

PRESS RELEASE

BPER's draft separate and consolidated financial statements for 2017 approved

BPER's preliminary 2017 separate and consolidated results confirmed, as already approved and announced on 8 February 2018

Proposal of dividend of Euro 0.11 per share confirmed

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 2017, fully confirming the preliminary results already analysed and approved on 8 February 2018.

The Board approved the proposed allocation of the profit made by the Bank, with the distribution of a cash dividend of Euro 0.11 for each of the 481,308,435 shares representing the share capital (net of those held in portfolio at the ex-dividend date: 455,458 at 31 December 2017 and as of today's date), for a total maximum amount of €52,943,927.85.

Payment of the dividend, which will be submitted to the Shareholders' Meeting of 14 April 2018 for approval, is scheduled from 23 May 2018 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, 21 May 2018, while the record date is scheduled for Tuesday, 22 May 2018.

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 (Finance code - 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 websites of the Bank (www.bper.it) as required by law.

To complete the information provided, we attach the consolidated and separate balance sheets and income statements (split into quarters with comparative figures, the latter also in a reclassified format) at 31 December 2017, as well as a summary of the main indicators.

Modena, 8 March 2018

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, 8 March 2018

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 2017, there will not be the usual conference call as one was held on 8 February 2018 after approval of the preliminary 2017 results.

The 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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Consolidated balance sheet as at 31 December 2017

Assets	(in thousands of Euro)			
	31.12.2017	31.12.2016	Change	% Change
10. Cash and cash equivalents	420,299	364,879	55,420	15.19
20. Financial assets held for trading	663,134	676,844	(13,710)	-2.03
30. Financial assets designated at fair value through profit and loss	83,299	84,307	(1,008)	-1.20
40. Financial assets available for sale	12,076,053	10,433,222	1,642,831	15.75
50. Financial assets held to maturity	2,637,135	2,515,993	121,142	4.81
60. Due from banks	3,012,515	1,331,811	1,680,704	126.20
70. Loans to customers	47,814,808	45,494,179	2,320,629	5.10
80. Hedging derivatives	54,061	62,365	(8,304)	-13.32
100. Equity investments	454,367	413,923	40,444	9.77
120. Property, plant and equipment	1,063,483	969,470	94,013	9.70
130. Intangible assets (*)	506,627	520,829	(14,202)	-2.73
of which: goodwill (*)	327,084	355,441	(28,357)	-7.98
140. Tax assets	1,848,127	1,518,027	330,100	21.75
a) current	575,441	221,395	354,046	159.92
b) deferred	1,272,686	1,296,632	(23,946)	-1.85
b1) of which L. 214/2011	1,021,455	1,073,172	(51,717)	-4.82
160. Other assets	704,899	574,175	130,724	22.77
Total assets	71,338,807	64,960,024	6,378,783	9.82

Liabilities and shareholders' equity	(in thousands of Euro)			
	31.12.2017	31.12.2016	Change	% Change
10. Due to banks	12,984,226	9,462,678	3,521,548	37.22
20. Due to customers	42,694,078	38,912,714	3,781,364	9.72
30. Debt securities in issue	7,504,019	8,587,243	(1,083,224)	-12.61
40. Financial liabilities held for trading	169,459	226,837	(57,378)	-25.29
50. Financial liabilities designated at fair value through profit and loss	48,320	247,933	(199,613)	-80.51
60. Hedging derivatives	24,383	40,697	(16,314)	-40.09
80. Tax liabilities	106,218	100,992	5,226	5.17
a) current	2,258	1,715	543	31.66
b) deferred (*)	103,960	99,277	4,683	4.72
100. Other liabilities	1,463,452	1,197,062	266,390	22.25
110. Provision for termination indemnities	187,536	205,364	(17,828)	-8.68
120. Provisions for risks and charges	440,385	422,791	17,594	4.16
a) pensions and similar commitments	137,148	136,409	739	0.54
b) other provisions	303,237	286,382	16,855	5.89
140. Valuation reserves	110,558	89,951	20,607	22.91
170. Reserves	2,409,985	2,410,357	(372)	-0.02
180. Share premium reserve	930,073	930,073	-	-
190. Share capital	1,443,925	1,443,925	-	-
200. Treasury shares	(7,258)	(7,258)	-	-
210. Minority interests	653,010	674,366	(21,356)	-3.17
220. Profit (Loss) for the period	176,438	14,299	162,139	--
Total liabilities and shareholders' equity	71,338,807	64,960,024	6,378,783	9.82

(*) The Purchase Price Allocation (PPA) process of Cassa di Risparmio di Saluzzo was completed at 30 June 2017. Control over it was acquired in the fourth quarter of 2016 and the purchase price was allocated on a provisional basis at 31 December 2016; in accordance with paragraph 45 of IFRS 3, the conclusion of the process resulted in an adjustment of the figures at 31 December 2016 compared with those previously published, following the identification of intangible assets with a finite useful life for a total of Euro 9,061 thousand, recognition at the same time of deferred tax liabilities of Euro 2,996 thousand and therefore a reduction in the provisionally recorded goodwill of Euro 6,065 thousand.

Consolidated reclassified income statement as at 31 December 2017

For the sake of clarity, we provide below a breakdown of the aggregations and reclassifications with respect to the income statement format required by Circular no. 262/2005 of the Bank of Italy:

- "Net result from financial activities" includes items 80, 90, 100 and 110 in the standard reporting format;
- indirect tax recoveries, allocated for accounting purposes to item 220 "Other operating charges/income", have been reclassified as a reduction in the related costs under "Other administrative expenses" (Euro 126,175 thousand at 31 December 2017 and Euro 118,704 thousand at 31 December 2016);
- "Net adjustments to property, plant and equipment and intangible assets" include captions 200 and 210 in the standard reporting format;
- "Net impairment adjustments to AFS and HTM financial assets" includes captions 130 b) and 130 c) in the reporting format;
- "Gains (losses) on equity investments, disposal of investments and adjustments to goodwill" include captions 240, 260 and 270 in the reporting format;
- "Contributions to the DGS, IDGF-VS" 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 costs" as a better reflection of the trend in the Group's operating costs. In particular, at 31 December 2017, this caption represents the component allocated for accounting purposes to administrative costs in relation to:
 - the 2017 contribution to the SRF (European Single Resolution Fund) of Euro 15,870 thousand;
 - equalisation of the 2015 contribution to the SRF (European Single Resolution Fund) of Euro 61 thousand;
 - the 2017 contribution to the DGS (Deposit Guarantee Schemes) of Euro 21,790 thousand.

Note that the comparative figures at 31 December 2016 have been restated compared with those included in the Consolidated financial statements at 31 December 2016, including the repayment received from FITD-SV for redefinition of the intervention in Banca Tercas (Euro 10,970 thousand), previously recorded under the caption "Net impairment adjustments for other financial transactions".

(in thousands of Euro)

Captions	31.12.2017	31.12.2016	Change	% Change	
10+20	Net interest income	1,124,479	1,170,447	(45,968)	-3.93
40+50	Net commission income	740,628	712,722	27,906	3.92
70	Dividends	12,416	9,872	2,544	25.77
80+90+100+110	Net trading income	103,134	119,999	(16,865)	-14.05
220 (*) (**)	Other operating charges/income	58,190	54,238	3,952	7.29
	Operating income	2,038,847	2,067,278	(28,431)	-1.38
180 a)	Payroll	(783,478)	(769,149)	(14,329)	1.86
180 b) (*) (***)	Other administrative costs	(425,611)	(417,217)	(8,394)	2.01
200+210	Net adjustments to property, plant, equipment and intangible assets	(87,429)	(80,595)	(6,834)	8.48
	Operating costs	(1,296,518)	(1,266,961)	(29,557)	2.33
	Net operating income	742,329	800,317	(57,988)	-7.25
130 a)	Net impairment adjustments to loan	(535,975)	(619,750)	83,775	-13.52
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(104,628)	(51,811)	(52,817)	101.94
130 d) (****)	Net impairment adjustments to other financial assets	(15,313)	1,527	(16,840)	--
	Net impairment adjustments	(655,916)	(670,034)	14,118	-2.11
190	Net provisions for risks and charges	(30,578)	(32,648)	2,070	-6.34
###	Contribution to SRF, DGS, IDGF-VS	(37,721)	(62,508)	24,787	-39.65
240+260+270	Gains (Losses) from equity instruments, on disposal of investments and adjustment to goodwill	(9,886)	(24,583)	14,697	-59.79
265	Negative goodwill recognised in profit or loss	190,892	-	190,892	n.s.
280	Profit (Loss) from current operations before tax	199,120	10,544	188,576	--
290	Income taxes on current operations for the period	(22,238)	5,270	(27,508)	-521.97
320	Net profit (loss) for the period	176,882	15,814	161,068	--
330	Net profit (loss) pertaining to minority interests	(444)	(1,515)	1,071	-70.69
	Profit (Loss) for the period pertaining to the Parent Company	176,438	14,299	162,139	--

Caption net of:

(*)	Recovery of indirect taxes	126,175	118,704	7,471	6.29
	Accounting recovery of the guarantee expired as part of the Banca Tercas transaction	-	775	(775)	-100.00
(**)					
(***)	Contribution to SRF, DGS, IDGF-VS	(37,721)	(78,233)	40,512	-51.78
(****)	Contribution to SRF, DGS, IDGF-VS	-	3,980	(3,980)	-100.00
	Repayment received from IDGF-VS for redefinition of the intervention in Banca Tercas	-	10,970	(10,970)	-100.00
(*****)					

Consolidated reclassified income statement by quarter as at 31 December 2017

		(in thousands)							
Captions		1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017	1st quarter 2016	2nd quarter 2016	3rd quarter 2016	4th quarter 2016
10+20	Net interest income	288,114	282,005	280,218	274,142	296,800	293,576	285,728	294,343
40+50	Net commission income	177,373	181,851	184,802	196,602	177,083	181,035	174,803	179,801
70	Dividends	312	10,812	507	785	86	8,732	338	716
80+90+									
100+110	Net trading income	24,664	25,869	20,489	32,112	15,662	49,064	25,518	29,755
220 (*)	Other operating								
(**)	charges/income	10,310	14,298	23,565	10,017	15,538	16,430	13,605	8,665
	Operating income	500,773	514,835	509,581	513,658	505,169	548,837	499,992	513,280
180 a)	Payroll	(194,125)	(191,551)	(191,656)	(206,146)	(196,586)	(201,655)	(176,168)	(194,740)
180 b)									
(*) (***)	Other administrative costs	(96,628)	(104,864)	(107,465)	(116,654)	(101,125)	(102,758)	(106,098)	(107,236)
200+210	Net adjustments to property, plant and equipment and intangible assets	(18,685)	(22,012)	(20,653)	(26,079)	(17,084)	(20,443)	(17,943)	(25,125)
	Operating costs	(309,438)	(318,427)	(319,774)	(348,879)	(314,795)	(324,856)	(300,209)	(327,101)
	Net operating income	191,335	196,408	189,807	164,779	190,374	223,981	199,783	186,179
130 a)	Net impairment adjustments to loans	(133,573)	(189,659)	(89,722)	(123,021)	(114,167)	(161,935)	(124,578)	(219,070)
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(17,381)	(54,236)	(29,383)	(3,628)	(3,678)	(3,524)	(4,948)	(39,661)
130 d) (****)	Net impairment adjustments to other financial assets	4,647	1,787	6,446	(28,193)	(3,666)	3,918	3,097	(1,822)
	Net impairment adjustments	(146,307)	(242,108)	(112,659)	(154,842)	(121,511)	(161,541)	(126,429)	(260,553)
190 (****)	Net provisions for risks and charges	(5,661)	(5,941)	(9,268)	(9,708)	(9,621)	(12,504)	(5,791)	(4,732)
###	Contributions to SRF, DGS, IDGF-VS	(18,061)	2,114	(20,205)	(1,569)	(15,000)	(432)	(17,607)	(29,469)
240+260 +270	Gains (Losses) on disposal of investments and adjustments to goodwill	3,705	2,843	4,885	(21,319)	3,193	(4,077)	2,462	(26,161)
265	Negative goodwill recognised in profit or loss		130,722		60,170	-	-	-	-
	Profit from current operations before income tax	25,011	84,038	52,560	37,511	47,435	45,427	52,418	(134,736)
290	Income taxes on current operations	(7,743)	17,926	(23,696)	(8,725)	(14,104)	(13,689)	(12,838)	45,901
	Net profit (loss) for the period	17,268	101,964	28,864	28,786	33,331	31,738	39,580	(88,835)
320									
330	Net profit (loss) for the period pertaining to minority interests	(2,710)	2,540	1,032	(1,306)	(2,356)	2,029	(3,162)	1,974
	Profit (Loss) for the period pertaining to the Parent Company	14,558	104,504	29,896	27,480	30,975	33,767	36,418	(86,861)
340									
	Captions net of:								
(*)	Recovery of taxes	29,981	31,001	31,382	33,811	30,405	28,899	29,385	30,015
(**)	Accounting recovery of the guarantee expired as part of the Banca Tercas transaction	-	-	-	-	-	-	-	775
(***)	Contributions to SRF, DGS, IDGF-VS	(18,061)	2,114	(20,205)	(1,569)	(15,000)	(11,402)	(17,607)	(34,224)
(****)	Contributions to SRF, DGS, IDGF-VS	-	-	-	-	-	-	-	3,980
(*****)	Repayment received from IDGF-VS for redefinition of the intervention in Banca Tercas	-	-	-	-	-	10,970	-	-

The benefit of the acquisition of Nuova Carife has been allocated in a specific caption of Income statement "265. Negative goodwill recognised to profit or loss". The figures of second quarter 2017 have been restated.

Consolidated income statement as at 31 December 2017

Captions	(in thousands of Euro)			
	31.12.2017	31.12.2016	Change	% Change
10. Interest and similar income	1,416,396	1,483,051	(66,655)	-4.49
20. Interest and similar expense	(291,917)	(312,604)	20,687	-6.62
30. Net interest income	1,124,479	1,170,447	(45,968)	-3.93
40. Commission income	776,606	745,959	30,647	4.11
50. Commission expense	(35,978)	(33,237)	(2,741)	8.25
60. Net commission income	740,628	712,722	27,906	3.92
70. Dividends and similar income	12,416	9,872	2,544	25.77
80. Net trading income	38,015	7,944	30,071	378.54
90. Net hedging gains (losses)	(493)	(335)	(158)	47.16
100. Gains/losses on disposal or repurchase of:	64,374	107,662	(43,288)	-40.21
a) loans	(12,431)	(9,748)	(2,683)	27.52
b) financial assets available for sale	76,024	118,627	(42,603)	-35.91
c) financial assets held to maturity	316	-	316	n.s.
d) financial liabilities	465	(1,217)	1,682	-138.21
110. Net results on financial assets and liabilities designated at fair value	1,238	4,728	(3,490)	-73.82
120. Net interest and other banking income	1,980,657	2,013,040	(32,383)	-1.61
130. Net impairment adjustments to:	(655,916)	(659,064)	3,148	-0.48
a) loans	(535,975)	(619,750)	83,775	-13.52
b) financial assets available for sale	(104,628)	(51,811)	(52,817)	101.94
d) other financial assets	(15,313)	12,497	(27,810)	-222.53
140. Net profit from financial activities	1,324,741	1,353,976	(29,235)	-2.16
180. Administrative costs:	(1,372,985)	(1,383,303)	10,318	-0.75
a) payroll	(783,478)	(769,149)	(14,329)	1.86
b) other administrative costs	(589,507)	(614,154)	24,647	-4.01
190. Net provision for risks and charges	(30,578)	(28,668)	(1,910)	6.66
200. Net adjustments to property, plant and equipment	(46,124)	(45,709)	(415)	0.91
210. Net adjustments to intangible assets	(41,305)	(34,886)	(6,419)	18.40
220. Other operating charges/income	184,365	173,717	10,648	6.13
230. Operating costs	(1,306,627)	(1,318,849)	12,222	-0.93
240. Profit (Loss) from equity investments	18,483	8,491	9,992	117.68
260. Adjustments to goodwill	(28,357)	(32,854)	4,497	-13.69
265. Negative goodwill recognised in profit or loss	190,892	-	190,892	n.a.
270. Gains (Losses) on disposal of investments	(12)	(220)	208	-94.55
280. Profit (Loss) from current operations before tax	199,120	10,544	188,576	--
290. Income taxes on current operations for the period	(22,238)	5,270	(27,508)	-521.97
300. Profit (Loss) from current operations after tax	176,882	15,814	161,068	--
320. Profit (loss) for the period	176,882	15,814	161,068	--
330. Profit (Loss) for the period pertaining to minority interests	(444)	(1,515)	1,071	-70.69
340. Profit (Loss) for the period pertaining to the Parent Company	176,438	14,299	162,139	--

Consolidated income statement by quarter as at 31 December 2017

Captions	(in thousands of Euro)							
	1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017	1st quarter 2016	2nd quarter 2016	3rd quarter 2016	4th quarter 2016
10. Interest and similar income	355,137	351,464	358,537	351,258	384,670	373,463	359,459	365,459
20. Interest and similar expense	(67,023)	(69,459)	(78,319)	(77,116)	(87,870)	(79,887)	(73,731)	(71,116)
30. Net interest income	288,114	282,005	280,218	274,142	296,800	293,576	285,728	294,343
40. Commission income	185,947	190,680	194,303	205,676	185,186	189,189	183,068	188,516
50. Commission expense	(8,574)	(8,829)	(9,501)	(9,074)	(8,103)	(8,154)	(8,265)	(8,715)
60. Net commission income	177,373	181,851	184,802	196,602	177,083	181,035	174,803	179,801
70. Dividends and similar income	312	10,812	507	785	86	8,732	338	716
80. Net trading income	10,920	9,069	13,286	4,740	(25,801)	(3,956)	12,051	25,650
90. Net hedging gains (losses)	(300)	41	31	(265)	120	(82)	(129)	(244)
100. Gains/losses on disposal or repurchase of:								
a) loans	13,630	16,756	6,986	27,002	37,346	55,129	11,199	3,988
b) financial assets available for sale	1,253	(9,105)	(5,170)	591	7	1,027	(4,495)	(6,287)
c) financial assets held to maturity	12,378	25,466	12,027	26,153	38,237	54,210	15,833	10,347
d) financial liabilities	-	316	-	-	-	-	-	-
110. Net results on financial assets and liabilities designated at fair value	(1)	79	129	258	(898)	(108)	(139)	(72)
120. Net interest and other banking income	490,463	500,537	486,016	503,641	489,631	532,407	486,387	504,615
130. Net impairment adjustments to:								
a) loans	(146,307)	(242,108)	(112,659)	(154,842)	(121,511)	(150,571)	(126,429)	(260,553)
b) financial assets available for sale	(133,573)	(189,659)	(89,722)	(123,021)	(114,167)	(161,935)	(124,578)	(219,070)
d) other financial assets	(17,381)	(54,236)	(29,383)	(3,628)	(3,678)	(3,524)	(4,948)	(39,661)
140. Net profit from financial activities	344,156	258,429	373,357	348,799	368,120	381,836	359,958	244,062
180. Administrative costs:								
a) payroll	(338,795)	(325,302)	(350,708)	(358,180)	(343,116)	(344,714)	(329,258)	(366,215)
b) other administrative costs	(194,125)	(191,551)	(191,656)	(206,146)	(196,586)	(201,655)	(176,168)	(194,740)
190. Net provision for risks and charges	(144,670)	(133,751)	(159,052)	(152,034)	(146,530)	(143,059)	(153,090)	(171,475)
200. Net adjustments to property, plant and equipment	(5,661)	(5,941)	(9,268)	(9,708)	(9,621)	(12,504)	(5,791)	(752)
210. Net adjustments to intangible assets	(9,076)	(12,048)	(9,771)	(15,229)	(8,983)	(12,104)	(9,150)	(15,472)
220. Other operating charges/income	(9,609)	(9,964)	(10,882)	(10,850)	(8,101)	(8,339)	(8,793)	(9,653)
230. Operating costs	(322,850)	(307,956)	(325,682)	(350,139)	(323,878)	(332,332)	(310,002)	(352,637)
240. Profit (Loss) from equity investments	40,291	45,299	54,947	43,828	45,943	45,329	42,990	39,455
260. Adjustments to goodwill	(322,850)	(307,956)	(325,682)	(350,139)	(323,878)	(332,332)	(310,002)	(352,637)
265. Negative goodwill recognised in profit or loss	3,675	2,857	4,872	7,079	3,143	(406)	2,344	3,410
270. Gains (Losses) on disposal of investments	-	-	-	(28,357)	-	(3,254)	-	(29,600)
280. Profit (Loss) from current operations before tax	25,011	84,038	52,560	37,511	47,435	45,427	52,418	(134,736)
290. Income taxes on current operations for the period	-	130,722	-	60,170	-	-	-	-
300. Profit (Loss) from current operations after tax	17,268	101,964	28,864	28,786	33,331	31,738	39,580	(88,835)
320. Net profit (Loss) for the period	17,268	101,964	28,864	28,786	33,331	31,738	39,580	(88,835)
330. Profit (Loss) for the period pertaining to minority interests	(2,710)	2,540	1,032	(1,306)	(2,356)	2,029	(3,162)	1,974
340. Profit (Loss) for the period pertaining to the Parent Company	14,558	104,504	29,896	27,480	30,975	33,767	36,418	(86,861)

The benefit of the acquisition of Nuova Carife has been allocated in a specific caption of Income statement "265. Negative goodwill recognised to profit or loss". The figures of second quarter 2017 have been restated.

Performance ratios as at 31 December 2017

Financial ratios	31.12.2017	31.12.2016 (*)
Structural ratios (%)		
net loans to customers/total assets	67.02%	70.03%
net loans and advances to customers/direct deposits from customers	95.16%	95.28%
financial assets/total assets	21.67%	21.11%
fixed assets/total assets	2.13%	2.13%
goodwill/total assets	0.46%	0.55%
direct deposits/total assets	88.63%	88.07%
deposits under management/indirect deposits	55.08%	49.55%
financial assets/tangible equity ¹	2.97	2.72
total tangible assets ² /tangible equity	13.60	12.80
net interbank lending/borrowing (in thousands of Euro)	(9,971,711)	(8,130,867)
number of employees	11,653	11,635
number of national bank branches	1,218	1,200
Profitability ratios (%)		
ROE	3.62%	0.30%
ROTE	4.04%	0.33%
ROA (net profit/total assets)	0.25%	0.02%
Cost/income ratio ³	63.59%	61.29%
Net adjustments to loans/net loans to customers	1.12%	1.36%
Basic EPS	0.367	0.030
Diluted EPS	0.367	0.030
Risk ratios (%)		
non-performing exposures/net loans to customers	11.30%	13.62%
net bad loans/net loans to customers	6.05%	6.61%
net unlikely to pay loans/net loans to customers	5.05%	6.69%
net past due loans/net loans to customers	0.19%	0.32%
adjustments to non-performing exposures/gross non-performing exposures	48.70%	44.54%
adjustments to bad loans/gross bad loans	59.30%	57.25%
adjustments to unlikely to pay loans/gross unlikely to pay loans	27.18%	23.49%
adjustments to past due loans/gross past due loans	10.60%	7.80%
adjustments to performing exposures/gross performing exposures	0.53%	0.47%
texas ratio ⁴	101.86%	111.61%

(*) Following the completion of the Purchase Price Allocation process consequent to the acquisition of Cassa di Risparmio di Saluzzo, certain balance sheet figures have been modified pursuant to par.45 of IFRS 3 and, as a consequence, some performance indicator as at 31 December 2016 have been recalculated.

¹ Tangible equity = total shareholders' equity net of intangible assets.

² Total tangible assets = total assets net of intangible assets.

³ The cost/income ratio has been calculated on the basis of the layout of the reclassified income statement (operating expenses/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 65.97% (65.52% as at 31 December 2016).

⁴ The texas ratio is calculated as the relationship between total gross non-performing loans and net tangible equity, including minority interests, increased by total provisions for non-performing loans.

(cont.)

Financial ratios	31.12.2017	31.12.2016
<i>Own Funds (Phased in)¹⁰</i>		
Common Equity Tier 1 (CET1)	4,522,957	4,497,645
Own Funds	5,436,831	4,958,045
Risk-weighted assets (RWA)	32,573,002	32,593,235
<i>Capital and liquidity ratios¹¹</i>		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	13.89%	13.80%
Tier 1 Ratio (T1 Ratio) - Phased in	13.97%	13.89%
Total Capital Ratio (TC Ratio) - Phased in	16.69%	15.21%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	13.68%	13.27%
Leverage Ratio - Phased in ⁵	6.1%	6.7%
Leverage Ratio - Fully Phased ⁶	6.0%	6.5%
Liquidity Coverage Ratio (LCR)	113.7%	102.0%
Net Stable Funding Ratio (NSFR)	105.2%	104.3%
Non-financial ratios	31.12.2017	31.12.2016
<i>Productivity ratios (in thousands of Euro)</i>		
direct deposits per employee	4,311.89	4,103.82
loans and advances to customers per employee	4,103.22	3,910.11
assets managed per employee	1,695.21	1,399.75
assets administered per employee	1,382.51	1,425.44
core revenues ⁷ per employee	160.05	161.85
net interest and other banking income per employee	169.97	173.02
operating costs per employee	112.13	113.35

⁵ The ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2015/62.

⁶ See previous note

⁷ Core revenues = net interest income + net commission income.

Balance sheet of the Parent Company as at 31 December 2017

(in thousands of Euro)				
Assets	31.12.2017	31.12.2016	Change	% Change
10. Cash and cash equivalents	301,076	255,934	45,142	17.64
20. Financial assets held for trading	684,649	702,293	(17,644)	-2.51
30. Financial assets designated at fair value through profit and loss	38,005	38,643	(638)	-1.65
40. Financial assets available for sale	10,684,259	8,575,832	2,108,427	24.59
50. Financial assets held to maturity	2,637,135	2,515,993	121,142	4.81
60. Due from banks	3,909,712	2,155,637	1,754,075	81.37
70. Loans to customers	37,390,988	35,478,258	1,912,730	5.39
80. Hedging derivatives	52,825	59,767	(6,942)	-11.62
100. Equity investments	1,686,979	1,619,457	67,522	4.17
110. Property, plant and equipment	460,055	426,715	33,340	7.81
120. Intangible assets	295,036	296,923	(1,887)	-0.64
<i>of which: goodwill</i>	<i>280,236</i>	<i>280,236</i>	-	-
130. Tax assets	1,571,957	1,233,837	338,120	27.40
a) current	555,528	202,317	353,211	174.58
b) deferred	1,016,429	1,031,520	(15,091)	-1.46
<i>b1) of which L. 214/2011</i>	<i>817,687</i>	<i>862,068</i>	<i>(44,381)</i>	<i>-5.15</i>
150. Other assets	467,510	375,787	91,723	24.41
Total assets	60,180,186	53,735,076	6,445,110	11.99

(in thousands of Euro)				
Liabilities and shareholders' equity	31.12.2017	31.12.2016	Change	% Change
10. Due to banks	16,541,840	12,539,337	4,002,503	31.92
20. Due to customers	30,386,711	27,383,757	3,002,954	10.97
30. Debt securities in issue	6,450,292	7,208,172	(757,880)	-10.51
40. Financial liabilities held for trading	173,434	232,098	(58,664)	-25.28
50. Financial liabilities designated at fair value through profit and loss	48,320	247,933	(199,613)	-80.51
60. Hedging derivatives	21,176	36,860	(15,684)	-42.55
80. Tax liabilities:	74,009	63,233	10,776	17.04
b) deferred	74,009	63,233	10,776	17.04
100. Other liabilities	1,119,335	891,096	228,239	25.61
110. Provision for termination indemnities	116,670	122,008	(5,338)	-4.38
120. Provisions for risks and charges:	361,568	328,888	32,680	9.94
a) pensions and similar commitments	135,674	134,691	983	0.73
b) other provisions	225,894	194,197	31,697	16.32
130. Valuation reserves	14,430	(11,747)	26,177	-222.84
160. Reserves	2,296,812	2,307,997	(11,185)	-0.48
170. Share premium reserve	930,073	930,073	-	-
180. Share capital	1,443,925	1,443,925	-	-
190. Treasury shares	(7,253)	(7,253)	-	-
200. Profit (loss) for the period	208,844	18,699	190,145	--
Total liabilities and shareholders' equity	60,180,186	53,735,076	6,445,110	11.99

Income statement of the Parent Company as at 31 December 2017

(in thousands of Euro)

Captions	31.12.2017	31.12.2016	Change	% Change
10. Interest and similar income	1,067,225	1,124,288	(57,063)	-5.08
20. Interest and similar expense	(263,753)	(270,978)	7,225	-2.67
30. Net interest income	803,472	853,310	(49,838)	-5.84
40. Commission income	590,707	565,223	25,484	4.51
50. Commission expense	(32,402)	(29,053)	(3,349)	11.53
60. Net commission income	558,305	536,170	22,135	4.13
70. Dividends and similar income	39,393	19,961	19,432	97.35
80. Net trading income	36,061	6,867	29,194	425.13
90. Net hedging gains (losses)	(494)	(297)	(197)	66.33
100. Gains (losses) on disposal or repurchase of:	40,194	80,874	(40,680)	-50.30
a) loans	(8,606)	(9,130)	524	-5.74
b) financial assets available for sale	47,933	90,001	(42,068)	-46.74
c) financial assets held to maturity	316	-	316	n.s.
d) financial liabilities	551	3	548	--
110. Net results on financial assets and liabilities designated at fair value	(234)	4,138	(4,372)	-105.65
120. Net interest and other banking income	1,476,697	1,501,023	(24,326)	-1.62
130. Net impairment adjustments to:	(501,757)	(557,594)	55,837	-10.01
a) loans	(395,549)	(516,606)	121,057	-23.43
b) financial assets available for sale	(91,390)	(48,988)	(42,402)	86.56
d) other financial assets	(14,818)	8,000	(22,818)	-285.23
140. Net profit from financial activities	974,940	943,429	31,511	3.34
150. Administrative costs:	(1,037,071)	(1,027,400)	(9,671)	0.94
a) payroll	(504,505)	(481,800)	(22,705)	4.71
b) other administrative costs	(532,566)	(545,600)	13,034	-2.39
160. Net provisions for risks and charges	(24,451)	(20,832)	(3,619)	17.37
170. Net adjustments to property, plant and equipment	(23,349)	(22,684)	(665)	2.93
180. Net adjustments to intangible assets	(2,616)	(2,509)	(107)	4.26
190. Other operating charges/income	148,930	141,694	7,236	5.11
200. Operating costs	(938,557)	(931,731)	(6,826)	0.73
210. Profit (loss) from equity investments	(6,878)	(10,045)	3,167	-31.53
235. Negative goodwill	190,892	-	190,892	n.s.
240. Gains (losses) on disposal of investments	50	(212)	262	-123.58
250. Profit (loss) from current operations before tax	220,447	1,441	219,006	--
260. Income taxes on current operations for the period	(11,603)	17,258	(28,861)	-167.23
270. Profit (loss) from current operations after tax	208,844	18,699	190,145	--
290. Net profit (loss) for the period	208,844	18,699	190,145	--