PRESS RELEASE

BPER: positive result of the Comprehensive Assessment 2014

The asset quality review and the stress tests performed by the ECB and EBA confirm BPER's financial solidity, so no capital measure required

The CET1 ratio significantly exceeds the 8% threshold after both the Asset Quality Review (AQR) and the baseline stress test scenario (i.e. after the "join-up") and comes in over 10% considering the effects of the € 750 million increase in capital completed in July 2014

Compared with the adverse stress test scenario for 2016, the Bank is showing a capital excess around € 630 million thanks to these steps taken to strengthen the capital, without taking into account the potential benefits from the validation of internal models

Result of the AQR positive also in comparison with the Italian banking system.

Additional adjustments to loans are not expected as a result of the AQR on the individual positions analysed as part of the Credit File Review, thanks to the prudent approach taken by the Bank in terms of loan loss provisions and coverage also in 1H14

Result of the Comprehensive Assessment (CA) after "joining up" the asset quality review with the adverse stress test scenario for 2016:

- Common Equity Tier 1 ratio (CET1 ratio) of 6.90%, which is 140 bps (i.e. around € 630 million) higher than the required minimum of 5.5% if we incorporate the impact of the main capital strengthening measures which provide an ample capital reserve, confirming the excellent level of capital solidity achieved by BPER (the CET1 ratio rises to 7.02% if we also consider the lower deductions for equity investments);
- Even without considering the impact of these measures, the "join-up" exercise reveals a marginal capital shortfall of 28 bps (CET1 ratio of 5.22%) depending on the application of predefined assumptions and extreme economic/financial projections which are highly unlikely to take place.

Summary table of results of the Comprehensive Assessment:

	Results disclosed by the ECB						Excess/Shortfall after the AQR, including main capital strengthening measures (2) (3)	Results including other capital strengthening measures	
	Excess/Shortfall after the AQR	Excess/Shortfall after the ST baseline	Excess/Shortfall after the ST adverse	Min Excess/Max Shortfall	Main capital strengthening measures (1)	Excess/Shortfall, including main capital strengthening measures		Other capital strengthening measures	Final Excess/Shortfall, including all capital strengthening measures
	A	B	C	D = min(A,B,C)	E	F = D+E	**G = A+E**	H	**I = D+E+H**
€/mn	161.8	149.4	-127.6	-127.6	759.1	631.5	**920.9**	0	**631.5**
bps	37	33	-28	-28	169	141	**212**	0	**140**

Main capital strengthening measures (E) include: Rights issue of 750 €/mn and the after-tax gain on the Bper Group's stake in the Bank of Italy of 9 €/mn

(1): value expressed in bps calculated using RWA corrisponds to 2016 "adverse" scenario

(2): value expressed in bps calculated using post-AQR RWA

(3): value in bps calculated as sum of A + E where E is re-calculated using RWA post-AQR and equal to 175 bps

This exercise, carried out by the European Central Bank (ECB) in collaboration with the National Competent Authorities (NCAs) of the Member States participating in the European Single Supervisory Mechanism (SSM) and with the support of independent third parties, involved 130 large banks at a European level and lasted around 12 months. The end of this long process of risk analysis anticipates the launch of the SSM, which is scheduled for 4 November.

The main objectives of this assessment are to increase the transparency of banks' financial statements by improving the quality of information made available and to strengthen investor confidence by ensuring the solidity and reliability of the European banking system.

In a nutshell, it is worth remembering that the CA is based on two fundamental pillars:

1) an asset quality review (AQR) to enhance the transparency of bank balance sheets by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions by using a standard methodology. In assessing the results of the AQR, one has to bear in mind that the banks's financial statements were reviewed, also by bank inspectors, as of 31 December 2013, at a time when the economy was going through a serious recession;

2) a stress test, performed in close collaboration with the European Banking Authority (EBA), in order to assess the resilience of banks' balance sheets in various macroeconomic and market scenarios; two particular scenarios were taken as points of reference, the first being the so-called “baseline scenario”, based on the macroeconomic forecasts of the European Commission, while the second is the so-called “adverse scenario”, based on a hypothetical situation that is plausible but extreme, as it features a low level of probability, while involving major systemic risks. For this reason, as stated by the BCE, the outcomes of the stress test are in no way intended as long-term forecasts of financial performance nor as a projection of the banks' capital ratios.

The BCE's in-depth assessment differs from previous stress tests carried out at EU level as it involves combining the results of the AGR with the stress test ("join-up”); the results of the AQR were therefore used to adjust the starting point of the stress test, making it more conservative compared with similar tests carried out in the past.

The CA establishes minimum capital requirements that are higher than minimum regulatory level of 4.5%: namely, 8% for the AQR and stress test in the baseline scenario; 5.5% for the stress test in the adverse scenario.

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Modena – 26 October 2014. The Board of Directors of Banca popolare dell'Emilia Romagna met to examine the results of the Comprehensive Assessment announced today.

*Alessandro Vandelli, CEO of BPER, commented: “I am very pleased with the outcome of the Comprehensive Assessment, which confirms the excellent level of capital solidity achieved by our Bank, also in comparison with our European peers. BPER comes out of this exercise, which was performed with extreme rigour and severity by the Supervisory Authorities and EBA, without revealing any capital deficiencies that need filling; on the contrary, reporting a significant excess of approximately € 630 million over and above the required minimum, thanks to the contribution of the capital measures implemented during the course of the year. In this context, I think it is worth emphasising a number of key aspects: the exercise was carried out without considering the expected benefits to be derived from the validation of internal models (*AIRB*) and this ought to be taken into consideration when making comparisons with other Italian and European banks; the level of capitalisation after the Asset Quality Review is well above the minimum threshold and comes to more than 10% considering the effect of the principal measures taken* *to strengthen BPER's capital. The result of the AQR is positive also in comparison with the Italian banking system. Moreover, based on internal evidence and thanks to the prudent approach constantly taken by the Bank in terms of loan loss provisions and coverage, additional adjustments to loans are not expected as a result of the AQR on the individual positions analysed as part of the Credit File Review. In a nutshell, I am convinced that the excellent result achieved, thanks to the combined effect of the measures implemented in recent years to make the Group more solid and efficient, provide confirmation that the right steps were taken to increase loan loss coverage, on the one hand, and to strengthen our capital base, on the other. The important work that has been carried out is the starting point for the implementation of our new business plan in which we have been heavily involved in recent months and which will see the light at the beginning of next year. At the end of this difficult and challenging journey which has lasted the best part of a year, I would like to express my sincere thanks to all of the staff who have worked with great dedication to ensure that the AQR and stress test could be carried out as efficiently as possible."*

Result of the Asset Quality Review

Result of the Asset Quality Review (AQR)		**Results of the Comprehensive Assessment (CA)**	**CA results INCLUDING main capital strengthening measures (*)**
CET1 Ratio at year end 2013 including retained earnings / losses of 2013	(%)	**9.15%**	**10.90%**
Aggregated adjustments due to the outcome of the AQR	Basis Points Change	-78	-78
AQR adjusted CET1 Ratio	(%)	**8.37%**	**10.12%**

(*): Main capital strengthening measures include: Rights issue of 750 €/mn and the after-tax gain on the Bper Group's stake in the Bank of Italy of 9 €/mn

- The CET1 ratio after the AQR is equal 8.37%, well above the minimum threshold of 8% set by the ECB even before the main measures to strengthen capital (10.12% including such measures).

Result of the stress test after "joining up" with the AQR:

Result of the Stress Test				
Baseline scenario	**2013**	**2014**	**2015**	**2016**
CET1 Ratio (%)	**8.38%**	**8.45%**	**8.37%**	**8.33%**
Shortfall (%)	**0%**	**0%**	**0%**	**0%**
Capital shortfall (€/mn)	**0.00**	**0.00**	**0.00**	**0.00**
Adverse scenario	**2013**	**2014**	**2015**	**2016**
CET1 Ratio (%)	**8.38%**	**6.92%**	**6.09%**	**5.22%**
Shortfall (%)	**0%**	**0%**	**0%**	**0.28%**
Capital shortfall (€/mn)	**0.00**	**0.00**	**0.00**	**127.60**

- In the baseline stress scenario, the CET1 ratio does not show any shortfall, being well above the minimum requirement and, in the worst case for 2016, coming to 8.33% (versus a minimum benchmark of 8%), which increases to 10.03% if we take into consideration the capital strengthening measures already implemented (CET1 ratio of 10.06% if we consider the lower deductions for equity investments).

- In the adverse stress scenario, the CET1 ratio shows a marginal shortfall of 28 bps (€ 127.6 million) in the worst case for 2016, compared with the minimum requirement of 5.5% (CET1 ratio of 5.22%). This figure is very small if compared with the capital strengthening measures already carried out, which result in a capital excess of around € 630 million (CET1 ratio of 6.90%, which rises to 7.02% if we consider the lower deductions for equity investments).

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The Manager responsible for preparing the Company's financial reports, Emilio Annovi, declares in accordance with art. 154-bis, para. 2, of D.Lgs. 58/1998 (Consolidated Finance Act) that the accounting information contained in this press release agrees with the books of account, accounting entries and supporting documentation.

Modena – 26 October 2014

Manager responsible for preparing
the Company's financial reports
Emilio Annovi

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The press releases and documentation on the results of the comprehensive assessment, the asset quality review and the stress test are available on the websites of the European Central Bank, the European Banking Authority and the Bank of Italy:

https://www.ecb.europa.eu/

http://www.eba.europa.eu/

https://www.bancaditalia.it/

The press releases on BPER's results are available on the website of the BPER Group at the following address:

http://www.gruppobper.it/

This press release is also available in the 1INFO storage device.

This is a translation into English of the original in Italian. The Italian text shall prevail over the English version.

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