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Banca

PRESS RELEASE

Quarterly report as at 30 September 2015 approved

Total net profit for the nine months of € 125.1 million (+65%), net of non-recurring costs[1] for the personnel manoeuvre, well over target

Book net profit of € 88.7 million

(the profit figures include the estimated annual contributions to the Single Resolution Fund for € 19.1 million, which did not exist in 2014)

Significant increase in net commission income in the nine months (+4.5%) thanks to the good performance of asset management and "bancassurance" (+37%)

Net interest income down by 5.5% in the period, more than offset by the sharp reduction in net adjustments to loans (-26.8%), confirming the gradual normalisation of cost of credit

Significant decrease in inflows to bad and unlikely to pay loans compared with the first nine months of 2014 (-34.4% and -39.9% respectively)

Coverage ratio of non-performing exposures at 42.1% (+145 bps since the end of 2014), among the best compared with direct competitors

Loans slightly up compared with June (+0.1%), the first encouraging sign of a trend reversal after two years of consecutive declines, thanks to a strong increase in new production of more than 50% in the nine months

Further improvement in an already solid capital position compared with June 2015, with a pro-forma[2] CET1 ratio Fully Phased of 11.78% (12.04% Phased In), without considering the effect of validating internal models[3], well over the minimum requirements

Fully Phased Basel 3 Leverage Ratio[4] of 7.2% (Phased In 7.5%), among the best of the system with LCR and NSFR liquidity indices well over 100%[5]

- Comparison of the main economic aggregates for the first nine months of 2015 with the same period of the previous year (year on year):
  - Profit from current operations before tax of € 125.7 million (-4.6%), € 179.9 million (+36.6%) net of non-recurring costs for the period
  - Operating profit[6] (€ 1,595.4 million) is down by 4.9%:
    - net interest income down by 5.5%, mainly due to lower interest rates and a different market environment;
    - net commission income up by 4.5%, thanks to the contribution made by asset management and "bancassurance";
    - positive contribution from net trading income (€ 81.9 million), even though it is lower than the same period last year;
  - Net loan adjustments down considerably (-26.8%) with a cost of credit for the period of 98 bps (130 bps annualised).
  - Operating income, net of total net adjustments, up by 6.1% on 2014, confirming the resilience of overall margins in light of the significant improvement in cost of credit;
  - Ordinary operating costs[7] down by 0.7% (net of non-recurring payroll costs accounted for in the period[8]), with a decrease in both ordinary payroll costs (-0.6%) and other administrative expenses (-1.6%);

- Comparison of the main economic aggregates for the third quarter with the second quarter of 2015 (quarter on quarter):
  - Profit from current operations before tax of € 10.1 million (€ 36.7 million in the second quarter), € 62.6 million (+62.8%) net of non-recurring costs for the period[9];
  - Operating profit (€ 513 million) down by 2.7%:
    - net interest income down by 2%, reflecting a slight decline in the overall spread, mainly influenced by the pressure on the yield of commercial assets, despite an improvement in the cost of funding;
    - net commission income down by 1.6%, mainly due to the usual seasonality of the summer period;
    - net trading income of € 20.4 million (€ 15.5 million in the second quarter) favoured by the stabilisation of financial markets during the quarter;
  - Net adjustments to loans in sharp decline (-15.4%). The cost of credit comes in at 29 bps for the quarter, down on the second quarter of 2015 (35 bps).
  - Operating profitability, net of total net adjustments, up by 2.3% on the previous quarter (+8.5% compared with the third quarter of 2014);
  - Sharp decrease in ordinary operating costs[10] (-7.1%) mainly due to the normal seasonality of the third quarter of the year, with payroll costs (-7.8%) and other administrative expenses (-7.4%) down;

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 30 September 2015.

At the end of the Board meeting, Alessandro Vandelli, CEO of BPER, declared: "I think that the result achieved in the first nine months of the year is very positive, with a net profit of 125 million euro, 65% up on the same period of 2014, if we exclude significant non-recurring costs (54 million euro) relating to the staff agreement signed last August with the Trade Unions. This result confirms that the road taken for the return to a satisfactory and sustainable level of profitability is the correct one. One of the more positive matters worth noting is the sharp decline in net adjustments to loans, in line with expectations for 2015, thanks to the improvement in the economic environment and the firm steps taken to recompose the risk profile of our loan portfolio. In fact, we report a significant reduction of inflows to non-performing exposures, while we continue to increase the level of coverage, which is now over 42%, one of the highest among our direct competitors. We also saw positive signs in the last quarter, for the first time in more than two years of consecutive declines, with a slight reversal of the trend in loans, accompanied by a strong acceleration in new loan disbursements to households and businesses, with a percentage that exceeds 50% over the same period of 2014, while, as regards deposits, the significant development of asset management continues. This latter aspect helped to support the positive trend in net commission income which, together with the reduction in ordinary operating costs, had a positive impact on the income statement. The liquidity position and capitalisation of the Group are both excellent, with the latter confirmed by a Fully Phased pro-forma CET1 ratio[11] of 11.8%, well above the minimum regulatory requirements; furthermore, *the level of leverage stood at 7.2%, among the best figures in the system, confirming the cautious and balanced management decisions. In the positive context described above, implementation of measures envisaged in the 2015-2017 Business Plan continues after some 10 months from its presentation to the market. Among the main activities, worth remembering is the signing in August of the agreement with the trade unions for redundancy incentives and the Solidarity Fund relating to personnel, the reorganisation of the distribution network with the closure of the first 30 out of 130 branches envisaged by the plan and the imminent establishment of the consortium responsible for managing bad loans loans of the Banking Group, which will be fully operational at the beginning of 2016. The valuation of these first few months of operations can only be extremely positive and in line with stated targets, which aim to redesign the Group's distribution model, make structural reductions in the cost base and manage problem loans in a targeted way, in order to achieve an appropriate and sustainable level of profitability, consolidating our leadership in the areas of reference."*

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Income statement: key figures

Net interest income comes to € 924.5 million and is down by 5.5% compared with the same period last year, primarily because of changed market conditions and interest rates, where the decline in commercial volumes and the pressures on asset yields were not sufficiently offset by the significant decrease in the cost of funding. Comparison with the previous quarter shows a more moderate 2% decrease in net interest income given the substantial stability of commercial loans and a limited decline in overall spread compared with the previous quarter (-4 bps).

Net commission income of € 537.7 million is showing an increase of 4.5% over the same period last year (-1.6% q/q due to the usual seasonal factors), mainly because of the combined effect of a very positive trend in fees and commissions on indirect deposits, asset management and "bancassurance" in particular (+37% y/y and -1.7% q/q), and a decrease in fees and commissions on traditional commercial banking, which is still conditioned by the current weak state of the economy.

The **net result from trading activities** (including dividends of € 14.3 million) amounts to € 96.2 million, 35.2% down on the same period of 2014. This result was achieved with the help of net realised gains of € 74.3 million, net capital gains of € 0.9 million and the positive contribution of the fair value option on financial liabilities for € 0.4 million (negative for € 16.9 million at 30 September 2014). The "AFS" reserve for government securities is showing gains for an amount (net of taxes) of € 84.1 million (€ 97.9 million at 31 December 2014), well up by over € 30 million compared with June 2015.

Operating profit[12] comes to € 1,595.4 million, 4.9% down y/y (-2.7% q/q) with a decrease in net interest income (-5.5%), net profit from financial activities (-37%) and dividends collected (-21.9%), only partially offset by the positive trend in net commission income (+4.5%) and other operating charges/income (+3.7%).

Operating costs[13]**,** net of the extraordinary costs of redundancy incentives and the Solidarity Fund recorded in the first nine months of 2015 (€ 54.3 million)[14], amounted to € 918.9 million, down 0.7% on the same period last year (-7.1% on the previous quarter, mainly because of the usual seasonal effects)[15]. In detail, **ordinary payroll costs**[16] amount to € 574.3 million, -0.6% y/y and -7.8% q/q (this item, inclusive of extraordinary costs mentioned above, amounts to € 628.6 million in the nine months and € 179.9 million in the third quarter of 2015), **other administrative expenses** to € 292.7 million (-1.6% y/y; -7.4% q/q) and depreciation/amortisation to € 51.9 million (+3.9% y/y; -2.4% q/q).

Net adjustments to loans and other financial assets amount to € 442.8 million, 25% down on the same period in 2014 (-14.4% q/q). The adjustments related to the credit sector amount to € 424.9 million compared with € 580.1 in the first nine months of 2014 (26.8%): this figure includes an extraordinary impairment adjustment to a subordinated bank bond included in "Loans and Receivables" for an amount of € 7.8 million (already written down in the second quarter for € 6.7 million); excluding this, net adjustments to loans would have shown an even more pronounced decline year-on-year (-28.1%). The overall cost of credit at 30 September 2015 comes to 98 bps (130 bps annualised compared with 185 bps in 2014). Net adjustments to other financial assets total € 17.9 million (€ 10.5 million in the same period of 2014), largely attributable to AFS securities (€ 16.5 million).

Net provisions for risks and charges (€ 52.2 million) are up compared with € 27.7 million in the same period of 2014, including provisions of € 19.1 million made for 2015 contributions, estimated with the information currently available, to the Deposits Guarantee Schemes ("DGS") Fund required by Directive 2014/59/EU which became effective on 3 July 2015 (€ 8.5 million) and to the "Single Resolution Fund ("SRF") required by Directive 2014/49/EU in force since 1 January 2015 (€ 10.6 million).

The level of **coverage of non-performing exposures** (NPEs) stands at 42.1%, 145 bps up compared with 40.7% at end-2014. In detail, bad loans ("Sofferenze") coverage is 56.8%, up on the figure of 56.6% at the end 2014. In addition, taking into account the direct write-offs of bad loans ("Sofferenze") still outstanding of € 1.3 billion, total bad loans ("Sofferenze") coverage comes to 63.6%. The coverage of unlikely to pay loans[17] is showing significant growth to 20.7% compared with the pro-forma level[18] of 18.3% (+246 bps) at the end of 2014. The coverage of past due loans comes to 7.8%, a slight decrease of 29 bps compared with 31 December 2014.

The profit from current activities before tax (net of the one-off portion on payroll costs[19]) comes to € 179.9 million at 30 September 2015 (€ 131.8 million in the same period last year). **Income taxes for the period, net of the tax portion relating to extraordinary costs mentioned above[20]**, amount to € 54.9 million (€ 55.9 million at 30 September 2014), with an effective tax rate "on an ordinary basis" of 30.5%. Profit before income taxes, including the aforementioned non-recurring items, amounts to € 125.7 million, recording taxes for € 36.9 million, with a tax rate of 29.4%.

Total net profit for the period (net of the one-off portion on payroll costs[21]) is significantly up to € 125.1 million, compared with a positive result of € 75.8 million in the same period last year (+65%), including the profit for the period pertaining to minority interests of € 12.6 million (€ 14.7 million at 30 September 2014); t**he net profit pertaining to the parent company** therefore comes to € 112.5 million (€ 61.1 million at 30 September 2014), 84.1% up on 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 € 46.2 billion, stable on the end of 2014, with a slight rise in current accounts and demand deposits (+€ 0.2 billion; +0.6%) and repurchase agreements (+€ 0.8 billion; +79.9%) and the simultaneous decrease in time deposits (-€ 0.7 billion; -24%) and bonds (-€ 0.1 billion; -1.6%); bonds subscribed by retail customers have fallen by € 1.6 billion, almost entirely substituted by those placed with institutional customers, which are up by € 1.5 billion. Direct borrowing is made up principally of retail & private deposits (81%) 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 € 29.2 billion, an increase of 3.6% since the start of the year. In particular, funds under administration are substantially unchanged in the same period (-0.3%) and assets under management are up by 8.2% on the end of 2014, recording a net inflow of € 1.4 billion in the period, an increase of 48.2% on the same period last year (€ 0.9 billion)[22]. The **insurance policy portfolio**, which is not included in indirect borrowing, comes to € 3.8 billion, a substantial increase since the start of the year (+24%), almost entirely for life insurance.

Loans to customers, net of adjustments, amount to € 43.4 billion and, despite a decrease of 1.1% from the end of 2014, they are slightly up on June 2015 (+0.1%) for the first time after over two years of consecutive declines; this trend reversal, which will have to be confirmed in the coming quarters, is also the consequence of a certain upswing in lending to customers, showing good results for new production in the nine months (+51.2% compared with the first nine months of 2014), with a particularly positive trend in the "individuals" segment (+93.1%) and in the "corporate" segment (+24.5%). As regards the specific technical forms of loans, it is worth pointing out the continued positive trend in residential mortgages, which posted a 69.8% increase in new loans over the same period last year.

Net non-performing exposures come to € 6.6 billion, 1% up on the end of 2014. In detail, bad loans (“Sofferenze”) amount to € 3 billion (+5.2% on year-end) with coverage of 56.8%, net unlikely to pay loans[23] come to € 3.3 billion with a strong decrease of 6.1% on the end of 2014 and a growing coverage of 246 bps since the end of 2014 to 20.7% and net past due loans of € 0.3 billion (+67.8% on the end of last year) with coverage of 7.8%. As we said previously, all of these items have good coverage levels, highlighting a total coverage ratio of 42.1%, compared with 40.7% at the end of last year (41.8% at the end of June 2015).

The **net interbank position**, which is negative for € 4.4 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 € 5.7 billion. The total amount of refinancing with the European Central Bank amounts to € 3.2 billion, including € 1.2 billion of short-term loans and € 2 billion from TLTRO (Targeted Longer Term Refinancing Operations). Financial instruments eligible for use as collateral for refinancing transactions on the market amount to € 11.4 billion, net of the haircut, of which € 4.7 billion is available.

Financial assets amount in total to € 11.8 billion, an increase of 14.9% on the end of 2014, representing 19.5% of total assets. Debt securities represent 90.7% of the total portfolio and amount to € 10.7 billion: of these, € 6.9 billion relate to government securities (mostly represented by Italian government bonds) and € 3.1 billion to banks and supranational entities.

Against assets available for sale (AFS) of € 8.3 billion, there are positive valuation reserves for a total of € 353.6 million, net of the related tax effect, which is the net result of positive reserves for debt securities, equities and UCITS of € 373.8 million, less negative reserves of € 20.2 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, net of the related tax effect, resulting in a net implicit reserve of € 121.6 million.

Total equity ("own funds") at 30 September 2015 amounts to € 5.7 billion (+3.7% on the end of 2014), with minority interests of € 0.6 billion. Consolidated shareholders' equity of the Group, including the result for the period, comes to € 5.1 billion, +4.6% since the end of 2014.

Capital ratios

The **capital ratios**, still determined using the standardised approach for the requirements to cover credit[24] and market risk, have also been calculated on a pro-forma basis[25], as follows:

- Phased In Common Equity Tier 1 ratio of 11.62% (11.51% at 30 June 2015 and 11.26% at 31 December 2014). This figure calculated on a pro-forma basis[26] comes to 12.04%, while on a fully phased basis is estimated at 11.78%;

- Phased In Tier 1 ratio of 11.71% (11.55% at 30 June 2015 and 11.29% at 31 December 2014);
- Phased In Total capital ratio of 13.10% (12.89% at 30 June 2015 and 12.24% at 31 December 2014).

Key figures at 30 September 2015

The Group has a presence in 18 Regions of Italy, with 1,244 branches, 29 fewer compared with 1,273 at the end of 2014, as well as the head office of BPER (Europe) International s.a. in Luxembourg.

The Group currently has 11,433 employees, a decrease of 160 in the first nine months (11,593 at the end of 2014).

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Outlook for operations

During the first nine months of the year, the prospects of a gradual recovery in the Italian economy have further strengthened, accompanied by a slow but steady improvement in the economic situation and expectations of growth in GDP. During the third quarter, the trend in loans to customers showed the first signs of recovery after two years of uninterrupted declines; this trend is likely to continue in the last quarter of the year, to then consolidate the following year thanks to particularly favourable economic and monetary policy factors. The still very low level of market interest rates and high competition in the field of traditional lending to customers will continue to exert pressure on the return on assets, albeit with a gradual reduction in intensity in the coming months; at the same time, the steps taken to reprice liabilities, especially in the second half of the year, will allow a further decline in the cost of funding aimed at limiting tensions on the margin. A positive contribution to revenues is expected from fees and commissions that already turned in a very satisfactory performance in the first nine months of the year. The sharp slowdown in the flows of new non-performing exposures recorded in the period should continue in the latter part of the year. In addition, the sale of the interest in Istituto Centrale Banche Popolari Italiane should be completed by the end of the year. The prospects for profitability for the current year are expected to improve compared with 2014.

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Note that the consolidated interim report of the BPER Group at 30 September 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 30 September 2015, as well as a summary of the main indicators.

Modena, 11 November 2015

Chief Executive Officer
Alessandro Vandelli

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The Manager responsible for preparing the Company's financial reports, Emilio Annovi, declares in accordance with art. 154-bis, para. 2, of Legislative Decree 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, 11 November 2015

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

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A conference call has been organised for **Thursday, 12 November 2015 at 11 a.m. (CET)** to explain the BPER Group's results at 30 September 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] Non-recurring costs include extraordinary costs for redundancy incentives and the Solidarity Fund of € 54.3 million before taxes at 30 September 2015, of which € 52.5 million estimated for the third quarter, in accordance with the agreement signed with the Trade Unions on 14 August 2015 in full compliance with the guidelines of the 2015-17 Business Plan, and € 1.8 million already recognised in the second quarter. The tax effect of these items is approximately € 18 million.

[2] The Fully Phased Common Equity Tier 1 ("CET1") ratio, estimated in January 2019 in accordance with the new Basel 3 regulations, and the Phased In CET1 ratio have been calculated on a pro-forma basis taking into account the profit for the third quarter allocable to equity (€ 5 million, corresponding to about 1 bp), having already included for regulatory purposes (as authorised by the ECB) the portion of net profit realised in the first half of the year (€ 54 million corresponding to approximately 13 bps) that could be allocated to equity. The pro-forma calculation takes into account the sale of a 9.1422% stake in Istituto Centrale delle Banche Popolari Italiane (ICBPI): completion of this transaction, the preliminary contract for which was signed on 19 June 2015, is subject to authorisation from the competent Authorities, which is expected by the end of the year. The impact is currently put at around 41 bps.

[3] Pre-validation of the AIRB models with the European Central Bank and the Bank of Italy, which officially commenced at the end of January, continued in the first nine months of the year. A formal validation request was sent to the Supervisory Authorities in August, followed by the planned on-site inspection, which was completed at the end of October.

[4] Determined in accordance with changes to the law in force since 2015, introduced by the 575/2013 Directive (CRR).

[5] The LCR index at 30 September 2015 stands at 115.6%, whereas the NSFR index is estimated at well over 100% (at 30 June 2015 it was 114.5%).

[6] "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 recharged to customers (€ 93.4 million at 30 September 2015, € 93.9 million at 30 September 2014).

[7] "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).

[8] See note 1

[9] See note 1

[10] See note 7

[11] See note 2

[12] See note 6

[13] See note 7

[14] See note 1

[15] Operating costs, including the extraordinary costs mentioned in note 1), amount to € 973.2 million in the first nine months and € 345.6 million in the third quarter of 2015

[16] See note 1

[17] 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. This approach was already applied when preparing the quarterly report at 31 March 2015.

[18] With reference to what is mentioned in note 17, the comparative figure of unlikely to pay loans at 31 December 2014 has been calculated by adding together the two categories (watchlist and restructured loans) that this new item has combined.

[19] See note 1

[20] See note 1

[21] See note 1

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

[23] See note 18

[24] See note 3

[25] See note 2

[26] See note 2

Consolidated balance sheet as at 30 September 2015

(in thousands of Euro)

Assets	30.09.2015	31.12.2014	Change	%change
10. Cash and cash equivalents	361,508	450,766	(89,258)	-19.80
20. Financial assets held for trading	845,007	1,033,286	(188,279)	-18.22
30. Financial assets designated at fair value through profit and loss	101,303	110,249	(8,946)	-8.11
40. Financial assets available for sale	8,346,530	6,944,927	1,401,603	20.18
50. Financial assets held to maturity	2,545,547	2,213,497	332,050	15.00
60. Due from banks	1,288,965	1,709,298	(420,333)	-24.59
70. Loans to customers	43,449,783	43,919,681	(469,898)	-1.07
80. Hedging derivatives	46,520	36,744	9,776	26.61
100. Equity investments	257,451	257,660	(209)	-0.08
120. Property, plant and equipment	948,095	1,028,931	(80,836)	-7.86
130. Intangible assets	490,939	498,009	(7,070)	-1.42
of which: goodwill	380,395	380,416	(21)	-0.01
140. Tax assets	1,308,631	1,361,322	(52,691)	-3.87
a) current	73,252	181,989	(108,737)	-59.75
b) deferred	1,235,379	1,179,333	56,046	4.75
b1) of which L. 214/2011	1,050,668	1,018,156	32,512	3.19
150. Non-current assets and disposal groups held for sale	2,817	2,817	-	-
160. Other assets	665,393	1,085,733	(420,340)	-38.71
Total assets	**60,658,489**	**60,652,920**	**5,569**	**0.01**

(in thousands of Euro)

Liabilities and shareholders' equity	30.09.2015	31.12.2014	Change	%change
10. Due to banks	5,728,139	6,479,558	(751,419)	-11.60
20. Due to customers	34,375,105	33,964,259	410,846	1.21
30. Debt securities in issue	10,908,398	10,518,262	390,136	3.71
40. Financial liabilities held for trading	262,689	243,210	19,479	8.01
50. Financial liabilities designated at fair value through profit and loss	890,720	1,700,614	(809,894)	-47.62
60. Hedging derivatives	21,846	12,986	8,860	68.23
80. Tax liabilities	137,420	118,794	18,626	15.68
a) current	16,953	5,263	11,690	222.12
b) deferred	120,467	113,531	6,936	6.11
100.Other liabilities	2,010,975	1,527,412	483,563	31.66
110. Provision for termination indemnities	200,289	221,919	(21,630)	-9.75
120. Provisions for risks and charges	406,206	355,775	50,431	14.17
a) pensions and similar commitments	125,645	145,078	(19,433)	-13.39
b) other provisions	280,561	210,697	69,864	33.16
140. Valuation reserves	352,935	186,840	166,095	88.90
170. Reserves	2,289,783	2,301,760	(11,977)	-0.52
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	624,656	639,991	(15,335)	-2.40
220. Profit (loss) for the period	82,586	14,797	67,789	458.13
Total liabilities and shareholders' equity	**60,658,489**	**60,652,920**	**5,569**	**0.01**

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Consolidated income statement as at 30 September 2015

(in thousands of Euro)

Captions	30.09.2015	30.09.2014	Change	%change
10. Interest and similar income	1,249,343	1,454,951	(205,608)	-14.13
20. Interest and similar expense	(324,842)	(476,452)	151,610	-31.82
30. Net interest income	**924,501**	**978,499**	**(53,998)**	**-5.52**
40. Commission income	565,041	552,662	12,379	2.24
50. Commission expense	(27,344)	(38,172)	10,828	-28.37
60. Net commission income	**537,697**	**514,490**	**23,207**	**4.51**
70. Dividends and similar income	14,289	18,306	(4,017)	-21.94
80. Net trading income	14,995	14,342	653	4.55
90. Net hedging gains (losses)	(799)	835	(1,634)	-195.69
100. Gains/losses on disposal or repurchase of:	67,129	126,057	(58,928)	-46.75
a) loans	4,205	(29,550)	33,755	-114.23
b) financial assets available for sale	63,626	155,607	(91,981)	-59.11
c) financial assets held to maturity	208	-	208	n.s.
d) financial liabilities	(910)	-	(910)	n.s.
110. Net results on financial assets and liabilities designated at fair value	557	(11,222)	11,779	-104.96
120. Net interest and other banking income	**1,558,369**	**1,641,307**	**(82,938)**	**-5.05**
130. Net impairment adjustments to:	(442,825)	(590,576)	147,751	-25.02
a) loans	(424,897)	(580,088)	155,191	-26.75
b) financial assets available for sale	(16,462)	(4,335)	(12,127)	279.75
d) other financial assets	(1,466)	(6,153)	4,687	-76.17
140. Net profit from financial activities	**1,115,544**	**1,050,731**	**64,813**	**6.17**
180. Administrative costs:	(1,014,720)	(969,387)	(45,333)	4.68
a) payroll	(628,579)	(577,901)	(50,678)	8.77
b) other administrative costs	(386,141)	(391,486)	5,345	-1.37
190. Net provision for risks and charges	(52,225)	(27,670)	(24,555)	88.74
200. Net adjustments to property, plant and equipment	(28,410)	(30,847)	2,437	-7.90
210. Net adjustments to intangible assets	(23,502)	(19,138)	(4,364)	22.80
220. Other operating charges/income	130,417	129,536	881	0.68
230. Operating costs	**(988,440)**	**(917,506)**	**(70,934)**	**7.73**
240. Profit (Loss) from equity investments	(1,459)	(1,495)	36	-2.41
270. Gains (Losses) on disposal of investments	13	26	(13)	-50.00
280. Profit (Loss) from current operations before tax	**125,658**	**131,756**	**(6,098)**	**-4.63**
290. Income taxes on current operations for the period	(36,914)	(55,940)	19,026	-34.01
300. Profit (Loss) from current operations after tax	**88,744**	**75,816**	**12,928**	**17.05**
320. Net profit (loss) for the period	**88,744**	**75,816**	**12,928**	**17.05**
330. Net profit (loss) for the period pertaining to minority interests	(6,158)	(14,715)	8,557	-58.15
340. Profit (Loss) for the period pertaining to the Parent Company	**82,586**	**61,101**	**21,485**	**35.16**

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Consolidated income statement by quarter as at 30 September 2015

Captions	1st quarter 2015	2nd quarter 2015	3rd quarter 2015	1st quarter 2014	2nd quarter 2014	3rd quarter 2014	4th quarter 2014
10. Interest and similar income	431,035	415,453	402,855	494,548	489,785	470,618	453,337
20. Interest and similar expense	(116,940)	(107,083)	(100,819)	(164,728)	(161,146)	(150,578)	(140,027)
30. Net interest income	**314,095**	**308,370**	**302,036**	**329,820**	**328,639**	**320,040**	**313,310**
40. Commission income	188,020	189,373	187,648	184,023	186,210	182,429	186,457
50. Commission expense	(8,817)	(8,723)	(9,804)	(12,573)	(12,182)	(13,417)	(10,283)
60. Net commission income	**179,203**	**180,650**	**177,844**	**171,450**	**174,028**	**169,012**	**176,174**
70. Dividends and similar income	249	13,583	457	574	17,617	115	1,086
80. Net trading income	20,413	(6,009)	591	4,290	5,646	4,406	2,191
90. Net hedging gains (losses)	355	(520)	(634)	231	91	513	239
100. Gains/losses on disposal or repurchase of:	28,438	15,882	22,809	67,761	32,660	25,636	38,242
a) loans	3,804	601	(200)	107	59	(29,716)	(409)
b) financial assets available for sale	25,092	15,486	23,048	67,430	32,784	55,393	38,939
c) financial assets held to maturity	(92)	300	-	-	-	-	-
d) financial liabilities	(366)	(505)	(39)	224	(183)	(41)	(288)
110. Net results on financial assets and liabilities designated at fair value	(3,148)	6,110	(2,405)	(8,982)	7,992	(10,232)	(3,019)
120. Net interest and other banking income	**539,605**	**518,066**	**500,698**	**565,144**	**566,673**	**509,490**	**528,223**
130. Net impairment adjustments to:	(149,972)	(157,786)	(135,067)	(214,710)	(208,775)	(167,091)	(267,643)
a) loans	(147,504)	(150,237)	(127,156)	(211,820)	(204,972)	(163,296)	(232,646)
b) financial assets available for sale	(6,347)	(2,552)	(7,563)	(466)	(3,189)	(680)	(36,012)
d) other financial assets	3,879	(4,997)	(348)	(2,424)	(614)	(3,115)	1,015
140. Net profit from financial activities	**389,633**	**360,280**	**365,631**	**350,434**	**357,898**	**342,399**	**260,580**
180. Administrative costs:	(323,806)	(332,038)	(358,876)	(322,923)	(336,813)	(309,651)	(347,089)
a) payroll	(199,322)	(196,883)	(232,374)	(196,796)	(201,099)	(180,006)	(208,786)
b) other administrative costs	(124,484)	(135,155)	(126,502)	(126,127)	(135,714)	(129,645)	(138,303)
190. Net provision for risks and charges	(14,096)	(22,689)	(15,440)	(6,658)	(12,976)	(8,036)	(11,112)
200. Net adjustments to property, plant and equipment	(9,944)	(9,171)	(9,295)	(10,402)	(10,253)	(10,192)	(12,918)
210. Net adjustments to intangible assets	(7,386)	(7,916)	(8,200)	(5,955)	(6,360)	(6,823)	(7,483)
220. Other operating charges/income	46,307	41,032	43,078	48,455	43,525	37,556	43,732
230. Operating costs	**(308,925)**	**(330,782)**	**(348,733)**	**(297,483)**	**(322,877)**	**(297,146)**	**(334,870)**
240. Profit (Loss) from equity investments	(1,886)	7,270	(6,843)	(973)	(2,792)	2,270	658
270. Gains (Losses) on disposal of investments	113	(97)	(3)	1	22	3	41
280. Profit (Loss) from current operations before tax	**78,935**	**36,671**	**10,052**	**51,979**	**32,251**	**47,526**	**(73,591)**
290. Income taxes on current operations for the period	(27,234)	(7,367)	(2,313)	(20,760)	(20,922)	(14,258)	27,556
300. Profit (Loss) from current operations after tax	**51,701**	**29,304**	**7,739**	**31,219**	**11,329**	**33,268**	**(46,035)**
320. Net profit (loss) for the period	**51,701**	**29,304**	**7,739**	**31,219**	**11,329**	**33,268**	**(46,035)**
330. Net profit (loss) for the period pertaining to minority interests	(6,504)	(1,270)	1,616	(2,947)	(3,701)	(8,067)	(269)
340. Profit (Loss) pertaining for the period to the Parent Company	**45,197**	**28,034**	**9,355**	**28,272**	**7,628**	**25,201**	**(46,304)**

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Reclassified consolidated income statement as at 30 September 2015

(in thousands of Euro)

Captions		30.09.2015	30.09.2014	Change	%change
10+20	Net interest income	924,501	978,499	(53,998)	-5.52
40+50	Net commission income	537,697	514,490	23,207	4.51
70	Dividends	14,289	18,306	(4,017)	-21.94
80+90+100+110	Net trading income	81,882	130,012	(48,130)	-37.02
220 (*)	Other operating charges/income	36,986	35,650	1,336	3.75
	Operating income	**1,595,355**	**1,676,957**	**(81,602)**	**-4.87**
180 a)	Payroll	(628,579)	(577,901)	(50,678)	8.77
180 b) (*)	Other administrative costs	(292,710)	(297,600)	4,890	-1.64
200+210	Net adjustments to property, plant, equipment and intangible assets	(51,912)	(49,985)	(1,927)	3.86
	Operating costs	**(973,201)**	**(925,486)**	**(47,715)**	**5.16**
	Net operating income	**622,154**	**751,471**	**(129,317)**	**-17.21**
130 a)	Net impairment adjustments to loan	(424,897)	(580,088)	155,191	-26.75
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(16,462)	(4,335)	(12,127)	279.75
130 d)	Net impairment adjustments to other financial assets	(1,466)	(6,153)	4,687	-76.17
	Net impairment adjustments	**(442,825)**	**(590,576)**	**147,751**	**-25.02**
190	Net provisions for risks and charges	(52,225)	(27,670)	(24,555)	88.74
240+260+270	Gains (Losses) from equity instruments, on disposal of investments and adjustment to goodwill	(1,446)	(1,469)	23	-1.57
280	**Profit (Loss) from current operations before tax**	**125,658**	**131,756**	**(6,098)**	**-4.63**
290	Income taxes on current operations for the period	(36,914)	(55,940)	19,026	-34.01
320	**Net profit (loss) for the period**	**88,744**	**75,816**	**12,928**	**17.05**
330	Net profit (loss) pertaining to minority interests	(6,158)	(14,715)	8,557	-58.15
340	**Profit (Loss) for the period pertaining to the Parent Company**	**82,586**	**61,101**	**21,485**	**35.16**
(*)	Caption net of recovery of taxes	93,431	93,886	(455)	-0.48

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Reclassified consolidated income statement by quarter as at 30 September 2015

Captions		1st quarter 2015	2nd quarter 2015	3rd quarter 2015	1st quarter 2014	2nd quarter 2014	3rd quarter 2014	4th quarter 2014
10+20	Net interest income	314,095	308,370	302,036	329,820	328,639	320,040	313,310
40+50	Net commission income	179,203	180,650	177,844	171,450	174,028	169,012	176,174
70	Dividends	249	13,583	457	574	17,617	115	1,086
80+90+100+110	Net trading income	46,058	15,463	20,361	63,300	46,389	20,323	37,653
220 (*)	Other operating charges/income	15,443	9,269	12,274	18,666	11,133	5,851	12,215
	Operating income	**555,048**	**527,335**	**512,972**	**583,810**	**577,806**	**515,341**	**540,438**
180 a)	Payroll	(199,322)	(196,883)	(232,374)	(196,796)	(201,099)	(180,006)	(208,786)
180 b) (*)	Other administrative costs	(93,620)	(103,392)	(95,698)	(96,338)	(103,322)	(97,940)	(106,786)
210 + 220	Net adjustments to property, plant and equipment and intangible assets	(17,330)	(17,087)	(17,495)	(16,357)	(16,613)	(17,015)	(20,401)
	Operating costs	**(310,272)**	**(317,362)**	**(345,567)**	**(309,491)**	**(321,034)**	**(294,961)**	**(335,973)**
	Net operating income	**244,776**	**209,973**	**167,405**	**274,319**	**256,772**	**220,380**	**204,465**
130 a)	Net impairment adjustments to loans	(147,504)	(150,237)	(127,156)	(211,820)	(204,972)	(163,296)	(232,646)
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(6,347)	(2,552)	(7,563)	(466)	(3,189)	(680)	(36,012)
130 d)	Net impairment adjustments to other financial assets	3,879	(4,997)	(348)	(2,424)	(614)	(3,115)	1,015
	Net impairment adjustments	**(149,972)**	**(157,786)**	**(135,067)**	**(214,710)**	**(208,775)**	**(167,091)**	**(267,643)**
190	Net provisions for risks and charges	(14,096)	(22,689)	(15,440)	(6,658)	(12,976)	(8,036)	(11,112)
240+260+270	Gains (Losses) from equity instruments, on disposal of investments and adjustment to goodwill	(1,773)	7,173	(6,846)	(972)	(2,770)	2,273	699
280	**Profit (Loss) from current operations before tax**	**78,935**	**36,671**	**10,052**	**51,979**	**32,251**	**47,526**	**(73,591)**
290	Income taxes on current operations for the period	(27,234)	(7,367)	(2,313)	(20,760)	(20,922)	(14,258)	27,556
320	**Net profit (loss) for the period**	**51,701**	**29,304**	**7,739**	**31,219**	**11,329**	**33,268**	**(46,035)**
330	Net profit (loss)pertaining to minority interests	(6,504)	(1,270)	1,616	(2,947)	(3,701)	(8,067)	(269)
340	**Profit (Loss) for the period pertaining to the Parent Company**	**45,197**	**28,034**	**9,355**	**28,272**	**7,628**	**25,201**	**(46,304)**
(*)	Caption net of recovery of taxes	30,864	31,763	30,804	29,789	32,392	31,705	31,517

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Performance ratios as at 30 September 2015

	30.09.2015	2014*
Financial ratios		
Structural ratios (%)		
net loans to customers/total assets	71.63%	72.41%
net loans and advances to customers/direct deposits from customers	94.10%	95.10%
financial assets/total assets	19.52%	16.99%
fixed assets/total assets	1.99%	2.12%
goodwill/total assets	0.63%	0.63%
direct deposits/total assets	85.56%	86.83%
deposits under management/indirect deposits	48.16%	46.12%
financial assets/tangible equity[1]	2.27	2.06
total tangible assets[2]/tangible equity	11.51	12.00
net interbank lending/borrowing (in thousands of Euro)	(4,439,174)	(4,770,260)
number of employees	11,433	11,593
number of national bank branches	1,244	1,273
Profitability ratios (%)		
ROE	2.24%	0.33%
ROTE	2.49%	0.37%
ROA (net profit/total assets)	0.15%	0.13%
Cost/income Ratio[3]	61.00%	55.19%
Net adjustments to loans /net loans to customers	0.98%	1.30%
Basic EPS	0.172	0.177
Diluted EPS	0.172	0.177
Risk ratios (%)		
non-performing exposures/net loans to customers	15.17%	14.86%
net bad loans/net loans to customers	6.83%	6.42%
net unlikely to pay loans/net loans to customers	7.60%	8.00%
net past due loans/net loans to customers	0.74%	0.44%
adjustments to non-performing exposures/gross non-performing exposures	42.11%	40.66%
adjustments to bad loans/gross bad loans	56.82%	56.55%
adjustments to unlikely to pay loans/gross unlikely to pay loans	20.74%	18.28%
adjustments to past due loans/gross past due loans	7.78%	8.07%
adjustments to performing exposures/gross performing exposures	0.55%	0.56%

(*) The comparative figures for the income statement are as at 30 September 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 63.43% (55.90% as at September 30, 2014).*

	30.09.2015	2014*
Own Funds (Phased in)		
Common Equity Tier 1 (CET1)	4,717,960	4,581,261
Own Funds	5,318,491	4,982,079
Risk-weighted assets (RWA)	40,613,442	40,691,550
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	11.62%	11.26%
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in pro-forma[4]	12.04%	
Tier 1 Ratio (T1 Ratio) - Phased in	11.71%	11.29%
Total Capital Ratio (TC Ratio) - Phased in	13.10%	12.24%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased pro-forma[5]	11.78%	10.91%
Leverage Ratio - Phased in[6]	7.5%	7.2%
Leverage Ratio - Fully Phased[7]	7.2%	6.9%
Liquidity Coverage Ratio (LCR)	115.6%	124.6%
Net Stable Funding Ratio (NSFR)[8]	n.a.	115.0%
Non financial ratios		
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,038.68	3,983.71
loans and advances to customers per employee	3,800.38	3,788.47
assets managed per employee	1,230.99	1,121.71
assets administered per employee	1,324.85	1,310.60
core revenues per employee[9]	127.89	128.54
net interest and other banking income per employee	136.30	141.31
operating costs per employee	86.45	78.99

(*) The comparative figures for the income statement are as at 30 September 2014, except for the ROE and the ROTE which are calculated on a yearly basis.

[4] *The Fully Phased CET1 Ratio and the Phased in CET 1Ratio, both estimated according to the new Basel 3 rules that will be fully applicable from January 2019, have been calculated on a pro-forma basis, taking into account the share of profits attributable to equity earned during the third quarter of 2015 (Euro 5 million, corresponding to around 1 bps) , since, having obtained the authorization of the ECB, the share of profits attributable to equity earned during the first half year of 2015 (Euro 54 million corresponding to approximately 13 bps) has been already included for regulatory purposes.*
The pro-forma ratios take into account also the sale of a 9.1422% stake in Istituto Centrale delle Banche Popolari Italiane (ICBPI): completion of this transaction, for which the preliminary sale deal was signed on 19 June 2015, is subject to approval by the competent Authorities, which should be received by the end of this year. The incidence is currently estimated to approximately 41 bps.

[5] *See previous note.*

[6] *Leverage Ratio – Phased in: the ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2015/62.*

[7] *See previous note.*

[8] *The NSFR, not yet available, it is in any case estimated to exceed 100% (114.5% as at 30 June 2015).*

[9] *Core revenues = net interest income + net commission income.*