BPVi Group

2020 Strategy:
Simply a Bank, a "First Choice" Bank

February 2016

Gruppo Banca Popolare di Vicenza

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Key investment highlights

1

- Commercial, distribution-focused business model
- Loyal client base and strong client acquisition capabilities
- Sizeable, multi-regional franchise deeply rooted in the wealthy and growing North-East Italian regions

2

- Structural turnaround ongoing
- Significant balance sheet "clean-up" fully reflected in 2015 results
- Newly appointed management team with recognized track record in the financial sector

3

- Capital plan well on track and resulting in a solid capital position after the IPO with a CET1 ratio >12%

4

- Significant value creation potential through a new Business Plan based on a "Simple / Distribution Focused Bank"

1 Commercial, distribution-focused business model deeply rooted in the wealthy and growing North-East Italian regions

Overview

- **10th largest Italian banking group** by total assets, with a 2.0% market share by total branches and 1.4 mn clients
- **Multi-regional geographical presence** and **high concentration in high GDP and export-driven regions**: top 3(2) regions (c. 65% of bank's loans) represent alone nearly 50% of national exports
- Mainly active in **Commercial banking** through parent company **BPVi**, **Banca Nuova** (100%) and **Farbanca** (71%)
- Also active in:
  - **Bancassurance** through a **commercial agreement with Cattolica Assicurazioni** (15%)
  - **Asset Management** through a **commercial agreement with Arca** (20%)
  - **Consumer finance** through **Prestinuova** (100%), **BPVi Multicredito** (100%) and a **commercial partnership with Compass** (Mediobanca Group)

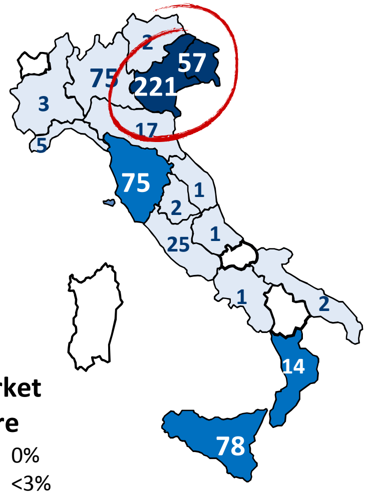
Sizeable player in consolidating market (30/09/2015)

		Total Assets (€bn)	Total Branches(3)	Italy Market Share(4) (%) – on Italian Branches
1	UniCredit	873.5	7,055	12.9%
2	Intesa Sanpaolo	668.2	5,593	13.6%
3	Monte dei Paschi di Siena	170.2	2,209	7.3%
4	Banco Popolare	123.4	1,848	6.0%
5	Ubi Banca	115.7	1,561	5.3%
6	BNL (5)	80.3	868	2.9%
7	Banca Pop. Emilia Romagna	60.7	1,245	4.1%
8	Cariparma(6)	52.0	834	2.8%
9	Banca Popolare di Milano	49.5	655	2.2%
10	**BPVi Group**	**41.1** (10)	**614** (11)	**2.0%** (11)
11	Banca Popolare di Sondrio	36.1	350	1.1%
12	Veneto Banca	35.5	582	1.7%
13	Credem	35.5	542	1.8%
14	Carige	31.6	627	2.1%
15	Creval	28.9	533	1.8%

€39.8bn as at December 2015

579 as at December 2015

BPVi distribution network(1)



Market share
- 0%
- <3%
- 3-5%
- 5-10%

Multi-channel distribution network

- 579 branches in Italy
- 35 PB offices and 13 financial shops
- 110 FAs
- 116 agents
- Online platform BPVi GO!

Distribution focused player

✓ Strategic
✗ Disposal, consolidation, enhancement, partnerships

Branch Network and Multichannel Bank

Bancassurance
- ✓ Joint venture with **Cattolica Assicurazioni** (6th Italian insurance player)

Leasing and Factoring
- ✓ Distribution of third-party products

Specialized Banks
- ✗ **Farbanca** (70.8%) – Bank dedicated to pharmacists

Asset Management
- ✓ ✗ Joint Venture with **Arca Sgr** (20%)
- ✓ Multimanager commercial agreements

Corporate Advisory
- ✓ **Internal Department focused on Minibond** (34% market share)
- ✗ **NEM Sgr** (100%) – Private Equity

Consumer Finance
- ✓ Personal Loans commercial agreement with **Compass Mediobanca** (recently renewed)
- ✗ **Prestinuova** (100%) – Secured salary loans

(1) As of 31.12.2015; (2) Top 3 regions by customer loans are Veneto, Tuscany and Lombardy; (3) Includes foreign branches; (4) Computed on Italian branches; (5) Tot. assets and branches as of 31 December 2014; (6) Tot. assets and branches as of 30 June 2015

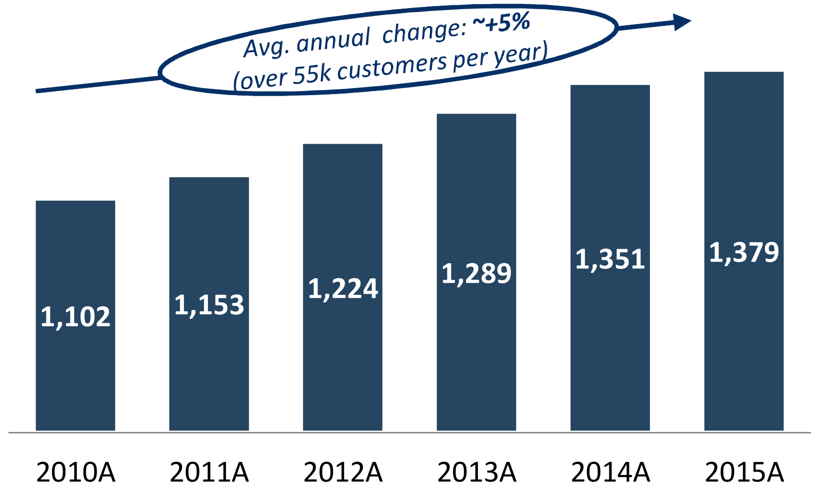
Sources: Consolidated financial statements, Bank of Italy; ISTAT; Prometeia

1 Ready to exploit early signs of the Italian economic recovery thanks to its geographical positioning and its strong and proved client acquisition capabilities

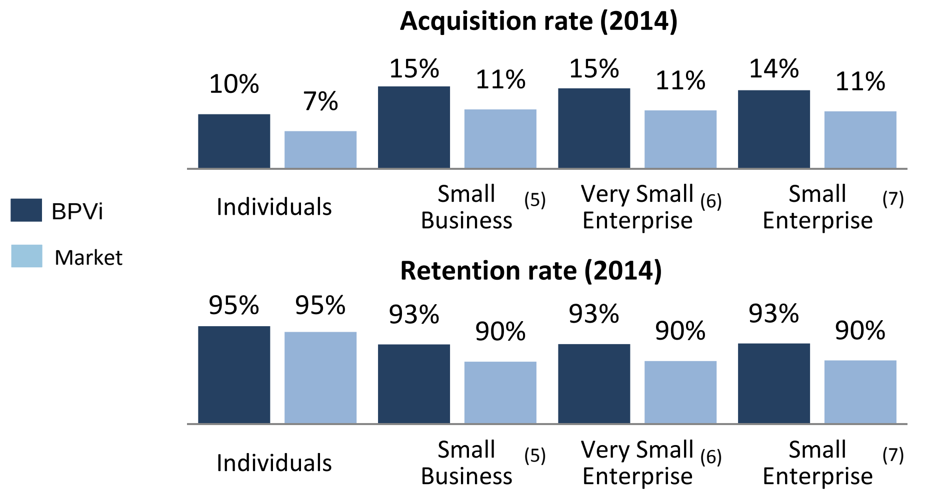
BPVi distribution network

	Branches[1]		Market shares[2] (%)			Distribution[3] (%)		Macro indicators[4]		
	Number	(%)	Branches	Loans	Deposits	Loans	Deposits	GDP/Capita (€k)	GDP (% contr.)	Export (% contr.)
North-East	**297**	**51.3%**	**3.9%**	**3.9%**	**2.4%**	**52.3%**	**41.9%**	**31.4**	**22.6%**	**31.8%**
o/w Veneto	*221*	*38.2%*	*7.3%*	*7.2%*	*5.0%*	*39.1%*	*35.7%*	*30.0*	*9.1%*	*13.7%*
o/w Friuli V.G.	*57*	*9.8%*	*7.1%*	*7.4%*	*3.9%*	*8.0%*	*4.4%*	*27.9*	*2.1%*	*3.0%*
North-West	**83**	**14.3%**	**1.0%**	**0.8%**	**0.4%**	**14.8%**	**9.8%**	**32.5**	**32.4%**	**40.1%**
o/w Lombardy	*75*	*13.0%*	*1.4%*	*0.9%*	*0.5%*	*12.5%*	*7.9%*	*35.0*	*21.6%*	*27.5%*
Center	**103**	**17.8%**	**1.7%**	**1.6%**	**1.3%**	**19.7%**	**19.9%**	**29.4**	**22.1%**	**16.7%**
o/w Tuscany	*75*	*13.0%*	*3.6%*	*3.4%*	*2.8%*	*13.3%*	*10.0%*	*28.9*	*6.7%*	*8.0%*
o/w Lazio	*25*	*4.3%*	*1.0%*	*0.9%*	*0.8%*	*6.0%*	*9.8%*	*31.7*	*11.6%*	*4.6%*
South and islands	**96**	**16.6%**	**1.5%**	**1.4%**	**0.7%**	**12.7%**	**10.3%**	**17.6**	**22.8%**	**10.2%**
o/w Sicily	*78*	*13.5%*	*5.0%*	*4.5%*	*2.7%*	*9.1%*	*8.2%*	*17.0*	*5.4%*	*2.4%*
Total Italy	**579**	**100.0%**	**2.0%**	**1.9%**	**1.1%**	**99.5%**	**82.0%**	**26.5**	**100.0%**	**100.0%**

Client acquisition



Client acquisition & retention



(1) As of 31/12/2015; (2) Bank of Italy as of 30/9/2015, data for loans referred to Family and Business clients; (3) As of 31/12/2015, net of Repos. Loans and deposits are calculated based on the customer residence and refer to the sum of the data for the 3 commercial banks of the Group (residual value to 100% refer to non – resident customers and to securities issued by the bank which are not deposited at the bank); (4) ISTAT, reference year 2014; (5) Turnover up to €1.5m; (6) Turnover up to €2.5m; (7) Turnover up to €5m

Sources: Company data, "Customer Retention and Commercial performance 2014 - ABI and SDA Bocconi"; Bank of Italy; ISTAT

2 2015 results fully addressed BPVi's structural issues, especially in relation to asset quality and "financed capital"

Comprehensive and articulated balance sheet "clean-up"	**Asset Quality**	■ **In-depth review of the loan portfolio by new management** resulted in **second wave of credit impairments** (after 2014 AQR) ■ **Strengthening of NPE coverage** ratio (from 37.9%(1) to 42.4%(1)) ■ Adoption of **best-in-class classification criteria** resulting in overall lower risk profile
	Financed capital	■ Decrease of CET1 as a consequence **of derecognition of financed capital (€ 1,139 mn)**, mainly through loan impairments (€ 466 mn), provisions for risk and charges (€ 353 mn) and prudential filter (€ 321 mn) ■ Additional € 136 mn of **provisions for risks and charges in relation to potential risks related to BPVi shares**
	Other	■ **Impairment on AFS,** focused on Luxembourgian Funds (€ 142 mn on a total amount of € 350 mn): exit strategy in progress ■ **Goodwill and other intangibles impairment** for € 335 mn**,** with negligible future risk of further impairment (residual value of goodwill € 6 mn)

Newly appointed management team with recognized track record

- **Renewed management team** (e.g. CEO/General Manager and Chief Business Officer/Senior Deputy General Manager) with no relation to the past and a clear mandate: restructure, re-focus and re-launch the bank
  - 13 out of 16 management team members newly appointed
- Management team with in-depth knowledge of the banking sector and significant experience in the reference industry as well as in the broader economic and financial environment

(1) Including write-offs
Source: Company data

2 Comprehensive balance sheet "clean-up" already performed, resulting in best-in-class coverage levels and loan classification criteria

FY2015 income statement fully addressed the bank's structural issues...

BPVi Group (€ mn)	FY2014	FY2015
Net interest income	511.1	503.9
Net commissions	301.3	322.4
Total revenues	**1,077.4**	**1,052.6**
Operating costs	**-669.1**	**-754.2**
Net operating income	**408.3**	**298.5**
Net impairment adjustments	-1,521.3	-1,826.9
o.w.: on loans and advances	-868.5	-1,333.4
o.w.: on assets available for sale and associates	-36.2	-171.2
o.w.: impairment on goodwill and other intangibles	-600.0	-334.6
Net provisions for risk and charges	-18.5	-513.1
Gains (losses) on disposal/revaluation of investments[6]	-2.8	149.0
Net income before income tax	**-1,134.3**	**-1,892.5**
Net income	**-758.5**	**-1,407.0**

€ 673.2 mn excluding non-recurring items[5]

Further **strengthening of NPE coverage ratio** (from 37.9%[3] in 4Q14 to 42.4%[3])

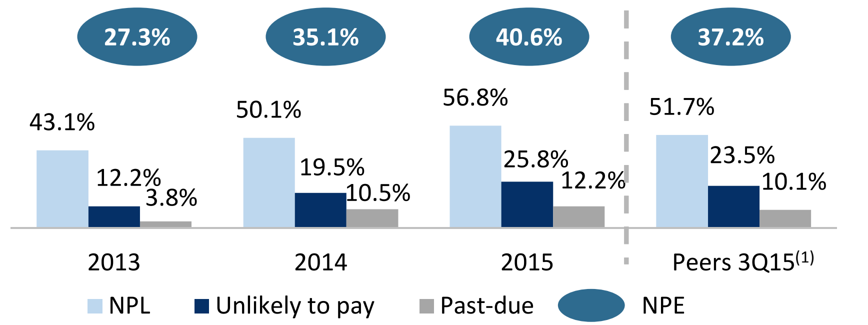
Impairment on AFS, focused on Luxembourgian Funds (€ 142 mn on a total amount of € 350 mn): exit strategy in progress

Impairment of most of the goodwill, with negligible future risk of further impairment (residual value of goodwill € 6 mn)

Additional provisions for risk and charges to address potential claims for financed capital (€ 353 mn) and other risks on BPVi shares (€ 136 mn)

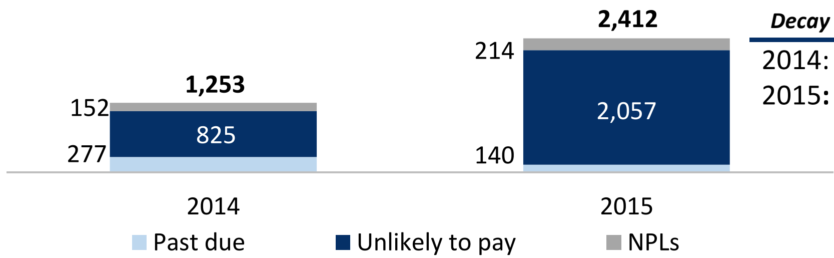
... resulting in best-in-class coverage ratios and classification criteria

Coverage ratio evolution



Reclassification of impaired loans (€mn)

Gross flows from performing to NPE (€mn)

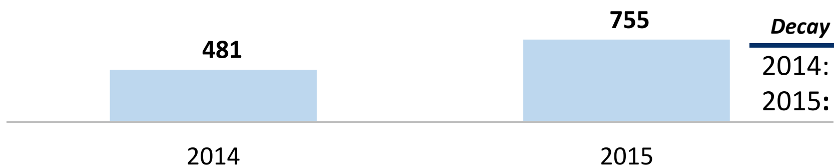


Decay rate[2]

2014: **5.1%**

2015: **10.3%**

Gross flows trom Unlikey to Pay to NPL (€mn)



Decay rate[4]

2014: **22.7%**

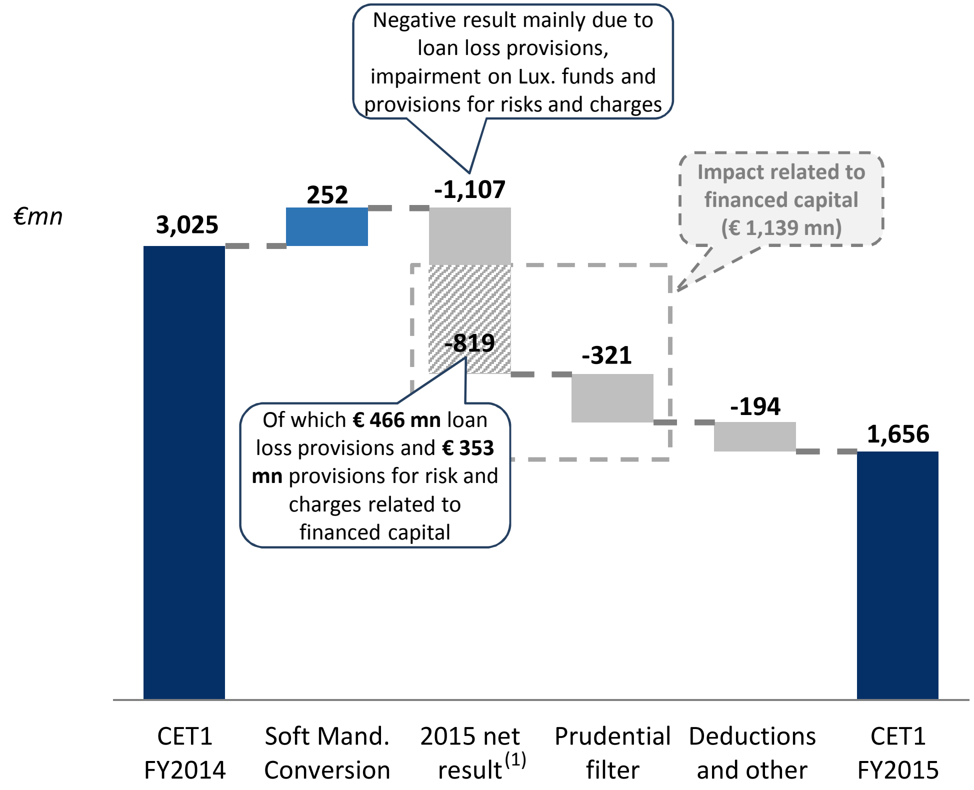
2015: **27.9%**

(1) Peers include Banco Popolare, BPM, Credito Valtellinese, BP Sondrio, Banca Popolare dell'Emilia Romagna, Veneto Banca and UBI Banca; (2) Calculated as flows of gross loans over beginning of period performing loans; (3) Including write-offs; (4) Calculated as flows of gross loans over beginning of period unlikely to pay; (5) Among which € 59 mn BRRD costs, € 10 mn personnel costs and € 11 mn other non-recurring costs in relation to the transformation into SpA; (6) Income statement items 250 and 270, including impairments on tangible assets recorded under item 200 of the income statement (-€ 12.9 mn in 2015, not present in 2014) and the gross capital gain on the disposal of ICBPI recorded under item 100 of the income statement (€ 166.7 mn in 2015)

Sources: Company data, consolidated financial statements

2 Full de-recognition of "financed capital" in 2015 resulting in a potential capital upside not included in the Business Plan

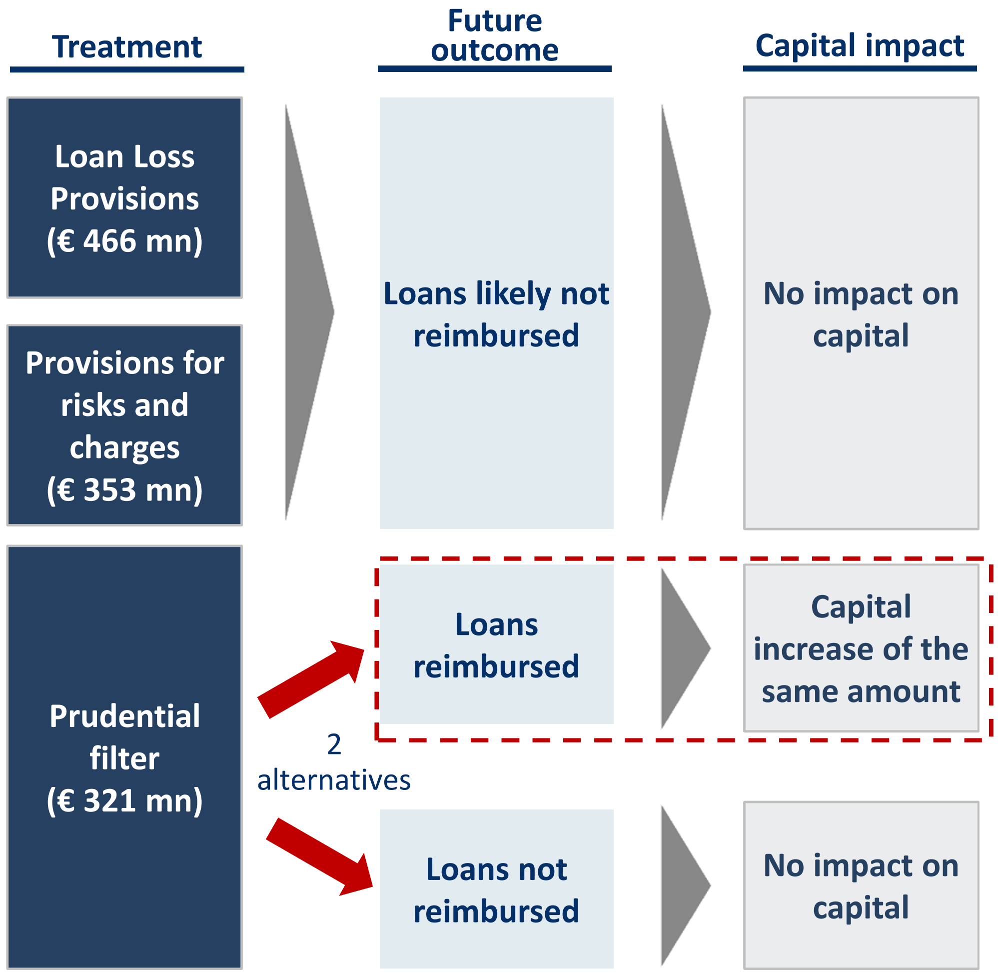
CET1 ratio as at 31/12/2015



CET1 (%)	10.44%	6.65%
TCR (%)	11.55%	8.13%
RWA (€mn)	28,985	24,884

Financed capital treatment

- Total amount of **financed capital** equal to € 1,139 mn **fully derecognized from CET1** capital as of December 31, 2015



(1) Net of goodwill and other intangibles impairment impact
Source: Company data

2 Newly appointed management team with recognized track record in the financial sector with no legacy with the past

New management

Stefano Dolcetta Capuzzo

Other current roles: Chairman of Fiamm Holding S.r.l. and CEO of Dicra Spa, Deputy Chiarman of Confindustria

Francesco Iorio

24 years of experience

Previous experience: Bain & Company, Intesa Sanpaolo, UBI Banca

Eleonora Pezzino

21 years of experience

Previous experience: Intesa Sanpaolo

Anna Tosolini

20 years of experience

Previous experience: BPER: Gruppo, BNP Paribas

Board of Directors

Chairman of BoD
(S. Dolcetta)

CEO
General Manager
(F. Iorio)

Internal Audit
(N.F. Barberio)

Compliance & AML
(E. Pezzino)

Business Transf. & Cost Management
(L. Siccoli)

Corporate Development & General Affairs
(A. Tosolini)

Risk Management
(A. Piazza Spessa)

Investor Relations & Communications
Fabio Pelati

Financial reporting and Planning
(M. Pellegrini)

Commercial
(I. De Francisco)
Senior Deputy General Manager

Human resources
(G. Rossi)

Operations
(S. Bortolamei)

Finance
(D. Cavrioli)

Lending
(A. Beretta)

Napoleone Francesco Barberio

39 years of experience

Previous experience: UBI Banca Carime, Intesa Sanpaolo

Leonardo Siccoli

25 years of experience

Previous experience: Centrobanca, UBI Banca

Alberto Piazza Spessa

24 years of experience

Previous experience: KPMG, UBI Banca

Fabio Pelati

14 years of experience

Previous experience: Banco Popolare

Iacopo De Francisco

18 years of experience

Previous experience: McK, Credem, Banca Popolare di Milano

Giovanni Rossi

40 years of experience

Previous experience: Banco Popolare, Banca Popolare di Milano

Diego Cavrioli

30 years of experience

Previous experience: Monte dei Paschi di Siena, UBI Banca

Alberto Beretta

32 years of experience

Previous experience: UBI Banca, Banca Popolare di Milano

Source: Company data

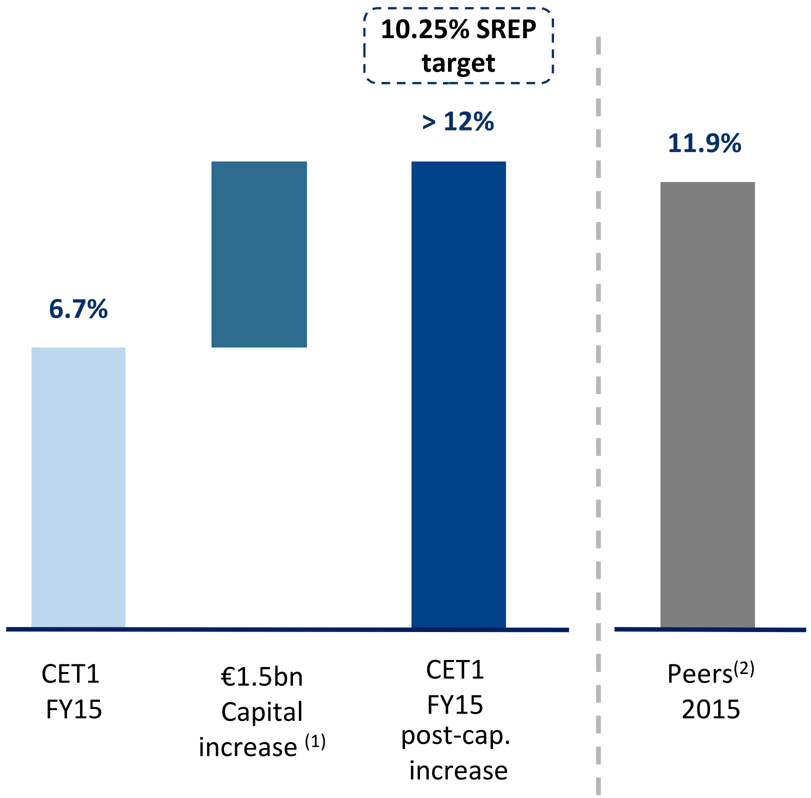
Note: Years of experience refer to years of working experience in the financial sector

3 Capital plan well on track and resulting in a solid capital position after the IPO with a CET1 ratio >12%

Capital plan well on track

- **Capital plan**, preliminarily presented to ECB, **well on track to restore solid capital base**, and pave the way for implementation of the Business Plan
  - **€ 250 mn T2** raised in September/October 2015 to comply with minimum regulatory requirements (**TCR up to 8.13%** and **CET1 to 6.65% in FY15**)
  - **Disposal of stake in ICBPI** resulting in a c. € 165 mn net capital gain and **disposal of the stake in SAVE** resulting in a c. € 17 mn net capital gain completed in 2015
  - **Pre-underwriting agreement** signed at standard market terms and conditions with UniCredit for the total amount of the capital increase of **€ 1.5 bn**
- **Target CET 1 > 12%** over the Business Plan period, with **pay-out ratio of 50%**
- **Target leverage ratio > 7.5%** over the Business Plan period

CET1 ratio as at 31/12/2015 including capital increase



(1) Pre-underwritten agreement with UniCredit Group; (2) Peers include Banco Popolare, BPM, Credito Valtellinese, BP Sondrio, Banca Popolare dell'Emilia Romagna, Veneto Banca and UBI Banca
Source: Company data

3 Further potential capital buffers not included in the Business Plan

Potential buffers

	Capital	P&L
a. Disposal of non-strategic assets	✓	✓
b. Adoption of AIRB methodology	✓	
c. Reimbursement of financed capital	✓	✓
d. €150 mn over-allotment (Brownshoe)	✓	

	Description	Book Value(1)	% stake
ARCA SGR	Arca SGR is one of the largest independent asset managers in Italy	€38.7 mn	19.99%
PrestiNuova – Gruppo Banca Popolare di Vicenza	The core business of Prestinuova consists of salary secured loans (cessione del quinto), particularly to public-sector employees	€35.0 mn	100%
FarBanca – Gruppo Banca Popolare di Vicenza	Farbanca is an on-line bank specialized in banking services to pharmacies	€43.9 mn	70.77%
NEM Sgr – Gruppo Banca Popolare di Vicenza	NEM SGR Spa was established in September 2004 to promote, establish and manage private equity funds	Company €2.4 mn Funds under Management €99.4 €mn(2)	100%
Real Estate	Real estate company (Immobiliare Stampa S.c.p.a.)	€497 mn(3)	100%

(1) Values in separate BPVi financial statement at 31.12.2015; (2) NAV at 31 December 2015; (3) Book value of real estate properties at Group level
Source: Company data

4 Significant value creation potential through a Business Plan based on a "Simple / Distribution Focused Bank"

1 Solidity and resilience

- **Top-Peers capital ratios, strengthened liquidity position and prudent leverage ratio**
- **Financial assets** portfolio with **low risk** profile
- **Upgrade internal control system**

2 Reshape client service models

- **Innovate service models** on core customer segments
- Focus on **"core" revenues**, particularly on net commissions driven by AuM growth
- **Re-focus our geographic footprint** and further implement and **roll-out our Hub&Spoke branch** model and cash light branches

3 Transform the operating model

- **HR engagement** and valorization as **key enabler of growth**
- **Obsessive cost management and structural externalization** of **low value added activities**
- **Lean and simplified organization**

4 Active Credit & Risk Management

- **NPE "active management"**
- **Preventive management**
- Review **core credit processes / policies**

5 Re-qualify the asset base

- **Rationalize equity investments, holdings** and **group legal entities**
- **Real Estate optimization**

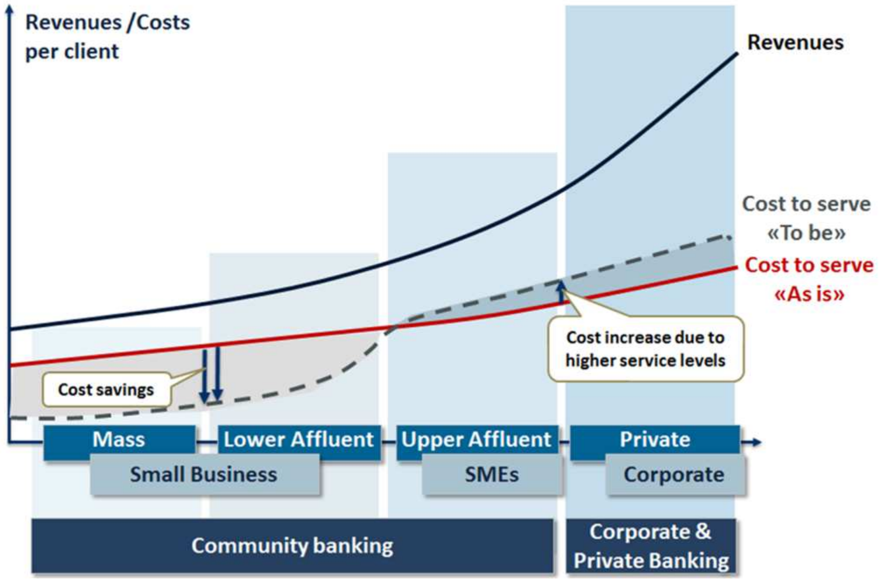
	2018 targets	*2020 targets*
Net profit	> € 200 mn	> € 300 mn
ROTE Adjusted	5.6%	8.2%
Cost / Income Ratio	< 55%	< 50%
CET1	12.0%	12.9%
LCR	> 115%	> 120%

Becoming the **"First Choice" Network Bank** in core geographic areas, focused on Corporates / SMEs and Family banking, delivering distinctive customer service

Source: Company data

4 2020 Strategy: a new business model plugged into a leaner bank

Optimized "cost to serve" and service model



Client oriented distribution model

Community Banking (Business Division 1) + **Corporate & Private banking** (Business Division 2)

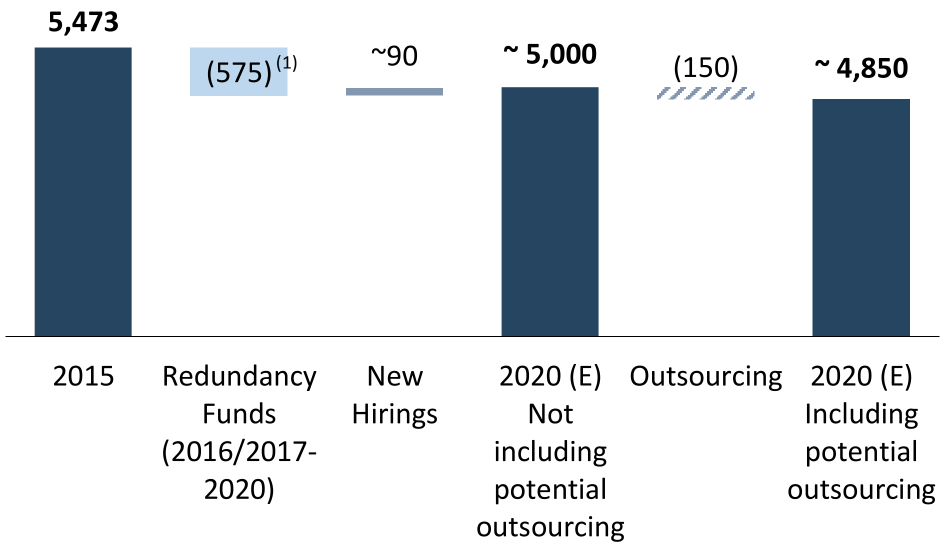
Community Banking (Business Division 1)

- Serving **Mass, Affluent, Small Business**
- Our new approach to retail, **based on service and convenience**
- **Strengthened "client facing" local presence**: bigger branches, higher presence of client RMs per branch
- **Extensive multichannel platform** (BPVi GO) to complete client service approach
- **Three dedicated sales "engines"** to enhance client profitability:
  - "SoW & Cross Selling engine"
  - "Acquisition & on-boarding engine"
  - "Client Management engine"

Corporate & Private banking (Business Division 2)

- Serving **SME, Corporate, Private Clients**
- Our "one stop" service platform **for Corporate/SMEs and entrepreneurs**
- Enabled **cross-segment client synergies / cross-selling** and capabilities synergies
- **Specialized coverage (CB vs PB) and unique CB + PB locations** to foster cross-segment service model
- **New corporate banking client segmentation** (turnover > € 10 mn) to enhance business focus and to enable quality service / approach

Personnel headcount reduction



Sharpened branch network

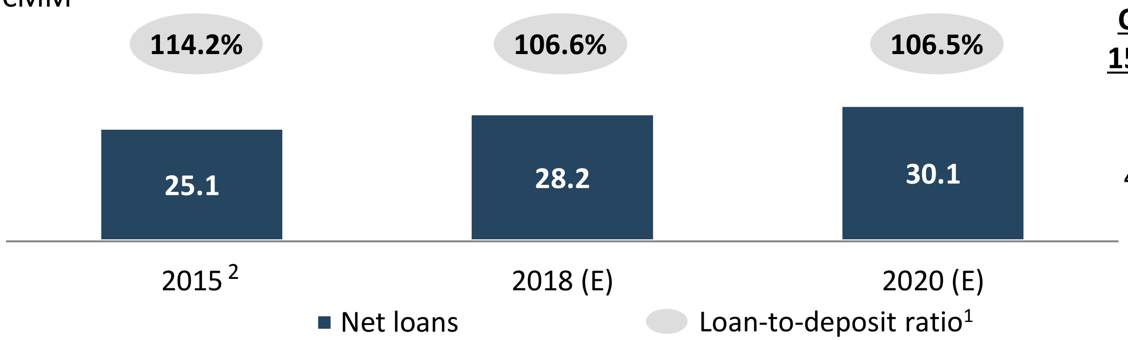
	2014	2015	Target	Δ target vs. '15
# branches	654	579	~500	-14%
# RMs[2]	736	784	~1.120	+43%

(1) Two "Redundancy Funds": in 2016/2017 (-200 resources in 2016 and -225 resources in 2017) with €65mn P&L provisioning in 2016 and in 2020 with a reduction of 150 resources and €16.4mn P&L provisioning in 2019; (2) Serving the "core" segments: Affluent, Private, SB, Corporate

Source: Company data

4 Loans and deposits evolution, leveraging client franchise and geographical uplift

Net loans(1) (€ bn)

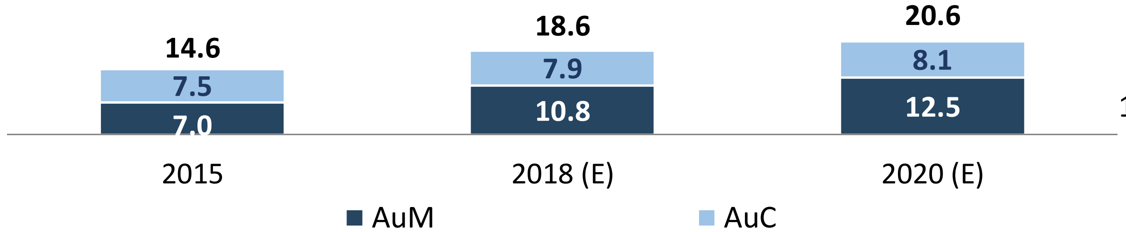


CAGR 15 – 18	CAGR 15 – 20
4.0%	3.7%

Direct deposits(1) (€ bn)

CAGR 15 – 18	CAGR 15 – 20
6.4%	5.2%

Indirect deposits(2) (€ bn)



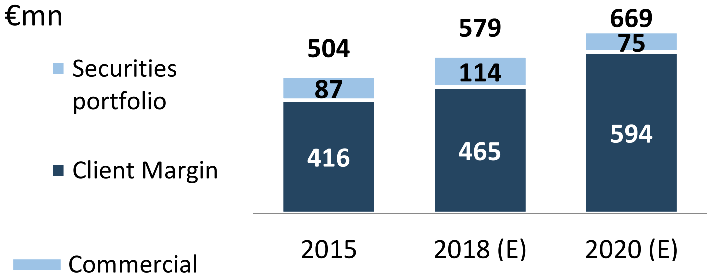
CAGR 15 – 18	CAGR 15 – 20
8.6%	**7.2%**
1.6%	1.5%
15.2%	12.1%

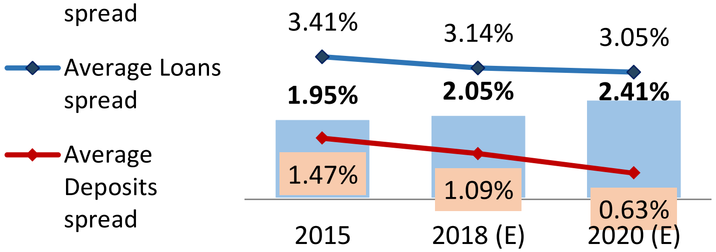
(1) Net of REPOs with CCG; (2) Excluding BPVi shares
Source: Company data

- **Progressive re-balance of the loan-to-deposit ratio**, as a result of the higher increase of deposits (CAGR 15 – 20 (E) at 5.2%) compared to the growth in loans (CAGR 15 – 20 (E) at 3.7%)
- **Strengthened client-related funding**, thanks to the recovery of deposits, following the re-gain in clients' trust post capital increase
- **Important growth in AUM** (CAGR 15 – 20 (E) at 12.1%), thanks to specific investments and development activities

4 Top line: key performance drivers

Interest margin evolution



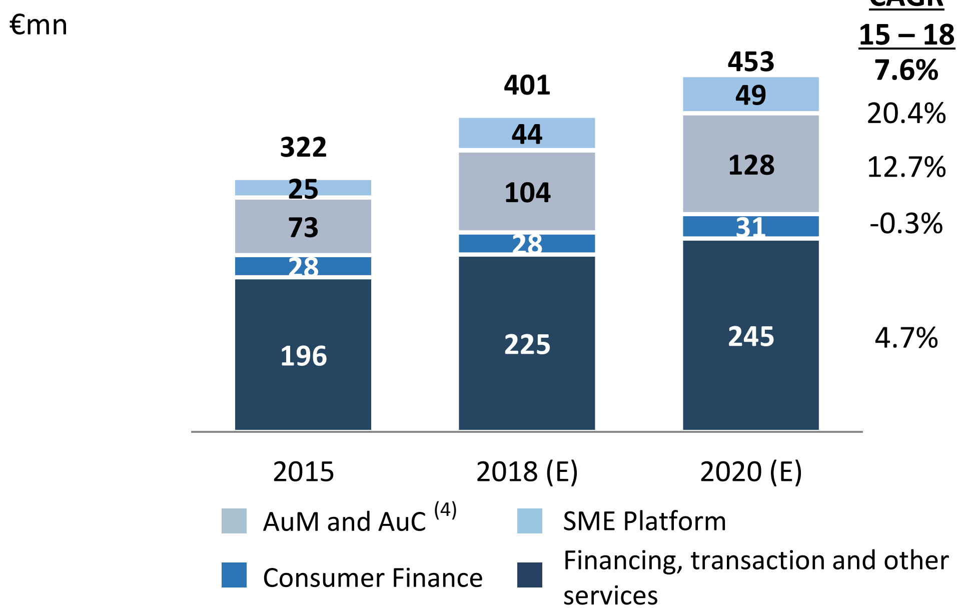


CAGR 15 – 18	CAGR 15 – 20
4.8%	**5.8%**
9.4%	-3.1%
3.8%	7.4%

Delta 15 – 20
-37 bps
47 bps
-83 bps

- 2015-2020 **net lending volume increase by € 5.0 bn** (CAGR = 3.7%), reflecting growth in core regions
- **Higher contribution of securities portfolio in 2018** due to an increased exposure on the Government bonds portfolio, then gradually lowered as a result of the portfolio's envisaged run-off
- Improvement of commercial **spread in 2015-2020 from 1.95% to 2.41%** mostly due to cost of funding reduction (mark-down improved of 83 bps vs. lower mark-up by 37 bps)
- **Institutional funding cost** assumed **steady** over the Business Plan horizon at around 3%

Net commissions evolution



CAGR 15 – 18	CAGR 15 – 20
7.6%	**7.1%**
20.4%	14.2%
12.7%	11.9%
-0.3%	2.0%
4.7%	4.6%

- **Growth in net commissions (+7.1% CAGR 15 – 20 (E)) led by the reshape of the client service model**
  - Exploit the **cross-selling potential from the Community banking clients**, by offering Advisory through client RMs, open platform (investments) and product partnerships
  - **Enforce and further strengthen value added services offer and delivery for Corporate / SME & Private banking** (e.g. ECM, Minibond, Export / Trade Finance, Structured Finance & MT lending)
- **Significant growth in AuM and AuC net commission (+11.9% CAGR 15 – 20 (E)), also fostered by the re-building of wealth advisory services for affluent and private customers**
- **Growth of other commissions mainly driven by**
  - Distribution of third parties consumer finance products
  - Commissions related to loans volume growth
  - Expansion of the current bancassurance products' offering to P&C products

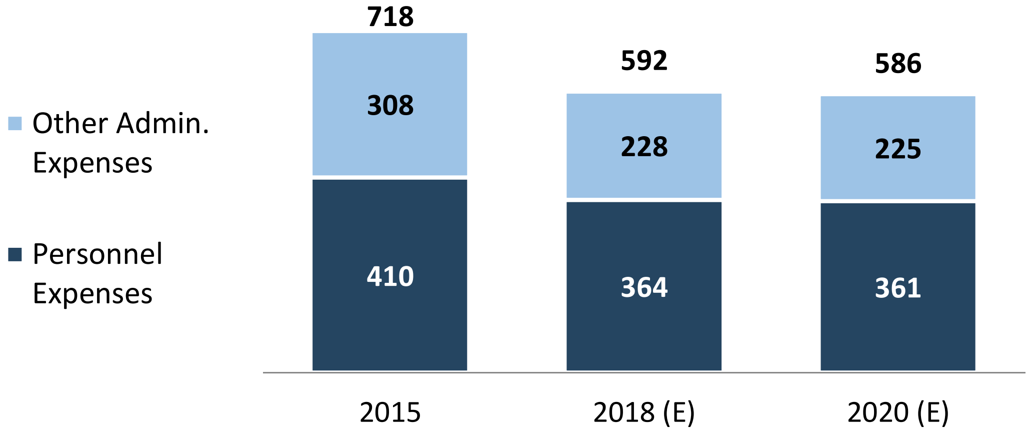
(1) Including minibond and ABS; (2) Securities portfolio assumed funded at 3M Euribor, average spreads calculated over 3M Euribor; (3) End of year rates. Average spreads calculated over 3M Euribor; (4) Includes placement fees from AUM & AUC
Source: Company data

4 Costs: key performance drivers

Staff and other administrative expenses (net of amortization and depreciation)

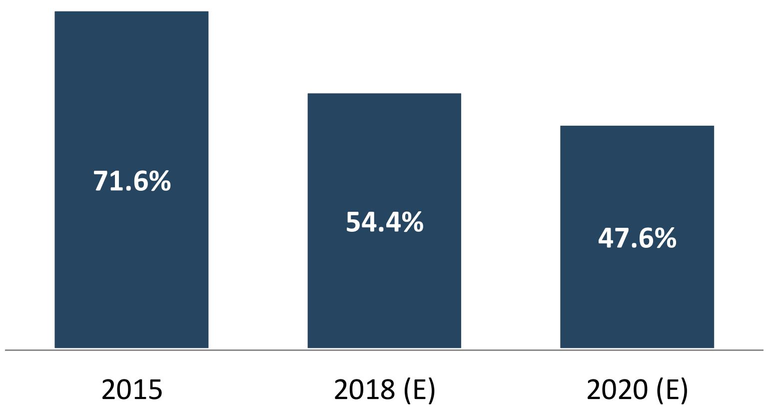
€mn

Include the extraordinary contribution to the National Resolution Fund (€41mn) and the extraordinary expenses for the transformation to Joint Stock Company (€11mn) and top management turnaround (€10mn)



	CAGR 15 – 18	CAGR 15 – 20
Total	**-6.3%**	**-4.0%**
Other Admin. Expenses	-9.6%	-6.1%
Personnel Expenses	-3.9%	-2.5%

Cost / income ratio evolution



Source: Company data

- Introduction of **cost management unit** at Group level
- **Operational costs reduction** thanks to branch closures, rent re-negotiations, etc.
- Sharp **decrease of advisory fees** and **institutional expenses** (e.g. sponsorships)
- Benefit deriving by a **significant headcount reduction, only partially counterbalanced** by new national labour contract application and **discretional advancements and salaries increase**
- **One-off impact on personnel costs for redundancy funds** equal to €65 mn in 2016 and €16 mn in 2019

2020 Strategy: excellent focused credit management platform to achieve a better loan mix

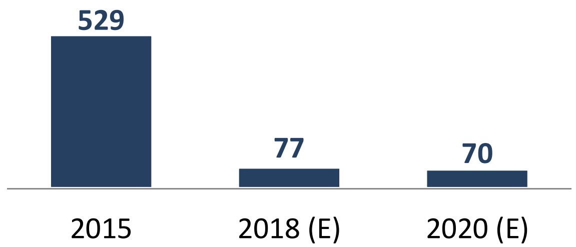
4

Initiatives

Credit Strategy	■ **Pervasive and binding credit policies**
Underwriting Processes	■ **Overall review of processes and systems:** - New underwriting process (specialized by segment and "time to yes") - "Fast Banking" for small / good product / clients
"Preventive" management (Early Warning)	■ **Dedicated "preventive" management:** - **Early warning system** to immediately individuate potential risky customer - **"Pre default" management workflow** with dedicated / tailored strategies ■ **Strengthening of credit monitoring team and tools**
Active management (Unlikely to Pay)	■ **Strengthened Unlikely to Pay management to maximize value from current stock** introducing an "integrated active model" ■ **Introduction of a specialized approach / unit** for managing Real Estate exposure and Restructuring
AIRB	■ **Adoption of AIRB models** during business plan horizon (not included in P&L and capital estimate)

KPI

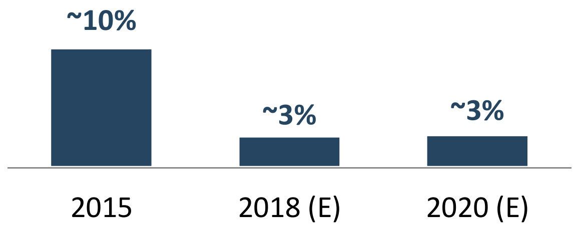
Cost of risk *(bps)*



Delta 15 – 20

-459 bps

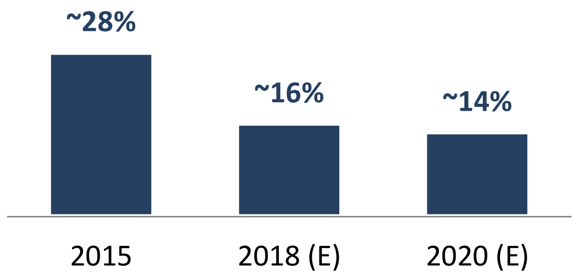
New flows from regular to NPE *(%)*[1]



Delta 15 – 20

~ -7 p.p.

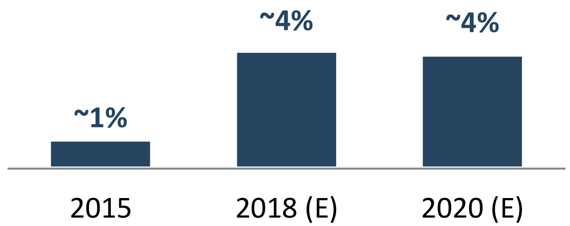
New flows from UTP[2] to NPL (%)[1]



Delta 15 – 20

~ -14 p.p.

Flows from "Unlikely to Pay"[2] to regular *(%)*[1]



Delta 15 – 20

~ 3 p.p.

(1) Calculated as percentage of GBV at the reference date; (2) Net of loans related to financed capital classified as UTP
Source: Company data

4 2020 Strategy: structural review of NPL management approach to improve NPL collection rate and reduce NPE weight on BS

Initiatives

Strategic Partnership

- **Long term strategic partnership** with high standing market operator on selected NPL portfolios

Excellent Recovery Model

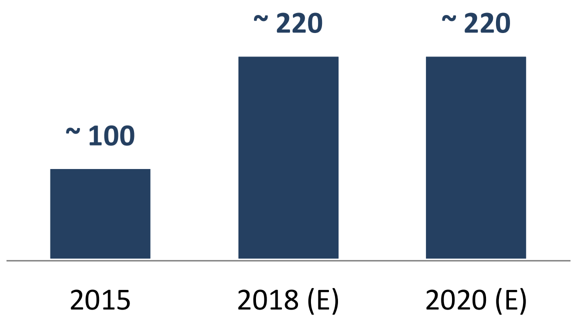
- **Focus of internal resources on high- value positions**
- **Enhanced Recovery Model:**
  - New portfolio strategy segmentation
  - Workload optimization
  - IT applicative software enhancement
  - KPI/ Process metrics

Disposal

- **Portfolio "cleaning" through NPL disposals** within business plan time horizon **for €1.5 bn**
- Disposal focused on high covered position with no / minimal **impact on profit loss**

KPI

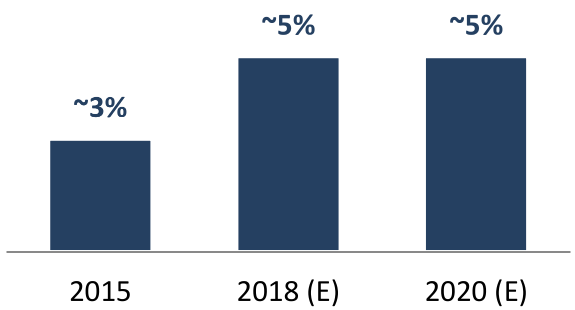
Collection on NPL *(€mn)*



Delta 15 – 20

~ €120 mn

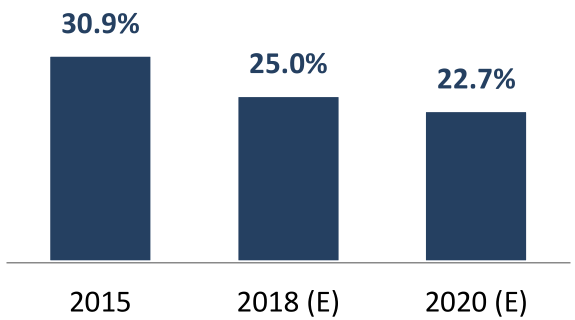
% of NPL[2]



Delta 15 – 20

~2 p.p.

NPE/ Gross Loans *(%)*



Delta 15 – 20

-8.3 p.p.

(1) Parent Company figures. 2018 and 2020 estimated assuming outsourcing/disposal of exposures up to €300M, accounting for around 70% of credit files number; (2) Calculated as percentage of GBV at the reference date

Source: Company data

4 BPVi's business plan: key financial targets and highlights

Income statement (€mn)	2015	2018 (E)	2020 (E)	CAGR 15 – 18	CAGR 15 – 20
Net Interest Income	504	579	669	4.8%	5.8%
Net commissions	322	401	453	7.6%	7.1%
Net result of the proprietary portfolio	163[1]	84	85	(19.9%)	(12.2%)
Total Revenues	**1,053**	**1,143**	**1,289**	**2.8%**	**4.1%**
Operating costs	(754)[2]	(622)	(613)	(6.2%)	(4.0%)
Net operating income	**298**	**522**	**676**	**20.5%**	**17.8%**
Net Impairment adj. on loans and advance	(1,333)[3]	(220)	(214)	(45.2%)	(30.7%)
Net Income	**(1,407)**	**202**	**309**	**n.m.**	**n.m.**

Loans & Deposits (€bn)	2015	2018 (E)	2020 (E)	CAGR 15 – 18	CAGR 15 – 20
Net Loans[4]	25.1	28.2	30.1	4.0%	3.7%
Direct Funding[4]	21.9	26.4	28.2	6.4%	5.2%
Indirect Funding[5]	14.6	18.6	20.6	8.6%	7.2%
of which AUM	*7.0*	*10.8*	*12.5*	*15.2%*	*12.1%*
Total Funding	36.5	45.1	48.8	7.3%	6.0%
RWA[6]	24.9	26.8	28.2	2.5%	2.6%

Main KPIs		2015	2018 (E)	2020 (E)	Delta 15 – 18	Delta 15 – 20
Profitability	Rote Adjusted[7]	(36.2%)	5.6%	8.2%	41.8 p.p.	44.4 p.p.
Efficiency	Cost / Income	71.6%	54.4%	47.6%	(17.2 p.p.)	(24.0 p.p.)
Liquidity	LCR	47.5%	115.4%	122.0%	67.9 p.p.	74.5 p.p.
Capital	CET1	6.7%	12.0%	12.9%	5.3 p.p.	6.2 p.p.
	TCR	8.1%	12.9%	13.7%	4.8 p.p.	5.6 p.p.
	Leverage Ratio	4.4%	7.7%	8.5%	3.3 p.p.	4.1 p.p.
Risk / Asset Quality	Cost of Risk	529	77	70	(452 bps)	(459 bps)
	Texas Ratio[8]	210.9%	110.7%	95.3%	(100.1 p.p.)	(115.6 p.p.)
	Coverage Ratio NPE[9]	42.4%	45.0%	46.7%	2.6 p.p.	4.3 p.p.

Key highlights

- Net income forecasted at €309 mn corresponding to **ROTE adjusted at 8.2% in 2020**
- Good level of efficiency **(cost / income < 50%)**
- **Normalized cost of credit** at “pre crisis” level (**70bps**), increased **coverage ratio (46.7%)** and NPEs volumes reduced also thanks to NPLs disposals
- Strong fundamentals in terms of capital (**CET 1 >12%**) and liquidity (**LCR >120%**)
- **Pay-out ratio equal to 50% from 2017** (subject to regulatory requirements)
- Further potential **capital benefits** from **AIRB adoption, reimbursement of financed capital**, **non-strategic assets disposals,** currently not included in the Business Plan

(1) Including €37 mn related to the disposal of Save, Agripower, 21 Investimenti, Consorzio Triveneto and Pittarosso; (2) Including the extraordinary contribution to the National Resolution Fund (€41 mn) and extraordinary expenses for transformation into Joint Stock Company (€11 mn) and top management turnaround (€10 mn); (3) Including €460 mn related to the effect of the financed capital; (4) Net of REPOs with CCG; (5) Excluding BPVi shares; (6) Calculated with Standardized approach; (7) ROTE Adjusted calculated on Tangible Equity net of non-distributable equity reserve related to financed capital (€304mn); (8) Texas Ratio calculated as Net NPE / Tangible Equity (2015 = 239.8% if Tangible Equity adjusted deducting capital filter); (9) Including write-off

Source: Company data

Annex

Main Key Financials

Reclassified Consolidated Income Statement (in millions of euro)	31/12/2013	31/12/2014	31/12/2015
Net interest income	528.4	511.1	503.9
Dividends and Profit (loss) from equity investments	20.0	29.4	47.9
Net financial income	**548.4**	**540.4**	**551.8**
Net fee and commission income	276.2	301.3	322.4
Net profit from the proprietary portfolio	206.7	186.8	163.0
Other net income	51.8	48.8	15.3
Operating income	**1,083.1**	**1,077.4**	**1,052.6**
Administrative costs:	(621.8)	(633.6)	(718.4)
- payroll	*(392.3)*	*(402.0)*	*(410.4)*
- other administrative costs	*(229.5)*	*(231.6)*	*(308.0)*
Depreciation	(35.6)	(35.6)	(35.7)
Operating costs	**(657.4)**	**(669.1)**	**(754.2)**
Net profit from operating activities	**425.7**	**408.3**	**298.5**
Net impairment adjustments	(454.6)	(1,521.3)	(1,826.9)
- o/w LLP	*(432.4)*	*(868.5)*	*(1,333.4)*
- o/w Impairment of Goodwill and other Intangibles	-	*(600.0)*	*(334.6)*
- o/w AFS and Associates	*(16.5)*	*(36.2)*	*(171.2)*
- o/w Other	*(5.8)*	*(16.6)*	*12.2*
Net provisions for risks and charges	(12.3)	(18.5)	(513.1)
Gains (losses) on disposal/evaluation of investments	7.5	(2.8)	149.0
Net income for the period before tax	**(33.7)**	**(1,134.3)**	**(1,892.5)**
Income tax	3.3	376.7	486.3
Minority interests	(1.7)	(0.9)	(0.8)
Net profit (loss) of the period	**(32.2)**	**(758.5)**	**(1,407.0)**

Main Key Financials *(cont'd)*

ASSETS (€mn)	**31/12/2013**	**31/12/2014**	**31/12/2015**
Loans and advances to customers	30,892.7	28,110.6	25,178.1
Loans and advances to banks	2,794.0	2,254.9	2,150.1
Financial assets held for trading	2,069.1	7,579.4	3,408.6
Other cash financial assets and hedging derivatives (1)	4,217.8	5,466.6	5,766.7
Equity investments	385.0	494.9	492.7
Property, plant and equipment and intangible assets (2)	1,571.0	974.2	609.2
Other assets (3)	3,306.4	1,594.3	2,177.9
Total assets	**45,236.0**	**46,474.9**	**39,783.4**

LIABILITIES AND EQUITY (€mn)	**31/12/2013**	**31/12/2014**	**31/12/2015**
Direct deposits (4)	31,662.7	30,373.1	21,942.7
Deposits from banks	7,053.5	4,757.8	9,973.5
Financial liabilities held for trading	1,733.2	5,956.5	2,772.0
Hedging derivatives	411.1	525.4	887.6
Other liabilities (5)	728.5	1,130.5	1,673.5
Group equity (6), (7)	3,647.2	3,731.5	2,534.1
- of which Parent Bank's profit (loss)	*(32.2)*	*(758.5)*	*(1,407.0)*
Total assets	**45,236.0**	**46,474.9**	**39,783.4**

KEY RATIOS (%)	**31/12/2013**	**31/12/2014**	**31/12/2015**
RWA (€/mln)	28,061.0	28,985.0	24,884.0
CET 1 ratio	9.2%	10.4%	6.7%
Total Capital Ratio	11.8%	11.6%	8.1%
Leverage Ratio	n.a.	7.3%	4.4%
Net non perfoming exposures (NPE)/net loans to customers	12.7%	15.0%	21.1%
Bad loans/net loans to customers	5.1%	6.0%	7.5%
Net NPE coverage (8)	31.1%	37.9%	42.4%
Bad loans coverage (8)	48.7%	54.1%	59.3%
Cost of credit (9)	1.4%	3.1%	5.3%
Loans to customers / direct deposits	97.6%	92.6%	114.7%
LCR (10)	n.a.	95.3%	47.5%
Cost / Income	60.7%	62.1%	71.6%

> 12% post capital increase

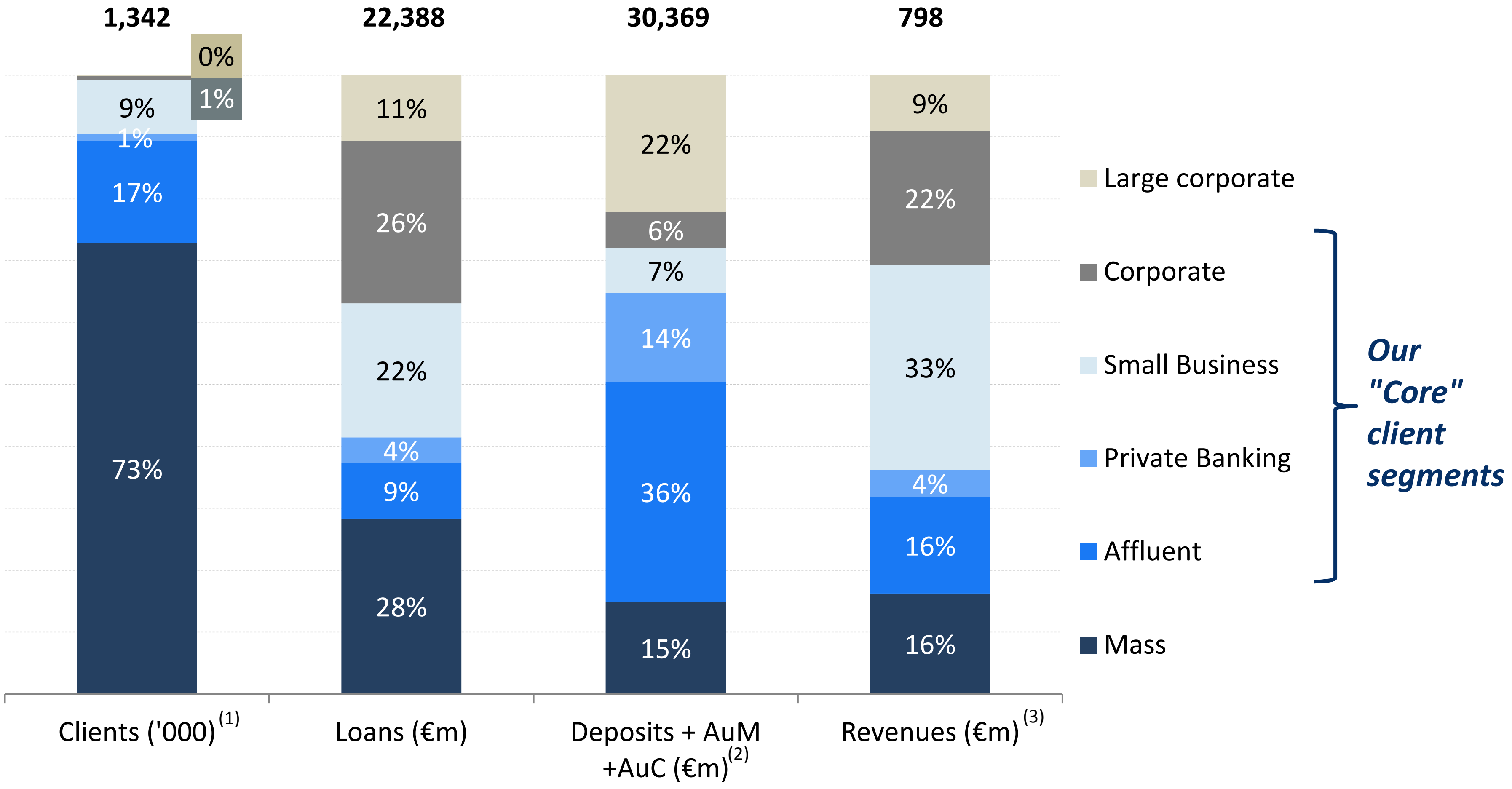
> 8.5% post capital increase

> 80% at January 2016

(1) They include Financial assets at fair value, Financial assets available for sale, Financial assets held to maturity and Hedging derivatives; (2) They include Tangible assets and Intangible assets; (3) They include Cash and cash equivalents, Remeasurement of financial assets backed by macro hedges, Tax assets and Other assets; (4) They include Due to customers, Securities in issue and Financial liabilities at fair value; (5) They include Tax liabilities, Other liabilities, Provision for severance indemnities, Provisions for risks and charges and Minority interests; (6) It includes Valuation reserves, Equity instruments, Reserves, Additional paid-in capital, Share capital, Treasury shares and Net profit (loss) for the year; (7) It Includes restricted reserves of €304.4 mn related to financed capital and €57.0 mn related to the two capital increase campaigns aiming at broadening our customer base; (8) The coverage is calculated including partial write-offs for bankruptcy proceedings still in progress at the reporting date ("write-offs"); (9) Calculated by dividing LLPs by net loans; (10) The indicator is calculated by dividing "operating costs" by " operating income" of the reclassified P&L

Client base: core client segments accounting for approx. 75% of bank's client-revenues

Client base distribution (segmentation 2016[1])

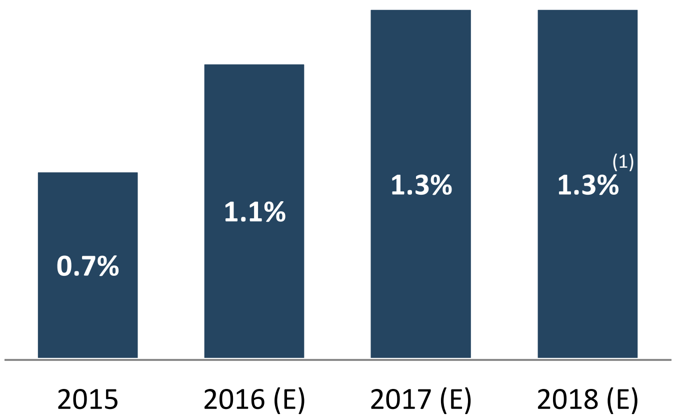


Notes: (1). Commercial segments only, excluding employees and other financial counterparties (i.e. SPV); Current client segmentation based on the following criteria: Affluent (total customer assets managed > €75k), Private (total customer's assets managed > €1mn), SME (Business Clients with annual revenues > €10mn), Large Corporate (Business Clients with annual revenues > €250mn) including financial corporate (i.e. Cattolica Assicurazioni); (2). Not including BPVI shares; data as of Dec 2015 pro-forma for 2016 segmentation criteria; (3) Revenues based on internal managerial accounting including: interests on customer loans and customer deposits, commissions from AUM and other services; data as of Dec 2015 pro-forma on 2016 segmentation criteria

Sources: Company data

Business Plan economic and market outlook

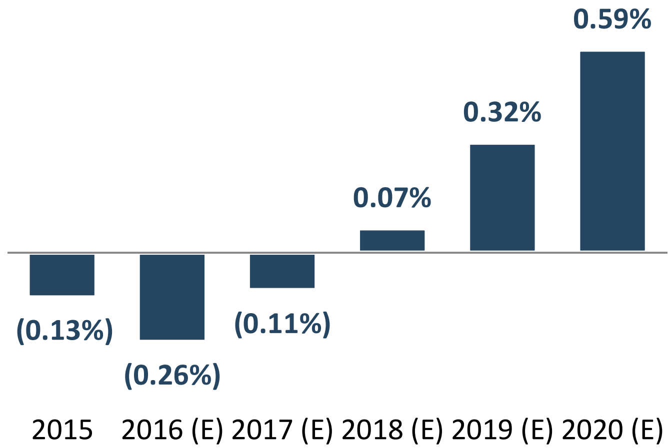
GDP (y/y % change)



Delta 15 – 18

0.6 p.p.

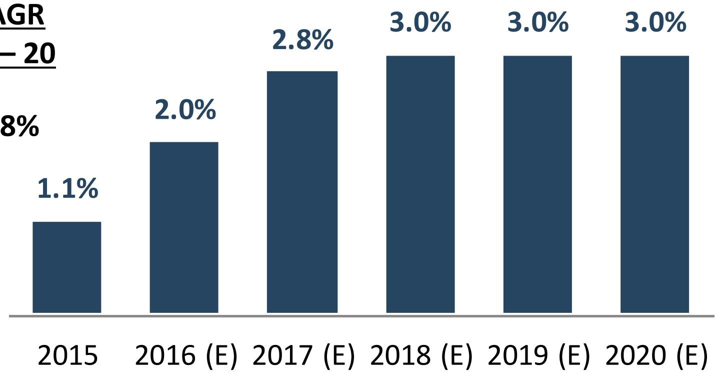
Euribor 3M



Delta 15 – 18	Delta 15 – 20
0.2 p.p.	0.7 p.p.

Gross loans to customers (y/y % change)

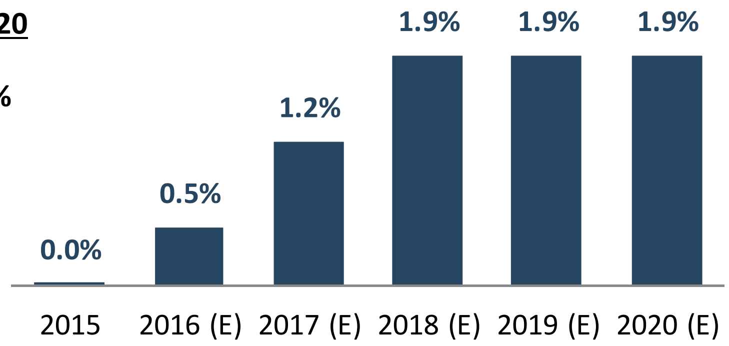
CAGR 15 – 18	CAGR 15 – 20
2.6%	2.8%



	2015	2016 (E)	2017 (E)	2018 (E)	2019 (E)	2020 (E)
ST	(5.1%)	0.9%	2.5%	2.7%	2.7%	2.7%
MLT	3.6%	2.7%	3.3%	3.5%	3.5%	3.5%

Direct funding (y/y % change)

CAGR 15 – 18	CAGR 15 – 20
1.2%	1.5%



	2015	2016 (E)	2017 (E)	2018 (E)	2019 (E)	2020 (E)
Current accounts	8.3%	3.0%	1.4%	1.0%	1.0%	1.0%
Bonds	(12.8%)	(9.5%)	(3.7%)	1.2%	1.2%	1.2%
Term deposits	(6.7%)	3.5%	4.1%	4.4%	4.4%	4.4%

(1) 2018 GDP figure taken from "*Rapporto di Previsione*" December 2015 as not showed in "*Rapporto di Previsione*" February 2016 | Sources: BPVi elaboration on Prometeia data ("*Aggiornamento Rapporto di Previsione*" February 2016 for GDP and Euribor and "*Aggiornamento Rapporto di Previsione*" December 2015 for Loans and Direct Funding)

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