

PRESS RELEASE

BPER's draft separate and consolidated financial statements for 2019 approved

BPER's preliminary 2019 separate and consolidated results confirmed, as already approved and announced on 5 February 2020

Proposal of dividend of Euro 0.14 per share confirmed

Modena – 10 March 2020. The Board of Directors of BPER Banca today reviewed and approved the draft separate financial statements of the Bank and the consolidated financial statements of the Group at 31 December 2019, confirming the preliminary results already analysed and approved on 5 February 2020.

The Board approved the proposed allocation of the profit made by the Bank, with the distribution of a cash dividend of Euro 0.14 for each of the 520,627,948 shares representing the share capital (net of those held in portfolio at the ex-dividend date: 455,458 at 31 December 2019 and as of today's date), for a total maximum amount of Euro 72,887,912.72

Payment of the dividend, which will be submitted to the Shareholders' Meeting of 22 April 2020 for approval, is scheduled from 20 May 2020 onwards, according to the calendar of Borsa Italiana S.p.A. As regards its market price, BPER's stock will go ex-coupon on Monday, 18 May 2020, while the record date is scheduled for Tuesday, 19 May 2020.

The Board of Directors of BPER Banca also examined and approved the Report on corporate governance and ownership structure as per art. 123-bis of Legislative Decree 58/1998 (Consolidated Finance Act - TUF).

The draft financial statements of BPER Banca and the consolidated financial statements of the BPER Group with the attached Auditors' reports of Deloitte & Touche S.p.A., and the above mentioned Report, will be made available to the general public at the Head Office of the Bank, at the offices of Borsa Italiana S.p.A. and on the website of the Bank (www.bper.it) as required by law.

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

To complete the information provided, we attach the consolidated and separate balance sheets and income statements (the consolidated balance sheets also in a reclassified format) at 31 December 2019, as well as a summary of the main indicators.

Modena, 10 March 2020

BPER Banca S.p.A.
Chief Executive Officer
Alessandro Vandelli

The Manager responsible for preparing the Company's financial reports, Marco Bonfatti, declares in accordance with art. 154-bis, para. 2, of TUF that the accounting information contained in this press release agrees with the books of account, accounting entries and supporting documentation.

Modena, 10 March 2020

BPER Banca S.p.A.
Manager responsible for preparing the
Company's financial reports
Marco Bonfatti

Please note that following today's approval of the draft separate and consolidated financial statements for 2019, there will not be the usual conference call as one was held on 5 February 2020 after approval of the preliminary 2019 results.

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

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Reclassified financial statement as at 31 December 2019

For greater clarity in the presentation of the results for the year, the accounting schedules envisaged by the 6th update of Bank of Italy Circular no. 262/2005 have been reclassified as follows.

In the balance sheet:

- Debt securities valued at amortised cost (caption 40 *“Financial assets measured at amortised cost”*) have been reclassified under caption *“Financial assets”*;
- *“Other assets”* include captions 110 *“Tax assets”* and 130 *“Other assets”*;
- *“Other liabilities”* include captions 60 *“Tax liabilities”*, 80 *“Other liabilities”*, 90 *“Employee termination indemnities”* and 100 *“Provisions for risks and charges”*;
- assets and liabilities classified as held for sale (caption of Assets 120 *“Non current assets and disposal groups classified as held for sale”* and caption of Liabilities 70 *“Liabilities included in disposal groups classified as held for sale”*) are included in own specific caption.

In the income statement:

- *“Net income from financial activities”* includes captions 80, 90, 100 and 110 in the standard reporting format;
- Indirect tax recoveries, allocated for accounting purposes to caption 230 *“Other operating expense/income”*, have been reclassified as a reduction in the related costs under *“Other administrative expenses”* (Euro 137,269 thousand at 31 December 2019 and Euro 126,014 thousand at 31 December 2018);
- *“Net adjustments to property, plant, equipment and intangible assets”* include captions 210 and 220 in the standard reporting format;
- *“Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill”* include captions 250, 270 and 280 in the reporting format;
- *“Contributions to the SRF, DGS and IDPF-VS funds”* has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the *“Other administrative expenses”* as a better reflection of the trend in the Group's operating costs. In particular, at 31 December 2019, this caption represents the component allocated to administrative costs related to:
 - the 2019 ordinary contribution to the SRF (European Single Resolution Fund) for Euro 23,043 thousand;
 - the additional contribution required by SRF to the Italian Banks for the year 2017 equal to Euro 9,587 thousand;
 - the 2019 ordinary contribution to the DGS (Deposit Guarantee Scheme) for Euro 28,051 thousand.
- appropriate specifications (*“of which”*) have been included in *“Net interest income”*, *“Other administrative expenses”* and *“Net adjustments to property, plant, equipment and intangible assets”* captions in order to highlight the impacts of IFRS 16 application (from 1 January 2019¹) and in *“Net interest income”* caption in order to highlight the impacts of IFRS 9 application (from 1 January 2018).

¹ The *“of which interest expense lease liabilities IFRS 16”* and *“of which depreciation right of use IFRS 16”* captions show a value at 31 December 2018 referred to the interests and depreciations of *“Property, plant and equipment”* recognized as financial leases.

Reclassified consolidated balance sheet as at 31 December 2019

Assets	(in thousands)						
	31.12.2019	30.09.2019	Change	% Change	31.12.2018	Change	% Change
			31.12.2019	31.12.2019		31.12.2019	31.12.2019
			30.09.2019	30.09.2019		31.12.2018	-31.12.2018
Cash and cash equivalents	566,930	493,538	73,392	14.87	459,782	107,148	23.30
Financial assets	18,956,906	18,777,522	179,384	0.96	17,152,084	1,804,822	10.52
a) Financial assets held for trading	270,374	328,291	(57,917)	(17.64)	247,219	23,155	9.37
b) Financial assets designated at fair value	130,955	131,594	(639)	(0.49)	218,662	(87,707)	-40.11
c) Other financial assets mandatorily measured at fair value	692,995	662,663	30,332	4.58	662,744	30,251	4.56
d) Financial assets measured at fair value through other comprehensive income	6,556,202	6,911,141	(354,939)	(5.14)	8,560,568	(2,004,366)	-23.41
e) Debt securities measured at amortised cost	11,306,380	10,743,833	562,547	5.24	7,462,891	3,843,489	51.50
- banks	2,744,570	2,641,906	102,664	3.89	1,766,169	978,401	55.40
- customers	8,561,810	8,101,927	459,883	5.68	5,696,722	2,865,088	50.29
Loans	54,353,634	56,244,776	(1,891,142)	(3.36)	48,594,875	5,758,759	11.85
a) Loans to banks	2,321,809	3,722,040	(1,400,231)	(37.62)	1,540,509	781,300	50.72
b) Loans to customers	52,006,038	52,496,061	(490,023)	(0.93)	47,050,942	4,955,096	10.53
c) Financial assets measured at fair value	25,787	26,675	(888)	(3.33)	3,424	22,363	653.13
Hedging derivatives	82,185	65,401	16,784	25.66	35,564	46,621	131.09
Equity investments	225,869	251,613	(25,744)	(10.23)	446,049	(220,180)	-49.36
Property, plant and equipment	1,369,724	1,356,757	12,967	0.96	1,063,273	306,451	28.82
Intangible assets	669,847	612,235	57,612	9.41	445,689	224,158	50.29
- of which: goodwill	434,758	434,758	-	-	264,740	170,018	64.22
Other assets	2,808,403	2,893,584	(85,181)	(2.94)	2,437,451	370,952	15.22
Total assets	79,033,498	80,695,426	(1,661,928)	(2.06)	70,634,767	8,398,731	11.89

Liabilities and shareholders' equity	(in thousands)						
	31.12.2019	30.09.2019	Change	% Change	31.12.2018	Change	% Change
			31.12.2019	31.12.2019		31.12.2019	31.12.2019
			30.09.2019	30.09.2019		31.12.2018	-31.12.2018
Due to banks	12,213,133	12,353,388	(140,255)	(1.14)	13,126,248	(913,115)	-6.96
Direct deposits	58,055,608	58,166,847	(111,239)	(0.19)	49,996,419	8,059,189	16.12
a) Due to customers	52,220,719	51,769,432	451,287	0.87	44,594,863	7,625,856	17.10
b) Debt securities issued	5,834,889	6,397,415	(562,526)	(8.79)	5,401,556	433,333	8.02
Financial liabilities held for trading	165,970	247,347	(81,377)	(32.90)	143,824	22,146	15.40
Hedging derivatives	294,114	419,671	(125,557)	(29.92)	92,374	201,740	218.39
Other liabilities	3,013,126	4,075,781	(1,062,655)	(26.07)	2,379,334	633,792	26.64
Minority interests	131,662	176,160	(44,498)	(25.26)	507,457	(375,795)	-74.05
Shareholders' equity pertaining to the Parent Company	5,159,885	5,256,232	(96,347)	(1.83)	4,389,111	770,774	17.56
a) Valuation reserves	37,750	(39,838)	77,588	(194.76)	949	36,801	--
b) Reserves	2,035,205	2,088,106	(52,901)	(2.53)	1,619,469	415,736	25.67
c) Equity instruments	150,000	150,000	-	-	-	150,000	n.s.
d) Share premium reserve	1,002,722	999,373	3,349	0.34	930,073	72,649	7.81
e) Share capital	1,561,884	1,542,925	18,959	1.23	1,443,925	117,959	8.17
f) Treasury shares	(7,259)	(7,259)	-	-	(7,258)	(1)	0.01
g) Profit (Loss) for the year	379,583	522,925	(143,342)	(27.41)	401,953	(22,370)	-5.57
Total liabilities and shareholders' equity	79,033,498	80,695,426	(1,661,928)	(2.06)	70,634,767	8,398,731	11.89

Reclassified consolidated income statement as at 31 December 2019

		(in thousands)			
Captions		31.12.2019	31.12.2018	Change	% Change
10+20	Net interest income	1,164,539	1,122,437	42,102	3.75
	<i>of which IFRS 9 components*</i>	<i>43,643</i>	<i>76,367</i>	<i>(32,724)</i>	<i>-42.85</i>
	<i>of which interest expense lease liabilities IFRS 16</i>	<i>(1,834)</i>	<i>(64)</i>	<i>(1,770)</i>	<i>--</i>
40+50	Net commission income	931,950	776,265	155,685	20.06
70	Dividends	14,101	34,339	(20,238)	-58.94
80+90+100+110	Net income from financial activities	113,993	104,022	9,971	9.59
230	Other operating expense/income	51,079	44,209	6,870	15.54
	Operating income	2,275,662	2,081,272	194,390	9.34
190 a)	Staff costs	(1,049,686)	(821,494)	(228,192)	27.78
190 b)	Other administrative expenses	(451,830)	(442,431)	(9,399)	2.12
	<i>of which rental expenses</i>	<i>(17,077)</i>	<i>(63,032)</i>	<i>45,955</i>	<i>-72.91</i>
210+220	Net adjustments to property, plant and equipment and intangible assets	(185,076)	(118,939)	(66,137)	55.61
	<i>of which depreciation right of use IFRS 16</i>	<i>(58,059)</i>	<i>(2,941)</i>	<i>(55,118)</i>	<i>--</i>
	Operating costs	(1,686,592)	(1,382,864)	(303,728)	21.96
	Net operating income	589,070	698,408	(109,338)	-15.66
130 a)	Net impairment losses to financial assets at amortised cost	(447,547)	(225,772)	(221,775)	98.23
130 b)	Net impairment losses to financial assets at fair value	1,256	2,066	(810)	-39.21
140	Gains (Losses) from contractual modifications without derecognition	(2,979)	(2,956)	(23)	0.78
	Net impairment losses for credit risk	(449,270)	(226,662)	(222,608)	98.21
200	Net provisions for risks and charges	(12,193)	(25,194)	13,001	-51.60
###	Contributions to SRF, DGS, IDPF - VS	(60,681)	(52,325)	(8,356)	15.97
250+270	Gains (Losses) on equity investments, disposal investments and impairment	6,611	(48,701)	55,312	-113.57
+280	losses on goodwill				
275	Gain on a bargain purchase	343,361	-	343,361	n.s.
290	Profit (Loss) from current operations before tax	416,898	345,526	71,372	20.66
300	Income taxes on current operations for the year	(22,446)	100,264	(122,710)	-122.39
330	Profit (Loss) for the year	394,452	445,790	(51,338)	-11.52
340	Profit (Loss) for the year pertaining to minority interests	(14,869)	(43,837)	28,968	-66.08
350	Profit (Loss) for the year pertaining to the Parent Company	379,583	401,953	(22,370)	-5.57

* The "of which IFRS 9 components" caption includes the time value of bad loans and the write-down of part of the interest charged on non-performing exposures.

Reclassified consolidated income statement by quarter as at 31 December 2019

Captions		(in thousands)							
		1st quarter 2019	2nd quarter 2019	3rd quarter 2019	4th quarter 2019	1st quarter 2018	2nd quarter 2018	3rd quarter 2018	4th quarter 2018
10+20	Net interest income	273,896	272,288	315,909	302,446	293,234	280,268	276,590	272,345
	<i>of which IFRS 9 components*</i>	13,352	15,083	11,748	3,460	25,637	20,757	17,576	12,397
	<i>of which interest expense lease liabilities IFRS 16</i>	(361)	(381)	(563)	(529)	(18)	(15)	(16)	(15)
40+50	Net commission income	192,544	195,210	268,316	275,880	198,120	190,936	188,025	199,184
70	Dividends	539	9,687	3,424	451	584	12,877	325	20,553
80+90+100+110	Net income from financial activities	22,062	5,403	49,721	36,807	153,634	16,431	20,879	(86,922)
230	Other operating expense/income	6,337	8,923	19,511	16,308	11,485	8,174	10,998	13,552
	Operating income	495,378	491,511	656,881	631,892	657,057	508,686	496,817	418,712
190 a)	Staff costs	(213,631)	(213,109)	(230,936)	(392,010)	(207,534)	(212,900)	(194,553)	(206,507)
190 b)	Other administrative expenses	(90,930)	(96,204)	(118,223)	(146,473)	(102,285)	(109,981)	(104,323)	(125,842)
	<i>of which rental expenses</i>	(4,692)	(4,007)	(4,825)	(3,553)	(15,615)	(15,540)	(15,883)	(15,994)
210+220	Net adjustments to property, plant and equipment and intangible assets	(33,172)	(35,380)	(40,189)	(76,335)	(21,339)	(34,986)	(22,933)	(39,681)
	<i>of which depreciation right of use IFRS 16</i>	(11,249)	(11,135)	(16,033)	(19,642)	(726)	(733)	(741)	(741)
	Operating costs	(337,733)	(344,693)	(389,348)	(614,818)	(331,158)	(357,867)	(321,809)	(372,030)
	Net operating income	157,645	146,818	267,533	17,074	325,899	150,819	175,008	46,682
130 a)	Net impairment losses to financial assets at amortised cost	(72,485)	(74,551)	(160,985)	(139,526)	(26,141)	(58,793)	(70,272)	(70,566)
130 b)	Net impairment losses to financial assets at fair value	421	(392)	553	674	1,763	141	150	12
140	Gains (Losses) from contractual modifications without derecognition	(891)	(76)	(651)	(1,361)	-	(1,183)	(1,536)	(237)
	Net impairment losses for credit risk	(72,955)	(75,019)	(161,083)	(140,213)	(24,378)	(59,835)	(71,658)	(70,791)
200	Net provisions for risks and charges	(1,995)	(9,698)	2,491	(2,991)	(11,663)	(25,376)	(12,091)	23,936
###	Contributions to SRF, DGS, IDPF - VS	(23,184)	(9,459)	(25,771)	(2,267)	(20,282)	(8,670)	(23,448)	75
250+270+280	Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	3,809	4,586	415	(2,199)	2,827	2,591	3,535	(57,654)
275	Gain on a bargain purchase	-	-	353,805	(10,444)	-	-	-	-
290	Profit (Loss) from current operations before tax	63,320	57,228	437,390	(141,040)	272,403	59,529	71,346	(57,752)
300	Income taxes on current operations for the year	(12,266)	987	(8,666)	(2,501)	(6,918)	(2,850)	(14,206)	124,238
330	Profit (Loss) for the year	51,054	58,215	428,724	(143,541)	265,485	56,679	57,140	66,486
340	Profit (Loss) for the year pertaining to minority interests	(3,083)	(5,694)	(6,291)	199	(14,462)	183	(6,899)	(22,659)
350	Profit (Loss) for the year pertaining to the Parent Company	47,971	52,521	422,433	(143,342)	251,023	56,862	50,241	43,827

* The "of which IFRS 9 components" caption includes the time value of bad loans and the write-down of part of the interest charged on non-performing exposures.

Consolidated balance sheet as at 31 December 2019

(in thousands)				
Assets	31.12.2019	31.12.2018	Change	% Change
10. Cash and cash equivalents	566,924	459,782	107,142	23.30
20. Financial assets measured at fair value through profit or loss	1,120,111	1,128,625	(8,514)	(0.75)
a) financial assets held for trading	270,374	247,219	23,155	9.37
b) financial assets designated at fair value	130,955	218,662	(87,707)	(40.11)
c) other financial assets mandatorily measured at fair value	718,782	662,744	56,038	8.46
30. Financial assets measured at fair value through other comprehensive income	6,556,202	8,563,992	(2,007,790)	(23.44)
40. Financial assets measured at amortised cost	65,541,246	56,054,342	9,486,904	16.92
a) loans to banks	5,066,379	3,306,678	1,759,701	53.22
b) loans to customers	60,474,867	52,747,664	7,727,203	14.65
50. Hedging derivatives	82,185	35,564	46,621	131.09
70. Equity investments	225,869	446,049	(220,180)	(49.36)
90. Property, plant and equipment	1,368,696	1,063,273	305,423	28.72
100. Intangible assets	669,847	445,689	224,158	50.29
of which:				
- goodwill	434,758	264,740	170,018	64.22
110. Tax assets	2,024,579	1,885,616	138,963	7.37
a) current	466,312	457,838	8,474	1.85
b) deferred	1,558,267	1,427,778	130,489	9.14
120. Non current assets and disposal groups classified as held for sale	97,142	2,800	94,342	--
130. Other assets	780,697	549,035	231,662	42.19
Total assets	79,033,498	70,634,767	8,398,731	11.89

(in thousands)				
Liabilities and shareholders' equity	31.12.2019	31.12.2018	Change	% Change
10. Financial liabilities measured at amortised cost	70,135,262	63,122,667	7,012,595	11.11
a) due to banks	12,213,133	13,126,248	(913,115)	-6.96
b) due to customers	52,087,240	44,594,863	7,492,377	16.80
c) debt securities issued	5,834,889	5,401,556	433,333	8.02
20. Financial liabilities held for trading	165,970	143,824	22,146	15.40
40. Hedging derivatives	294,114	92,374	201,740	218.39
60. Tax liabilities	75,737	62,644	13,093	20.90
a) current	5,405	3,966	1,439	36.28
b) deferred	70,332	58,678	11,654	19.86
70. Liabilities included in disposal groups classified as held for sale	134,077	-	134,077	n.s.
80. Other liabilities	2,069,511	1,663,946	405,565	24.37
90. Employee termination indemnities	191,120	182,793	8,327	4.56
100. Provisions for risks and charges	676,160	469,951	206,209	43.88
a) commitments and guarantees granted	55,995	63,059	(7,064)	-11.20
b) pension and similar obligations	161,619	131,126	30,493	23.25
c) other provisions for risks and charges	458,546	275,766	182,780	66.28
120. Valuation reserves	37,750	949	36,801	--
140. Equity instruments	150,000	-	150,000	n.s.
150. Reserves	2,035,205	1,619,469	415,736	25.67
160. Share premium reserve	1,002,722	930,073	72,649	7.81
170. Share capital	1,561,884	1,443,925	117,959	8.17
180. Treasury shares (-)	(7,259)	(7,258)	(1)	0.01
190. Minority interests (+/-)	131,662	507,457	(375,795)	-74.05
200. Profit (Loss) for the year pertaining to the Parent Company (+/-)	379,583	401,953	(22,370)	-5.57
Total liabilities and shareholders' equity	79,033,498	70,634,767	8,398,731	11.89

Consolidated income statement as at 31 December 2019

		(in thousands)			
Captions	31.12.2019	31.12.2018	Change	% Change	
10. Interest and similar income	1,419,767	1,375,925	43,842	3.19	
of which: interest income calculated using the effective interest method	1,395,908	1,358,857	37,051	2.73	
20. Interest and similar expense	(255,228)	(253,488)	(1,740)	0.69	
30. Net interest income	1,164,539	1,122,437	42,102	3.75	
40. Commission income	1,043,000	812,147	230,853	28.43	
50. Commission expense	(111,050)	(35,882)	(75,168)	209.49	
60. Net commission income	931,950	776,265	155,685	20.06	
70. Dividends and similar income	14,101	34,339	(20,238)	-58.94	
80. Net income from trading activities	180	1,812	(1,632)	-90.07	
90. Net income from hedging activities	(1,546)	1,621	(3,167)	-195.37	
100. Gains (Losses) on disposal or repurchase of:	116,600	91,925	24,675	26.84	
a) financial assets measured at amortised cost	38,710	(77,645)	116,355	-149.86	
b) financial assets measured at fair value through other comprehensive income	77,664	168,662	(90,998)	-53.95	
c) financial liabilities	226	908	(682)	-75.11	
110. Net income from financial assets and liabilities measured at fair value through profit or loss	(1,241)	8,664	(9,905)	-114.32	
a) financial assets and liabilities designated at fair value	(8,436)	(4,378)	(4,058)	92.69	
b) other financial assets mandatorily measured at fair value	7,195	13,042	(5,847)	-44.83	
120. Net interest and other banking income	2,224,583	2,037,063	187,520	9.21	
130. Net impairment losses for credit risk relating to:	(446,291)	(223,706)	(222,585)	99.50	
a) financial assets measured at amortised cost	(447,547)	(225,772)	(221,775)	98.23	
b) financial assets measured at fair value through other comprehensive income	1,256	2,066	(810)	-39.21	
140. Gains (Losses) from contractual modifications without derecognition	(2,979)	(2,956)	(23)	0.78	
150. Net income from financial activities	1,775,313	1,810,401	(35,088)	-1.94	
180. Net income from financial and insurance activities	1,775,313	1,810,401	(35,088)	-1.94	
190. Administrative expenses:	(1,699,466)	(1,442,264)	(257,202)	17.83	
a) staff costs	(1,049,686)	(821,494)	(228,192)	27.78	
b) other administrative expenses	(649,780)	(620,770)	(29,010)	4.67	
200. Net provisions for risks and charges	(12,193)	(7,794)	(4,399)	56.44	
a) commitments and guarantees granted	9,032	16,197	(7,165)	-44.24	
b) other net provisions	(21,225)	(23,991)	2,766	-11.53	
210. Net adjustments to property, plant and equipment	(125,524)	(70,405)	(55,119)	78.29	
220. Net adjustments to intangible assets	(59,552)	(48,534)	(11,018)	22.70	
230. Other operating expense/income	188,348	152,823	35,525	23.25	
240. Operating costs	(1,708,387)	(1,416,174)	(292,213)	20.63	
250. Gains (Losses) of equity investments	7,213	13,349	(6,136)	-45.97	
270. Impairment losses on goodwill	-	(62,344)	62,344	-100.00	
275. Gain on a bargain purchase	343,361	-	343,361	n.s.	
280. Gains (Losses) on disposal investments	(602)	294	(896)	-304.76	
290. Profit (Loss) from current operations before tax	416,898	345,526	71,372	20.66	
300. Income taxes on current operations for the year	(22,446)	100,264	(122,710)	-122.39	
310. Profit (Loss) from current operations after tax	394,452	445,790	(51,338)	-11.52	
330. Profit (Loss) for the year	394,452	445,790	(51,338)	-11.52	
340. Profit (Loss) for the year pertaining to minority interests	(14,869)	(43,837)	28,968	-66.08	
350. Profit (Loss) for the year pertaining to the Parent Company	379,583	401,953	(22,370)	-5.57	

Performance ratios ²

Financial ratios	31.12.2019	2018 (*)
Structural ratios		
Net loans to customers/total assets	65.80%	66.61%
Net loans to customers/direct deposits from customers	89.58%	94.11%
Financial assets/total assets	23.99%	24.28%
Fixed assets ³ /total assets	2.02%	2.14%
Goodwill/total assets	0.55%	0.37%
Direct deposits/total assets	88.91%	89.36%
Indirect deposits under management/indirect deposits	37.71%	53.32%
Financial assets/tangible equity ⁴	4.10	3.85
Total tangible assets ⁵ /tangible equity	16.96	15.77
Net interbank position (in thousands of Euro)	(9,891,324)	(11,585,739)
Number of employees ⁶	13,805	11,615
Number of national bank branches	1,349	1,218
Profitability ratios		
ROE ⁷	8.66%	9.06%
ROTE ⁸	9.92%	10.15%
ROA ⁹	0.50%	0.63%
Cost to income ratio ¹⁰	74.11%	66.44%
Net impairment losses on loans to customers/net loans to customers	0.86%	0.47%
Basic EPS ¹¹	0.766	0.836
Diluted EPS ¹²	0.743	0.836

(*) The comparative ratios have been calculated on figures at 31 December 2018 as per the Consolidated Financial Statements as at 31 December 2018.

² To construct ratios, reference was made to the balance sheet and income statement figures of the reclassified statements prepared from a management point of view as per the present Press Release.

³ Fixed assets include both Equity investments and Property, plant and equipment.

⁴ Tangible equity: total shareholders' equity, including minority interests, net of intangible assets.

⁵ Total tangible assets = total assets net of intangible assets.

⁶ The number of employees (point figure) does not include the expectations.

⁷ ROE has been calculated as net profit for the year on average shareholders' equity of Group not included net profit.

⁸ ROTE has been calculated as net profit for the year on average shareholders' equity of Group not included net profit and intangible assets.

⁹ ROA has been calculated as net profit for the year (included net profit for the year pertaining to minority interests) on total assets.

¹⁰ The cost/income ratio has been calculated on the basis of the layout of the reclassified income statement (operating costs/operating income); when calculated on the basis of the layouts provided by Circular no. 262 of the Bank of Italy the cost/income ratio is at 76.80% (69.52% at 31 December 2018 as per the Consolidated Financial Statements 31 December 2018).

¹¹ EPS has been calculated net of treasury shares in portfolio.

¹² See previous note.

(cont.)

Financial ratios	31.12.2019	2018 (*)
Risk ratios		
Net non-performing loans/net loans to customers	5.77%	6.81%
Net bad loans/net loans to customers	2.25%	3.08%
Net unlikely to pay loans/net loans to customers	3.19%	3.60%
Net past due loans/net loans to customers	0.32%	0.13%
Impairment provisions for non-performing loans/gross non-performing loans	51.03%	54.52%
Impairment provisions for bad loans/gross bad loans	66.04%	66.62%
Impairment provisions for unlikely to pay loans/gross unlikely to pay loans	33.01%	35.73%
Impairment provisions for past due loans/gross past due loans	14.57%	12.33%
Impairment provisions for performing loans/gross performing loans	0.33%	0.37%
Texas ratio ¹³	79.04%	84.97%
Own Funds (Phased in) (in thousands of Euro)*		
Common Equity Tier 1 (CET1)	4,828,807	4,367,711
Own Funds	5,839,914	5,278,852
Risk-weighted assets (RWA)	34,721,277	30,606,171
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	13.91%	14.27%
Tier 1 Ratio (T1 Ratio) - Phased in	14.35%	14.37%
Total Capital Ratio (TC Ratio) - Phased in	16.82%	17.25%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	12.01%	11.95%
Leverage Ratio - Phased in ¹⁵	6.1%	6.0%
Leverage Ratio - Fully Phased ¹⁶	5.3%	5.0%
Liquidity Coverage Ratio (LCR)	158.9%	154.3%
Net Stable Funding Ratio (NSFR)	114.0%	106.8%
Non-financial ratios	31.12.2019	2018 (*)
Productivity ratios (in thousands of Euro)		
Direct deposits per employee	4,205.40	4,304.47
Loans to customers per employee	3,767.19	4,050.88
Assets managed per employee	3,021.68	1,664.31
Assets administered per employee	4,991.60	1,457.29
Core revenues ¹⁷ per employee	151.86	163.47
Net interest and other banking income per employee	161.14	175.38
Operating costs per employee	123.75	121.93

(*) The comparative ratios have been calculated on figures at 31 December 2018 as per the Consolidated Financial Statements as at 31 December 2018.

¹³ The Texas ratio is calculated as the relationship between total gross non-performing loans and net tangible equity increased by impairment provisions for non-performing loans.

¹⁴ Items have been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2395/2017.

¹⁵ The ratio has been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 62/2015.

¹⁶ See previous note.

¹⁷ Core revenues = net interest income + net commission income.

Balance sheet of the Parent Company as at 31 December 2019

(in thousands)				
Assets	31.12.2019	31.12.2018	Change	% Change
10. Cash and cash equivalents	429,141	330,609	98,532	29.80
20. Financial assets measured at fair value through profit or loss	939,799	1,004,056	(64,257)	(6.40)
a) financial assets held for trading	311,681	287,085	24,596	8.57
b) financial assets designated at fair value	126,947	202,989	(76,042)	(37.46)
c) other financial assets mandatorily measured at fair value	501,171	513,982	(12,811)	(2.49)
30. Financial assets measured at fair value through other comprehensive income	6,202,401	7,530,477	(1,328,076)	(17.64)
40. Financial assets measured at amortised cost	56,133,805	45,851,401	10,282,404	22.43
a) loans to banks	8,369,103	4,427,738	3,941,365	89.02
b) loans to customers	47,764,702	41,423,663	6,341,039	15.31
50. Hedging derivatives	81,869	34,916	46,953	134.47
70. Equity investments	2,138,421	1,747,684	390,737	22.36
80. Property, plant and equipment	802,101	448,124	353,977	78.99
90. Intangible assets	438,239	239,139	199,100	83.26
of which:				
- goodwill	225,792	225,792	-	-
100. Tax assets	1,644,103	1,546,559	97,544	6.31
a) current	456,290	446,935	9,355	2.09
b) deferred	1,187,813	1,099,624	88,189	8.02
110. Non current assets and disposal groups classified as held for sale	3,128	2,800	328	11.71
120. Other assets	534,741	372,662	162,079	43.49
Total assets	69,347,748	59,108,427	10,239,321	17.32

(in thousands)				
Liabilities and shareholders' equity	31.12.2019	31.12.2018	Change	% Change
10. Financial liabilities measured at amortised cost	61,608,916	52,728,319	8,880,597	16.84
a) due to banks	15,749,542	16,436,039	(686,497)	(4.18)
b) due to customers	40,300,602	31,509,116	8,791,486	27.90
c) debt securities issued	5,558,772	4,783,164	775,608	16.22
20. Financial liabilities held for trading	176,219	150,807	25,412	16.85
40. Hedging derivatives	283,792	85,717	198,075	231.08
60. Tax liabilities	43,633	31,417	12,216	38.88
b) deferred	43,633	31,417	12,216	38.88
80. Other liabilities	1,594,541	1,230,381	364,160	29.60
90. Employee termination indemnities	123,302	114,024	9,278	8.14
100. Provisions for risks and charges	520,564	379,712	140,852	37.09
a) commitments and guarantees granted	46,068	49,872	(3,804)	(7.63)
b) pension and similar obligations	159,720	129,931	29,789	22.93
c) other provisions for risks and charges	314,776	199,909	114,867	57.46
110. Valuation reserves	(135,730)	(82,514)	(53,216)	64.49
130. Equity instruments	150,000	-	150,000	n.s.
140. Reserves	2,039,723	1,797,104	242,619	13.50
150. Share premium reserve	1,002,722	930,073	72,649	7.81
160. Share capital	1,561,884	1,443,925	117,959	8.17
170. Treasury shares (-)	(7,253)	(7,253)	-	-
180. Profit (Loss) for the year (+/-)	385,435	306,715	78,720	25.67
Total liabilities and shareholders' equity	69,347,748	59,108,427	10,239,321	17.32

Income statement of the Parent Company as at 31 December 2019

Captions	(in thousands)			
	31.12.2019	31.12.2018	Change	% Change
10. Interest and similar income	1,040,034	1,012,068	27,966	2.76
of which: interest income calculated using the effective interest method	1,017,060	995,610	21,450	2.15
20. Interest and similar expense	(253,352)	(238,208)	(15,144)	6.36
30. Net interest income	786,682	773,860	12,822	1.66
40. Commission income	741,171	629,527	111,644	17.73
50. Commission expense	(51,570)	(39,180)	(12,390)	31.62
60. Net commission income	689,601	590,347	99,254	16.81
70. Dividends and similar income	34,363	45,184	(10,821)	(23.95)
80. Net income from trading activities	(2,899)	528	(3,427)	(649.05)
90. Net income from hedging activities	(1,392)	1,467	(2,859)	(194.89)
100. Gains (Losses) on disposal or repurchase of:	82,775	102,751	(19,976)	(19.44)
a) financial assets measured at amortised cost	18,698	(57,679)	76,377	(132.42)
b) financial assets measured at fair value through other comprehensive income	63,840	159,417	(95,577)	(59.95)
c) financial liabilities	237	1,013	(776)	(76.60)
110. Net income on financial assets and liabilities measured at fair value through profit or loss	4,113	9,709	(5,596)	(57.64)
a) financial assets and liabilities designated at fair value	(8,436)	(4,378)	(4,058)	92.69
b) other financial assets mandatorily measured at fair value	12,549	14,087	(1,538)	(10.92)
120. Net interest and other banking income	1,593,243	1,523,846	69,397	4.55
130. Net impairment losses for credit risk relating to:	(288,004)	(148,012)	(139,992)	94.58
a) financial assets measured at amortised cost	(288,945)	(149,905)	(139,040)	92.75
b) financial assets measured at fair value through other comprehensive income	941	1,893	(952)	(50.29)
140. Gains (Losses) from contractual modifications without derecognition	(1,981)	(2,140)	159	(7.43)
150. Net income from financial activities	1,303,258	1,373,694	(70,436)	(5.13)
160. Administrative expenses:	(1,269,401)	(1,106,793)	(162,608)	14.69
a) staff costs	(763,894)	(533,703)	(230,191)	43.13
b) other administrative expenses	(505,507)	(573,090)	67,583	(11.79)
170. Net provisions for risks and charges	(8,071)	(3,730)	(4,341)	116.38
a) commitments and guarantees granted	5,766	11,909	(6,143)	(51.58)
b) other net provisions	(13,837)	(15,639)	1,802	(11.52)
180. Net adjustments to property, plant and equipment	(85,467)	(24,291)	(61,176)	251.85
190. Net adjustments to intangible assets	(49,532)	(2,203)	(47,329)	--
200. Other operating expense/income	194,968	119,328	75,640	63.39
210. Operating costs	(1,217,503)	(1,017,689)	(199,814)	19.63
220. Gains (Losses) of equity investments	(25,979)	(48,681)	22,702	(46.63)
240. Impairment losses on goodwill	-	(54,444)	54,444	(100.00)
245. Gain on a bargain purchase	329,433	-	329,433	n.s.
250. Gains (Losses) on disposal investments	1,028	50	978	--
260. Profit (Loss) from current operations before tax	390,237	252,930	137,307	54.29
270. Income taxes on current operations for the year	(4,802)	53,785	(58,587)	(108.93)
280. Profit (Loss) from current operations after tax	385,435	306,715	78,720	25.67
300. Profit (Loss) for the year	385,435	306,715	78,720	25.67