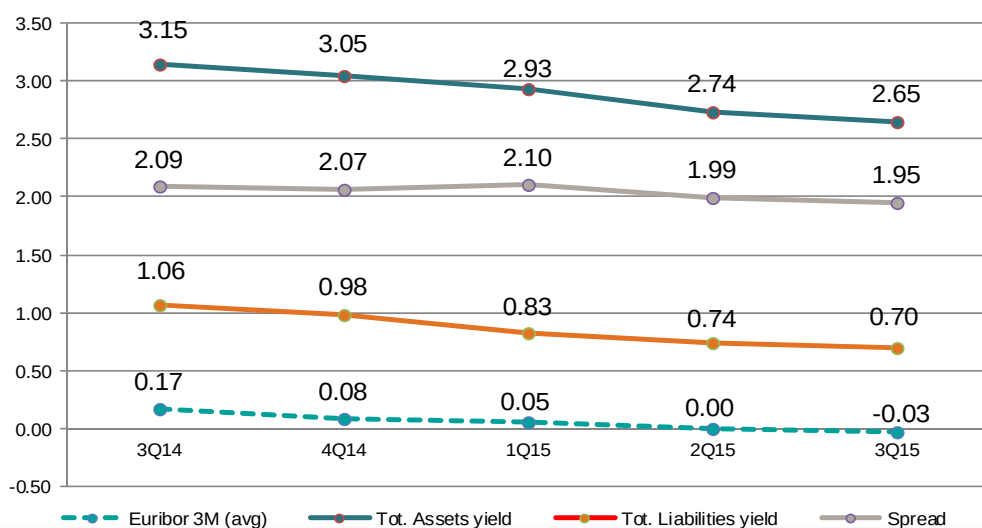
Spread evolution

Spread (%)

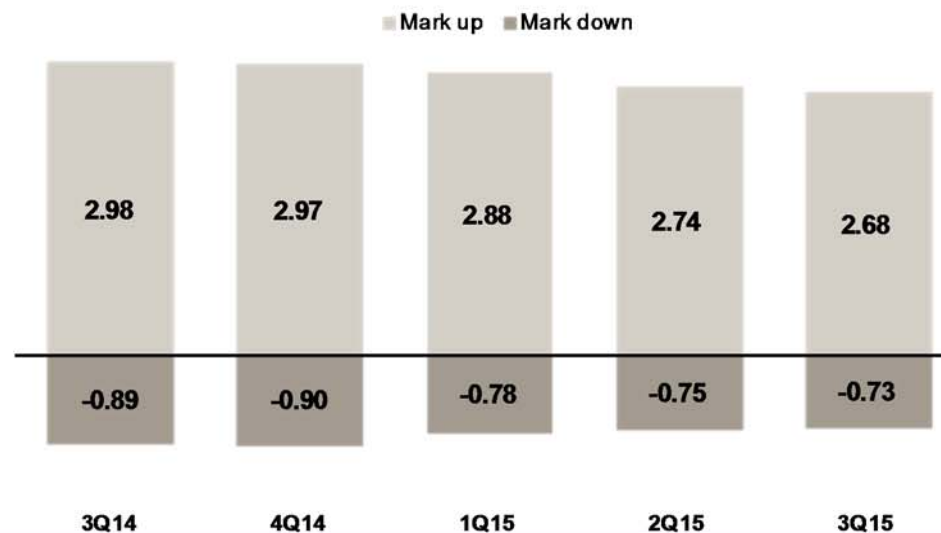


- Spread slightly down (1.95% in the 3Q15 from 1.99% in 2Q15)
- Asset yield reduction driven by commercial and financial yield decline only partially offset by the decreased cost of funding
- Mark-down broadly stable and mark-up slightly down by 6 bps vs 2Q15
- 3Q15 average 3M Euribor at -2.7 bps from c. zero bps in 2Q15 and 16.5 bps in 3Q14

Spread contribution (%)

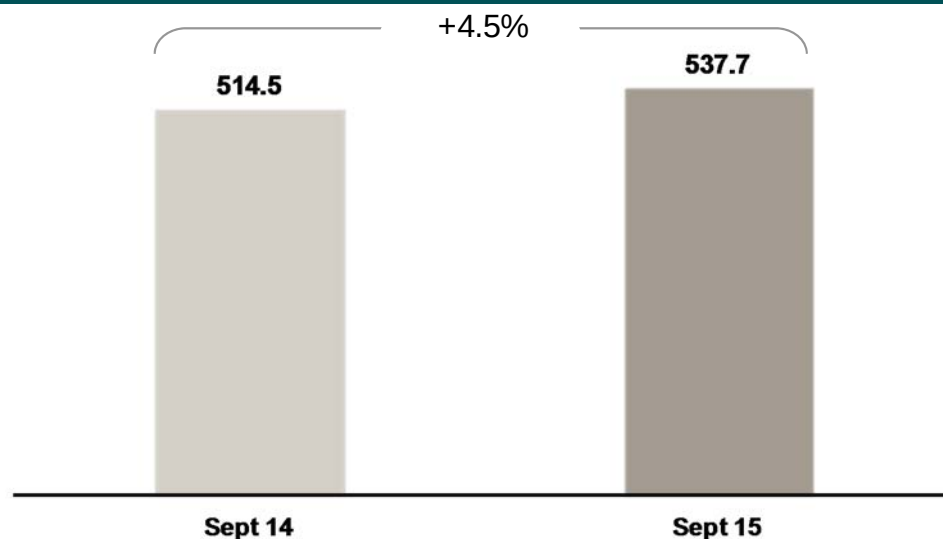


Mark up & mark down (%)



Net Commissions

Net Commissions (€/mn)

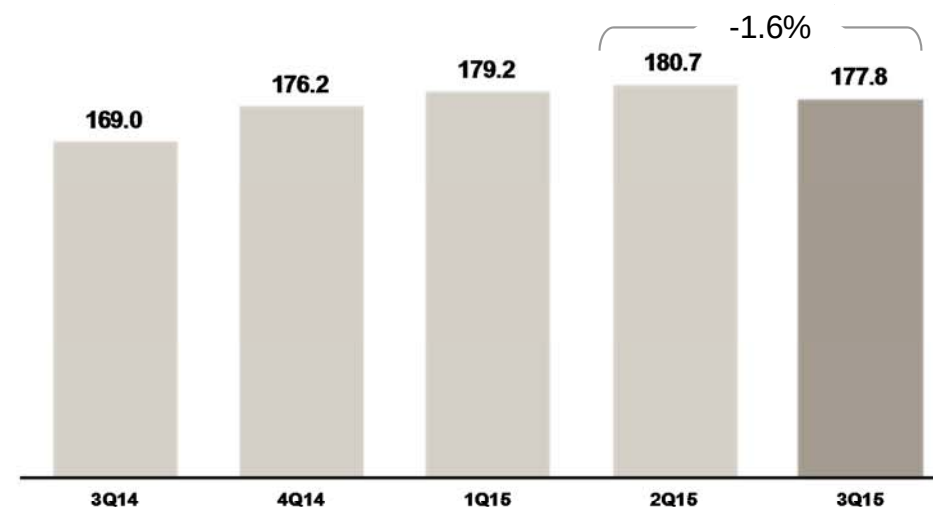


- Net commissions up by 4.5% y/y mainly driven by good performance in AuM and Bancassurance products placement (-1.6% q/q due to summer seasonality):
 - AuM and bancassurance significantly up by 37% y/y (-1.7% q/q) thanks to higher AuM volumes and a different mix of products in favour of equity, balanced and flexible; 9M15 net up-front fees account for 19.1 €/mn (3.6% of the total net commission)
 - credit cards, collections/payments down by 3.2% y/y loans and guarantees -5% y/y mainly due to loans decline and de-risking actions

Net Commissions breakdown (€/mn; %)

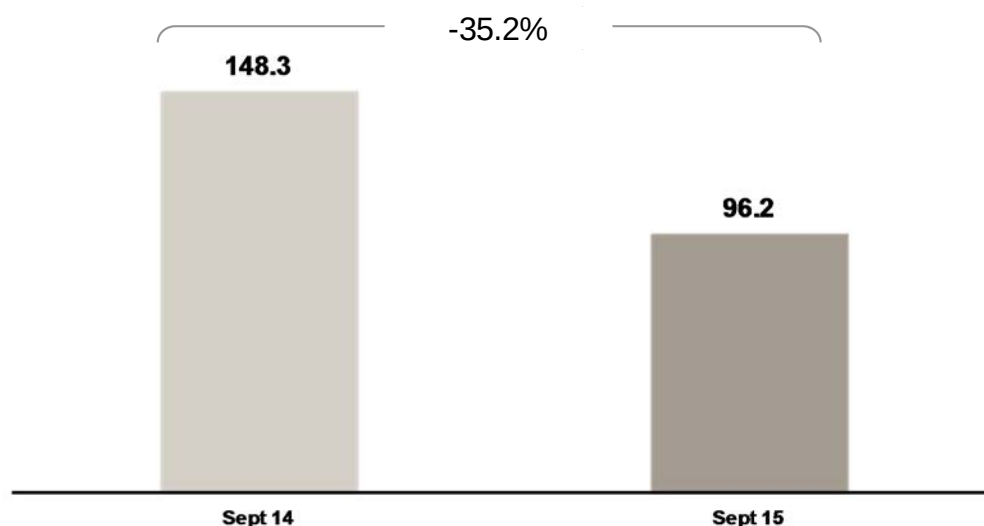
	Sept 15	(%)	Sept 14	(%)	Chg y/y (%)
Indirect deposits and bancassurance	140.3	26.1%	107.1	20.8%	+31.0%
Credit cards, collections and payments	111.8	20.8%	115.5	22.4%	-3.2%
Loans and guarantees	254.1	47.3%	267.6	52.0%	-5.0%
Other commissions	31.5	5.8%	24.4	4.8%	+29.0%
Total	537.7	100.0%	514.5	100.0%	+4.5%

Net Commissions evolution (€/mn)



Dividends and Trading income

Dividends and Trading income (€/mn)



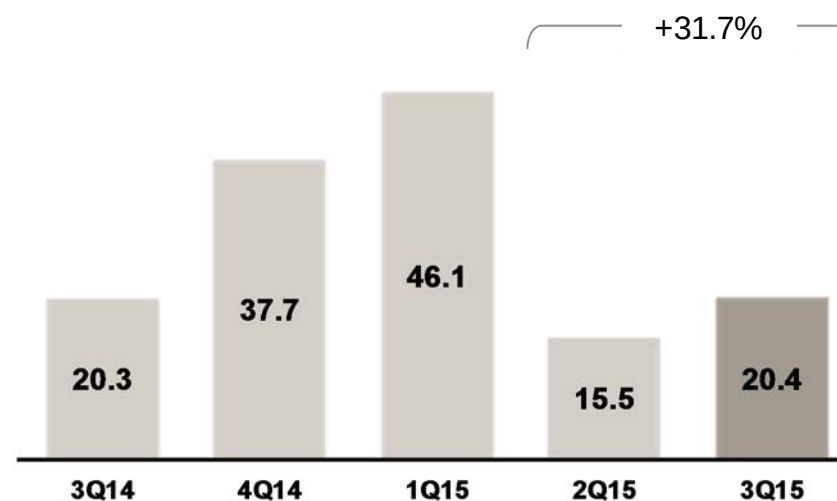
- Dividends and trading income positive contribution at 96.2 €/mn (148.3 €/mn in Sept.'14)
- 9M15 Trading income (realized gains) of 74.3 €/mn vs 129.2 €/mn in 9M14 largely due to the AFS financial assets disposal on Government bonds

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

	Sept 15	Sept 14	Chg y/y (%)
Dividends	14.3	18.3	-21.9%
Trading (net)	74.3	129.2	-42.5%
Plus	12.2	22.0	-44.6%
Minus	-11.3	-4.3	+163.3%
FVO	0.4	-16.9	-102.3%
Others	6.3	0.0	n.m.
Total	96.2	148.3	-35.2%

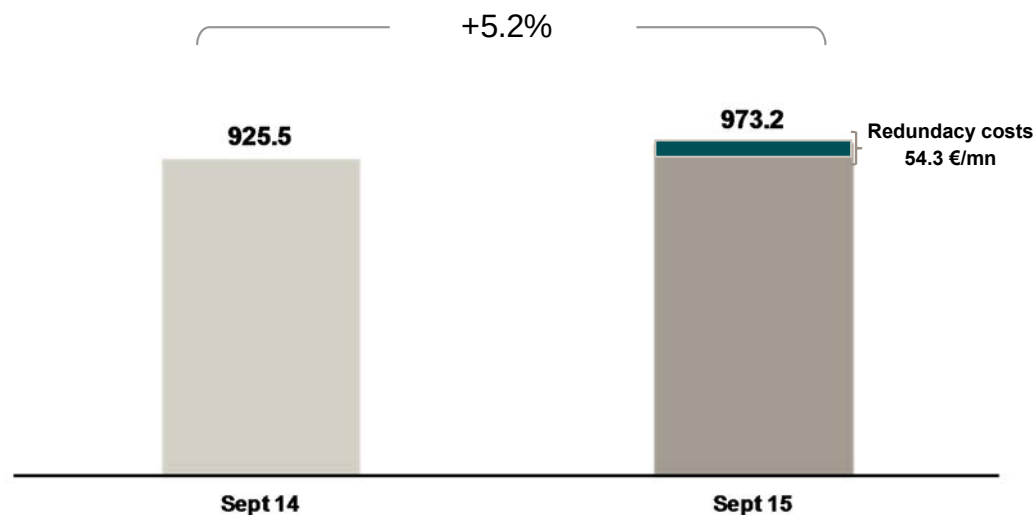
n.m.: Not meaningful

Trading gains excluding dividends (€/mn)



Operating costs

Operating Costs (€/mn)

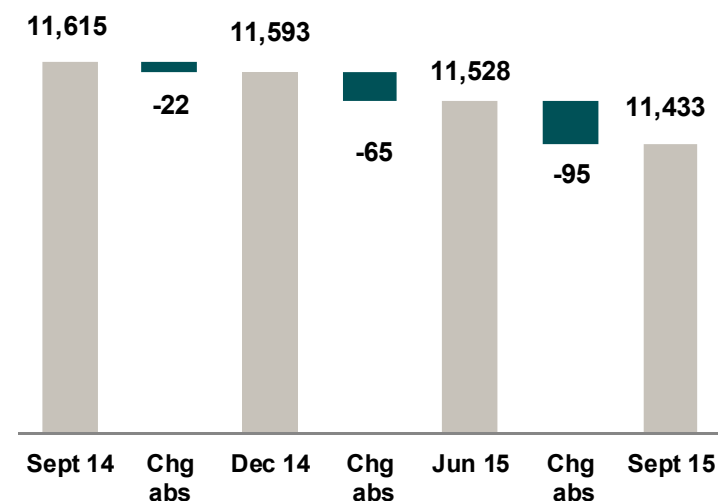


- Operating costs up by 5.2% y/y but down -0.7% net of non-recurring item for redundancy incentives and contributions to the Solidarity Fund in 9M15 (54.3 €/mn gross of taxes):
 - Staff costs up by 8.8% y/y, but down 0.6% y/y net of non-recurring item*
 - Further headcount reduction of 95 employees in 3Q15 with costs benefit expected from the 4Q on (-182 employees since Sept.'14)
 - Administrative expenses down by 1.6% y/y, including 16.6 €/mn of costs related to new Business Plan projects. Running costs down by 4.1% y/y thanks to costs containment actions
 - D&A up 3.9 y/y mainly due to investments expenses

Operating costs breakdown (€/mn; %)

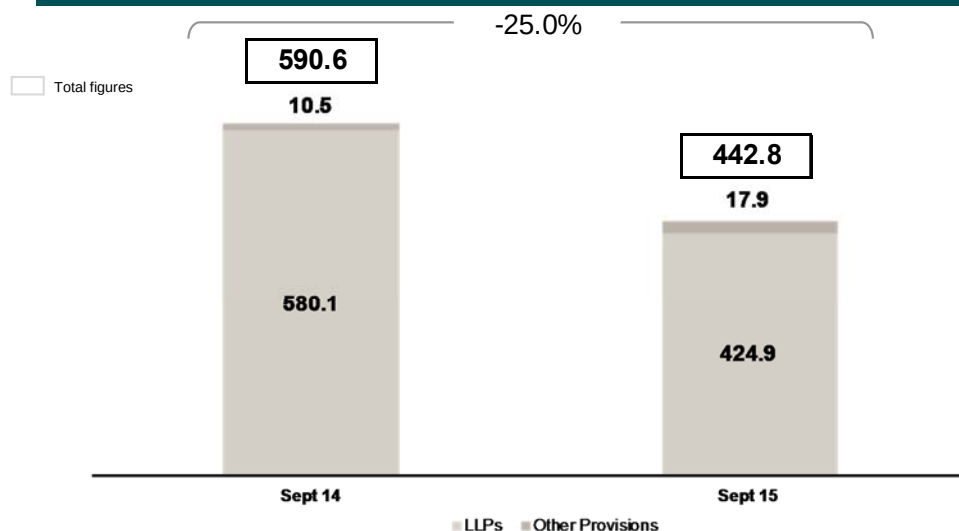
	Sept 15	Sept 15 Non-recurring items	Sept 15 Net of Non-recurring items	Sept 14	Chg y/y (%)	Chg y/y (%) Net of Non-recurring items
Staff expenses	628.6	54.3	574.3	577.9	+8.8%	-0.6%
Administrative expenses	292.7		292.7	297.6	-1.6%	-1.6%
D&A	51.9		51.9	50.0	+3.9%	+3.9%
Operating costs	973.2	54.3	918.9	925.5	+5.2%	-0.7%

Headcount



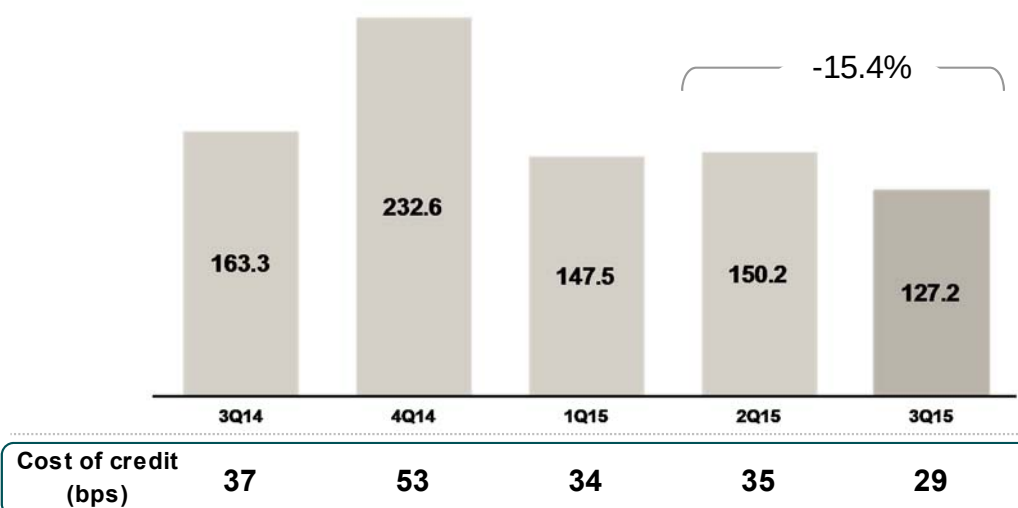
Provisions

Provisions breakdown (€/mn)

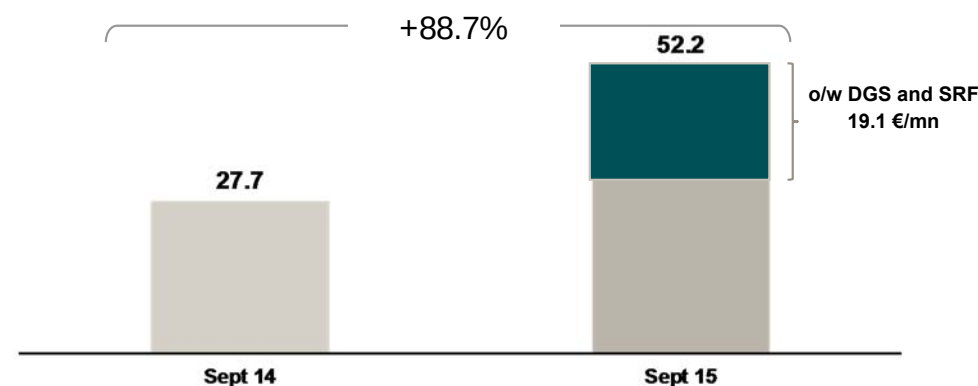


- Total provisions significantly down by 25% y/y (-147.8 €/mn y/y) and down by 14.4% q/q (-22.7 €/mn)
 - Loan Loss Provisions* down by 26.8% y/y (-15.4% q/q).
 - Other provisions of 17.9 €/mn in 9M15 (10.5 €/mn in 9M14) including an impairment of a single AFS financial asset for a total value of 9.0 €/mn relating to a single shareholding
- Cost of credit at 98 bps in 9M15 (130 bps annualized) significantly down from 130 bps in 9M14 (185 bps at the end of 2014)

Loan Loss Provisions evolution (€/mn)



Net Provisions for Risks and Charges (€/mn)



- Net provisions for Risks and Charges at 52.2 €/mn in 9M15 (27.7 €/mn in 9M14) of which 19.1 €/mn related to contributions to “Deposits Guarantee Schemes – DGS” and “Single Resolution Fund – SRF”

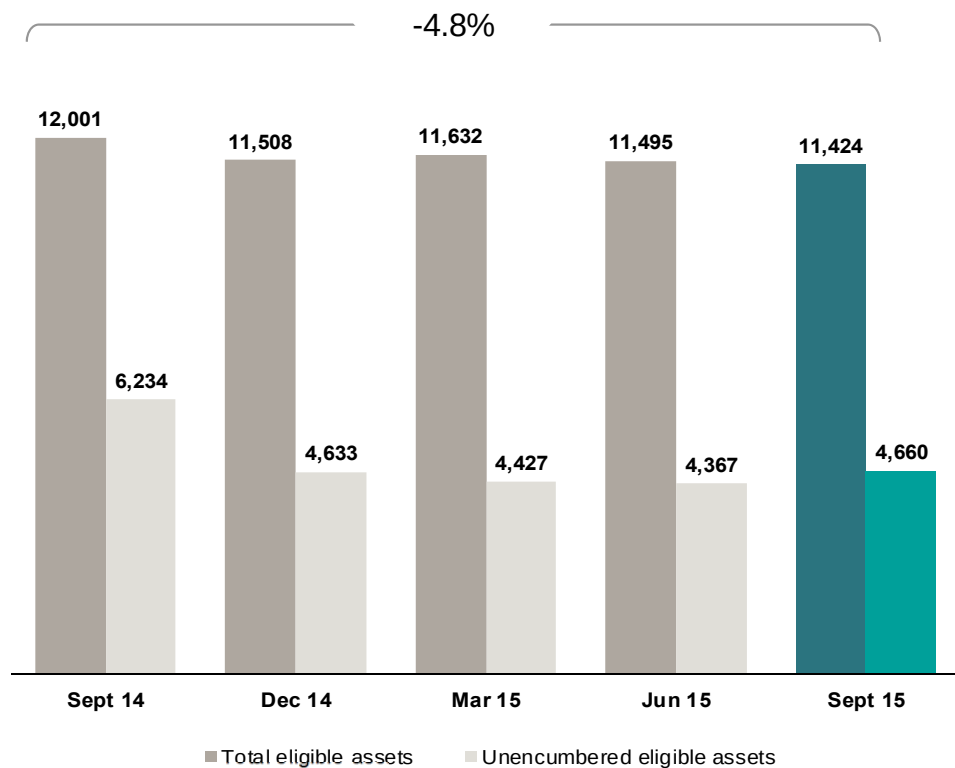
Agenda

3Q15 Results

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

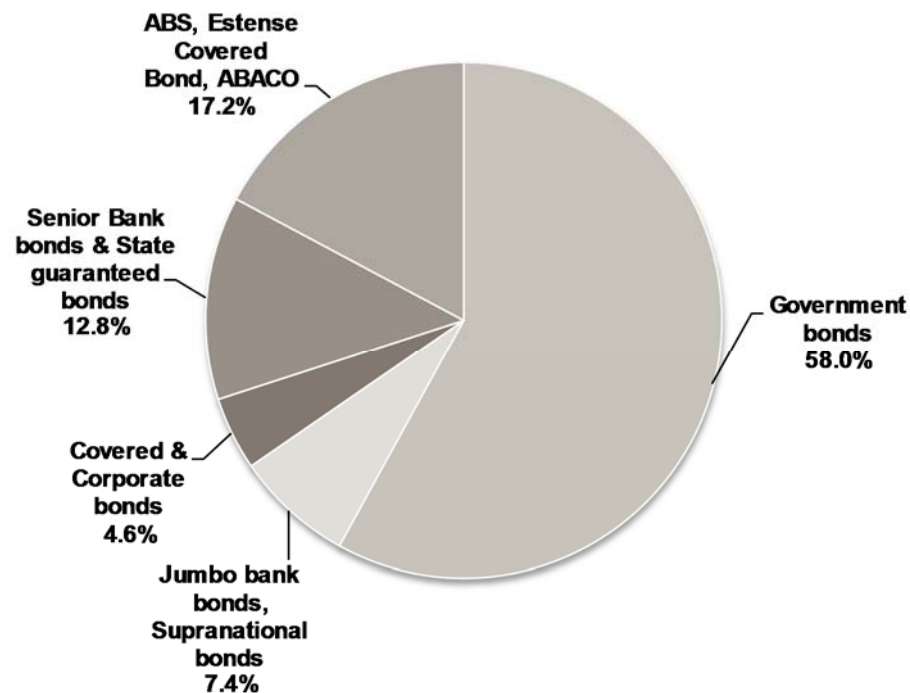
Eligible assets and counterbalancing capacity

Total eligible Assets evolution* (€/mn)



*: Net of ECB haircuts

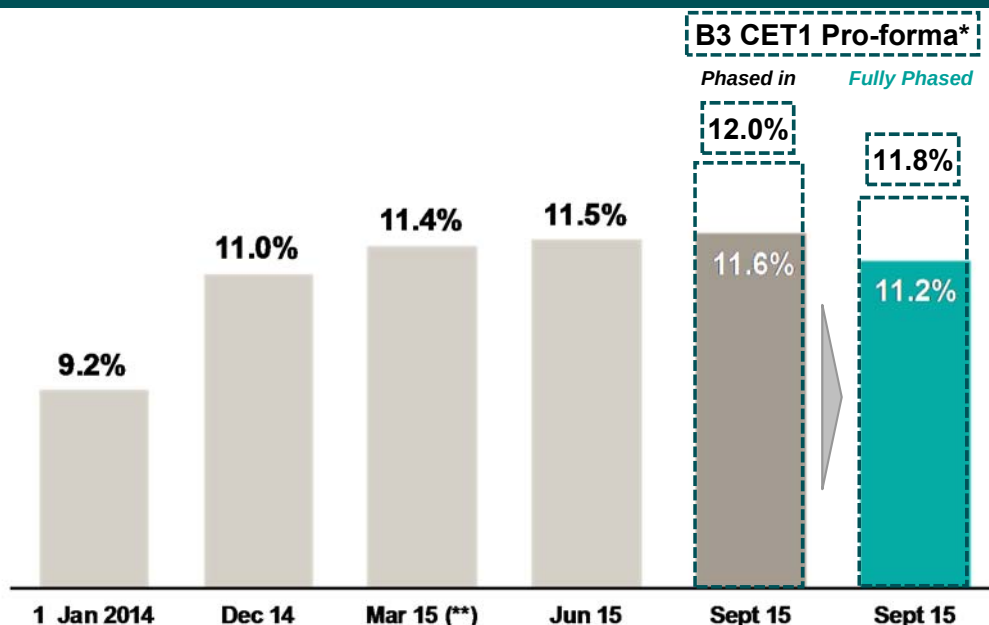
Eligible Assets Pool Composition (%)



- Counterbalancing capacity (CBC) as of Sept.'15 at 11.4 €/bn of which 4.7 €/bn unencumbered
 - In Dec.'14, CBC was at 11.5 €/bn of which 4.6 €/bn unencumbered
- ECB exposure as of Sept.'15: 3.2 €/bn of which 1.2 €/bn attributable to short-term Repos and 2 €/bn TLTRO

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

B3 Common Equity Tier 1 Phased in Ratio (%)



- Capital ratios further improvement both vs Jun.'15 and Dec.'14 excluding potential benefits from internal models ("AIRB") validation:
 - Regulatory CET1 ratio
 - Phased in* at 11.62% (11.51% in Jun.'15 and 11.26% in Dec.'14)
 - Fully Phased** at 11.19%
 - Pro-forma* CET1 ratio (including the effect of the ICBPI disposal)
 - Phased in* at 12.04%
 - Fully Phased** at 11.78% (11.50% in Jun.'15)
- Total Capital Ratio at 13.1% (+21 bps vs Jun.'15)
- Total RWA slightly down vs Jun.'15 (-116 €/mn) and Dec.'14 (-79 €/mn)
- As of 30 Sept.'15, net regulatory AFS reserves at +344.1 €/mn (+296.4 €/mn in Jun.'15) of which 173.8 €/mn related to ICBPI stake and 64.2 €/mn related to Arca Sgr stake. Net AFS reserves included in CET1 ratio at 107.2 €/mn

Regulatory capital & ratios

€/mn	B3 Phased in		
	Sept 15	Jun 15	Dec 14
Common Equity TIER 1	4,718	4,690	4,581
TIER 1	4,756	4,706	4,592
Own Funds	5,318	5,251	4,982
Total RWA	40,613	40,729	40,692
Common Equity TIER 1 Ratio	11.6%	11.5%	11.3%
TIER 1 Ratio	11.7%	11.6%	11.3%
Total Capital Ratio	13.1%	12.9%	12.2%

Capital requirements

Requirements as of Sept 15	€/mn	%
Credit risk	2,868	88.3%
Credit Valuation Adjustment (CVA)	27	0.8%
Market risk	59	1.8%
Other regulatory requirements	7	0.2%
Operating risks	288	8.9%
Total	3,249	100.0%

Final remarks

- Net profit strong improvement

- 9M15 Net profit at 125.1 €/mn (+65% y/y) net of non-recurring item¹ concerning the redundancy incentives and contributions to the Solidarity Fund (54.3 €/mn); stated net profit at 88.7 €/mn still above 9M14 profit (+17.1%)
- Net Interest Income weakness more than offset by the strong reduction of loan loss provisions confirming the gradual normalization of the cost of credit
- Net Commissions significantly up by 4.5% y/y mainly thanks to strong increase of AuM and Bancassurance fees

- Customer loans and asset quality positive developments

- Customer loans first signal of a turnaround after more than 2 years of non-stop decline (+0.1% vs Jun.'15); new loans production very positive up by 51.2% y/y
- Downward trend of NPEs new inflows from “performing loans” confirmed (-18.8% vs 9M14 and -43.8% vs 9M13)
- Cash coverage ratio of NPEs at 42.1%, the highest level since 2009 and one of the best among direct competitors

- Solid capital base, good liquidity position and leverage ratio

- CET1 ratio “Fully Phased” pro-forma² of 11.8% as of 30 Sept.'15 well above minimum regulatory requirement and excluding potential benefits from internal models (“AIRB”) validation
- Leverage ratio at 7.2%, one of the best among domestic peers; LCR and NSFR significantly higher than 100%

Agenda

3Q15 Results

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

☒ **Annexes**

Assets & Liabilities: reclassified balance sheet

Assets*

€/mn	Sept 15	Jun 15	Mar 15	Dec 14	Sept 14	Chg vs Dec '14 (%)
Customer Loans	43,450	43,426	43,865	43,920	44,581	-1.1%
Securities Portfolio	11,838	11,778	11,300	10,302	9,510	+14.9%
<i>of which AFS</i>	8,346	8,296	7,589	6,945	6,845	+20.2%
Equity Investments, Proper	1,696	1,709	1,770	1,785	1,764	-4.9%
Other current assets	2,386	2,535	2,324	2,937	2,599	-18.8%
Total Assets	59,370	59,448	59,259	58,944	58,454	+0.7%

* Total Assets shown as net of loans to banks

Liabilities & Shareholders' equity*

€/mn	Sept 15	Jun 15	Mar 15	Dec 14	Sept 14	Chg vs Dec '14 (%)
Customer Deposits	46,174	46,160	45,295	46,183	46,276	0.0%
Net Interbank Position	4,439	4,615	5,504	4,770	3,412	-6.9%
Other Funds & Liabilities	3,040	3,016	2,848	2,481	3,215	+22.6%
Shareholders' equity	5,717	5,657	5,612	5,510	5,551	+3.7%
Total Liabilities	59,370	59,448	59,259	58,944	58,454	+0.7%

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

Customer loans: portfolio composition

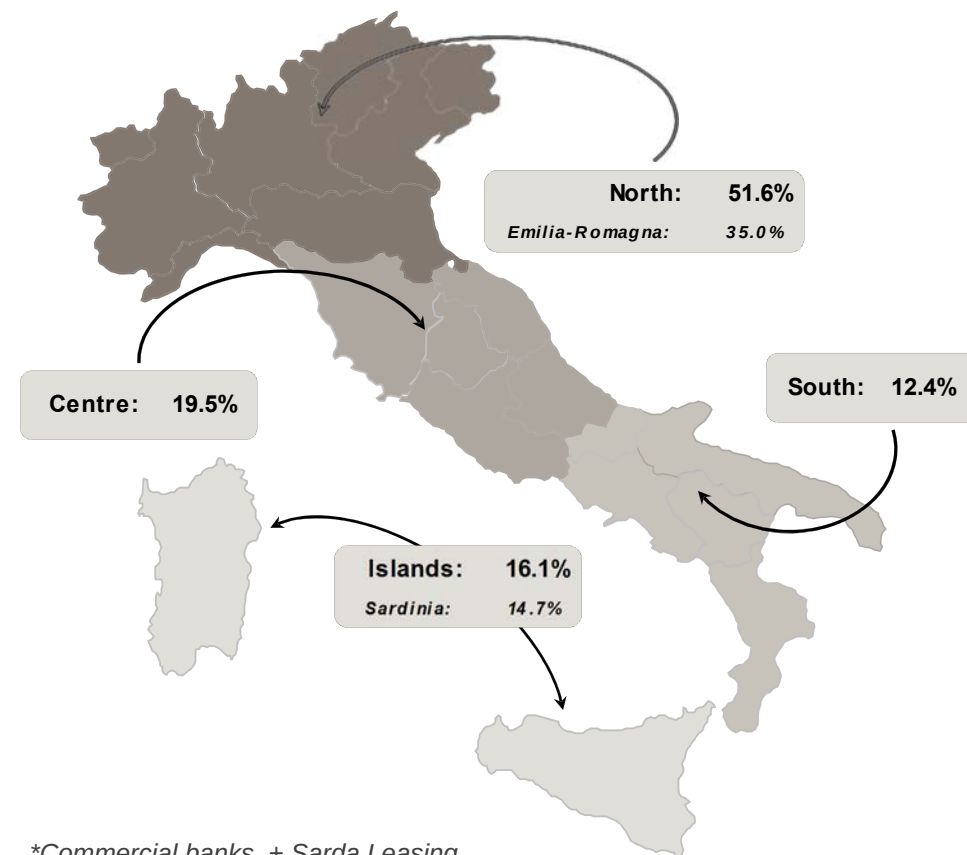
Customer loans breakdown by sectors (%)

Business sector	Sept 15	% on Total	Δ % vs Dec 14
Agriculture, forestry and fishing	1,256	2.9%	+1.4%
Manufacturing	6,887	15.8%	-0.7%
Constructions	4,619	10.6%	-5.1%
Wholesale and retail services, recoveries and repairs	4,898	11.3%	-0.1%
HORECA*	1,580	3.6%	-3.8%
Real Estate	3,277	7.5%	-3.8%
Other	5,062	11.7%	-2.0%
Total loans to resident non-financial businesses	27,579	63.5%	-2.1%
Non-resident, non-financial companies	166	0.4%	+29.0%
Total loans to non-financial businesses	27,745	63.9%	-1.9%
Households	10,819	24.9%	+2.8%
Total loans to financial businesses	4,885	11.2%	-4.2%
Total Customers Loans	43,450	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 (-5.1% since Dec.'14; -10.2% y/y) following a de-risking strategy

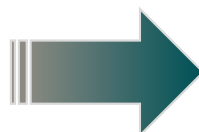
New NPL classification

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

Previous classification

Doubtful loans

- 1) Non performing loans
- 2) Watch-list
- 3) Restructured
- 4) Past due loans



New classification

Non Performing Exposures (NPEs)

- 1) Bad loans
- 2+3) Unlikely to pay loans
- 4) Paste due loans

Definitions

Bad loans: exposures to insolvent debtors (even when the insolvency has not been declared by a court), or in essentially similar situations, regardless of any expected loss calculation made by the bank.

Unlikely to pay loans: exposures, other than Bad loans, where, according to the bank, the debtor is unlikely to pay its credit obligation in full (principal and interest), without embarking on actions such as the realization of collateral.

Past due loans: exposures, other than Bad loans and Unlikely to pay, which at the reference date are more than 90 days past-due and exceed a given materiality threshold.

Asset quality breakdown

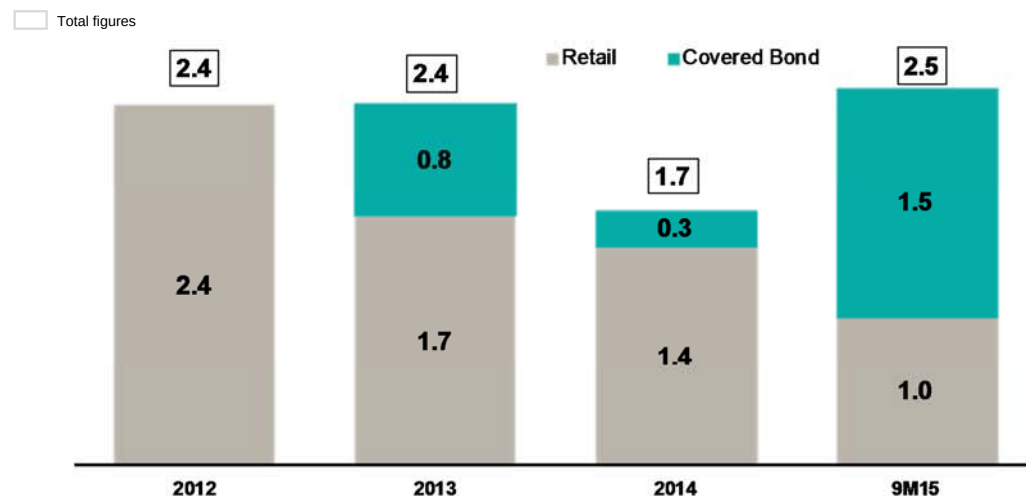
Gross exposures (€/mn)	Sept 15		Dec 14		Sept 14		Chg 30/9 - 31/12 (A-B)		Chg 30/9 - 30/9 (A-C)	
	A	%	B	%	C	%	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures (NPEs)	11,385	23.5%	10,998	22.6%	10,960	22.3%	387	+3.5%	425	+3.9%
<i>Bad loans</i>	6,870	14.2%	6,487	13.3%	6,209	12.6%	383	+5.9%	661	+10.6%
<i>Unlikely to pay loans</i>	4,165	8.6%	4,302	8.9%	4,435	9.0%	-137	-3.2%	-270	-6.1%
<i>Past due loans</i>	350	0.7%	209	0.4%	316	0.6%	141	+67.3%	34	+10.8%
Gross performing loans	37,063	76.5%	37,604	77.4%	38,160	77.7%	-541	-1.4%	-1,097	-2.9%
Total gross exposures	48,448	100.0%	48,602	100.0%	49,120	100.0%	-154	-0.3%	-672	-1.4%

Adjustments to loans (€/mn)	Sept 15		Dec 14		Sept 14		Chg 30/9 - 31/12 (A-B)		Chg 30/9 - 30/9 (A-C)	
	A	coverage (%)	B	coverage (%)	C	coverage (%)	Abs.	Chg (%)	Abs.	Chg (%)
Adjustments to NPEs	4,794	42.1%	4,471	40.7%	4,342	39.6%	323	+7.2%	452	+10.4%
<i>Bad loans</i>	3,904	56.8%	3,668	56.5%	3,501	56.4%	236	+6.4%	403	+11.5%
<i>Unlikely to pay loans</i>	863	20.7%	786	18.3%	821	18.5%	77	+9.9%	42	+5.2%
<i>Past due loans</i>	27	7.8%	17	8.1%	20	6.4%	10	+61.3%	7	+34.1%
Adjustments to performing loans	204	0.6%	211	0.6%	197	0.5%	-7	-3.3%	7	+3.7%
Total adjustments	4,998	10.3%	4,682	9.6%	4,539	9.2%	316	+6.8%	459	+10.1%

Net exposures (€/mn)	Sept 15		Dec 14		Sept 14		Chg 30/9 - 31/12 (A-B)		Chg 30/9 - 30/9 (A-C)	
	A	%	B	%	C	%	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures (NPEs)	6,591	15.2%	6,526	14.9%	6,618	14.8%	65	+1.0%	-27	-0.4%
<i>Bad loans</i>	2,966	6.8%	2,819	6.4%	2,708	6.1%	147	+5.2%	258	+9.5%
<i>Unlikely to pay loans</i>	3,302	7.6%	3,515	8.0%	3,614	8.1%	-213	-6.1%	-312	-8.6%
<i>Past due loans</i>	323	0.7%	192	0.4%	296	0.7%	131	+67.8%	27	+9.1%
Net performing loans	36,859	84.8%	37,393	85.1%	37,963	85.2%	-534	-1.4%	-1,104	-2.9%
Total net exposures	43,450	100.0%	43,919	100.0%	44,581	100.0%	-469	-1.1%	-1,131	-2.5%

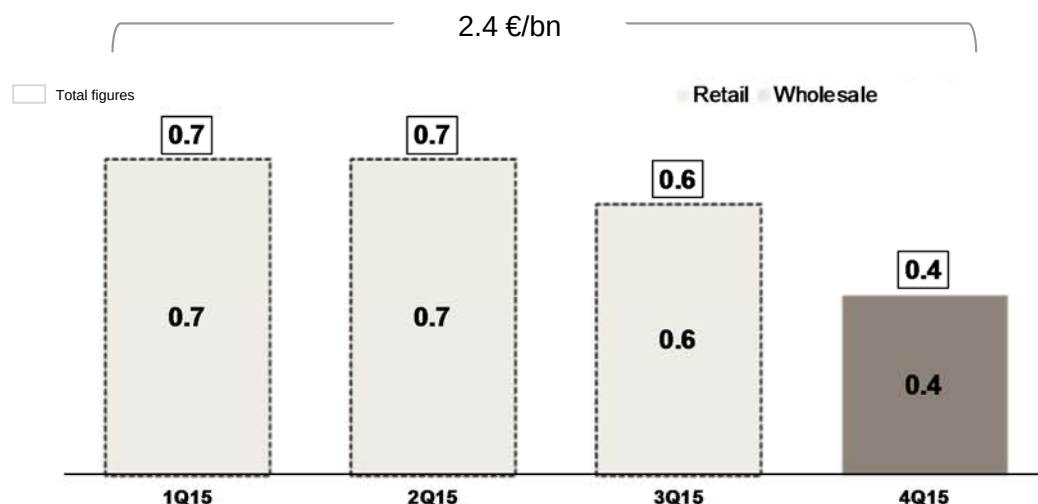
Bonds maturities and issues details

Bonds issues (€/bn)

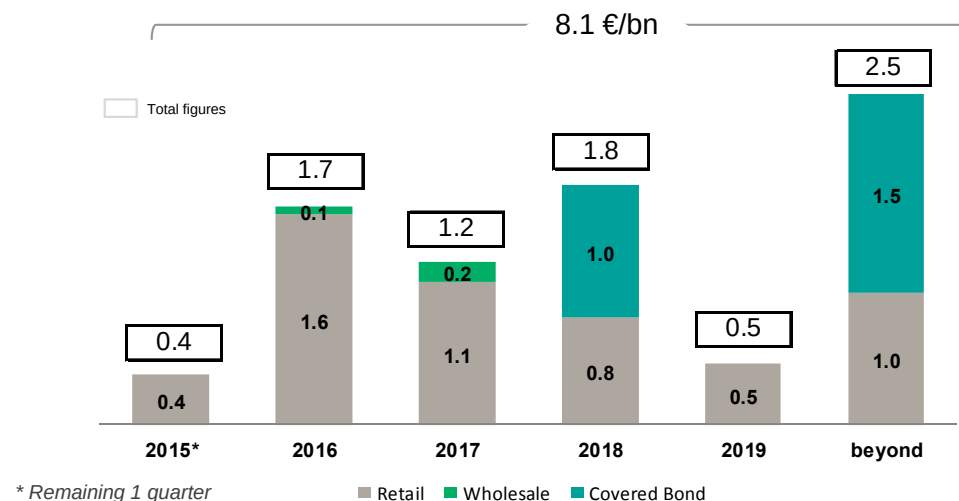


- Bonds stock decline by 1.6% y/y. Substitution of retail bonds in favour of cheaper wholesales funding (Covered bond)
- Covered bond outstanding: 2.5 €/bn including a new issues 750 €/mn in Jul.'15 expiring in 2020
- Total wholesale funding and Covered bonds account for 2.8 €/bn as of 30 Sept.'15 (6% of the total direct funding). No wholesale bond maturities by the end of 2015 and only c. 60 €/mn bond in 2016 and c. 150 €/mn bond in 2017 providing great flexibility to the Group's funding strategy

2015 Bonds maturities (€/bn)



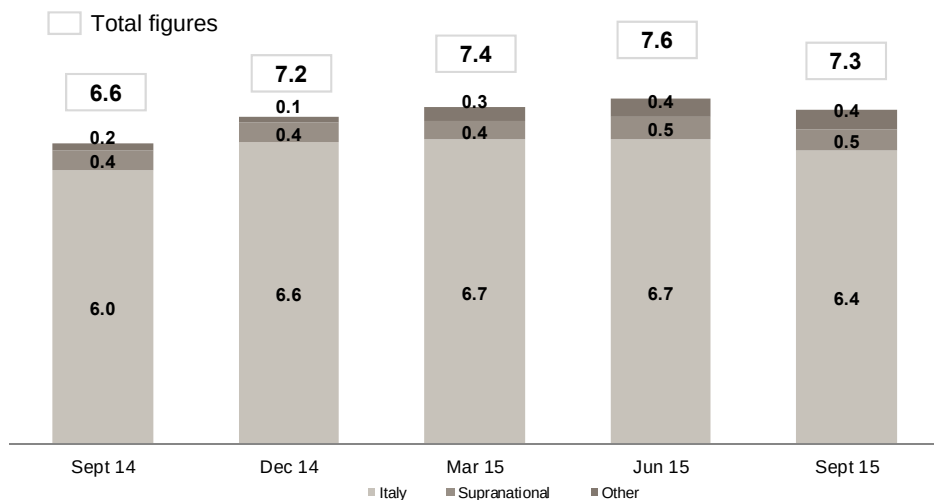
Bonds maturities breakdown (€/bn)



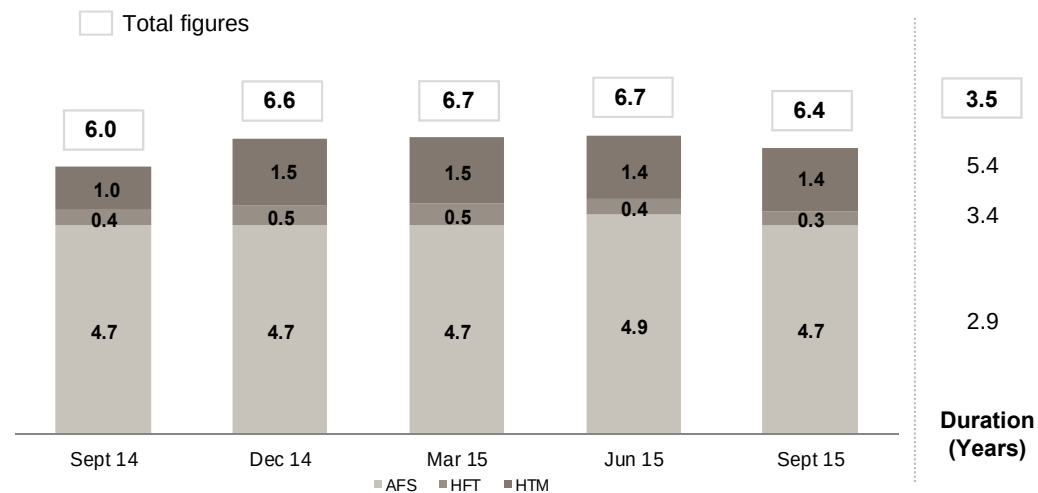
* Remaining 1 quarter

Financial Assets details

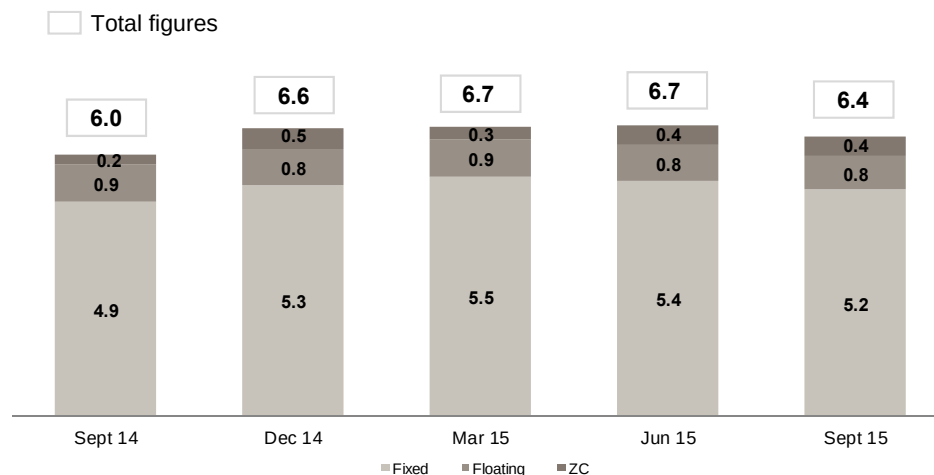
Govies & Supranational PTF by issuing country (€/bn)



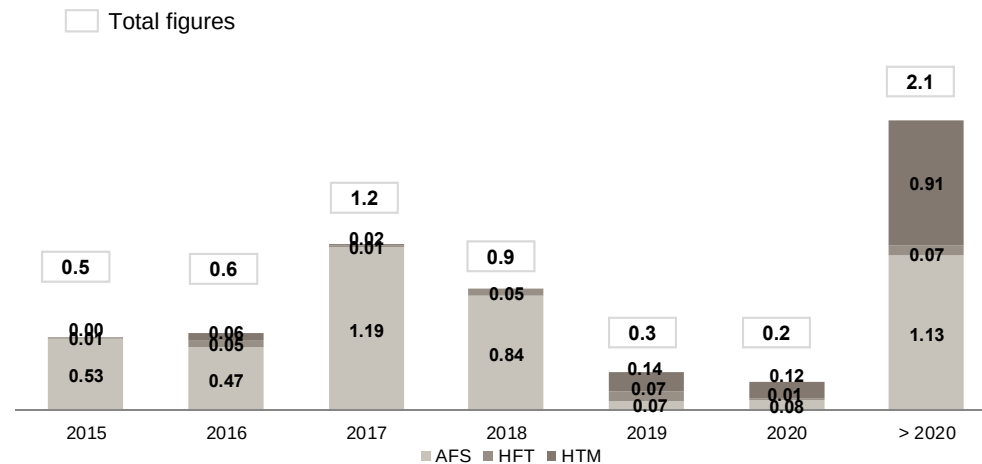
Italian Govies PTF by accounting valuation (€/bn)



Italian Govies PTF by coupon (€/bn)



Italian Govies PTF Maturities* (€/bn)



*: figures are shown as per nominal values

Performance ratios

	30.09.2015	2014
Financial ratios		
Structural ratios (%)		
net loans to customers/total assets	71.63%	72.41%
net loans and advances to customers/direct deposits from customers	94.10%	95.10%
financial assets/total assets	19.52%	16.99%
fixed assets/total assets	1.99%	2.12%
goodwill/total assets	0.63%	0.63%
direct deposits/total assets	85.56%	86.83%
deposits under management/indirect deposits	48.16%	46.12%
financial assets/tangible equity	2.27	2.06 (1)
total tangible assets/tangible equity	11.51	12.00 (2)
net interbank lending/borrowing (in thousands of Euro)	(4,439,174)	(4,770,260)
number of employees	11,433	11,593
number of national bank branches	1,244	1,273
Profitability ratios (%)		
ROE	2.24%	0.33%
ROTE	2.49%	0.37%
ROA (net profit/total assets)	0.15%	0.13%
Cost/income Ratio	61.00%	55.19% (3)
Net adjustments to loans /net loans to customers	0.98%	1.30%
Basic EPS	0.172	0.177
Diluted EPS	0.172	0.177
Risk ratios (%)		
non-performing exposures/net loans to customers	15.17%	14.86%
net bad loans/net loans to customers	6.83%	6.42%
net unlikely to pay loans/net loans to customers	7.60%	8.00%
net past due loans/net loans to customers	0.74%	0.44%
adjustments to non-performing exposures/gross non-performing exposures	42.11%	40.66%
adjustments to bad loans/gross bad loans	56.82%	56.55%
adjustments to unlikely to pay loans/gross unlikely to pay loans	20.74%	18.28%
adjustments to past due loans/gross past due loans	7.78%	8.07%
adjustments to performing exposures/gross performing exposures	0.55%	0.56%

	30.09.2015	2014
Own Funds (Phased in)		
Common Equity Tier 1 (CET1)	4,717,960	4,581,261
Own Funds	5,318,491	4,982,079
Risk-weighted assets (RWA)	40,613,442	40,691,550
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	11.62%	11.26%
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in pro-forma	12.04%	(4)
Tier 1 Ratio (T1 Ratio) - Phased in	11.71%	11.29%
Total Capital Ratio (TC Ratio) - Phased in	13.10%	12.24%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased pro-forma	11.78%	10.91% (5)
Leverage ratio - Phased in	7.5%	7.2% (6)
Leverage ratio - Fully Phased	7.2%	6.9% (7)
Liquidity Coverage Ratio (LCR)	115.6%	124.6%
Net Stable Funding Ratio (NSFR)	n.a.	115.0% (8)
Non financial ratios		
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,038.68	3,983.71
loans and advances to customers per employee	3,800.38	3,788.47
assets managed per employee	1,230.99	1,121.71
assets administered per employee	1,324.85	1,310.60
core revenues per employee	127.89	128.54 (9)
net interest and other banking income per employee	136.30	141.31
operating costs per employee	86.45	78.99

(*) The comparative figures for the income statement are as at 30 September 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 63.43% (55.90% at September 30, 2014).

(4) (5) The Fully Phased CET1 Ratio and the Phased in CET1 Ratio, both estimated according to the new Basel 3 rules that will be fully applicable from January 2019, have been calculated on a pro-forma basis, taking into account the share of profits attributable to equity earned during the third quarter of 2015 (Euro 5 million, corresponding to around 1 bps), since, having obtained the authorization of the ECB, the share of profits attributable to equity earned during the first half year of 2015 (Euro 54 million corresponding to approximately 13 bps) has been already included for regulatory purposes.

The pro-forma ratios take into account also 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 incidence is currently estimated to approximately 41 bps

(6) (7) Leverage Ratio – Phased in: the ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2015/62.

(8) The NSFR, not yet available, it is in any case estimated to exceed 100%, (114.5% as at 30 June 2015)

(9) Core revenues = net interest income + net commission income.

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