

Disclosure Report

Pillar III

Data as at
30 june 2016

 **BANCO POPOLARE**

Disclosure to the Public by Entities

Pillar 3

Data as at 30 June 2016

This English translation of the "Informativa da parte degli enti al pubblico (Terzo Pilastro) - Dati riferiti al 30 giugno 2016", titled the "Disclosure by institutions (Pillar 3) - Data as at 30 June 2016" is NOT an official translation. This translation is for informational purposes only, has been prepared solely for the convenience of non-Italian speaking shareholders of Banco Popolare – Società Cooperativa (the "Issuer") and any other recipients and is not a substitute for the original Italian document.

The only official version of the Pillar 3 is the Italian version which has been approved by the competent body of the Issuer, and can be found in electronic form on the website of the Issuer.

This English translation has not been approved by the Issuer. Accordingly, any shareholder and any recipients should also refer to the official Italian version and seek appropriate professional advice before investing.

While this English translation is believed to be generally accurate, it is subject to and qualified by, in its entirety, the official Italian-language original version approved by the Issuer, which is the prevailing document for all purposes.

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This English translation does not contain or constitute, and should not be relied upon as, an offer or invitation to make an offer or to acquire any securities in any jurisdiction."

Index

<i>Introduction</i>	3
<i>Scope of application</i>	7
<i>Own Funds</i>	13
<i>Capital Requirements</i>	32
<i>Financial Leverage</i>	38
<i>Credit risk: disclosures for portfolios treated under the standardised approach</i>	42
<i>Credit risk: disclosures for portfolios treated under the IRB approach</i>	45
<i>Market risk</i>	55
<i>Operational risk</i>	58
<i>Declaration of the Manager responsible for preparing the Company's financial reports</i>	60

Introduction

Explanatory notes on the Disclosure to the Public by Entities (Pillar 3)

Supervisory regulations require that banks fulfil specific obligations to publish information regarding their capital adequacy, exposure to risks and the general characteristics of the systems for identifying, measuring and managing these risks, and to supply information on remuneration practices and policies, in order to strengthen the role of the market discipline.

From 1 January 2014, the prudential supervision provisions applicable to banks are contained in Circular no. 285 of 17 December 2013, the issue of which is conditioned by the start date of application of EU regulations (Regulation EU no. 575/2013 (CRR) and the CRD IV Directive 2013/36/EU) containing the reforms of the agreements of the Basel Committee ("Basel 3"). This subject matter, as specifically stated in Part II - Chapter 13 of the above-mentioned Circular, is directly regulated by the CRR (Part Eight and Part Ten, Title I, Chapter 3) and by European Commission regulatory and implementing technical standards.

According to that established by CRR Regulation, banks must publish the information required on at least an annual basis. It is up to the same entities to evaluate, based on the important aspects of their activities, the need to publish some or all of the information required more frequently, in particular that relating to the composition of Own Funds and to capital requirements.

Also as regards obtaining authorisation from the Supervisory Authority (communication dated 18 May 2012) to use internal methods to calculate capital requirements for credit and market risk - as well as the recent authorisation to use the AMA approach for operational risk (communication dated 5 August 2014) -, the Group believes it is appropriate to continue drawing up interim reports, also in accordance with the EBA's guidelines ("*Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013*").

This document, entitled Disclosure to the Public by Entities, constitutes a fulfilment of the regulatory obligations referred to and is drawn up on a consolidated basis.

Quantitative disclosures regarding the Group's Own Funds, capital requirements and financial leverage as at 30 June 2016 are illustrated below, as well as disclosures regarding the risks that are subject to validation by the Supervisory Authority.

We also point out that the information relating to the various types of risk which the Banco Popolare Group is exposed to is contained in the "Risk management objectives and policies" section of the 2015 Annual Disclosure as well as in the Report on operations and in Part E of the Notes to the consolidated financial statements in accordance with the matters envisaged by reference regulation.

Additional information on the internal audit system, the auditing of the accounts and the declaration of compliance of the accounting documents with the results of the accounting books and records by the Manager responsible is present in the Report on corporate governance and ownership structures.

Instead, analytical information on the existing remuneration policies is contained in the Remuneration Report (also present on the Group website).

In compliance with the aforementioned disclosure and frequency obligations the Banco Popolare Group publishes this document on its website www.bancopopolare.it in the Investor Relations section. It is available in both Italian and English.

All amounts shown in the tables below are stated in thousands of Euro, unless otherwise indicated.

Capital adequacy ratios as at 30 June 2016

Own Funds and capital adequacy ratios	30/06/2016	31/12/2015
A. Capital reserves and requirements		
Own Funds		
Common Equity Tier 1 capital (CET 1)	6,563,331	5,885,491
Additional Tier 1 capital (AT 1)	-	-
Total Tier 1 capital	6,563,331	5,885,491
Tier 2 capital (T 2)	1,446,965	1,235,360
TOTAL OWN FUNDS	8,010,296	7,120,851
Risk-weighted assets		
Credit and counterparty risks	38,516,833	37,529,013
Credit valuation adjustment risk	344,390	340,485
Regulatory risk	-	-
Market risk	1,976,337	2,404,074
Operational risk	3,374,040	4,470,553
Other calculation elements	-	-
RISK-WEIGHTED ASSETS	44,211,600	44,744,125
B. Capital adequacy ratios (%)		
B.1 Common Equity Tier 1 Ratio	14.8%	13.2%
B.2 Tier 1 Ratio	14.8%	13.2%
B.3 Total Capital Ratio	18.1%	15.9%

Own Funds and the capital ratios as at 30 June 2016 have been calculated by applying the provisions of the Bank of Italy in accordance with Basel 3 regulations.

As at 30 June 2016, Own Funds totalled € 8,010 million, against weighted assets of € 44,212 million, mostly arising from credit and counterparty risks and, to a lesser extent, operational and market risks.

The Total Capital Ratio stood at 18.1%; the Group Tier 1 Ratio (Tier 1 capital to risk-weighted assets) stood at 14.8%. The Common Equity Tier 1 Ratio (Common Equity Tier 1 to risk-weighted assets) was equal to 14.8%.

Compared to the same figures at the end of 2015, the Common Equity Tier 1 capital rose thanks to the completion of the share capital increase. Also at overall level, Own Funds increased.

Risk-weighted assets declined.

Banco Popolare participated in the 2016 EU-wide stress testing carried out by the European Banking Authority (EBA), in collaboration with the Bank of Italy, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

In light of what was disclosed by the EBA on 29 July, the test confirmed Banco Popolare's resilience and capital soundness, even under the conditions imposed by the 2016 stress test scenarios. Please note that the following published results:

- CET1 ratio post impact baseline scenario stress test, equal to 14.61%
- CET1 ratio post impact adverse scenario stress test, equal to 9.05%

in that they were calculated assuming 31 December 2015 as the reference date, do not take into account the share capital increase completed by Banco Popolare, which further strengthened the Group's capital profile.

Scope of application

Name of the bank to which the disclosure requirement applies

Banco Popolare Soc. Coop. Parent Company of the "Banco Popolare Banking Group".

Illustration of the differences in the scope of consolidation for prudential and financial statement purposes

In the first half of 2016, the only change was the definitive departure from the scope of consolidation of the subsidiary Banco Popolare Luxembourg due to the completion of its disposal on 29 February 2016. The scope of the disposal transaction did not include the disposal of the equity investment in Aletti Suisse, which was transferred to Banca Aletti S.p.A on 4 January 2016, or the risks and benefits relating to the loan book of Banco Popolare Luxembourg, which were retained by Banco Popolare.

On 1 June, the merger of Tiepolo Finance 2 S.r.l. into the Parent Company became effective for legal purposes. The absorbed company was removed from the Banking Group with no effects on the Group's financial position or profit and loss.

Lastly, the liquidation of the associate Borgo del Forte S.r.l., previously consolidated with the equity method, was completed in April.

The scope of consolidation for prudential and financial statement purposes is illustrated below.

Scope of consolidation for prudential and financial statement purposes

COMPANY NAME	SECTOR	REGISTERED OFFICES		TREATMENT IN PRUDENTIAL REPORTING				TREATMENT IN THE FINANCIAL STATEMENTS	
		LOCATION	COUNTRY	CONSOLIDATED LINE-BY-LINE	PROPORTIONATE CONSOLIDATION	DEDUCTED FROM EQUITY	NOT CONSOLIDATED AND NOT DEDUCTED	CONSOLIDATED LINE-BY-LINE	CARRIED AT EQUITY
Agos-Ducato S.p.A.	Other financial companies	Milan	ITALY			X			X
Alba Leasing S.p.A.	Leasing companies	Milan	ITALY			X			X
Aletti & C. Banca di Investimento Mobiliare S.p.A.	Banking system	Milan	ITALY	X				X	
Aletti Fiduciaria S.p.A.	Trust administration companies	Milan	ITALY	X				X	
Aletti Gestielle SGR S.p.A.	Asset management companies	Milan	ITALY	X				X	
Aosta Factor S.p.A.	Factoring companies	Aosta	ITALY			X			X
Arcene Immobili S.r.l. (in liquidation)	Production companies	Lodi	ITALY				X		X
Arcene Infra S.r.l. (in liquidation)	Production companies	Lodi	ITALY				X		X
Arena Broker S.r.l.	Insurance brokers, agents and consultants	Verona	ITALY			X		X	
AviPop Assicurazioni S.p.A.	Insurance companies	Milan	ITALY			X			X
Banca Aletti & C. (Suisse) S.A.	Banking system in non-EU countries	Lugano	SWITZERLAND	X				X	
Banca Italease Capital Trust	Other financial companies in non-EU countries	Delaware	UNITED STATES	X				X	
Banca Italease Funding LLC	Other financial companies in non-EU countries	Delaware	UNITED STATES	X				X	
Banco Popolare soc. coop.	Banking system	Verona	ITALY	X				X	
Bipielle Bank (Suisse) S.A. in liquidation	Banking system in non-EU countries	Lugano	SWITZERLAND	X				X	
Bipielle Real Estate S.p.A.	Production companies	Lodi	ITALY	X				X	
Bipitalia Residential S.r.l.	Other finance companies	Milan	ITALY				X	X	
BP Covered Bond S.r.l.	Other financial intermediaries	Milan	ITALY	X				X	
BP Mortgages S.r.l.	Other financial intermediaries	Milan	ITALY				X	X	
BP Property Management Soc. Consortile a r.l.	Production companies	Verona	ITALY	X				X	
BP Trading Immobiliare Srl	Production companies	Lodi	ITALY	X				X	
BPL Mortgages S.r.l.	Other financial intermediaries	Conegliano V. (TV)	ITALY				X	X	
BPV Mortgages S.r.l.	Other financial intermediaries	Verona	ITALY				X	X	

COMPANY NAME	SECTOR	REGISTERED OFFICES		TREATMENT IN PRUDENTIAL REPORTING				TREATMENT IN THE FINANCIAL STATEMENTS	
		LOCATION	COUNTRY	CONSOLIDATED LINE-BY-LINE	PROPORTIONATE CONSOLIDATION	DEDUCTED FROM EQUITY	NOT CONSOLIDATED AND NOT DEDUCTED	CONSOLIDATED LINE-BY-LINE	CARRIED AT EQUITY
BRF Property S.p.A.	Production companies	Parma	ITALY				X	X	
Bussentina S.c.a.r.l. (in liquidation)	Production companies	Rome	ITALY				X		X
Edilchiara Immobiliare S.r.l. (in liquidation)	Production companies	Lodi	ITALY				X		X
Energreen S.A.	Production companies	Luxembourg	LUXEMBOURG				X		X
Erice Finance S.r.l.	Other financial intermediaries	Conegliano V. (TV)	ITALY				X	X	
Essegibi Promozioni Immobiliari S.p.A.	Production companies	Milan	ITALY				X	X	
FIN.E.R.T. S.p.A. (in liquidation)	Other finance companies	Rome	ITALY	X				X	
GEMA Magazzini Generali BPV-BSGSP S.p.A.	Production companies	Castelnovo Sotto (RE)	ITALY				X		X
Gestielle Hedge Low Volatility	Mutual securities investment funds	Milan	ITALY				X	X	
HCS S.r.l.	Production companies	Milan	ITALY				X	X	
HI-MTF SIM S.p.A.	Investment Companies (SIM)	Milan	ITALY			X			X
Holding di Partecipazioni Finanziarie Banco Popolare S.p.A.	Private financial holdings	Verona	ITALY	X				X	
Immobiliare Centro Milano S.p.A.	Production companies	Milan	ITALY				X		X
Immobiliare Marinali d'Italia S.r.l.	Production companies	Lodi	ITALY				X	X	
Italease Finance S.p.A.	Other finance companies	Milan	ITALY	X				X	
Italease Gestione Beni S.p.A.	Production companies	Milan	ITALY	X				X	
Italfinance Securitisation VH 1 S.r.l.	Other financial intermediaries	Conegliano V. (TV)	ITALY				X	X	
Italfinance Securitisation VH 2 S.r.l.	Other financial intermediaries	Conegliano V. (TV)	ITALY				X	X	
Leasimpresa Finance S.r.l.	Other financial intermediaries	Conegliano V. (TV)	ITALY				X	X	
Liberty S.r.l.	Production companies	Lodi	ITALY				X	X	
Lido dei Coralli S.r.l.	Production companies	S.T. di Gallura (SS)	ITALY				X	X	
Manzoni 65 S.r.l.	Production companies	Milan	ITALY				X	X	
Mariner S.r.l.	Production companies	Lodi	ITALY				X	X	
Meleti S.r.l.	Production companies	Lodi	ITALY				X	X	
Milano Leasing S.p.A. (in liquidation)	Leasing companies	Milan	ITALY			X		X	
Motia Compagnia di Navigazione S.p.A.	Production companies	Venice	ITALY				X		X
Nadir Immobiliare S.r.l.	Production companies	Lodi	ITALY				X	X	

COMPANY NAME	SECTOR	REGISTERED OFFICES		TREATMENT IN PRUDENTIAL REPORTING				TREATMENT IN THE FINANCIAL STATEMENTS	
		LOCATION	COUNTRY	CONSOLIDATED LINE-BY-LINE	PROPORTIONATE CONSOLIDATION	DEDUCTED FROM EQUITY	NOT CONSOLIDATED AND NOT DEDUCTED	CONSOLIDATED LINE-BY-LINE	CARRIED AT EQUITY
P.M.G. S.r.l. in liquidation	Production companies	Milan	ITALY				X	X	
Pami Finance S.r.l.	Other financial intermediaries	Milan	ITALY				X	X	
Partecipazioni Italiane S.p.A. (in liquidation)	Other finance companies	Milan	ITALY				X	X	
Perca S.r.l.	Production companies	Lodi	ITALY				X	X	
Popolare Vita S.p.A.	Insurance companies	Novara	ITALY			X			X
Release S.p.A.	Financial companies	Milan	ITALY	X				X	
Renting Italease S.r.l.	Production companies	Rome	ITALY				X		X
S.E.T.A. Società Edilizia Tavazzano S.r.l. (in liquidation)	Production companies	Milan	ITALY				X		X
Sirio Immobiliare S.r.l.	Production companies	Lodi	ITALY				X	X	
Soc. Coop. fra le Banche Pop. "L.Luzzatti" S.c.r.l.	Banking associations	Rome	ITALY				X		X
Società Gestione Servizi BP Soc. Consortile p. az.	Production companies	Verona	ITALY	X				X	
Società Sviluppo Territorio S.r.l. (in liquidation)	Production companies	Brescia	ITALY				X		X
Sviluppo Comparto 2 S.r.l.	Production companies	Milan	ITALY				X	X	
Sviluppo Comparto 6 S.r.l.	Production companies	Lodi	ITALY				X	X	
Sviluppo Comparto 8 S.r.l.	Production companies	Lodi	ITALY				X	X	
Tecmarket Servizi S.p.A.	Production companies	Verona	ITALY				X	X	
Terme Ioniche S.r.l.	Production companies	Milan	ITALY				X	X	
Tiepolo Finance S.r.l.	Other financial intermediaries	Lodi	ITALY	X				X	
TT Toscana Tissue S.r.l.	Production companies	Lodi	ITALY				X	X	

Current or foreseeable legal or substantive impediments to the prompt transfer of capital or funds within the Group

There are no restrictions that impede the rapid transfer of capital or funds within the Group.

Aggregate amount by which actual own funds fail to meet requirements for all affiliates not included in the scope of consolidation and names of such affiliates

As at 30 June 2016, none of the affiliates not included in the scope of consolidation are required to meet the own funds requirements set forth in Regulation (EU) 575/2013 or Directive 2013/36/EU.

Name of the subsidiaries not included in the scope of consolidation

Please see the table in the previous section for the list of companies included in the scope of consolidation for statutory purposes but excluded from the prudential scope.

Reconciliation between the regulatory scope and the financial statement scope as at 30 June 2016

Reclassified asset items <i>(in thousands of euro)</i>	Banking group	Insurance companies	Other companies	Adjustments on consolidation	30/06/2016
Cash and cash equivalents	580,666		4	-	580,670
Financial assets and hedging derivatives	29,279,110		158,422	(71,763)	29,365,769
Due from banks	3,120,573		6,366,736	(5,991,741)	3,495,568
Loans to customers	80,321,827		291	(876,306)	79,445,812
Investments in associates and companies subject to joint control	1,247,704		3,418	(117,941)	1,133,181
Property and equipment	1,701,074		385,487	23,732	2,110,293
Intangible assets	2,038,850		4,173	(6)	2,043,017
Non-current assets held for sale and discontinued operations	75,374		-	-	75,374
Other assets	5,420,812		60,878	(32,517)	5,449,173
Total	123,785,990	-	6,979,409	(7,066,542)	123,698,857

Reclassified liabilities and shareholders' equity <i>(in thousands of euro)</i>	Banking group	Insurance companies	Other companies	Adjustments on consolidation	30/06/2016
Due to banks	16,202,053		2,004,370	(2,002,360)	16,204,063
Due to customers, debt securities issued and financial liabilities designated at fair value through profit and loss	83,415,742		4,465,525	(4,735,024)	83,146,243
Financial liabilities and hedging derivatives	10,250,941		1,309	(15)	10,252,235
Liability provisions	1,008,338		8,324	(15,205)	1,001,457
Liabilities associated with non-current assets held for sale and discontinued operations	-		-	-	-
Other liabilities	3,985,419		450,041	(303,819)	4,131,641
Minority interests	84,338		-	2,849	87,187
Shareholders' equity	8,839,159		49,840	(12,968)	8,876,031
- Capital and reserves	9,220,392		54,652	(18,844)	9,256,200
- Income (loss) for the period	(381,233)		(4,812)	5,876	(380,169)
Total	123,785,990	-	6,979,409	(7,066,542)	123,698,857

Own Funds

Capital instruments´ main features template

The following tables are based on the templates set forth in Implementing Regulation (EU) no. 1423 of 20 December 2013, which lays out the implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) no. 575/2013 of the European Parliament and of the Council.

In particular, Annex II of the Regulation contains a specific template for the disclosure of the main features of capital instruments.

The model requires a description of instruments issued by the institution and eligible for calculation within:

- Common Equity Tier 1 capital;
- Additional Tier 1 capital;
- Tier 2 capital.

Amounts shown in millions of euro.

Capital instruments' main features template (1)			
1	Issuer	BANCO POPOLARE S.C.	Banco Popolare Soc.Coop.r.l.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	IT0005002883	XS0304963373
3	Governing law(s) of the instrument	Italian law	English law
Regulatory treatment			
4	Transitional CRR rules	Common Equity Tier 1 capital	Additional Tier 1 capital
5	Post-transitional CRR rules	Common Equity Tier 1 capital	Not eligible
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo entity and consolidation	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Cooperative shares issued by popular banks (pursuant to art. 29 CRR)	Additional Tier 1 instrument pursuant to art. 51 and art. 484 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	7,083	104
9	Nominal amount of instrument	7,085	105
9a	Issue price	N/A	100.00
9b	Redemption price	N/A	100.00
10	Accounting classification	SHAREHOLDERS' EQUITY	Liability - fair value option
11	Original date of issuance	N/A	21/06/2007
12	Perpetual or dated	Perpetual	perpetual
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	NO	YES
15	Optional call date, contingent call dates and redemption amount	N/A	DATE: 21/06/2017 (reset date) Bullet repayment AMOUNT: Redemption at subsequent reset dates and interest payment dates: nominal plus accrued interest and additional amount due pursuant to Condition 9(a) (Taxation - Gross up); Regulatory Event or Tax Event: greater of (i) nominal amount and (ii) Make Whole Amount plus, in any event, accrued interest and any additional amount due pursuant to Condition 9(a) (Taxation - Gross up)
16	Subsequent call dates, if applicable	N/A	Each interest payment date (quarterly) subsequent to 21/06/2017
Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed then floating
18	Coupon rate and any related index	N/A	6.756% fixed yearly until June 2017 then 3m Euribor + 188 bp
19	Existence of a dividend stopper	No	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	partially discretionary Reasons: the issuer does not have distributable profits; if the payment results in a capital deficiency event (failure to meet capital requirement); prohibition imposed by supervisory authorities;
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	partially discretionary
21	Existence of step up or other incentive to redeem	N/A	NO
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	NO	NO
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2
36	Non-compliant transitioned features	NO	YES
37	If yes, specify non-compliant features	N/A	Payment not fully discretionary, dividend pusher
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (*)		
1	Issuer	Banco Popolare Soc.Coop.r.l.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS0304963290
3	Governing law(s) of the instrument	English law
	Regulatory treatment	
4	Transitional CRR rules	Additional Tier 1 capital
5	Post-transitional CRR rules	Not eligible
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 instrument pursuant to art. 51 and art. 484 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	51
9	Nominal amount of instrument	51
9a	Issue price	100.00
9b	Redemption price	100.00
10	Accounting classification	Liability - fair value option
11	Original date of issuance	21/06/2007
12	Perpetual or dated	perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	YES
15	Optional call date, contingent call dates and redemption amount	DATE: 21/06/2017 (reset date) Bullet repayment AMOUNT: Redemption at subsequent reset dates and interest payment dates: nominal plus accrued interest and additional amount due pursuant to Condition 9(a) (Taxation - Gross up); Regulatory Event or Tax Event: greater of (i) nominal amount and (ii) Make Whole Amount plus, in any event, accrued interest and any additional amount due pursuant to Condition 9(a) (Taxation - Gross up)
16	Subsequent call dates, if applicable	Each interest payment date (quarterly) subsequent to 21/06/2017
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed then floating
18	Coupon rate and any related index	6.156% fixed yearly until June 2017 then 3m Euribor + 228 bp
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	partially discretionary Reasons: the issuer does not have distributable profits; if the payment results in a capital deficiency event (failure to meet capital requirement); prohibition imposed by supervisory authorities;
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	partially discretionary
21	Existence of step up or other incentive to redeem	YES
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2
36	Non-compliant transitioned features	YES
37	If yes, specify non-compliant features	Incentive to redeem, subsequent calls, payment not fully discretionary, dividend pusher
(*) Insert 'N/A' if the question is not applicable		

Capital instruments' main features template (*)		
1	Issuer	Banco Popolare Soc.Coop.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS0276033510
3	Governing law(s) of the instrument	Entire instrument - English law; Subordination clauses - Italian law
Regulatory treatment		
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Not eligible
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 62 and art. 484 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	11
9	Nominal amount of instrument	138
9a	Issue price	100.00
9b	Redemption price	100.00
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	22/11/2006
12	Perpetual or dated	dated
13	Original maturity date	22/11/2016
14	Issuer call subject to prior supervisory approval	YES
15	Optional call date, contingent call dates and redemption amount	early redemption from 22/11/2011 Bullet repayment Redemption at 22 November 2011 and at each subsequent payment date: nominal + accrued interest Redemption due to tax event: nominal + accrued interest + additional amount
16	Subsequent call dates, if applicable	At each interest payment date subsequent to the first call date
Coupons/dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Floating 3M Euribor + 45 bps until November 2011 then 3M Euribor + 105 bps
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	YES
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior
36	Non-compliant transitioned features	YES
37	If yes, specify non-compliant features	Incentive to redeem - subsequent call
(*) Insert 'N/A' if the question is not applicable		

Capital instruments' main features template (1)		
1	Issuer	Banco Popolare Soc. Coop.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS0464464964
3	Governing law(s) of the instrument	Instrument: English law Subordination clauses: Italian law
Regulatory treatment		
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	10
9	Nominal amount of instrument	142
9a	Issue price	100.00
9b	Redemption price	100.00
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	12/11/2009
12	Perpetual or dated	dated
13	Original maturity date	12/11/2016
14	Issuer call subject to prior supervisory approval	NO
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons/dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	5.473% fixed on a yearly basis
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	NO
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
(1) Insert 'N/A' if the question is not applicable		

Capital instruments' main features template (1)		
1	Issuer	Banco Popolare Soc. Coop.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS0555834984
3	Governing law(s) of the instrument	Entire instrument English law; Subordination clauses: Italian law
Regulatory treatment		
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	612
9	Nominal amount of instrument	710
9a	Issue price	99.27
9b	Redemption price	100.00
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	05/11/2010
12	Perpetual or dated	dated
13	Original maturity date	05/11/2020
14	Issuer call subject to prior supervisory approval	NO
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons/dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6% fixed on a yearly basis
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	NO
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
(1) Insert 'N/A' if the question is not applicable		

Capital instruments' main features template (1)			
1	Issuer	Banco Popolare	Banco Popolare Soc. Coop.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	IT0005120313	IT0004966823
3	Governing law(s) of the instrument	Italian law	Italian law
Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	not eligible
5	Post-transitional CRR rules	Tier 2 capital	not eligible
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo entity and consolidated	N/A
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR	not eligible pursuant to art. 65 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	500	-
9	Nominal amount of instrument	500	800
9a	Issue price	100.00	100.00
9b	Redemption price	100.00	100.00
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	30/07/2015	18/11/2013
12	Perpetual or dated	dated	dated
13	Original maturity date	30/07/2022	18/11/2020
14	Issuer call subject to prior supervisory approval	NO	NO
15	Optional call date, contingent call dates and redemption amount	Early redemption option linked to regulatory events	N/A
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	3M Euribor + 4.375%	5.5% fixed on a yearly basis
19	Existence of a dividend stopper	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	NO	NO
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	YES	NO
31	If write-down, write-down trigger(s)	No	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior
36	Non-compliant transitioned features	NO	NO
37	If yes, specify non-compliant features	N/A	N/A
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (1)		
1	Issuer	Banco Popolare Soc.Coop.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS0284945135
3	Governing law(s) of the instrument	Instrument: English law Subordination clauses: Italian law
Regulatory treatment		
4	Transitional CRR rules	Not eligible
5	Post-transitional CRR rules	Not eligible
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	N/A
7	Instrument type (types to be specified by each jurisdiction)	Not eligible pursuant to art. 490(4) CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	-
9	Nominal amount of instrument	82
9a	Issue price	99.73
9b	Redemption price	100.00
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	08/02/2007
12	Perpetual or dated	dated
13	Original maturity date	08/02/2017
14	Issuer call subject to prior supervisory approval	YES
15	Optional call date, contingent call dates and redemption amount	early redemption from 08/02/2012 Redemption at 8 February 2012 and at each subsequent payment date: nominal + accrued interest Redemption due to tax event: nominal + accrued interest + additional amount
16	Subsequent call dates, if applicable	At each interest payment date subsequent to the first call date
Coupons/dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Floating 3M Euribor + 35 bps until February 2012 then 3M Euribor + 95 bps
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	YES
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
(1) Insert 'N/A' if the question is not applicable		

Breakdown of Own Funds

The tables for Own Funds and risk assets are shown below, calculated according to the regulations cited in the introduction.

The breakdown of Own Funds as at 30 June 2016 is also illustrated, using the transitional own funds disclosure template, in accordance with Annex VI of the (EU) Implementing Regulation no. 1423 dated 20 December 2013.

BREAKDOWN OF OWN FUNDS		30/06/2016	31/12/2015
A.	Common Equity Tier 1 capital (CET1) before application of prudential filters	8,855,792	8,380,937
	of which CET1 instruments subject to transitional arrangements	0	0
B.	CET1 prudential filters (+/-)	-25,461	-18,070
C.	CET1 before elements to be deducted (A +/- B) and the impact of transitional arrangements	8,830,331	8,362,867
D.	Elements to be deducted from CET1	-2,648,318	-2,824,899
E.	Transitional arrangement - Impact on CET1 (+/-), including minority interest subject to transitional arrangements	381,318	347,523
F.	Common Equity Tier 1 capital (CET1) (C - D +/- E)	6,563,331	5,885,491
G.	Additional Tier 1 capital (AT1) before elements to be deducted and the impact of transitional arrangements	240,782	241,645
	of which AT1 instruments subject to transitional arrangements	179,550	193,430
H.	Elements to be deducted from AT1	0	0
I.	Transitional arrangement - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 by virtue of transitional arrangements	-240,782	-241,645
L.	Total Additional Tier 1 capital (AT 1) (G - H +/- I)	0	0
M.	Tier 2 capital (T2) before elements to be deducted and the impact of transitional arrangements	1,584,209	1,603,370
	of which T2 instruments subject to transitional arrangements	10,929	46,294
N.	Elements to be deducted from T2	-77,294	-143,869
O.	Transitional arrangement - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 by virtue of transitional arrangements	-59,950	-224,141
P.	Total Tier 2 capital (T2) (M - N +/- O)	1,446,965	1,235,360
Q.	Total own funds (F + L + P)	8,010,296	7,120,851

After value adjustments were recognised in the income statement for the first half of 2016, the shortfall (difference between expected losses and value adjustments) on loans in default was reduced to zero, and as at 30 June 2016 the total adjusting entries recognised in the financial statements against credit exposures exceed expected losses estimated based on internal models validated by the Supervisory Authority by € 149 million. The excess, amounting to € 156 million on loans in default, is calculated in Tier 2 capital in accordance with the rules defined by reference regulations (maximum threshold of 0.6% of risk-weighted assets referring to the credit risk subject to the AIRB approach). The shortfall, amounting to € 6 million on performing loans, is deducted from Common Equity Tier 1 Capital in accordance with the rules defined for the transitional arrangement (60% for the year 2016).

Disclosure regarding the prudential filters of the "Financial assets available for sale" portfolio

With effect from 30 June 2010, the Group had adopted the approach envisaged by the Bank of Italy Measure dated 18 May 2010, which allowed the share of valuation reserves relating to debt securities issued by the central government authorities of countries belonging to the European Union, held in the financial assets available for sale portfolio to be excluded from the calculation of the supervisory capital.

In detail, in alternative to the "asymmetrical" approach (complete deduction of net losses from Tier 1 capital and partial inclusion (50%) of net gains in Tier 2 capital) already envisaged by Italian legislation, the said Measure acknowledged the possibility of fully neutralising the gains and losses recorded in the revaluation reserves ("symmetrical" approach). It was possible to exercise this option only if it was extended to all the securities of the type held in the aforementioned portfolio, applied consistently by the entire Group and maintained constant over time.

In this regard, we announce that, pursuant to the notice of issue of the new Circular no. 285 of the Bank of Italy, the Banco Popolare Group has confirmed the exercise of this option. It will remain in force until such time as the European Commission adopts regulations that approve the application of IFRS 9 as a replacement for IAS 39.

As at 30 June 2016, the valuation reserve of the securities issued by Central Government authorities of countries belonging to the European Union, after tax, was a positive € 44 million; if this approach had not been adopted, said change would have resulted in an increase of around € 26 million in CET1, only 60% of which may be included in the calculation according to the transition regime introduced by (EU) Regulation no. 575/2013 of the European Parliament and Council ("CRR") and implemented with the Bank of Italy Circular no. 285 of 17 December 2013, and approximately € 9 million in "Tier 2 capital", as only 40% of half of the figure may be included in the calculation.

Information on the nature and amounts of specific elements regarding own funds during the transitional period

As set forth in Art. 5 of (EU) Implementing Regulation no. 1423 of 20 December 2013, during the transitional period between 31 March 2014 and 31 December 2017, the disclosure requirements on additional elements regarding own funds in accordance with the provisions of Art. 492, paragraph 3 of (EU) Regulation no. 575/2013 are satisfied by publishing the transitional template provided below.

		AMOUNT AT DISCLOSURE DATE
Common Equity Tier 1 capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	7,085,066
	of which: Cooperative shares issued by popular banks	7,085,066
2	Retained earnings	-
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2,113,978
5	Minority interests (amount allowed in consolidated CET1)	41,331
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-381,233
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	8,859,142
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-18,387
8	Intangible assets (net of related tax liability) (negative amount)	-1,889,785
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38 (3) are met) (negative amount)	-234,650
12	Negative amounts resulting from the calculation of expected loss amounts	-6,399
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-7,074
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-1,590
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-21,752
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-422,086
22	Amount exceeding the 15% threshold (negative amount)	-18,965
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-13,269
25	of which: deferred tax assets arising from temporary differences	-5,697

26	Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment	460,459
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	-38,530
	of which: ... filter for unrealised gain 1 (DEBT SECURITIES)	-17,632
	of which: ... filter for unrealised gain 2 (EQUITY SECURITIES)	-40,163
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-43,961
	of which: ... filter for unrealised gain on EU government securities ...	-43,961
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-53,091
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-2,295,811
29	Common Equity Tier 1 (CET1) capital	6,563,331
Additional Tier 1 (AT1) capital: instruments		
33	Amount of qualifying items referred to in article 484 (4) and the related share premium accounts subject to phase out from AT1	179,550
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	8,141
36	Additional Tier 1 (AT1) capital before regulatory adjustments	187,691
Additional Tier 1 (AT1) capital: regulatory adjustments		
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts)	-3,256
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-237,526
	Of which material net interim losses.	-152,493
	Of which shortfall of provisions to expected losses.	-1,280
	Of which direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-80,766
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-240,782
44	Additional Tier 1 (AT1) capital	0
45	Tier 1 capital (T1 = CET1 + AT1)	6,563,331
Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	1,463,950
47	Amount of qualifying items referred to in article 484 (5) and the related share premium accounts subject to phase out from T2	10,929
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	10,852
50	Credit risk adjustments	98,478
51	Tier 2 (T2) capital before regulatory adjustments	1,584,209
Tier 2 (T2) capital: regulatory adjustments		

54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-32,404
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-29,966
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-74,874
	Of which shortfall of provisions to expected losses.	-1,280
	Of which direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-80,766
57	Total regulatory adjustments to Tier 2 (T2) capital	-137,244
58	Tier 2 (T2) capital	1,446,965
59	Total capital (TC = T1 + T2)	8,010,296
60	Total risk weighted assets	44,211,600
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.8%
62	Tier 1 (as a percentage of risk exposure amount)	14.8%
63	Total capital (as a percentage of risk exposure amount)	18.1%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	1,105,290
65	of which: capital conservation buffer requirement	1,105,290
66	of which: countercyclical buffer requirement	0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14.8%
Capital ratios and buffers		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	275,844
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	685,872
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in 38 (3) are met)	286,616

Applicable caps on the inclusion of provisions in Tier 2		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	155,874
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	16,412,928
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
82	Current cap on AT1 instruments subject to phase out arrangements	342,820
84	Current cap on T2 instruments subject to phase out arrangements	191,776

Please note that in applying provisions relating to Own Funds, the Group complies with Supervisory Authority decisions concerning the transitional arrangement. In particular, Bank of Italy Circular no. 285 (Section II) specifies the percentages (e.g., 20% - 100%) to be applied to the individual items that are relevant for the Own Funds calculation, for each year of the transitional period and in line with the intervals established by the CRR.

Reconciliation between the Book Capital and Own Funds

	30/06/2016	31/12/2015
Consolidated shareholders' equity	8,876,031	8,493,565
Adjustments for companies not belonging to the Banking Group	-36,872	-35,809
Book shareholders' equity (Banking Group)	8,839,159	8,457,756
Minority interests	37,981	-
Reversal of treasury shares	1,590	2,483
Income (loss) for the period CANNOT BE CALCULATED	-	-59,827
Valuation reserves	14,134	17,597
Eligible instruments (Grandfathering)	-	-
Prudential filter sale of property	-37,072	-37,072
A. Common Equity Tier 1 capital (CET1) before application of prudential filters	8,855,792	8,380,937
of which CET1 instruments subject to transitional arrangements	0	0
B. CET1 prudential filters (+/-)	-25,461	-18,070
C. CET1 before elements to be deducted (A +/- B) and the impact of transitional arrangements	8,830,331	8,362,867
D. Elements to be deducted from CET1	-2,648,318	-2,824,899
E. Transitional arrangement - Impact on CET1 (+/-), including minority interest subject to transitional arrangements	381,318	347,523
F. Common Equity Tier 1 capital (CET1) (C - D +/- E)	6,563,331	5,885,491
G. Additional Tier 1 capital (AT1) before elements to be deducted and the impact of transitional arrangements	240,782	241,645
of which AT1 instruments subject to transitional arrangements	179,550	193,430
H. Elements to be deducted from AT1	0	0
I. Transitional arrangement - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 by virtue of transitional arrangements	-240,782	-241,645
L. Total Additional Tier 1 capital (AT 1) (G - H +/- I)	0	0
M. Tier 2 capital (T2) before elements to be deducted and the impact of transitional arrangements	1,584,209	1,603,370
of which T2 instruments subject to transitional arrangements	10,929	46,294
N. Elements to be deducted from T2	-77,294	-143,869
O. Transitional arrangement - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 by virtue of transitional arrangements	-59,950	-224,141
P. Total Tier 2 capital (T2) (M - N +/- O)	1,446,965	1,235,360
Q. Total own funds (F + L + P)	8,010,296	7,120,851

Reconciliation of the Financial Statement and Regulatory Balance Sheet with elements of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, with an indication of the filters and deductions applied to Own Funds and the impacts of the Transitional Arrangement

ASSET ITEMS	Accounting figures		Relevant amount for purposes of own funds	Ref. "Transitional own funds disclosure template" table
	Statutory scope	Prudential scope		
Financial assets and Investments in associates and companies subject to joint control	(21,713,248)	(21,672,688)	(536,561)	8 18 19 23 54 55
020. Financial assets held for trading - Subordinate	(7,617,403)	(7,462,320)		
040. Financial assets available for sale - Equity instruments (investments in associates and companies subject to joint control)	(12,962,664)	(12,962,664)		
100. Investments in associates and companies subject to joint control	(1,133,181)	(1,247,704)		
130. Intangible assets	(2,043,017)	(2,038,850)	(2,038,850)	8
140. Tax assets	(3,210,689)	(3,204,070)	(240,346)	10 25
Grand total			(2,815,757)	

LIABILITY ITEMS	Accounting figures		Relevant amount for purposes of own funds	Ref. "Transitional own funds disclosure template" table
	Statutory scope	Prudential scope		
Securities outstanding and Financial liabilities	24,511,944	24,049,007	1,451,526	46 52
030. Securities outstanding	15,642,329	15,179,392		
050. Financial liabilities designated at fair value through profit and loss	8,869,615	8,869,615		
080. Tax liabilities	312,707	293,106	166,149	8
140. Valuation reserves	34,174	33,957	48,091	3
170. Reserves	2,138,550	2,102,959	2,102,959	3
190. Capital	7,085,066	7,085,066	7,085,066	1
200. Treasury shares	(1,590)	(1,590)	(1,590)	16
210. Minority interests (+/-)	87,187	84,338	56,974	34 48 5
220. Profit (Loss) for the period	(380,169)	(381,233)	(381,233)	5a
Grand total			10,527,942	

OTHER ELEMENTS FOR THE RECONCILIATION OF OWN FUNDS		27,046	
Negative amounts resulting from the calculation of expected loss amounts		(6,399)	12
Credit risk adjustments		98,478	50
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		(7,074)	14
Additional value adjustments (negative amount)		(18,387)	7
Prudential filters generated by sale of property		(37,072)	3
Adjustment of positions in own Tier 2 capital instruments		(2,500)	46

TRANSITIONAL ARRANGEMENT - IMPACT ON CET1 (+/-)		381,318	5 26 26a 26b
Minority interests (amount allowed in consolidated CET1)		3,350	5
Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment		460,459	26
Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468		(38,530)	26a
Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		(43,961)	26b
TRANSITIONAL ARRANGEMENT - IMPACT ON AT1 (+/-)		(61,232)	41 41a 33
Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out		(3,256)	41
Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013		(237,526)	41a
Amount of qualifying items referred to in article 484 (4) and the related share premium accounts subject to phase out from AT1		179,550	33
TRANSITIONAL ARRANGEMENT - IMPACT ON T2 (+/-)		(49,021)	47 56a
Unrealised gain (Positive AFS reserves)		19,265	46
Minority interests (amount allowed in consolidated T2)		(4,341)	46
Amount of qualifying items referred to in article 484 (5) and the related share premium accounts subject to phase out from T2		10,929	47
Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013		(74,874)	56a
TOTAL OWN FUNDS AS AT 30 JUNE 2016		8,010,296	

Analysis of changes in Own Funds in the first half of 2016

<i>(in thousands of euro)</i>	30/06/2016
Common Equity Tier 1 capital (CET1)	
Opening balance	5,885,491
CET1 instruments	724,090
Increase in valuation reserves eligible financial assets available for sale	8,933
Distribution of dividends	0
Net income (loss) for the period	-381,233
Share capital increase	992,963
Increase in other reserves (including "phase-in" effects)	92,317
Change in minority interest included in CET1	11,110
Prudential filters	-7,390
Change in filter effects of own creditworthiness	-3,786
Change in regulatory value adjustments (prudent valuation)	-3,604
Deductions	-38,860
Increase in goodwill and intangible fixed assets (net of tax liabilities)	-2,770
Increase in significant investments in CET1 instruments	-37,451
Increase in deferred tax assets	-122,264
Decrease in non-significant investments in CET1 instruments	22,958
Surplus of expected losses compared to value adjustments	106,297
Surplus of elements to be deducted from AT1 capital compared to AT1 capital	-5,631
Closing balance	6,563,331
Additional Tier 1 (AT1) capital	
Opening balance	0
AT1 instruments	-28,281
Decrease in eligible AT1 instruments	-13,880
Change in minority interests included in AT1	-14,402
Deductions	28,281
Decrease in elements to be deducted from AT1	28,281
Closing balance	0
Tier 2 (T2) capital	
Opening balance	1,235,360
T2 instruments	-53,320
Decrease in eligible T2 instruments	-53,320
Deductions	264,925
Reduction in elements to be deducted from T2	264,925
Closing balance	1,446,965
Total Own Funds	8,010,296

As already noted, during the transition period currently under way, own funds and the aggregates of which they are comprised (CET1, AT1 and T2) are influenced by the evolution of the calculation percentages envisaged for specific elements of the above-mentioned aggregates by Bank of Italy Circular 285.

The Common Equity Tier 1 capital (CET1) rose by € 678 million in the first half of 2016, mainly due to the share capital increase (€ 993 million). The rise in decreases was caused by the net loss for the first half (€ -381 million) and the increase in tax assets.

The excess of value adjustments with respect to expected losses eliminated the previous deduction from CET1 (shortfall).

The new percentages applicable for the transitional period reduced the insufficiency of elements to be deducted from Additional Tier 1 (AT1) capital.

Tier 2 (T2) capital rose during the period by € 212 million, as the cumulative result of the decrease in elements eligible for calculation and the greater reduction in elements to be deducted.

The higher value adjustments already mentioned for CET1 generated, limited to non-performing exposures, a surplus with respect to expected losses (€ 156 million) calculated in Tier 2 within regulatory limits (€ 98 million).

Capital Requirements

Disclosure with respect to Pillar 1 capital adequacy pursuant to Article 92 of the CRR Regulation

On the basis of current prudential supervisory provisions ("Regulations for the supervision of banks" - Bank of Italy Circular no. 285 of 17 December 2013), the minimum Total Capital Ratio is set at 10.5% (including the capital conservation buffer).

On 20 November 2015, the European Central Bank notified Banco Popolare of the minimum capital ratios that Banco Popolare is required to meet on a continuous basis. The minimum level of the Common Equity Tier 1 ratio (CET1 ratio) required by the Supervisory Authority is 9.55%.

The minimum capital requirement is equal to the sum of the capital requirements established for credit, counterparty, market and operational risks. These requirements in turn arise from the sum of the individual requirements of the companies within the Group's scope of prudential consolidation, after removal of effects of intra-group relations on credit, operational and counterparty risks.

Over time, the Banco Popolare Group has launched multiple project activities aimed at improving its risk measurement, management and control system. In particular, the Group is currently authorised to use its own internal models to calculate regulatory capital absorption with reference to the following Pillar 1 risks:

- credit risk (starting with the measurement as at 30 June 2012) → the scope concerns the advanced internal rating based approaches (PD, for both monitoring and acceptance and LGD) relating to amounts due to companies and to the breakdown of Banco Popolare;
- market risk (starting with the measurement as at 30 June 2012) → the scope is the generic and specific risk of equity instruments, the generic risk of debt securities and the risk relating to UCITS units for the trading portfolio of Banca Aletti and Banco Popolare;
- operational risk (starting with the measurement as at 30 June 2014) → adoption of the AMA (Advanced Measurement Approach) for the companies Banco Popolare, Banca Aletti, SGS BP and BP Property Management. Starting with the measurement as at 30 June 2016, the extension of the AMA methodology to the roll-out area: Leasing Department (formerly Banca Italease) of Banco Popolare and Aletti Gestielle SGR.

The capital requirements and the capital adequacy ratios of the Banco Popolare Group as at 30 June 2016 are presented as follows.

Capital requirements and the capital adequacy ratios of the Banco Popolare Group

Information	30/06/2016		31/12/2015	
	Weighted amounts	Requirements	Weighted amounts	Requirements
B. Supervisory Capital Requirements				
B.1 Credit and counterparty risk	38,516,833	3,081,347	37,529,013	3,002,321
1. Standardised approach	22,096,393	1,767,712	21,019,062	1,681,525
2. Internal models - Basic	-	-	-	-
3. Internal models - Advanced	16,420,440	1,313,635	16,509,951	1,320,796
B.2 Credit valuation adjustment risk	344,390	27,551	340,485	27,239
B.3 Regulatory risk			-	-
B.4 Market risk	1,976,337	158,107	2,404,074	192,326
1. Standardised approach	387,000	30,960	649,000	51,920
2. Internal models	1,589,337	127,147	1,755,074	140,406
3. Concentration risk	-	-	-	-
B.5 Operational risk	3,374,040	269,923	4,470,553	357,644
1. Basic Indicator Approach	165,200	13,216	380,557	30,444
2. Standardised Approach	-	-	-	-
3. Advanced Approach	3,208,840	256,707	4,089,996	327,200
B.6 Other calculation elements	0	0	0	0
B.7 Total prudential requirements	44,211,600	3,536,928	44,744,125	3,579,530
C. Capital adequacy ratios (%)				
C.1 Common Equity Tier 1 Ratio		14.8%		13.2%
C.2 Tier 1 Ratio		14.8%		13.2%
C.3 Total Capital Ratio		18.1%		15.9%

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Row			Total (000)	Own funds requirement weights	Countercyclical capital buffer rate	
			100	110	120	
010	Breakdown by country					
	Country	48	NORWAY	40	0.000	1.500
		68	SWEDEN	24	0.000	1.500
		103	HONG KONG	4	0.000	0.625
			OTHER COUNTRIES WITH RATE OF ZERO	2,418,447	0.000	0.000
020			2,418,516			

Amount of institution-specific countercyclical capital buffer

Row		Column
		010
010	Total risk exposure amount	44,211,600
020	Institution specific countercyclical buffer rate	0%
030	Institution-specific countercyclical capital buffer requirement	-

Capital requirement for Credit and Counterparty Risk (Standardised Approach)

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Exposures to or guaranteed by central administrations and central banks	252,433	242,135
Exposures to or guaranteed by regional administrations or local authorities	3,919	3,706
Exposures to or guaranteed by non-profit entities and public sector entities	-	-
Exposures to or guaranteed by public sector organisations	6,338	6,245
Exposures to or guaranteed by multilateral development banks	-	-
Exposures to or guaranteed by international organisations	-	-
Exposures to or guaranteed by intermediaries subject to supervision	400,142	242,162
Exposures to or guaranteed by enterprises	325,796	340,655
Retail exposures	15,941	17,424
Exposures guaranteed by property	28,320	33,394
Exposures in default status	338,487	341,436
High risk exposures	1,070	1,950
Exposures in the form of covered bank bonds	2,781	2,844
Short-term exposures to enterprises or supervised intermediaries	-	-
Exposures to undertakings for collective investment in transferable securities (UCITS)	52,963	54,773
Equity exposures	124,996	181,100
Other exposures	209,025	208,064
Securitisations: Total Exposure	5,501	5,637
TOTAL CREDIT AND COUNTERPARTY RISK	1,767,712	1,681,525

Capital requirement for Credit and Counterparty Risk (IRB Approach)

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Exposures to or guaranteed by enterprises		
Specialised loans	0	0
SME	468,788	465,896
Other companies	456,128	448,792
Retail exposures		
Exposures guaranteed by residential property: SME	46,169	52,957
Exposures guaranteed by residential property: individuals	165,912	177,046
Revolving exposures to qualified retail	9,923	9,829
Other retail exposures: SME	134,970	136,195
Other retail exposures: individuals	31,144	29,294
TOTAL	1,313,034	1,320,009

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Securitisations - Approach based on internal ratings - Total exposure	601	787
TOTAL	601	787

Capital requirement for Counterparty Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Counterparty Risk	72,989	61,161

The value of the requirement is already included in the capital requirement relating to the credit and counterparty risk, as shown in the tables above.

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Risk for credit value adjustment - CVA	27,551	27,239

The value of the requirement is determined using the standardised approach and applied to exposures to OTC derivatives negotiated with financial counterparties, with the exclusion of intra-group exposures and exposures to Central Counterparties.

Capital requirement for Market Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Market risks (Position, exchange rate and commodity)		
- Standardised approach	30,960	51,920
Position risk on debt instruments	28,015	47,618
Position risk on equity instruments	-	-
Foreign exchange risk	2,945	4,302
Commodity risk	-	-
- Internal models	127,147	140,406
Internal models: total	127,147	140,406
TOTAL MARKET RISKS	158,107	192,326

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Regulatory risk	-	-
Positions included in supervisory trading book	-	-
Positions included in banking book	-	-

Capital requirement for Operational Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/06/2016	31/12/2015
Basic Indicator Approach	13,216	30,444
Standardised Approach	0	0
Advanced Approaches	256,707	327,200
TOTAL OPERATIONAL RISK	269,923	357,644

Disclosure with respect to Pillar 2 capital adequacy pursuant to Article 73 of CRD IV Directive

The process of assessing capital adequacy supports and supplements the consistency check conducted under Pillar 1, which requires the verification of the adequacy of Own Funds in terms of the minimum prudential requirements for credit risk (including counterparty risk), market risk and operational risk.

Significant risks (credit, counterparty, market, interest rate, operational and other measured risks) are measured using statistic and quantitative methods generally relating to the VaR technique.

The Banco Popolare Group has opted for a level of probability (or "confidence interval") of 99.90%, in line with the confidence level of minimum capital requirements established by supervisory regulations, in order to make the reconciliation with estimates resulting from the application of regulatory approaches easier.

The risks are estimated with reference to a one-year horizon, with the exception of market risks, for which a ten-day holding period is used for market risk on the trading book. For market risk on the banking book, a ten-day holding period is used for the equity component (CFV) and a 1-month/3-month holding period is used for the AFS and HTM portfolios. For equity risk, the holding period is 6 months.

Capital adequacy assessment involves quantifying all significant risks, as well as defining the amount of total capital used to cover such corporate risks. Capital adequacy is one of the areas included in the Group Risk Appetite Framework for which trigger, tolerance and capacity thresholds are defined.

In the prudential approach adopted by the Group, total capital corresponds to the "Own Funds" aggregate. This amount must not be limited merely to covering total risk capital, but must also be able to:

- expand room for growth, in addition to that defined in the strategic plan, ensuring potential flexible operational margins;
- manage business continuity, should cumulative losses recorded over the twelve months exceed those estimated according to the assumed confidence level;
- handle situations where market developments could be substantially worse than forecast and incorporated in the risk estimate models;
- maintain an additional capital buffer, for the purpose of maintaining/improving the level of capitalisation with a view to improving rating agency opinions;
- pursue the target ratio objectives established by the Top Management.

Future operational capital adequacy (Pillar 2) is also assessed (ordinary and under stress conditions), in order to identify any imbalance between the evolution of risk which may be prudently forecast based on the objectives defined during strategic and budget planning, and the internal generation of capital through self-financing and the specific management of this process.

To guarantee this continuous monitoring, the Banco Popolare Group has adopted an advanced system for risk integration and quantification of available capital resources, with advanced functions of management, control, reporting and simulation of capital adequacy conditions.

To estimate total risk capital, the Banco Popolare Group uses a risk integration approach which considers the benefits of diversification. The valuation of economic capital or total internal capital

(total risk) also includes the outcome of stress tests. Specifically, the joint impact on various risk factors of macroeconomic scenarios, characterised by stress conditions, are considered.

The Risk Management Service measures and as a result assesses operational capital adequacy on a quarterly basis and sends specific reporting in this regard to the governance bodies.

This monitoring makes it possible to verify compliance with the thresholds defined within the Group Risk Appetite Framework.

Financial Leverage

The Second Part, chapter 12, of Circular no. 285 of 17 December 2013 "Regulations for the supervision of banks" requires Banks to calculate the leverage ratio as established in Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms.

This indicator must be measured and monitored over time in order to:

- limit the accumulation of financial leverage and therefore attenuate the brusque deleveraging processes that took place during the crisis;
- limit possible measurement errors associated with the current system for calculating weighted assets.

In fact, the definition of excessive financial leverage risk set forth in the Circular referred to above reads:

"this is the risk that a particularly high level of debt with respect to own funds could make the bank vulnerable, requiring it to take corrective measures in its business plan, including selling assets at a loss, which could require recognising value adjustments on other assets as well."

The leverage ratio is calculated as the intermediary's capital (numerator) divided by the amount of the bank's overall exposure (denominator), and is expressed as a percentage.

$$\text{Leverage Ratio} = \frac{\text{Tier 1 capital}}{\text{Amount of overall exposure}}$$

The Risk Management Service is responsible for monitoring the actual leverage ratio compared to the proposed minimum threshold of 3%.

The Group currently calculates the leverage ratio based on procedures set forth in Bank of Italy Circular no. 286 of 17 December 2013, Part I, section 16.

Details of the individual elements included in the leverage ratio calculation as at 30 June 2016 are provided below.

Under the transitional arrangement, the leverage ratio stood at 5.3% in June 2016, up with respect to the ratio reported at the end of 2015.

The quantitative disclosure as at 30 June 2016 is provided below in accordance with the layouts established in Commission Implementing Regulation (EU) 2016/200 of 15 February 2016.

LRSum table: Summary reconciliation of accounting assets and leverage ratio exposures

	Reference date	30/06/2016	31/12/2015
	Entity name	Banco Popolare	Banco Popolare
	Level of application	consolidated	consolidated
Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures			
		Applicable amount	Applicable amount
1	Total assets as per published financial statements	123,698,857	120,509,595
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	764,009	-2,424,426
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)		-
4	Adjustment for derivative financial instruments		-
5	Adjustment for securities financing transactions (SFT)		-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)		-
EU-6a	(Adjustment for exempted intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)		-
EU-6B	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)		-
7	Other adjustments		-
8	Leverage ratio total exposure measure	124,462,866	118,085,169

LRCom table: Leverage ratio common disclosure

		Reference date	30/06/2016	31/12/2015
Template LRCom: Leverage ratio common disclosure				
		CRR leverage ratio exposures		
On-balance sheet exposures (excluding derivatives and SFTs)				
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)		113,376,275	108,458,338
2	(Asset amounts deducted in determining Tier 1 capital)		-2,476,427	-2,764,025
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)		110,899,848	105,694,313
Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)		996,709	871,257
5	Add-on amount for PFE associated with all derivatives transactions (mark-to-market method)		629,337	477,734
EU-5a	Exposure determined under Original Exposure Method			-
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets pursuant to the applicable accounting framework			-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)			-
8	(Exempted CCP leg of client-cleared SFT exposure)			-
9	Adjusted effective notional amount of written credit derivatives			-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)			-
11	Total derivatives exposures (sum of lines 4 to 10)		1,626,046	1,348,991
SFT exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions			-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)			-
14	Counterparty credit risk exposure for SFT assets		849,174	856,959
EU-14a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429ter(4) and 222 of Regulation (EU) No 575/2013			-
15	Agent transaction exposures			-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)			-
16	Total SFT exposures (sum of lines 12 to 15a)		849,174	856,959
Other off-balance sheet exposures				
17	Off-balance sheet exposures at gross notional amount		11,087,798	10,184,906
18	(Adjustments for conversion to credit equivalent amounts)			-
19	Other off-balance sheet exposures (sum of lines 17 and 18)		11,087,798	10,184,906
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)				
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))			-
EU-19b	(Intragroup exposures (solo basis) exempted in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on and off balance sheet))			-
Capital and total exposure measure				
20	Tier 1 capital		6,563,331	5,885,491
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)		124,462,866	118,085,169
Leverage ratio				
22	Leverage ratio		5.273%	4.984%
Choice on transitional arrangements and amount of derecognised fiduciary items				
EU-23	Choice on transitional arrangements for the definition of the capital measure		"transitional arrangements"	"transitional arrangements"
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013			

LRSpl table: Split-up of on-balance sheet exposures

Reference date		30/06/2016	31/12/2015
Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
		CRR leverage ratio exposures	
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	113,376,275	108,458,338
EU-2	- Trading book exposures	7,006,608	5,252,919
EU-3	- Banking book exposures, of which:	106,369,667	103,205,419
EU-4	- Covered Bonds	143,583	147,989
EU-5	- Exposures treated as sovereigns	22,670,028	22,247,632
EU-6	- Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	456,450	415,867
EU-7	- Institutions	8,916,071	6,124,108
EU-8	- Secured by mortgages of immovable properties	24,324,807	25,357,548
EU-9	- Retail exposures	9,088,697	8,771,481
EU-10	- Corporate	22,624,511	21,536,042
EU-11	- Exposures in default status	13,577,817	14,134,174
EU-12	- Other exposures (e.g. equity, securitisations, and other non-credit obligations assets)	4,567,703	4,470,578

Credit risk: disclosures for portfolios treated under the standardised approach

Breakdown of exposures by regulatory class

Regulatory Portfolio	30/06/2016			
	EAD WITH CREDIT RISK MITIGATION	EXPOSURES WITH CREDIT RISK MITIGATION	EXPOSURES WITHOUT CREDIT RISK MITIGATION	EXPOSURES DEDUCTED FROM OWN FUNDS
Exposures to or guaranteed by central administrations and central banks	23,097,045	23,207,338	23,207,338	5,697
Exposures to or guaranteed by regional administrations or local authorities	246,883	760,180	760,180	0
Exposures to or guaranteed by public sector organisations	285,240	724,021	724,021	0
Exposures to or guaranteed by multilateral development banks	133,168	134,653	134,653	0
Exposures to or guaranteed by enterprises and other parties	4,165,984	5,584,081	5,770,107	0
Exposures to or guaranteed by intermediaries subject to supervision	11,296,964	12,471,479	34,935,676	0
Retail exposures	320,768	423,044	452,739	0
Exposures guaranteed by property	809,091	823,298	823,439	0
Exposures in default status	3,551,538	3,588,368	3,624,396	0
High risk exposures	8,916	8,916	8,916	0
Exposures in the form of covered bank bonds	143,584	143,584	143,584	0
Equity exposures	1,288,695	1,288,695	1,288,695	502,499
Exposures to undertakings for collective investment in transferable securities (UCITS)	662,040	665,040	1,649,516	0
Other exposures	3,261,236	3,261,236	3,261,236	0
Securitisations: Total Exposure	67,715	67,715	67,715	0
Total credit risks	49,338,865	53,151,648	76,852,211	508,196

You are hereby informed that EAD is used to indicate the Exposures at the time of Default, or rather the value of the risk assets - cash and off-balance sheet (guarantees given and commitments). For just the off-balance sheet exposures, the EAD is determined by means of a credit conversion factor (CCF), which represents the ratio between the unused part of the credit facility, which is estimated can be used in the event of default and the part currently unused.

The term Exposures is understood to mean the cash and off-balance sheet assets, with the exclusion of the assets deducted from the supervisory capital or making up the trading book for supervisory purposes.

Breakdown of exposures by creditworthiness class and regulatory asset class: EAD with credit risk mitigation

Regulatory Portfolio	30/06/2016										
	0%	2%	20%	35%	50%	75%	100%	150%	250%	Other	Total
Exposures to or guaranteed by central administrations and central banks	20,371,089	x	401	x	294	x	2,438,645	x	286,616	x	23,097,045
Exposures to or guaranteed by regional administrations or local authorities	x	x	246,883	x	x	x	x	x	x	x	246,883
Exposures to or guaranteed by public sector organisations	x	x	257,229	x	x	x	28,011	x	x	x	285,240
Exposures to or guaranteed by multilateral development banks	133,168	x	x	x	x	x	x	x	x	x	133,168
Exposures to or guaranteed by enterprises and other parties	x	x	3,737	x	93,821	x	4,064,476	3,951	x	x	4,165,984
Exposures to or guaranteed by intermediaries subject to supervision	4	258,120	6,420,088	x	3,238,959	x	901,441	x	478,351	x	11,296,964
Retail exposures	x	x	x	x	x	319,992	x	x	x	776	320,768
Exposures guaranteed by property	x	x	x	221,692	587,399	x	x	x	x	x	809,091
Exposures in default status	x	x	x	x	x	x	2,192,431	1,359,107	x	x	3,551,538
High risk exposures	x	x	x	x	x	x	x	8,916	x	x	8,916
Exposures in the form of covered bank bonds	x	x	123,420	x	20,164	x	x	x	x	x	143,584
Equity exposures	x	x	46,900	x	x	x	1,034,274	x	207,521	x	1,288,695
Exposures to undertakings for collective investment in transferable securities (UCITS)	x	x	x	x	x	x	662,040	x	x	x	662,040
Other exposures	591,570	x	71,071	x	x	x	2,598,493	x	x	103	3,261,236
Securitisations: Total Exposure	x	x	x	x	x	x	x	x	x	67,715	67,715
Total credit risks	21,095,831	258,120	7,169,728	221,692	3,940,636	319,992	13,919,811	1,371,973	972,488	68,594	49,338,865

Breakdown of exposures by creditworthiness class and regulatory asset class:
exposures with credit risk mitigation

Regulatory Portfolio	30/06/2016										
	0%	2%	20%	35%	50%	75%	100%	150%	250%	Other	Total
Exposures to or guaranteed by central administrations and central banks	20,481,383	x	401	x	294	x	2,438,645	x	286,616	x	23,207,338
Exposures to or guaranteed by regional administrations or local authorities	x	x	760,180	x	x	x	x	x	x	x	760,180
Exposures to or guaranteed by public sector organisations	x	x	686,735	x	x	x	37,286	x	x	x	724,021
Exposures to or guaranteed by multilateral development banks	134,653	x	x	x	x	x	x	x	x	x	134,653
Exposures to or guaranteed by enterprises and other parties	x	x	3,737	x	131,684	x	5,437,636	11,025	x	x	5,584,081
Exposures to or guaranteed by intermediaries subject to supervision	4	258,120	7,277,932	x	3,327,542	x	1,129,529	x	478,351	x	12,471,479
Retail exposures	x	x	x	x	x	422,268	x	x	x	776	423,044
Exposures guaranteed by property	x	x	x	225,570	597,729	x	x	x	x	x	823,298
Exposures in default status	x	x	x	x	x	x	2,206,257	1,382,111	x	x	3,588,368
High risk exposures	x	x	x	x	x	x	x	8,916	x	x	8,916
Exposures in the form of covered bank bonds	x	x	123,420	x	20,164	x	x	x	x	x	143,584
Equity exposures	x	x	46,900	x	x	x	1,034,274	x	207,521	x	1,288,695
Exposures to undertakings for collective investment in transferable securities (UCITS)	x	x	x	x	x	x	665,040	x	x	x	665,040
Other exposures	591,570	x	71,071	x	x	x	2,598,493	x	103	x	3,261,236
Securitisations: Total Exposure	x	x	x	x	x	x	x	x	x	67,715	67,715
Total credit risks	21,207,610	258,120	8,970,377	225,570	4,077,412	422,268	15,547,159	1,402,052	972,591	68,490	53,151,648

Credit risk: disclosures for portfolios treated under the IRB approach

Bank of Italy authorisation and scope of application

The perimeter for which the Banco Popolare Group obtained authorisation from the Bank of Italy to use internal models (on 18 May 2012) in accordance with the AIRB (Advanced Internal Rating Based) approach, consists of the assets attributable to the regulatory classes "corporate loan exposures" and "retail loan exposures" of the company Banco Popolare ("acceptance" and "monitoring" models).

Banco Popolare Group has been specifically authorised to use five rating models for estimating the PD (probability of default) of the segmented counterparties with the Large Corporate, Mid Corporate Plus, Mid Corporate, Small Business and Private Individuals rating models and two LGD (Loss Given Default) models for estimating the loss rate in the event of default of Corporate and Private Individuals counterparties.

Additional information on the structure, use, management processes and control mechanisms of the internal rating systems is provided in the 2015 Annual Disclosure.

Value of the exposures by regulatory asset class

Class of regulatory assets	EAD
	30/06/2016
Corporate loan exposures	
- SME	29,414,765
- Other companies	13,315,753
Total	42,730,518
Retail loan exposures	
- Exposures guaranteed by residential property: SME	3,164,127
- Exposures guaranteed by residential property: Individuals	15,914,653
- Revolving exposures to qualified retail	293,474
- Retail exposures: Other: SME	9,028,358
- Retail exposures: Other: Individuals	2,400,115
Total	30,800,728

Class of regulatory assets	EAD
	30/06/2016
Securitisation exposures (IRB - RBA approach)	19,942
TOTAL CREDIT RISKS (IRB - RBA APPROACH)	19,942

Breakdown of exposures by regulatory asset class and PD class

Exposures to enterprises

Regulatory Portfolio	30/06/2016					
	Central PD	EAD	Weighted average LGD (EAD)	% Weight. (RWA/EAD)	Margin	Average CCF (margins)
	0.04%	921	24%	10.11%	70	0.00%
	0.05%	1,551,325	32%	8.65%	3,488,097	1.91%
	0.09%	5,909	17%	13.11%	1,365	0.99%
	0.11%	429,718	24%	13.19%	254,249	6.31%
	0.12%	1,364,896	31%	13.89%	1,339,401	2.11%
	0.15%	8,807	17%	14.99%	2,349	11.39%
	0.19%	679,944	25%	18.58%	293,016	8.46%
	0.21%	1,800,936	30%	19.50%	1,119,008	4.01%
	0.25%	6,653	21%	27.15%	1,019	5.97%
	0.27%	11,784	29%	27.42%	10,300	0.14%
	0.36%	922,785	24%	25.09%	281,238	9.78%
	0.41%	2,032,960	29%	28.11%	913,568	6.61%
	0.52%	6,213	20%	30.11%	3,778	0.01%
	0.57%	10,096	35%	46.16%	28,879	0.04%
	0.62%	1,200	37%	46.05%		
	0.68%	832,923	23%	32.32%	258,433	14.51%
	0.89%	1,733,815	27%	40.63%	537,515	8.42%
	1.00%	1,876	45%	77.78%	17,161	0.00%
	1.14%	19,388	36%	91.06%	12,378	17.08%
	1.30%	782,069	22%	38.34%	148,081	18.59%
	1.44%	14,667	36%	59.40%	6,655	9.08%
	2.03%	1,330,016	25%	51.49%	255,603	9.73%
	2.20%	24,956	29%	72.36%	8,533	23.44%
	2.34%	2,000	27%	59.49%	100	0.00%
	2.74%	527,317	23%	47.65%	128,261	16.35%
	3.14%	12,947	31%	66.08%	2,352	7.17%
	4.19%	35,386	41%	104.34%	12,978	0.00%
	4.40%	654,711	24%	60.72%	96,429	6.69%
	5.35%	15,327	37%	88.12%	1,379	0.95%
	6.12%	306,792	22%	57.63%	43,481	25.03%
	8.18%	5,110	27%	78.30%	4,948	0.00%
	8.54%	295,110	25%	77.45%	30,592	3.24%
	9.07%	3,406	21%	73.69%	116	0.00%
	11.13%	193,334	22%	76.02%	18,309	24.48%
	15.02%	312,165	35%	130.14%	18,182	50.00%
	15.40%	169,453	22%	88.97%	13,387	19.73%
	15.52%	1,585	32%	126.88%	33	8.30%
	16.52%	103,330	21%	80.96%	4,632	11.82%
	23.68%	56,364	20%	79.84%	1,769	15.03%
	26.15%	116,662	26%	127.65%	6,680	11.86%
	29.89%	988	21%	102.63%	272	0.78%
	36.38%	36,300	25%	107.88%	8,353	5.67%
	36.87%	39,325	21%	90.99%	2,457	13.30%
	100.00%	12,953,296	49%	0.00%	222,585	9.54%

Exposures to or guaranteed by enterprises - SME

Regulatory Portfolio	30/06/2016					
	Central PD	EAD	Weighted average LGD (EAD)	% Weight. (RWA/EAD)	Margin	Average CCF (margins)
Exposures to or guaranteed by enterprises - Other companies	0.03%	26,620	39%	7.92%	43,386	0.00%
	0.05%	1,238,501	33%	10.05%	2,568,843	0.34%
	0.07%	23,060	41%	18.63%	154,824	0.00%
	0.11%	12,257	33%	15.82%	16,270	0.00%
	0.12%	1,443,996	33%	19.09%	1,298,971	1.92%
	0.16%	310,921	36%	28.00%	603,987	4.96%
	0.19%	1,463	25%	20.08%	5,522	0.00%
	0.21%	60,186	36%	27.63%	51,577	0.00%
	0.27%	1,449,825	31%	31.85%	777,956	4.45%
	0.36%	442,448	38%	43.84%	1,548,224	0.19%
	0.41%	48,255	36%	44.60%	50,610	0.00%
	0.57%	1,328,708	30%	45.67%	647,801	5.90%
	0.62%	1,289,809	37%	59.27%	1,463,597	2.71%
	0.68%	4,785	23%	36.33%	4,568	0.00%
	0.89%	48,855	36%	60.37%	22,850	22.88%
	1.00%	740,960	38%	77.85%	1,352,013	2.38%
	1.14%	812,319	31%	64.17%	277,405	4.53%
	1.30%	11,327	18%	38.66%	3,500	0.00%
	1.55%	330,763	36%	82.23%	114,580	3.93%
	2.03%	62,841	34%	82.02%	58,152	16.05%
	2.20%	791,294	28%	74.53%	131,383	1.89%
	2.34%	202,934	34%	93.34%	47,007	9.88%
	2.74%	16,955	27%	88.11%	5,161	36.02%
	3.27%	13,989	39%	120.99%	6,542	11.59%
	4.19%	319,435	23%	74.58%	61,682	0.30%
	4.40%	34,386	31%	102.87%	2,588	17.17%
	6.03%	336	35%	150.28%		
	8.18%	166,852	21%	84.54%	18,031	0.00%
	8.54%	5,526	34%	142.28%	3,752	0.00%
	11.13%	49	67%	290.63%	3,806	0.00%
	15.02%	261,608	27%	139.31%	10,693	0.00%
	15.40%	11,540	17%	80.82%		
	24.47%	6,286	34%	185.04%	990	0.00%
	36.38%	3,516	30%	166.34%	86	0.00%
36.87%	414	45%	246.40%			
38.45%	47,671	21%	119.42%	19,117	47.35%	
100.00%	1,745,064	30%	0.00%	315,910	2.13%	

Retail exposures

Regulatory Portfolio	30/06/2016					
	Central PD	EAD	Weighted average LGD (EAD)	% Weight. (RWA/EAD)	Margin	Average CCF (margins)
Retail exposures: Exposures guaranteed by residential property: SME	0.04%	25,759	16%	1.42%	572	50.00%
	0.05%	1,916	16%	1.82%	3,750	39.60%
	0.09%	68,919	16%	2.88%	354	50.00%
	0.11%	158,576	16%	3.30%	4,354	47.22%
	0.12%	1,494	16%	3.45%		
	0.15%	121,463	16%	4.23%	789	41.04%
	0.19%	182,863	16%	5.17%	10,338	47.91%
	0.21%	2,276	16%	5.35%		
	0.25%	157,240	16%	6.28%	634	50.00%
	0.36%	301,028	16%	8.14%	14,862	46.67%
	0.41%	5,130	16%	8.68%	520	50.00%
	0.52%	164,244	16%	10.62%	1,238	45.56%
	0.68%	285,700	16%	12.72%	15,868	48.77%
	0.89%	8,732	16%	14.98%	22	50.00%
	1.30%	253,240	16%	19.61%	8,441	48.44%
	1.44%	73,704	16%	20.82%	1,376	48.91%
	2.03%	1,513	16%	25.80%	0	50.00%
	2.74%	214,230	16%	31.14%	7,970	49.93%
	3.14%	29,740	16%	33.32%	333	49.87%
	4.40%	2,553	16%	39.96%	126	50.00%
	5.35%	17,404	16%	44.62%	164	50.00%
	6.12%	144,810	16%	48.30%	2,523	49.93%
	8.54%	188	16%	55.68%		
	9.07%	16,237	16%	57.86%	156	43.63%
	11.13%	98,564	16%	62.67%	1,360	45.54%
	15.52%	16,111	16%	69.21%	185	50.00%
	16.52%	66,238	17%	71.84%	507	49.70%
	23.68%	39,806	16%	76.81%	236	50.00%
	26.15%	2,810	16%	74.60%	36	50.00%
	29.89%	48,543	16%	76.29%	438	50.00%
36.87%	57,283	17%	77.42%	125	50.00%	
100.00%	595,815	26%	0.00%	3,732	50.00%	

Regulatory Portfolio	30/06/2016					
	Central PD	EAD	Weighted average LGD (EAD)	% Weight. (RWA/EAD)	Margin	Average CCF (margins)
Retail exposures: Exposures guaranteed by residential property: Individuals	0.04%	645,084	16%	1.87%	12,298	49.19%
	0.09%	1,751,014	16%	3.78%	11,011	49.58%
	0.15%	3,563,407	16%	5.55%	13,302	48.86%
	0.25%	3,387,154	16%	8.26%	11,408	48.89%
	0.52%	2,900,898	16%	13.96%	14,342	44.32%
	1.30%	201	16%	25.53%		
	1.44%	701,338	16%	27.42%	12,646	48.70%
	3.14%	306,655	16%	44.01%	2,853	47.23%
	5.35%	191,209	16%	58.66%	1,790	47.02%
	9.07%	160,092	16%	75.13%	1,622	50.00%
	15.52%	147,931	16%	90.91%	1,532	50.00%
	16.52%	30	18%	103.77%		
	29.89%	417,796	16%	100.26%	2,904	50.00%
	36.87%	63	17%	102.18%	3	50.00%
100.00%	1,741,781	36%	0.00%	3,308	49.99%	

Regulatory Portfolio	30/06/2016					
	Central PD	EAD	Weighted average LGD (EAD)	% Weight. (RWA/EAD)	Margin	Average CCF (margins)
Retail exposures: Revolving exposures to qualified retail	0.04%	2,322	41%	1.14%	28,930	0.00%
	0.09%	2,077	43%	2.50%	94,244	0.00%
	0.15%	4,901	45%	4.01%	98,829	0.00%
	0.25%	7,639	46%	6.25%	99,454	0.00%
	0.52%	40,167	46%	11.21%	101,968	0.00%
	1.44%	93,737	48%	25.83%	103,145	0.00%
	3.14%	59,455	49%	46.55%	31,134	0.00%
	5.35%	45,522	50%	67.45%	11,322	0.00%
	9.07%	19,951	52%	97.61%	2,533	0.00%
	15.52%	6,264	53%	130.86%	360	0.00%
	29.89%	5,634	48%	151.20%	511	0.00%
	100.00%	5,804	54%	0.00%	205	0.00%

Regulatory Portfolio	30/06/2016					
	Central PD	EAD	Weighted average LGD (EAD)	% Weight. (RWA/EAD)	Margin	Average CCF (margins)
	0.04%	7,710	31%	2.87%	13,303	39.16%
	0.05%	18,543	33%	4.05%	53,060	1.05%
	0.09%	8,167	22%	4.14%	10,480	10.39%
	0.11%	949,011	33%	7.05%	1,113,695	2.34%
	0.12%	23,944	33%	7.40%	39,469	0.20%
	0.15%	17,542	23%	5.99%	12,345	7.16%
	0.19%	1,107,101	33%	10.49%	938,678	3.08%
	0.21%	42,062	31%	10.51%	37,410	3.16%
	0.25%	19,023	21%	8.16%	14,646	7.21%
	0.36%	1,261,915	32%	15.40%	782,413	4.87%
	0.41%	57,545	32%	16.26%	41,278	7.74%
	0.52%	38,442	29%	17.42%	22,967	4.11%
	0.68%	1,189,964	32%	22.13%	591,412	6.83%
	0.89%	62,197	30%	23.38%	33,350	10.36%
	1.30%	960,086	32%	29.38%	381,316	9.89%
	1.44%	34,366	36%	33.58%	20,820	2.70%
	2.03%	35,660	30%	31.43%	14,248	4.55%
	2.74%	710,861	32%	35.68%	218,596	10.79%
	3.14%	22,093	38%	42.74%	6,896	0.42%
	4.40%	14,865	32%	37.37%	7,954	25.79%
	5.35%	15,957	34%	41.27%	2,596	2.93%
	6.12%	388,474	32%	39.22%	87,808	10.82%
	8.54%	9,809	30%	38.60%	1,452	10.15%
	9.07%	8,593	36%	47.10%	897	1.93%
	11.13%	217,877	32%	45.30%	39,669	16.11%
	15.40%	2,873	29%	46.10%	275	0.00%
	15.52%	5,792	31%	49.90%	234	3.12%
	16.52%	110,003	34%	56.06%	10,971	8.34%
	23.68%	65,664	35%	67.77%	3,925	2.96%
	26.15%	2,084	30%	59.20%	34	0.00%
	29.89%	7,761	28%	57.15%	301	19.70%
	36.38%	734	28%	58.94%	0	0.00%
	36.87%	69,663	34%	72.17%	7,211	6.73%
	100.00%	1,541,978	56%	0.00%	44,844	4.81%

Retail exposures:
Other: SME

Regulatory Portfolio	30/06/2016					
	Central PD	EAD	Weighted average LGD (EAD)	% Weight. (RWA/EAD)	Margin	Average CCF (margins)
Retail exposures: Other: Individuals	0.04%	286,761	31%	3.84%	424,858	48.66%
	0.09%	147,510	27%	6.49%	84,573	42.33%
	0.15%	249,562	26%	9.01%	76,392	37.87%
	0.25%	213,001	24%	12.13%	47,888	36.16%
	0.52%	309,811	29%	22.31%	59,362	29.64%
	1.44%	185,822	33%	40.62%	32,671	11.06%
	3.14%	119,625	34%	50.67%	15,939	4.09%
	5.35%	82,756	32%	51.09%	4,496	9.22%
	9.07%	53,470	27%	47.02%	3,922	14.97%
	15.52%	32,465	27%	56.85%	948	24.09%
	29.89%	35,756	30%	81.92%	1,298	47.30%
	36.87%	5	57%	161.07%		
	100.00%	683,572	72%	0.00%	1,985	44.06%

Almost all loan book exposures refer to Italy.

Actual value adjustments

Class of regulatory assets	Amount
	30/06/2016
Anticipated write-offs	
ENTERPRISES - Exposures to SME	3,941,338
ENTERPRISES - Exposures to Other companies	94,147
RETAIL - Exposures guaranteed by residential property: SME	0
RETAIL - Exposures guaranteed by residential property: individuals	0
RETAIL - Revolving exposures to qualified retail	0
RETAIL - Other retail exposures: SME	282,784
RETAIL - Other retail exposures: individuals	17,826
Total	4,336,094
Net adjustments	
ENTERPRISES - Exposures to SME	2,920,249
ENTERPRISES - Exposures to Other companies	581,533
RETAIL - Exposures guaranteed by residential property: SME	125,418
RETAIL - Exposures guaranteed by residential property: individuals	593,255
RETAIL - Revolving exposures to qualified retail	6,954
RETAIL - Other retail exposures: SME	585,328
RETAIL - Other retail exposures: individuals	316,657
Total	5,129,394

Comparison between estimates and actual results

For the purpose of calculating capital requirements for Credit Risk (AIRB approach), the Banco Popolare Group adopts internal estimates of probability of default (PD) and loss given default (LGD) for the Corporate and Private Individuals portfolios.

A comparison between estimates and empirical data is performed separately for PD, at least six-monthly and LGD at least yearly though back testing conducted by the Internal Validation Function. The last back testing concerned the PD and LGD models updated following the extension of the time series and in force as of the reporting as at 31 December 2015.

With regard to PD models, the Banco Popolare Group adopts performance measurements to verify the discriminating capacity of the estimates (accuracy ratio-AR) and calibration tests ("classic" binomial, multi-period and single period tests and "adjusted" binomial tests, including those adjusted to reflect the cyclical nature of the reference macroeconomic scenario) to compare the rates of decline (RD) over a one-year time horizon with estimated PD values.

With regard to the Corporate segment, the results of the last back testing showed that estimates had a good discriminating capacity at both individual module and integrated final score level, which stands at values comparable to and sometimes higher than those obtained in the development phase.

As regards calibration, satisfactory values were found for the Large Corporate and Mid Corporate Plus model in the classic "multi-period" binomial test. With regard to the same test, the Mid Corporate and Small Business segments instead had a higher number of non-calibrated classes, although an improvement in default percentages by rating class is

beginning to be seen in the reference annual back testing cohort (trend confirmed by the classic "single-period" binomial test, in which there has been a generalised decrease in the number of non-calibrated classes with respect to the previous back testing). The period of severe recession we are currently experiencing, marked by high rates of decline, in large part explains the less than optimal response of the calibration testing.

As regards the Private Individuals segment, the model indicated a good level of overall performance. For the various components (with the exception of the sociological module), there was a high discriminating capacity, at times better than what was obtained in the development phase. As regards the calibration, the results of the "multi-period" binomial test are satisfactory, while those of the "single-period" and "adjusted" tests confirm what has already been reported for the Enterprises segment.

After the time series was updated, Internal Validation conducted analyses on the new LGD models by comparing, for the Enterprises segment and for the Private Individuals segment, the values obtained during the estimate phase for the parameters considered most significant (Probability of Default, Loss Given Default Performing/Closure, Loss Given Default) with those deriving from the above-mentioned update in order to identify any variances.

The updated "Probability of Default" parameter values are in line with or above those calculated during the development phase for the "Enterprises" segment and for the "Private Individuals" segment.

"LGD Performing/Closure" changed depending on the level of the exposures (decreases for exposures exceeding € 1500; increases for those lower than € 1500).

Lastly, as regards "Loss Given Default", there was a general increase linked to the period of strong recession. The drivers for the estimate of the LGD in any event maintain substantial stability in the updated model sample.

Market risk

Disclosures for banks using the internal models approach (IMA) for position risk, foreign exchange risk and commodity risk

Bank of Italy authorisation and scope of application

The Banco Popolare Group obtained authorisation from the Supervisory Authority to use the internal model for calculating capital absorption for the trading book of Banca Aletti and the Parent Company effective as of 30 June 2012.

The scope of application is the generic and specific risk of equity instruments, the generic risk of debt securities and the risk relating to UCITS units. The remaining portion of the market risks will continue to be measured according to the standardised approach.

Principal characteristics of the internal models

The internal model is used in association with management risk measures that differ from regulatory measures by virtue of the risk factors considered and some technical elements. The main characteristics of the VaR internal model used to value market risk from a regulatory and management perspective are set forth below:

- Method: historical simulation
- Time horizon: 1 day (re-parameterised to 10 days for regulatory purposes)
- Depth of time series: 1 year
- Level of confidence: 99%
- Decay factor: 0.99 for management purposes and 1 for regulatory purposes (or equal weighting of the historical reference scenarios)
- Non-linear nature of pay-outs: managed through full evaluation of the portfolio

The risks factors considered by the VaR used for regulatory purposes are: share prices, share price volatility, interest rates, interest rate volatility, exchange rates and exchange rate volatility, dividends and correlations.

For management purposes, the internal model also estimates the credit spread risk factor.

Regulatory rules prescribe an additional prudential requirement to the VaR, calculated using market input for financial stress periods ("VaR under stress conditions or Stressed VaR"). The scope of application of the Stressed VaR includes all the risk factors included in the VaR model for regulatory use.

The 2015 Annual Disclosure contains additional information on the internal model.

Trend of regulatory VaR and of Stressed VaR

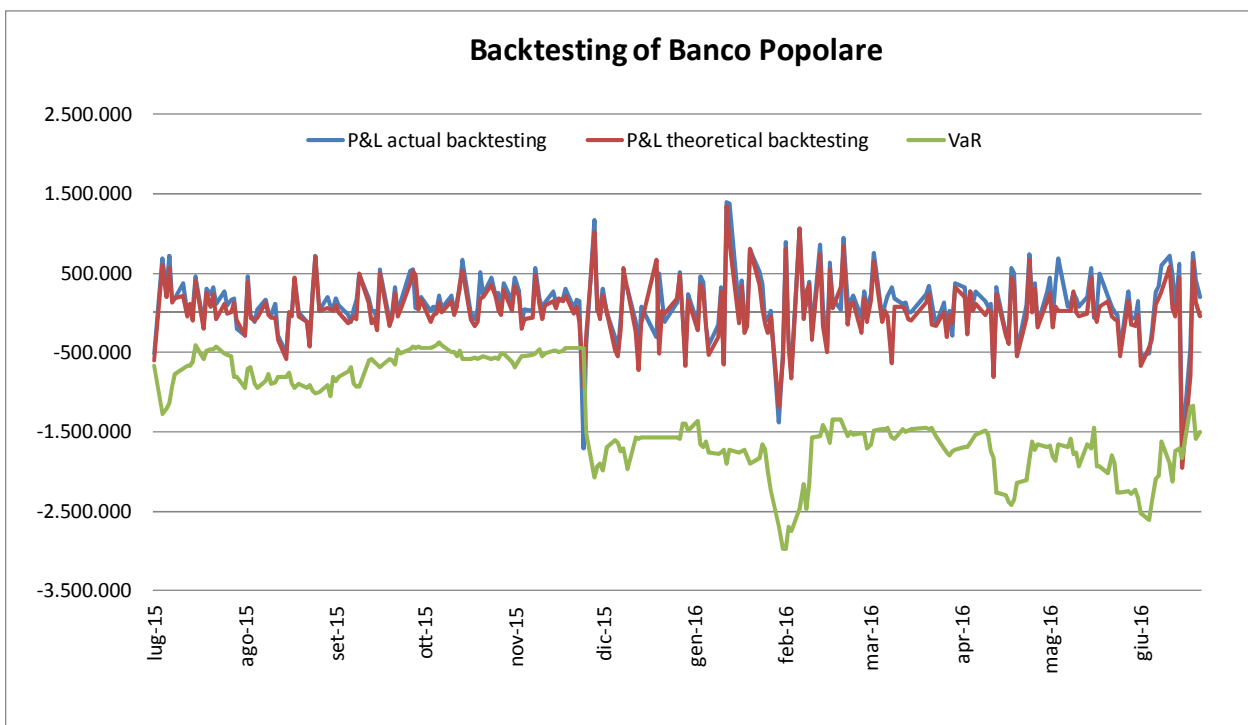
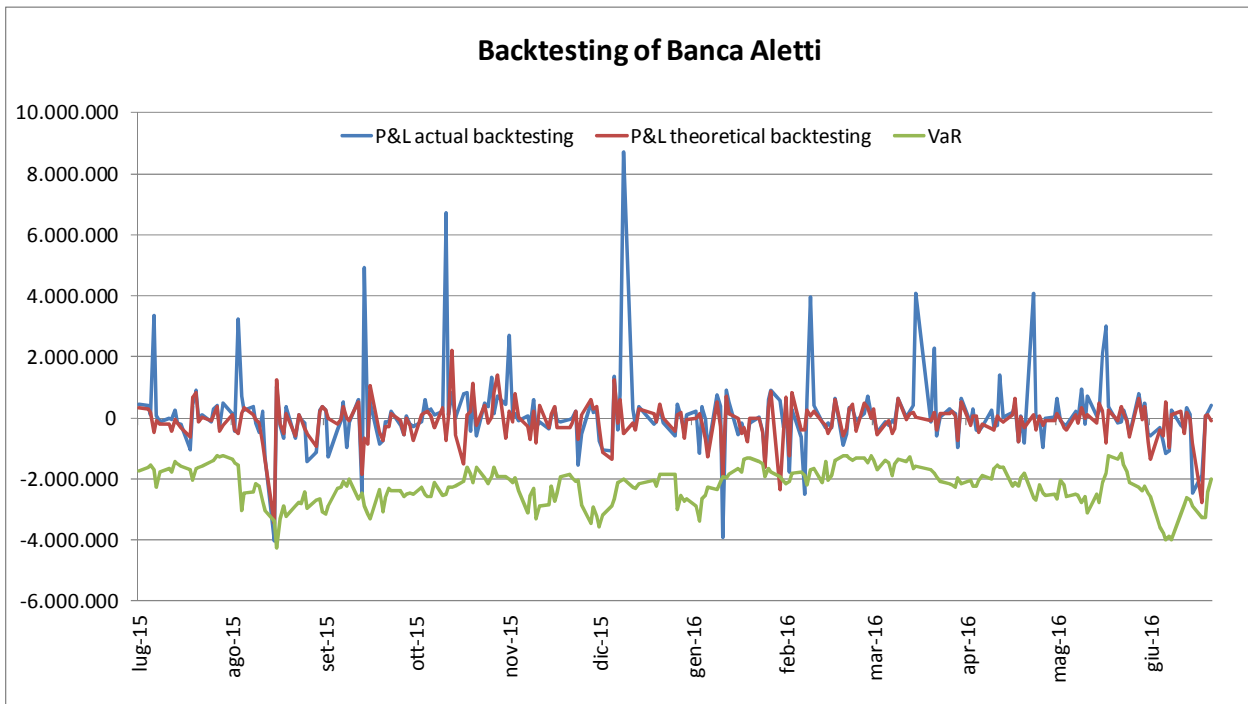
The table below shows the trends in VaR and its components related to the calculation of capital requirements - in the last 60 business days up to 30 June 2016, with regard to the trading book of Banca Aletti and of the Parent Company Banco Popolare.

INSTITUTE		30-giu-16			
		End-of-period	Average	Max	Min
BANCA ALETTI	VaR	2,003,298	2,403,656	4,006,774	1,161,670
	Stressed VaR	3,465,524	4,494,274	6,438,392	3,225,013
	Dividends and Correlations	552,141	639,574	900,585	388,969
BANCO POPOLARE	VaR	1,493,597	1,880,190	2,613,198	1,169,244
	Stressed VaR	2,080,111	2,859,258	3,960,919	2,080,111
	Dividends and Correlations	14	15	6,921	0

Back testing of the trading book

The outcome of back testing of the VaR estimates, that is, comparison of the expected loss estimated ex-ante through VaR with the corresponding actual profit and loss figures regarding performance of the regulatory trading book of Banco Popolare and Banca Aletti in the July 2015 - June 2016 period, is provided below. The components that are not pertinent to the back test, such as commissions and intraday activity, have not been included in the daily profit and loss readings.

In the period examined, both for Banca Aletti and for Banco Popolare, the number of exceptions (higher losses than the VaR estimate) is consistent with the level of confidence used (an estimate with 99% confidence level means that an exception occurs in 1% of the residual cases: in 250 business days this result is therefore expected in 2-3 business days).



Operational risk

Approach used to calculate capital requirements

The Group had adopted the standardised approach envisaged by prudential regulations (combined with the Basic Indicator Approach for the companies not significant in size) to determine the capital in relation to operational risk up until the Supervisory Report dated 31 March 2014.

In its letter dated 5 August 2014, the Bank of Italy approved the use of advanced supervisory methods (AMA - Advanced Measurement Approach), from the Supervisory Report dated 30 June 2014 for Banco Popolare, Banca Aletti, SGS BP and BP Property Management.

In its letter dated 15 June 2016, the ECB authorised the extension of the AMA methods to the roll-out area, consisting of the Banco Popolare Leasing Department (formerly Banca Italease) and Aletti Gestielle SGR. The other Group companies report according to the BIA (Basic Indicator Approach) method, in line with the adoption of the combined use of AMA/BIA, which envisages for the latter, if they do not surpass established materiality thresholds, the permanent use of the basic method (PPU, partial permanent use).

The AMA model has been developed in such a way as to use all four types of input envisaged by supervisory regulations. The previous losses recognised internally are gathered by means of a rigorous Loss Data Collection process. External loss data is provided by the DIPO consortium. Scenario analyses are gathered during the Risk Self-Assessment (RSA) process, during which various business experts are asked to give their opinions on the exposure of all company processes to operational risk, also with a view to the future. Aspects of the operating context and of the system of internal control are continually monitored in order to promptly recognise changes in the internal and external scenario.

The Group's total Capital at Risk (CaR) is calculated by combining the measurement of risk obtained from the model based on previous operating losses, both internal and external, with that obtained on the basis of the model that uses evidence from scenario analyses. Both models adopt the modellistic approach known as the Loss Distribution Approach, which is based on modelling annual aggregated loss, defined as the sum of the loss amounts (severity) associated to each of the loss events that occur in one year (frequency). The risk estimate is conducted by means of a Value at Risk measurement, with a confidence interval of 99.9% and over a time horizon of one year on risk classes that demonstrate similar operating losses. The total capital requirement is obtained by aggregating the risk estimates measured for the various classes of risk, taking into account any benefits of diversifying exposure to the different types of operational risk, and envisages the deduction of the provisions transferred to the income statement, to the extent of the expected loss calculated by the internal model.

Under the Basic Indicator Approach, capital requirements are calculated by applying an alpha coefficient (15%) to the average of the relevant indicator defined by the CRR 2013/575 for the last three years.

The portion of regulatory capital requirements determined using the AMA approach represents 95.1% (equal to around € 256.7 million out of a total of around € 269.9 million) of total requirements for operational risk.

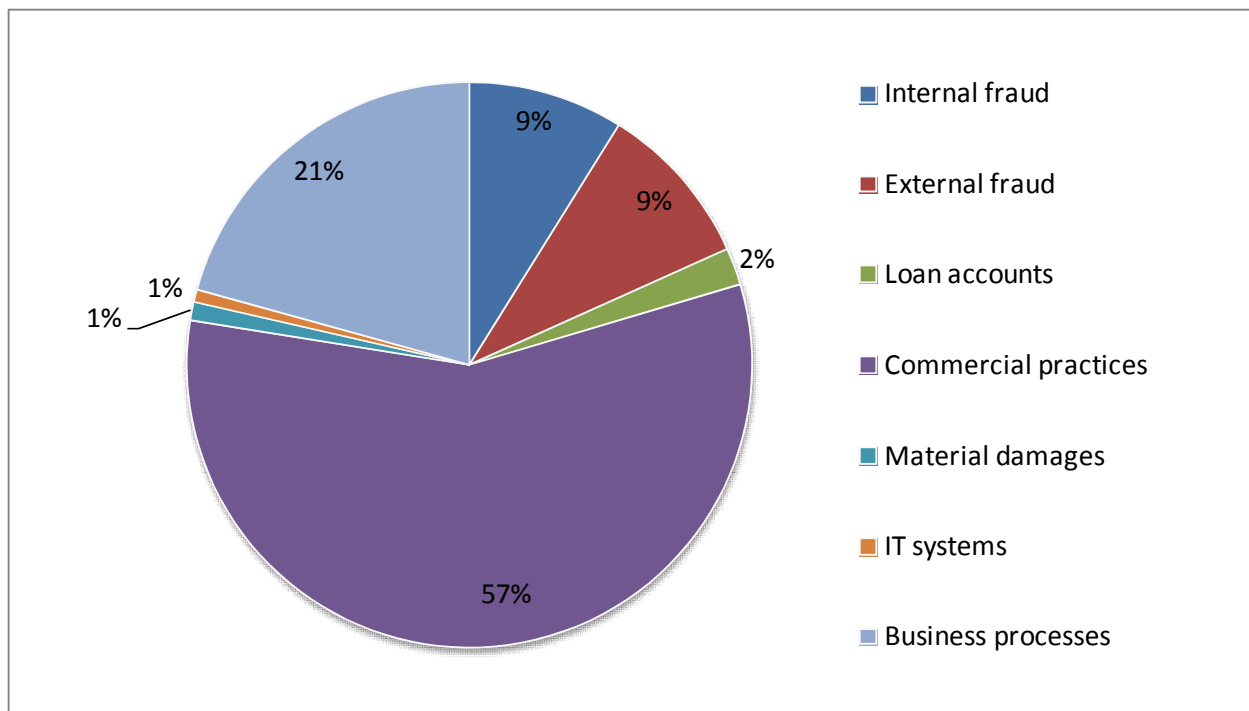
Below is a detailed analysis of the AMA and BIA capital requirement as at 30 June 2016.

No.	Event type	VaR AMA
		(mln €)
1	Internal fraud	27.1
2	External fraud	28.7
3	Loan accounts	6.5
4	Commercial practices	174.4
5	Material damages	3.2
6	IT systems	2.2
7	Business processes	63.2
Total Requirement Before Deduction of Provisions / Expected Loss (A1)		305.4
Deduction of Provisions / Expected Loss (A2) (*)		48.7
AMA capital requirement (A = A1 - A2)		256.7
BIA requirement (B)		13.2
Total capital requirement (A+B)		269.9

(*) The lesser of either the provisions recognised or the expected loss calculated by the model is deducted at the individual risk class level.

The following table shows the breakdown of the capital requirement relating to the AMA approach by event type.

Breakdown of the capital requirement relating to the AMA approach by event type



Declaration of the Manager responsible for preparing the Company 's financial reports

The undersigned, Gianpietro Val, in his capacity as Manager responsible for preparing the financial reports of Banco Popolare Soc. Coop., hereby declares, in compliance with the provisions of article 154-bis, paragraph 2 of Italian Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this document is consistent with the documental results, the corporate books and the accounting records.

Verona, 29 August 2016

Manager responsible for preparing the
Company's financial reports
Gianpietro Val
(signed)