Press Release

GRUPPO VENETO BANCA

Montebelluna, 26 October 2014

THE VENETO BANCA GROUP PASSES THE EUROPEAN EXAMS WITH THE MITIGATION ACTIONS ALREADY CARRIED OUT IN THE FIRST 9 MONTHS OF 2014

Chairman and general director very satisfied for the results

The Veneto Banca Group, acknowledging the communications on Comprehensive Assessment made known today by the ECB, the EBA and the Bank of Italy, communicates that – including the mitigation measures already implemented in the first nine months of 2014 and recognised by the Bank of Italy, the ECB and the EBA – it recorded the following results in the Stress Test exercise, which forms an integral part of the Comprehensive Assessment, together with the Asset Quality Review (AQR):

- **"Baseline" Scenario: Post-Comprehensive Assessment CET1 of 8,6%, compared with the minimum threshold of 8%**
- **"Adverse" Scenario: Post-Comprehensive Assessment CET1 of 5,6%, compared with the minimum threshold of 5.5%**

Therefore, the Veneto Banca Group will not be required to submit any other capital strengthening measure related to the Comprehensive Assesment.

Veneto Banca chairman, Francesco Favotto, comments: "The results announced by European and national Authorities confirm that our bank is a sound and reactive company that can compete as a protagonist in Europe as it already does in Italy". I would like to thank again our 88.000 shareholders that, with their usual sustenance, has supported us to pass this important test".

Veneto Banca general manager, Vincenzo Consoli, proudly states: "The first ones I would like to thank are all the colleagues that worked hard to get this significant goal, an outcome that allows us to continue our development process and to serve with a new strength our territories, their families and their enterprises. Of course, along with the chairman, I thank our shareholders for their lasting support during the years".

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Results disclosed by the ECB						Excess/Shortfall after the AQR, including main capital strengthening measures	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
-583	-574	-714	-714	+738	+24	+155	0	24

Note: data in € mln

(1): Memo in capital strengthening measures

- Raising of CET1 capital (including valuation of Bank of Italy stake) between January and September 2014 483,16
- Conversion to CET1 of hybrid instruments effective between January and September 2014 353,74
- Repayment of CET1 capital, buybacks, between January and September 2014 -99,09

The Comprehensive Assessment, launched in September 2013, was conducted by the European Central Bank (ECB) and the European Banking Authority (EBA), in close collaboration with the European Systemic Risk Board (ESRB), the Bank of Italy and the European Commission.

The Comprehensive Assessment exercise involved 123 European banks considered significant for their size and consisted of an in-depth and rigorous examination of the 2013 financial statements and of the risk profile of the banks under scrutiny, with a view to the operational launch of the Single Supervisory Mechanism planned for 4 November 2014.

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In particular, there were three main objectives of this exercise: a) to increase the degree of transparency of the banking system; b) to adopt any corrective action necessary for the stability of the system; c) to strengthen confidence in relation to banks.

The Comprehensive Assessment is made up of:

1. **Risk Analysis** and an assessment of the intrinsic risk profile of the bank and of its vulnerability to external factors.
2. **Asset Quality Review (AQR)**: an examination of the financial statements as at 31 December 2013; rigorous analysis of financial and loan exposures in the bank's portfolio, carried out on the basis of a large and significant sample of exposures selected for their level of risk.
3. **Stress Test**: an examination of the bank's resistance over a three-year time horizon, measured in two scenarios: "Baseline" and "Adverse". In particular, the Stress Test assesses the bank's ability to absorb the hypothetical shock factors envisaged in the exercise, verifying the future capital adequacy on the basis of achieving the minimum levels of CET1 ratio: 8% for the "Baseline" scenario and 5.5% for the "Adverse" scenario. This, like the AQR, was submitted to rigorous revision by both the Bank of Italy and the ECB, as well as by the EBA itself.

A summary outline of the results of the Comprehensive Assessment, distinguishing between the impacts deriving from the AQR, the Stress Test and the Join-up process, is presented below. For the details, please see the tables published by the EBA, the ECB and the Bank of Italy on their respective institutional websites and attached to this Press Release.

In particular, based on a CET1 as at 31 December 2013 of 7.33%:

- the impact of the AQR generated a shortfall of € 583 mln (-230 bps);
    - write-downs amounted to approximately € 400 mln net (approximately € 571 mln before tax), and can be broken down as follows:

	Provision for Credit File Review	Statistical projections on unsampled exposures	Provision for Challenger Model	Total
Impacts				
amount before tax*	276	114	181	571
amount after tax*	**193**	**80**	**126**	**400**
% distribution	48%	20%	32%	100%

** Taxation assumed as 30%, as per Comprehensive Assessment indications*

- given that the analytical details that led to quantification of the result of the AQR exercise have not been made known by the Supervisory Authorities, these write-downs, on the basis of the information received up to now:
    - are based on the activity of reclassification as "*forborne*" which involved approximately 66% of "corporate" exposures, a category that up to now has still not been definitively regulated in the national legislation;
    - the impacts in terms of write-downs associated with the remaining 34% of reclassified exposures are already substantially included in the provisions set aside as at 30 September 2014.
- or write-downs ascribable to the new category of "forborne", as also for the differences emerging from application of the model used by the ECB in calculating the collective ("Challenger model", the impact of which in terms of write-downs was approximately € 127 mln net), we reserve the right to assess any recognition in the financial statements on the basis of more precise indications by the national and European Supervisory Bodies.

- the impact of the "Baseline" stress scenario generated a shortfall of € 574 mln (-222 bps);
- the impact of the "Adverse" stress scenario generated a shortfall of € 714 mln (-277 bps).

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These results, however, do not include the mitigation actions already carried out by the Veneto Banca Group during the first 9 months of 2014 which, according to the Comprehensive Assessment rules, constitute remedial actions which satisfy the minimum levels of CET1 envisaged in the Stress Test, for a total amount of € 738 mln (+286 bps). In fact, the Veneto Banca Group:

- on 4 August 2014, carried out a Capital Increase of approximately + € 483 mln (+ 187 bps), included the revaluation of the interest held in the Bank of Italy for an amount of € 9 mln;
- on 30 June 2014, converted the Convertible Bond into ordinary shares, for an amount of approximately + € 354 mln (+ 137 bps);
- did a buyback for an amount of - € 99 mln (- 38 bps).

As a result of the actions listed above, reported on the Bank of Italy press release, the "Adverse" scenario shortfall is already fully covered, with a 5,6% CET1 based on the Comprehensive Assesment tests, higher than the minimum 5,50% threshold.

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Mr Stefano Bertolo, Executive Appointed for the preparation of the company accounts of Veneto Banca s.c.p.a, declares, in accordance with Art. 154-bis, paragraph 2, of Italian Legislative Decree 58 of 24 February 1998, that the accounting disclosure contained in the present document corresponds to the documentary evidence, and to the accounting books and records.

Executive Appointed
for the preparation of the company accounts
(Mr Stefano Bertolo)

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2014 COMPREHENSIVE ASSESSMENT OUTCOME

ECB PUBLIC

NAME OF THE ENTITY	ITVENE	Veneto Banca S.C.P.A.

1 Main Results and Overview

A MAIN INFORMATION ON THE BANK BEFORE THE COMPREHENSIVE ASSESSMENT (end 2013)

			END 2013
A1	Total Assets (based on prudential scope of consolidation)	Mill. EUR	37.105,00
A2	Net (+) Profit/ (-) Loss of 2013 (based on prudential scope of consolidation)	Mill. EUR	-100,00
A3	Common Equity Tier 1 Capital according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014	Mill. EUR	1.844,39
A4	Total risk exposure * according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014	Mill. EUR	25.166,70
A5	Total exposure measure according to Article 429 CRR "Leverage exposure"	Mill. EUR	39.639,00
A6	CET1 ratio according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014 A6=A3/A4	%	7,33%
A7	Tier 1 Ratio (where available) according to CRD3 definition, as of 31.12.2013 as reported by the bank	%	7,87%
A8	Core Tier 1 Ratio (where available) according to EBA definition	%	7,33%
A9	Leverage ratio	%	5,02%
A10	Non-performing exposures ratio	%	11,30%
A11	Coverage ratio for non-performing exposure	%	30,18%
A12	Level 3 instruments on total assets	%	1,38%

B MAIN RESULTS OF THE COMPREHENSIVE ASSESSMENT (CA)

B1	**CET1 Ratio** **at year end 2013 including retained earnings / losses of 2013** **B1 = A6**	%	**7,33%**
B2	Aggregated adjustments due to the outcome of the AQR	Basis Points Change	-162,94
B3	**AQR adjusted CET1 Ratio** **B3 = B1 + B2**	%	**5,70%**
B4	Aggregate adjustments due to the outcome of the **baseline** scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	Basis Points Change	8
B5	**Adjusted CET1 Ratio after Baseline Scenario** **B5 = B3 + B4**	%	**5,78%**
B6	Aggregate adjustments due to the outcome of the **adverse** scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	Basis Points Change	-296
B7	**Adjusted CET1 Ratio after Adverse Scenario** **B7 = B3 + B6**	%	**2,73%**

Capital Shortfall		Basis Points [1]	Mill. EUR
B8	to threshold of 8% for AQR adjusted CET1 Ratio	230	582,94
B9	to threshold of 8% in Baseline Scenario	222	573,81
B10	to threshold of 5.5% in Adverse Scenario	277	714,10
B11	**Aggregated Capital Shortfall of the Comprehensive Assessment** **B11 = max(B8, B9, B10)**	277	714,10

* Total risk exposure figure is pre-AQR. Please note that the corresponding Year End 2013 figure in the EBA Transparency template is post-AQR and therefore may not match exactly.

[1] RWA used corresponds to relevant scenario in worst case year

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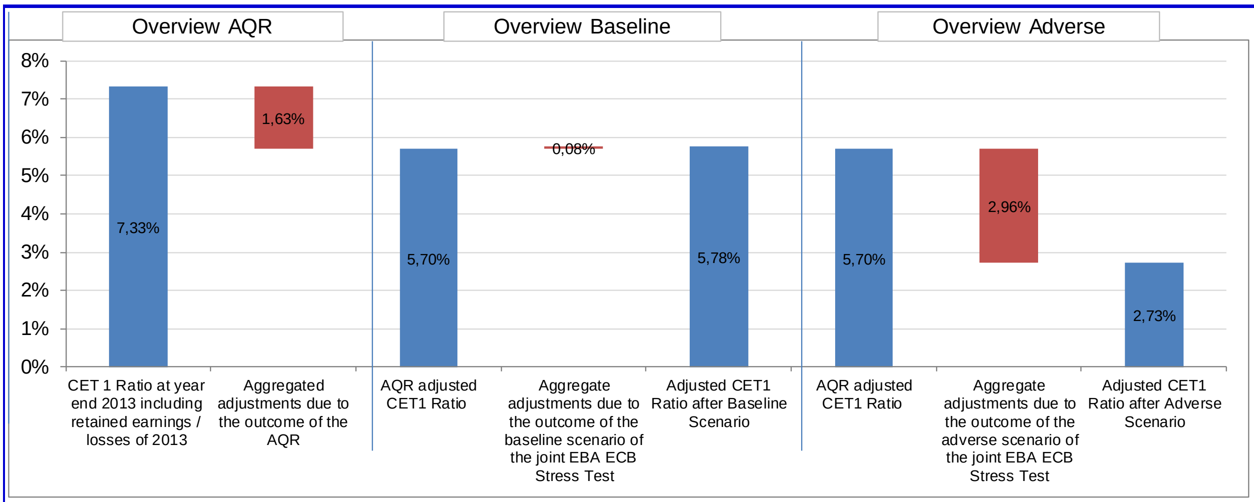

C MAJOR CAPITAL MEASURES IMPACTING TIER 1 ELIGIBLE CAPITAL FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014

Issuance of CET1 Instruments		*Impact on Common Equity Tier 1 Million EUR*
C1	Raising of capital instruments eligible as CET1 capital	483,16
C2	Repayment of CET1 capital, buybacks	-99,09
C3	Conversion to CET1 of hybrid instruments becoming effective between January and September 2014	353,74
Net issuance of Additional Tier 1 Instruments		*Impact on Additional Tier 1 Million EUR*
C4	with a trigger at or above 5.5% and below 6%	0,00
C5	with a trigger at or above 6% and below 7%	0,00
C6	with a trigger at or above 7%	0,00
Fines/Litigation costs		*Million EUR*
C7	Incurred fines/litigation costs from January to September 2014 (net of provisions)	-7,85