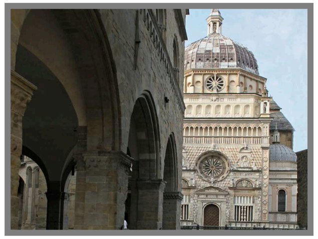
BANCO POPOLARE
GRUPPO BANCARIO



Presentation of Pier Francesco Saviotti, CEO

at the

Kepler Italian Financial Conference

Como, 21 November 2013

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Agenda

Performance highlights: nine months 2013

Core banking profitability

❑ **Revenues [1]: +2.6% (y/y)**
in particular:

➢ **Net Interest Income (excl. PPA [2]): +8.4%** (y/y), thanks to the benefit of repricing actions. Including also the lower weight of the PPA, the annual percentage change is +11.2%.

➢ **Net commission income: +5.6%** (y/y), supported by the placement of asset management products.

❑ **Operating costs: -4.2% (y/y)**

➢ **Personnel expenses:** -4.4% (y/y), following a reduction of more than 400 FTE in the period.

➢ **Other administrative expenses:** -4.3% (y/y), thanks to cost containment.

❑ **Normalised net income registered in 9M 2013 [3]:**

+154.0m

(1) Aggregate Net Interest Income, Net Commission Income and Other Net Operating revenues. (2) On a homogeneous basis. See Slide 67.

(3) See Slide 8 for details of underlying non-reccurring items.

Commercial performance

❑ **~74,000 new retail current accounts** in the first nine months of 2013 (+5% y/y delta stock).

❑ **Growth of more that 27% y/y in home banking with Households,** measured in terms of number of users; at the same time, the **number of online transactions has increased by about 1.0 million.**

❑ **POS tansactions rise 5.2%** as compared with the corresponding period in 2012, with an increase of 8.2% registered in the number of installed POS devices.

❑ A total of about **103,000 new generation ATM cards (YouCards)** were sold as of 30/09/2013, of which 92% in relation with a current account.

❑ The **YouBanking online platform** saw about 17,000 new account openings in the first nine months of 2013. This number rose to about **22,000** customer relationships as of 25/10/2013.

❑ **Mutual funds/SICAV for a total of about €4.7 billion were placed in the first nine months of 2013, registering an increase of 51%** over the corresponding period of 2012.

Asset Quality

❑ Reduction in the rate of growth of the stock of impaired loans over 2012, both since year-end 2012 and on a quarterly basis.

❑ A reduction is confirmed in the quarterly average flows of new impaired loans (-6.3% vs. 2012 and -21.7% vs. 2011).

❑ The derisking of Italease progresses, with a fall of 3.5% registered in the stock of impaired loans in Q3 2013.

❑ Group annualised cost of credit risk: 98 bps, against the normalised level of 92 bps registered in 2012, also as a result of the drop in loans to customers

Capital

❑ Core Tier 1 ratio as of 30/09/2013: **10.3% (Basel 2.5).**

Banco Popolare Group

Consolidated 9M 2013 income statement: annual change

Comparison is not homogeneous due to new regulations (IS/CIV). See slides n. 11, 12 and 67

Reclassified income statement - €/m	INCLUDING PPA line-by-line 9M 2013	INCLUDING PPA line-by-line 9M 2012	INCLUDING PPA line-by-line Chg.	EXCLUDING PPA line-by-line 9M 2013	EXCLUDING PPA line-by-line 9M 2012	EXCLUDING PPA line-by-line Chg.
Net interest income	1,267.3	1,356.7	(6.6%)	1,267.6	1,386.7	(8.6%)
Income (loss) from investments in associates carried at equity	(34.3)	(92.1)	(62.7%)	(34.3)	(92.1)	(62.7%)
Net interest, dividend and similar income	**1,233.0**	**1,264.6**	**(2.5%)**	**1,233.3**	**1,294.6**	**(4.7%)**
Net fee and commission income	1,068.5	1,012.2	5.6%	1,068.5	1,012.2	5.6%
Other net operating income	136.0	41.2	n.s.	160.2	67.4	n.s.
Net financial result (excluding FVO)	268.3	425.3	(36.9%)	268.3	425.3	(36.9%)
Other operating income	**1,472.8**	**1,478.7**	**(0.4%)**	**1,497.0**	**1,504.9**	**(0.5%)**
Total income	**2,705.8**	**2,743.3**	**(1.4%)**	**2,730.4**	**2,799.5**	**(2.5%)**
Personnel expenses	(1,036.0)	(1,084.2)	(4.4%)	(1,036.0)	(1,084.2)	(4.4%)
Other administrative expenses	(532.8)	(556.9)	(4.3%)	(532.8)	(556.9)	(4.3%)
Amortization and depreciation	(96.8)	(98.4)	(1.6%)	(94.1)	(95.5)	(1.5%)
Operating costs	**(1,665.6)**	**(1,739.4)**	**(4.2%)**	**(1,662.9)**	**(1,736.6)**	**(4.2%)**
Profit (loss) from operations	**1,040.2**	**1,003.9**	**3.6%**	**1,067.5**	**1,062.9**	**0.4%**
Net adjustments on loans to customers	(689.0)	(600.9)	14.7%	(689.0)	(600.9)	14.7%
Net adjustments on receivables due from banks and other assets	(66.5)	(21.3)	n.s.	(66.5)	(21.3)	n.s.
Net provisions for risks and charges	1.7	(21.4)	n.s.	1.7	(21.7)	n.s.
Impairment of goodwill and equity investments	95.5	(10.0)	n.s.	95.5	(10.0)	n.s.
Profit (loss) on the disposal of equity and other investments	(0.7)	4.5	n.s.	(0.6)	4.6	n.s.
Income (loss) before tax from continuing operations	**381.2**	**354.9**	**7.4%**	**408.5**	**413.6**	**(1.2%)**
Tax on income from continuing operations (excluding FVO)	(182.2)	(173.9)	4.8%	(191.1)	(193.3)	(1.1%)
Income (loss) after tax from discontinued operations	(0.8)	(3.9)	(80.5%)	(0.8)	(3.9)	(80.5%)
Income (loss) attributable to minority interests	(11.1)	(11.3)	(1.3%)	(11.2)	(11.4)	(1.7%)
Net income for the period excluding FVO and PPA	**187.1**	**165.9**	**12.8%**	**205.5**	**205.1**	**0.2%**
PPA impact after tax				(18.4)	(39.2)	(53.1%)
Net income (loss) for the period excluding FVO	**187.1**	**165.9**	**12.8%**	**187.1**	**165.9**	**12.8%**
Fair Value Option result (FVO)	(32.4)	(328.3)	n.s.	(32.4)	(328.3)	n.s.
Tax on FVO result	10.7	108.6	n.s.	10.7	108.6	n.s.
Net income (loss) for the period	**165.4**	**(53.8)**	**n.s.**	**165.4**	**(53.8)**	**n.s.**

Extraordinary items shown in slide 8

Of which PPA ex-BPI: -€16.2m
Of which PPA Italease: -€2.2m

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Consolidated 9M 2013 income statement: quarterly change

Reclassified income statement - €/m	INCLUDING PPA line-by-line Q3 2013	INCLUDING PPA line-by-line Q2 2013	INCLUDING PPA line-by-line Q1 2013	EXCLUDING PPA line-by-line Q3 2013	EXCLUDING PPA line-by-line Q2 2013	EXCLUDING PPA line-by-line Q1 2013
Net interest income	426.5	432.3	408.5	426.4	432.4	408.8
Income (loss) from investments in associates carried at equity	(5.8)	(33.1)	4.6	(5.8)	(33.1)	4.6
Net interest, dividend and similar income	**420.7**	**399.2**	**413.2**	**420.6**	**399.3**	**413.4**
Net fee and commission income	324.7	378.3	365.5	324.7	378.3	365.5
Other net operating income	36.0	47.7	52.4	44.0	55.8	60.4
Net financial result (excluding FVO)	96.8	94.6	76.8	96.8	94.6	76.8
Other operating income	**457.5**	**520.6**	**494.7**	**465.6**	**528.7**	**502.8**
Total income	**878.2**	**919.8**	**907.8**	**886.2**	**928.0**	**916.2**
Personnel expenses	(346.9)	(339.6)	(349.5)	(346.9)	(339.6)	(349.5)
Other administrative expenses	(174.0)	(178.8)	(180.1)	(174.0)	(178.8)	(180.1)
Amortization and depreciation	(34.0)	(31.0)	(31.8)	(33.1)	(30.1)	(30.9)
Operating costs	**(554.9)**	**(549.5)**	**(561.3)**	**(553.9)**	**(548.5)**	**(560.4)**
Profit (loss) from operations	**323.3**	**370.3**	**346.6**	**332.2**	**379.5**	**355.7**
Net adjustments on loans to customers	(248.0)	(211.6)	(229.3)	(248.0)	(211.6)	(229.3)
Net adjustments on receivables due from banks and other assets	(6.7)	(54.1)	(5.7)	(6.7)	(54.1)	(5.7)
Net provisions for risks and charges	5.6	(4.8)	0.9	5.6	(4.8)	0.9
Impairment of goodwill and equity investments	-	95.5	-	-	95.5	-
Profit (loss) on the disposal of equity and other investments	(0.5)	(0.4)	0.1	(0.5)	(0.3)	0.1
Income (loss) before tax from continuing operations	**73.7**	**194.9**	**112.5**	**82.7**	**204.2**	**121.7**
Tax on income from continuing operations (excluding FVO)	(42.7)	(75.5)	(64.0)	(45.6)	(78.5)	(67.0)
Income (loss) after tax from discontinued operations	(0.1)	(0.9)	0.2	(0.1)	(0.9)	0.2
Income (loss) attributable to minority interests	0.4	(3.5)	(8.0)	0.4	(3.5)	(8.0)
Net income for the period excluding FVO and PPA	**31.4**	**115.0**	**40.7**	**37.4**	**121.2**	**46.9**
PPA impact after tax				(6.0)	(6.2)	(6.2)
Net income (loss) for the period excluding FVO	**31.4**	**115.0**	**40.7**	**31.4**	**115.0**	**40.7**
Fair Value Option result (FVO)	(33.1)	(75.8)	76.4	(33.1)	(75.8)	76.4
Tax on FVO result	10.9	25.1	(25.3)	10.9	25.1	(25.3)
Net income (loss) for the period	**9.3**	**64.3**	**91.9**	**9.3**	**64.3**	**91.9**

Extraordinary items shown in slide 8

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Consolidated 9M 2013 income statement: breakdown

Reclassified income statement - €/m	9M 2013 Banco Popolare Group (PPA line-by-line)	9M 2013 Banco Popolare (Standalone)	PPA ex-BPI	Italease	PPA Italease
Net interest income	1,267.3	1,234.2	2.9	33.5	(3.3)
Income (loss) from investments in associates carried at equity	(34.3)	(29.7)		(4.6)	
Net interest, dividend and similar income	**1,233.0**	**1,204.4**	**2.9**	**28.9**	**(3.3)**
Net fee and commission income	1,068.5	1,066.0		2.5	
Other net operating income	136.0	142.7	(24.2)	17.6	
Net financial result (excluding FVO)	268.3	273.7		(5.4)	
Other operating income	**1,472.8**	**1,482.4**	**(24.2)**	**14.7**	**-**
Total income	**2,705.8**	**2,686.8**	**(21.3)**	**43.6**	**(3.3)**
Personnel expenses	(1,036.0)	(1,025.7)		(10.3)	
Other administrative expenses	(532.8)	(497.3)		(35.6)	
Amortization and depreciation	(96.8)	(82.5)	(2.7)	(11.6)	
Operating costs	**(1,665.6)**	**(1,605.4)**	**(2.7)**	**(57.5)**	**-**
Profit (loss) from operations	**1,040.2**	**1,081.4**	**(24.0)**	**(13.9)**	**(3.3)**
Net adjustments on loans to customers	(689.0)	(633.7)		(55.3)	
Net adjustments on receivables due from banks and other assets	(66.5)	(66.5)		0.0	
Net provisions for risks and charges	1.7	1.3		0.4	
Impairment of goodwill and equity investments	95.5	95.5		-	
Profit (loss) on the disposal of equity and other investments	(0.7)	0.6	(0.1)	(1.2)	
Income (loss) before tax from continuing operations	**381.2**	**478.5**	**(24.1)**	**(70.0)**	**(3.3)**
Tax on income from continuing operations (excluding FVO)	(182.2)	(208.1)	7.8	16.9	1.1
Income (loss) after tax from discontinued operations	(0.8)	(0.8)		-	
Income (loss) attributable to minority interests	(11.1)	(14.3)	0.0	3.1	0.0
Net income (loss) for the period excluding FVO	**187.1**	**255.4**	**(16.2)**	**(49.9)**	**(2.2)**
Fair Value Option result (FVO)	(32.4)	(32.4)		-	
Tax on FVO result	10.7	10.7		-	
Net income (loss) for the period	**165.4**	**233.7**	**(16.2)**	**(49.9)**	**(2.2)**

+€30.2m

+€217.5m

-€52.1m

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Extraordinary items on the P&L in 9M 2013

€/m

ELEMENTS OF THE NORMALISATION

	9M 2013		Q3 2013		Q2 2013		Q1 2013		Income statement item
	gross	net	*gross*	*net*	*gross*	*net*	*gross*	*net*	
- BUY-BACK TIER I and TIER II	37.6	25.2	*0.0*	*0.0*	*37.6*	*25.2*	*0.0*	*0.0*	*Net financial result*
- AFS DISPOSAL (AZIMUT)	31.3	29.1	*31.3*	*29.1*	*0.0*	*0.0*	*0.0*	*0.0*	*Net financial result*
- WRITE-DOWNS ON GOVERNMENT BOND PORTFOLIO (HFT)	(9.8)	(6.6)	*5.1*	*3.4*	*(10.8)*	*(7.2)*	*(4.2)*	*(2.8)*	*Net financial result*
- COSTS RELATED TO THE REORGANIZATION OF THE COMMERCIAL NETWORK	(3.6)	(2.6)	*0.0*	*0.0*	*(3.6)*	*(2.6)*	*0.0*	*0.0*	*Net provisions for risks and charges*
'- EXTRAORDINARY IMPAIRMENT ON FINANCIAL ASSETS*	(41.5)	(35.1)	*0.0*	*0.0*	*(41.5)*	*(35.1)*	*0.0*	*0.0*	*Net adjustments on receivables due from banks and other assets*
- VALUATION OF AGOS-DUCATO PARTECIPATION	51.5	51.5	*(9.9)*	*(9.9)*	*61.4*	*61.4*	*0.0*	*0.0*	
of which:									
- Income statement	*(54.3)*	*(54.3)*	*(9.9)*	*(9.9)*	*(44.4)*	*(44.4)*	*0.0*	*0.0*	*Income (loss) from investments in associates carried at equity*
- Write-back from valuation of partecipation	*105.8*	*105.8*	*0.0*	*0.0*	*105.8*	*105.8*	*0.0*	*0.0*	*Value adjustments on goodwill and investments in associates and companies subject to joint control*
- IMPAIRMENT ON GOODWILL AND PARTECIPATIONS	(10.3)	(10.3)	*0.0*	*0.0*	*(10.3)*	*(10.3)*	*0.0*	*0.0*	*Value adjustments on goodwill and investments in associates and companies subject to joint control*
- DISPOSAL OF NON-DOMESTIC BANKS AND OTHER	(0.4)	0.3	*(0.1)*	*(0.1)*	*(0.5)*	*0.2*	*0.2*	*0.2*	*Income (loss) after tax from discontinued operations / Personnel expenses*
- FAIR VALUE OPTION	(32.4)	(21.7)	*(33.1)*	*(22.1)*	*(75.8)*	*(50.7)*	*76.4*	*51.2*	*FVO result*
TOTAL	***22.4***	***29.8***	***(6.7)***	***0.4***	***(43.4)***	***(19.2)***	***72.5***	***48.6***	

Note: (*) The impairment on AFS, relate to residual positions in private equity companies.

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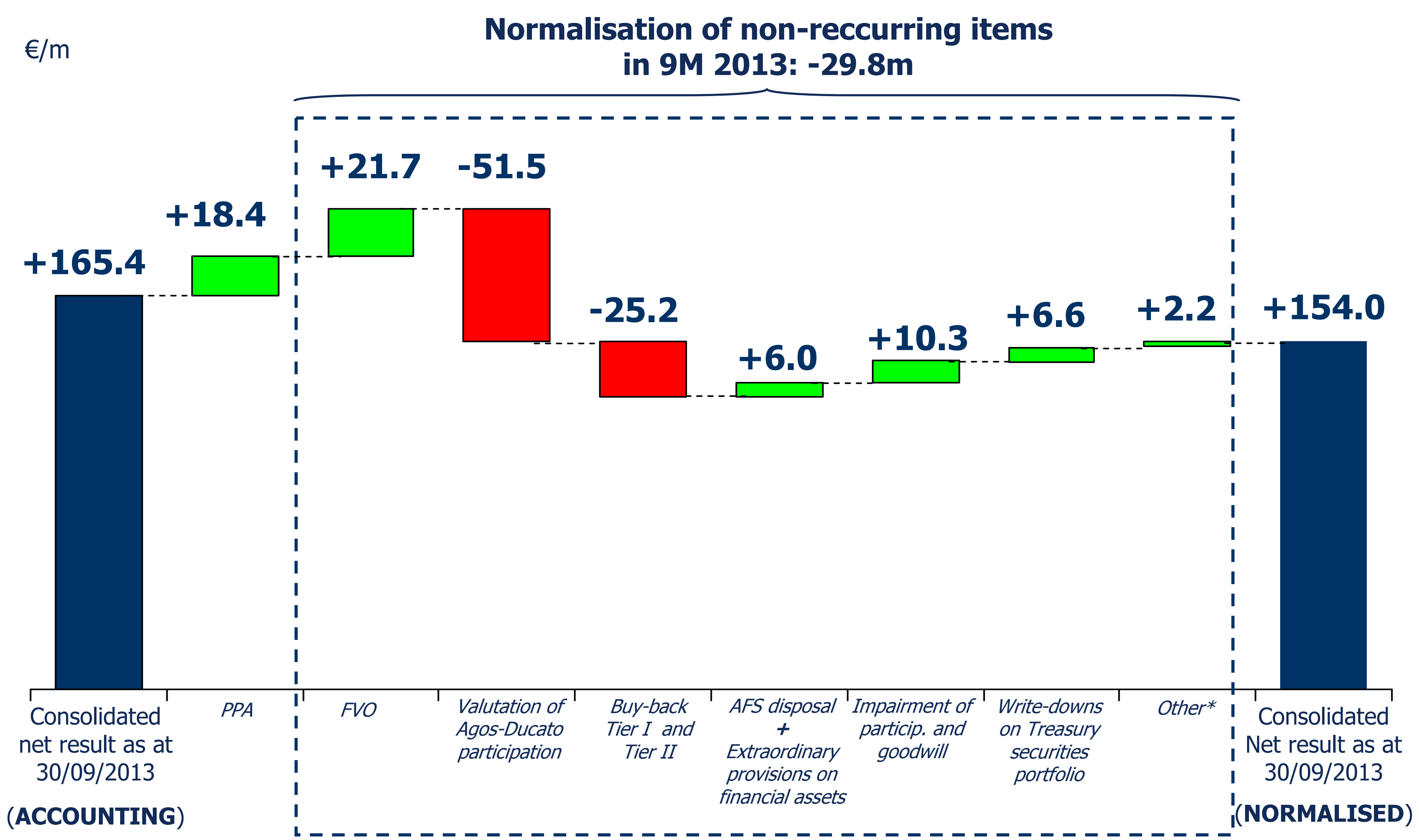
‘Normalised’ consolidated net income in 9M 2013



* Includes €2.6m of costs related to the reorganisation of the Group’s network.

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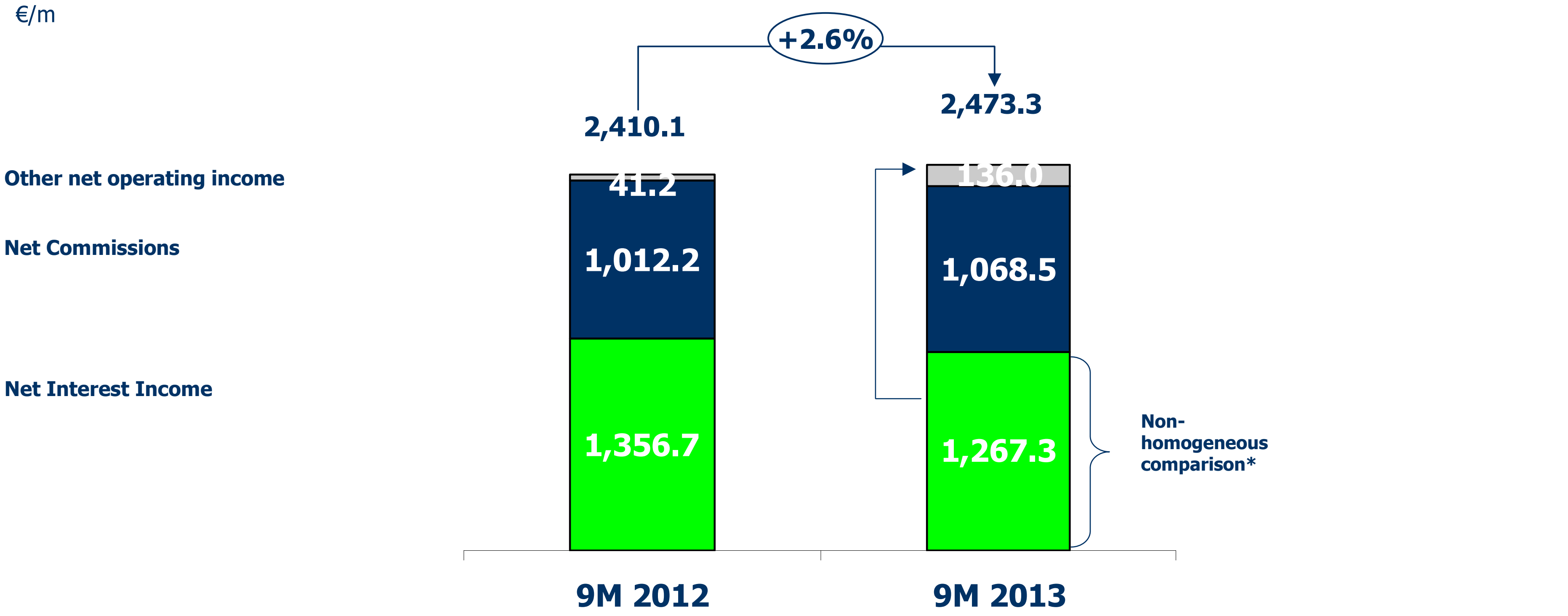
Trend in core banking revenues

Aggregate of Net Interest Income + Net Commissions + Other Net Operating Income



* Starting from 01/10/2012, the overdraft facility fee (so-called l'Indennità di Sconfinamento, or 'IS'), previously booked under the NII, was abolished from the interest income contribution while an all-inclusive fixed commission (so-called Commissione di Istruttoria Veloce, 'CIV'), now booked under the item 'Other net operating income', was introduced. See slide 67.

Despite the difficult economic environment, revenues related to the core banking business were up by 2.6% y/y in 9M 2013.

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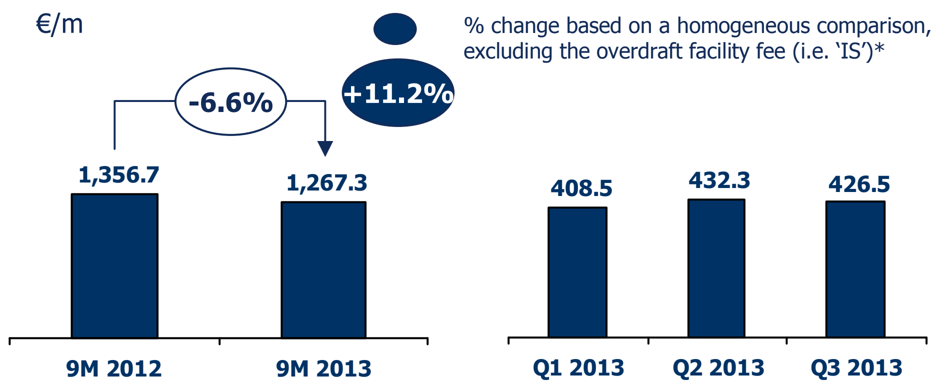
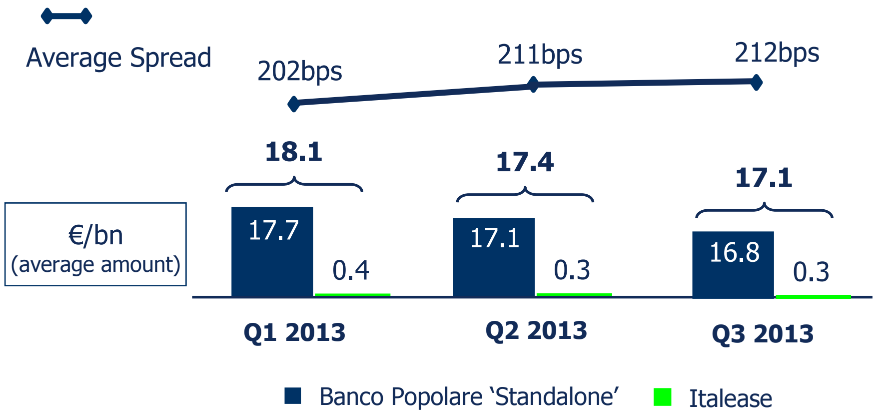
Net interest income

Quarterly trend of Net Interest Income

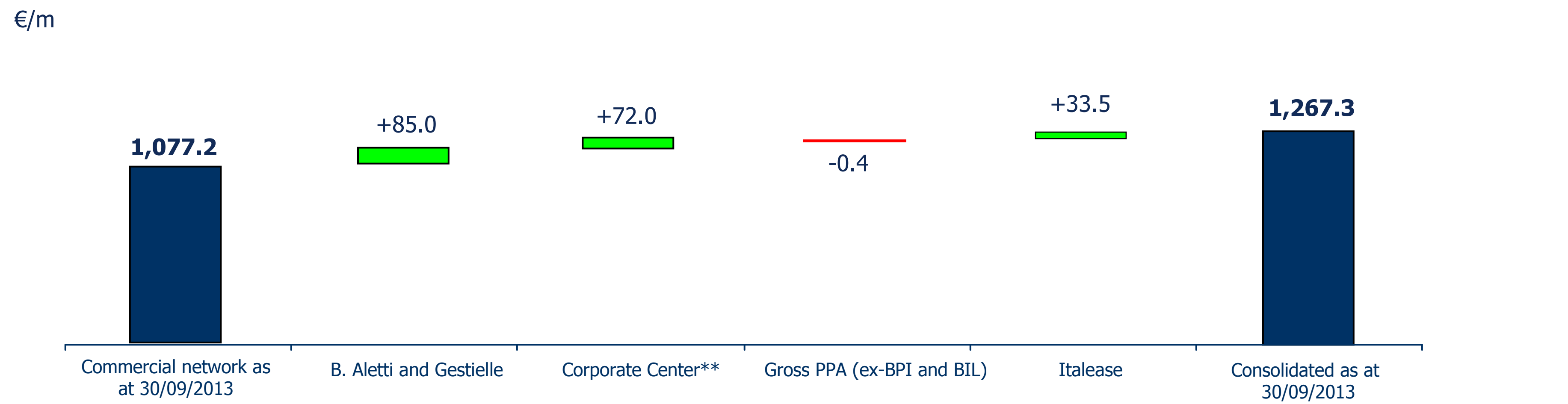


* Starting from 01/10/2012, the overdraft facility fee (so-called l'Indennità di Sconfinamento, or 'IS') previously booked under the NII was abolished from the interest income contribution while an all-inclusive fixed commission (so-called Commissione di Istruttoria Veloce, 'CIV') booked under the item 'Other net revenues' was introduced. See slide 67.

Wholesale funding cost



Breakdown of Net Interest Income of 9M 2013



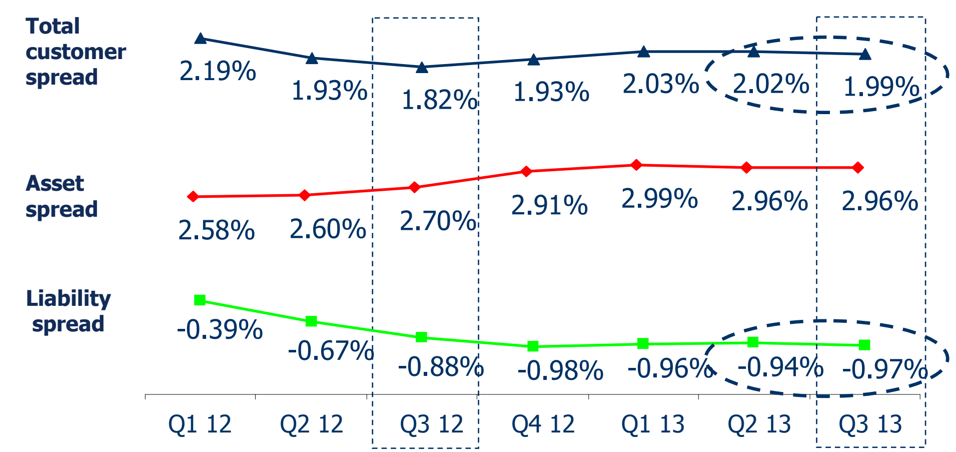
** NII of the Corporate Center includes wholesale funding costs as well as other components of the Territorial Divisions.

Banco Popolare 'Standalone'

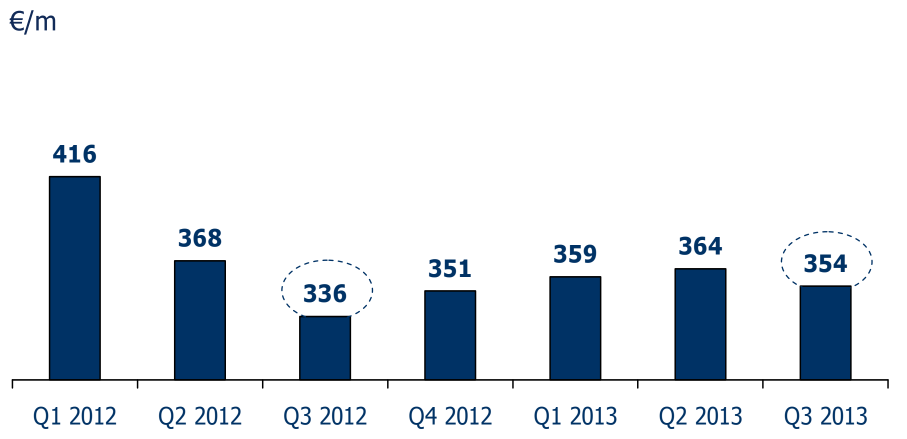
Customer NII of the commercial network*

Homogeneous comparison, excluding 'IS' from the historical data.

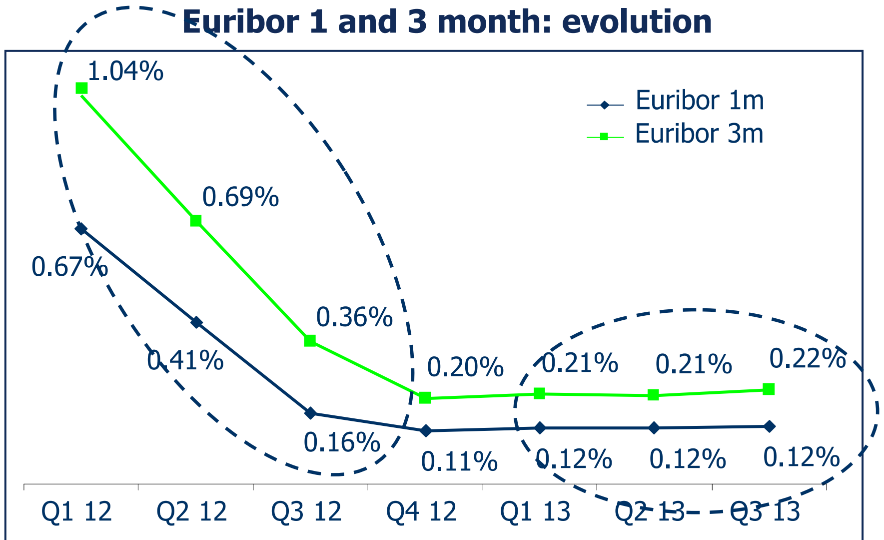
Customer spread: evolution



Customer NII of the commercial network: quarterly trend



Euribor 1 and 3 month: evolution



Comments

- In Q3 2013, NII of the commercial network decreased by 3% q/q, mainly due to a reduction in the customer loans (-1.4bn in Q3 2013), in particular in the Mid and Large corporate segments.
- On an annual basis, the total customer spread in Q3 2013 increased by +17bps vs. Q3 2012, mainly thanks to repricing actions, which have allowed the asset spread to increase by +26bps vs. the same quarter of 2012, more than compensating the weakness of the liability spread (-9bps).
- The reduction of the mark-down in Q3 2013 is the result of the choice to focus on the placement of retail bonds, in order to lengthen the maturity profile and to increase moderately the stock. The spreads of new retail bond issuances have been lowered starting from November this year.

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* Analysis based on the customer funds and customer loans of the commercial network.

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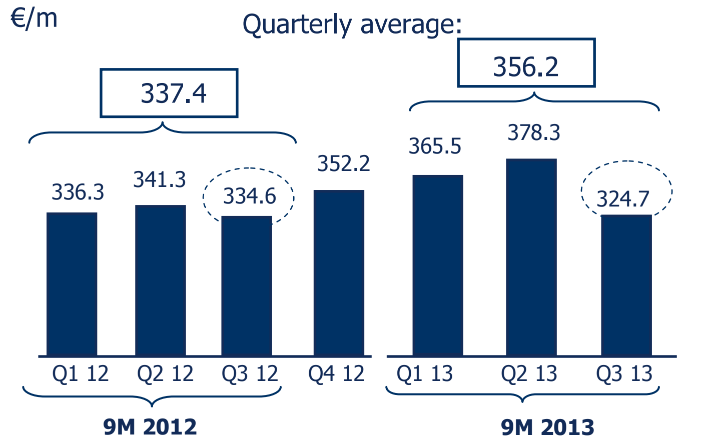
Net commissions

Analysis of Net commissions

€/m	9M 2013	9M 2012	Chg. %
Mgmt. brokerage and advisory services	501.1	504.2	-0.6%
Management of c/a and customer relations	415.4	348.5	19.2%
Payment and collection services	90.1	91.1	-1.1%
Guarantees given	17.7	16.6	6.6%
Other services	44.2	51.7	-14.5%
Total	**1,068.5**	**1,012.2**	**5.6%**

Includes cost of State-guaranteed bonds equal to 29.5m in 9M 2013 and 28.3m in 9M 2012

Quarterly evolution



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

€/m	9M 2013	9M 2012	Chg. %
Placement of savings products:	383.4	369.3	3.8%
- Securities sale and distribution	*24.3*	*62.7*	*-61.3%*
- Asset management	*279.3*	*226.5*	*23.3%*
- Bancassurance	*79.9*	*80.1*	*-0.3%*
Consumer credit	26.1	32.0	-18.3%
Credit cards	25.2	28.1	-10.2%
Custodian banking services	7.9	7.5	4.9%
FX & trading activities of branch customers	43.7	48.3	-9.7%
Other	14.8	18.9	-22.1%
Total	**501.1**	**504.2**	**-0.6%**

Comments

- Net commissions increased +5.6% y/y, confirming the strength of the Group's commercial network.
- The reduction in Q3 is the result of the seasonality as well as the choice to focus the commercial strategy on direct customer funds through the placement of retail bonds.

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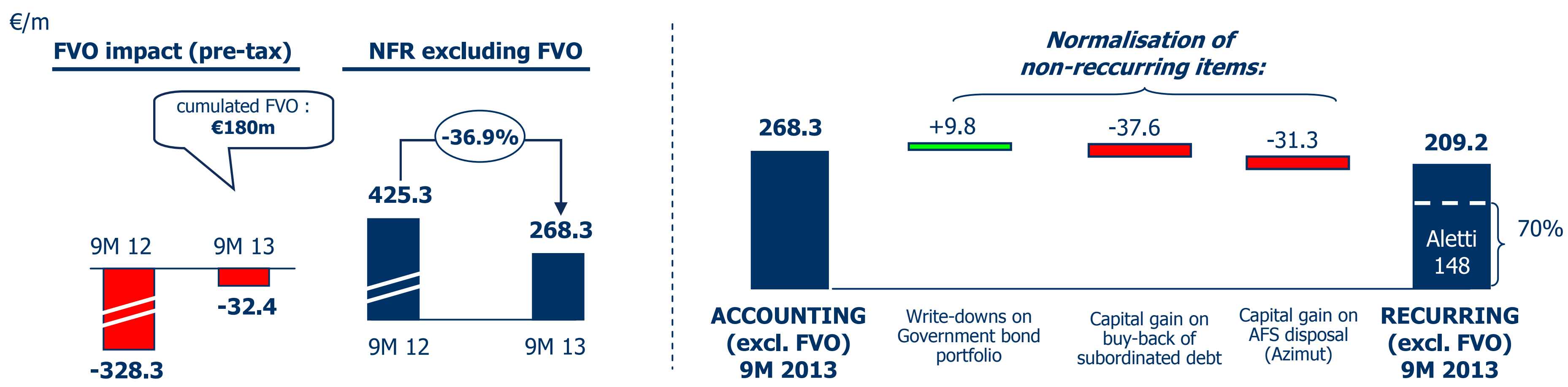
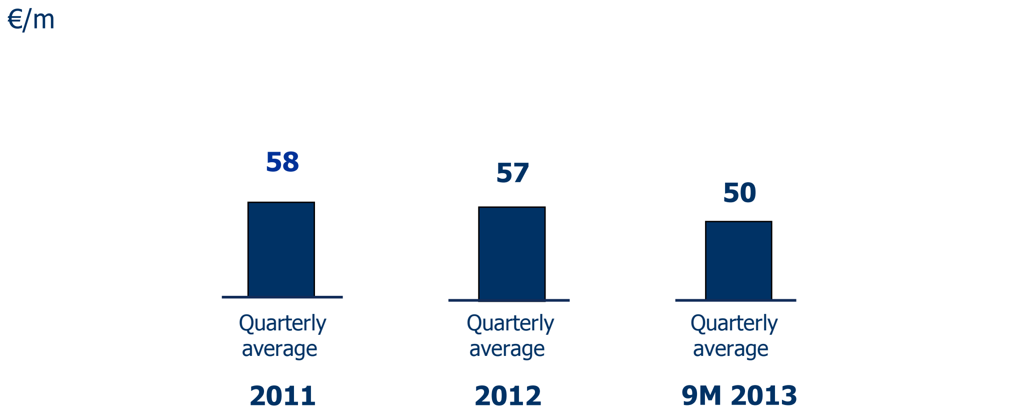
Net Financial Result

Group Net Financial Result



Contribution of Banca Aletti to NFR

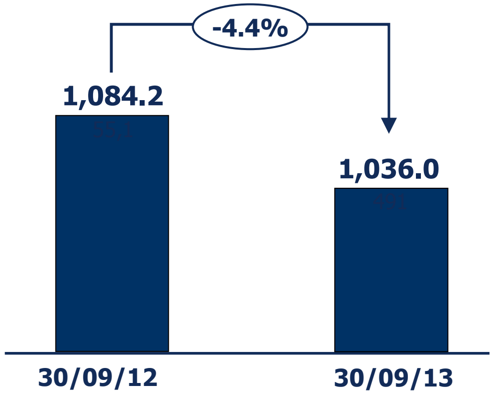


Comments

- The comparison of the Group's NFR on an annual basis should take into due consideration that 9M 2012 included two positive one-off items: +€109.9m of capital gains from a buy-back of preferred/subordinated debt and +€46.2m of capital gains in relation to the Treasury securities portfolio.
- Excluding non-recurring items from both periods, the decrease of the NFR (excluding FVO) falls to –22.3% y/y.
- The reduction of the Banca Aletti contribution to NFR in Q3 2013, was the result of the seasonality of the quarter as well as the lower level in the placement of structured products in favour of 'certificates', which increase its contribution to the NII instead of NFR (see slide 11).

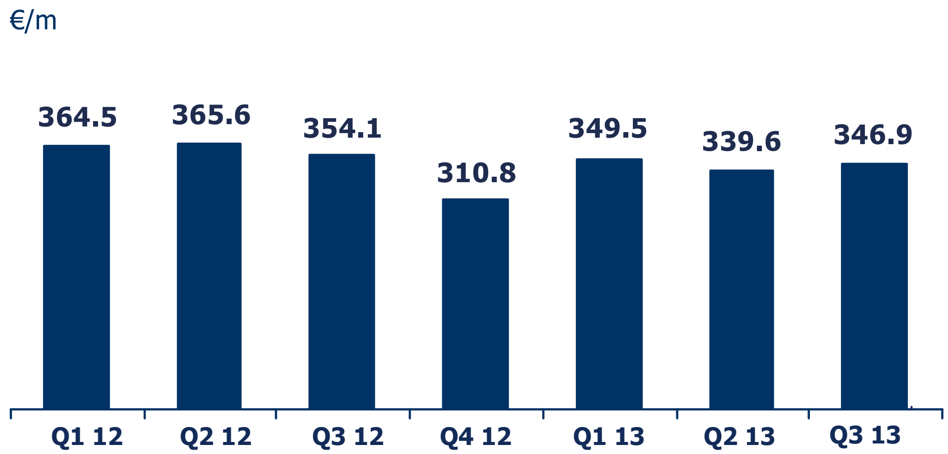
Banco Popolare Group
Operating costs: personnel expenses

Personnel expenses



	30/09/12		30/09/13
Headcount FTE (avg.)	18,771	-404	18,367
o/w: ex Italease FTE (avg.)	*230*	*-59*	*171*

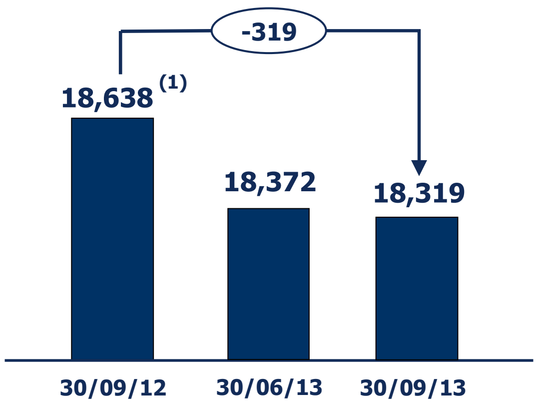
Quarterly evolution



FTE employees

(Period-end data)

Total Group FTEs :



FTE: Full Time Equivalent.

of which: ex Italease FTE — *212* (30/09/12), *171* (30/06/13), *164* (30/09/13)

(1) Pro-forma data, net of AT Leasing and BP Hungary (disposed of).

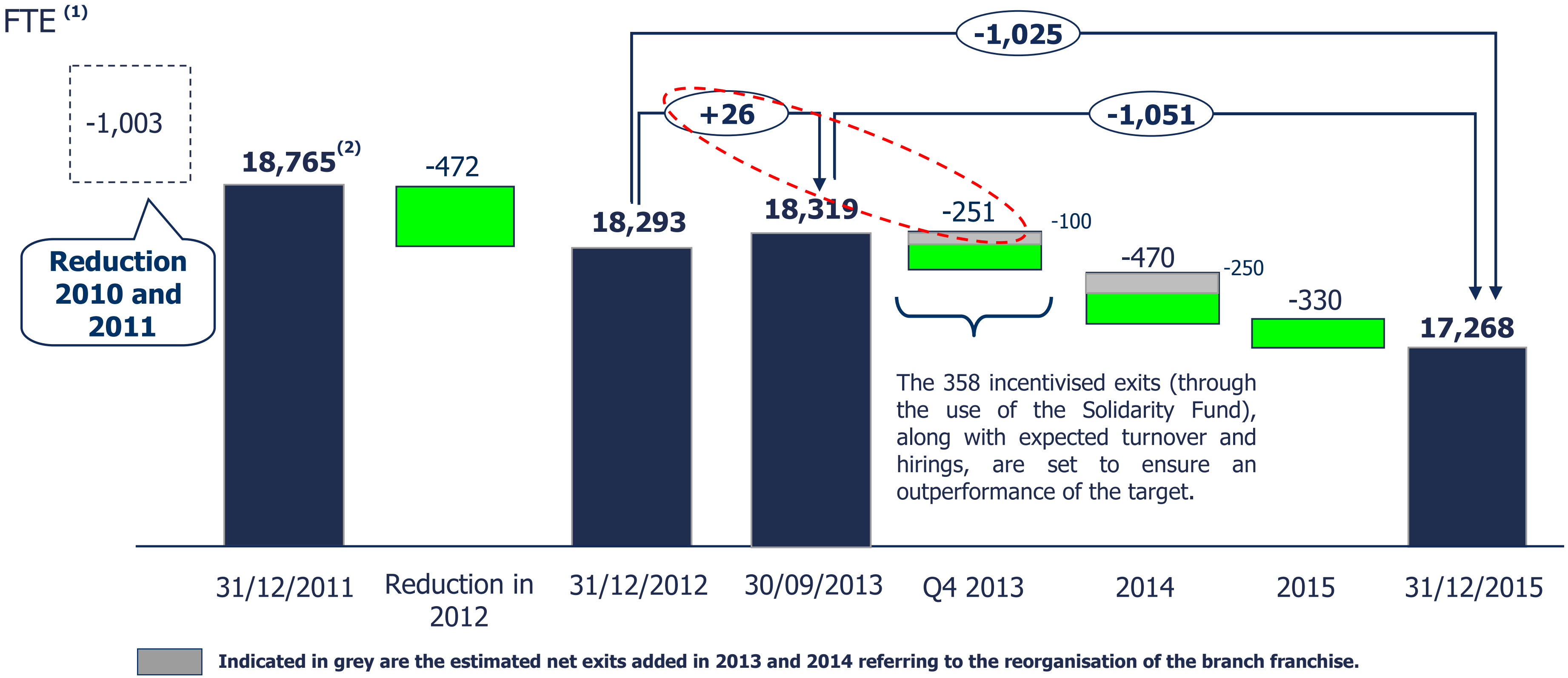
Comments

- The decrease in personnel expenses in 9M 2013 (-4.4% y/y) is driven by the reduction in staff: the average FTE number is down by 404 resources (-319 based on period-end FTE data).
- The incentivised exits (Solidarity Fund) in 2013, already agreed with trade unions, are equal to 358 resources, which are expected to exit the Group on 01/12/13. The extraordinary expenses related to 250 exits were already registered in Q2 2013, while the cost related to the additional 108 incentivised exits shall be charged in Q4 2013.

BANCO POPOLARE GRUPPO BANCARIO

Banco Popolare Group

Headcount reduction and targets for the period 2013-2015



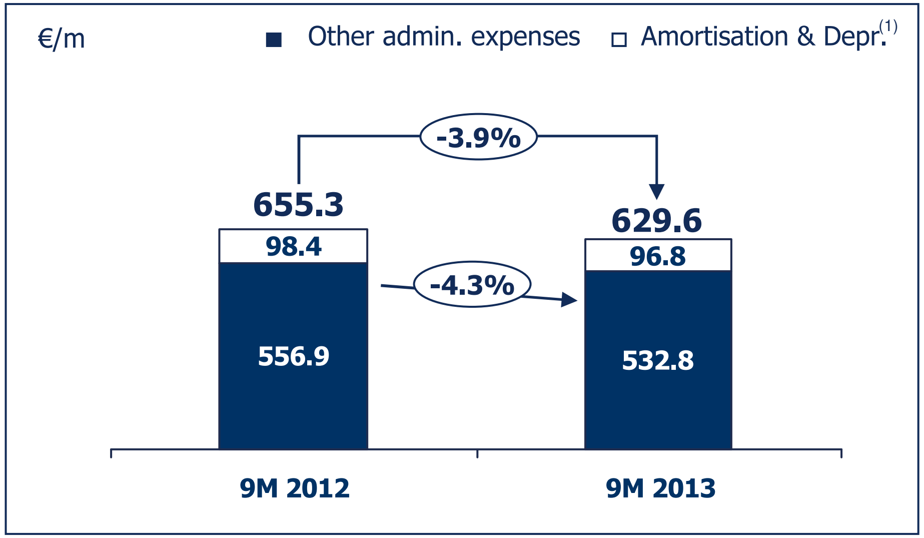
Reduction of total FTE employees in the period 2010-2015: -2,500 resources

- In the period 2010-2011, a reduction of **1,003 FTE** was recorded, compared with **850** targeted in the Business Plan.
- In 2012, the reduction registered was equal to **472 FTE**, with an additional exit of 65 FTEs versus the interim target.
- In the period 2013-2015, the targeted reduction is estimated in **1,025 FTE**, of which **100** added in 2013 and **250** in 2014, thanks to the reorganisation of the branch franchise.

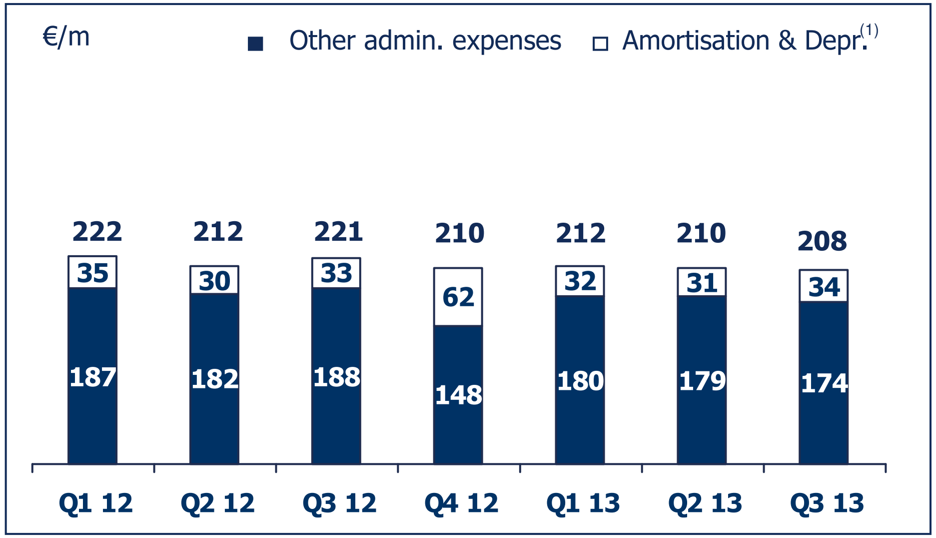
(1) Figures include 47 resources with project or internship contracts.
(2) Pro-forma data based on the perimeter at year-end 2012, i.e. net of Itaca Service, AT Leasing (~26 FTEs) and BP Hungary (146 FTEs), which were sold.

Operating costs: non-personnel expenses

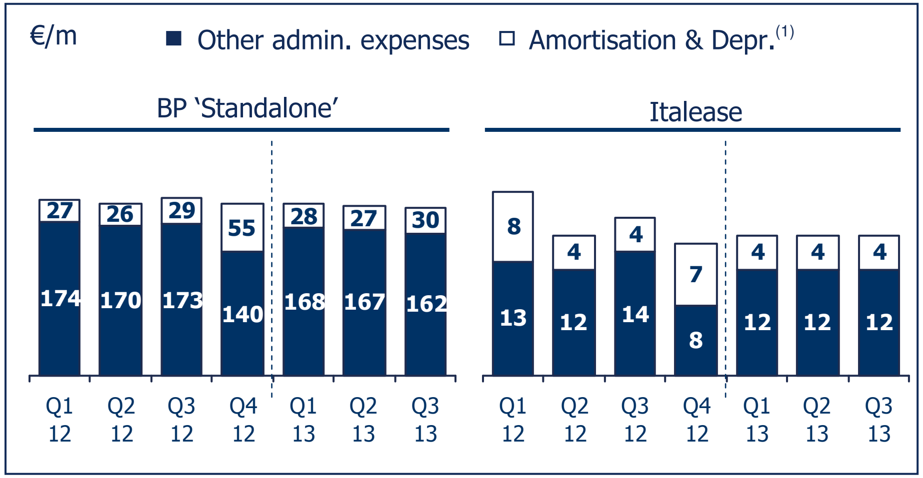
Total non-personnel expenses



Quarterly trend



Breakdown of total non-personnel expenses



Comments

- The Group confirms its cost containment policy, with total non-personnel expenses down by 3.9% y/y, of which -4.3% in relation to other administrative expenses.
- This policy, which considers the entire cost base, has resulted in savings in particular in the areas of consulting fees, real estate (renegotiation of rental expenses) and internal processes (official document registration, postal expenses and telephone costs).

(1) Net adjustments on tangible and intangible fixed assets.

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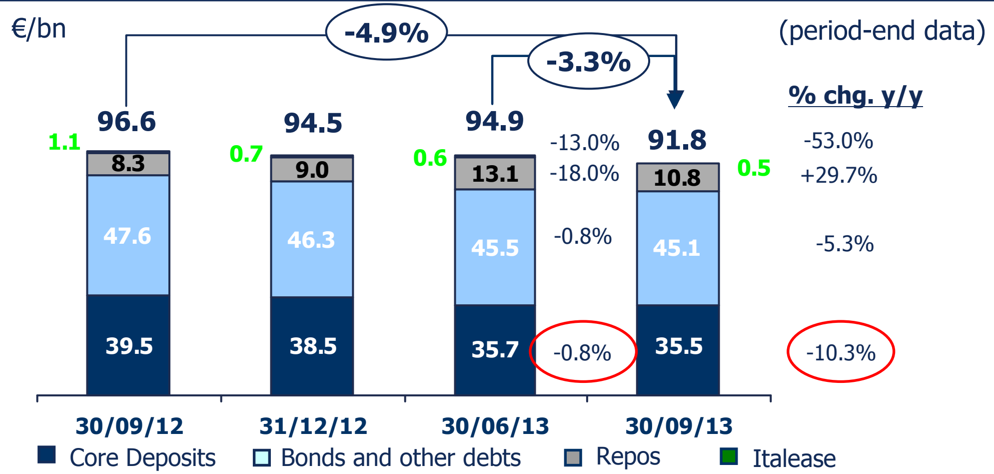
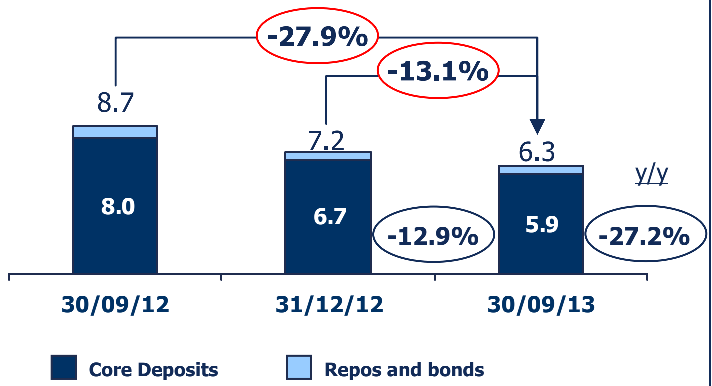
Banco Popolare Group

Direct customer funds

Total direct customer funds

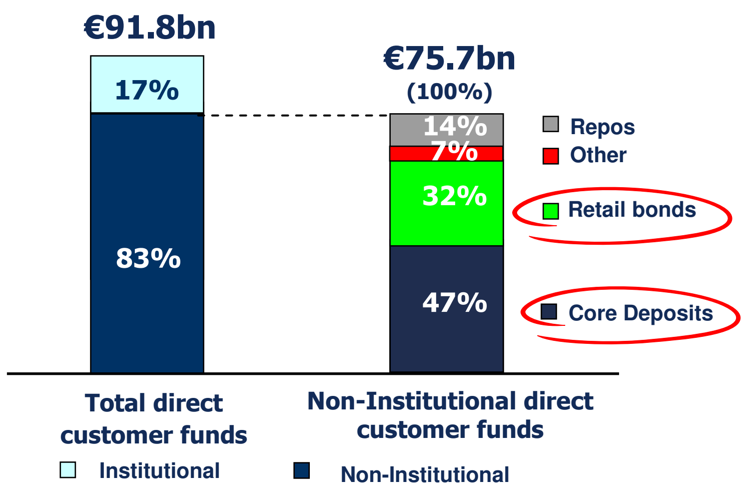


o/w: 'Corporate' segment



N.B.: Core deposits include CDs placed with retail customers of the domestic network.

Direct customer funds breakdown as at 30/09/2013



Comments

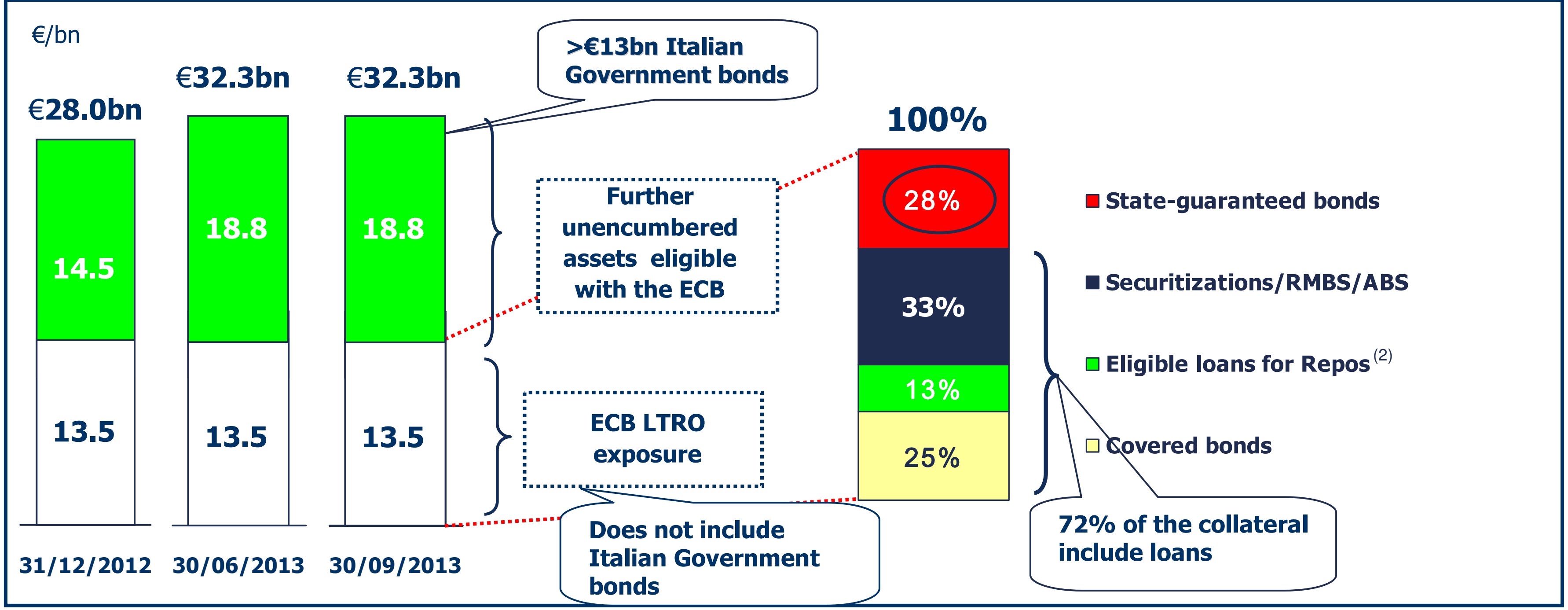
- Total direct customer funds decrease by 4.9% y/y, due to a substantial decrease in institutional bonds and corporate customer funds.
- Core deposits decrease by 10.3% y/y, for more than half (-€2.1bn) in relation to the corporate customer component and for the remaining part due to the more expensive retail customer components, which have to a large degree been transformed into AuM.
- The decline in direct customer funds compared to 30/06/2013 is mainly attributable to the decrease in Repos activity in relation with treasury activities.

BANCO POPOLARE GRUPPO BANCARIO

Satisfactory liquidity position

Total liquid assets (securities)

Details of assets in the "ECB Pooling" as at 30/09/2013



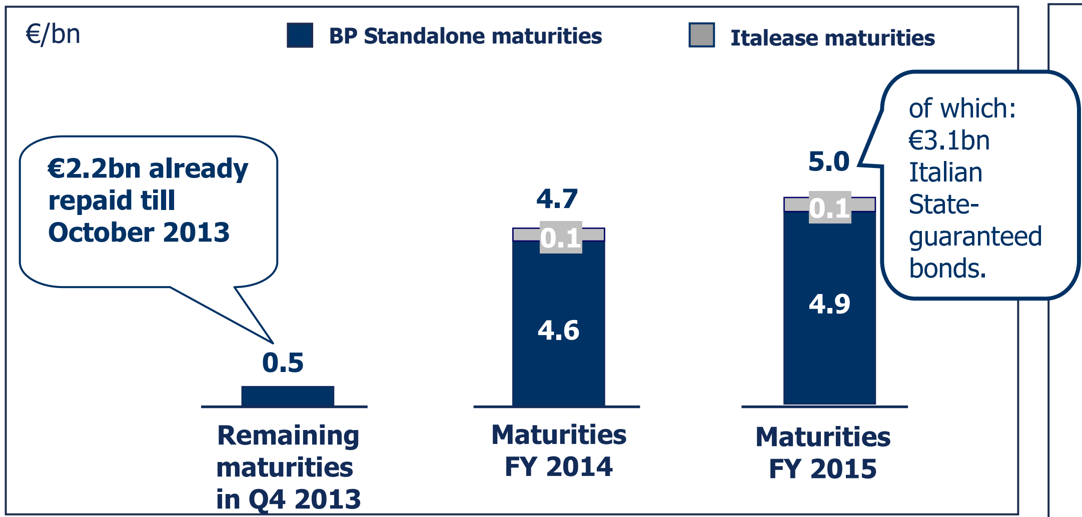
Already compliant with Basle 3 targets: LCR >100% and NSFR >100%

- ECB exposure as at 30/09/2013 equal to €13.5bn (of which 4.7bn(1) nominal and €4.2bn net of haircuts represented by State-guaranteed bonds, which account for 28% of the total).
- Further unencumbered assets eligible with the ECB of €18.8bn (net of haircuts) as at 30/09/2013, largely consisting of a portfolio of unencumbered Italian Government bonds. These assets have seen a significant increase over year-end 2012, thanks to the completion of two self-securitization transactions, of residential mortgages and loans to SMEs, respectively, in addition to the evolution of the proprietary securities portfolio.
- Total liquid assets/Total assets Ratio is equal to 25%, above the level of 21% registered at year-end 2012.

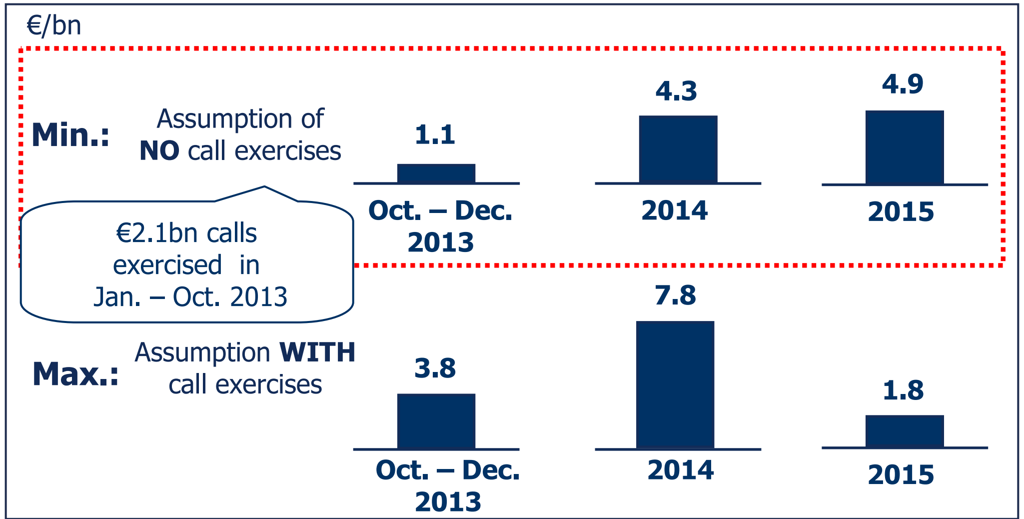
Note: (1) Bond maturities: €1.7bn as at 28/02/2015, €1.4bn as at 23/03/2015 and €1.6bn as at 23/03/2017; (2) Abaco.

Maturities profile and funding coverage

Wholesale funding profile – including State-guaranteed bonds



Retail bond maturities



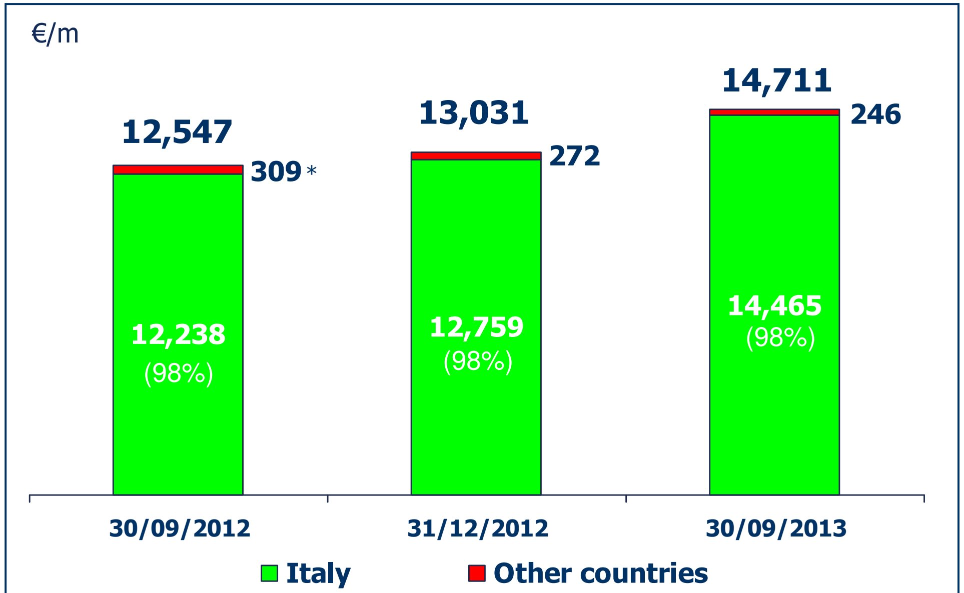
Comments

- Wholesale maturities of the remaining part of 2013 and 2014 can be managed comfortably with the strong liquidity buffer available at Group level, consisting of further unencumbered and eligible assets (mainly Italian Government bonds).
- Other forms of institutional funding: a rescheduling of REPOs was finalized, which has allowed to postpone maturities for about €800m to the three-year period 2016-2018.
- A placement of a subordinated LT2 issue on the Group's network, for a total of about €800m, has substantially been completed.
- The calls of retail issues planned for 2013 have almost entirely been exercised (€2.1bn out of a total of €2.2bn planned for the year).
- New retail bond issues, in replacement of the calls exercised and resulting in a higher level of outstanding bonds, have an average maturity of more than 4 years.

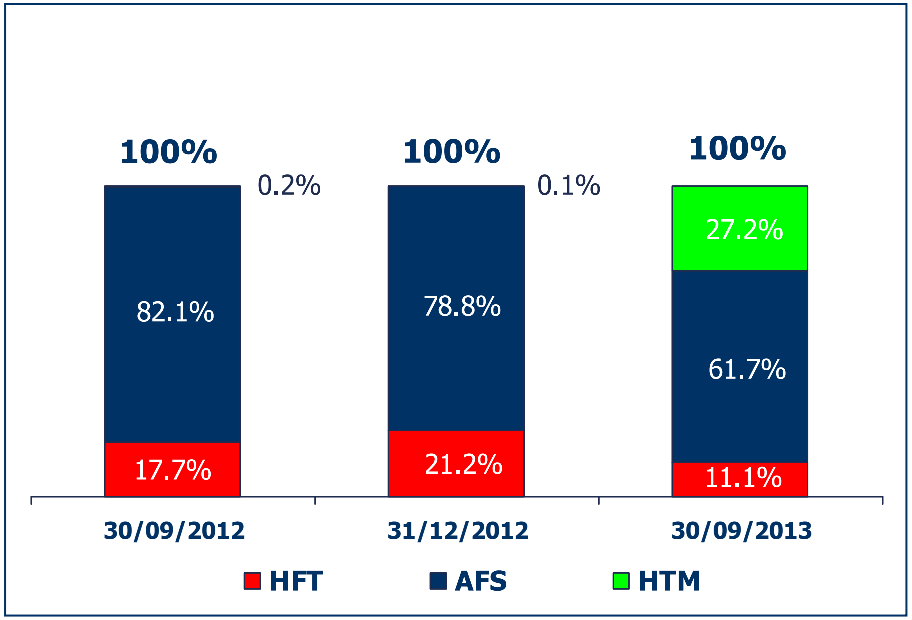
Banco Popolare Group

Treasury securities portfolio: evolution

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



Total Government bond portfolio: accounting classification



Comments:

The **Government bond portfolio** reaches **€14.7bn**. The increase of about €1.7bn compared with year-end 2012 reflects the strategy of a portfolio recomposition approved by the Board of Directors at the end of last year, whose guidelines are the following:

1. constitution of an **HTM** portfolio up to €4bn, with an average maturity not higher than 4 years;
2. reduction of the **HFT** component (down from 21.1% at the end of 2012 to 11.1% as at 30/09/2013);
3. reduction of the **AFS** component.

* Including the swap of Greek bonds, which took place in April 2012.

Banco Popolare Group

Treasury securities portfolio: analysis as of 30/09/2013

TOTAL TREASURY SECURITIES PORTFOLIO (NOMINAL VALUES)

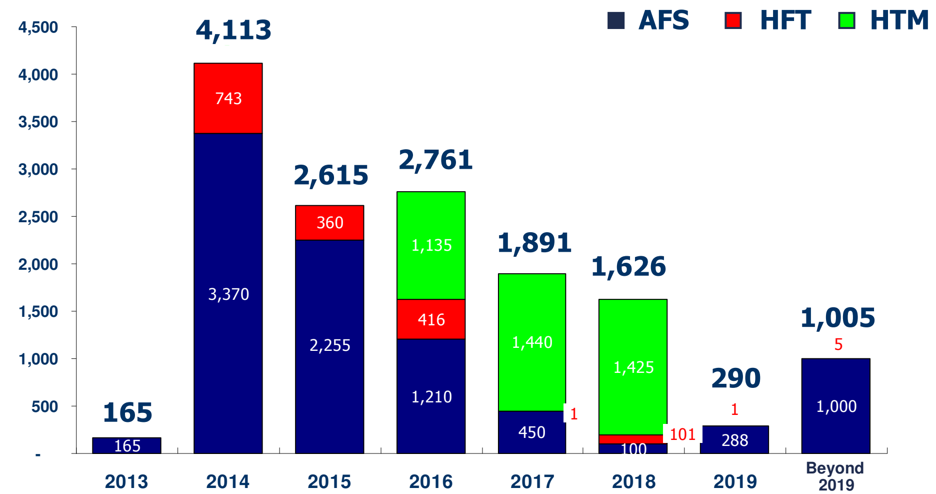
€/m

			Accounting classification		
COUNTRIES	**NOMINAL**	**% COMP**	**HFT**	**AFS**	**HTM**
ITALY	14,465	98.3%	1,627	8,838	4,000
SPAIN	200	1.4%	-	200	-
GREECE	-	0.0%	-	-	-
PORTUGAL	-	0.0%	-	-	-
IRLAND	-	0.0%	-	-	-
GERMANY	0	0.0%	0	-	-
OTHER EU	20	0.1%		16	3
TOTAL EU	**14,685**	99.8%	**1,627**	**9,055**	**4,003**
USA	26	0.2%	-	26	-
TOTAL	**14,711**	**100%**	**1,627**	**9,081**	**4,003**
% on the total			*11.1%*	*61.7%*	*27.2%*

- The Italian government bonds, which account for almost the entire portfolio (98.3%), are mainly classified as AFS (61.1%), with an increasing weight of the HTM component (27.7%).
- The average maturity of the total portfolio is 3.0 years (2.6 at year-end 2012).
- No exposure to Greek, Irish and Portuguese Government bonds.

FOCUS ON ITALIAN GOVERNMENT BONDS: MATURITIES PROFILE AND ACCOUNTING CLASSIFICATION

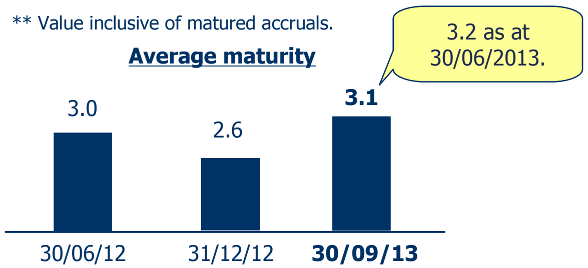
€/m



	Nominal	Accounting**
AFS	8,838	9,052
HFT	1,627	1,615
HTM	4,000	4,189
TOTAL	**14,465**	**14,829**

** Value inclusive of matured accruals.

Average maturity



* Management accounting data of EU countries.

BANCO POPOLARE
GRUPPO BANCARIO

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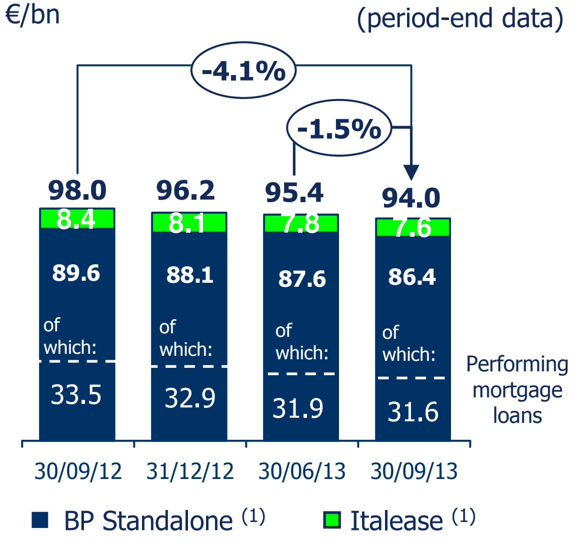
Banco Popolare Group

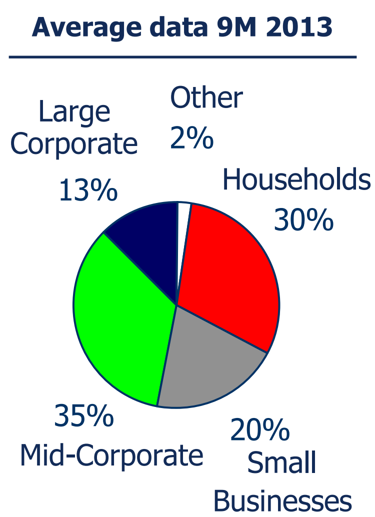
Customer loans: focus on Retail and SMEs

Gross customer loans



(1) Net of intercompany adjustments.

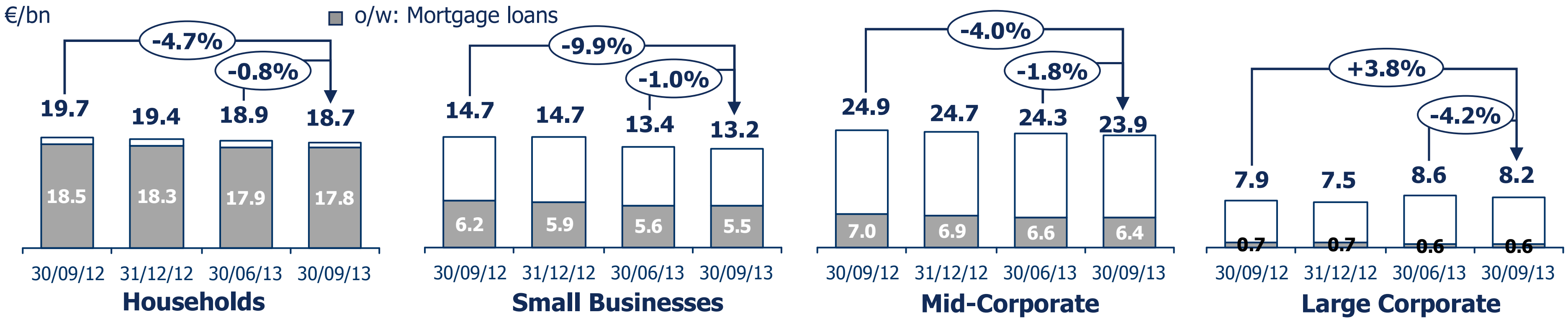
Commercial network: Customer loans by segments



Comments

- Gross customer loans decrease by 1.5% q/q and by 4.1% y/y. Excluding Italease (in run-off), the quarterly decrease is reduced to -1,4%, while the annual decrease is -3.6%.
- **On a quarterly basis**, the performing loans of the core segments (Households, Small Businesses and Mid-Corporate) register very limited contractions, while a more relevant reduction is registered in the Large Corporate segment, mainly due to a decrease in short-term loans drawn (which, nonetheless, stay above the level reached in September 2012, hence determining the annual increase registered in this segment).
- **On an annual basis**, the decrease of performing loans with Households suffers from the relevant drop in the demand for retail mortgages at system level (-9.0% y/y of new granted residential mortgages as at the end of September 2013; source Assofin); the reduction of lending with the Small Businesses and Mid-Corporate segments is a reflection not only of the Group's prudent lending standards, but also of the objective decrease registered in loan demand.

Focus on performing Loans of the Commercial network: main segments (period-end data) (2)

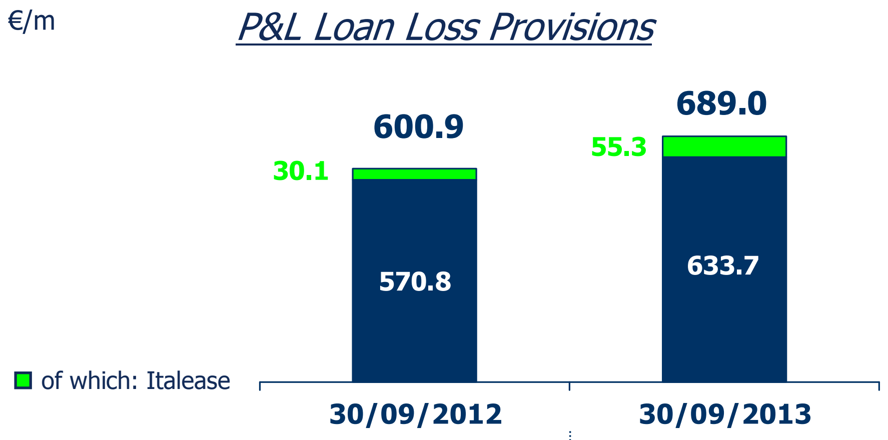


(2) Segmentation of performing loans to customer: Small Business with turnover < €5m, Mid Corporate with turnover between €5m and €350m, Large Corporate with turnover > €350m. Large Corporate includes Entities.

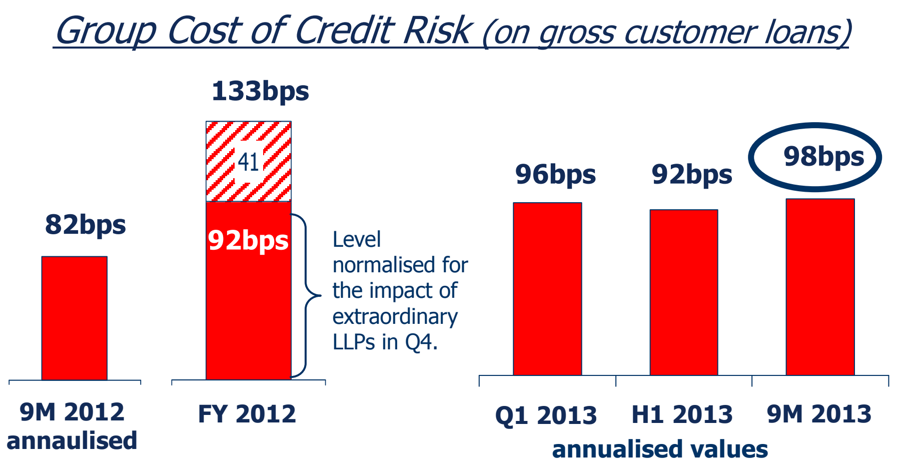
Banco Popolare Group

Asset quality: cost of credit risk

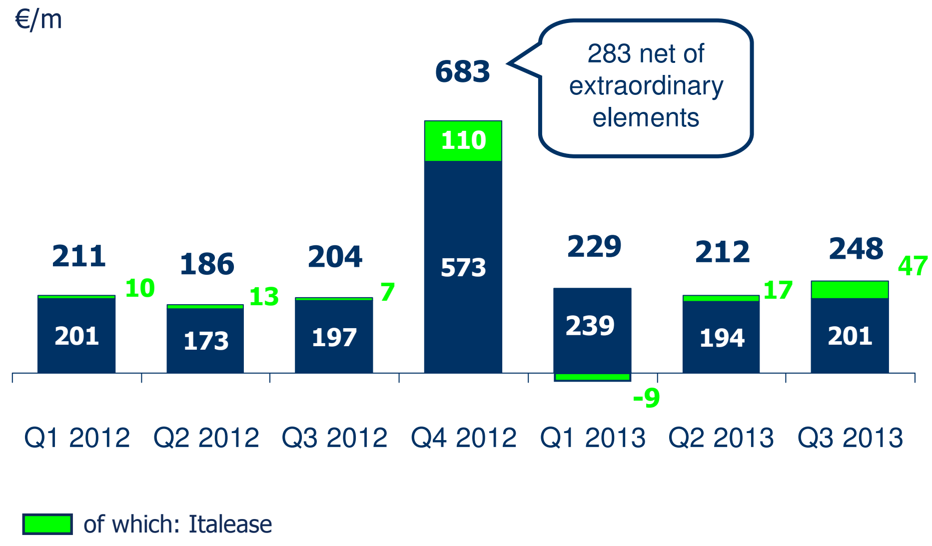
Loan Loss Provisions and Cost of Credit Risk



	30/09/2012	30/09/2013
Gross customer loans (period-end data)	98,016	93,974



Quarterly evolution of LLPs



Comments

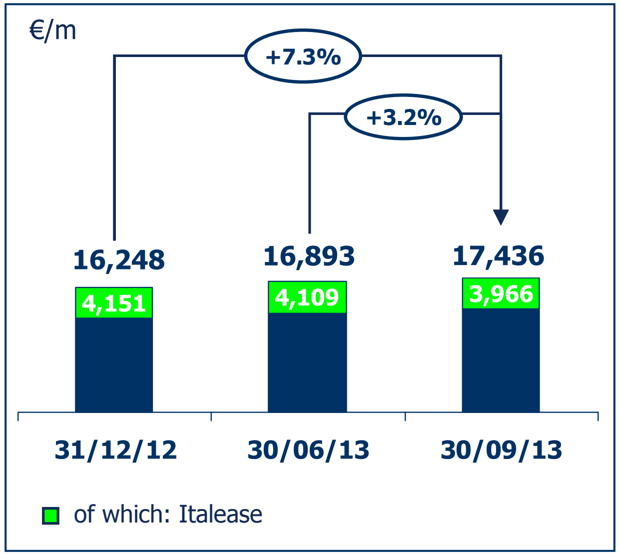
- The nine-month 2013 annualised cost of credit risk stands at 98bps, due to the evolution of impaired loans registered in the quarter as well as the contraction in total customer loans.

BANCO POPOLARE GRUPPO BANCARIO

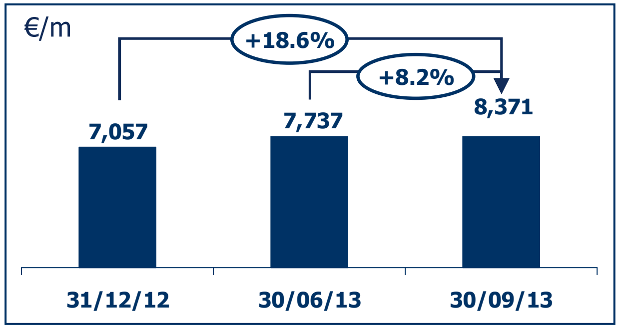
Banco Popolare Group

Asset quality: Evolution of Group Gross Impaired Loans

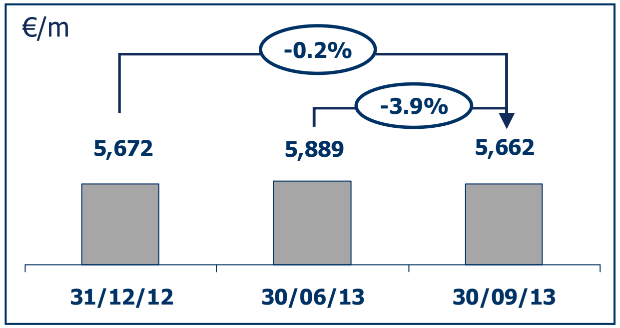
TOTAL GROSS IMPAIRED LOANS



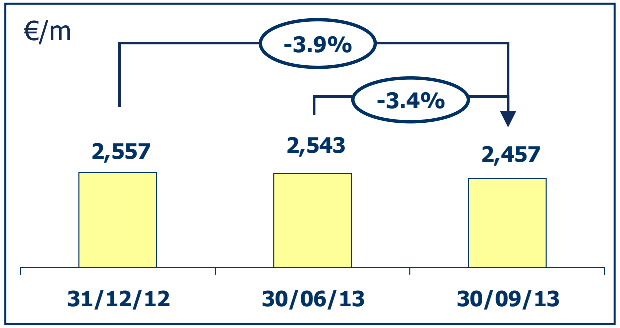
Gross Non-Performing loans



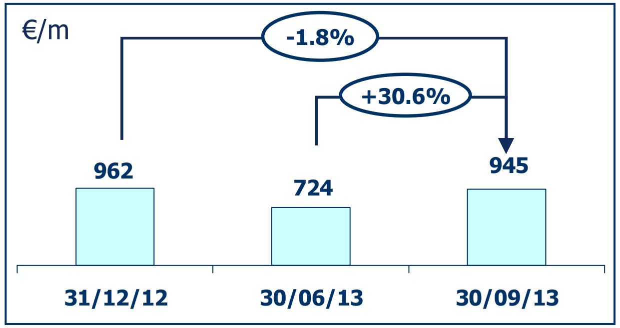
Gross Watchlist loans



Gross Restructured loans



Gross Past Due loans



Comments:

- The Group's gross Impaired loans grow by 3.2% in the quarter and by 7.3% in the nine-month period.
- The increase in Non-performing loans in Q3 2013 was affected by the passage of some big ticket positions previously classified in the Watchlist loan category.
- The quarterly decrease of Watchlist loans (-3.9%) confirms the trend already seen in the second quarter of 2013 (-2.7%), allowing the aggregate to register a slight decrease vs. year-end 2012 (-0.2%).
- The reduction in Restructured loans (-3.9% in the nine-month period and -3.4% in the quarter) is mainly due to the reclassification of roughly €100m into the performing loan category, as part of the de-risking process of Italease.
- The quarterly evolution of Past-due loans (which, nonetheless, decrease by 1.8% vs. year-end 2012) is a reflection of seasonal effects.

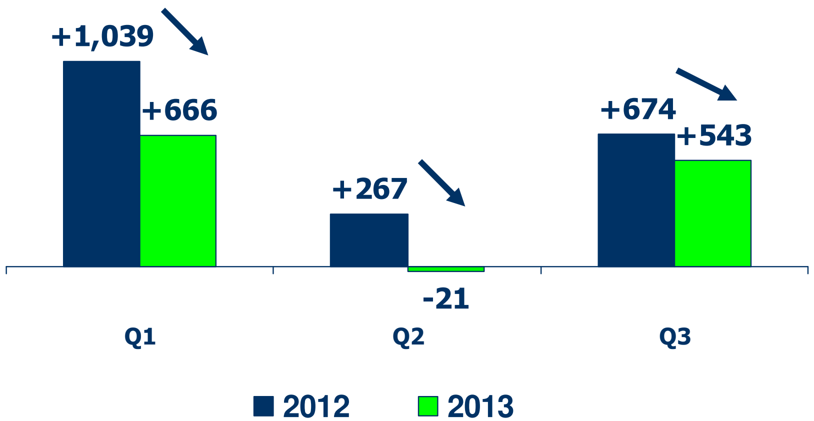
Banco Popolare Group

Progressive deceleration of the increase of impaired loans

Change in the stock of gross impaired loans: 2013 vs. 2012

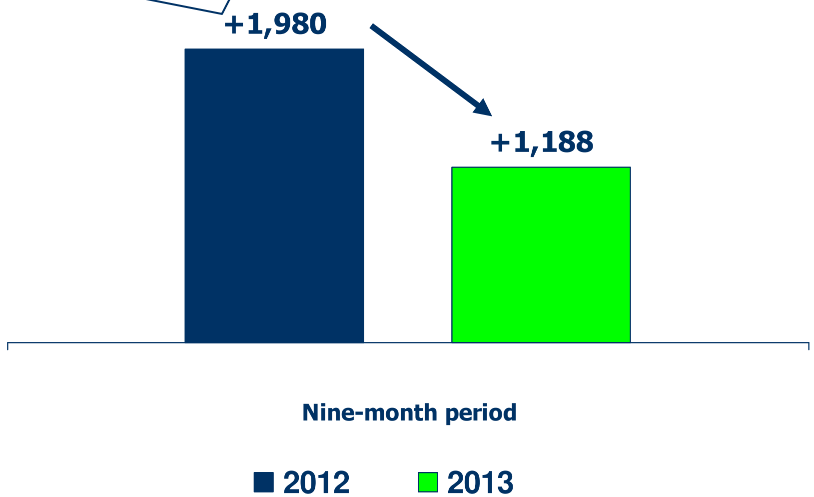
€/m

Quarterly change



Change in the nine-month period

Of which €535m due to the first classification within the impaired loan category of Past-Due loans between 91 and 180 days, made in Q1 2012.



Comments:

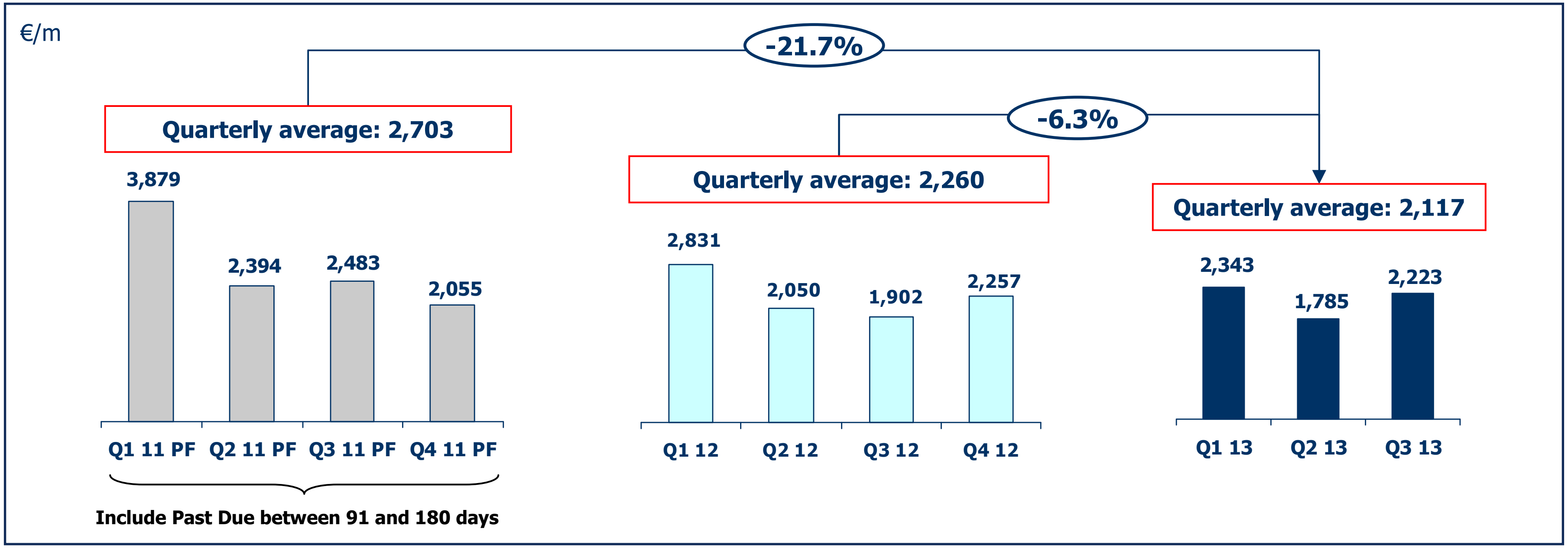
- Even in a complicated economic scenario and notwithstanding the new law concerning the provisions with creditors regarding liquidation purposes (the so-called "concordati in bianco"), which accelerated the flows of new impaired loans, our Group registered a growth in the stock of impaired loans that was lower in 2013 in comparison with the same periods of 2012; in particular, in Q3 2013 a decrease of 19% was registered vs. the same period of 2012, while in the nine-month period of 2013 a reduction of 40% was registered vs. the nine-month period of 2012 (-18% excluding from 2012 the effect of the first classification within the impaired loan category of Past-Due loans between 91 and 180 days made in Q1 2012).

Banco Popolare 'Standalone'

Gross flows of impaired loans

N.B. Gross flows consider both entries from performing loans and further deteriorating flows within the different impaired loans categories registered in the quarter (if beyond one month). Not netted of any exits from the previous category of assignment (in line with the previous presentations).

Quarterly trend of gross flows of impaired loans



Comments:

- After a decrease of €1.8bn registered in the gross flows of impaired loans in 2012 vs. 2011 proforma, the flows in the first nine months of 2013 show a further reduction (-€432m) vs. the nine-month period of 2012.
- The reduction is also confirmed for the quarterly average of gross flows (-6.3% vs. the 2012 average and -21.7% vs. the 2011 proforma average).

Perimeter: ex Banks of the Territory / Commercial Network.

Banco Popolare Group

Coverage of Group impaired loans

Evolution of impaired loan coverage

	31/12/12	30/06/13	30/09/13
• NPL coverage:			
- Total coverage (including real guarantees)	95.6%	94.6%	**94.8%**
- Coverage (Write-offs included)	55.6%	54.7%	**53.8%**
• Watchlist loan coverage:			
- Total coverage (including real guarantees)	80.3%	81.0%	**77.1%**
- Coverage	20.0%	17.7%	**16.6%**
• Restructured loan coverage	14.9%	13.4%	**14.2%**
• Past Due loan coverage	7.3%	7.3%	**7.1%**
IMPAIRED LOAN COVERAGE (Write-offs included)	36.9%	36.7%	**36.7%**

95.0% at 31/12/10

65.2% at 31/12/10

>115% at Fair Value

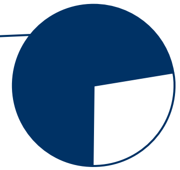
>115% at Fair Value

39.3% for BP 'Standalone'

N.B.: The accounting coverage of NPL and, consequently, of total impaired loans includes write-offs. Total coverage includes real guarantees, but excludes personal guarantees.

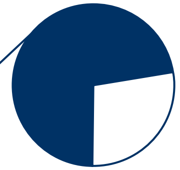
Share of loans assisted by real guarantees

NPL



Share of loans assisted by real guarantees: 72.6%

Watchlist



Share of loans assisted by real guarantees: 72.8%

Comments:

- In September 2013, the accounting coverage of total impaired loans remains stable vs. June.
- Including the important coverage represented by real guarantees, valued at Fair Value, the total coverage of NPLs and Watchlist loans is well above 100% (>115% as at 30/09/2013) [(1)].
- The decrease of the accounting coverage of NPLs vs. June is due to the increase of the weight of loans highly assisted by real guarantees (from 71.9% to 72.6% of total NPLs), which allows the total coverage to increase vs. June.
- The decrease of the coverage of Watchlist loans vs. June is due to the passage of certain positions, with particularly strong coverage levels or strong collateral backing, into the NPL category.
- The average recovery rate of NPLs closed in the period 2011–9M 2013, excluding Italease, is confirmed at a level above 100% of the net accounting exposure [(2)].

(1) For the coverage ratios reported in the table, the value of the real guarantees is capped at the amount of the single credit exposure; conversely, the data of real guarantees at Fair Value consider the absolute fair value of the total underlying real guarantees.

(2) The recovery rate is calculated on the basis of the P&L impacts deriving from the closure of NPLs managed in the period 2011-9M 2013, excluding Italease.

Focus on coverage and guarantees of NPLs and Watchlist loans

Coverage of total NPLs

53.8%

30/09/2013

of which:

NPLs assisted by real guarantees
(72.6% of total NPLs)

40.2%
Coverage excl. real guarantees

105.7%
(>130% at fair value)
Coverage incl. real guarantees (GROUP)

104.2%
(>130% at fair value)
Coverage incl. real guarantees (STANDALONE)

High quality guarantees: 93.4% of real guarantees are represented by real estate assets, of which roughly 50% residential and more than 70% located in the north of Italy.

NPLs not assisted by real guarantees
(27.4% of total NPLs)

76.7%
Coverage of NPLs not covered by real guarantees

Highly fragmented risk: Average ticket size of €70K.

N.B. NPL coverage includes write-offs.

Coverage of total Watchlist loans

16.6%

30/09/2013

of which:

Watchlist loans assisted by real guarantees
(72.8% of total Watchlist loans)

15.1%
Coverage excl. real guarantees

98.4%
(>130% at fair value)
Coverage incl. real guarantees (GROUP)

96.0%
(>130% at fair value)
Coverage incl. real guarantees (STANDALONE)

High quality guarantees: 94.6% of real guarantees are represented by real estate assets, of which roughly 50% residential and roughly 70% in the north of Italy.

Watchlist loans not assisted by real guarantees
(27.2% of total Watchlist loans)

20.3%
Coverage of Watchlist loans not covered by real guarantees

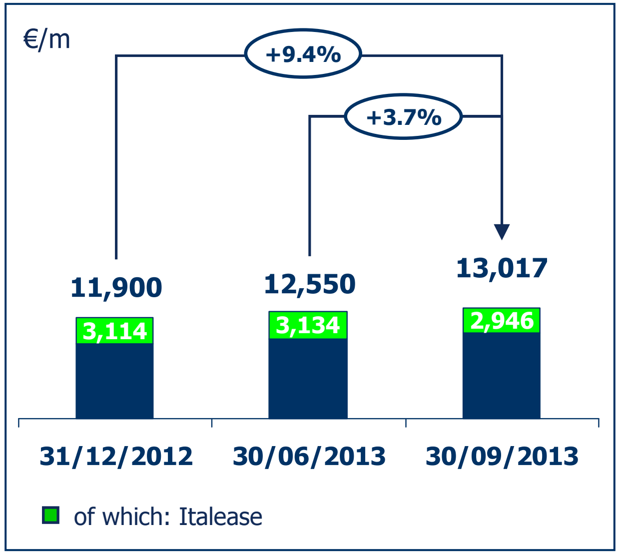
Increases to roughly 63% including personal guarantees

Highly fragmented risk: Average ticket size of €35K.

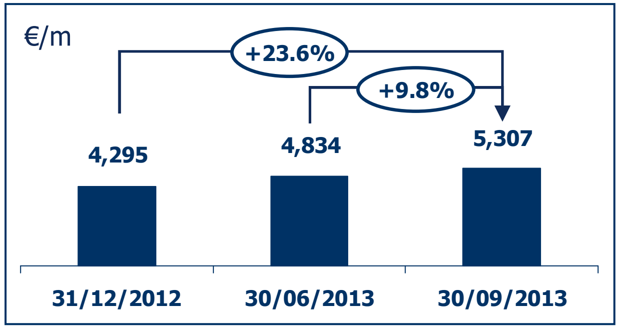
Banco Popolare Group

Asset quality: Evolution of Group Net Impaired Loans

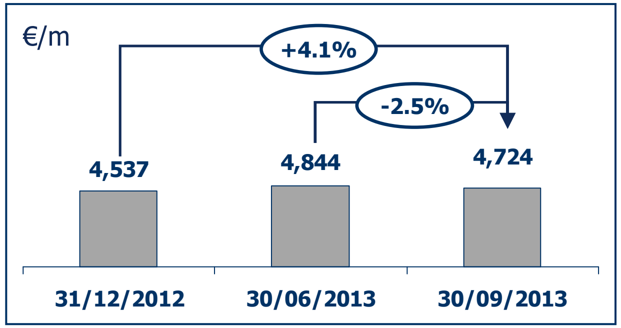
TOTAL NET IMPAIRED LOANS



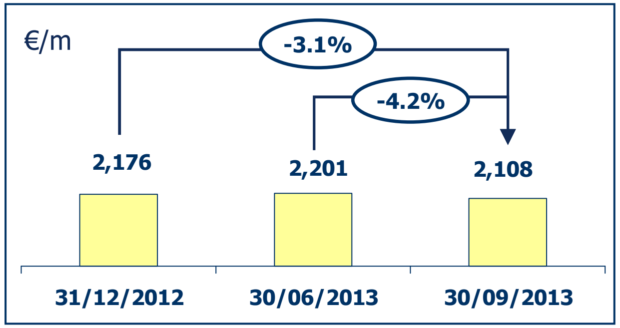
Net Non-Performing loans



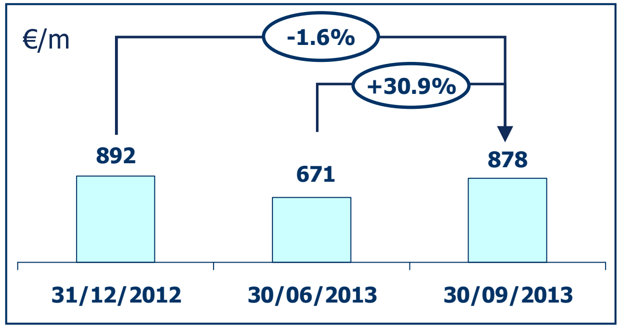
Net Watchlist loans



Net Restructured loans



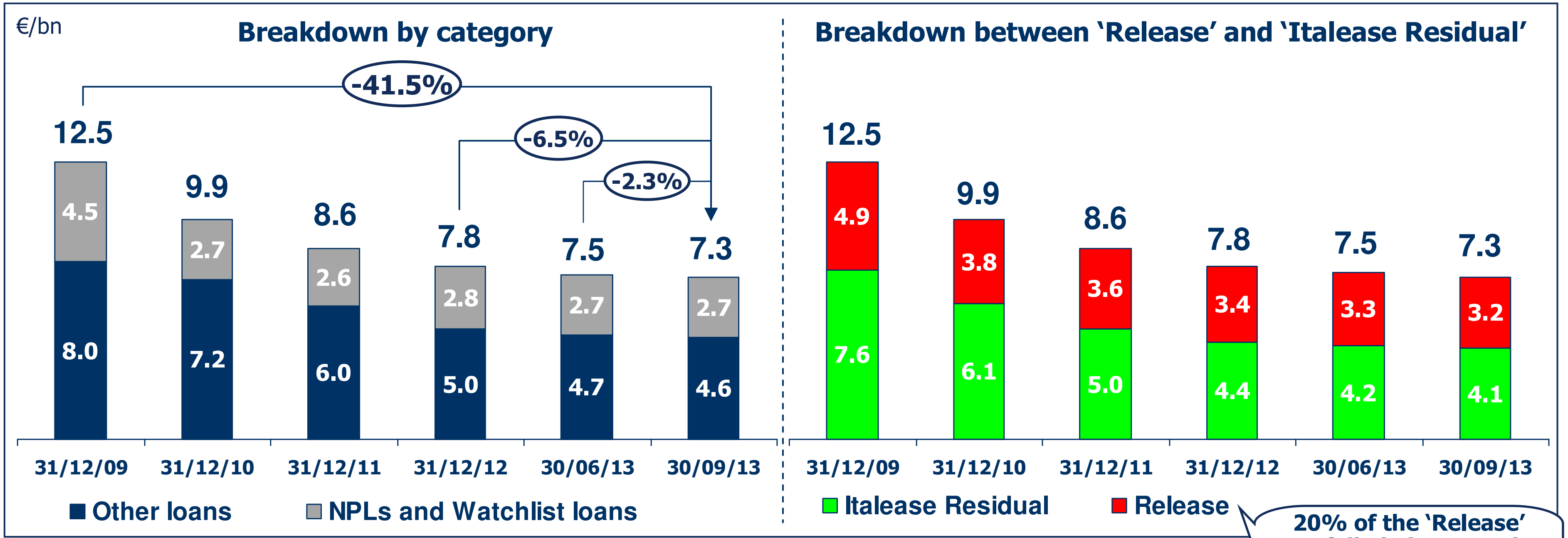
Net Past Due loans



Italease

Italease: progress in the downsizing

Trend of Italease gross customer loans



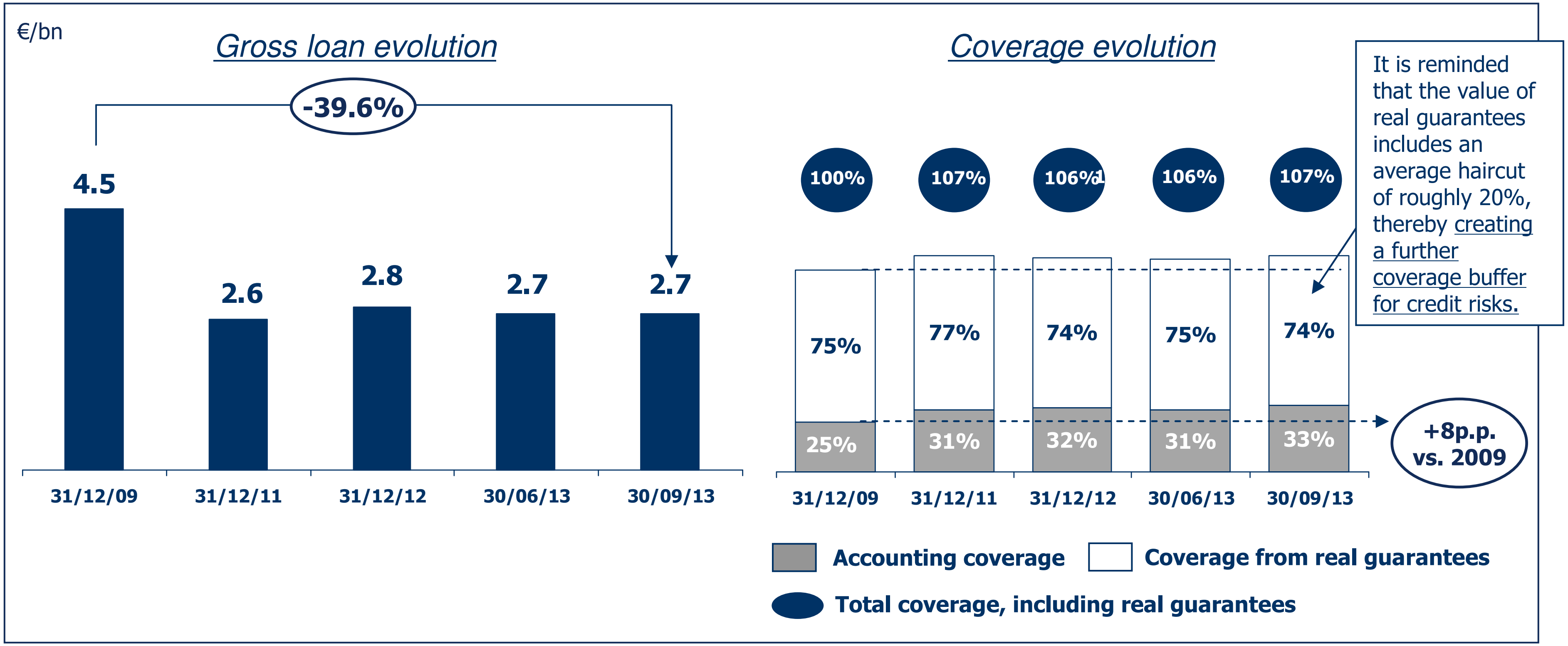
20% of the 'Release' portfolio belongs to the shareholders BPER, BPM and BPS.

Comments:

- The **downsizing of the portfolio** of Italease (Release + Italease Residual) progresses in the first nine months of the year, with a fall of €507m (-6.5%), of which -€169m in Q3 2013, after a decrease of €4.7bn registered in the period 2009-2012.
- **Progress in the derisking: the aggregate of gross NPL and Watchlist loans** of Italease reaches €2.7bn, down by 1.4% in Q3 2013, by 2.7% vs. year-end 2012 and by 39.6% vs. year-end 2009.
- It is noted that **non-guaranteed NPLs, for a total amount of €53m, were sold** in Q2 2013, with a positive impact on the P&L of more than €1m.

Italease: prudent management of impaired loans

Analysis of NPL + Watchlist loan evolution: Gross exposure and coverage



Comments:

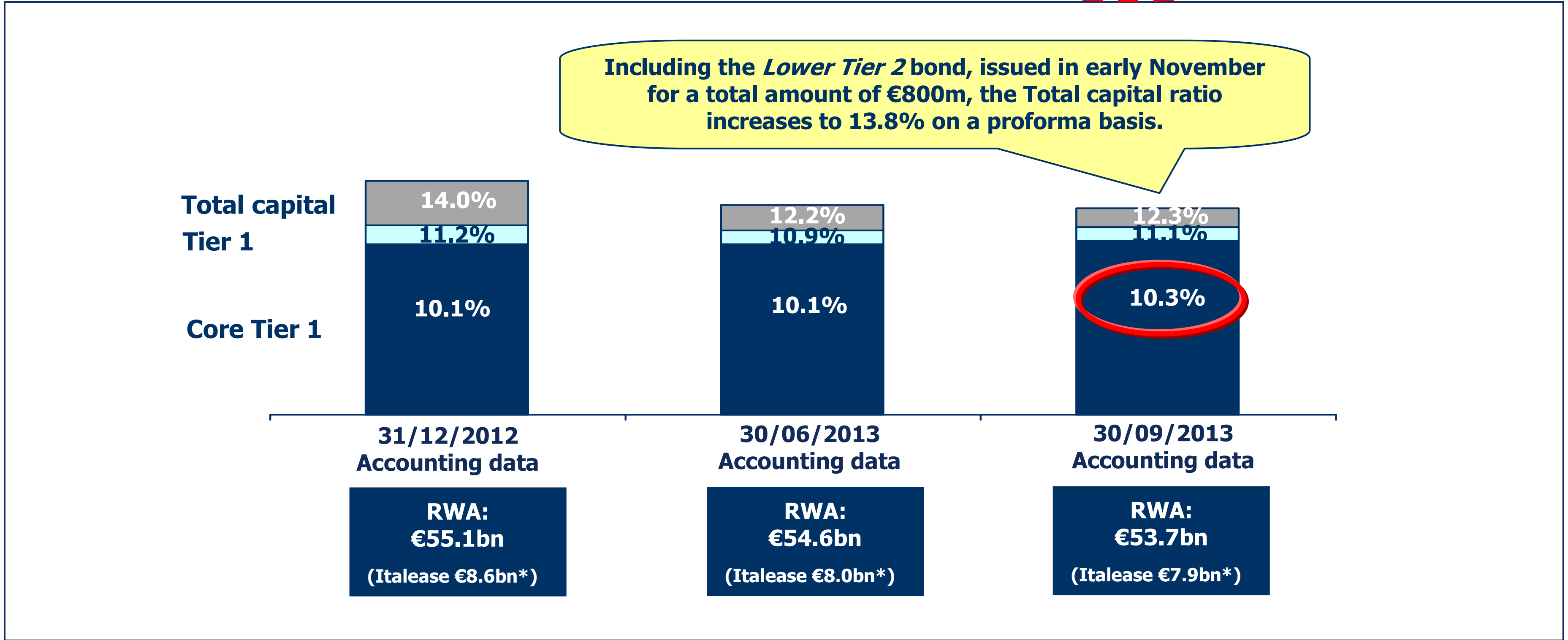
- Significant increase in the coverage level of the aggregate of gross NPL and Watchlist loans of the total portfolio of Italease (Release + Italease Residual), with particular reference to the cash component (accounting coverage excluding real guarantees), which increases from 25% at year-end 2009 to 33% as at September 2013.
- Moreover, real guarantees, even if subject to adequate haircuts, continue to represent a significant coverage buffer.

Agenda

Banco Popolare Group

Evolution of Capital ratios

Banco Popolare Group Capital Ratios: Core Tier 1 al 10.3%



Comments:

- The improvement in the Core Tier 1 capital ratio vs. June 2013 substantially reflects the reduction in RWA.
- The reduction of the Total capital ratio in H1 2013 was mainly due to the buy-back of subordinated debt. Thanks to the *Lower Tier 2* instrument issued in early November, **this ratio is again up at 13.8% on a proforma basis.**

MEMO:
The improvement of the Core Tier 1 capital ratio in 2012 has been obtained thanks to a series of actions which include: the adoption of internal models for credit and market risks, the RWA optimisation (i.e. collection of quantitative/qualitative information with impact on ratings, increase in eligibility of guarantees with impact on LGD, deleveraging of the loan portfolio etc.) and the buy-back of subordinated debt.

(*) Italease not included in the validation perimeter of AIRB models.

Agenda

BANCO POPOLARE GRUPPO BANCARIO

Conclusions

- **Notwithstanding the still difficult macroeconomic context, the Group confirms a robust revenue generating capacity in its core banking business:**
  - Net interest income: +11.2% y/y on a homogeneous basis;
  - Net commission income: +5.6 y/y;
  - Core banking revenues: +2.6% y/y.

… taking advantage also of the good performance registered in the acquisition of new customers…

… while at the same time moving ahead with a cost containment policy, with operating costs down 4.2% y/y.

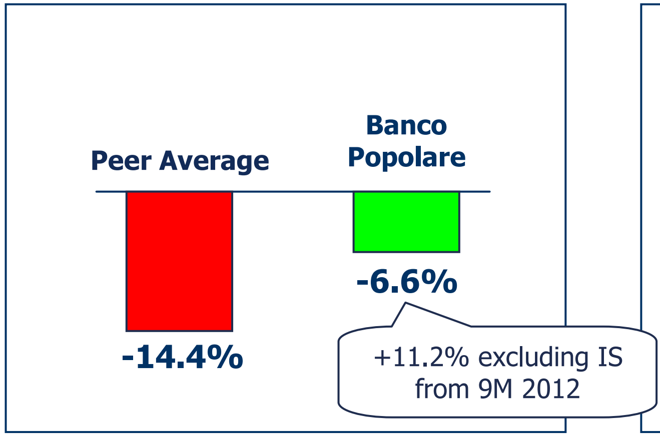
- **A further reduction was registered in the flows of new impaired loans, coupled with a reduction in the rate of growth in the stock of impaired loans. The cost of credit risk stands at 98bps on an annualised basis, reflecting also the decrease in loans to customers.**
- **The reorganisation of the branch franchise and distribution model, which shall generate further improvements in terms of operating efficiency and commercial effectiveness, is progressing in line with the planned roll-out.**

Appendix:

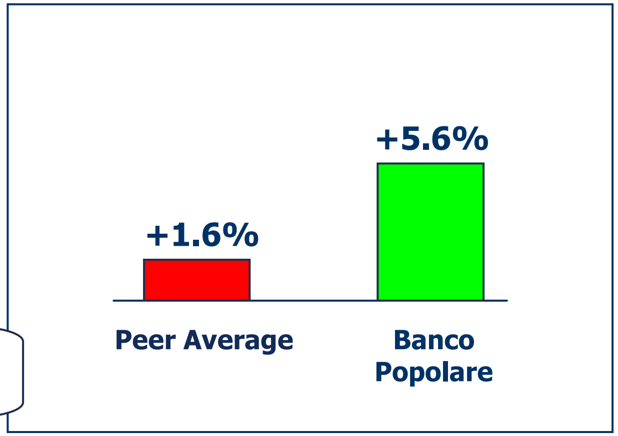
- *Details on nine-month 2013 results*
- *Methodological notes*

Benchmark of nine-month 2013 operating performance

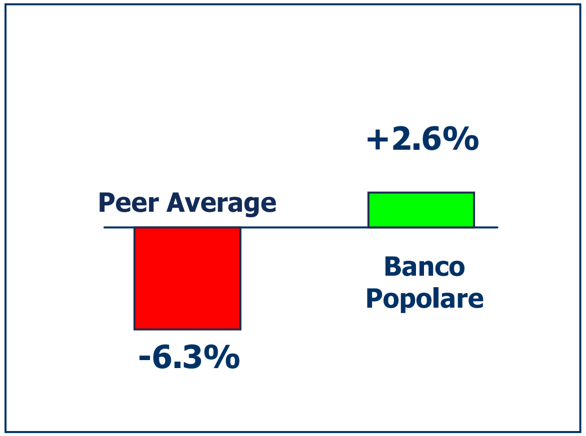
Net interest income (% chg. y/y)



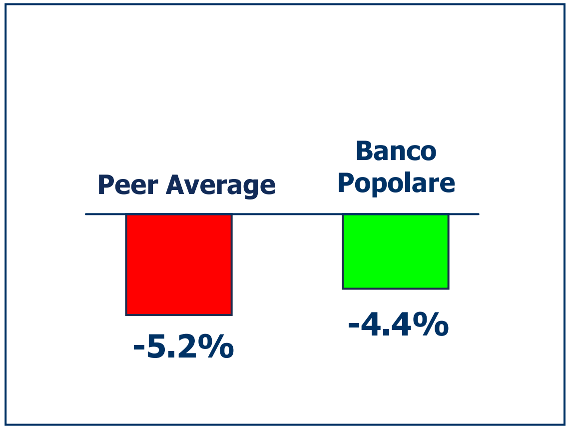
Net commissions (% chg. y/y)



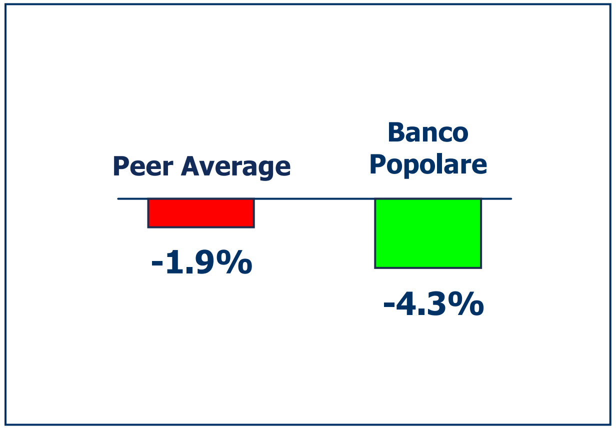
Aggregate of NII + Net commissions + Other net operating income (% chg. y/y)



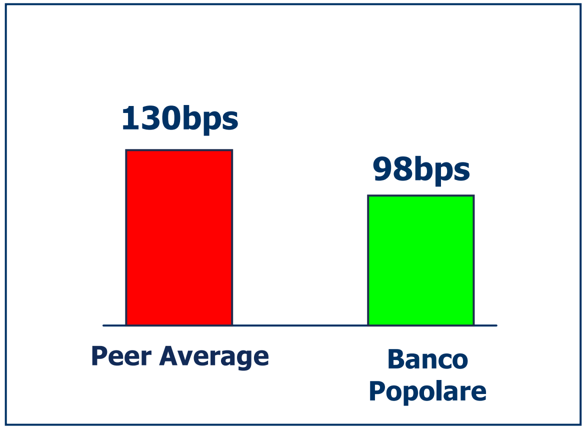
Personnel expenses (% chg. y/y)



Other administrative expenses (% chg. y/y)



Cost of credit risk
(calculated on gross customer loans)



Notes: The peer average is based on the arithmetic mean and includes the following banks: Unicredit, Intesa Sanpaolo, MPS, UBI, BPER, BPM and Carige.
All peer banks exclude PPA, while Banco Popolare includes the PPA impact (Banco Popolare NII is -8.6% excluding PPA). UCG and ISP do not classify costs related to incentivized exits under the personnel expenses but under a separate item; Banco Popolare 9M 2013 personnel expenses include €42m of extraordinary expenses related to the 2013 Solidarity Fund.

Reclassified consolidated balance sheet

Reclassified consolidated balance sheet

Reclassified assets (euro thousand)	30/09/2013	31/12/2012	Changes	
Cash and cash equivalents	543,944	672,164	(128,220)	(19.1%)
Financial assets and hedging derivatives	25,187,211	24,201,862	985,349	4.1%
Due from banks	4,427,528	4,471,871	(44,343)	(1.0%)
Customer loans	89,227,447	91,481,232	(2,253,785)	(2.5%)
Equity investments	991,563	847,506	144,057	17.0%
Property and equipment	2,067,114	2,105,112	(37,998)	(1.8%)
Intangible assets	2,308,448	2,325,166	(16,718)	(0.7%)
Non-current assets held for sale and discontinued operations	139,259	256,387	(117,128)	(45.7%)
Other assets	5,074,970	5,560,084	(485,114)	(8.7%)
Total	**129,967,484**	**131,921,384**	**(1,953,900)**	**(1.5%)**

Reclassified liabilities (euro thousand)	30/09/2013	31/12/2012	Changes	
Due to banks	17,737,007	17,573,037	163,970	0.9%
Due to customers, debt securities issued and financial liabilities designated at fair value	91,843,626	94,506,345	(2,662,719)	(2.8%)
Financial liabilities and hedging derivatives	5,471,903	6,352,817	(880,914)	(13.9%)
Liability provisions	1,047,463	1,134,708	(87,245)	(7.7%)
Liabilities associated with assets held for sale	18,724	84,726	(66,002)	(77.9%)
Other liabilities	4,609,104	3,288,847	1,320,257	40.1%
Minority interests	373,363	368,517	4,846	1.3%
Shareholders' equity	8,866,294	8,612,387	253,907	2.9%
- Capital and reserves	8,700,891	9,556,943	(856,052)	(9.0%)
- Net income (loss) for the period	165,403	(944,556)	1,109,959	
Total	**129,967,484**	**131,921,384**	**(1,953,900)**	**(1.5%)**

Appendix: Banco Popolare Group

Consolidated income statement: quarterly trend

Reclassified income statement - €/m	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12	Q1 12
Net interest income	426.5	432.3	408.5	402.7	441.7	444.8	470.2
Income (loss) from investments in associates carried at equity	(5.8)	(33.1)	4.6	25.3	(33.0)	(66.0)	6.9
Net interest, dividend and similar income	**420.7**	**399.2**	**413.2**	**428.0**	**408.7**	**378.8**	**477.1**
Net fee and commission income	324.7	378.3	365.5	352.2	334.6	341.3	336.3
Other net operating income	36.0	47.7	52.4	45.5	18.8	13.0	9.4
Net financial result (excluding FVO)	96.8	94.6	76.8	43.1	90.3	52.4	282.7
Other operating income	**457.5**	**520.6**	**494.7**	**440.8**	**443.7**	**406.7**	**628.3**
Total income	**878.2**	**919.8**	**907.8**	**868.8**	**852.4**	**785.5**	**1,105.4**
Personnel expenses	(346.9)	(339.6)	(349.5)	(310.8)	(354.1)	(365.6)	(364.5)
Other administrative expenses	(174.0)	(178.8)	(180.1)	(147.9)	(187.9)	(182.3)	(186.7)
Amortization and depreciation	(34.0)	(31.0)	(31.8)	(62.4)	(32.7)	(30.3)	(35.4)
Operating costs	**(554.9)**	**(549.5)**	**(561.3)**	**(521.1)**	**(574.6)**	**(578.2)**	**(586.5)**
Profit (loss) from operations	**323.3**	**370.3**	**346.6**	**347.7**	**277.8**	**207.2**	**518.9**
Net adjustments on loans to customers	(248.0)	(211.6)	(229.3)	(683.5)	(203.9)	(185.6)	(211.4)
Net adjustments on receivables due from banks and other assets	(6.7)	(54.1)	(5.7)	(21.4)	(4.6)	(15.1)	(1.6)
Net provisions for risks and charges	5.6	(4.8)	0.9	8.0	(9.6)	60.4	(72.2)
Impairment of goodwill and equity investments	-	95.5	-	(432.5)		(10.0)	
Profit (loss) on the disposal of equity and other investments	(0.5)	(0.4)	0.1	0.2	(0.8)	5.4	(0.0)
Income (loss) before tax from continuing operations	**73.7**	**194.9**	**112.5**	**(781.4)**	**59.0**	**62.3**	**233.7**
Tax on income from continuing operations (excluding FVO)	(42.7)	(75.5)	(64.0)	(5.3)	(62.5)	13.7	(125.1)
Income (loss) after tax from discontinued operations	(0.1)	(0.9)	0.2	(22.2)	(1.1)	(2.0)	(0.8)
Income (loss) attributable to minority interests	0.4	(3.5)	(8.0)	16.3	(0.8)	(5.6)	(4.9)
Net income (loss) for the period excluding FVO	**31.4**	**115.0**	**40.7**	**(792.5)**	**(5.4)**	**68.4**	**102.9**
Fair Value Option result (FVO)	(33.1)	(75.8)	76.4	(146.7)	(115.7)	104.0	(316.7)
Tax on FVO result	10.9	25.1	(25.3)	48.5	38.2	(34.4)	104.7
Net income (loss) for the period	**9.3**	**64.3**	**91.9**	**(890.7)**	**(82.8)**	**138.1**	**(109.1)**

Note: PPA included line by line

Appendix: Banco Popolare Group

PPA effect: quarterly evolution

Reclassified income statement - €/m	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12	Q1 12
Net interest income	0.1	(0.2)	(0.3)	(0.7)	(3.5)	(11.2)	(15.3)
Income (loss) from investments in associates carried at equity	-	-	-	-	-	-	-
Net interest, dividend and similar income	**0.1**	**(0.2)**	**(0.3)**	**(0.7)**	**(3.5)**	**(11.2)**	**(15.3)**
Net fee and commission income	-	-	-	-	-	-	-
Other net operating income	(8.1)	(8.1)	(8.1)	(8.7)	(8.7)	(8.7)	(8.7)
Net financial result (excluding FVO)	-	-	-	-	-	-	-
Other operating income	**(8.1)**	**(8.1)**	**(8.1)**	**(8.7)**	**(8.7)**	**(8.7)**	**(8.7)**
Total income	**(8.0)**	**(8.2)**	**(8.3)**	**(9.4)**	**(12.2)**	**(19.9)**	**(24.0)**
Personnel expenses	-	-	-	-	-	-	-
Other administrative expenses	-	-	-	-	-	-	-
Amortization and depreciation	(0.9)	(0.9)	(0.9)	(3.0)	(0.9)	(0.9)	(0.9)
Operating costs	**(0.9)**	**(0.9)**	**(0.9)**	**(3.0)**	**(0.9)**	**(0.9)**	**(0.9)**
Profit (loss) from operations	**(8.9)**	**(9.2)**	**(9.2)**	**(12.4)**	**(13.2)**	**(20.9)**	**(25.0)**
Net adjustments on loans to customers	-	-	-	-	-	-	-
Net adjustments on receivables due from banks and other ass	-	-	-	-	-	-	-
Net provisions for risks and charges	-	-	-	0.0	-	-	0.4
Profit (loss) on the disposal of equity and other investments	-	(0.1)	-	-	-	-	(0.1)
Income (loss) before tax from continuing operations	**(8.9)**	**(9.2)**	**(9.2)**	**(12.4)**	**(13.2)**	**(20.9)**	**(24.7)**
Tax on income from continuing operations	2.9	3.0	3.0	4.0	4.3	6.9	8.2
Income (loss) after tax from discontinued operations	-	-	-	-	-	-	-
Income (loss) attributable to minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss) for the period	**(6.0)**	**(6.2)**	**(6.2)**	**(8.4)**	**(8.8)**	**(14.0)**	**(16.4)**

Appendix: Banco Popolare Group

Income Statement pre PPA: quarterly evolution

Reclassified income statement - €/m	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12	Q1 12
Net interest income	426.4	432.4	408.8	403.5	445.2	456.0	485.5
Income (loss) from investments in associates carried at equity	(5.8)	(33.1)	4.6	25.3	(33.0)	(66.0)	6.9
Net interest, dividend and similar income	**420.6**	**399.3**	**413.4**	**428.8**	**412.2**	**390.0**	**492.4**
Net fee and commission income	324.7	378.3	365.5	352.2	334.6	341.3	336.3
Other net operating income	44.0	55.8	60.4	54.3	27.6	21.7	18.1
Net financial result (excluding FVO)	96.8	94.6	76.8	43.1	90.3	52.4	282.7
Other operating income	**465.6**	**528.7**	**502.8**	**449.5**	**452.4**	**415.4**	**637.1**
Total income	**886.2**	**928.0**	**916.2**	**878.3**	**864.6**	**805.4**	**1,129.4**
Personnel expenses	(346.9)	(339.6)	(349.5)	(310.8)	(354.1)	(365.6)	(364.5)
Other administrative expenses	(174.0)	(178.8)	(180.1)	(147.9)	(187.9)	(182.3)	(186.7)
Amortization and depreciation	(33.1)	(30.1)	(30.9)	(59.4)	(31.7)	(29.3)	(34.5)
Operating costs	**(553.9)**	**(548.5)**	**(560.4)**	**(518.1)**	**(573.7)**	**(577.3)**	**(585.6)**
Profit (loss) from operations	**332.2**	**379.5**	**355.7**	**360.2**	**291.0**	**228.1**	**543.8**
Net adjustments on loans to customers	(248.0)	(211.6)	(229.3)	(683.5)	(203.9)	(185.6)	(211.4)
Net adjustments on receivables due from banks and other assets	(6.7)	(54.1)	(5.7)	(21.4)	(4.6)	(15.1)	(1.6)
Net provisions for risks and charges	5.6	(4.8)	0.9	7.9	(9.6)	60.4	(72.5)
Impairment of goodwill and equity investments	-	95.5	-	(432.5)		(10.0)	
Profit (loss) on the disposal of equity and other investments	(0.5)	(0.3)	0.1	0.2	(0.8)	5.4	0.0
Income (loss) before tax from continuing operations	**82.7**	**204.2**	**121.7**	**(769.0)**	**72.2**	**83.1**	**258.4**
Tax on income from continuing operations (excluding FVO)	(45.6)	(78.5)	(67.0)	(9.3)	(66.9)	6.9	(133.3)
Income (loss) after tax from discontinued operations	(0.1)	(0.9)	0.2	(22.2)	(1.1)	(2.0)	(0.8)
Income (loss) attributable to minority interests	0.4	(3.5)	(8.0)	16.3	(0.8)	(5.6)	(4.9)
Net income (loss) for the period excluding FVO	**37.4**	**121.2**	**46.9**	**(784.2)**	**3.4**	**82.4**	**119.3**
Fair Value Option result (FVO)	(33.1)	(75.8)	76.4	(146.7)	(115.7)	104.0	(316.7)
Tax on FVO result	10.9	25.1	(25.3)	48.5	38.2	(34.4)	104.7
Net income (loss) for the period	**15.3**	**70.5**	**98.1**	**(882.4)**	**(74.0)**	**152.0**	**(92.7)**

Appendix: Banco Popolare Group

9M 2013 'normalized' income statement

Reclassified income statement - €/m	Accounting data	PPA (ex-BPI + Italease)	Accounting data excluding PPA	Fair Value Option	Valuation/Impairment on goodwill and partecipations	Buy-Back Tier I and Tier II	Write-downs on Government portfolio	AFS Disposal	Other	Normalized Income statement excl. PPA
Net interest income	**1,267.3**	**-0.4**	**1,267.6**	**-**	**-**	**-**	**-**	**-**	**-**	**1,267.6**
Income (loss) from investments in associates carried at equity	**-34.3**	**-**	**-34.3**	**-**	**-54.3**	**-**	**-**	**-**	**-**	**20.0**
Net interest, dividend and similar income	**1,233.0**	**-0.4**	**1,233.3**	**-**	**-54.3**	**-**	**-**	**-**	**-**	**1,287.6**
Net fee and commission income	1,068.5	-	1,068.5	-	-	-	-	-	-	1,068.5
Other net operating income	136.0	-24.2	160.2	-	-	-	-	-	-	160.2
Net financial result (excluding FVO)	268.3	-	268.3	-	-	37.6	-9.8	31.3	-	209.2
Other operating income	**1,472.8**	**-24.2**	**1,497.0**	**-**	**-**	**37.6**	**-9.8**	**31.3**	**-**	**1,438.0**
Total income	**2,705.8**	**-24.6**	**2,730.4**	**-**	**-54.3**	**37.6**	**-9.8**	**31.3**	**-**	**2,725.6**
Personnel expenses	-1,036.0	-	-1,036.0	-	-	-	-	-	0.4	-1,036.3
Other administrative expenses	-532.8	-	-532.8	-	-	-	-	-	-	-532.8
Amortization and depreciation	-96.8	-2.7	-94.1	-	-	-	-	-	-	-94.1
Operating costs	**-1,665.6**	**-2.7**	**-1,662.9**	**-**	**-**	**-**	**-**	**-**	**0.4**	**-1,663.3**
Profit (loss) from operations	**1,040.2**	**-27.3**	**1,067.5**	**-**	**-54.3**	**37.6**	**-9.8**	**31.3**	**0.4**	**1,062.3**
Net adjustments on loans to customers	-689.0	-	-689.0	-	-	-	-	-	-	-689.0
Net adjustments on receivables due from banks and other assets	-66.5	-	-66.5	-	-	-	-	-41.5	-	-25.0
Net provisions for risks and charges	1.7	-	1.7	-	-	-	-	-	-3.6	5.3
Impairment of goodwill and equity investments	95.5	-	95.5	-	95.5	-	-	-	-	-
Profit (loss) on the disposal of equity and other investments	-0.7	-0.1	-0.6	-	-	-	-	-	-	-0.6
Income (loss) before tax from continuing operations	**381.2**	**-27.3**	**408.5**	**-**	**41.2**	**37.6**	**-9.8**	**-10.2**	**-3.3**	**353.0**
Tax on income from continuing operations (excluding FVO)	-182.2	8.9	-191.1	-	-	-12.4	3.2	4.2	0.9	-187.0
Income (loss) after tax from discontinued operations	-0.8	-	-0.8	-	-	-	-	-	-0.8	-
Income (loss) attributable to minority interests	-11.1	0.0	-11.2	-	-	-	-	-	0.8	-11.9
Net income (loss) for the period excl. FVO	**187.1**	**-18.4**	**205.5**	**-**	**41.2**	**25.2**	**-6.6**	**-6.0**	**-2.3**	**154.0**
Fair Value Option result (FVO)	-32.4	-	-32.4	-32.4	-	-	-	-	-	-
Tax on FVO result	10.7	-	10.7	10.7	-	-	-	-	-	-
Net income (loss) for the period	**165.4**	**-18.4**	**183.8**	**-21.7**	**41.2**	**25.2**	**-6.6**	**-6.0**	**-2.3**	**154.0**

Appendix: Banco Popolare 'Standalone'

Income statement post PPA: quarterly trend

Reclassified income statement - €/m	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12	Q1 12
Net interest income	416.8	420.9	399.4	392.8	434.0	436.3	468.1
Income (loss) from investments in associates carried at equity	(2.2)	(33.1)	5.6	29.0	(29.0)	(66.0)	6.7
Net interest, dividend and similar income	**414.5**	**387.8**	**405.0**	**421.8**	**405.0**	**370.3**	**474.7**
Net fee and commission income	324.3	377.5	364.1	352.2	333.8	340.3	334.6
Other net operating income	33.3	39.8	45.3	42.8	13.1	6.8	1.8
Net financial result (excluding FVO)	98.2	96.4	79.1	42.4	87.0	52.1	282.2
Other operating income	**455.8**	**513.8**	**488.6**	**437.4**	**433.9**	**399.2**	**618.6**
Total income	**870.3**	**901.6**	**893.6**	**859.2**	**838.9**	**769.5**	**1,093.4**
Personnel expenses	(343.5)	(336.4)	(345.9)	(307.8)	(349.9)	(360.2)	(359.2)
Other administrative expenses	(162.3)	(167.0)	(168.0)	(139.9)	(173.5)	(169.8)	(174.2)
Amortization and depreciation	(30.1)	(27.1)	(27.9)	(55.0)	(28.8)	(26.4)	(27.2)
Operating costs	**(535.9)**	**(530.5)**	**(541.8)**	**(502.7)**	**(552.1)**	**(556.4)**	**(560.6)**
Profit (loss) from operations	**334.4**	**371.2**	**351.8**	**356.5**	**286.8**	**213.1**	**532.8**
Net adjustments on loans to customers	(200.9)	(194.2)	(238.6)	(573.6)	(196.7)	(172.7)	(201.4)
Net adjustments on receivables due from banks and other assets	(8.8)	(52.3)	(5.4)	(20.6)	(4.4)	(14.7)	(1.6)
Net provisions for risks and charges	5.6	(7.4)	3.0	9.6	(0.1)	78.2	(71.5)
Impairment of goodwill and equity investments	-	95.5	-	(432.5)	-	(10.0)	-
Profit (loss) on the disposal of equity and other investments	0.0	0.2	0.2	0.1	0.0	4.7	0.0
Income (loss) before tax from continuing operations	**130.4**	**213.1**	**111.0**	**(660.5)**	**85.5**	**98.6**	**258.3**
Tax on income from continuing operations (excluding FVO)	(57.9)	(79.4)	(62.9)	(10.4)	(66.5)	6.0	(132.0)
Income (loss) after tax from discontinued operations	(0.1)	(0.9)	0.2	(22.0)	(1.1)	(2.3)	(0.8)
Income (loss) attributable to minority interests	(3.0)	(4.9)	(6.4)	1.6	(3.9)	(6.6)	(6.1)
Net income (loss) for the period excluding FVO	**69.4**	**127.9**	**41.9**	**(691.3)**	**14.1**	**95.8**	**119.4**
Fair Value Option result (FVO)	(33.1)	(75.8)	76.4	(146.7)	(115.7)	104.0	(316.7)
Tax on FVO result	10.9	25.1	(25.3)	48.5	38.2	(34.4)	104.7
Net income (loss) for the period	**47.2**	**77.2**	**93.1**	**(789.5)**	**(63.3)**	**165.4**	**(92.6)**

Italease: breakdown of 9M 2013 results

Reclassified income statement - €/m	Italease Residual 9M 13	Italease Residual 9M 12	Release 9M 13	Release 9M 12
Net interest income	30.7	32.6	2.8	(0.5)
Income (loss) from investments in associates carried at equity	(4.6)	(3.8)	-	-
Net interest, dividend and similar income	**26.1**	**28.8**	**2.8**	**(0.5)**
Net fee and commission income	3.1	3.5	(0.5)	(0.1)
Other net operating income	5.6	4.8	12.0	14.7
Net financial result (excluding FVO)	(5.5)	4.0	0.0	0.0
Other operating income	**3.2**	**12.3**	**11.5**	**14.6**
Total income	**29.3**	**41.1**	**14.2**	**14.2**
Personnel expenses	(8.9)	(13.1)	(1.4)	(1.8)
Other administrative expenses	(23.1)	(25.2)	(12.5)	(14.3)
Amortization and depreciation	(1.8)	(2.0)	(9.8)	(14.0)
Operating costs	**(33.8)**	**(40.2)**	**(23.7)**	**(30.0)**
Profit (loss) from operations	**(4.5)**	**0.9**	**(9.4)**	**(15.9)**
Net adjustments on loans to customers	(27.5)	(27.9)	(27.8)	(2.2)
Net adjustments on receivables due from banks and other assets	0.0	(0.5)	-	-
Net provisions for risks and charges	0.3	(18.1)	0.1	(9.9)
Impairment of goodwill and equity investments	-	-	-	-
Profit (loss) on the disposal of equity and other investments	(0.4)	0.8	(0.8)	(0.7)
Income (loss) before tax from continuing operations	**(32.1)**	**(44.8)**	**(37.9)**	**(28.7)**
Tax on income from continuing operations	7.9	8.9	9.1	5.1
Income (loss) after tax from discontinued operations	-	0.1	-	-
Income (loss) attributable to minority interests	3.1	5.2	-	-
Net income (loss) for the period	**(21.1)**	**(30.6)**	**(28.9)**	**(23.6)**

BANCO POPOLARE
GRUPPO BANCARIO

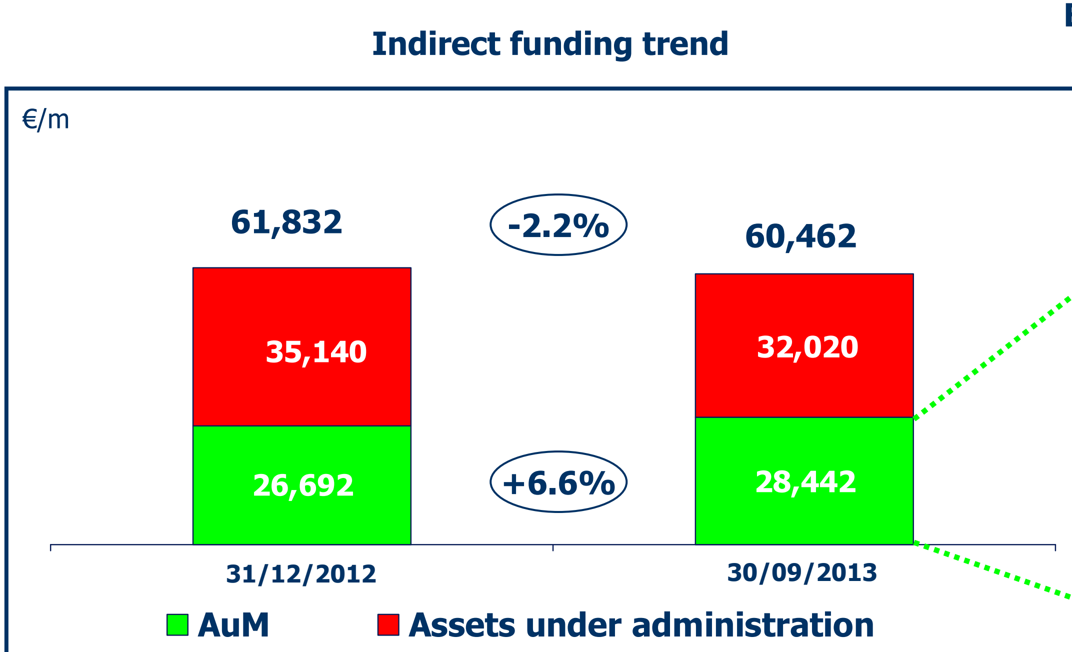
Appendix: Italease

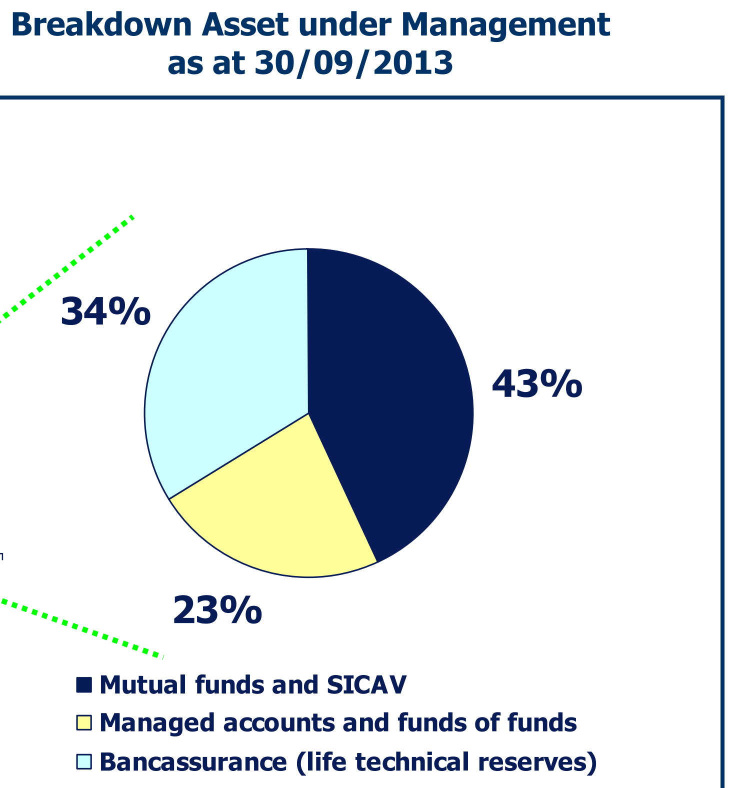
Contribution of Italease to the Group's P&L, excluding the PPA effects

Italease: quarterly trend of the income statement

Reclassified income statement - €/m	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12	Q1 12
Net interest income	10.6	12.5	10.4	11.7	11.4	11.6	9.1
Income (loss) from investments in associates carried at equity	(3.6)	-	(1.0)	(3.7)	(4.0)	-	0.3
Net interest, dividend and similar income	**7.1**	**12.5**	**9.4**	**8.0**	**7.4**	**11.6**	**9.3**
Net fee and commission income	0.4	0.8	1.4	(0.1)	0.7	1.0	1.7
Other net operating income	2.6	7.9	7.1	2.7	5.7	6.2	7.5
Net financial result (excluding FVO)	(1.4)	(1.8)	(2.3)	0.7	3.3	0.2	0.4
Other operating income	**1.7**	**6.8**	**6.1**	**3.4**	**9.8**	**7.4**	**9.7**
Total income	**8.8**	**19.3**	**15.5**	**11.4**	**17.2**	**19.0**	**19.0**
Personnel expenses	(3.4)	(3.3)	(3.6)	(3.0)	(4.2)	(5.4)	(5.3)
Other administrative expenses	(11.7)	(11.8)	(12.1)	(7.9)	(14.4)	(12.5)	(12.5)
Amortization and depreciation	(3.8)	(3.9)	(3.8)	(7.4)	(3.9)	(3.9)	(8.2)
Operating costs	**(19.0)**	**(19.0)**	**(19.5)**	**(18.4)**	**(22.5)**	**(21.8)**	**(26.0)**
Profit (loss) from operations	**(10.2)**	**0.3**	**(4.0)**	**(7.0)**	**(5.3)**	**(2.8)**	**(6.9)**
Net adjustments on loans to customers	(47.1)	(17.5)	9.3	(109.9)	(7.2)	(13.0)	(9.9)
Net adjustments on receivables due from banks and other asset	2.1	(1.8)	(0.3)	(0.8)	(0.1)	(0.4)	0.0
Net provisions for risks and charges	(0.0)	2.5	(2.1)	(1.6)	(9.4)	(17.9)	(0.6)
Impairment of goodwill and equity investments	-	-	-	-	-	-	-
Profit (loss) on the disposal of equity and other investments	(0.5)	(0.6)	(0.1)	(0.0)	(0.8)	0.9	(0.1)
Income (loss) before tax from continuing operations	**(55.7)**	**(17.0)**	**2.8**	**(119.3)**	**(22.8)**	**(33.1)**	**(17.6)**
Tax on income from continuing operations	14.9	3.5	(1.5)	4.5	2.7	6.7	4.6
Income (loss) after tax from discontinued operations	-	-	-	-	-	0.1	-
Income (loss) attributable to minority interests	3.4	1.3	(1.6)	14.8	3.0	1.0	1.1
Net income (loss) for the period	**(37.4)**	**(12.2)**	**(0.4)**	**(100.0)**	**(17.1)**	**(25.3)**	**(11.8)**

Indirect funding



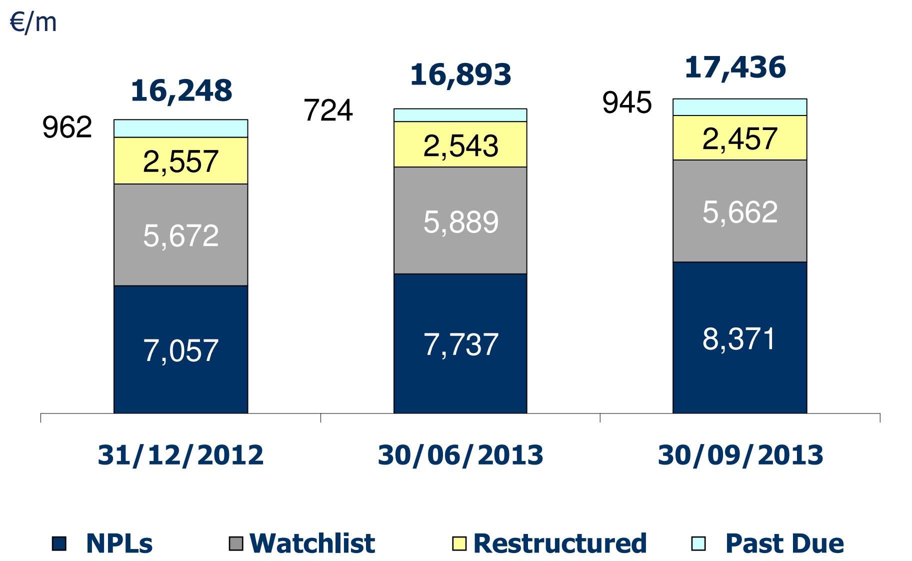


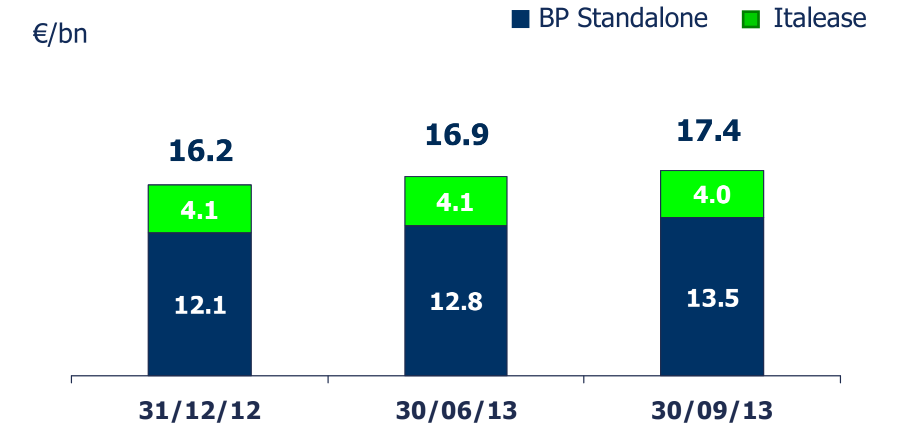
- Indirect customer funds fell by 2.2% in the first 9 months, but the AuM component rises 6.6%.
- Within Asset under Management, the 'Mutual funds' and 'SICAV' component increased by 26.8% compared to year-end 2012, thanks to placements for about €4.7bn in the first 9 months of 2013.
- Balanced mix of Assets under Management as of 30/09/2013, with 43% in the 'Mutual funds' and 'SICAV' component, 34% in 'Bancassurance' and 23% in Managed accounts and funds of funds.

Appendix: Banco Popolare Group

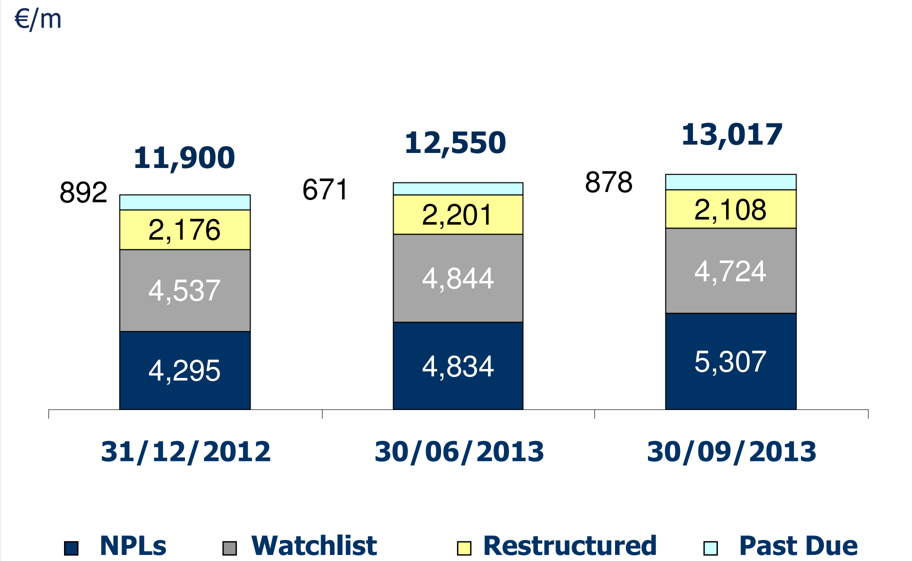
Asset quality: Group impaired loans

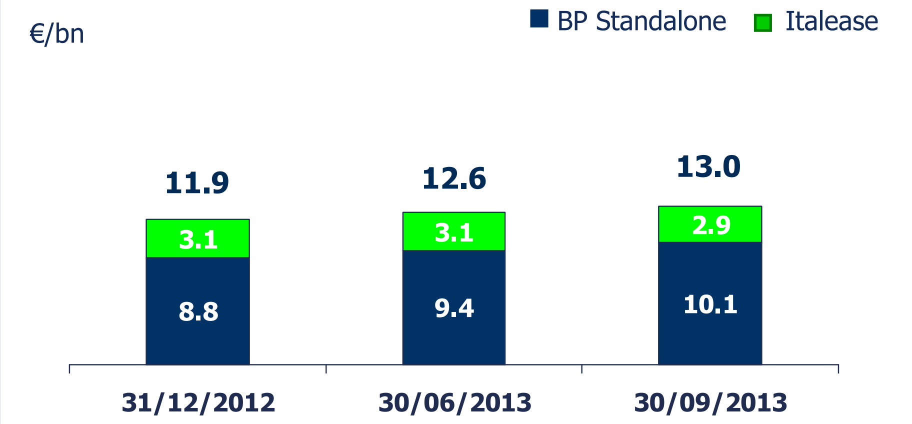
Gross impaired loans





Net impaired loans

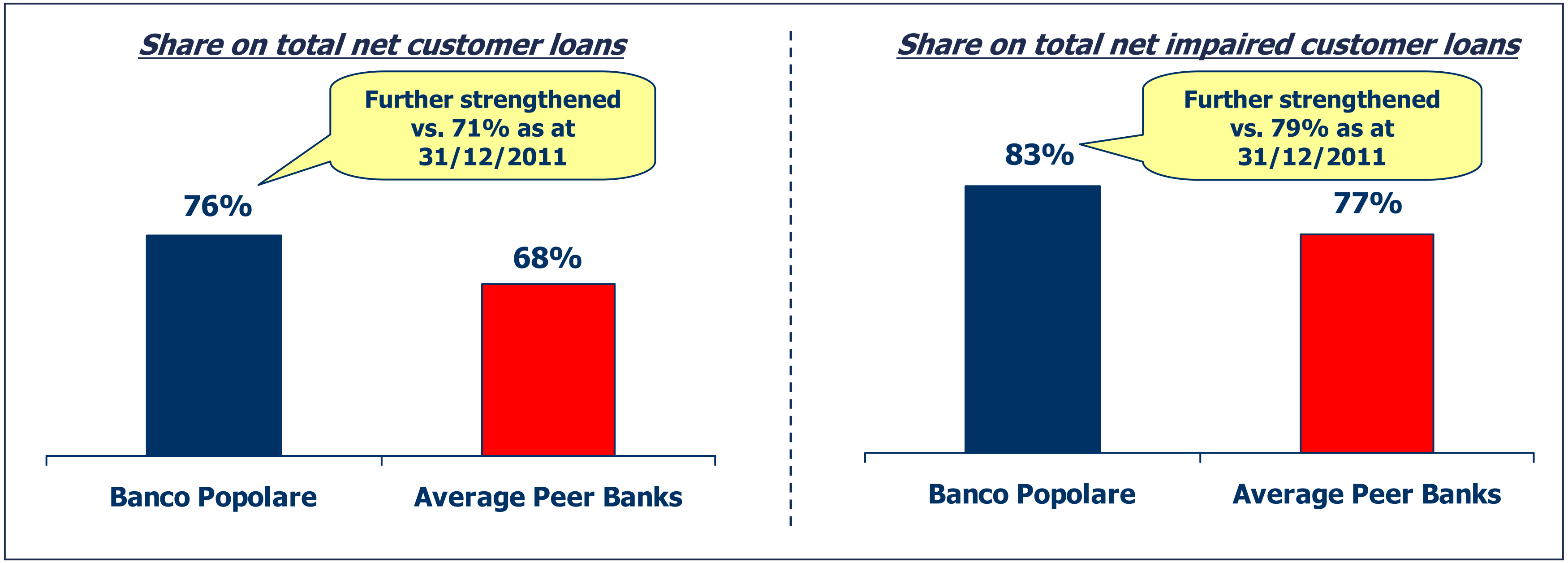




BANCO POPOLARE GRUPPO BANCARIO

Loan portfolio: highly guaranteed

Benchmark share of loans assisted by real guarantees as at 31/12/2012



Comments:

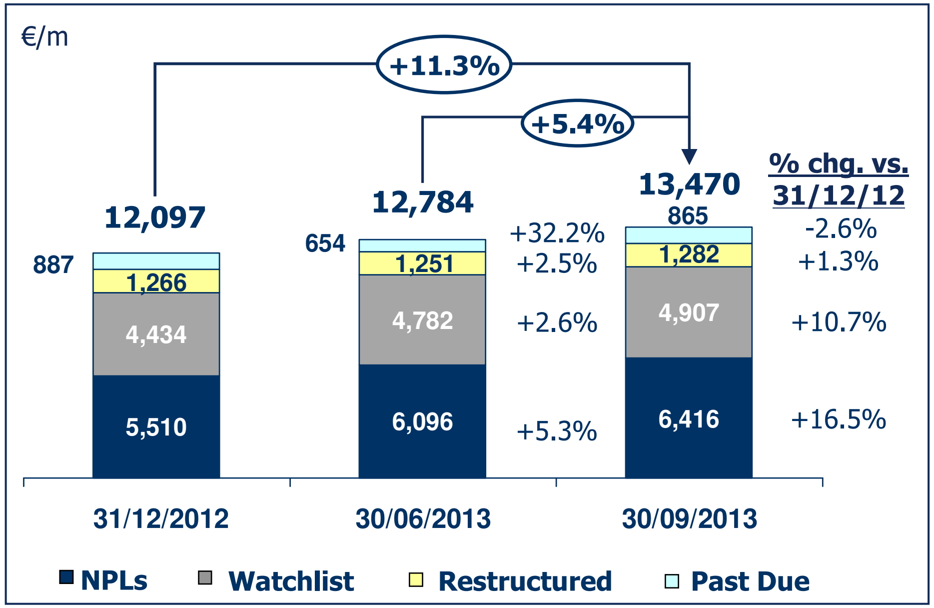
- It is reminded that the loan portfolio of Banco Popolare, coherently with its retail banking business model, has a relevant share of loans assisted by guarantees, which is higher than the average of Peer Banks*.

(*) Peers include ISP, UCG, MPS, UBI, BPER, BPM and Carige. Source: FY 2011 Annual Report as at 31/12/2012. Arithmetic average.

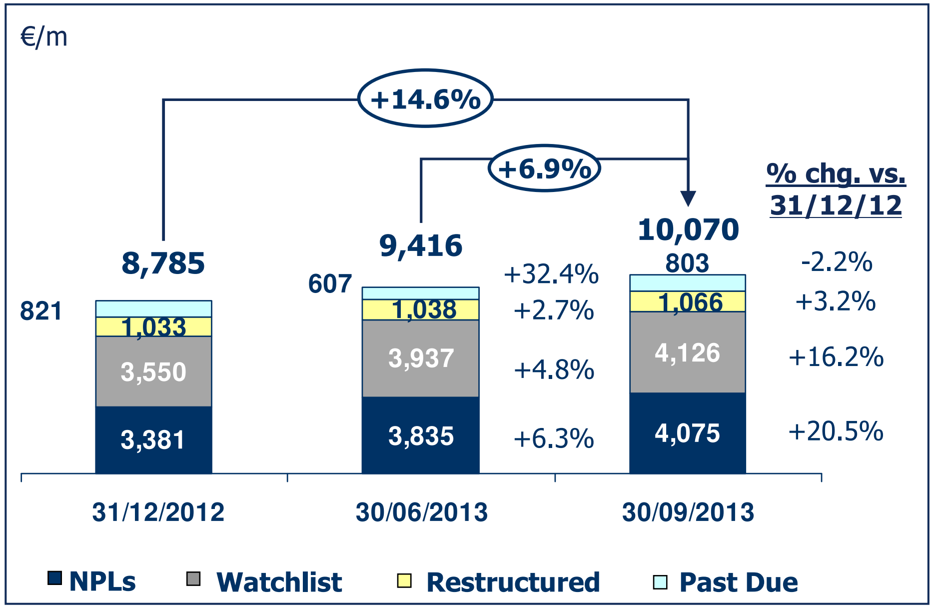
Appendix: Banco Popolare 'Standalone'

Asset quality: focus on BP 'Standalone'

Gross impaired loans BP 'Standalone'



Net impaired loans BP 'Standalone'



Coverage of impaired loans

	31/12/12	30/06/13	30/09/13
• **NPL coverage:**			
- **Total coverage** (incl. real guarantees)	92.9%	92.0%	**91.9%**
- **Coverage** (Write-offs included)	58.3%	57.6%	**57.3%**
• **Watchlist loan coverage:**			
- **Total coverage** (incl. real guarantees)	73.7%	75.6%	**72.7%**
- **Coverage**	19.9%	17.7%	**15.9%**
• **Restructured loan coverage**	18.4%	17.1%	**16.8%**
• **Past Due loan coverage**	7.5%	7.3%	**7.1%**
IMPAIRED LOAN COVERAGE (Write-offs included)	40.3%	40.1%	**39.3%**

>115% at Fair Value

>115% at Fair Value

N.B.: The accounting coverage of NPL and, consequently, of total impaired loans includes write-offs. Total coverage includes real guarantees, but excludes personal guarantees.

Note: For the coverage ratios reported in this table, the value of the real guarantees is capped at the amount of the single credit exposure; conversely, the data of real guarantees at Fair Value consider the absolute fair value of the total underlying real guarantees.

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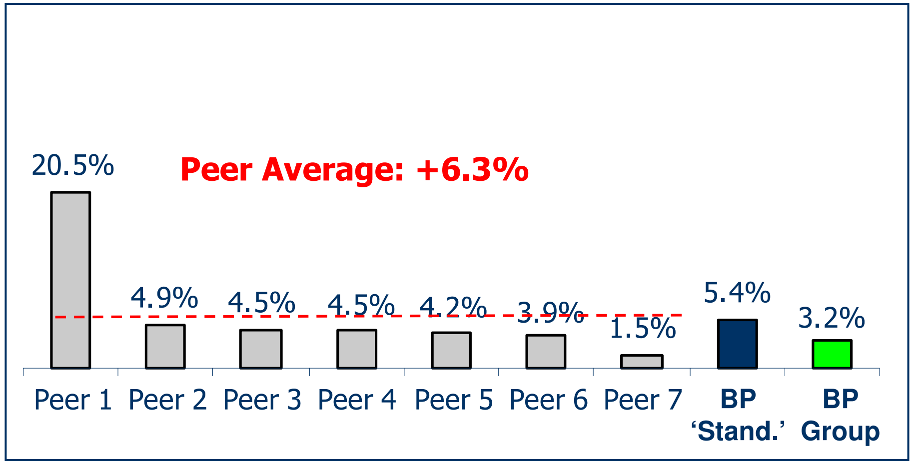
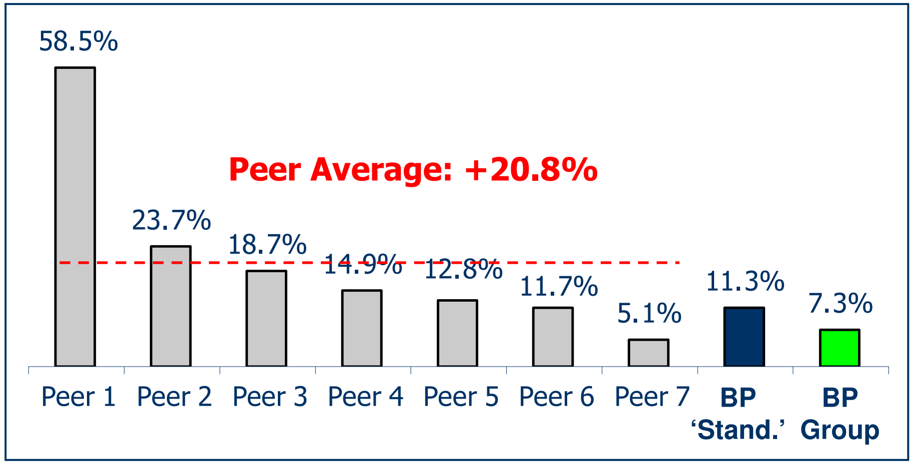
Appendix: Banco Popolare Group and 'Standalone'

Asset quality benchmark: trend in gross impaired loans

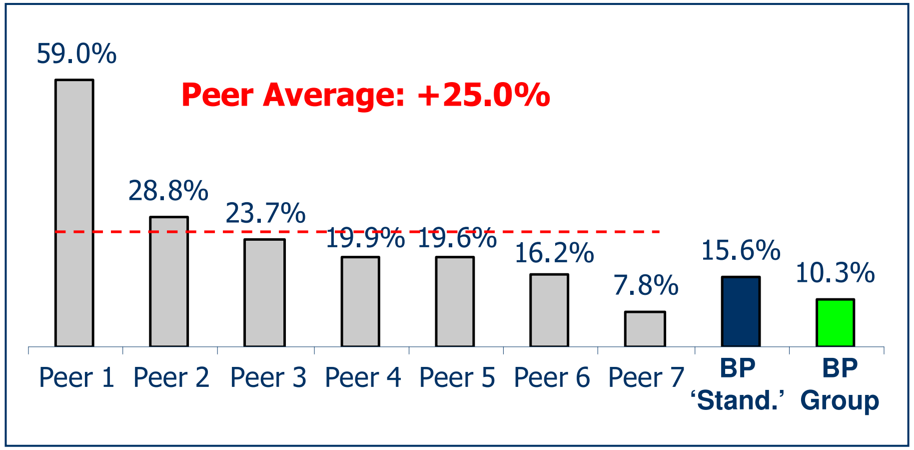
Trend in gross impaired loans vs. peers 30 September 2013 vs. 30 June 2013(i)



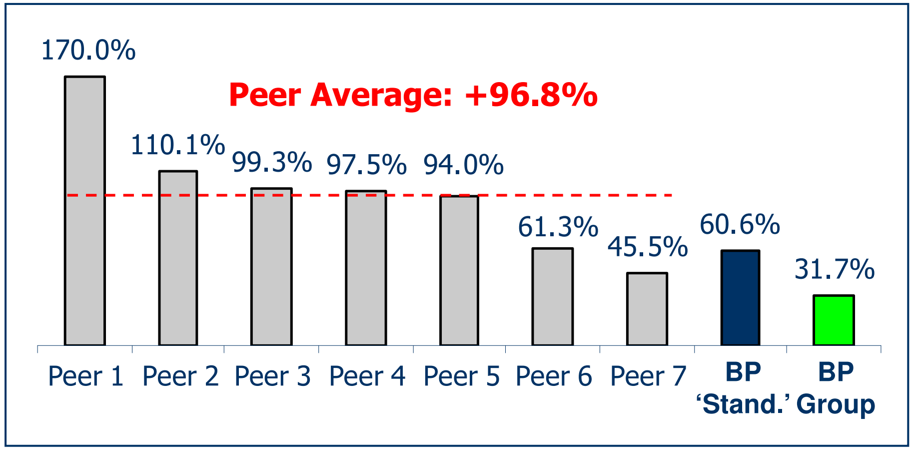
Trend in gross impaired loans vs. peers 30 September 2013 vs. 31 December 2012(i)



Trend in gross impaired loans vs. peers 30 September 2013 vs. 30 September 2012(i)



Trend in gross impaired loans vs. peers 30 September 2013 vs. 31 December 2009(i)

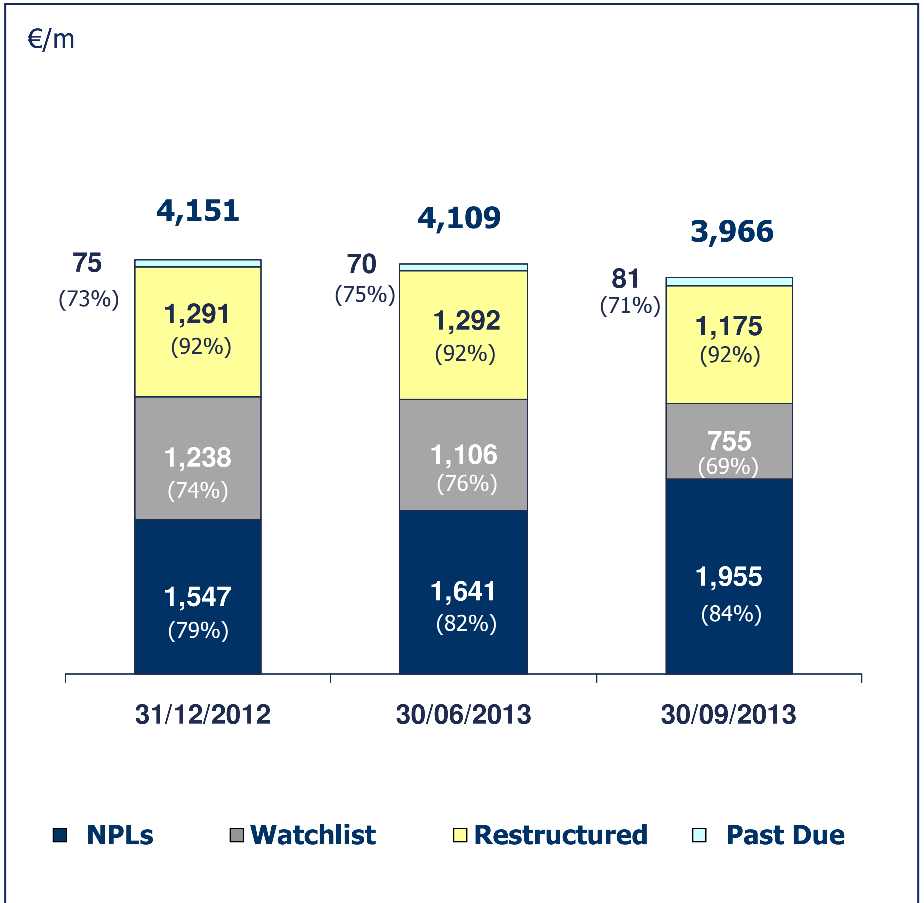


(i) Peers include ISP, UCG, MPS, UBI, BPER, BPM and Carige. Data based on latest reported figures as at 30/09/2013. Arithmetic average.

Appendix: Italease

Italease: consolidated impaired loans

Gross impaired loans



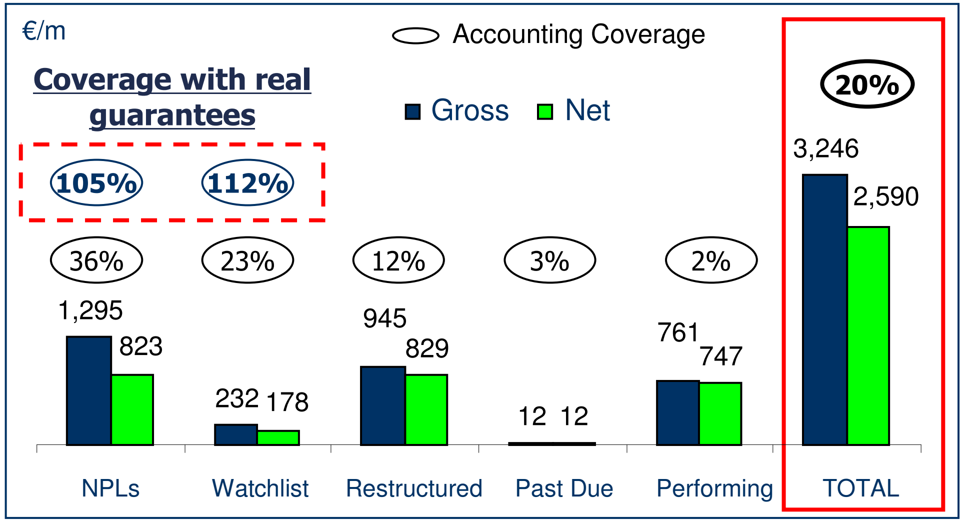
N.B.: The figures indicated in brackets indicate the % share of real-estate lending.

Net impaired loans

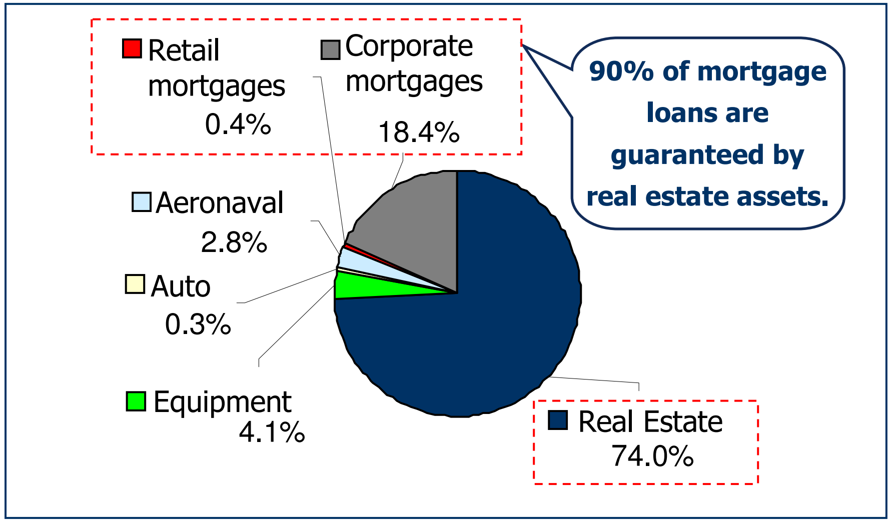
Note: Accounting data. Consolidation perimeter includes Release, the 'Italease Residual' portfolio (which includes Banca Italease and Italease Gestione Beni).

‘Release’ Portfolio: analysis as at 30/09/2013

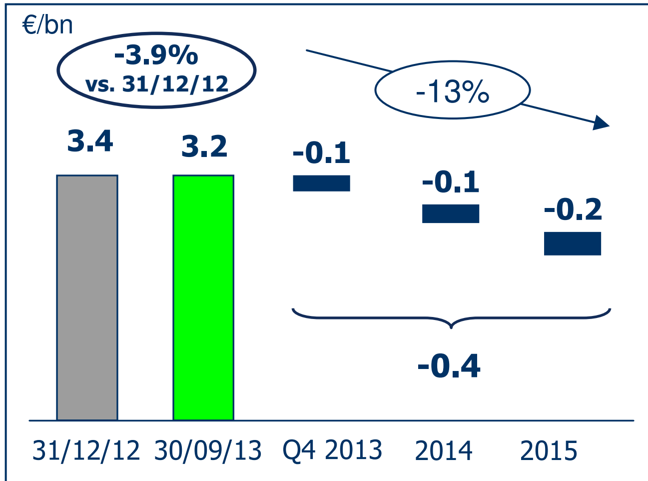
Loan portfolio classification



Loan portfolio by product category



Repayment plan until 2015*



% chg. expected as at year-end 2015

Real Estate	-8%
Mortgages	-33%
Equipment	-12%
Other	-5%
TOTAL	**-13%**

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

Comments:

- The **‘Release’ portfolio** falls by 33% vs. year-end 2009; in the same period, the aggregate of NPLs and Watchlist loans decreases by 58%.
- The coverage, including real guarantees, is 105% for NPLs and 112% for Watchlist loans.
- Repayment plan of performing loans: -13% by year-end 2015 (-€0.4bn).

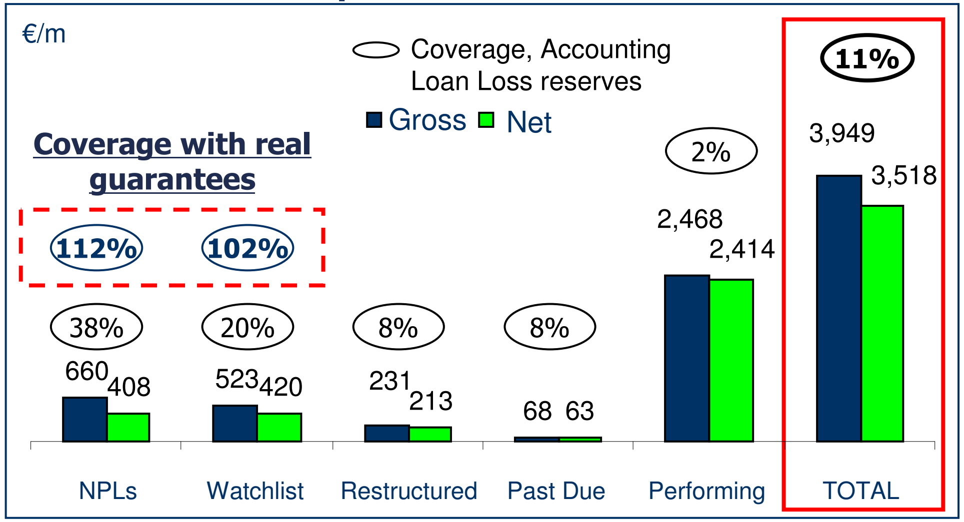
Management accounting data.

BANCO POPOLARE GRUPPO BANCARIO

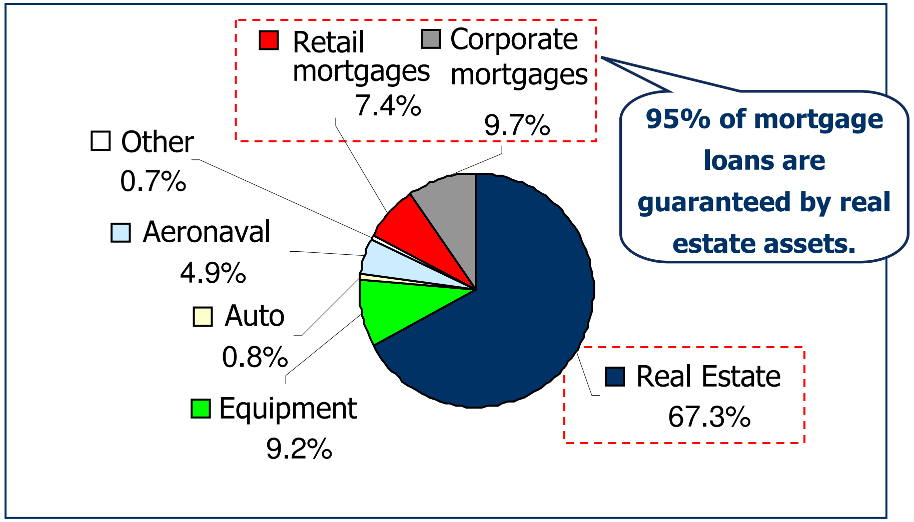
Appendix: Italease

'Italease Residual' Portfolio: analysis as at 30/09/2013

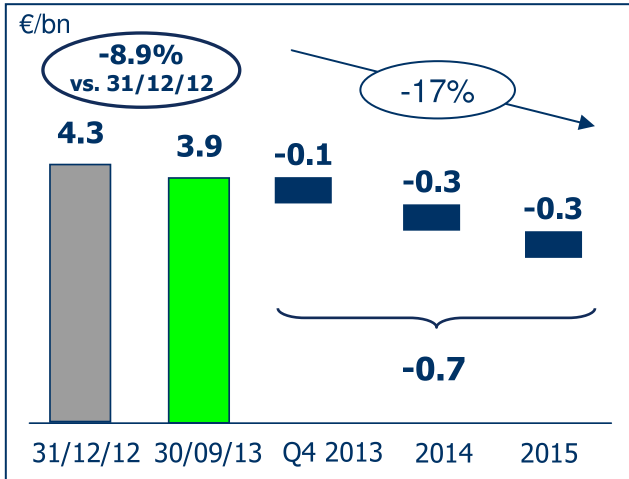
Loan portfolio classification



Loan portfolio by product category



Repayment plan until 2015*



% chg. expected as at year-end 2015	
Real Estate	-16%
Mortgages	-15%
Equipment	-26%
Other	-29%
TOTAL	**-17%**

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

Management accounting data.

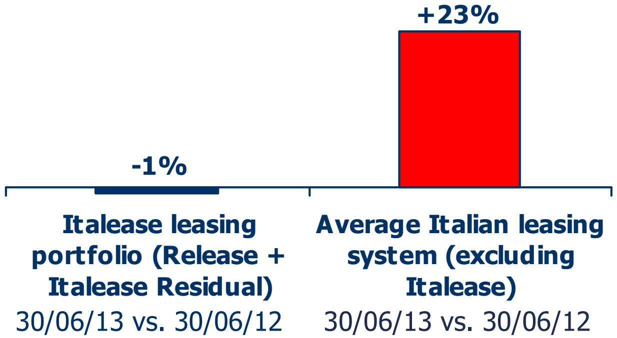
Comments:

- The **'Italease Residual' portfolio** drops by 46.0% vs. year-end 2009, by 33.8% vs. year-end 2010, by 20.2% vs. year-end 2011 and by 8.9% in the first nine-months of 2013.
- The coverage, including real guarantees, is 112% for NPLs and 102% for Watchlist loans.
- Repayment plan of performing loans: -17% by year-end 2015 (-€0.7bn).

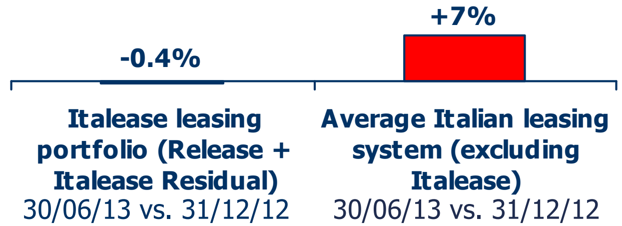
Asset quality profile of Italease leasing portfolio vs. system

Evolution of Leasing Impaired Loans (1): benchmark

Y/Y Evolution of Total impaired loans

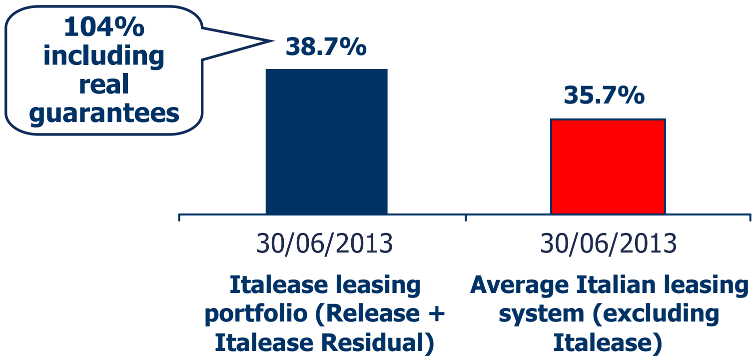


YTD Evolution of Total impaired loans (H1 2013)

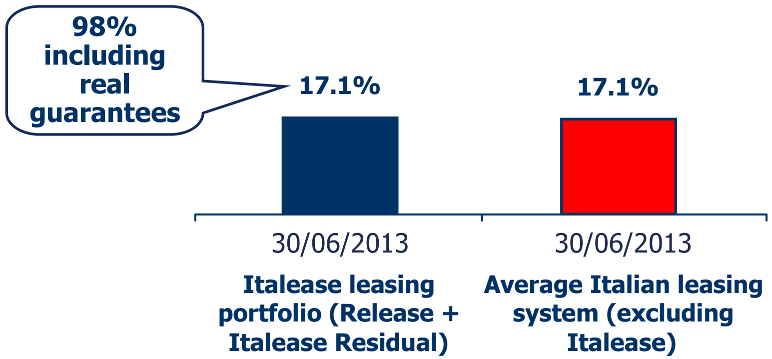


Coverage of Leasing Impaired Loans (2): benchmark

Coverage of Leasing NPLs



Coverage of Leasing Watchlist Loans



(1) Include NPLs, Watchlist Loans, Restructured Loans and, starting from Q1 2012, Past Due Loans >90days (versus >180days before).
(2) Accounting coverage, excluding real guarantees. Real guarantees are very meaningful in the leasing business as the leasing company is the owner of the leased asset.
Source of Italian leasing system data as at 30/06/2013: Assilea, the Italian Leasing Association. The benchmark includes all the leasing companies belonging to the association.
Evolution and coverage of Italease leasing portfolio exclude the mortgage portfolio, for a better comparison with Assilea data.

Implementation of the reorganisation of the branch franchise

Action plan	Timing
• **Introduction of the *Hub&Spoke model*** in ~ 70% of the Group's branch network • **Transformation of more than 100 branches into "Corporate branches"** ("Filiali Imprese") and closure of the almost 80 currently existing Corporate Centres • **Simplification and development of the "chain of responsibility":** - Elimination of the "co-located" Territorial Departments* - Closure of ~ 10 Business Areas - Adoption of a business rationale based on "Individuals" and "Businesses" ("Privati" e "Imprese") - Concentration of business with Large Corporate customers under the General Management/HQ	*By February 2014*
• **Closure of ~60 branch outlets**	*By May 2014*

Reduction of the cost to serve, thanks to increased flexibility and effectiveness

\+

Improvement of the Cost / Income ratio

\+

Safeguarding the service quality to customers

Completion of this action plan by first semester 2014

* Territorial Departments with location in the same city where the main office of the Division is located (i.e. the Territorial Departments BPV, BPL and BPN).

Methodological notes (1/8)

1. 1. P&L impacts caused by the Purchase Price Allocation of the business combinations of Gruppo Banca Popolare Italiana and Gruppo Banca Italease

In compliance with IFRS 3, the income statement of Gruppo Banco Popolare includes the P&L impacts caused by the allocation of the merger difference in the business combination with Gruppo Banca Popolare Italiana and of the price paid to acquire Banca Italease pursuant to IFRS 3 (so called Purchase Price Allocation – PPA) with respect to full year 2012 and the first nine months of 2013. For the sake of a like-to-like comparison, please note that PPA impacts can significantly differ in the periods under comparison. For a full and transparent disclosure, shown below are the impacts deriving from the recognition of profit adjustments reported by the income generation units acquired by Gruppo Banca Popolare Italiana and Gruppo Banca Italease due to the higher values recognized in the consolidated financial statements on the date of effectiveness of the business combinations as a result of applying the accounting standard IFRS 3.

Methodological notes (2/8)

1. A. - Business combination of Gruppo Banca Popolare Italiana

Net interest income: the P&L impact in the first nine months of 2013 was +2.9 million (+1.0 million in Q3) and -16.3 million in the same period of 2012, and is mainly attributable to the greater value recognized during PPA to loans acquired under the merger.

Other operating income: the P&L impact in the first nine months of 2013 was -24.2 million (-8.1 million in Q3 2013) and -26.2 million in the same period of 2012, and is represented by the amortization of intangible assets having a defined useful life recognized during PPA.

As a result, the following P&L impacts were reported in the first nine months of 2013:

- net interest and other banking income: -21.3 million (-7.1 million in Q3 and -42.4 million on 30 September 2012);
- profit from operations: -24.0 million (-8.0 million in Q3 and -45.3 million on 30 September 2012);
- income/loss before tax: -24.1 million (-8.0 million in Q3 and -45.0 million on 30 September 2012);
- income tax: +7.9 million (+2.6 million in Q3 and +14.9 million on 30 September 2012);

The overall effect on the net consolidated income came in at -16.2 million on 30 September 2013 (-5.4 million in Q3 and -30.1 million on 30 September 2012).

Methodological notes (3/8)

1. B. - Business combination of Gruppo Banca Italease

Net interest income: the P&L impact was -3.3 million on 30 September 2013 (-0.9 million in Q3 2013) and -13.7 million on 30 September 2012, attributable to the lower value recognized to financial liabilities issued by Banca Italease during the business combination upon allocating the purchase price. The negative impact is due to the consequent addition of interest expense recognized by Banca Italease against the above financial liabilities for the portion that was not repurchased after 1 July 2009.

As a result, the following P&L impacts were reported in the first nine months of 2013:

- net interest and other banking income: - 3.3 million (-0.9 million in Q3 and -13.7 million on 30 September 2012);
- profit from operations: - 3.3 million (-0.9 million in Q3 and -13.7 million on 30 September 2012);
- income/loss before tax: - 3.3 million (-0.9 million in Q3 and -13.7 million on 30 September 2012);
- income tax: +1.1 million (+0.3 million in Q3 and +4.5 million on 30 September 2012);

The overall effect on the net consolidated income came in at -2.2 million on 30 September 2013 (-0.6 million in Q3 2013 and -9.1 million on 30 September 2012).

By summing together the PPA effects associated with the ex-BPI group and those of the Banca Italease group, the total PPA negative impact on the net P&L result as at 30 September 2013 was 18.4 million (as compared with a negative impact of -39.2 million on 30 September 2012).

Methodological notes (4/8)

2. Changes in consolidation scope

In Q2 2013, further to disposals, the companies Banco Popolare Hungary Zrt and BP Service KFT are no longer part of the consolidation scope, with a total loss through P&L for the first half of the year of 0.5 million.
Again with respect to fully consolidated companies, on 30 June 2013 the companies Immobiliare BP and Braidense Seconda S.r.l. have been merged into the subsidiary Bipielle Real Estate, with fiscal and accounting effects starting on 1 January 2013, with no impact on the financial situation and consolidated capital ratios. Moreover, already at the end of January 2013, FIN.E.R.T. Finanziaria Esattorie Ricevitorie Tesorerie S.p.A. in liquidation was merged into the parent company SERI, which at the same time changed its company name into that of the merged company.
During this period the liquidation procedures of the subsidiary Bipielle International Holding S.A. and its associates (carried at equity within the consolidation scope) Eurocasse Sim and Finanziaria ICCRI BBL, owned 20.981% and 50%, respectively, by Banco Popolare, were completed - with their removal from the Company Registers.
The above changes in consolidation scope do not affect the significance of the comparison of 2013 data with those of the prior periods.

Methodological notes (5/8)

3. Main non-recurring P&L items included in the income statements of the two periods under comparison

In compliance with the directives set forth in Consob's Communication n. DEM/6064293 dated 28 July 2006, the impact of the main non-recurring items is highlighted in the report on operations.

In addition to amounts that have already been shown in items that by their own nature are non-recurring (e.g., profit or loss on discontinued operations), the operating income in the first nine months of 2013 has been negatively affected by the impact caused by the change in the book value of financial liabilities in issue measured at fair value as a result of the rating variations compared to the end of the prior year (-32.4 million, gross of tax effect). To this regard, it is worth noting that Banco Popolare's rating was downgraded in the first quarter of 2013, producing a positive impact on the period's P&L of 76.4 million euro, gross of tax effect. In the second and third quarters the narrowing of Banco Popolare credit spreads with respect to the first quarter produced a negative impact on the period's P&L of 75.8 million 75.8 and 33.1 million, respectively, gross of tax effect.
The income statement of the first nine months of 2013 benefitted from the capital gains generated by the buyback of financial liabilities in issue at the end of May 2013, and from the early termination of the attendant derivatives (+37.6 million, gross of tax effects), as well as from the capital gain generated by the sale of the stake held in Azimut Holding S.p.A., held in the AfS portfolio, amounting to 31.3 million, gross of tax effect.

With respect to "personnel costs", a non-recurring charge (-41.9 million, gross of tax effect) was reported, as a result of the agreement met on 27 June with Trade Unions for the future voluntary termination of 250 employees through the solidarity allowance. This non-recurring charge was fully offset through a number of specific actions to abate the variable wages of all employees already charged to income in the previous year (+42.3 million, gross of tax effect).

Impairments were posted under the item "net write-downs for impairment of other assets", mainly referring to investments in private equity funds and similar investment entities classified as financial assets available for sale (-41.5 million), which are considered non-recurring.

Methodological notes (6/8)

3. Main non-recurring P&L items included in the income statements of the two periods under comparison (follows)

Finally, in Q2 a partial recovery of the equity investment held in Agos–Ducato was recognized under item “Write-backs/write-downs of equity investments”, following the impairment reported in the 2012 consolidated financial statements based on the scanty information available at the time. The associate approved its draft annual report as at 31 December 2012 only in the Board meeting held on 7 May 2013, together with the new 2013-2017 business plan which expects the company to return to profitability in financial year 2014. Based on this recent information, a 105.8 million recovery of the equity investment was posted, thus bringing the carrying value of the equity investment in line with the share in the company’s equity as at 30 June 2013. This same item includes also the 10.3 million write-down carried out to bring the carrying value of the equity investment held in Finoa S.r.l., which is under disposal, in line with the net fair value of selling costs.

The income statement of the first nine months of 2012 had been penalized by the impact from the increase in the book value of financial liabilities in issue measured at fair value as a result of the upgrading of Banco Popolare’ rating since the end of the prior financial year (328.3 million, gross of tax effect). Conversely, it benefitted from the capital gains from the buyback carried out in February 2012 of own financial liabilities and the consequent early termination of the correlated derivatives (109.9 million, gross of tax effect).

In the first nine months of 2012 a negative contribution of 116.3 million by the associate Agos Ducato had been entered under Losses from equity investments carried at equity, which includes the Group’s share of loss generated by the associate in the first nine months of 2012 and the loss posted in 2011, as approved by the company’s Shareholders’ meeting in June 2012.
Finally, the operating result in the first nine months of 2012 benefitted from the recognition of the credit from the a tax credit generated from the deductibility of undeducted IRAP relative to personnel and similar expenses from the IRES tax base for fiscal years prior to fiscal year ending on 31 December 2012, totaling 64.7 million, as provided for by art. 2 of L.D. n. 201 of 6 December 2011 (so called “Decreto Monti”) as amended by art. 2 of L.D. n. 16 of 2 March 2012 (“Decree on tax simplification”).

Methodological notes (7/8)

4. Uncertainties due to the use of estimates for the preparation of the interim financial report

The adoption of certain accounting standards necessarily requires the use of estimates and assumptions that affect the values of assets and liabilities recognized in the financial statements and in interim financial reports. The measurement procedures that require a more extensive use of estimates and assumptions have been illustrated in the explanatory notes to the 2012 Annual Report, which we kindly ask you to refer to for further information. With respect to the loan measurement procedures, note that the prolongation or the deepening of the current economic and financial crisis could further deteriorate the financial situation of the borrowing customers and of the issuing counterparties, leading to losses from granted loans or purchased financial assets greater than what has been currently estimated and factored in when preparing this financial report. Moreover, the historical change soon to involve the banking industry with the launch of the Single Supervisory Mechanism, and precisely the preparatory Comprehensive Assessment of the European banking industry launched in October by the European Central Bank, may lead to future changes to the current measurement procedures. In light of all this, although the values reported in the interim financial report as at 30 September 2013 reflect the best assessment made by the management based on the reference accounting standards, it cannot be ruled out that, as reasonable as these assessments may be, they might not be fully confirmed in the event that certain different parameters are used in the ongoing inspection performed by the Supervisory Authority and in ECB's announced Asset Quality Review.

Methodological notes (8/8)

5. Other explanatory notes

The interim financil report reflects on a consolidated basis the financial and operating situations of Banco Popolare and its subsidiaries with respect to 30 September 2013 or, when not available, on the most recently approved financial reports.
Similarly, the equity method-based treatment of associates was carried out based on the accounting information as at 30 September 2013 submitted to Banco Popolare, or, if not available, the most recent financial reports prepared by the associates.

The "normalized" result of the first nine months of 2013 was determined by adjusting the income for the period, amounting to 154 million, with respect to the following components:

- impacts from the Purchase Price Allocation of the business combinations of the Banca Popolare Italiana and Banca Italease groups (positive adjustment to offset a total negative contribution of 18.4 million);
- impacts from the fair value changes of financial liabilities in issue due to rating changes (positive adjustment to offset a negative contribution of 21.7 million);
- impacts from the debt buyback at the end of May 2013 (negative adjustment to offset a positive contribution of 25.2 million);
- impacts from the valuation of some financial assets available for sale (positive adjustment to offset a negative impact of 35.1 million);
- impact from the sale of financial assets available for sale (negative adjustment to offset a positive impact of 29.1 million);
- impacts from the valuation of equity investments (negative adjustment to offset a net positive impact of 41.2 million);
- minor non-recurring impacts (positive change to offset a total negative contribution of 8.9 million).

"Revenues from core banking business" indicate the aggregate of the following items reported in the reclassified consolidated income statement:

- interest income;
- net commissions;
- other revenues.

Regulatory changes which impacted on NII

- Among the various regulatory changes included in the so-called 'Salva Italia' decree (D.Lgs. 201/2011 converted into law n. 214/2011) there are the following new rules:

    - in case of current account overdraft, banks can charge, in addition to the interest expenses, an all-inclusive, predefined and fixed commission (so-called 'CIV') related to the costs incurred by the bank (from an accounting perspective to be included under 'Other net revenues';
    - all the clauses included in the credit line opening and current account contracts, which entail various commissions and/or costs are void (from an accounting perspective, the so-called 'indenità di sconfinamento', or 'IS', was previously booked under 'Net interest income').

- According to D. Lgs. n. 01/2012 (converted into law n. 27/2012), these new changes came into force starting from 1st July 2012 and all the outstanding contracts had to be modified within 3 months starting from the date of entry into force of the law.

Regarding the timing, these changes have become effective:

- from 1st July 2012 for new contracts;

- from 1st October 2012 for outstanding contracts.

Pipeline of IR events in 2013

Date	Place	Events
17 January 2013	Milan	UBS Italian Financial Services Conference 2013 (investor meetings)
15 March 2013	Verona	Press release on FY 2012 results
15 March 2013	Verona	Banco Popolare: Conference call on FY 2012 results
19 March 2013	London	Morgan Stanley 2013 European Financials Conference (investor meetings)
20 April 2013	Lodi	Annual Meeting of Shareholders (2nd call)
14 May 2013	Verona	Press release on Q1 2013 results
14 May 2013	Verona	Banco Popolare: Conference call on Q1 2013 results
16 May 2013	London	Deutsche Bank Conference: Access Italy (investor meetings)
05 June 2013	London	Autonomous Banks Rendevous (investor meetings)
24 June 2013	London	UBS FIG Speed Dating (investor meetings)
27 August 2013	Verona	Press release on H1 2013 results
27 August 2013	Verona	Banco Popolare: Conference call on H1 2013 results
11-12 September 2013	Barcelona	Euromoney/ECBC Covered Bond Congress (investor meetings)
26 September 2012	London	BoA Merrill Lynch 18th Annual Banking & Insurance CEO Conference 2013 (investor meetings)
22 October 2013	Frankfurt	Commerzbank Italy Day (investor meetings)
12 November 2013	Verona	Press release on Q3 2012 results
12 November 2013	Verona	Banco Popolare: Conference call on Q3 2012 results
21 November 2013	Como	Kepler Italian Financial Conference (floor presentation)
12 December 2013	London	CITI European Credit Conference (investor meetings)

N.B. The above pipeline does not include ongoing roadshows, meetings and other possible Investor Conferences.

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