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Banca

PRESS RELEASE

Interim report as at 31 March 2015 approved

Net profit for the period of € 51.7 million (+65.6% y/y), the best quarter since the end of 2012

Core revenues[1] up by 0.8% on the fourth quarter of last year (-1.6% y/y) bolstered by growth in both net interest income and net commission income

Loan loss provisions down heavily to the lowest level for the last 10 quarters, confirming the start of a period of gradual normalisation of the cost of credit

Coverage ratio of doubtful loans increased to 41.0% and transfers to non-performing loans significantly down during the quarter

Capital position solid with a Fully Phased pro-forma CET1 ratio[2] of 11.3% (11.4% Phased in) without considering the effects of the validation of internal models[3]

The *Fully Phased* Basel 3 Leverage Ratio of 7.1% (*Phased in* 7.2%) among the best of the system with LCR and NSFR liquidity indices well over 100%[4]

- Comparison of the main economic aggregates for the quarter with the fourth quarter of 2014 (quarter on quarter):
  - The profit from current operations before tax amounts to Euro 78.9 million and compares with a loss in the last quarter of last year;
  - Operating profit[5] (€ 555 million) up by 2.7%:
    - net interest income up by 0.3% despite two calendar days less in the first quarter of 2015 with a slight improvement in the overall spread brought about by the decrease in the cost of funding which more than offset the declining yield on assets;
    - net commission income up by 1.7% thanks to the continuing growth trend in asset management and "bancassurance" and stabilisation of the component linked to the traditional activity;
    - net result from financial activities up by 22.3% thanks to the positive trend in financial markets with an additional increase in the valuation reserves on the securities portfolio;
  - Operating costs[6] well down (-7.7%), both for payroll (-4.5%) and for administrative expenses (-12.3%), mainly attributable to the usual seasonality;
  - Net loan adjustments down considerably on the previous quarter (-36.6%). The cost of credit comes in at 34 bps for the quarter (53 bps in the fourth quarter of 2014).

- Comparison of the main economic aggregates for the quarter with the first quarter of 2014 (y/y):
  - The profit from current operations before tax amounts to € 78.9 million (+51.9%);
  - Operating profit decreasing by 4.9%:
    - net interest income down by 4.8% mainly due to a different market environment and level of interest rates;
    - net commission income up by 4.5% thanks to the contribution of asset management and "bancassurance";
    - lower contribution from the net result from financial activities (-27.2%) influenced by the comparison with the first quarter of last year with a particularly positive performance in the

presence of a further significant increase in valuation reserves on the securities portfolio compared with the same period last year;
- Operating costs up slightly (+0.3%);
- Net loan adjustments down considerably (-30.4%) with a cost of credit for the period of 34 bps (135 bps annualised).

The Board of Directors of Banca popolare dell'Emilia Romagna today reviewed and approved the separate results of the Bank and the consolidated results of the Group at 31 March 2015.

At the end of the Board meeting, Alessandro Vandelli, CEO of BPER, declared: "The first quarter of the year shows very positive results with a net profit for the period of over 50 million euros, an increase of more than 65% on the same period last year. I think I can say that the quarter just ended coincides with the start of a new phase with a return to higher profitability, accompanied by expectations of an improvement in the economic cycle and a gradual exit from the acute phase of the crisis. The first quarter shows some very positive factors such as the sharp fall in net adjustments to loans to the lowest level of the last 10 quarters, the strong performance on the part of core revenues, especially in terms of commissions, and the containment of operating costs. Moreover, in this context, the BPER Group confirms its solid capital base with a Fully Phased CET1 ratio of 11.3% and a leverage ratio of more than 7%, among the best of the system, reflecting prudent and balanced management of assets and liabilities. To this we would add a satisfactory coverage of doubtful loans which in the quarter stood at 41%, one of the best levels among our direct competitors. I am convinced that BPER Group will be able to return to adequate levels of profitability for the benefit of our members and shareholders".

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Income statement: key figures

Net interest income comes to € 314.1 million, an improvement of 0.3% compared with the same period of 2014, even though there were two calendar days less in the quarter. The good result reached during the quarter shows a slight improvement in the overall spread which continued to benefit from the reduction in the cost of funding, which more than offset the decrease in asset yields brought about by the decline in volumes, the trend in market rates and lower returns on the securities portfolio The comparison with the same period last year shows a decrease in net interest income of 4.8%, which should be considered in light of the significant changes in market conditions and interest rates (average quarterly yield to maturity of the 10-year BTP down from 3.6% in the first quarter of 2014 to 1.5% in the first quarter of 2015; average quarterly yield on the 3-month Euribor down from around 30 bps to 5 bps).

Net commission income amounts to € 179.2 million, with a significant increase compared both with the previous quarter (+1.7%) and with the same period last year (+4.5%), mainly as a combined effect of a very positive trend in commissions earned on asset management and "bancassurance" (+21.2% q/q; +33.2% y/y) and the decrease in commissions earned on traditional business still affected by weak economic climate, although there is a substantial stability in the commissions on loans and guarantees compared with the last quarter of 2014 (-0.3%), after six quarters of larger declines: This result could herald a phase of recovery in economic activity and related commission income over the coming months.

The **net result from trading activities** (including dividends of € 0.2 million) amounts to € 46.3 million, up 19.5% from the previous quarter (-27.5% compared with the same period last year, though it was particularly positive), benefiting from a favourable performance in financial markets in the first months of the current year. This result was achieved with the help of net realised gains of € 30.7 million, net capital gains of € 29.6 million, for the most part attributable to the mark-to-market adjustment of the Italian government bonds held in portfolio and the negative contribution of the fair value option on financial liabilities for € 6.5 million (also negative for € 12.7 million at 31 March 2014) with effects that by now are running out. The AFS reserve for government securities in portfolio continues to show significant gains for an amount (net of taxes) of € 147.6 million (€ 97.9 million at 31 December 2014 and € 85.9 million at 31 March 2014).

Operating profit[7] comes to € 555 million, up 2.7% on the previous quarter with growth in all of its components (-4.9% y/y), particular in core revenues (0.8%) represented by the sum of net interest income and net commission income and a good trend in the result from financial activities (+22.3%).

Operating costs[8] are down by 7.7% in the previous quarter, mainly due to the usual seasonal effects and substantially stable compared with the same period of 2014 (+0.3%). In detail, **payroll costs** amount to € 199.3 million (-4.5% q/q, +1.3% y/y), **other administrative expenses** to € 93.6 million (-12.3% q/q; -2.8% y/y) and depreciation/amortisation to € 17.3 million (-15.0% q/q; +5.9% y/y).

Net adjustments to loans and other financial assets amount to € 150 million, down sharply compared with both the previous quarter (-44.0%) and the first quarter of 2014 (-30.2%), mainly related to adjustments made in the credit segment (€ 147.5 million), which are the lowest for the last 10 quarters. The overall cost of credit at 31 March 2015 comes to 34 bps (135 bps annualised compared with 185 bps in 2014). Net adjustments to other financial assets amount to € 2.5 million (€ 2.9 million in the same period last year).

The level of **coverage of non-performing loans** (NPL) stands at 41.0%, a slight increase on 40.7% at end-2014. In detail, NPL coverage is 56.5%, the same as at the end of last year. In addition, taking into account the direct write-offs of NPL still outstanding of € 1.3 billion, total NPL coverage comes to 63.7%. The coverage of likely defaults[9] is showing significant growth to 19.2% compared with the pro-forma level at the end of 2014 (18.3%). The coverage of overdue loans comes to 7.6% compared with 8.1% at 31 December 2014.

The **profit from current activities before tax** comes to € 78.9 million at 31 March 2015 (€ 52 million in the first quarter of last year). **Income taxes for the period** amount to € 27.2 million (€ 20.8 million at 31 March 2014), with an effective tax rate of 34.5%.

Total net profit for the period amounts to € 51.7 million, compared with a positive result of € 31.2 million in the same period last year (+65.6%), including the profit for the period pertaining to minority interests of € 6.5 million (€ 2.9 million at 31 March 2014). The **net profit pertaining to the parent company** therefore comes amounted to € 45.2 million (€ 28.3 million at 31 March 2014), a significant increase of 59.9% compared with the same period last year.

Balance sheet: key figures

Direct borrowing from customers (due to customers, debt securities in issue and financial liabilities designated at fair value through profit and loss) amounts to € 45.3 billion, 1.9% down on the end of 2014, mainly due to a decline in current accounts and demand deposits (€ 0.6 billion; -2.3%), time deposits (€ 0.4 billion; -15%) and the retail bond component (€ 0.7 billion; -10.3%) and the simultaneous reallocation of these items to asset management and insurance policies, favoured by good market momentum. Direct borrowing is made up principally of retail & private deposits (81.5%) and 64.8% is in the form of current accounts, demand deposits and short-term restricted deposits.

Indirect customer deposits, marked to market, amount to € 30.1 billion, a significant increase of 6.9% on the start of the year. In particular, assets under management are up by 10.1% on the end of 2014, recording a net inflow of € 0.8 billion in the quarter, much higher than the same period last year (€ 0.3 billion);[10] assets under administration in the same period are showing a smaller increase of 4.1%, mainly due to the higher valuation of customer securities on deposit. The **insurance policy portfolio**, which is not included in indirect borrowing, comes to € 3.4

billion, a substantial increase since the start of the year (+12.2%), almost entirely for life insurance.

Loans to customers, net of impairment adjustments, amount to € 43.9 billion, substantially stable compared with the end of 2014 (-0.1%). A figure that is comforting for the prospect of a recovery in volumes, especially if we look at the figure prior to adjustments, which shows a slight increase (+0.1%), after eight consecutive quarters of decline, with a good performance on the part of mortgage loans. It is worth pointing out the continued positive trend in the residential mortgage segment, which posted a 43.5% increase in new loans over the same period last year.

Net doubtful loans come to € 6.6 billion, 1% up on the end of 2014, indicating a stabilisation of volumes overall. In detail, NPL amount to € 2.9 billion (+1.7% on year-end) with coverage of 56.5%, unlikely to pay[11] to € 3.5 billion (-0.3% on the end of 2014) with coverage of 19.2%, up by more than 90 bps on year-end, and net past due loans of € 0.2 billion (+13.2% on the end of last year) with coverage of 7.6%. As we said previously, all of these items have good coverage levels, highlighting a total coverage ratio of 41.0%, compared with 40.7% at the end of last year.

The **net interbank position**, which is negative for € 5.5 billion compared with € 4.8 billion at the end of 2014, is the difference between amounts due from banks of € 1.3 billion and amounts due to banks of € 6.8 billion. At 31 March 2015, the total amount of refinancing with the European Central Bank amounts to € 3.3 billion, including € 1.3 billion of short-term loans and € 2 billion from the new TLTRO (Targeted Longer Term Refinancing Operation) that matures in September 2018. Financial instruments eligible for use as collateral for refinancing transactions on the market amount to € 11.6 billion, net of the haircut, of which € 4.4 billion is available.

Financial assets amount in total to € 11.3 billion, an increase of 9.7% on the end of 2014; they account for 18.6% of total assets. Debt securities represent 91.2% of the total portfolio and amount to € 10.3 billion: of these, € 7 billion relate to government securities (mostly represented by Italian government bonds) and € 2.7 billion to banks and supranational entities.

Against assets available for sale (AFS) of € 7.6 billion, there are positive valuation reserves for a total of € 272.6 million, net of the related tax effect, which is the net result of positive reserves for debt securities, equities and UCITS of € 278.7 million, less negative reserves of € 6.1 million. Moreover, with regard to the portfolio of financial assets held to maturity (HTM) of € 2.5 billion, the difference between their fair value and book value is positive, resulting in a gross implicit reserve of € 242.7 million.

Total equity ("own funds") at 31 March 2015 amounts to € 5.6 billion (+1.9%), with minority interests of € 0.6 billion. Consolidated shareholders' equity of the Group, including the result for the period, comes to € 5 billion, +2.1% since the end of 2014.

Capital ratios

The **capital ratios**, still determined using the standardised approach for the requirements to cover credit[12] and market risk, have been calculated on a pro-forma basis, including the share of profit allocable to equity realised at 31 March 2015 and the net effects accrued in the same period resulting from application of the fair value option, for a total of € 40.5 million (10 bps), as follows:

- Common Equity Tier 1 ratio[13] ("phased in") of 11.43% (11.26% at 31 December 2014). This figure calculated on a "fully phased" basis comes to 11.28%;
- Tier 1 ratio ("phased in") of 11.47% (11.29% at 31 December 2014);
- Own Funds ratio "phased in" of 12.26% (12.24% at 31 December 2014).

Key figures at 31 March 2015

The Group has a presence in 18 Regions of Italy with 1,273 branches, as well as the head office of BPER (Europe) International s.a. in Luxembourg.

The Group currently has 11,552 employees, a decrease of 41 in the quarter (11,593 at the end of 2014).

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Outlook for operations

In the first part of the year, the prospects of a gradual recovery in the Italian economy appear to be strengthening, accompanied by an economic situation that is improving slowly but surely. For the current year, the prospects in terms of profitability are expected to increase with a trend in loans to customers that is showing in slight recovery, which was already visible in the first quarter; this trend ought to accelerate during the rest of the year. The still very low level of market interest rates and the growing competitiveness of traditional banking activities will continue to exert pressure on margins should, however, be offset by the benefits expected from a further decline in the cost of funding, while a positive contribution to revenues should come from commissions which have already posted a satisfactory performance in the first quarter. 2015 is the first year of the Business Plan during which we will make the scheduled investments and the first non-recurring costs, which will produce benefits over the entire three-year period. The cost of credit is expected to be significantly better than in 2014.

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Note that the consolidated interim report of the BPER Group at 31 March 2015 is unaudited. The document will be available at the head office, at Borsa Italiana S.p.a. and on the websites of the Bank and the Group (www.bper.it and www.gruppobper.it) as required by law.

To complete the information provided, we attach the consolidated balance sheet and income statement (split into quarters with comparative figures) at 31 March 2015, as well as a summary of the main indicators.

Modena, 12 May 2015

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Chief Executive Officer
Alessandro Vandelli

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, 12 May 2015

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

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A conference call has been organised for **Wednesday, 13 May 2015 at 11.00 a.m. (CET)** to explain the BPER Group's results at 31 March 2015.
The conference call, in English, will be chaired by **Alessandro Vandelli, the Chief Executive Officer**.

To join the conference call, key in the following number:

ITALY: +39 02 8020911
UK: +44 1212 818004
USA: +1 718 7058796

A set of slides supporting the presentation will be available the same day before the start of the presentation and conference call in the Investor Relations section of the website of the Bank and of the Group www.bper.it and www.gruppobper.it.

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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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Notes:

[1] Core revenues defined as the sum of net interest income and net commission income

[2] Common Equity Tier 1 ratio ("CET1"): calculated taking into account the share of profits attributable to equity earned during the first quarter of the year and the net effects accrued during the same period from application of the fair value option (total of € 40.5 million). Fully Phased CET1 estimated according to the new Basel 3 regulations at January 2019.

[3] Pre-validation of the AIRB models with the European Central Bank and the Bank of Italy officially commenced at the end of January this year.

[4] The LCR index at 31 March 2015 stands at 117%, whereas the NSFR index is estimated well over 100% (at 31 December 2014 it was 115%)

[5] "Operating profit" as shown in the attached reclassified income statement and represented by the sum of the following income statement captions: Net interest and other banking income and Other operating charges/income (caption 220) net of indirect taxes recovered from customers (€ 30.9 million at 31 March 2015, € 31.5 million in the 4th quarter of 2014 and € 29.8 million at 31 March 2014)

[6] "Operating costs" defined as reported in the attached reclassified income statement and represented by the sum of the following income statement captions: payroll costs (caption 180-a), other administrative expenses (caption 180-b) net of indirect taxes recovered from customers (see previous note), depreciation and amortisation (captions 200 and 210)

[7] See note 5

[8] See note 6

[9] With reference to the new supervisory rules that took effect on 1 January 2015, and in particular the 7th update of Bank of Italy Circular 272/2008, which redefined the categories of impaired financial assets known as "non-performing exposures", with the creation of a new category of probable defaults known as "unlikely to pay" and the elimination of watchlist and restructured loans.

[10] Net borrowing defined as inflows of new subscriptions during the period net of redemptions and calculated on the basis of management figures.

[11] See note 9

[12] See note 3

[13] See note 2

Consolidated balance sheet as at 31 March 2015

(in thousands of Euro)

Assets	31.03.2015	31.12.2014	Change	%change
10. Cash and cash equivalents	336,751	450,766	(114,015)	-25.29
20. Financial assets held for trading	1,079,617	1,033,286	46,331	4.48
30. Financial assets designated at fair value through profit and loss	109,422	110,249	(827)	-0.75
40. Financial assets available for sale	7,589,460	6,944,927	644,533	9.28
50. Financial assets held to maturity	2,521,902	2,213,497	308,405	13.93
60. Due from banks	1,345,670	1,709,298	(363,628)	-21.27
70. Loans to customers	43,865,112	43,919,681	(54,569)	-0.12
80. Hedging derivatives	46,252	36,744	9,508	25.88
100. Equity investments	255,311	257,660	(2,349)	-0.91
120. Property, plant and equipment	1,021,064	1,028,931	(7,867)	-0.76
130. Intangible assets	493,198	498,009	(4,811)	-0.97
of which: goodwill	380,416	380,416	-	-
140. Tax assets	1,281,670	1,361,322	(79,652)	-5.85
a) current	96,740	181,989	(85,249)	-46.84
b) deferred	1,184,930	1,179,333	5,597	0.47
b1) of which L. 214/2011	1,022,979	1,018,156	4,823	0.47
150. Non-current assets and disposal groups held for sale	2,817	2,817	-	-
160. Other assets	656,629	1,085,733	(429,104)	-39.52
Total assets	**60,604,875**	**60,652,920**	**(48,045)**	**-0.08**

(in thousands of Euro)

Liabilities and shareholders' equity	31.03.2015	31.12.2014	Change	%change
10. Due to banks	6,849,585	6,479,558	370,027	5.71
20. Due to customers	33,132,463	33,964,259	(831,796)	-2.45
30. Debt securities in issue	11,074,649	10,518,262	556,387	5.29
40. Financial liabilities held for trading	295,376	243,210	52,166	21.45
50. Financial liabilities designated at fair value through profit and loss	1,087,772	1,700,614	(612,842)	-36.04
60. Hedging derivatives	18,718	12,986	5,732	44.14
80. Tax liabilities	148,368	118,794	29,574	24.90
a) current	6,698	5,263	1,435	27.27
b) deferred	141,670	113,531	28,139	24.79
100.Other liabilities	1,802,891	1,527,412	275,479	18.04
110. Provision for termination indemnities	215,834	221,919	(6,085)	-2.74
120. Provisions for risks and charges	366,990	355,775	11,215	3.15
a) pensions and similar commitments	146,205	145,078	1,127	0.78
b) other provisions	220,785	210,697	10,088	4.79
140. Valuation reserves	243,314	186,840	56,474	30.23
170. Reserves	2,314,835	2,301,760	13,075	0.57
180. Share premium reserve	930,073	930,077	(4)	-
190. Share capital	1,443,925	1,443,925	-	-
200. Treasury shares	(7,256)	(7,259)	3	-0.04
210. Minority interests	642,141	639,991	2,150	0.34
220. Profit (loss) for the period	45,197	14,797	30,400	205.45
Total liabilities and shareholders' equity	**60,604,875**	**60,652,920**	**(48,045)**	**-0.08**

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Consolidated income statement as at 31 March 2015

(in thousands of Euro)

Captions	31.03.2015	31.03.2014	Change	%change
10. Interest and similar income	431,035	494,548	(63,513)	-12.84
20. Interest and similar expense	(116,940)	(164,728)	47,788	-29.01
30. Net interest income	**314,095**	**329,820**	**(15,725)**	**-4.77**
40. Commission income	188,020	184,023	3,997	2.17
50. Commission expense	(8,817)	(12,573)	3,756	-29.87
60. Net commission income	**179,203**	**171,450**	**7,753**	**4.52**
70. Dividends and similar income	249	574	(325)	-56.62
80. Net trading income	20,413	4,290	16,123	375.83
90. Net hedging gains (losses)	355	231	124	53.68
100. Gains/losses on disposal or repurchase of:	28,438	67,761	(39,323)	-58.03
a) loans	3,804	107	3,697	--
b) financial assets available for sale	25,092	67,430	(42,338)	-62.79
c) financial assets held to maturity	(92)	-	(92)	n.s.
d) financial liabilities	(366)	224	(590)	-263.39
110. Net results on financial assets and liabilities designated at fair value	(3,148)	(8,982)	5,834	-64.95
120. Net interest and other banking income	**539,605**	**565,144**	**(25,539)**	**-4.52**
130. Net impairment adjustments to:	(149,972)	(214,710)	64,738	-30.15
a) loans	(147,504)	(211,820)	64,316	-30.36
b) financial assets available for sale	(6,347)	(466)	(5,881)	--
d) other financial assets	3,879	(2,424)	6,303	-260.02
140. Net profit from financial activities	**389,633**	**350,434**	**39,199**	**11.19**
180. Administrative costs:	(323,806)	(322,923)	(883)	0.27
a) payroll	(199,322)	(196,796)	(2,526)	1.28
b) other administrative costs	(124,484)	(126,127)	1,643	-1.30
190. Net provision for risks and charges	(14,096)	(6,658)	(7,438)	111.72
200. Net adjustments to property, plant and equipment	(9,944)	(10,402)	458	-4.40
210. Net adjustments to intangible assets	(7,386)	(5,955)	(1,431)	24.03
220. Other operating charges/income	46,307	48,455	(2,148)	-4.43
230. Operating costs	**(308,925)**	**(297,483)**	**(11,442)**	**3.85**
240. Profit (loss) from equity investments	(1,886)	(973)	(913)	93.83
270. Gains (losses) on disposal of investments	113	1	112	--
280. Profit (loss) from current operations before tax	**78,935**	**51,979**	**26,956**	**51.86**
290. Income taxes on current operations for the period	(27,234)	(20,760)	(6,474)	31.18
300. Profit (loss) from current operations after tax	**51,701**	**31,219**	**20,482**	**65.61**
320. Net profit (loss) for the period	**51,701**	**31,219**	**20,482**	**65.61**
330. Net profit (loss) for the period pertaining to minority interests	(6,504)	(2,947)	(3,557)	120.70
340. Profit (loss) for the period pertaining to the Parent Company	**45,197**	**28,272**	**16,925**	**59.86**

Consolidated income statement by quarter as at 31 March 2015

Captions	31.03.2015	31.03.2014	2nd quarter 2014	3rd quarter 2014	4th quarter 2014	31.12.2014
10. Interest and similar income	431,035	494,548	489,785	470,618	453,337	1,908,288
20. Interest and similar expense	(116,940)	(164,728)	(161,146)	(150,578)	(140,027)	(616,479)
30. Net interest income	**314,095**	**329,820**	**328,639**	**320,040**	**313,310**	**1,291,809**
40. Commission income	188,020	184,023	186,210	182,429	186,457	739,119
50. Commission expense	(8,817)	(12,573)	(12,182)	(13,417)	(10,283)	(48,455)
60. Net commission income	**179,203**	**171,450**	**174,028**	**169,012**	**176,174**	**690,664**
70. Dividends and similar income	249	574	17,617	115	1,086	19,392
80. Net trading income	20,413	4,290	5,646	4,406	2,191	16,533
90. Net hedging gains (losses)	355	231	91	513	239	1,074
100. Gains/losses on disposal or repurchase of:	28,438	67,761	32,660	25,636	38,242	164,299
a) loans	3,804	107	59	(29,716)	(409)	(29,959)
b) financial assets available for sale	25,092	67,430	32,784	55,393	38,939	194,546
c) financial assets held to maturity	(92)	-	-	-	-	-
d) financial liabilities	(366)	224	(183)	(41)	(288)	(288)
110. Net results on financial assets and liabilities designated at fair value	(3,148)	(8,982)	7,992	(10,232)	(3,019)	(14,241)
120. Net interest and other banking income	**539,605**	**565,144**	**566,673**	**509,490**	**528,223**	**2,169,530**
130. Net impairment adjustments to:	(149,972)	(214,710)	(208,775)	(167,091)	(267,643)	(858,219)
a) loans	(147,504)	(211,820)	(204,972)	(163,296)	(232,646)	(812,734)
b) financial assets available for sale	(6,347)	(466)	(3,189)	(680)	(36,012)	(40,347)
d) other financial assets	3,879	(2,424)	(614)	(3,115)	1,015	(5,138)
140. Net profit from financial activities	**389,633**	**350,434**	**357,898**	**342,399**	**260,580**	**1,311,311**
180. Administrative costs:	(323,806)	(322,923)	(336,813)	(309,651)	(347,089)	(1,316,476)
a) payroll	(199,322)	(196,796)	(201,099)	(180,006)	(208,786)	(786,687)
b) other administrative costs	(124,484)	(126,127)	(135,714)	(129,645)	(138,303)	(529,789)
190. Net provision for risks and charges	(14,096)	(6,658)	(12,976)	(8,036)	(11,112)	(38,782)
200. Net adjustments to property, plant and equipment	(9,944)	(10,402)	(10,253)	(10,192)	(12,918)	(43,765)
210. Net adjustments to intangible assets	(7,386)	(5,955)	(6,360)	(6,823)	(7,483)	(26,621)
220. Other operating charges/income	46,307	48,455	43,525	37,556	43,732	173,268
230. Operating costs	**(308,925)**	**(297,483)**	**(322,877)**	**(297,146)**	**(334,870)**	**(1,252,376)**
240. Profit (loss) from equity investments	(1,886)	(973)	(2,792)	2,270	658	(837)
270. Gains (losses) on disposal of investments	113	1	22	3	41	67
280. Profit (loss) from current operations before tax	**78,935**	**51,979**	**32,251**	**47,526**	**(73,591)**	**58,165**
290. Income taxes on current operations	(27,234)	(20,760)	(20,922)	(14,258)	27,556	(28,384)
300. Profit (loss) from current operations after tax	**51,701**	**31,219**	**11,329**	**33,268**	**(46,035)**	**29,781**
320. Net profit (loss) for the period	**51,701**	**31,219**	**11,329**	**33,268**	**(46,035)**	**29,781**
330. Net profit (loss) for the period pertaining to minority interests	(6,504)	(2,947)	(3,701)	(8,067)	(269)	(14,984)
340. Profit (loss) for the period pertaining to the Parent Company	**45,197**	**28,272**	**7,628**	**25,201**	**(46,304)**	**14,797**

BPER:
Gruppo

Reclassified consolidated income statement as at 31 March 2015

(in thousands of Euro)

Captions		31.03.2015	31.03.2014	Change	%change
10+20	Net interest income	314,095	329,820	(15,725)	-4.77
40+50	Net commission income	179,203	171,450	7,753	4.52
70	Dividends	249	574	(325)	-56.62
80+90+100+110	Net trading income	46,058	63,300	(17,242)	-27.24
220 (*)	Other operating charges/income	15,443	18,666	(3,223)	-17.27
	Operating income	**555,048**	**583,810**	**(28,762)**	**-4.93**
180 a)	Payroll	(199,322)	(196,796)	(2,526)	1.28
180 b) (*)	Other administrative costs	(93,620)	(96,338)	2,718	-2.82
200+210	Net adjustments to property, plant, equipment and intangible assets	(17,330)	(16,357)	(973)	5.95
	Operating costs	**(310,272)**	**(309,491)**	**(781)**	**0.25**
	Net operating income	**244,776**	**274,319**	**(29,543)**	**-10.77**
130 a)	Net impairment adjustments to loan	(147,504)	(211,820)	64,316	-30.36
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(6,347)	(466)	(5,881)	--
130 d)	Net impairment adjustments to other financial assets	3,879	(2,424)	6,303	-260.02
	Net impairment adjustments	**(149,972)**	**(214,710)**	**64,738**	**-30.15**
190	Net provisions for risks and charges	(14,096)	(6,658)	(7,438)	111.72
240+260+270	Gains (losses) from equity instruments, on disposal of investments and adjustment to goodwill	(1,773)	(972)	(801)	82.41
280	**Profit (loss) from current operations before tax**	**78,935**	**51,979**	**26,956**	**51.86**
290	Income taxes for the period on current operations	(27,234)	(20,760)	(6,474)	31.18
310	Profit (loss) after tax on non-current assets held for sale	-	-	-	n.s.
320	**Profit (loss) for the period**	**51,701**	**31,219**	**20,482**	**65.61**
330	Net profit (loss) pertaining to minority interests	(6,504)	(2,947)	(3,557)	120.70
340	**Profit (loss) for the period pertaining to the Parent Company**	**45,197**	**28,272**	**16,925**	**59.86**

(*)	Caption net of recovery of taxes	30,864	29,789	1,075	3.61

BPER:
Gruppo

Reclassified consolidated income statement by quarter as at 31 March 2015

Captions		1st quarter 2015	1st quarter 2014	2nd quarter 2014	3rd quarter 2014	4th quarter 2014	31.12.2014
10+20	Net interest income	314,095	329,820	328,639	320,040	313,310	1,291,809
40+50	Net commission income	179,203	171,450	174,028	169,012	176,174	690,664
70	Dividends	249	574	17,617	115	1,086	19,392
80+90+100+110	Net trading income	46,058	63,300	46,389	20,323	37,653	167,665
220 (*)	Other operating charges/income	15,443	18,666	11,133	5,851	12,215	47,865
	Operating income	**555,048**	**583,810**	**577,806**	**515,341**	**540,438**	**2,217,395**
180 a)	Payroll	(199,322)	(196,796)	(201,099)	(180,006)	(208,786)	(786,687)
180 b) (*)	Other administrative costs	(93,620)	(96,338)	(103,322)	(97,940)	(106,786)	(404,386)
210 + 220	Net adjustments to property, plant and equipment and intangible assets	(17,330)	(16,357)	(16,613)	(17,015)	(20,401)	(70,386)
	Operating costs	**(310,272)**	**(309,491)**	**(321,034)**	**(294,961)**	**(335,973)**	**(1,261,459)**
	Net operating income	**244,776**	**274,319**	**256,772**	**220,380**	**204,465**	**955,936**
130 a)	Net impairment adjustments to loans	(147,504)	(211,820)	(204,972)	(163,296)	(232,646)	(812,734)
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(6,347)	(466)	(3,189)	(680)	(36,012)	(40,347)
130 d)	Net impairment adjustments to other financial transactions	3,879	(2,424)	(614)	(3,115)	1,015	(5,138)
	Net impairment adjustments	**(149,972)**	**(214,710)**	**(208,775)**	**(167,091)**	**(267,643)**	**(858,219)**
190	Net provisions for risks and charges	(14,096)	(6,658)	(12,976)	(8,036)	(11,112)	(38,782)
240+260+270	Gains (Losses) on disposal of investments and adjustments to goodwill	(1,773)	(972)	(2,770)	2,273	699	(770)
280	**Profit (Loss) from current operations before income tax**	**78,935**	**51,979**	**32,251**	**47,526**	**(73,591)**	**58,165**
290	Income taxes on current operations for the period	(27,234)	(20,760)	(20,922)	(14,258)	27,556	(28,384)
310	Profit (Loss) after tax on non-current assets held for sale	-	-	-	-	-	-
320	**Net profit (loss) for the period**	**51,701**	**31,219**	**11,329**	**33,268**	**(46,035)**	**29,781**
330	Net profit (loss) pertaining to minority interests	(6,504)	(2,947)	(3,701)	(8,067)	(269)	(14,984)
340	**Profit (Loss) for the period pertaining to the Parent Company**	**45,197**	**28,272**	**7,628**	**25,201**	**(46,304)**	**14,797**

(*)	Caption net of recovery of taxes	30,864	29,789	32,392	31,705	31,517	125,403

BPER:
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Performance ratios as at 31 March 2015

	31.03.2015	2014 (*)
Financial ratios		
Structural ratios (%)		
net loans to customers/total assets	72.38%	72.41%
net loans and advances to customers/direct deposits from customers	96.84%	95.10%
financial assets/total assets	18.65%	16.99%
fixed assets/total assets	2.11%	2.12%
goodwill/total assets	0.63%	0.63%
direct deposits/total assets	86.04%	86.83%
deposits under management/indirect deposits	47.51%	46.12%
financial assets/tangible equity[1]	2.21	2.06
Total tangible assets[2]/tangible equity	11.74	12.00
net interbank lending/borrowing (in thousands of Euro)	(5,503,915)	(4,770,260)
number of employees	11,552	11,593
number of national bank branches	1,273	1,273
Profitability ratios (%)		
ROE	3.75%	0.33%
ROTE	4.17%	0.37%
ROA (net profit/total assets)	0.09%	0.05%
Cost/income ratio[3]	55.90%	53.01%
Net adjustments to loans /net loans to customers	0.34%	0.46%
Basic EPS	0.094	0.084
Diluted EPS	0.094	0.084
Risk ratios (%)		
net doubtful loans/net loans to customers	15.02%	14.86%
net non-performing loans/net loans to customers	6.54%	6.42%
net unlikely to pay loans/net loans to customers	7.99%	8.00%
net past due loans/net loans to customers	0.50%	0.44%
adjustments to doubtful loans/gross doubtful loans	40.98%	40.66%
adjustments to non-performing loans/gross non-performing loans	56.50%	56.55%
adjustments to unlikely to pay loans/ gross unlikely to pay loans	19.19%	18.28%
adjustments to past due loans/gross past due loans	7.61%	8.07%
adjustments to performing loans/gross performing loans	0.55%	0.56%

(*) The comparative figures for the income statement are as at 31 March 2014, except for the ROE and the ROTE which are calculated on a yearly basis.

[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 57.25% (52.64% at March 31, 2014).*

	31.03.2015	2014 (*)
Capital and liquidity ratios[4]		
Common Equity ratio (CET1 ratio) - Phased in	11.43%	11.26%
Tier 1 ratio (T1 ratio) - Phased in	11.47%	11.29%
Total Capital ratio (TC ratio) - Phased in	12.26%	12.24%
Common Equity ratio (CET1 ratio) - Fully Phased[5]	11.28%	10.91%
Leverage ratio - Phased in	7.2%	7.2%
Leverage ratio - Fully Phased	7.1%	6.9%
Liquidity coverage ratio (LCR)	117%	125%
Net stable funding ratio (NSFR)[6]	n.d.	115%
Non financial ratios		
Productivity ratios (in thousands of Euro)		
direct deposits per employee	3,920.96	3,983.71
loans and advances to customers per employee	3,797.19	3,788.47
assets managed per employee	1,239.15	1,121.71
assets administered per employee	1,369.07	1,310.60
core revenues per employee[7]	42.70	43.06
net interest and other banking income per employee	46.71	48.55
operating costs per employee	26.74	25.55

(*) The comparative figures for the income statement are as at 31 March 2014, except for the ROE and the ROTE which are calculated on a yearly basis.

[4] *Capital and liquidity ratios at 31 March 2015 have been calculated on a pro-forma basis, taking into account the share of profits attributable to equity earned during the first quarter of 2015 and the net effects accrued during the same period from application of the fair value option (a total of € 40.5 million). On the other hand, they do not take into account the benefits of internal models (pre-validation of the AIRB models with the ECB and the Bank of Italy officially begun at the end of January 2015).*

[5] *Common Equity Tier 1 ratio (CET1 ratio) – Fully Phased, as stated in the previous paragraph, it is calculated on a pro-forma basis and estimated according to the new Basel 3 regulations at January 2019.*

[6] *The NSFR, not yet available, it is in any case estimated to exceed 100%*

[7] *Core revenues = net interest income + net commission income*