



BPER Group

Obbligazioni Bancarie Garantite *Programme*

Investor presentation

January 2015



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- ☐ **Update on 9M14 results**

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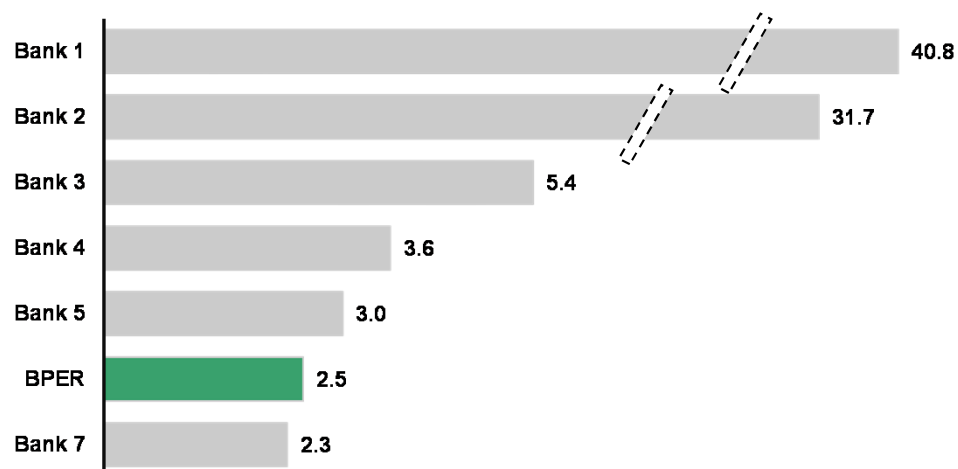


Cooperative *Status* and Shareholder Structure

BPER Cooperative *Status* and Equity Market Story

- The “cooperative” *status* of BPER, according to Italian law, implies that every shareholder has one vote in relation to the resolutions of the Shareholders' meeting regardless of the number of shares owned (“one head one vote” rule)
- Shares outstanding after rights issue in July 2014:
 - as of 28 Nov.'14: **481,308,435**
- BPER share milestones:
 - 22 Jun.'09: listing on MTA
 - 19 Sept.'11: inclusion in the FTSEMIB index (“Italian blue chips” index)
- Last 3 months average daily volume: c. **4.8 million shares**

Market Capitalisation¹ (€/bn)

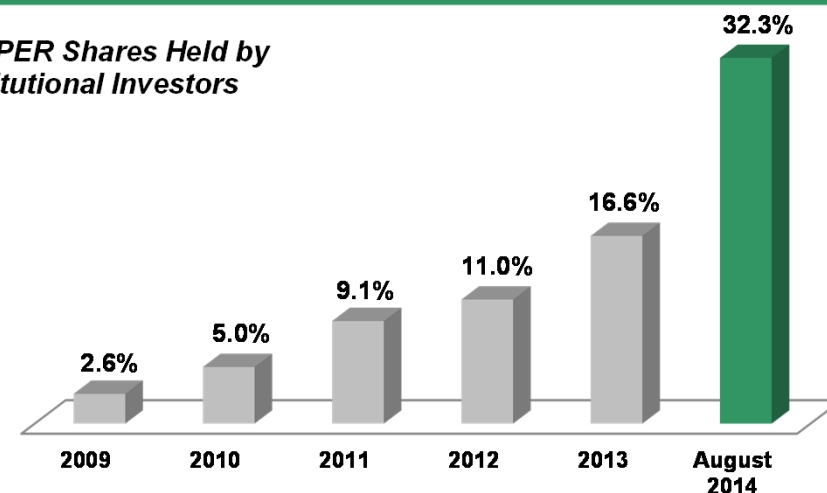


Shareholder Structure

- Registered shareholders (“Soci”) as of 30 Sept.'14: **89.331**
 - Geographical distribution:
 - North: 83.5% (of which Emilia Romagna 78.3%)
 - Centre, South & Island: 15.5%
 - Abroad: 0.2%
- Institutional investors in BPER's total capital (as of 31 Aug.'14): **32.3%**
 - Geographical distribution (main countries):
 - USA 33%, UK 26%, France 11%, Norway 7%

Institutional Investors' Growth

% BPER Shares Held by Institutional Investors



1) Includes: ISP, UCG, UBI, BP, MPS, BPM

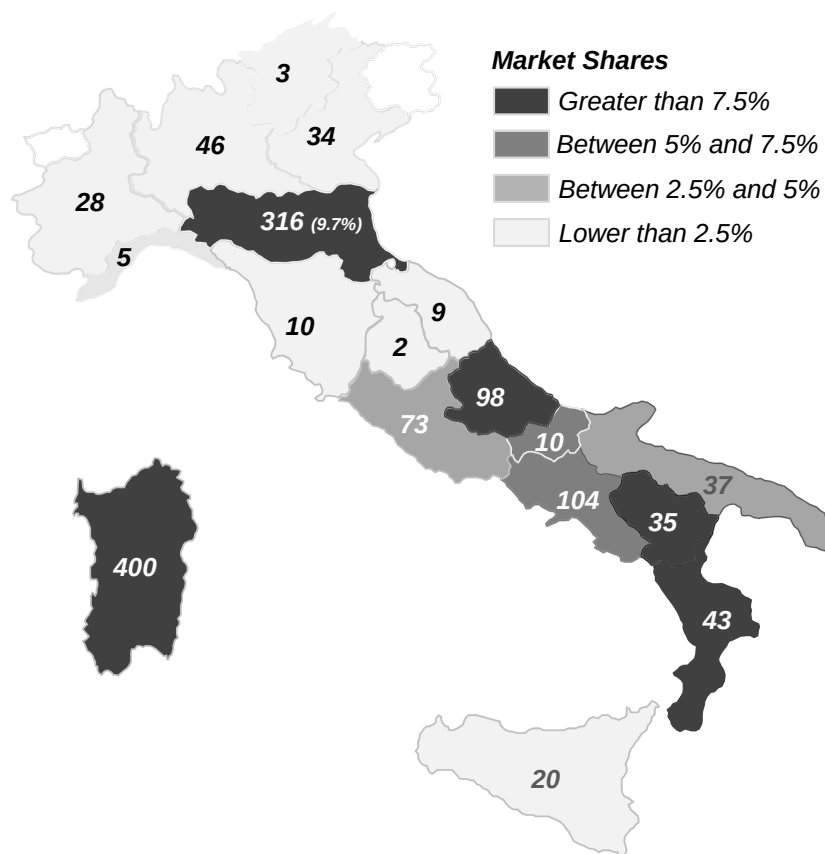


National Presence and Strong Multi-Regional Footprint

National Presence

Branches - Data as of 30.09.2014

	# Branches
North	432
Centre	192
South	229
Islands	420
Total	1,273



#6 in Italy by Branches and Total Assets¹

Data as of 30.09.2014

		Italian Branches	Total Assets
		#	Market Share ² (€/bn)
Bank 1		4,533	14.1% 634
Bank 2		4,067	12.4% 858
Bank 3	2,328		6.9% 191
Bank 4	1,951		5.9% 126
Bank 5	1,670		5.1% 121
BPER	1,273		3.9% 60
Bank 7	668		2.1% 48

1) Includes: ISP, UCG, MPS, BP, UBI and BPM; 2) As of 30.06.2014



Continued Process of Group Simplification and Rationalisation

2009

Banca popolare dell'Emilia Romagna (Parent bank)

Banca Pop. Di
Ravenna
(74.50%)

Banca Pop. di
Aprilia
(55.01%)

Banca CRV
(100%)

Banca Pop.
Lanciano e
Sulmona
(54.02%)

Carispaq
(79,92%)

Meliorbanca
(100%)

Banca Pop.
Mezzogiorno
(63.64%)

Banca della
Campania
(89.15%)

Banca di
Sassari
(93,19%)

Banco di
Sardegna
(51.00%*)

BPER
International
S.A. (100%)

**12 commercial banks +
21 products companies**

December 2014

Banca popolare dell'Emilia Romagna (Parent bank)

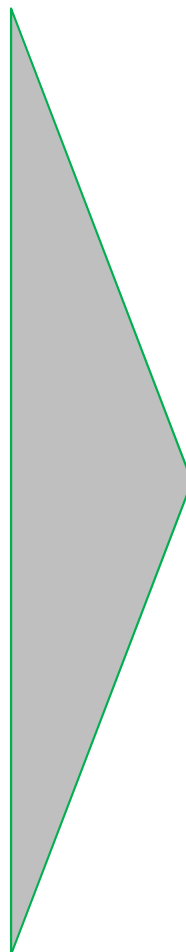
CR Bra
(67,00%)

Banco di
Sardegna
(51.00%**)

Banca di
Sassari
(97,81%)

BPER
International
S.A. (100%)

**4 commercial banks +
13 products companies**



*: 31 december 2009 - equal to 48,173% of the whole share capital made up by ordinary, preferred and saving shares (the latter without voting rights).

**.: 24 november 2014 - equal to 50,572% of the whole share capital made up by ordinary, preferred and saving shares (the latter without voting rights);



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Executive summary

The **asset quality review** and the **stress tests** performed by the ECB and EBA confirmed BPER's financial solidity showing **a capital excess of more than € 630 million** compared with the adverse stress test scenario for 2016 thanks to rights issue of 750 €/mn completed in July

No significant loan loss provisions are expected as a result of the AQR on the individual positions analysed as part of the Credit File Review, thanks to the prudent approach taken by the Bank in terms of provisioning and coverage

Solid capital base confirmed with a CET1 ratio “Fully Phased” of 10.66% as of 30 Sept.’14 in line with the best market practice and excluding potential benefits that should come from the validation of internal models (“AIRB”)

9M14 Net profit at 75.8 €/mn significantly higher than 23.2 €/mn in 9M13

Cash coverage ratio on total doubtful loans at 39.6%, the highest level since 2009

➤ **9M14 Net profit of 75.8 €/mn** significantly higher than € 23.2 €/mn in 9M13 influenced by a **positive revenue performance** and an ongoing **conservative approach to credit valuation**:

- **Total income up by 2.2% y/y** driven by a positive **performance in NII** (+1.5% y/y) and **trading income** (+32.2% y/y) while **net commissions** were only slightly down mainly due to traditional seasonality in 3Q (-1.0% y/y)
- **Cost of credit** at 130 bps in 9M14 (173 bps annualized) also influenced by provisions related to the AQR exercise on the individual positions analysed as part of the Credit File Review
- **Ordinary costs** (Staff costs, Admin. Expenses and D&A) slightly down (-0.3% y/y)





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Summary of BPER Comprehensive assessment main results released on October 26th

BPER main results of the Comprehensive Assessment

Main results of the COMPREHENSIVE ASSESSMENT (CA)		Ref. Template ECB/BankIt	BPER		
			%	Bps	€/mn
CET1 Ratio at year end 2013 including retained earnings / losses of 2013		B1	9.15%		
Impact on CET1 capital before any offsetting impact		D.F		-111	479.87
Adjustments to provisions on sampled files		D.C		-43	184.85
Adjustments to provisions due to projection of findings		D.D		-32	138.95
Adjustment to provisions due to collective provisioning review		D.E		-36	155.87
Net total impact of AQR results on CET1 ratio		B2		-78	324.18
AQR adjusted CET1 Ratio		B3	8.37%		
Aggregate adjustments due to the outcome of		B4		-4	
Adjusted CET1 Ratio after Baseline Scenario		B5	8.33%		
Aggregate adjustments due to the outcome of		B6		-316	
Adjusted CET1 Ratio after Adverse Scenario		B7	5.22%		
CET1 capital Excess/Shortfall				Bps	€/mn
Excess/Shortfall after the AQR (to threshold of 8%)		A		37	161.80
Excess/Shortfall after the ST baseline (to threshold of 8%)		B		33	149.40
Excess/Shortfall after the ST adverse (to threshold of 5.5%)		C		-28	-127.60
Min Excess/Max Shortfall (Min A,B,C)		D		-28	-127.60
Main capital strengthening measures (1) from 1 January to 30 September 2014		E		169	759.14
Excess/Shortfall, including main capital strengthening measures F = D + E		F		140	631.50
Excess/Shortfall after the AQR, including main capital strengthening measures (2) (3) G = A + E		G		212	920.90
Other capital strengthening measures		H		0	0
Final Excess/Shortfall, including all capital strengthening measures I = D + E + H		I		140	631.50

- No capital shortfall as a result of the AQR
- The CET1 ratio after the AQR is equal 8.37% (threshold 8%)
- Result of the stress test after the "join-up" in the baseline stress scenario shows a CET1 ratio well above the minimum requirement and, in the worst case for 2016, coming to 8.33%
- Only in the adverse stress scenario after the "join-up", the CET1 ratio shows a marginal shortfall of 28 bps (€ 127.6 million) in the worst case for 2016, compared with the minimum requirement of 5.5% (CET1 ratio of 5.22%).
- The asset quality review and the stress tests performed by the ECB and EBA confirm BPER's financial solidity, so no capital measure required
- Considering the effects of the 750 €/mn rights issue completed in July 2014, BPER shows a capital excess of more than 630 €/mn compared with the adverse stress test scenario for 2016

Main capital strengthening measures (E) include: Rights issue of 750 €/mn and the after-tax gain on the Bper Group's stake in the Bank of Italy of 9 €/mn; (1): value expressed in bps calculated using RWA corresponds to 2016 "adverse" scenario; (2): value expressed in bps calculated using post-AQR RWA; (3): value in bps calculated as sum of A + E where E is re-calculated using RWA post-AQR and equal to 175 bps



Comprehensive assessment main results

Benchmarking BPER Group and main domestic peers (1/2)

Comprehensive Assessment results: benchmarking BPER Group and main domestic peers

Main results of the COMPREHENSIVE ASSESSMENT (CA)	Ref. Template ECB		BPER	UBI	BP	BPM	Creval	BPSO	BP VICENZA	VENETO BANCA	Carige	Credem
CET1 Ratio at year end 2013 including retained earnings / losses of 2013	B1	%	9.15%	12.25%	10.06%	7.29%	8.79%	8.15%	9.37%	7.33%	5.17%	10.95%
Impact on CET1 capital before any offsetting impact	D.F	bps	-111	-61	-296	-57	-182	-116	-251	-227	-181	-12
Adjustments to provisions on sampled files	D.C	bps	-43	-31	-85	-39	-91	-69	-44	-110	-94	1
Adjustments to provisions due to projection of findings	D.D	bps	-32	-26	-96	-12	-74	-14	-86	-45	-41	0
Adjustment to provisions due to collective provisioning review	D.E	bps	-36	-4	-114	-6	-16	-33	-120	-72	-46	-13
Net total impact of AQR results on CET1 ratio	B.2	bps	-78	-44	-212	-40	-127	-78	-179	-163	-129	-9
AQR adjusted CET1 Ratio	B3	%	8.37%	11.82%	7.94%	6.89%	7.52%	7.37%	7.59%	5.70%	3.88%	10.86%
Aggregate adjustments due to the outcome of the baseline scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	B4	bps	-4	-94	-124	-35	-57	-13	-13	8	-154	5
Adjusted CET1 Ratio after Baseline Scenario	B5	%	8.33%	10.88%	6.70%	6.54%	6.95%	7.24%	7.46%	5.78%	2.34%	10.91%
Aggregate adjustments due to the outcome of the adverse scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	B6	bps	-316	-362	-320	-293	-401	-317	-441	-296	-624	-198
Adjusted CET1 Ratio after Adverse Scenario	B7	%	5.22%	8.20%	4.73%	3.97%	3.51%	4.20%	3.17%	2.73%	-2.36%	8.89%

Source: ECB Disclosure Template excluding major capital measures impacting Tier 1 eligible capital from 1 January to 30 September 2014

- AQR impact is one of the lowest among main domestic peers (see table above) and significantly below average (78 vs 109 bps)
- Aggregate impact due to the outcome of the Baseline scenario stress test is substantially flat (-4 bps)
- CET1 % change resulting from the “join-up” in the Baseline scenario is one of the lowest among peers and well below average (-9% vs -20%)
- Aggregate impact due to the outcome of the Adverse scenario stress test is one of the lowest among direct competitors (-316 bps)
- CET1 % change resulting from the “join-up” in the Adverse scenario is one of the lowest among main domestic peers and remarkably below average (-43% vs -59%)



Comprehensive assessment main results

Benchmarking BPER Group and main domestic peers (2/2)

Bank of Italy ranking of final capital excess/shortfall (from highest excess to lowest)

	Banks	Results disclosed by the ECB			Results including other capital strengthening measures	
		Min Excess/Max Shortfall after AQR and stress test	Main capital strengthening measures (1)	Excess/Shortfall, including main capital strengthening measures	Other capital strengthening measures	Final Excess/Shortfall, including all capital strengthening measures
1	Intesa San Paolo	8,724	1,756	10,480	417	10,897
2	Unicredit	5,580	1,235	6,815	1,932	8,747
3	UBI	1,743	18	1,761	0	1,761
4	Banco Popolare	-693	1,756	1,063	120	1,183
5	Mediobanca	205	0	205	560	765
6	Banca popolare di Milano	-684	518	-166	879	713
7	BPER	-128	759	631	0	631
8	Credito Emiliano	463	0	463	0	463
9	ICCREA	256	0	256	0	256
10	Credito Valtellinese	-377	415	38	12	50
11	Banca popolare di Vicenza	-682	459	-223	253	30
12	Banca popolare di Sondrio	-318	343	26	0	26
13	Veneto Banca	-714	738	24	0	24
14	Carige	-1,835	1,021	-814	0	-814
15	Monte dei Paschi di Siena	-4,250	2,139	-2,111	0	-2,111

Source: Bank of Italy press release (26 October 2014) – Results of the Comprehensive Assessment
(1): value expressed in bps calculated using RWA corresponds to 2016 "adverse" scenario



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Profit & Loss

9M14 Profit & Loss

(€/mn)	9M14	9M13	Chg y/y (%)	2014			2013				
				3Q14	2Q14	1Q14	FY13	4Q13	3Q13	2Q13	1Q13
Net interest income	978,5	964,2	1,5%	320,0	328,6	329,8	1.290,0	325,8	327,0	326,1	311,1
Commissions	514,5	519,5	-1,0%	169,0	174,0	171,5	698,3	178,8	172,7	175,5	171,3
Dividends	18,3	23,5	-22,2%	0,1	17,6	0,6	24,1	0,6	0,5	22,4	0,6
Trading gains	130,0	98,4	32,2%	20,3	46,4	63,3	139,1	40,8	15,5	68,2	14,7
Total Income	1.641,3	1.605,6	2,2%	509,5	566,7	565,1	2151,4	545,9	515,7	592,2	497,6
Provisions	-590,6	-623,1	-5,2%	-167,1	-208,8	-214,7	-876,5	-253,4	-155,3	-300,0	-167,8
Operating Income	1.050,7	982,5	6,9%	342,4	357,9	350,4	1.274,9	292,4	360,4	292,2	329,9
Staff costs	-577,9	-591,8	-2,3%	-180,0	-201,1	-196,8	-787,5	-195,7	-185,2	-208,2	-198,4
Other administrative costs	-391,5	-384,0	2,0%	-129,6	-135,7	-126,1	-521,8	-137,8	-127,5	-132,0	-124,6
Other costs / revenues	51,9	96,7	-46,3%	12,5	13,9	25,4	115,9	19,3	31,9	27,2	37,5
Operating costs	-917,5	-879,1	4,4%	-297,1	-322,9	-297,5	-1.193,3	-314,2	-280,7	-312,9	-285,5
Net Operating Income	133,2	103,3	28,9%	45,3	35,0	53,0	81,5	-21,8	79,7	-20,7	44,3
Other income, net	-1,5	-4,1	n.m.	2,3	-2,8	-1,0	-14,7	-10,7	4,0	-8,2	0,1
Pre-tax Profit	131,8	99,3	32,7%	47,5	32,3	52,0	66,8	-32,4	83,7	-28,9	44,4
Taxes	-55,9	-77,3	-27,6%	-14,3	-20,9	-20,8	-52,0	25,3	-41,4	-5,4	-30,5
Net profit of ass. under disp.	0,0	1,3	n.m.	0,0	0,0	0,0	1,3	0,0	0,8	-1,1	1,5
Net profit	75,8	23,2	n.m.	33,3	11,3	31,2	16,1	-7,1	43,1	-35,3	15,4
Minority Interests	-14,7	-9,0	63,3%	-8,1	-3,7	-2,9	-8,9	0,1	-7,4	-0,5	-1,0
Profit (loss) for the period pertaining to the Parent Company	61,1	14,2	n.m.	25,2	7,6	28,3	7,2	-7,0	35,7	-35,9	14,4
cost / income	55,9%	54,8%		58,3%	57,0%	52,6%	55,5%	57,6%	54,4%	52,8%	57,4%
cost / (interest margin + commiss.)	61,5%	59,3%		60,8%	64,2%	59,3%	60,0%	62,3%	56,2%	62,4%	59,2%
cost of credit (bps)	130	125		37	45	46		41	32	58	33
cost of credit on annual basis (bps)	173	167*					168				
net profit / total income	4,6%	1,4%		6,5%	2,0%	5,5%	0,7%	-1,3%	8,4%	-6,0%	3,1%
tax rate	42,5%	77,9%		30,0%	64,9%	39,9%	77,8%	78,1%	49,5%	-18,6%	68,7%

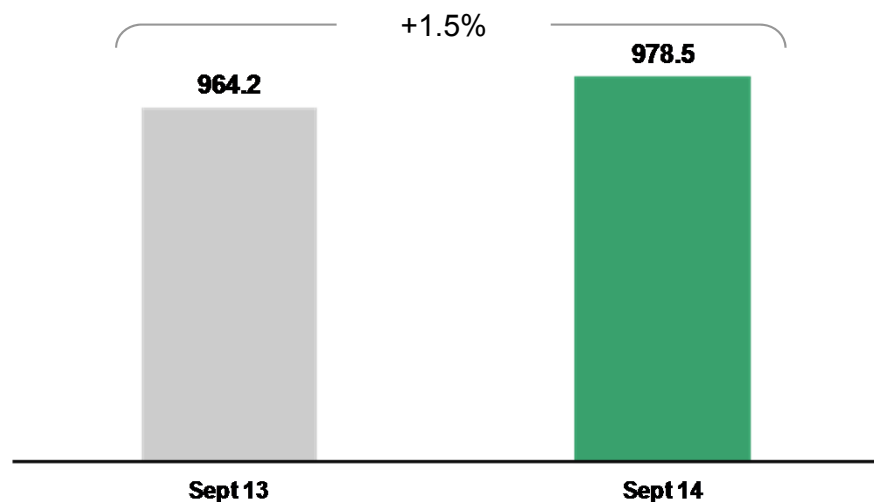
n.m.: Not meaningful; (*) Estimated annual cost of credit based on Sept '13 figures

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



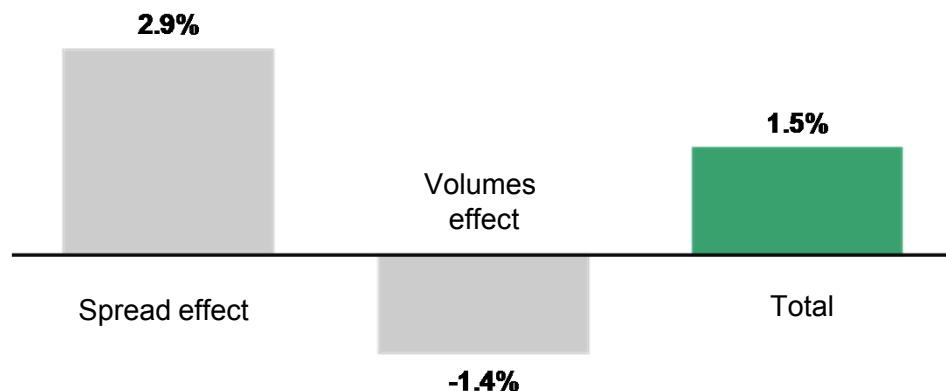
Net Interest Income

Net Interest Income (€/mn)

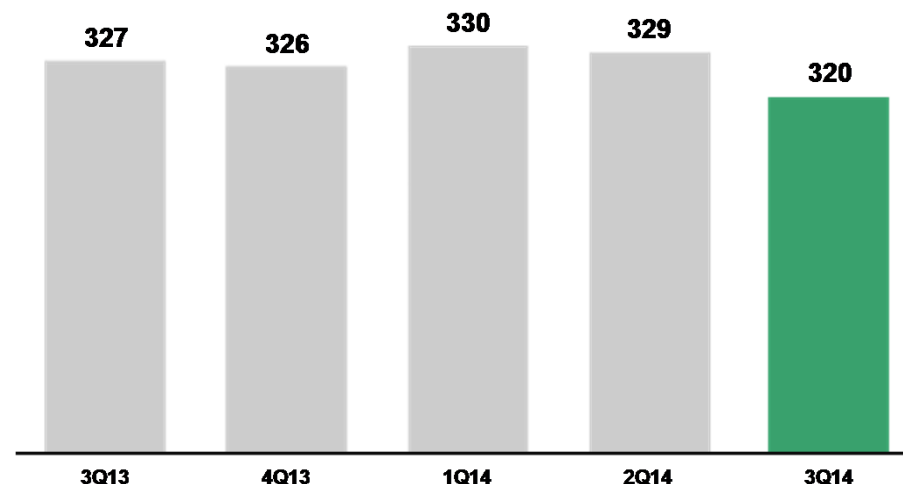


- Net Interest Income up by 1.5% y/y, mainly thanks to cost of funding reduction and in spite of higher interest expenses related to the 1 €/bn Covered bond issue
- NII down by 2.6% q/q (-9 €/mn), mainly due to:
 - negative commercial contribution related mainly to volume effect (-4 €/mn) and also to spread effect (-1 €/mn)
 - reduction of financial contribution (-4 €/mn) also due to lower financial ptf yield in 3Q14
- Significant benefits expected in the coming quarters from repricing actions on cost of funding put in place in September mainly on sight deposits, CDs and time deposits

Net Interest Income contribution breakdown (%; y/y)



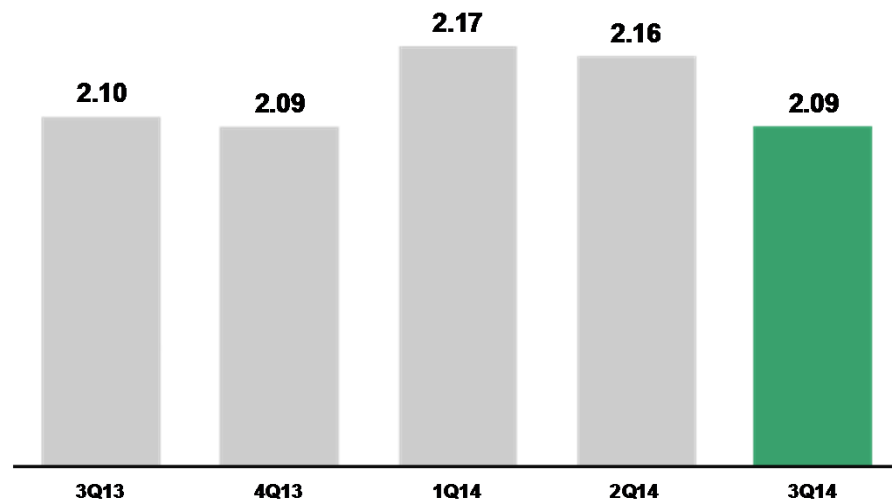
Net Interest Income evolution (€/mn)





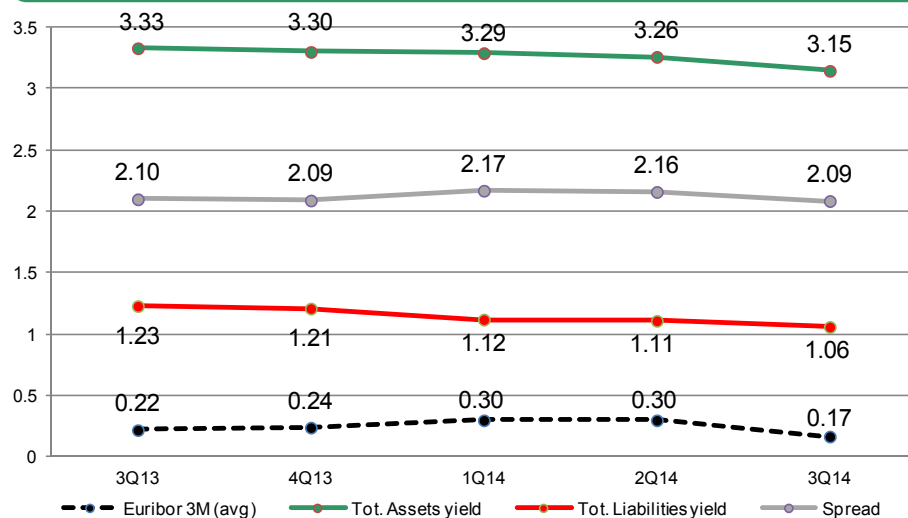
Spread evolution

Spread (%)



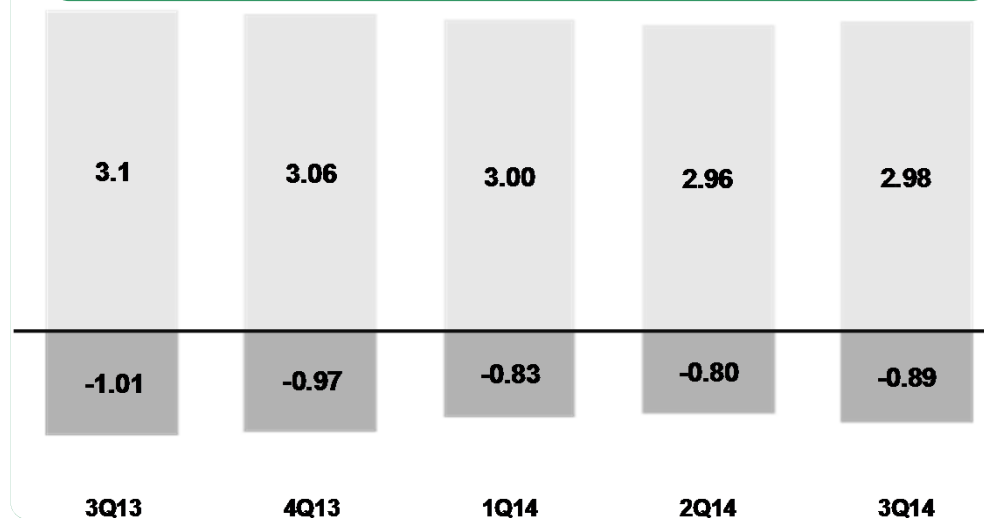
- Spread down by 7 bps in 3Q14 to 2.09% from 2.16% in 2Q14 mainly driven by decline of financial portfolio yield
- Mark-down worsened in 3Q14 due to more resilient cost of funding and Euribor decline in the quarter
- Asset yield reduction mainly affected by financial portfolio yield

Spread contribution (%)



Figures from data management system; from this quarter, figures are calculated on a Consolidated basis (historical values recalculated to be comparable)

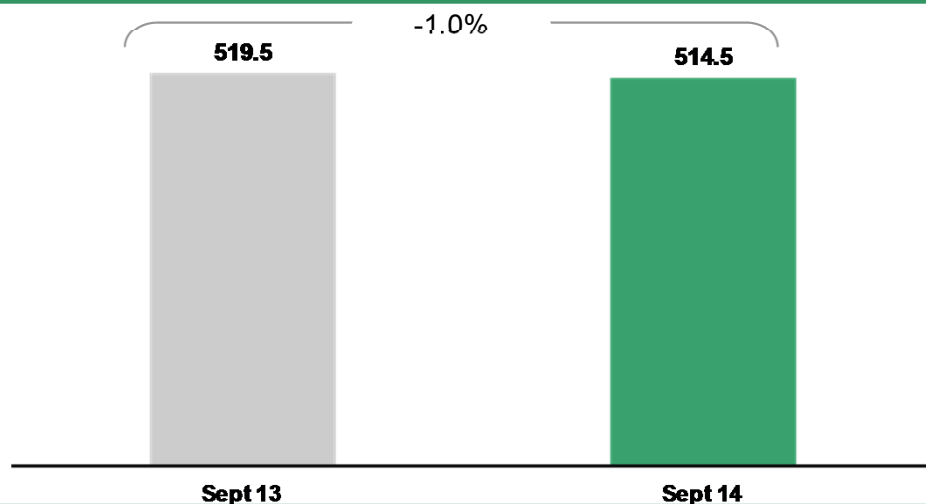
Mark up & mark down (%)





Net Commissions

Net Commissions (€/mn)

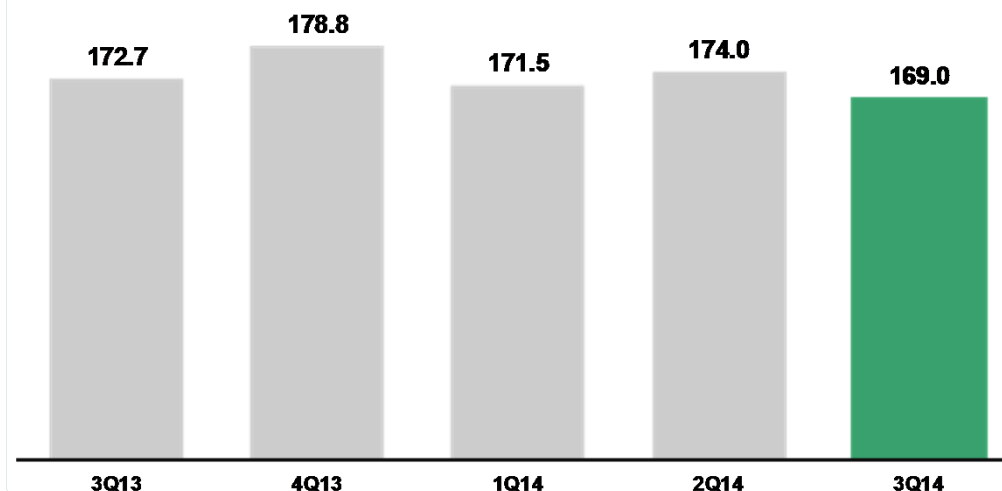


- Net commissions down by 1.0% y/y recording a positive performance of indirect deposits and bancassurance (13.4% y/y) and credit cards, collections/payments (+1.8% y/y); otherwise, loans and guarantee net commissions negatively affected by weak credit demand (-5.2% y/y)
- Net commissions down 2.9% q/q mainly due to traditional seasonality of the third quarter
- On 10 October 2014, BPER proceeded to the full redemption of the 1,25 €/bn government-backed bonds and so the guarantee granted by the State has been cancelled (commission expense saving around 13 €/mn on annual basis)

Net Commissions breakdown (€/mn; %)

	Sept 14	Sept 13	Chg y/y (%)
Indirect deposits and bancassurance	107.1	94.4	13.4%
Credit cards, collections and payments	115.5	113.4	1.8%
Loans and guarantees	267.6	282.2	-5.2%
Other commissions	24.4	29.5	-17.3%
Total	514.5	519.5	-1.0%

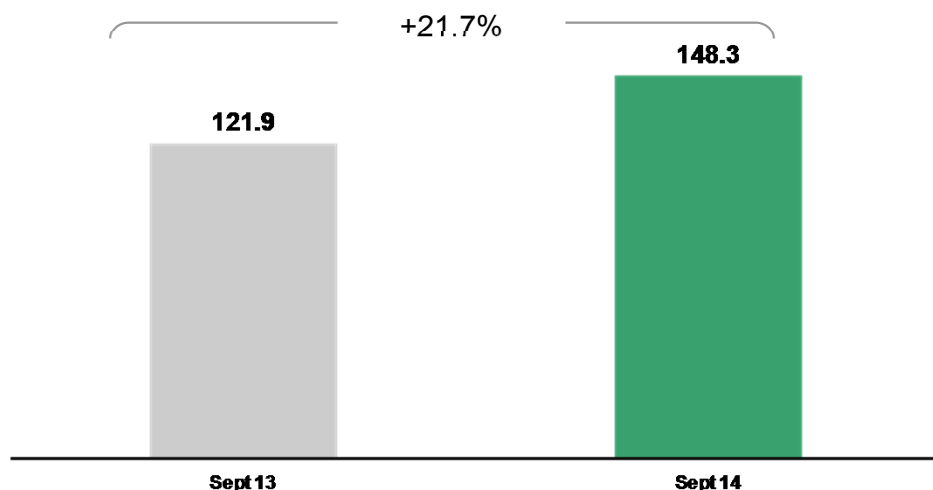
Net Commissions evolution (€/mn)





Dividends and Trading income

Dividends and Trading income (€/mn)

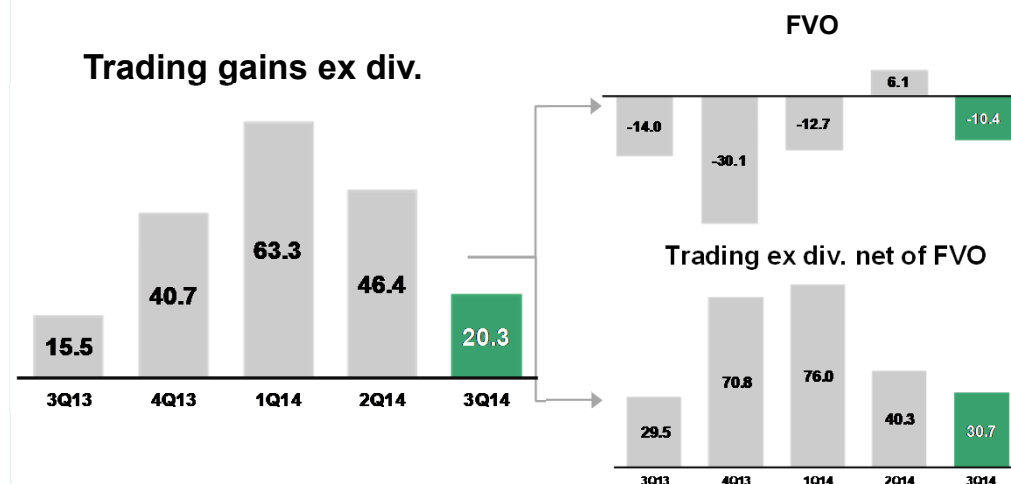


- Dividends and trading income up at 148.3 €/mn vs 121.9 €/mn in 9M13 mainly thanks to a favourable financial market:
 - Trading income (realized gains)* at 129.2 €/mn in 9M14 mainly due to AFS reserve gains
 - Net AFS reserve still at a high level in 3Q14 (+208.2 €/mn of which +111.2 €/mn on government bonds)
 - Fair Value Option on financial liabilities: -16.9 €/mn in Sept.'14 (-10.4 €/mn in 3Q14). FVO effects completely absorbed and no more impacts expected from next quarter onwards
 - Dividend from Arca Vita (19.67% owned by BPER): 10.4 €/mn out of 18.3 €/mn total dividends in 9M14

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

	Sept 14	Sept 13	Chg y/y (%)
Dividends	18.3	23.5	-22.2%
Trading (net)	129.2	116.4	11.0%
Plus	22.0	18.2	21.2%
Minus	-4.3	-7.1	-39.4%
FVO	-16.9	-54.2	-68.8%
Others	0.0	25.1	-100.1%
Total	148.3	121.9	21.7%

FVO evolution (€/mn)

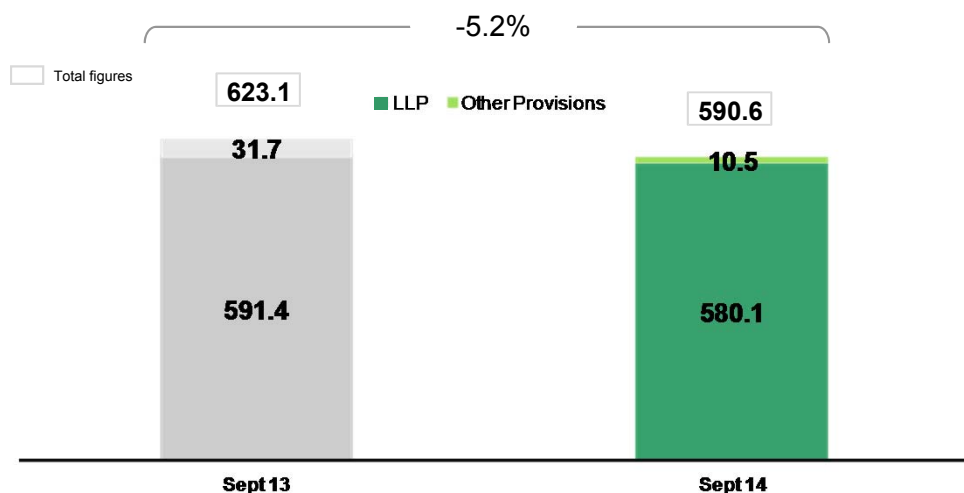


*: Trading income includes an accounting reallocation (-29.0 €/mn) from LLPs to "Losses on disposal of loans" within trading (from item 130-a to item 100-a in the P&L), already accounted in 2Q14, related to the sale of a "non-core" portfolio of residential mortgage NPLs



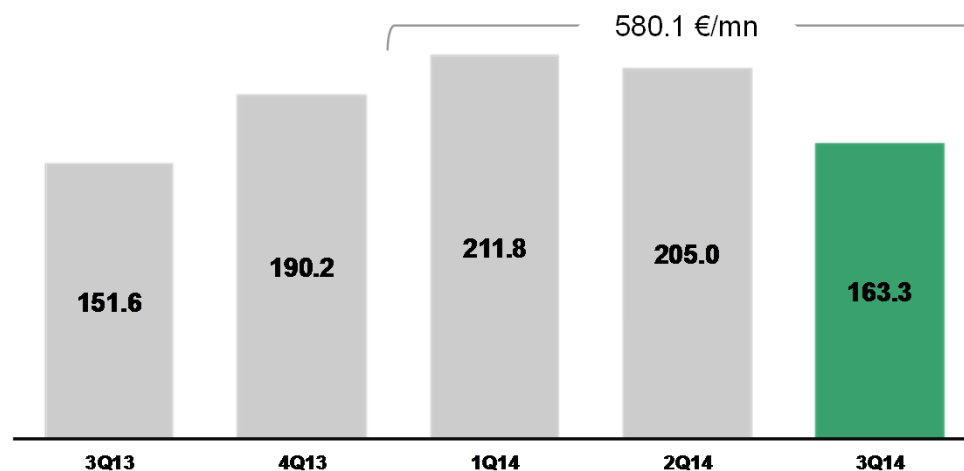
Provisions

Provisions breakdown (€/mn)

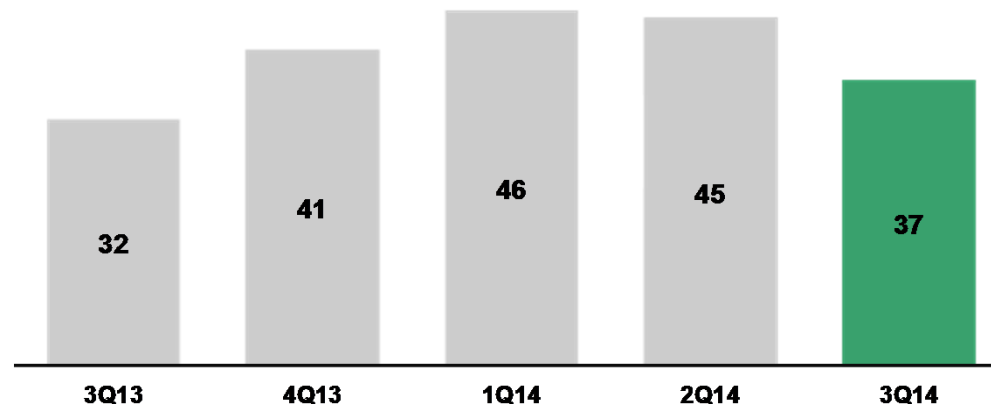


- Provisions down by 5.2% y/y (-32.5 €/mn y/y)
- Loan Loss Provisions down by 1.9% y/y in the presence of an on-going conservative and prudent approach
- Cost of credit at 130 bps in 9M14 (173 bps annualized) also influenced by provisions related to the AQR exercise on the individual positions analysed as part of the Credit File Review
- Based on information currently available, no significant loan loss provisions are expected as a result of the AQR on the individual positions analysed as part of the Credit File Review

Loan Loss Provisions evolution (€/mn)



Cost of credit evolution (bps)

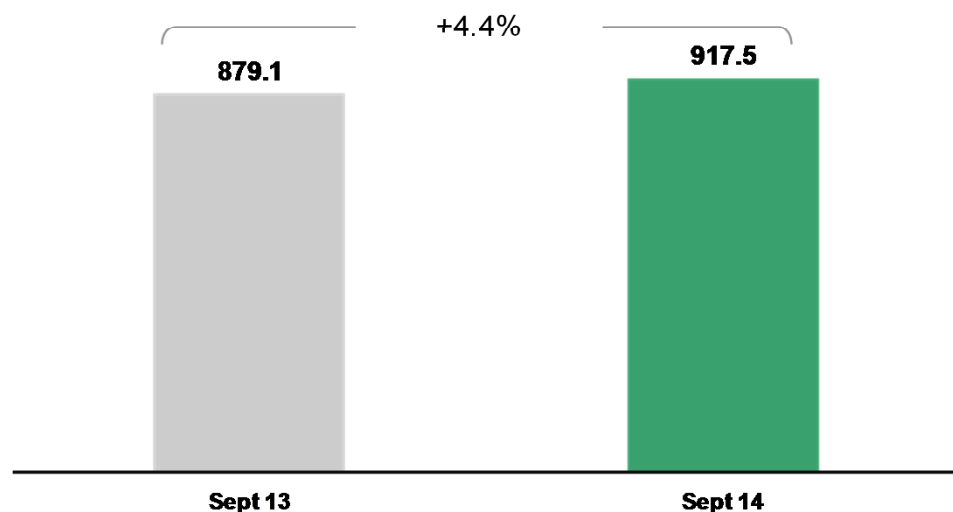


Note: figures in this page may not add exactly due to rounding differences



Operating costs

Operating Costs (€/mn)



- Operating costs up by 4.4% y/y, mainly due to the reduction of "Other Revenues/Costs" item (-33.4 €/mn; -20.5% y/y) negatively impacted by both CIV¹ decrease (-13.7 €/mn y/y) and by "Taxation" items (+8.5 €/mn y/y)
- Ordinary costs (Staff costs, Admin. Expenses and Depreciation) slightly down (-0.3% y/y)
- Staff costs significantly down by -2.3% y/y and by -0.9% net of "Staff Redundancy plan"
- Administrative expenses up by 2.0% y/y, but slightly down by -0.4% excluding the "Taxation" item (108.0 €/mn in 9M14; 99.5 €/mn 9M13) accounted among Administrative costs and most of which recovered among "Other Revenues/Costs"

Operating costs breakdown (€/mn; %)

	Sept 14	Sept 13	Chg y/y (%)
Staff expenses	577.9	591.8	-2.3%
Administrative expenses	391.5	384.0	2.0%
D&A	50.0	46.2	8.1%
Ordinary Costs	1,019.3	1,022.0	-0.25%
Net provisions for Risks & Charges	27.7	20.1	37.8%
Other Revenues/Costs	-129.5	-163.0	-20.5%
Total	917.5	879.1	4.4%

Ordinary costs breakdown (€/mn; %)

	Sept 14	Sept 13	Chg y/y (%)
Staff expenses (net of redundancy plan*)	577.3	582.8	-0.9%
Administrative expenses (net of taxation**)	283.5	284.5	-0.4%
D&A	50.0	46.2	8.1%
Sub-Total (net of Redundancy plan and taxation)	910.8	913.5	-0.29%
<i>Note:</i>			
* redundancy plan	0.6	9.0	-93.8%
** taxation	108.0	99.5	8.6%

(1): "Commissione di Istruttoria Veloce" ("CIV"): introduced by the "Save Italy" decree from the fourth quarter of 2012 which led to a different accounting allocation from net commissions income to "Other Revenues/Costs" (44.3 €/mn in 9M14 vs 58.0 €/mn in 9M13)

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





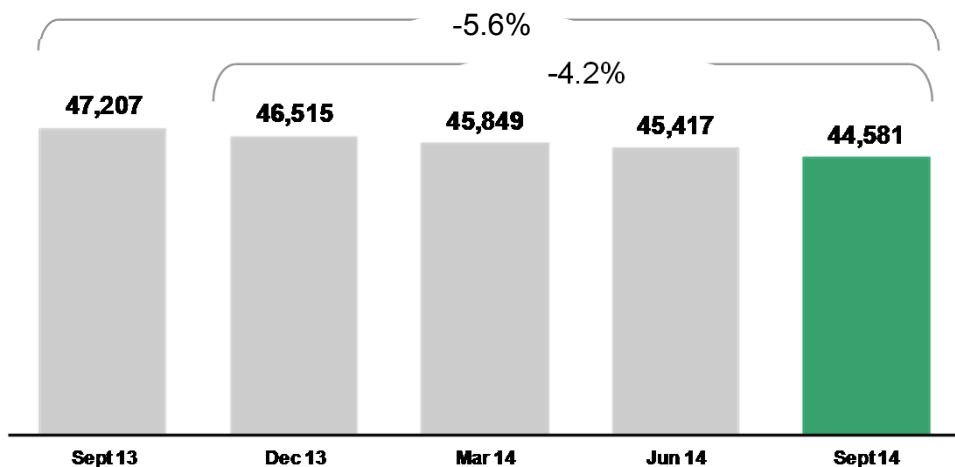
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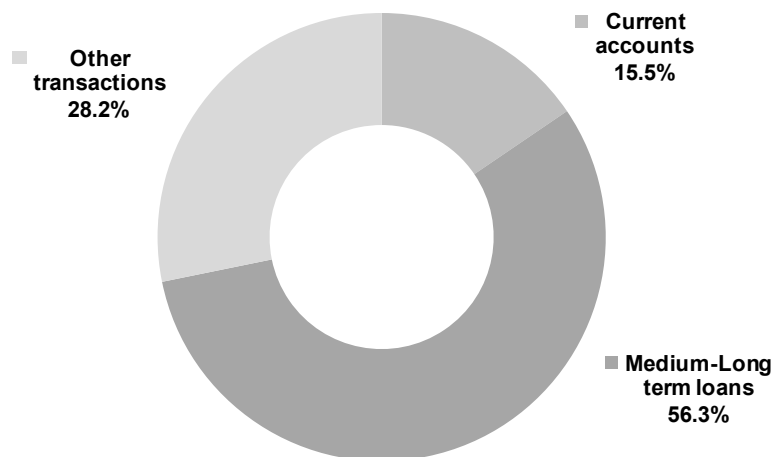
Customer loans

Customer loans (€/mn)

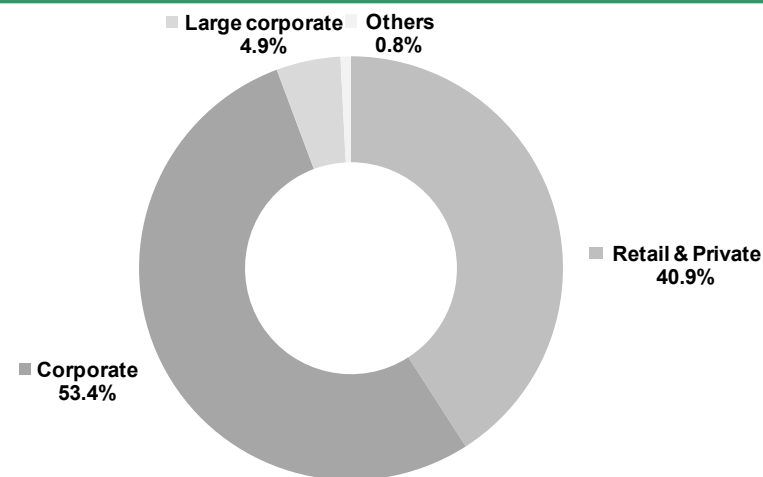


- Net customer loans down by 4.2% since Dec.'13 (-5.6% y/y) as a consequence of the prolonged economic recession in Italy and the weak demand for investments
- Loans decrease in 3Q14 (-1.8% q/q) mainly due to credit sector de-risking strategy (ie. real estate and construction) and gradual refocusing on better quality rating exposure
- Retail mortgages new business up by 17% y/y confirming an uptrend which started at the beginning of 2014
- Corporate and retail loans account for 94.3% of the total loan book, confirming BPER Group's focus on commercial business

Customer loans breakdown (%)



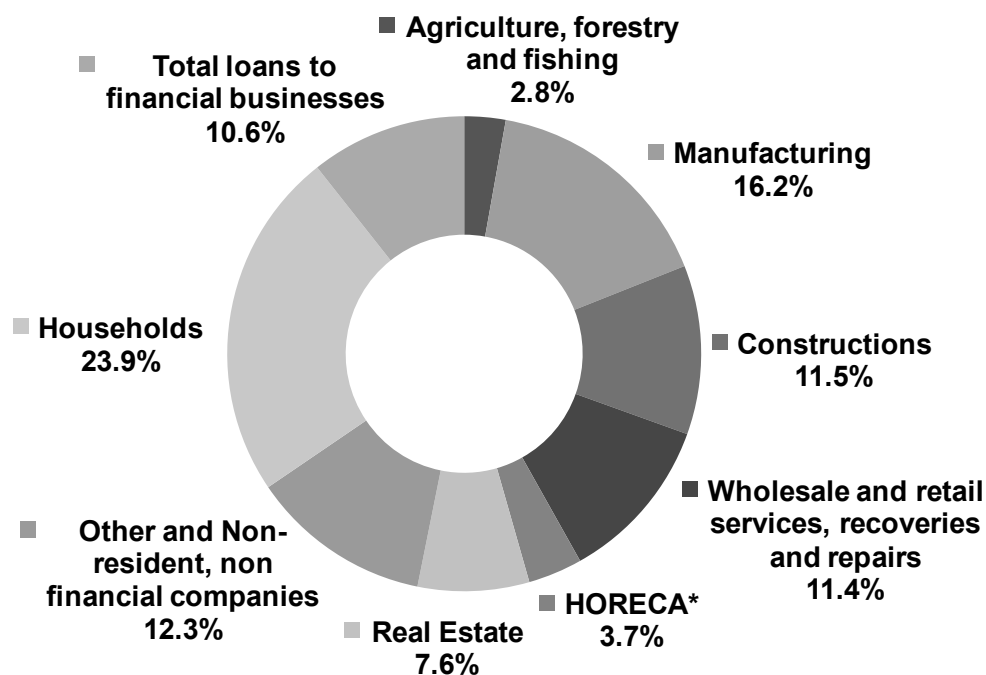
Customer loans breakdown by segment (%)





Customer loans: portfolio composition

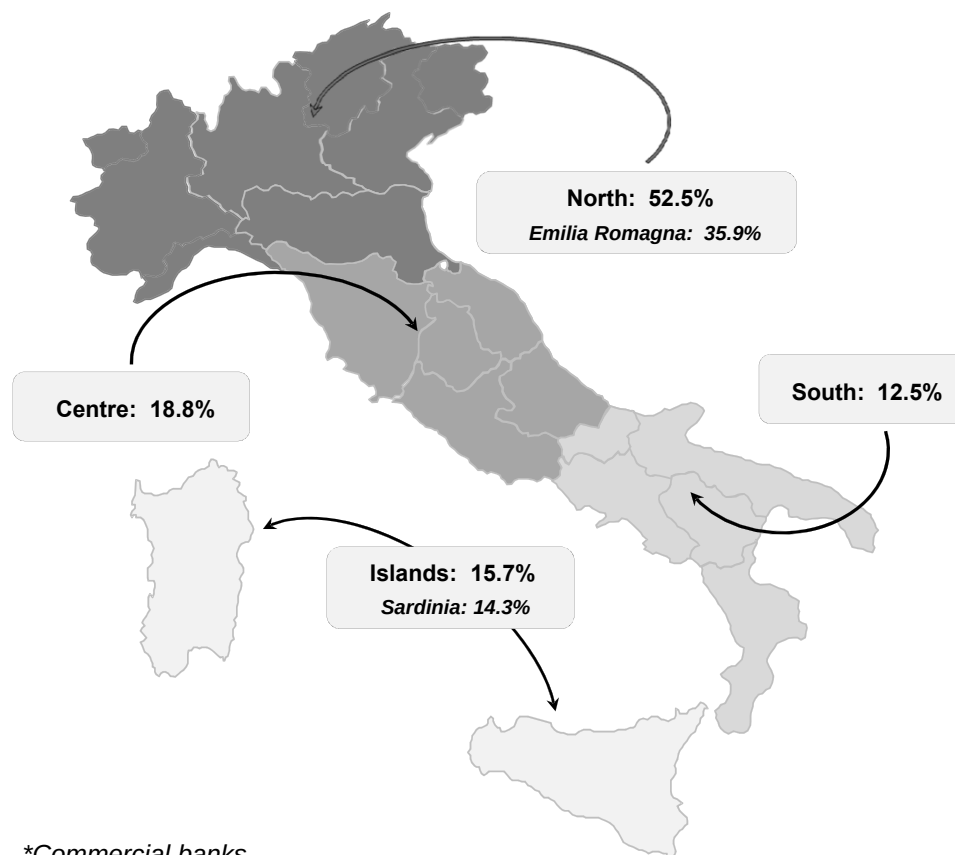
Customer loans breakdown by sectors (%)



Figures as per ATECO business sector definitions (ISTAT)

*: Hotel, Restaurant & Cafè (HORECA)

Customer loans breakdown by geographical distribution* (%)



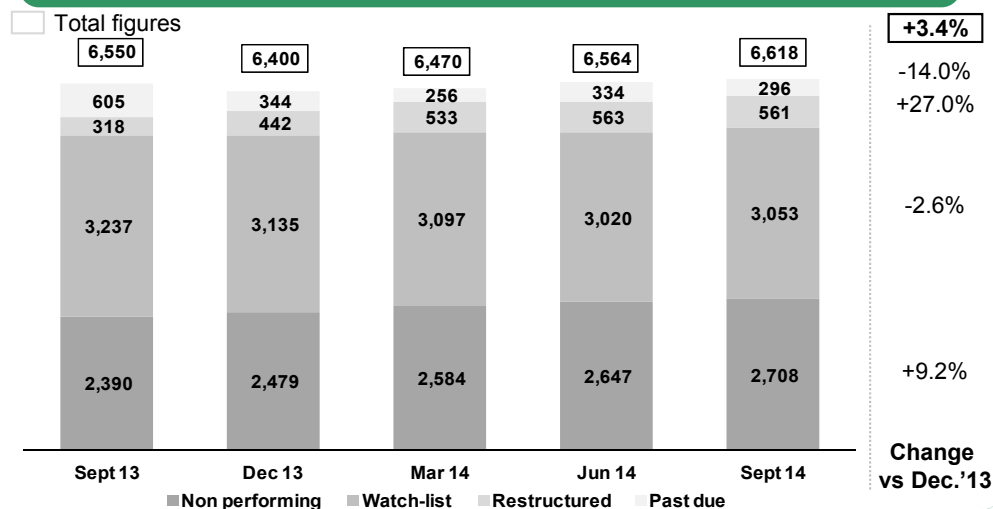
*Commercial banks

- Well diversified loan portfolio
- Construction sector further downsizing (-8.7% vs Dec.'13; -13% y/y)
- Wholesale & retail services reduction (-5.7% vs Dec.'13; -7.1% y/y)



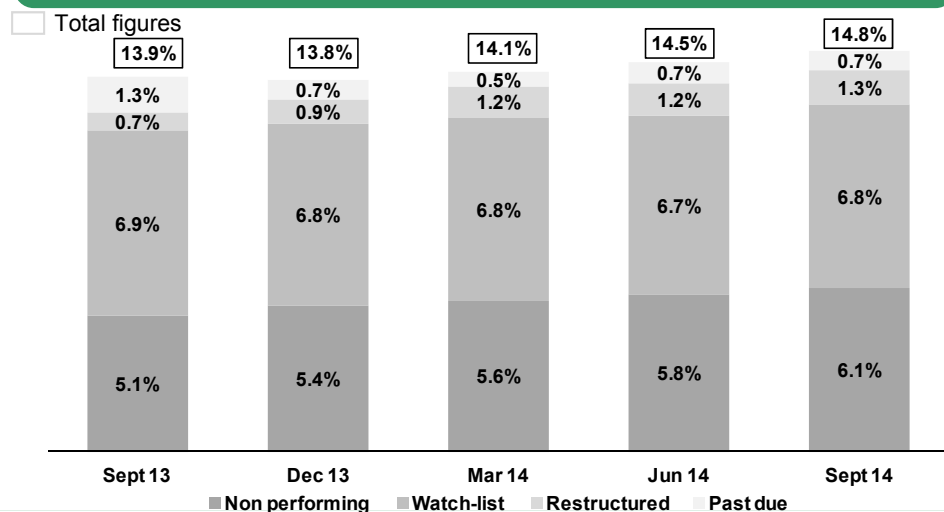
Doubtful loans (1/2)

Doubtful loans breakdown (net figures; €/mn)



- Doubtful loans up by 218 €/mn or +3.4% in 9M14 (+68 €/mn or +1.0% y/y), of which:
 - Non performing up (+9.2% since Dec.'13; +13.3% y/y)
 - Watchlist down (-2.6% since Dec.'13; -5.7% y/y)
 - Past-due down (-14.0% since Dec.'13; -51.1% y/y)
 - Restructured up (+27.0% since Dec.'13; +76.5% y/y) inflated by inflows from watchlist and past-due
- Coverage on doubtful loans at 39.6% (+228 bps since Dec.'13; +397 bps y/y), the highest level since 2009
- 85.0% of total net doubtful loans are collateralized (74.7% fully collateralized)

Doubtful loans breakdown (% on total net loans)



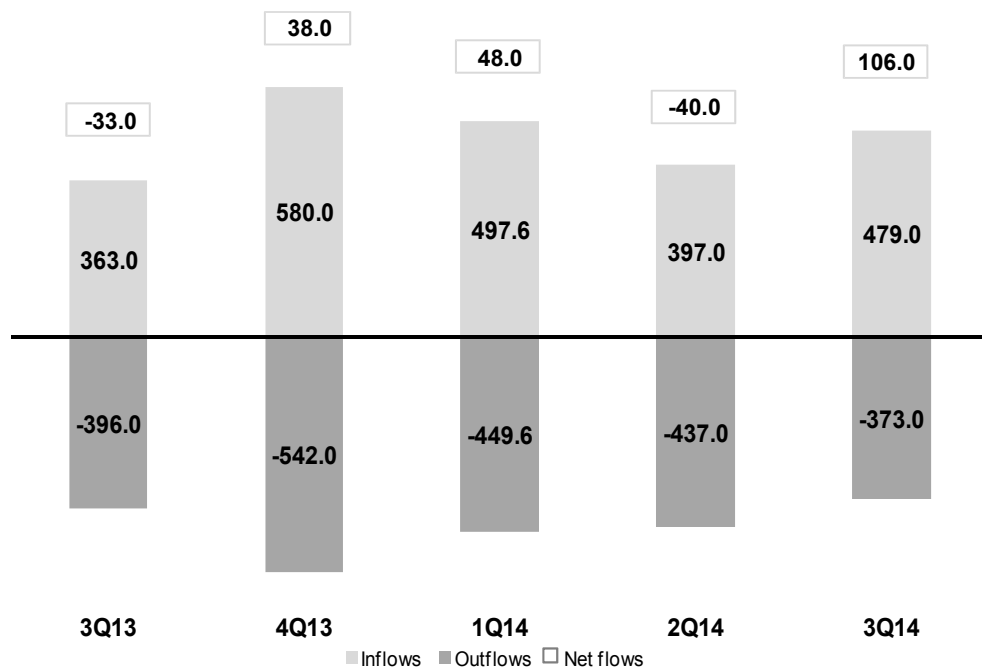
Cash coverage trend (%)

	Sept 14	Jun 14	Mar 14	Dec 13	Sept 13
Non performing	56.38%	56.46%	55.39%	54.97%	54.60%
Watch-list	19.24%	19.26%	19.04%	18.17%	16.89%
Past due	6.43%	6.68%	6.85%	5.91%	7.62%
Restructured	14.30%	14.30%	15.02%	13.84%	12.74%
Total doubtful loans	39.62%	39.42%	38.49%	37.34%	35.65%
<i>including write-off</i>	<i>46.25%</i>	<i>46.50%</i>	<i>45.90%</i>	<i>45.15%</i>	<i>43.63%</i>
In bonis	0.52%	0.52%	0.53%	0.56%	0.59%
Total loans	9.24%	8.97%	8.50%	7.99%	7.58%
<i>including write-off</i>	<i>11.67%</i>	<i>11.51%</i>	<i>11.06%</i>	<i>10.57%</i>	<i>10.11%</i>

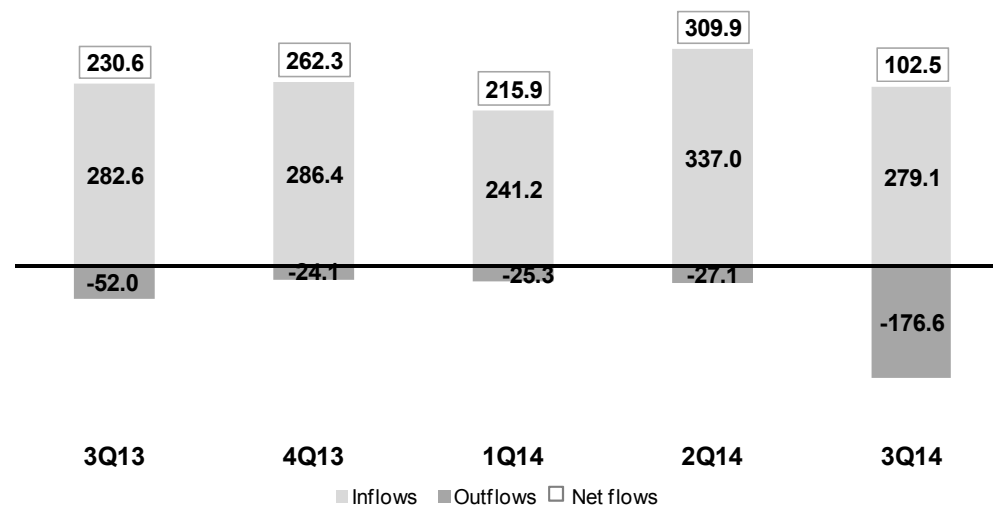


Doubtful loans (2/2)

Watchlist loans inflows/outflows* (gross figures; €/mn)



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



*: Figures from data management system and referred to commercial banks within the Group (excl. CR Bra)

9M14 trends:

- non performing loan inflows substantially in line with last 4 quarters; 3Q14 outflows record the disposal of the residential mortgage NPLs portfolio "Systema Mutui" already finalized in the 2Q14 but accounted on July 10th with the transfer of the loans and payment of the consideration under a contract signed at the end of June (165.8 €/mn gross value)
- watchlist loan inflows up in the quarter mainly due to conclusion of the AQR-related reclassification activity; gross value of watchlist loans up only 40 €/mn taking into account other "increases and decreases" of watchlist loans portfolio value



Financial Assets

Financial Assets breakdown (€/mn; %)

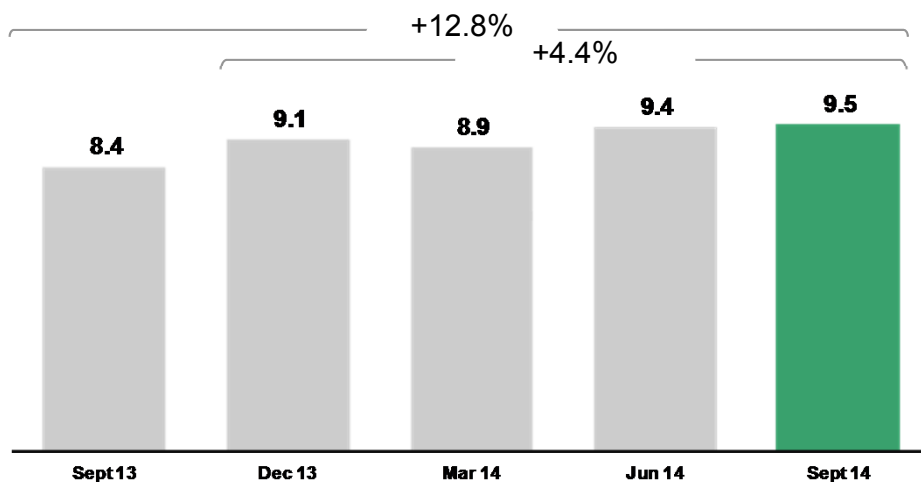
€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	651	45	6,362	1,576	8,634	90.8%
Equity	33	4	368		405	4.3%
Funds and Sicav	45	59	115		219	2.3%
Other *	252				252	2.6%
Group	981	108	6,845	1,576	9,510	100.0%

* Derivatives for hedging purposes

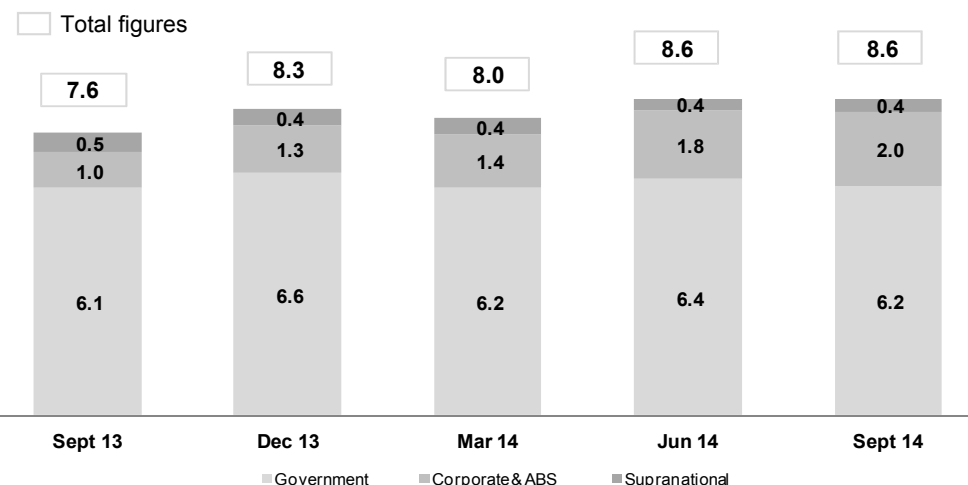
Note: 532.3 €/mn of Loans and Receivables (banks and customers) not included

- Financial Assets up in 9M14 by 0.4 €/bn mainly due to the increase of European corporate and Covered bonds; Italian Government bonds down by 0.2 €/bn
- Bond portfolio at 8.6 €/bn of which 6.0 €/bn of Italian Government bonds (duration 3.7 years vs 3.1 years in Dec.'13)
 - Italian govies account for 119.0% of tangible shareholders' equity
- AFS net reserve as of 30 Sept.'14 at +208.2 €/mn of which 111.2 €/mn on govies (respectively 149.8 €/mn and 50.8 €/mn in Dec.'13)
- Implicit positive reserve of 161.9 €/mn on HTM portfolio calculated as difference between the fair value and the book value
- In October 2014, bond portfolio increased by around 0,6 €/bn mainly Italian government bonds

Financial Assets (€/bn)



Bond portfolio by issuer (€/bn)



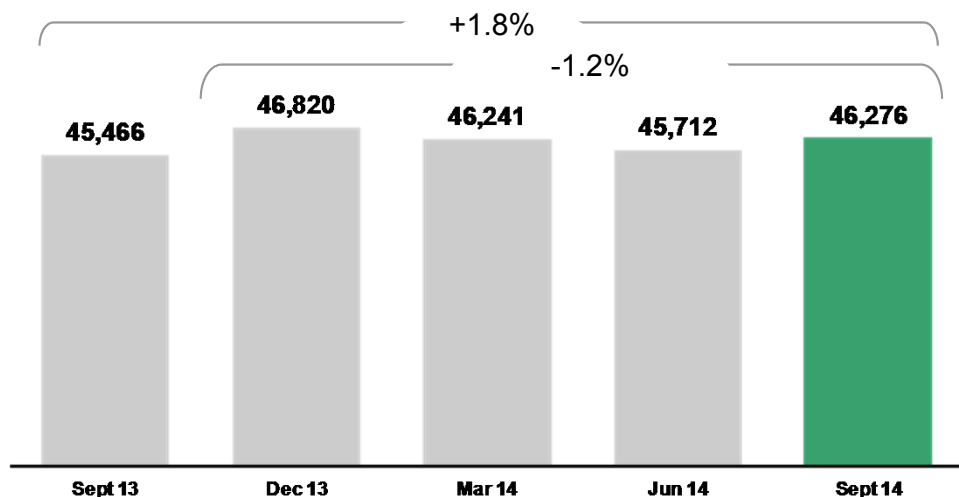


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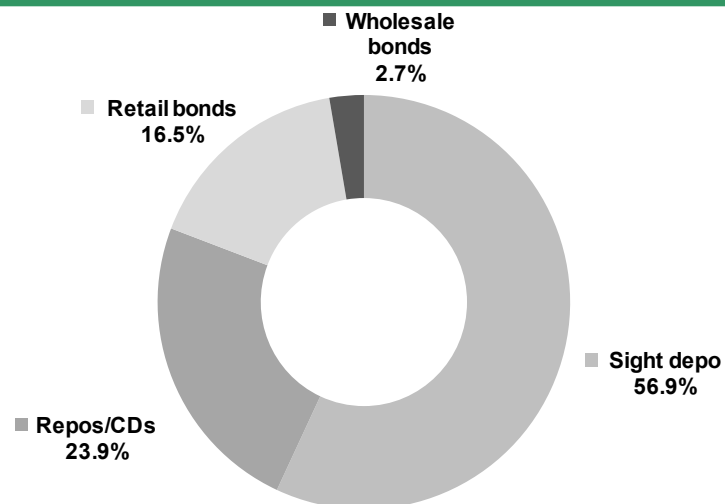
Direct funding

Total Direct Funding (€/mn)

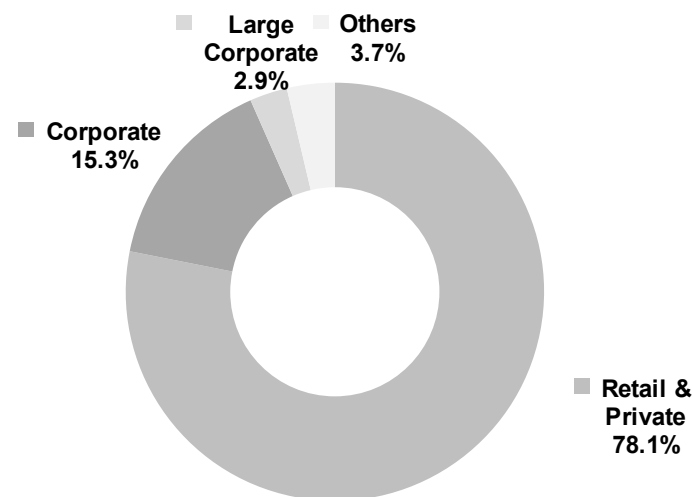


- Direct funding down by 1.2% since Dec.'13, but up by 1.8% y/y mainly due to Covered bond issue.
- 9M14 key trends:
 - Feb.'14: 250 €/mn additional tranche of the Covered bond issue on the institutional market through a private placement (CB total amount at 1 €/bn; first placement of 750 €/mn in Oct.'13)
 - Retail bond maturities not fully replaced by new issues
 - No renewal of expensive funding from customers, mainly corporate
 - Direct funding reduction also due to the switch in favour of AuM and bancassurance products placement
- 3Q14 increase mainly due to some temporary deposits coming from corporate to meet short-term treasury needs
- Total wholesale bonds account for 1.2 €/bn. No wholesale bond maturities in 2015 and only marginal in 2016 (70 €/mn) providing flexibility to the Group's funding strategy

Direct Funding breakdown (%)



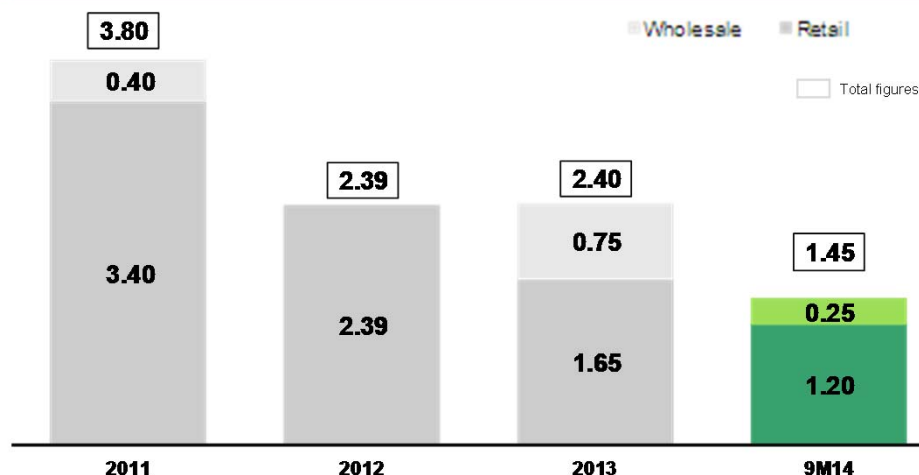
Direct Funding breakdown by segment (%)





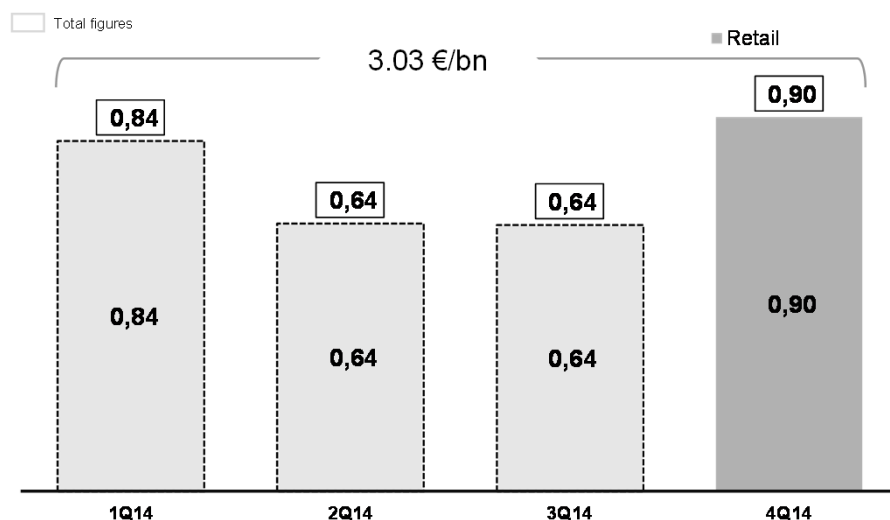
Bond maturities and issues details

Bond issues (€/bn)

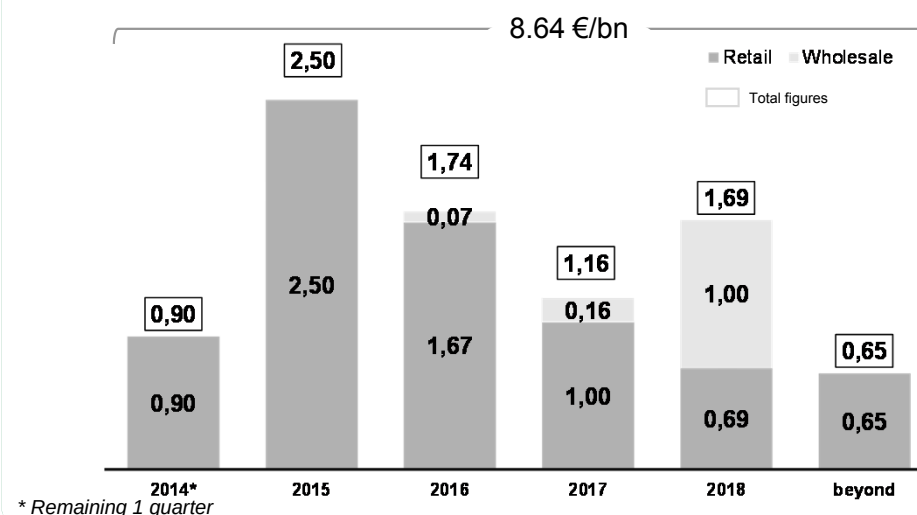


- Private placement of a new Covered bond tranche of 250 €/mn in Feb.'14 following the successful placement of the inaugural CB on the wholesale market in Oct.'13 (750 €/mn) expiring in 2018
- Total wholesale bonds account for 1.2 €/bn
- No wholesale bond maturities in 2015 and only marginal in 2016 (70 €/mn) providing flexibility to the Group's funding strategy

2014 Bond maturities (€/bn)



Bond maturities breakdown (€/bn)

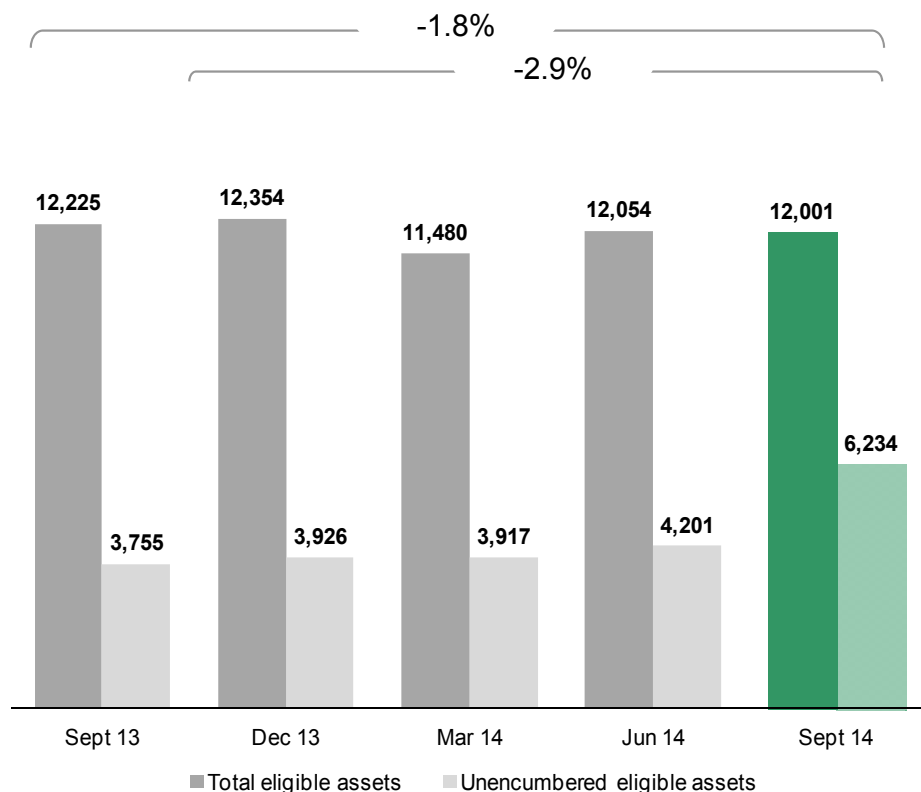


Note: figures in this page: 1) are shown as per nominal values and 2) may not add exactly due to rounding differences



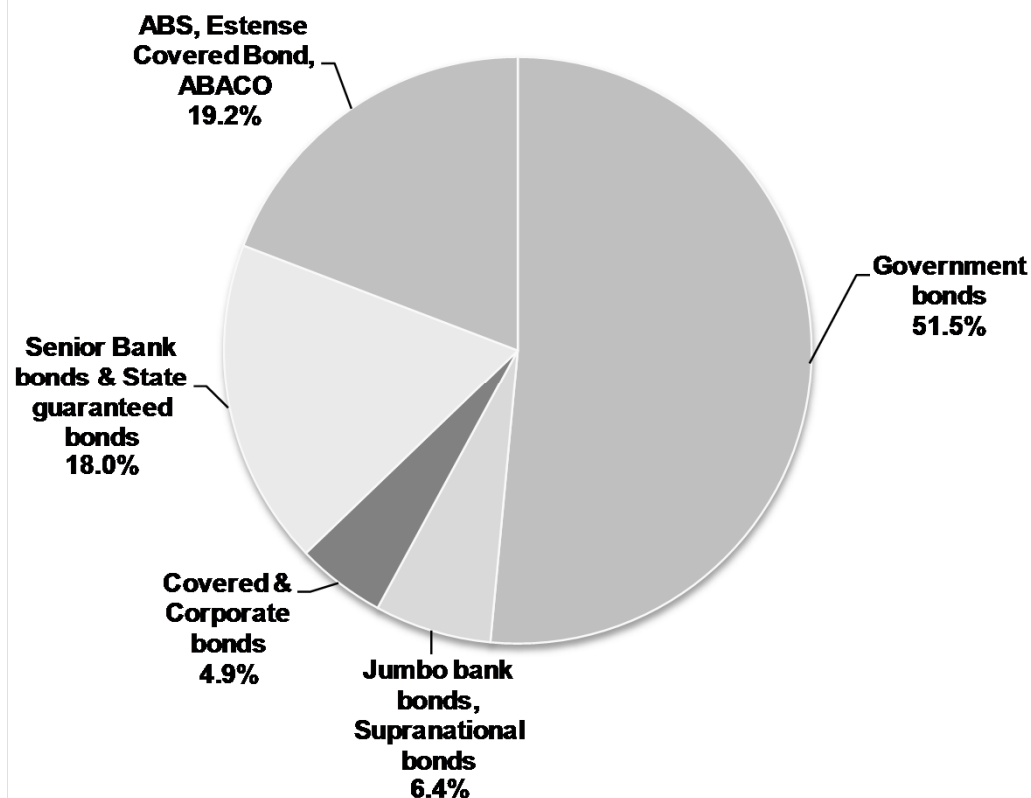
Eligible assets and counterbalancing capacity

Total eligible Assets evolution* (€/mn)



*: Net of ECB haircuts

Eligible Assets Pool Composition (%)



- Counterbalancing capacity (CBC) as of Sept.'14 at 12.0 €/bn of which 6.2 €/bn unencumbered
 - In Dec.'13, CBC was at 12.4 €/bn of which 3.9 €/bn unencumbered
- ECB TLTRO programme ("Targeted Longer Term Refinancing Operations"): 2 €/bn allotment in September auction which was the 2014 full amount available, no participation in the December auction
- ECB exposure as of Sept.'14: 3.4 €/bn of which 1.4 €/bn attributable to 3Y LTRO (3.15 €/bn LTRO repayment in 9M14) and 2€/bn to 4Y TLTRO
- Total government-backed bonds: 1.25 €/bn. On 10 October 2014, BPER proceeded to the full redemption of the government-backed bonds and so the guarantee granted by the State has been cancelled

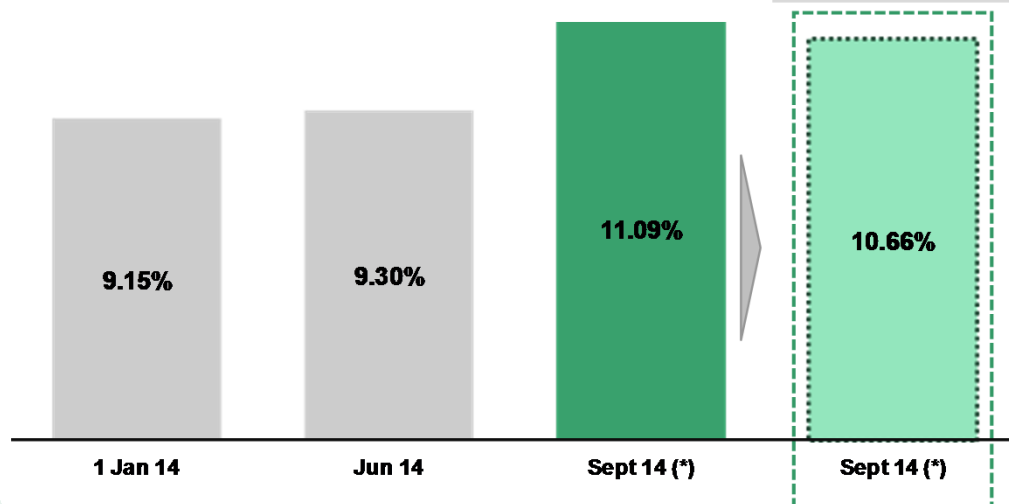


Basel 3 *Phased in* regulatory capital (pre-AIRB validation)

B3 Common Equity Tier 1 *Phased in* Ratio (%)

□ Total figures

B3 CET1
*Fully Phased***



- CET1 ratio *Phased in* at 11.09% (*Fully Phased*** at 10.66%) in line with the best market practice and excluding potential benefits that should come from the validation of internal models ("AIRB")
- Credit RWA decline by 0.80 €/bn because of volumes decrease and coverage improvement (mainly related to corporate sector -0.67 €/bn, retail sector -0.28 €/bn and past-due exposures -0.08 €/bn)

Capital & ratios

€/mn	B3 <i>Phased in</i>		
	Sept 14 (*)	Jun 14	1 Jan 14
Common Equity Tier 1 Ratio	4,676	3,992	3,968
TIER 1	4,697	4,012	3,991
Own Funds	5,495	4,898	5,037
Total RWA	42,148	42,908	43,351
Common Equity Tier 1 Ratio	11.09%	9.30%	9.15%
TIER 1 Ratio	11.14%	9.35%	9.21%
Own Funds Ratio	13.04%	11.42%	11.62%

Capital requirements

Requirements as of Sept 14	€/mn	%
Credit risk	2,954	87.6%
Credit Valuation Adjustment (CVA)	17	0.5%
Market risk	37	1.1%
Other regulatory requirements	45	1.3%
Operating risks	319	9.5%
Total	3,372	100.0%

(*): including net result for the period and FVO

(**): Common Equity Tier 1 ratio ("CET1") estimated according to the new Basel 3 regulations on a "fully phased" basis at January 2024



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Assets & Liabilities: reclassified balance sheet

Assets*

€/mn	Sept 14	Jun 14	Mar 14	Dec 13	Sept 13	Chg vs Dec'13 (%)
Customer Loans	44,581	45,417	45,849	46,515	47,207	-4.2%
Securities Portfolio	9,510	9,439	8,874	9,106	8,431	4.4%
<i>of which AFS</i>	6,845	6,920	6,400	6,630	5,916	3.2%
Equity Investments, Properties & Intangibles	1,764	1,764	1,756	1,765	1,716	-0.1%
Other current assets	2,599	2,699	2,370	2,785	2,382	-6.7%
Total Assets	58,454	59,319	58,849	60,170	59,736	-2.9%

* Total Assets shown as net of loans to banks

Liabilities & Shareholders' equity*

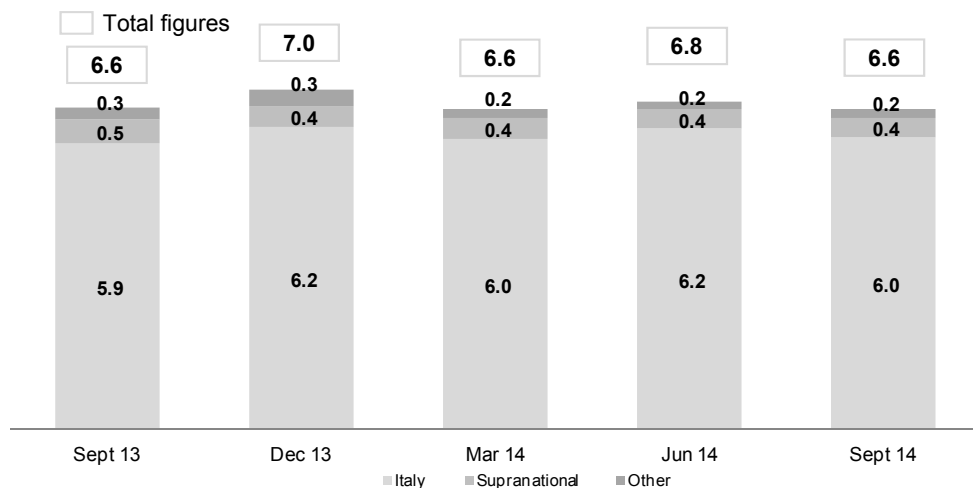
€/mn	Sept 14	Jun 14	Mar 14	Dec 13	Sept 13	Chg vs Dec'13 (%)
Customer Deposits	46,276	45,712	46,241	46,820	45,466	-1.2%
Net Interbank Position	3,412	5,705	4,897	6,233	6,333	-45.3%
Other Funds & Liabilities	3,215	3,125	2,928	2,405	3,240	33.7%
Shareholders' equity	5,551	4,777	4,783	4,712	4,696	17.8%
Total Liabilities	58,454	59,319	58,849	60,170	59,736	-2.9%

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

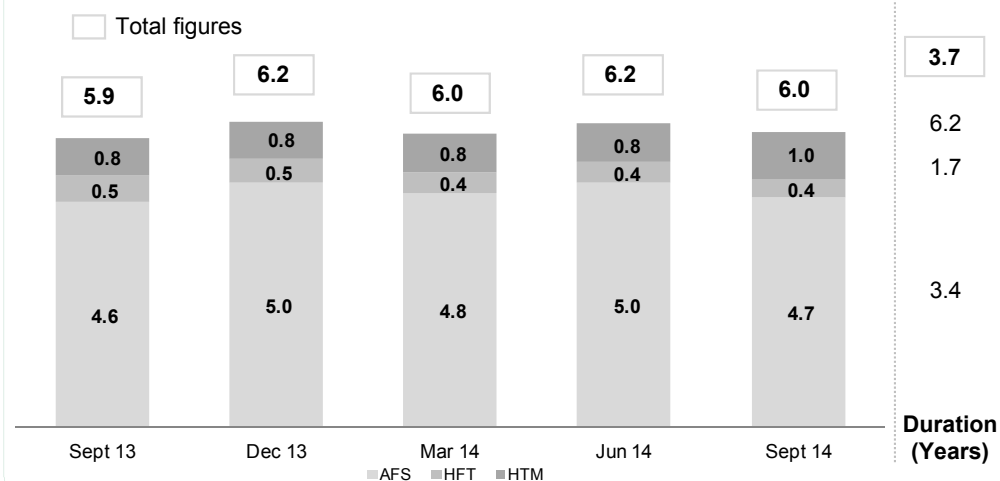


Financial Assets details

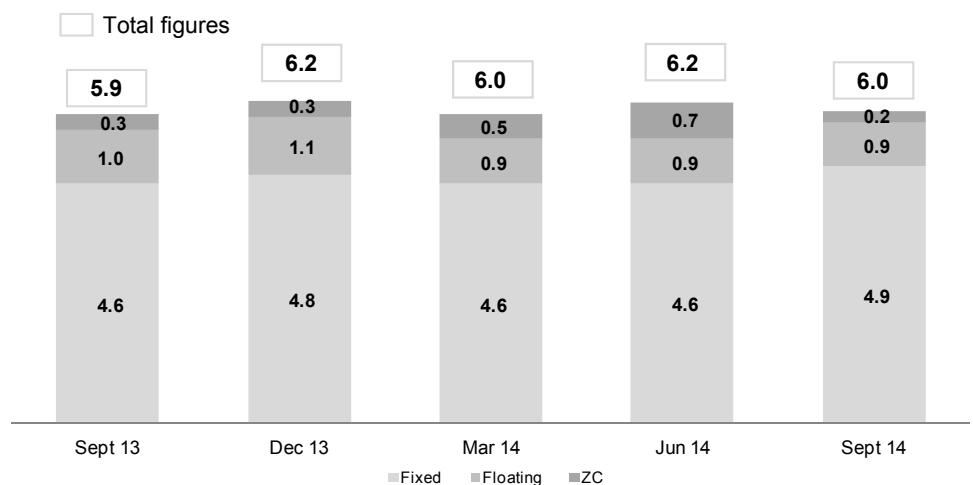
Govies & Supranational PTF by issuing country (€/bn)



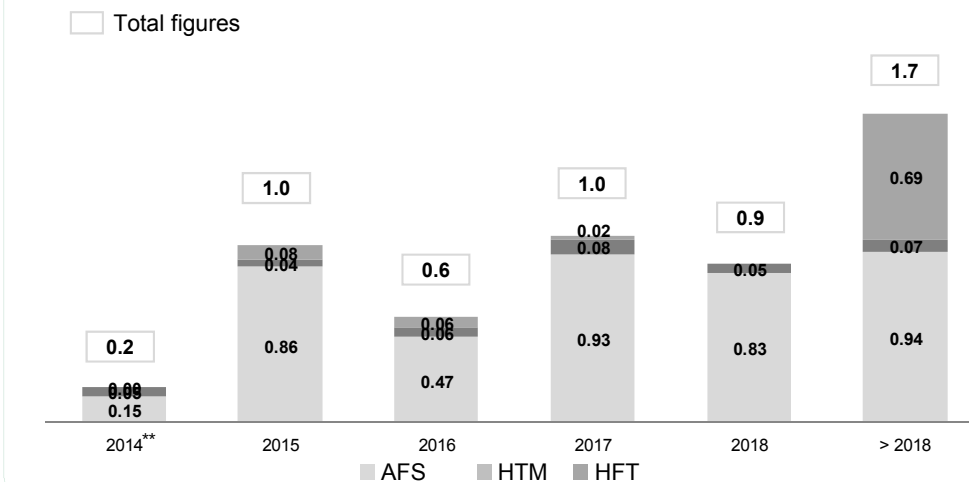
Italian Govies PTF by accounting valuation (€/bn)



Italian Govies PTF by coupon (€/bn)



Italian Govies PTF Maturities* (€/bn)



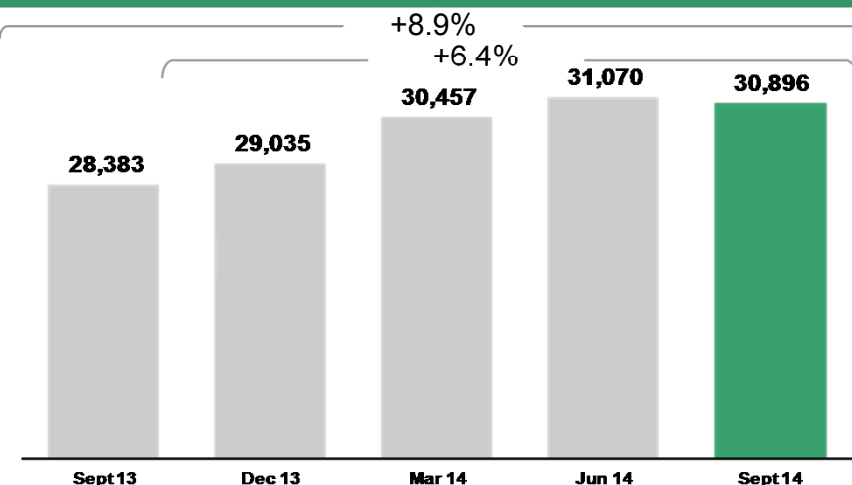
*: figures are shown as per nominal values

**: Remaining 1 quarter



Indirect deposits and “bancassurance”

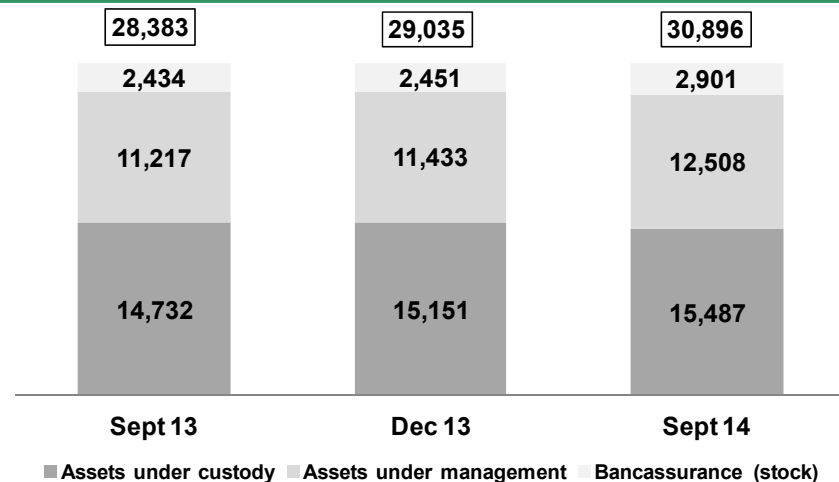
Total Indirect Deposits and bancassurance* (€/mn)



* Life-insurance products

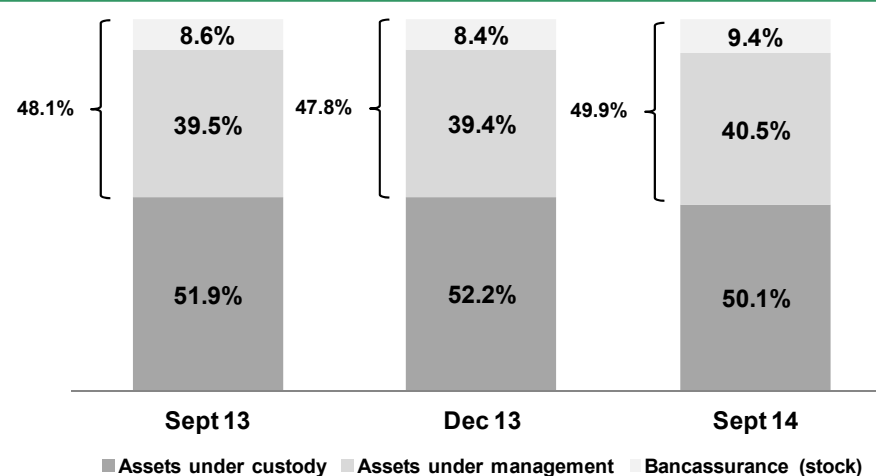
- Indirect deposits and bancassurance* up by 6.4% since Dec.'13 and 8.9% y/y (respectively +1.9 €/bn and +2.5 €/bn):
 - Significant growth of bancassurance* (+18.4% since Dec.'13)
 - AuM considerably up by 9.4% since Dec.'13
 - AuC up by 2.2% since Dec.'13
- Increased weight of AUM and bancassurance* on total indirect funding (49.9% vs 47.8% in Dec.'13)

Total Indirect Deposits and bancassurance* (€/mn)



* Life-insurance products

Total Indirect Deposits and bancassurance* (%)



* Life-insurance products



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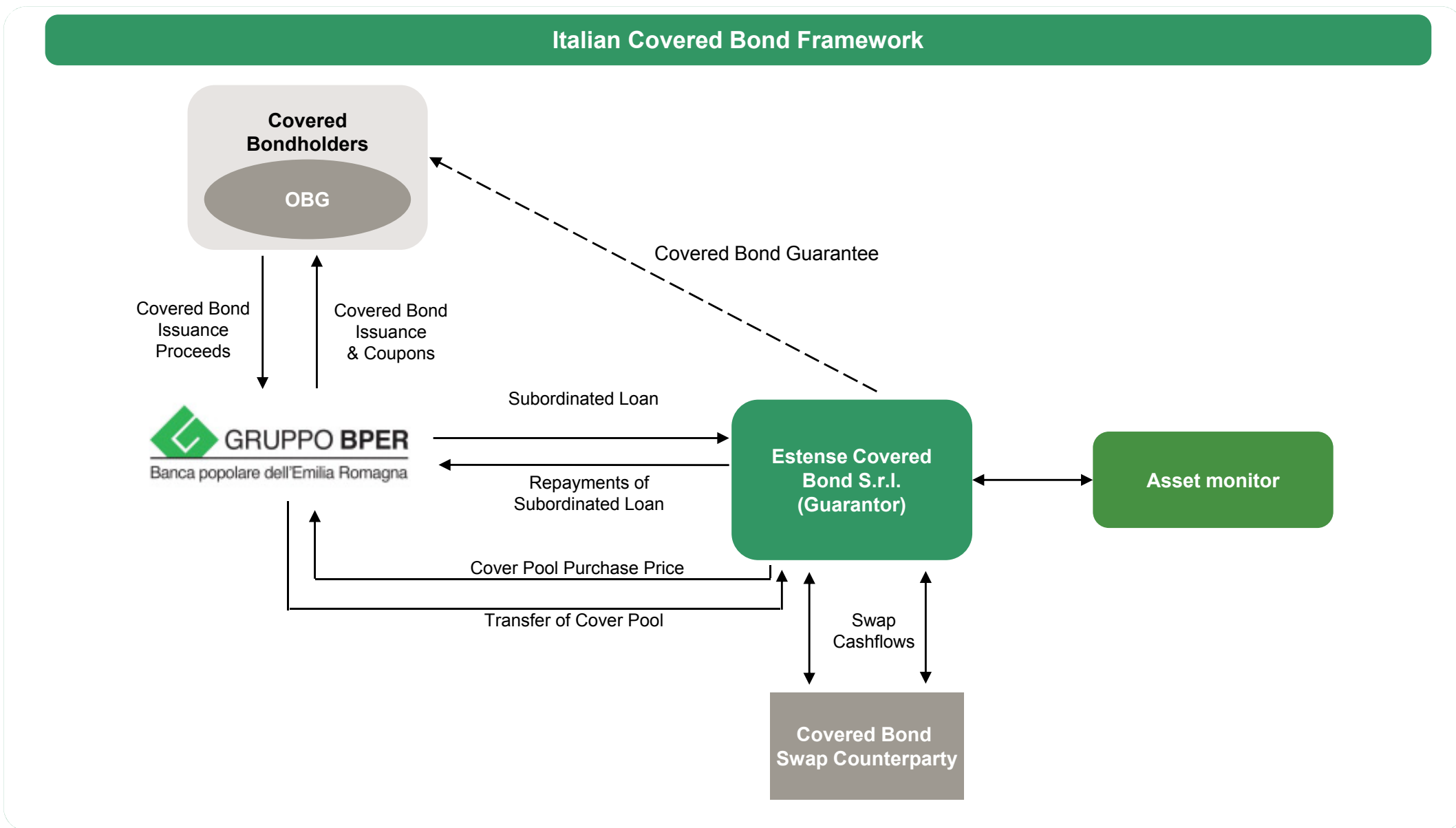
Summary of the programme

Summary of the Covered Bond programme

Issuer	Banca popolare dell'Emilia Romagna Società Cooperativa ("BPER")
Seller	BPER
Programme size	EUR 5bn
Guarantor	Estense Covered Bond Srl (SPV ex 130/1999)
Cover Pool	100% Italian prime, first economic lien residential mortgages originated by the BPER Group
Segregation of collateral	Collateral sold to the Guarantor is segregated for the benefit of CB holders and other secured parties in the context of the programme
Listing	Luxembourg
Over-collateralization	The statutory tests are run quarterly to ensure sufficient programme support
Minimum Over-collateralization	19% committed, corresponding to 84.03% as Asset Percentage
Calculation Agent	BPER
Guarantor Calculation Agent	Securitisation Services S.p.A.
Asset Monitors	Deloitte & Touche S.p.A.
Governing Law	Italian
Representative of CB holders	Securitisation Services S.p.A.
Arranger and Dealer	The Royal Bank of Scotland plc



OBG Programme structure overview





Statutory tests

MANDATORY TESTS (according to the Italian regulation framework)

NOMINAL VALUE TEST

The Outstanding Principal Balance of the Eligible Cover Pool (that means Not Performing Loans excluded) plus the aggregate amounts standing to the credit of the SPV accounts (in relation to the principal component only) $\geq$ the Outstanding Principal Notional Amount of all Series of Covered Bonds

NET PRESENT VALUE TEST

The Net Present Value of the Eligible Cover Pool (that means Not Performing Loans excluded), net of the SPV general and administrative expenses and including any cash flow expected on derivatives $\geq$ the Net Present Value of the Outstanding Covered Bonds

INTEREST COVERAGE TEST

The Net Interest Collections from the Eligible Cover Pool (that means Not Performing Loans excluded), including any cash flow expected on derivatives $\geq$ the interest payments scheduled to be due in respect of all the outstanding Series of Covered Bonds

ADDITIONALY TEST (assumed in the legal documentation according to the Rating Agency requirements)

ASSET COVERAGE TEST

The Adjusted Eligible Portfolio $\geq$ the Outstanding Principal Balance of all Series of Covered Bonds

The Adjusted Eligible Portfolio is the lower between:

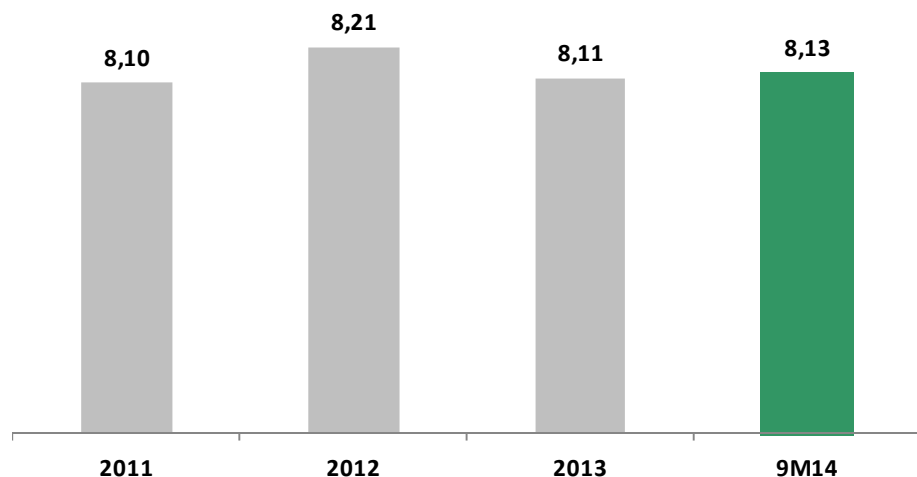
- i) the Outstanding Principal Balance of every Mortgage Loan
- ii) the Mortgage Loan latest real estate appraisal value,

weighted on the loan performance level, taking in consideration the haircut depending on the Asset Percentage, plus the aggregate amounts standing to the credit of the SPV accounts (in relation to the principal component only), minus any set-off amount, commingling amount and negative carry factor calculation.

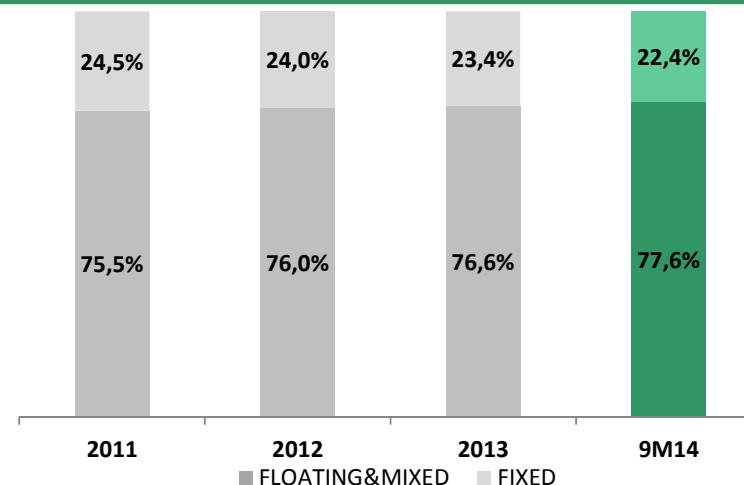


BPER Group's residential mortgages business

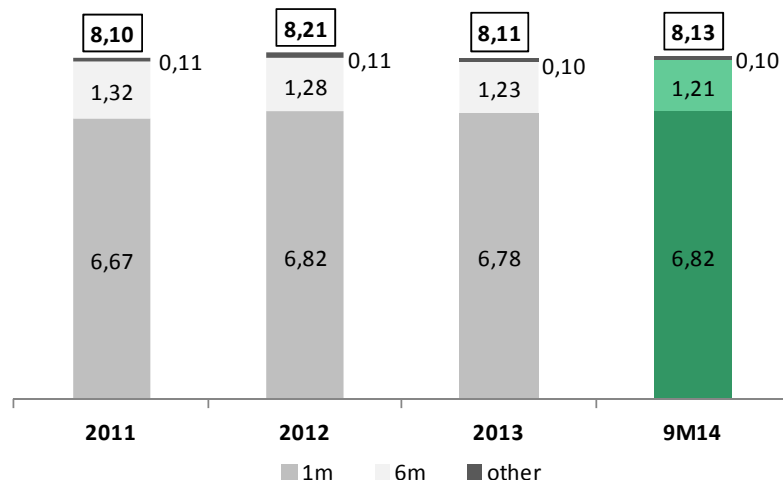
Residential mortgages stock (€/bn)



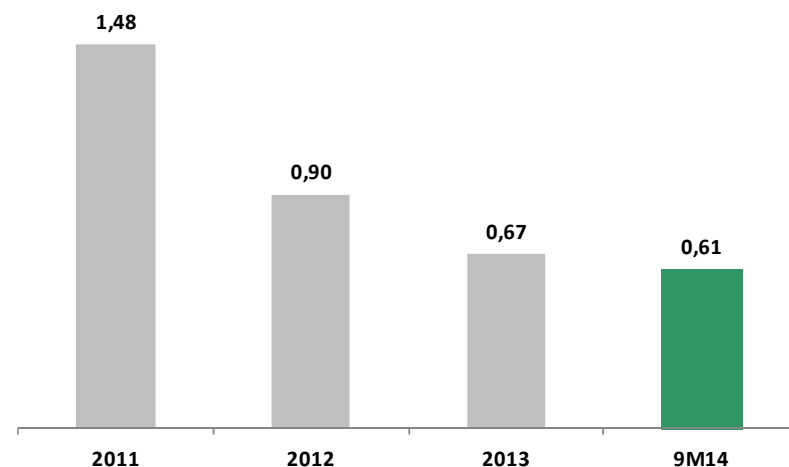
Residential mortgages by interest type (%)



Residential mortgages by payment frequency (€/bn)



Residential mortgages new production (€/bn)



Source: figures from data management system ; gross values; Commercial banks excl. CR Bra



Cover Pool: Summary (1/3)

Residential cover pool summary data

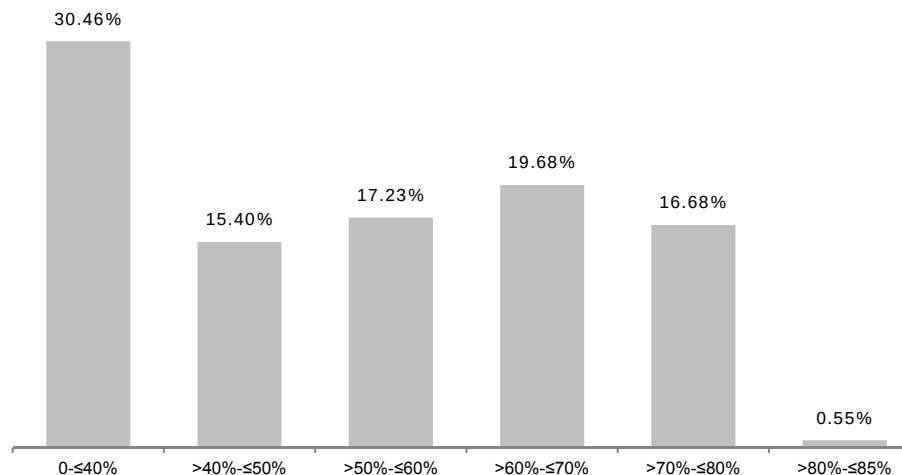
Country	Italy
Total Loan Balance (€)	2.323.754.538
Average Loan Balance (€)	92.694
Borrower concentration: largest 10 borrowers	0,40%
Total number of Loans	25.069
Total number of Borrowers	24.847
Total number of Properties	25.815
Loans to employees of BPER Group	0
Weighted average seasoning (months)	49,88
Weighted average remaining maturity (months)	204,75
Weighted average original term (months)	254,17
Weighted average OLTV (granted balance / original property valuation)	58,01%
Weighted average CLTV (current balance / original property valuation)	49,07%
Weighted average Indexed CLTV (current balance / <u>updated</u> property valuation)	50,24%
Fixed Rate	8,95%
Mixed - Fixed as of this report date	6,00%
Floating Rate	27,38%
Mixed - Floating as of this report date	57,57%
WA interest rate on floating loans (Mixed - Floating included)	2,38%
WA margin on floating loans (Mixed - Floating included): basis points	195
WA interest rate on fixed loans (Mixed - Fixed included)	4,86%
Loans in arrears > 90 days - defaulted included	0,55%

Data as of 30 November 2014



Cover Pool: Summary (2/3)

Current Loan to Value



Current Loan to Value – Key Data

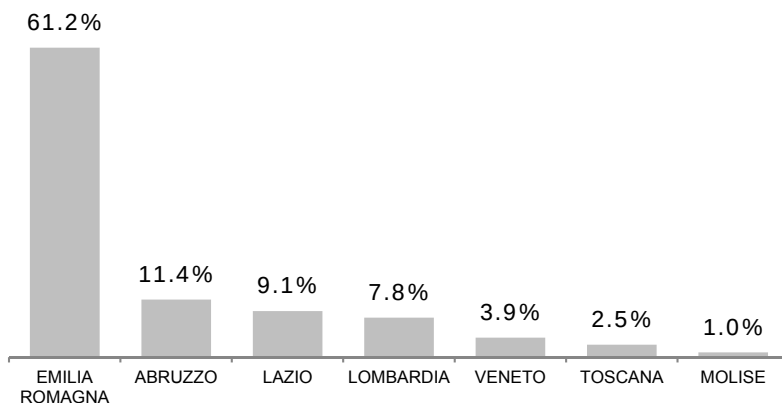
Current LTV ranges	Total Loan Balance (€)	% of Total Loan Balance	Number of Borrowers	% of Number of Borrowers
0-≤40%	707.855.220	30,46%	11.829	47,61%
>40%-≤50%	357.957.508	15,40%	3.404	13,70%
>50%-≤60%	400.308.012	17,23%	3.352	13,49%
>60%-≤70%	457.289.230	19,68%	3.477	13,99%
>70%-≤80%	387.587.093	16,68%	2.700	10,87%
>80%-≤85%	12.757.475	0,55%	85	0,34%
	2.323.754.538	100,00%	24.847	100,00%

Data as of 30 November 2014

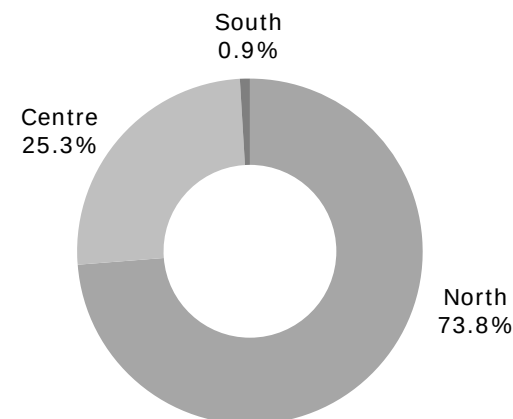


Cover Pool: Summary (3/3)

Geographical distribution*



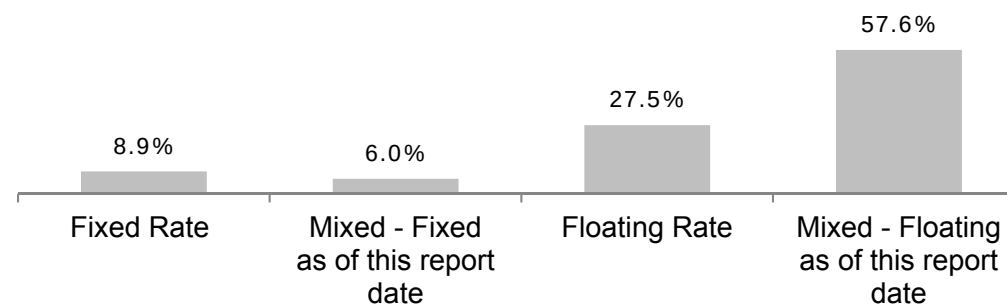
* In % of Total Loan Balance – Borrower 's residence



Seasoning

Seasoning (in months)	Total Loan Balance (€)	% of Total Loan Balance
<12	100.222.595	4,31%
≥12-<24	238.417.728	10,26%
≥24-<36	293.514.149	12,63%
≥36-<60	1.006.596.443	43,32%
≥60	685.003.624	29,48%
Total	2.323.754.538	100,00%

Interest Rate Type



Data as of 30 November 2014



Origination and underwriting

Sales Force

- All mortgages are originated through direct channels
 - 1,273 branches across the Italian territory of which:
 - 506 BPER branches
 - 767 subsidiary branches

Underwriting

- All mortgages are underwritten at branch level
- Mortgage approval depends mainly on the value of the property vs. the amount requested, as well as on the clients income, net worth and the in-house credit rating score of the client
- The credit rating score is a synthetic valuation of the credit quality of the underlying risk

Property Valuation

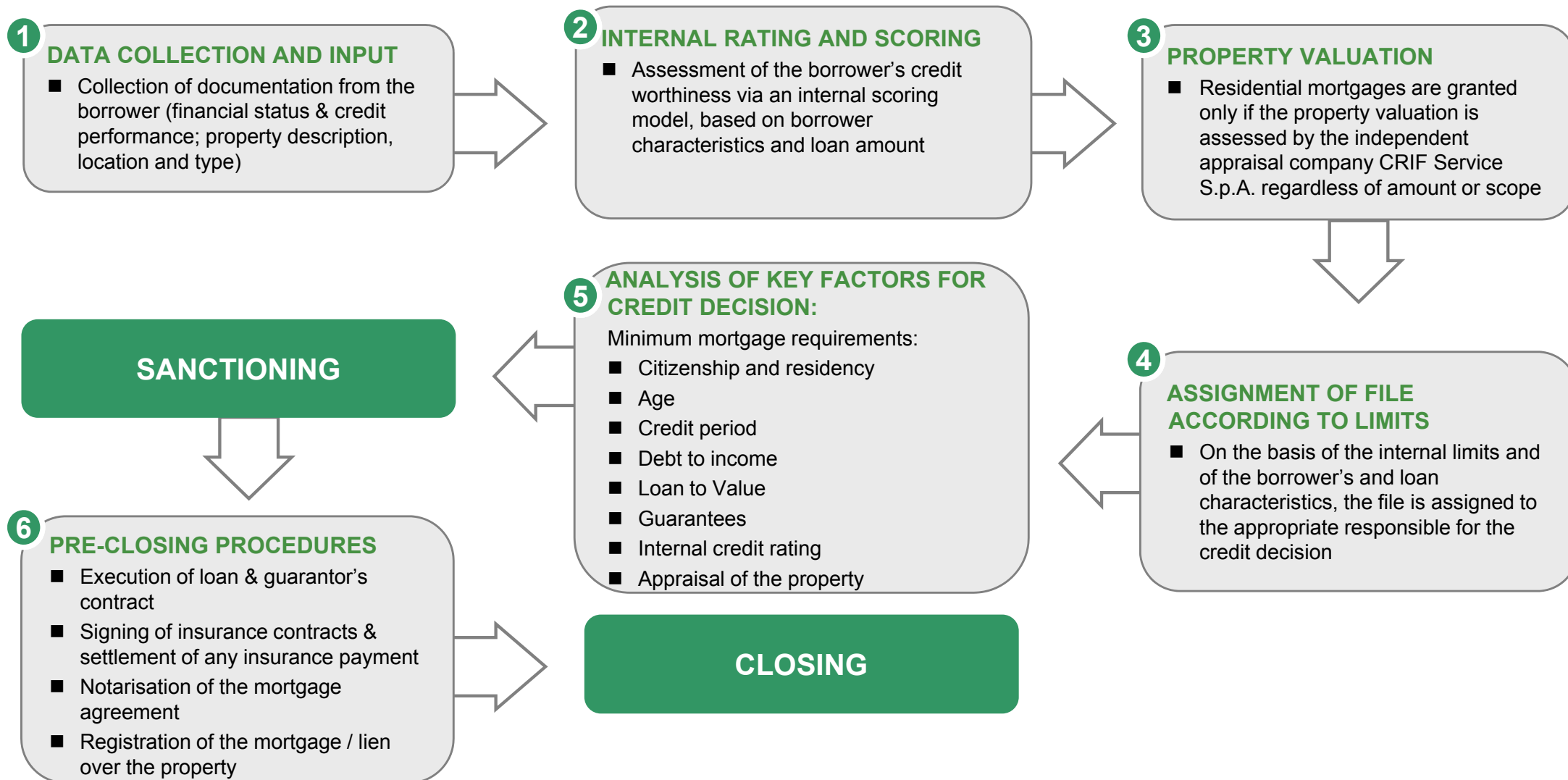
- Since 1st November 2006 the valuation of residential properties is assessed at the granting date by an independent appraisal company, CRIF Service S.p.A.. The following valuation update is scheduled, at least, once a year with the assessment of a different independent appraisal company: Prelios S.p.A..

Servicing

- BPER performs all of the servicing activities of the mortgage loan portfolio
- Collection strategies are in place to achieve the quickest and most effective recovery of loans in arrears
- The majority of loans are paid through direct debit, reducing delinquency (early detection of overdues) and allowing for a more proactive servicing of the loans



The underwriting process





Arrears (months)	Number of Loans	% Number of Loans	Current Balance (€)	% Current Balance
0 (<i>in bonis</i>)	24.355	97,15%	2.251.022.253	96,87%
≤1m	416	1,66%	42.760.445	1,84%
>1m to ≤2m	103	0,41%	10.856.286	0,47%
>2m to ≤3m	72	0,29%	6.264.962	0,27%
>3m to ≤6m	99	0,39%	10.388.842	0,45%
Non Performing	24	0,10%	2.461.750	0,11%
Total	25.069	100,00%	2.323.754.538	100,00%



Rating Overview of Italian Covered Bond Issuers (Moody's/S&P/Fitch)

		BPER	Banca Pop. Di Milano	Banco Popolare	Carige	MPS	CREDEM	Intesa Sanpaolo	Unicredit	UBI Banca	Republic of Italy
MOODY'S	LT Issuer Default	n.r.	B1	Ba3	Caa1	B1	Baa3	Baa2	Baa2	BBB-	Baa2
	Covered Bond	A3	Baa1	Baa1	Ba1	Baa3	A2	A2	A2	A2	n.r.
	Outlook	n.r.	Neg	Neg	Under Review	Under Review	Neg	Stable	Neg	Neg	Stable
STANDARD & POOR'S RATINGS SERVICES	LT Issuer Default	BB-	B+	n.r	B-	n.r	BBB-	BBB-	BBB-	BBB-	BBB-
	Covered Bond	n.r.	n.r	n.r	n.r	n.r	n.r	n.r	AA	n.r	n.r
	Outlook	Stable	Stable	n.r	Neg	n.r	Stable	Stable	Stable	Neg	Stable
FitchRatings	LT Issuer Default	BB+	BB+	BBB	BB	BBB	BBB+	BBB+	BBB+	BBB+	BBB+
	Covered Bond	n.r.	BBB+	BBB+	BBB+	A	A+	n.r	AA-	A+	n.r.
	Outlook	Neg	Neg	Neg	Neg	Neg	Neg	Stable	Neg	Neg	Stable

Source: Bloomberg as of 12 January 2015



- ☐ Introduction to BPER Group
- ☐ Profit & Loss
- ☐ Balance sheet structure
 - ☐ Assets
 - ☐ Funding & Capital
 - ☐ Appendix
- ☐ OBG Programme & Cover pool description

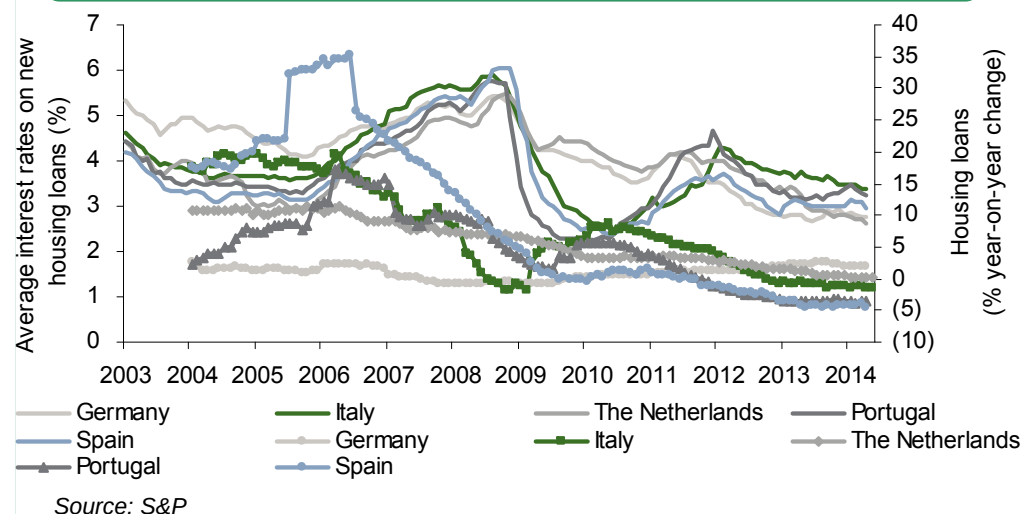
☒ **Italian mortgage market**



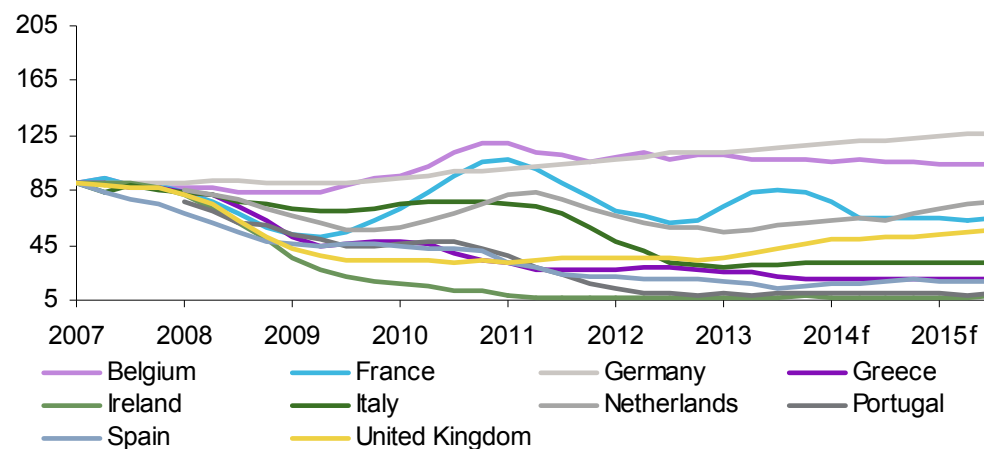
Growth trends for residential mortgages

- 2014 has been a **recovery year** for Italy for the increased number of residential household purchase: +7.4%
- In the past the **increase in interest rates** was the **main cause of the slowdown** in mortgage growth in Italy
- Late-stage arrears and annual default rate have been remarkably stable (at 1.6% and 1.3% respectively), despite the weak economic background.
- Starting from June 2008, the deceleration was due to the **economic recession** and the **weakness of consumer spending**
- Market expectations for new residential mortgage lending in Italy are flat for 2014 with sign of growth in 2015
- The **reduction in sovereign bond rates** has reduced funding spread for banks: this has been leading to lower mortgage rates
- Average interest rates on new mortgages have decreased by almost 100 bps since 2012

Housing loans v/s Interest rates on New housing loans

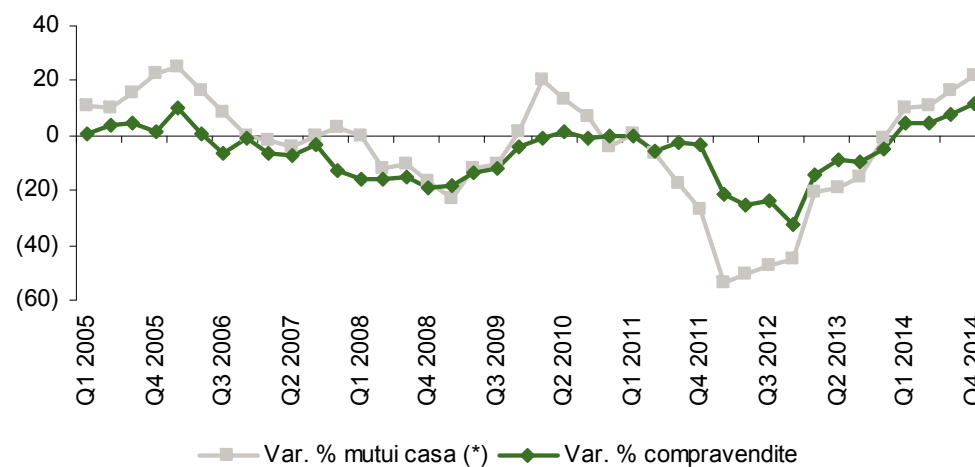


Gross new mortgages lending



Source: Fitch, Central Banks, National Statistical Institutes, EMF, Loan Performance, CML, DNB, IBF, JHF, CBA

Change (%) in the volumes of residential household mortgage issuances and household transactions

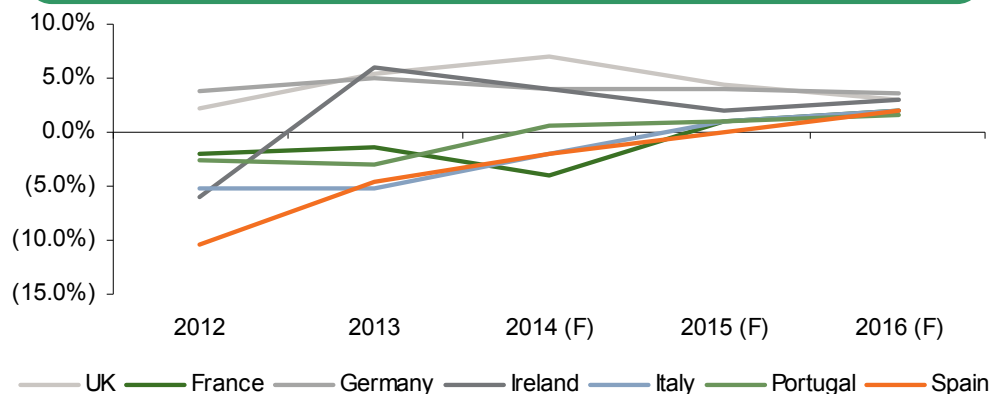


Source: Bank of Italy, Nomisma, Italian Tax Authority



Very Stable Housing Market in Italy

Housing Price Indexes (% change current/previous period)

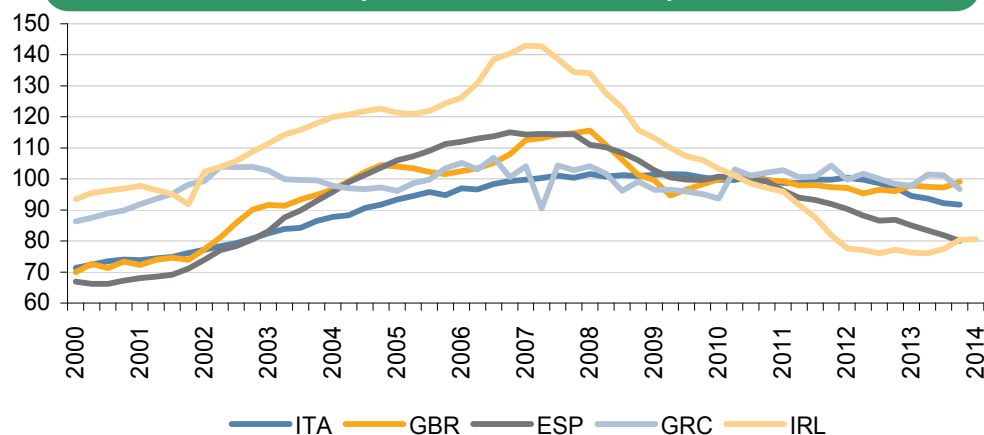


Source: S&P Rating Services

FUTURE TRENDS:

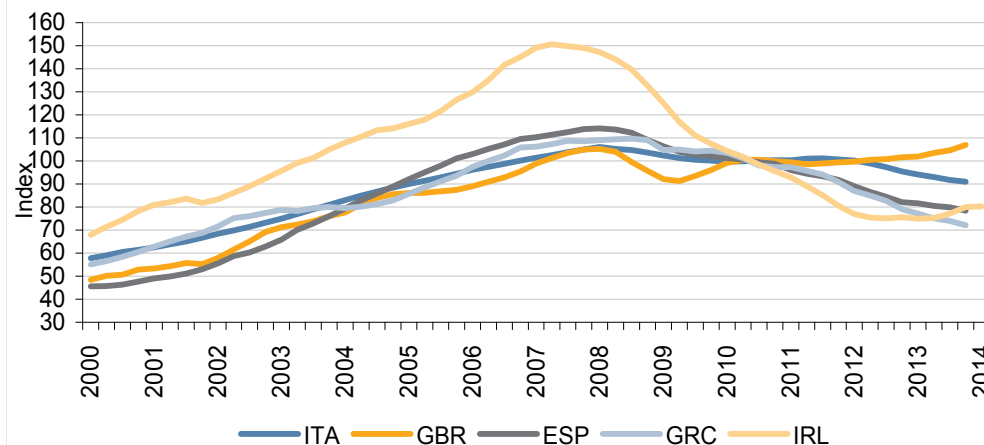
- As of S&P 2014 report, Italian housing price will decline more slowly this year than in the recent past (2%)
- Assuming a modest strengthening of the economy, **prices will start to gradually rise again by 1% in 2015 and 2% in 2016**
- The stabilization in Italy's residential property market reflects: i) economy slight recovery and easing credit conditions; ii) **increase in consumer confidence**
- Overall, households financial exposure remains balanced thanks to their relatively modest indebtedness and a **lowered interest rates environment**

Affordability of the housing market (Price/Income ratio)



Source: OECD, RBS; Note: index based in 2010, Southern Europe

Housing Price Indexes



Source: OECD, RBS



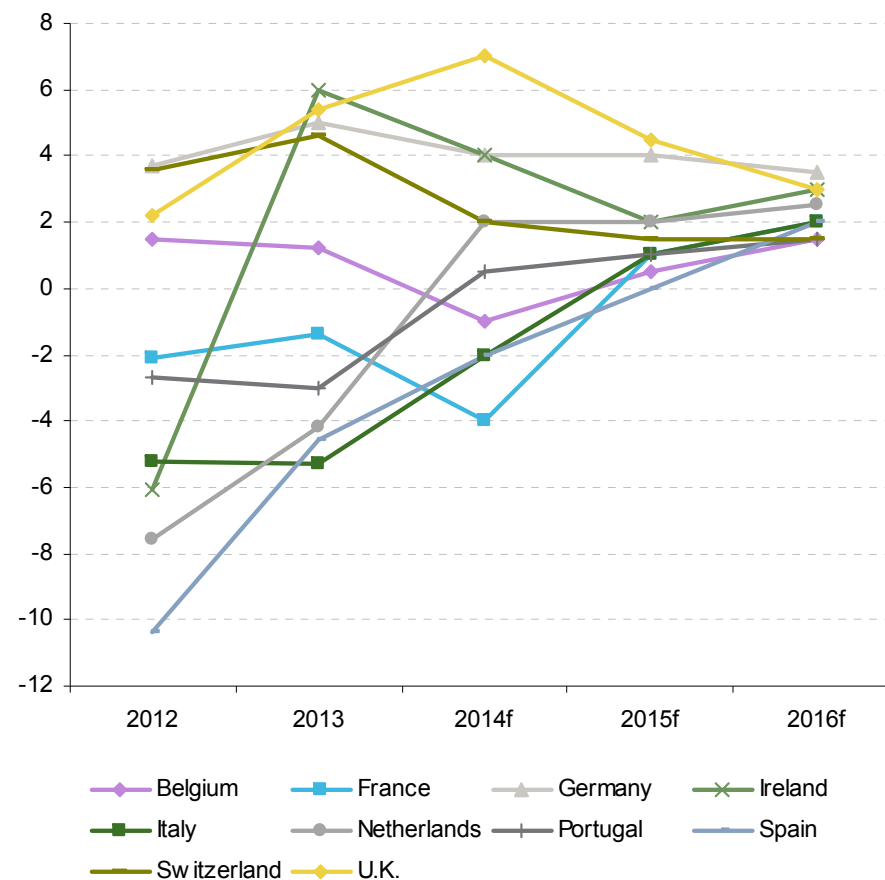
S&P's Housing Market Forecasts

S&P's House Price Forecasts

Italy	Assuming a modest strengthening of the economy, S&P expects the performance of the industry is forecast to accelerate, with an anticipated CAGR of 0.6% for the five-year period 2013- 2018, which is expected to drive the industry to a value of \$79.6bn by the end of 2018. It expects real GDP to rise by 0.5% in 2014, and have lifted their forecasts for 2015 to 1.1% and for 2016 to 1.2%. Supporting an ease in house price declines, however, the real estate market itself does not show signs of significant overvaluation. The price-to-income ratio, a good indicator of affordability, has declined markedly from its 2009 peak and is now close to its long-term average. Similarly, the price-to-rent ratio remains at its historical average as rents continue to rise
France	S&P expects house prices will decline by 4% in 2014 and grow by 1% in 2015 and 2% in 2016. However, an interest rate shock, although currently unlikely, would throw the market into sharper decline. It expects the economic revival in France to be slow, with real GDP growth averaging 0.7% this year, below the eurozone average of 1.1%. Growth is likely to pick up only gradually in 2015 and 2016, remaining below 2%, and its expected that unemployment will come down only very slowly. Against this backdrop, structurally strong housing demand will continue to support the market. However, future trends will be highly dependent on interest rates. The ECB is committed to keeping interest rates very low at the short end of the curve. In the longer run, investor demand for safe haven investments should remain strong.
Germany	S&P forecasts that the upswing in the German residential property market will continue over the next few years amid strong macroeconomic indicators. On the back of solid economic growth, employment and wage growth should accelerate, boding well for household incomes. However, if investment in residential construction continues to expand at the same fast rate seen in the past, pressures on prices may start to ease in the coming years. Low financing rates and a yearning for financial safety will continue to lift house prices for some time, in our view. We expect financial conditions to remain supportive, at least until 2016. However, as we believe the period of low interest rates outside the eurozone is nearing, investment in the German residential property market is likely to become less attractive and raise international investors' interest in other financial assets in the years to come, additionally easing pressures on prices. Hence, we forecast price increases will slow to a 3.5% growth in 2016.
Spain	S&P believes prices will continue to decline slightly this year, bottom out in 2015, and start to rise in 2016. Economic fundamentals are improving faster than previously expected. Over the longer term, the very high stock of unsold new homes will still dampen prospects for a sustained recovery in prices. Although construction of new buildings has been very slow in recent years, the stock of unsold houses has been only slowly declining. Declining demographic trends will also weigh on housing demand and house-price growth
Ireland	S&P views that the improvement in the economy and the labor market, as well as limited supply in Dublin will help support the residential property market over the next two years. The improving labor market situation, alongside rising employment and wages, should support a continued increase in housing demand. A rise in demand in the context of home supply shortages (mainly in urban areas such as Dublin) will likely put upward pressure on prices, leading to rises nationally. The damage or bankruptcy that many building firms suffered during the financial crisis has contributed to the housing supply shortage. We nevertheless don't expect the recent increase in house prices to stay as strong beyond 2014

Source: S&P (as of December 2014)

House Price Change Forecast

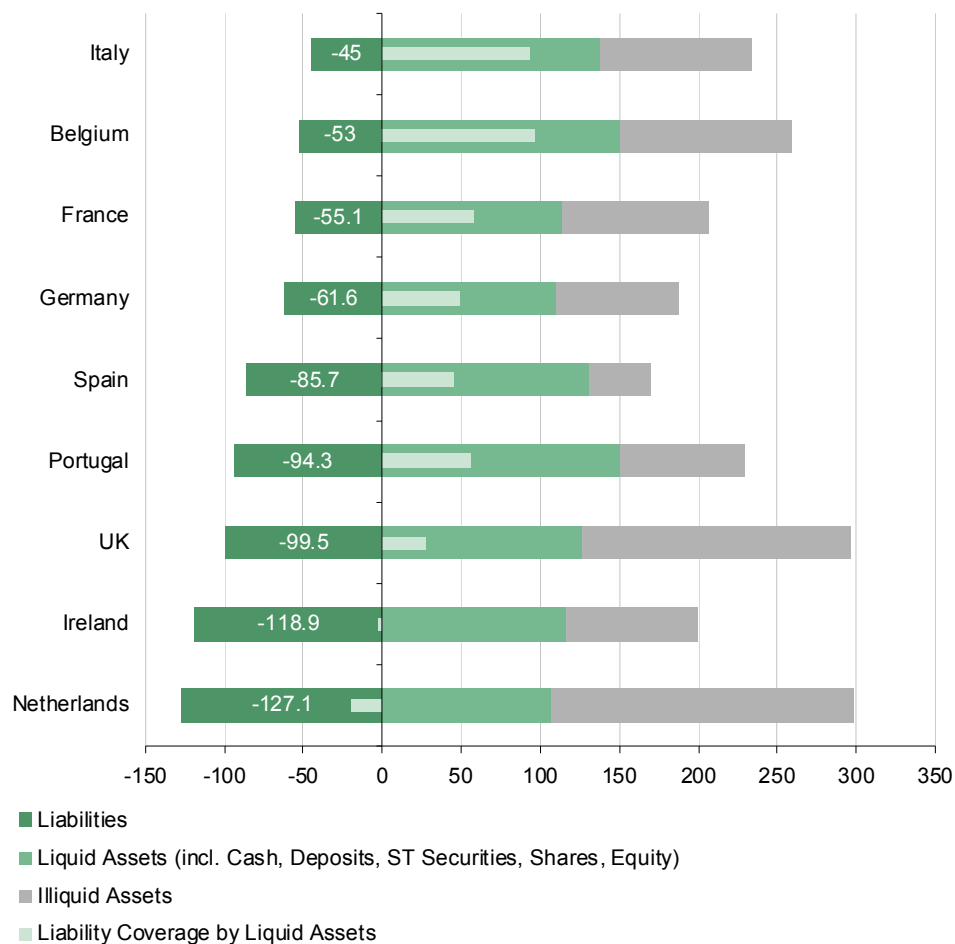


Source: S&P



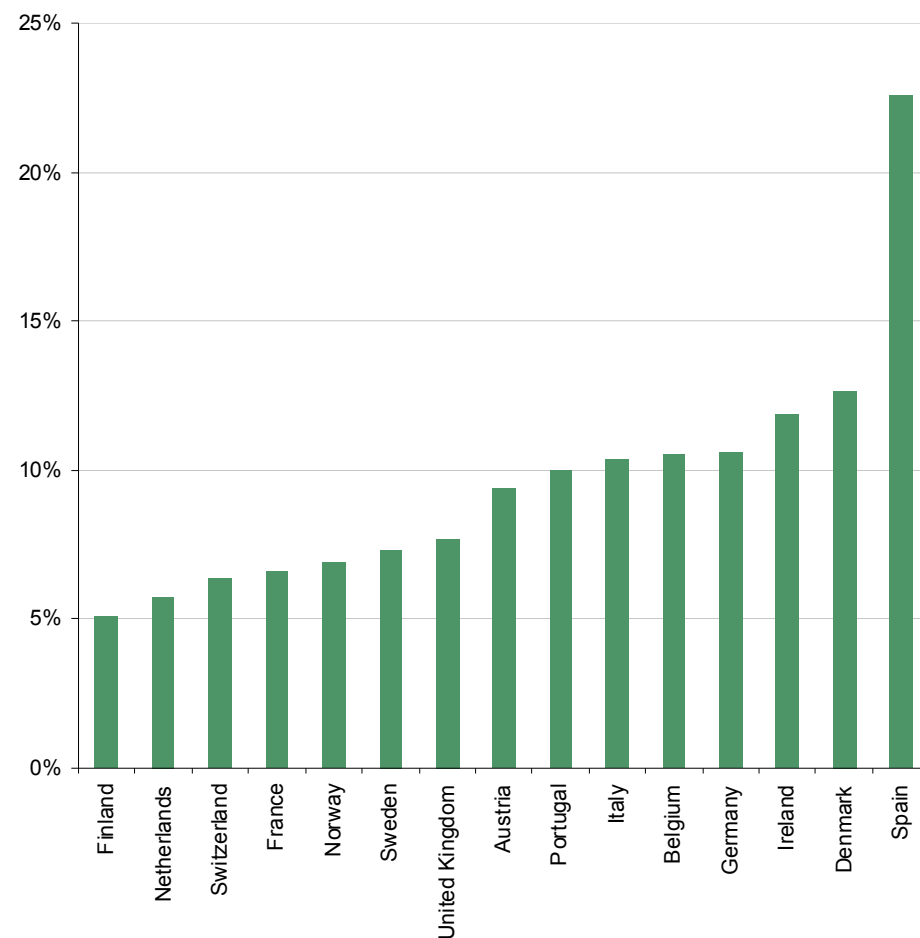
Household Leverage & Mortgage Collateral Quality

Households' assets and financial liabilities as a % of GDP



Source: Moody's, Eurostat

Moody's Current Average Collateral Scores (Mortgage-backed)



Source: Moody's



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