



BPER Group FY15 results

11th February 2016

Alessandro Vandelli - Chief Executive Officer

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Emilio Annovi

Manager responsible for preparing the Company's financial reports

Banca popolare dell’Emilia Romagna Società cooperativa con sede in Modena, via San Carlo, 8/20 - Codice Fiscale, Partita IVA e iscrizione nel Registro Imprese di Modena n. 01153230360 - Capitale sociale variabile - Codice ABI 5387.6 Iscritta all’Albo delle Banche al n. 4932 e all’Albo delle Cooperative al n. A163859 - Telefono 059.2021111 - Telefax 059.2022033 - email: bpergroup@bper.it - PEC: bper@pec.gruppobper.it Aderente al Fondo Interbancario di Tutela dei Depositi e al Fondo Nazionale di Garanzia - Capogruppo del Gruppo bancario Banca popolare dell’Emilia Romagna iscritto all’Albo dei Gruppi Bancari al n. 5387.6 - bper@pec.gruppobper.it - bper.it - gruppobper.it

Agenda

FY15 Results

☒ Executive summary

☐ Balance sheet structure

☐ Profit and loss

☐ Liquidity and Capital adequacy

Business Plan 2015-17: work in progress

Annexes

Executive summary

- **Cash dividend of 10 €/cents per share proposed**, continuing the new phase in which fair remuneration of capital and reasonable dividend policy are top priorities, in light of the excellent capital strength already achieved by BPER Group
- **FY15 Net profit at 219.2 €/mn** (29.8 €/mn in 2014) including several non-recurring items¹
Net Profit significantly up compared to 2014 even net of these non-recurring items:
 - **Core revenues only marginally down by 1.4%**, showing a significant increase of **Net Commissions by 5.2% y/y**, mainly thanks to strong increase of AuM and Bancassurance fees (+42% y/y), which only partially offset **Net Interest Income decline (-5% y/y)**, mainly due to the pressure on commercial spread and to the efforts to reduce the risk profile of the loan book
 - **Dividends and Trading income positive contribution of 363.8 €/mn** (187.1 €/mn in 2014) including important capital gains of 243.3 €/mn²
 - **Operating costs down by 1% y/y** on a like-for-like basis³ (staff costs -1.4% y/y and administrative expenses -0.9% y/y on a like-for-like basis)
 - **Provisions down by 14% y/y** led by the reduction of loan loss provisions (-106.9 €/mn y/y; -13.2% y/y) in spite of a significant decrease in coverage ratios
- **Strong improvement of asset quality:**
 - **Cash coverage ratio of Non Performing Exposures at 44.2%** (+356 bps vs. Dec.'14) and of **Bad Loans at 58.2%** (+161 bps vs. Dec.'14), increasing c. 750 bps since Dec.'12
 - **Net NPEs down by 2.6% y/y**, the first important signal of recovery since the beginning of the crisis
 - **Bad loans (“Sofferenze”) and unlikely to pay inflows significantly down** in FY15 (respectively -30.8% y/y and -41.3% y/y)
- **Gross customer loans at 48.9 €/bn up by 0.7% vs Dec.'14 (+1.0% vs Sept.'15)** showing first signal of improvement after around 2 years of non-stop decline; new loans production very positive, up by 53.5% y/y (of which “retail” +96.7% and “corporate” +26.1%)
- **Solid capital base with a CET1 ratio* “Fully Phased” of 11.2% as of 31 Dec.'15 (11.5% Phased in)**, well above minimum regulatory requirement (**SREP at 9.25%**) and excluding potential benefits from internal models (“AIRB”) validation
- **Leverage ratio at 7.1%** one of the best among domestic peers; **LCR and NSFR well above 100%**

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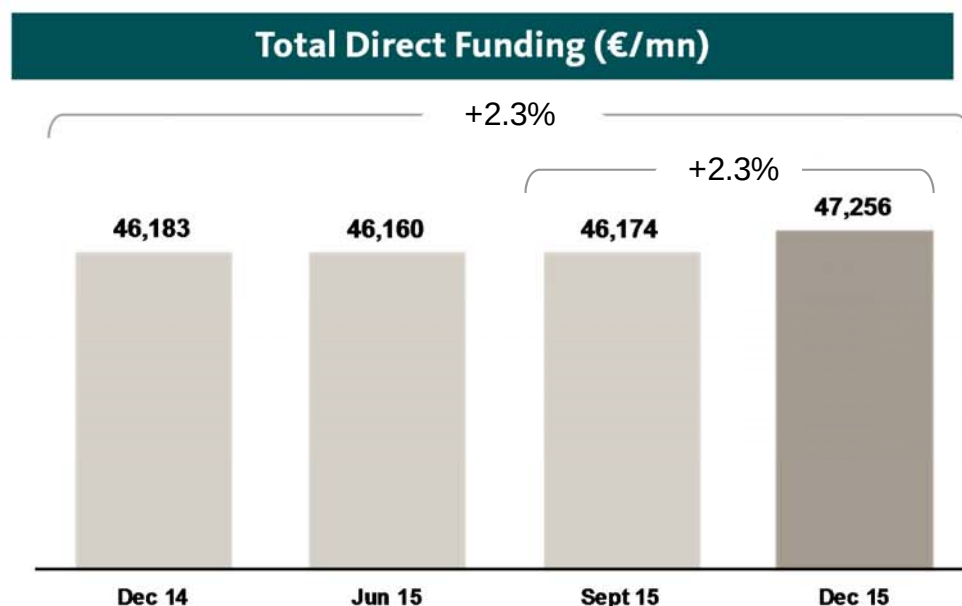
☐ Profit and loss

☐ Liquidity and Capital adequacy

Business Plan 2015-17: work in progress

Annexes

Direct funding

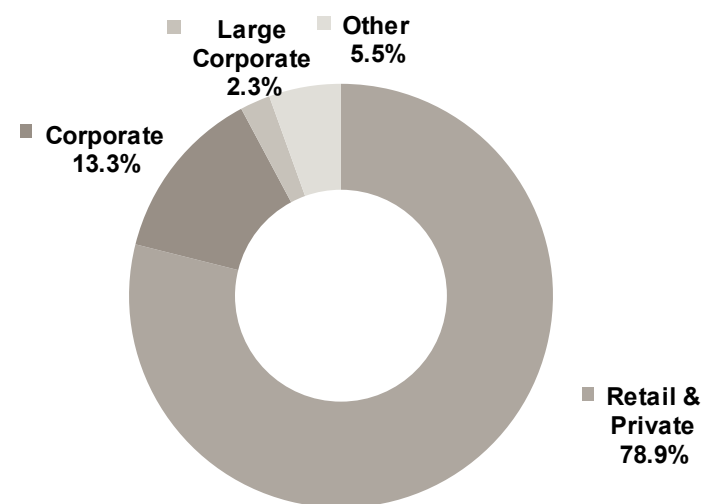


- Direct funding at 47.3 €/bn up by 2.3% y/y (+1.1 €/bn)
- FY15 key trends:
 - Current account and sight deposits up by 1.5 €/bn (5.6% y/y) of which 1.4 €/bn in the last quarter (+4.9% q/q) confirming sound retail funding power and flight-to-quality within the Italian banking system
 - 2015 Covered bond issues for 1.5 €/bn according to the strategy to partially substitute retail bonds with less expensive wholesale funding
 - Expensive retail funding (mostly short-term and bonds) switched into AuM and Bancassurance products
 - Retail bond maturities only partially replaced by new issues
 - Reduction of expensive funding from customers, mainly corporate
- Total wholesale funding and Covered bonds account for 2.7 €/bn as of 31 Dec.'15 (5.8% of the total direct funding). Low amount of wholesale maturities in the next 2 years (about 60 €/mn bond in 2016 and about 150 €/mn bond in 2017) providing great flexibility to the Group's funding strategy

Direct Funding breakdown (%)

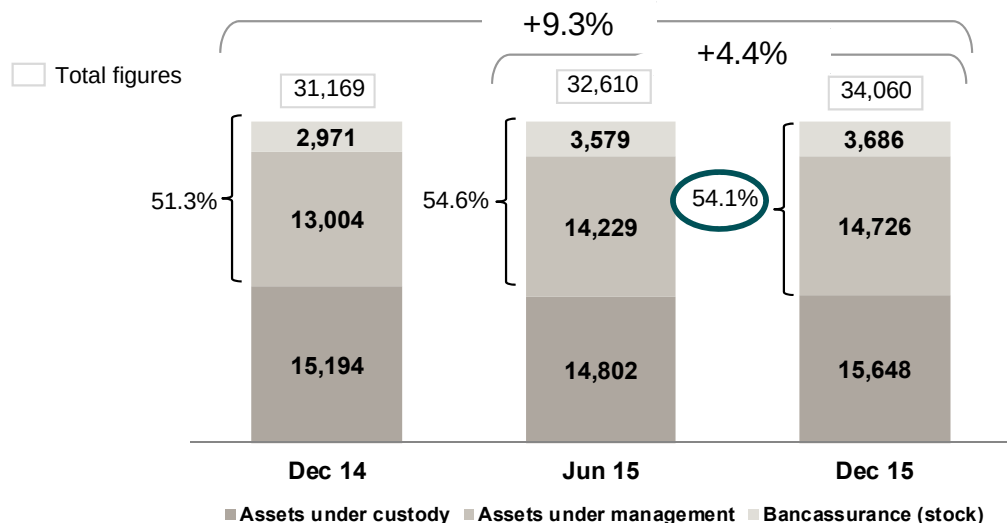
€/mn	Dec 15	Dec 14	Chg vs Dec 14 (%)
Current accounts and sight deposits	29,019	27,487	+5.6%
Time deposits	2,424	2,969	-18.4%
Repurchase agreements	1,863	1,063	+75.3%
Other short-term loans	2,582	2,445	+5.6%
Bonds	7,819	8,319	-6.0%
- subscribed by institutional customers	2,737	1,248	+119.2%
- subscribed by ordinary customers	5,082	7,071	-28.1%
Certificates of deposit	3,549	3,900	-9.0%
Direct customer deposits	47,256	46,183	+2.3%

Direct Funding breakdown by customer segment (%)



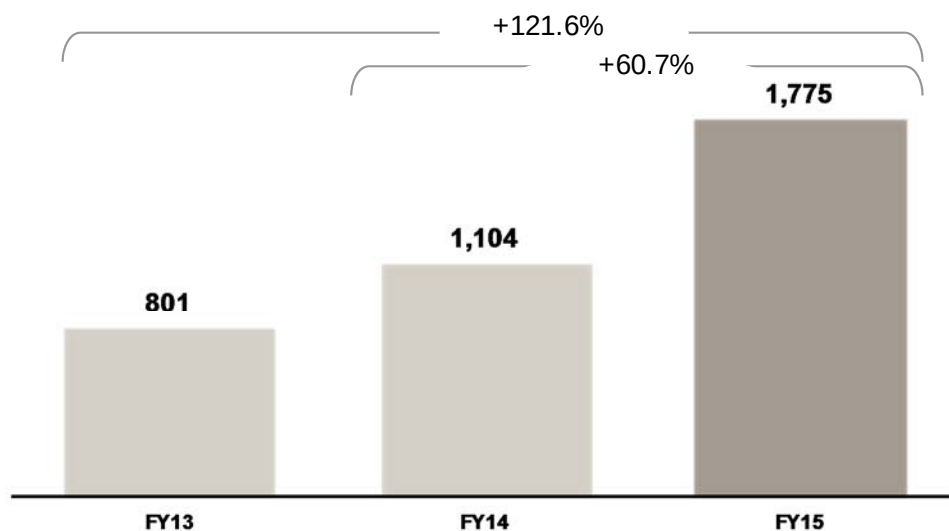
Indirect deposits and “bancassurance”

Total Indirect Deposits and bancassurance* (€/mn)

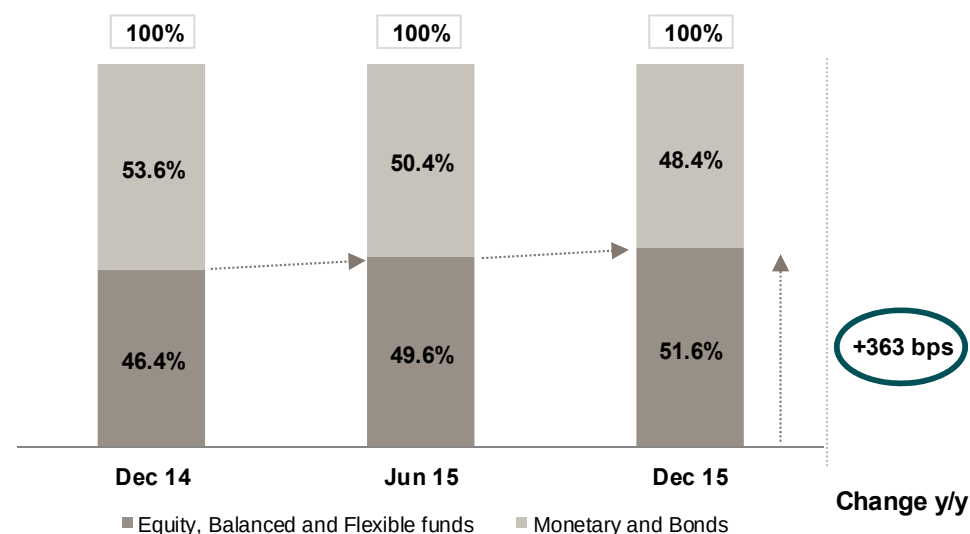


- Indirect deposits and Bancassurance* significantly up by 9.3% y/y (+2.9 €/bn):
 - AuM up by 13.2% y/y
 - Equity, Balanced, Flexible funds at 51.6% of total AuM
 - Significant growth in Bancassurance* up by 23.6% y/y
 - AuC up by 3% y/y
 - Indirect deposits remix strategy well on track with the new Business Plan 2015-17 guidelines: weight of AuM and Bancassurance* on total indirect deposits increased to 54% in 2015 from 51.3% in Dec.'14
- FY15 AuM net inflows at 1.8 €/bn up by 60.7% y/y

AuM net inflows¹ (€/mn)

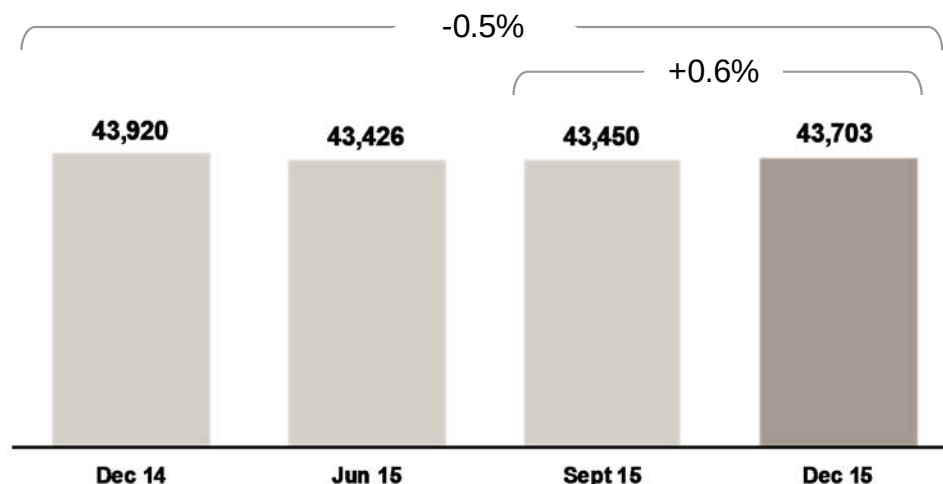


AUM composition¹ (%)



Customer loans

Customer loans (€/mn)

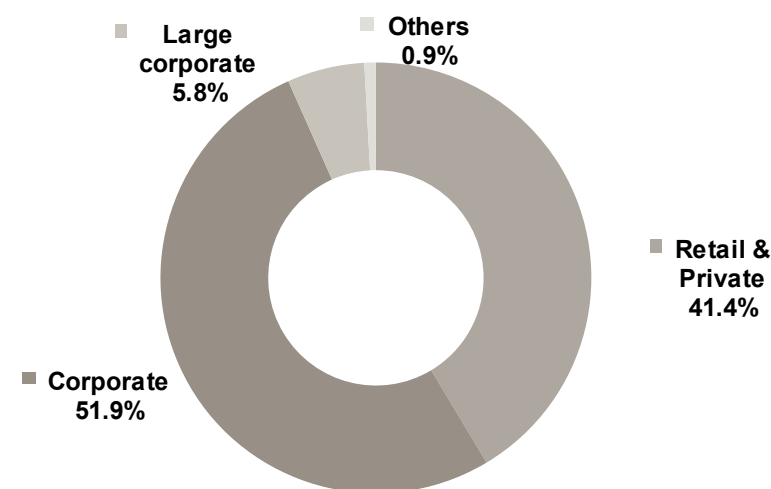


- Net customer loans slightly down by 0.5% y/y, but up by 0.6% since Sept.15 (gross values respectively +0.7% and +1%) showing first signal of a recovery after more than 2 years of non-stop decline
- Retail mortgages new business up by 73.2% y/y confirming a sound uptrend
- New loans production very positive up by 53.5% y/y (of which “retail” +96.7% and “corporate” +26.1%)
- Corporate and retail loans account for 93.3% of the total loan book, confirming BPER Group’s focus on commercial business

Customer loans breakdown (net figures; €/mn)

€/mn	Dec 15	Dec 14	Chg vs Dec 14 (%)
Current accounts	5,880	6,514	-9.7%
Medium-Long term loans	25,082	24,896	+0.7%
Other transactions	12,741	12,510	+1.8%
Customer loans	43,703	43,920	-0.5%

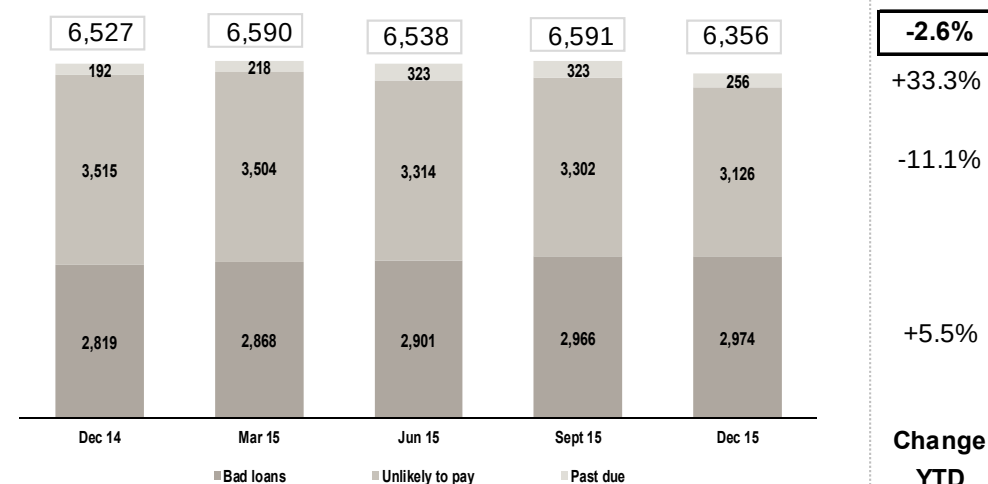
Customer loans breakdown by customer segment (%)



Non-performing exposures (1/2): breakdown and coverage ratios

NPEs breakdown (net figures; €/mn)

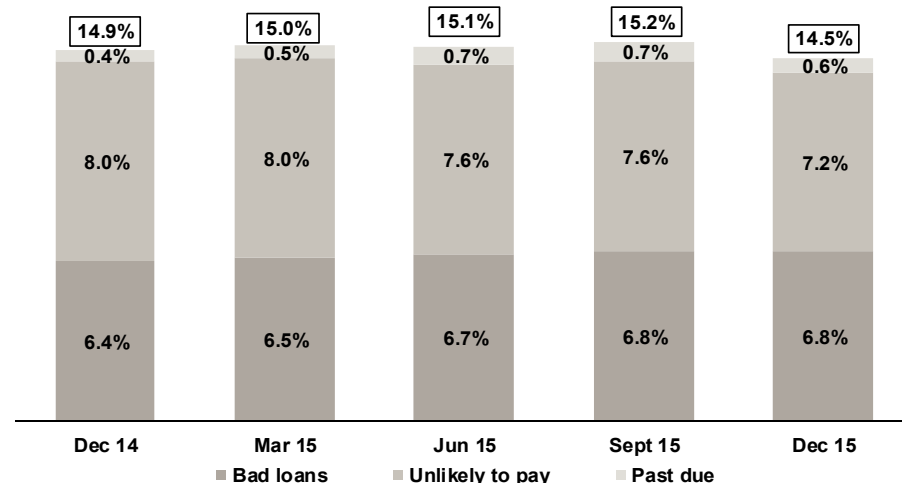
□ Total figures



- Net NPEs down by 2.6% y/y (-171 €/mn) continuing to show first signals of improvement
- In details (net figures):
 - Bad loans ("Sofferenze") up by 5.5% y/y
 - Unlikely to pay down by 11.1 y/y
 - Past-due up by 32.9% y/y
- Strong increase of the coverage of NPEs at 44.2% up by 356 bps since Dec.'14 (40.7% in Dec.'14), up by c. 750 bps since 2012
- Bad loans coverage up by 161 bps since Dec.'14
- Coverage of unlikely to pay and past due also strongly up at 21.9% and 10% respectively
- Net NPEs weight on total loans down to 14.5% from 14.9% since Dec.'14
- 85.8% of total net NPEs are collateralized (75.7% fully collateralized)

NPEs breakdown (% on total net loans)

□ Total figures

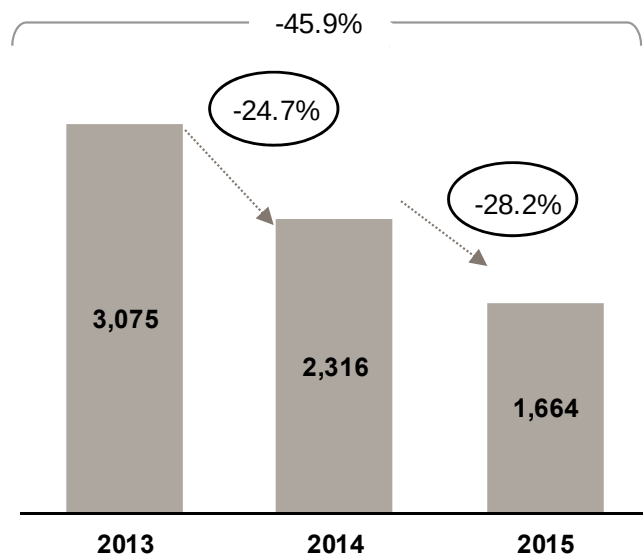


Cash coverage trend (%)

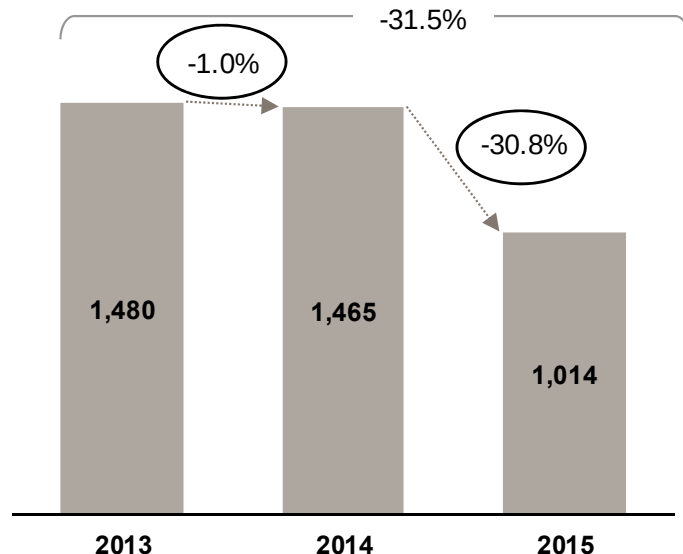
	Dec 15	Sept 15	Jun 15	Mar 15	Dec 14
Bad loans ("Sofferenze")	58.2%	56.8%	56.9%	56.5%	56.6%
<i>including write-off</i>	64.4%	63.6%	63.8%	63.7%	63.9%
Unlikely to pay	21.9%	20.7%	20.1%	19.2%	18.3%
Past due	10.0%	7.8%	8.1%	7.6%	8.1%
NPEs	44.2%	42.1%	41.8%	41.0%	40.7%
<i>including write-off</i>	49.7%	48.0%	47.8%	47.2%	47.0%
Performing exposures	0.5%	0.6%	0.6%	0.6%	0.6%
Total loans	10.7%	10.3%	10.1%	9.8%	9.6%

Non-performing exposures (2/2): inflows and coverage ratios

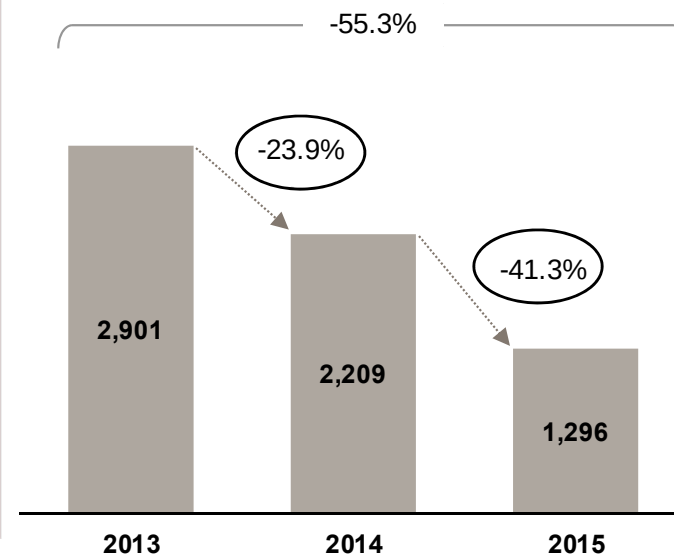
Gross NPEs inflows (€/mn)



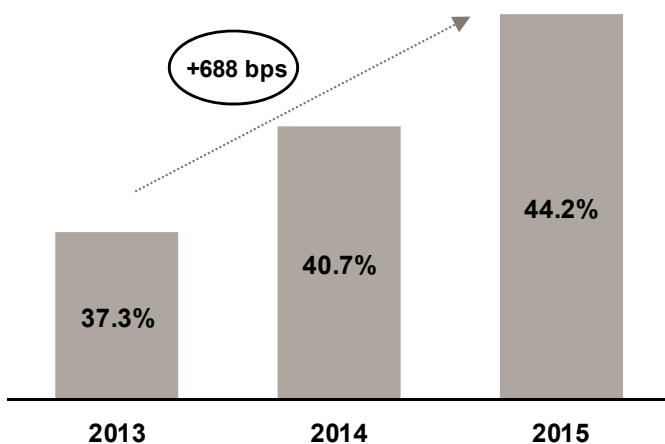
Gross Bad Loans inflows (€/mn)



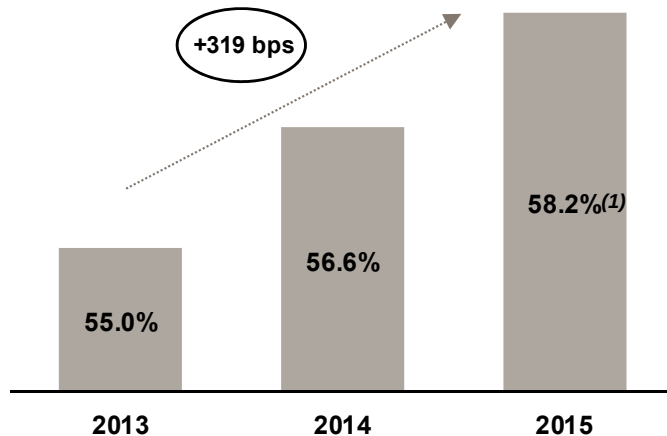
Gross Unlikely to pay inflows (€/mn)



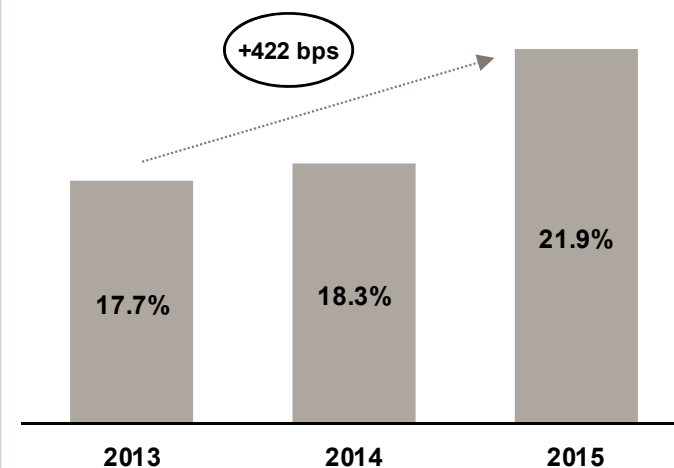
Cash NPEs coverage ratio (%)



Cash Bad Loans coverage ratio (%)



Cash Unlikely to pay coverage ratio (%)



Financial Assets

Financial Assets breakdown (€/mn; %)

€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	462	33	7,541	2,664	10,700	92.5%
Equity	68	-	282	-	350	3.0%
Funds and Sicav	66	54	199		319	2.8%
Other*	194				194	1.7%
Total	790	87	8,022	2,664	11,563	100.0%
Total as of 31.12.2014	1,033	111	6,945	2,213	10,302	
Chg YTD (%)	-23.5%	-21.4%	+15.5%	+20.3%	+12.2%	

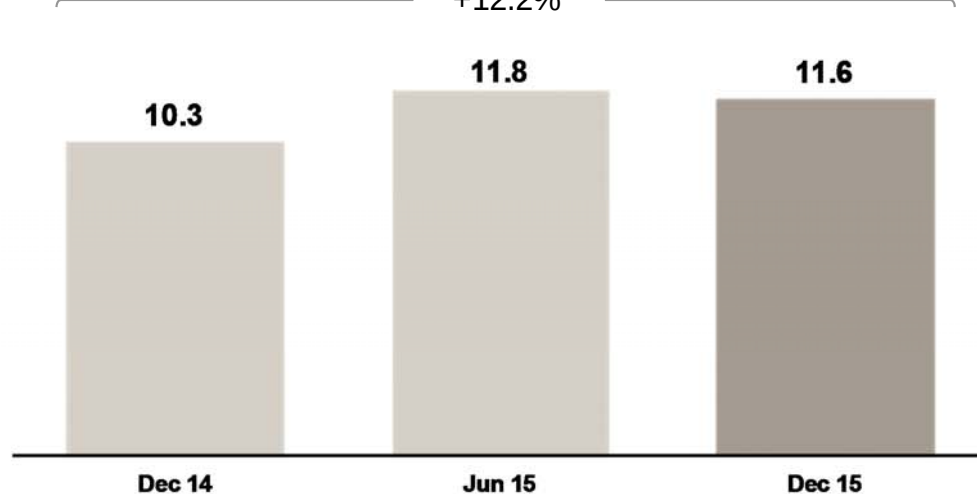
* Derivatives for hedging purposes

Note: 393.4 €/mn of Loans and Receivables (banks and customers) not included

- Financial assets portfolio at 11.6 €/bn, up by 1.3 €/bn since Dec.'14
- Bond portfolio at 10.7 €/bn of which 6.3 €/bn of Italian Government bonds (duration 3.8y)
 - Italian govies account for 122.7% of tangible shareholders' equity (132% in Dec.'14)
- AFS reserve as of 31 Dec.'15 at +161.8 €/mn (net of tax) of which 90.2 €/mn on government bonds (respectively 211.3 €/mn and 97.9 €/mn in Dec.'14)
- Implicit positive reserve of 130 €/mn as of 31 Dec.'15 on HTM portfolio (net of tax) calculated as difference between the fair value and the book value

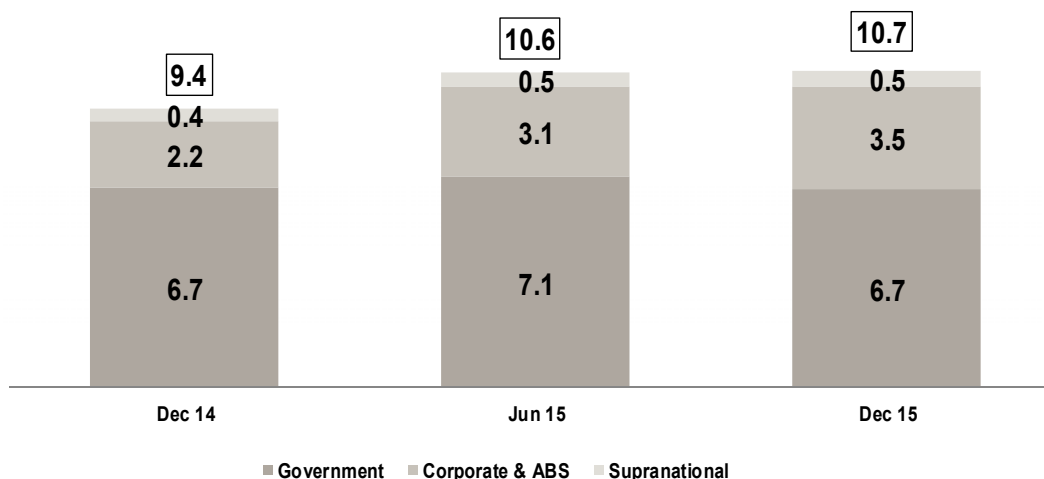
Financial Assets (€/bn)

+12.2%



Bond portfolio by issuer (€/bn)

□ Total figures



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Business Plan 2015-17: work in progress

Annexes

Profit & Loss⁽¹⁾ (non-recurring items summary in the Annex)

FY15 Reclassified consolidated Profit & Loss⁽¹⁾

					2015			
Captions	(€/mn)	Dec 15	Dec 14	Chg y/y (%)	4Q15	3Q15	2Q15	1Q15
10+20	Net interest income	1,227.5	1,291.8	-5.0%	303.0	302.0	308.4	314.1
40+50	Net commissions	726.7	690.7	+5.2%	189.0	177.9	180.6	179.2
	Core Income	1,954.2	1,982.5	-1.4%	492.0	479.9	489.0	493.3
70	Dividends	16.0	19.4	-17.7%	1.7	0.5	13.6	0.2
80+90+100+110	Trading gains	347.9	167.7	+107.5%	266.0	20.4	15.5	46.1
220*	Other costs / revenues	52.5	47.9	+9.7%	15.5	12.3	9.3	15.4
	Operating Income	2,370.6	2,217.4	+6.9%	775.2	513.0	527.3	555.0
180 a)	Staff expenses	-825.1	-786.7	+4.9%	-196.5	-232.4	-196.9	-199.3
180 b)*	Administrative expenses	-462.2	-404.4	+14.3%	-169.5	-95.7	-103.4	-93.6
200+210	Depreciations & Amortizations	-80.2	-70.4	+14.0%	-28.3	-17.5	-17.1	-17.3
	Operating costs	-1,367.5	-1,261.5	+8.4%	-394.3	-345.6	-317.4	-310.3
	Net Operating Income	1,003.1	955.9	+4.9%	380.9	167.4	210.0	244.8
130 a)	Loan loss provisions	-705.8	-812.7	-13.2%	280.9	-127.2	-150.2	-147.5
130 b)+c)+d)	Other provisions	-32.0	-45.5	-29.6%	-14.1	-8.0	-7.5	-2.5
	Total provisions	-737.8	-858.2	-14.0%	-295.0	-135.2	-157.8	-150.0
190	Net Provisions for Risks and Charges	-52.1	-38.8	+34.4%	0.1	-15.4	-22.7	-14.1
240+260+270	Net other income	0.4	-0.8	-146.2%	1.8	-6.8	7.2	-1.8
280	Profit (loss) before taxes	213.5	58.2	n.m.	87.9	10.1	36.7	78.9
290	Taxes	5.7	-28.4	-120.1%	42.6	-2.3	-7.4	-27.2
320	Net profit (loss)	219.2	29.8	n.m.	130.5	7.7	29.3	51.7
330	Minority Interests	1.4	-15.0	-109.5%	7.6	1.7	-1.3	-6.5
340	Profit (loss) for the period pertaining to the Parent Company	220.7	14.8	n.m.	138.1	9.4	28.0	45.2
cost / income		57.7%	56.9%		50.9%	67.4%	60.2%	55.9%
cost / (net interest income + net commissions)		70.0%	63.6%		80.1%	72.0%	64.9%	62.9%
cost of credit		162	185		64	29	35	34
net profit / total income		9.2%	1.3%		16.8%	1.5%	5.6%	9.3%
tax rate		-2.7%	48.8%		-48.5%	23.0%	20.1%	34.5%

(1): list of all non-recurring items on pag. 28

(*) Caption exposed net of "Recovery of taxes" reallocated, for better representation, at caption 180 a) "Other administrative costs", where relative tax costs are accounted

Note: figures in this page may not add exactly due to rounding differences

n.m.: Not meaningful

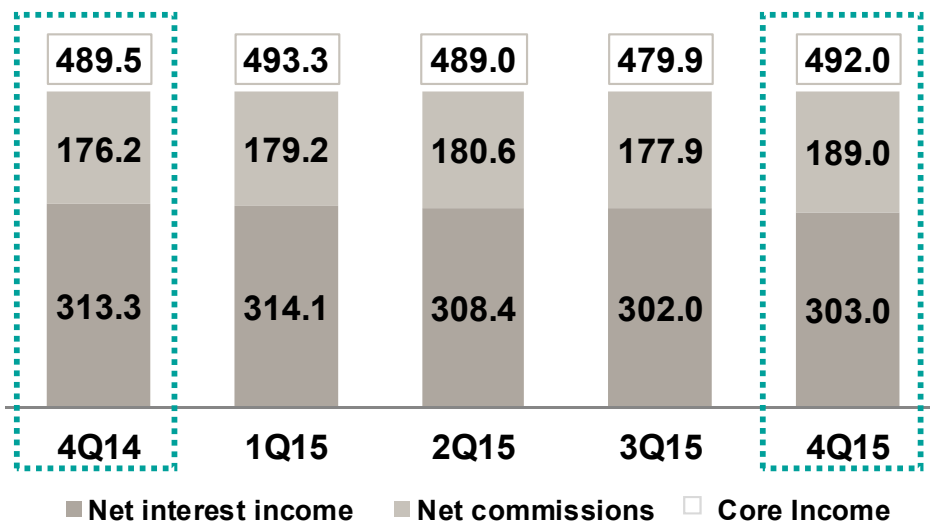
Core income

Core income (€/mn; %)

(€/mn)	Dec 15	Dec 14	Chg y/y	
			Abs	%
Net interest income	1,227.5	1,291.8	-64.3	-5.0%
Net commissions	726.7	690.7	36.0	+5.2%
Core Income	1,954.2	1,982.5	-28.2	-1.4%

- Core income trend broadly stable during last 5 quarters, even though down by 1.4% y/y (28.2 €/mn)
- Progressive re-mix in favour of net commissions (37.2% in Dec.'15 vs 34.8% in Dec.14)

Core income evolution (€/mn)

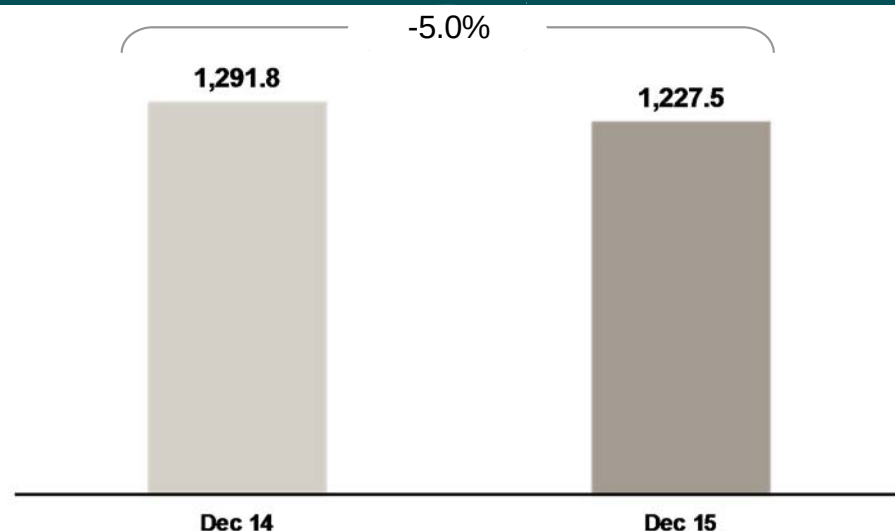


Core income breakdown (%)

(%)	Dec 15	Dec 14	Chg y/y bps
Net interest income	62.8%	65.2%	-235
Net commissions	37.2%	34.8%	+235
Core Income	100.0%	100.0%	

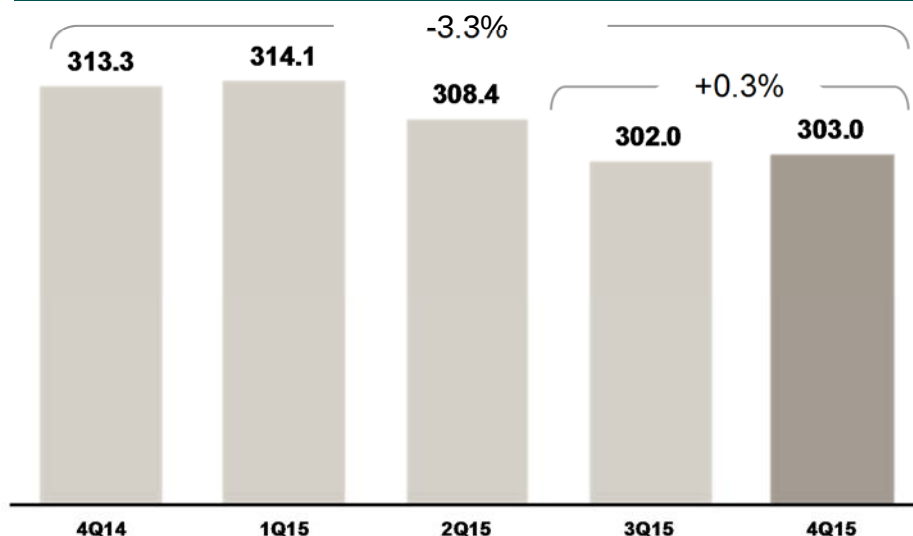
Core income (1) : Net Interest Income

Net Interest Income (€/mn)

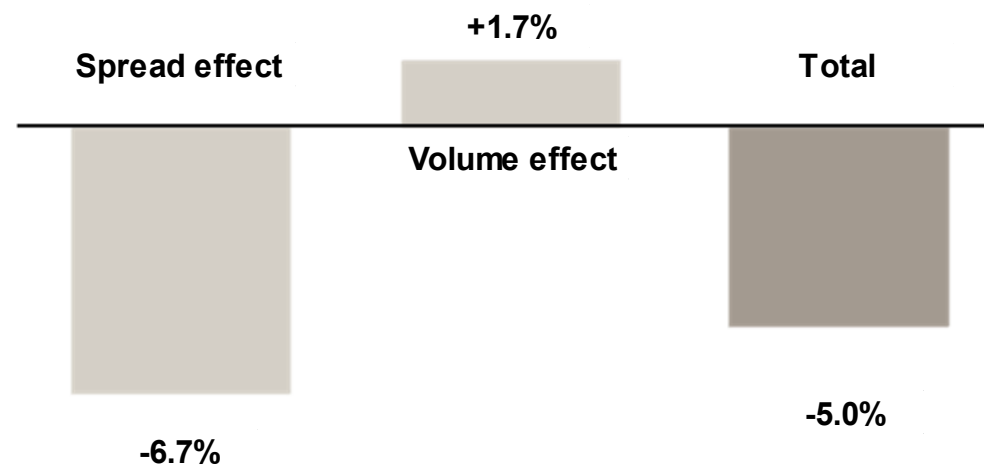


- Net Interest Income down by 5% y/y mainly due to the different economic conditions and market environment and low interest rate levels
- NII slightly up by 0.3% q/q with reduction on asset yield broadly offset by the decline of cost of funding
- Main key trends:
 - increasing pressure on loans competition: customer loans spread reduction (mainly on current account) only partially offset by reduction of cost of funding
 - partial substitution of retail funding with wholesale funding taking advantage of positive market conditions
 - repricing action on sight deposits (effective from mid-Sept.)
 - further reduction of financial asset yield counterbalanced by a higher average stock in 2015

Net Interest Income evolution (€/mn)

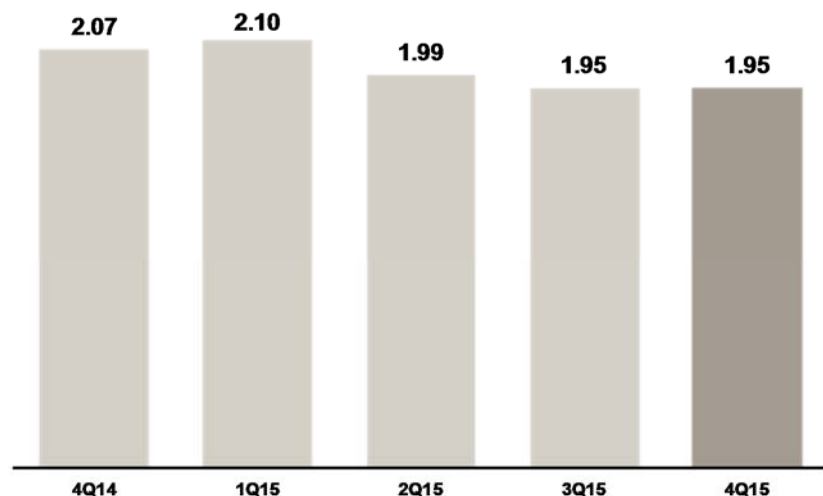


Net Interest Income contribution (%; y/y)



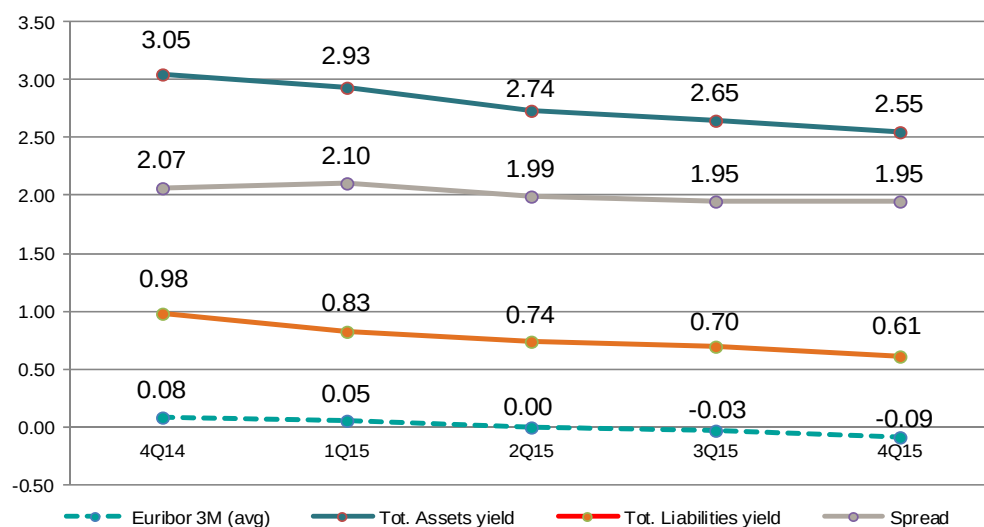
Core income (2): Net Interest Income - Spread evolution

Spread (%)

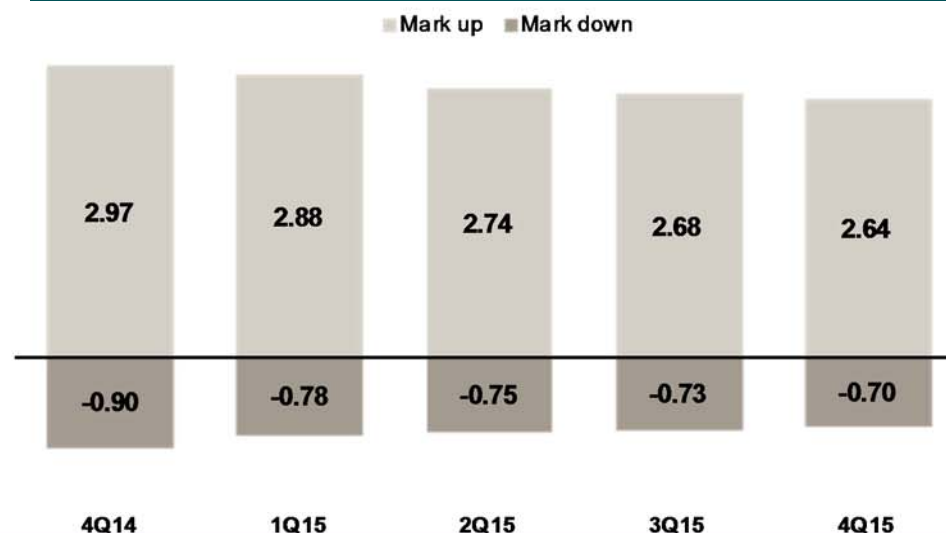


- Spread down to 1.95% from 2.07 in Dec.'14 but broadly stable in the last 3 quarters
- In 2015, asset yield reduction driven by commercial and financial yield decline only partially offset by the decreased cost of funding
- Average 3M Euribor decline further in 2015 (about -2 bps vs c. 20 bps in 2014); 4Q15 average 3M Euribor negative at about -9 bps from about -3 bps in 3Q15 and 8 bps in 4Q14

Spread contribution (%)

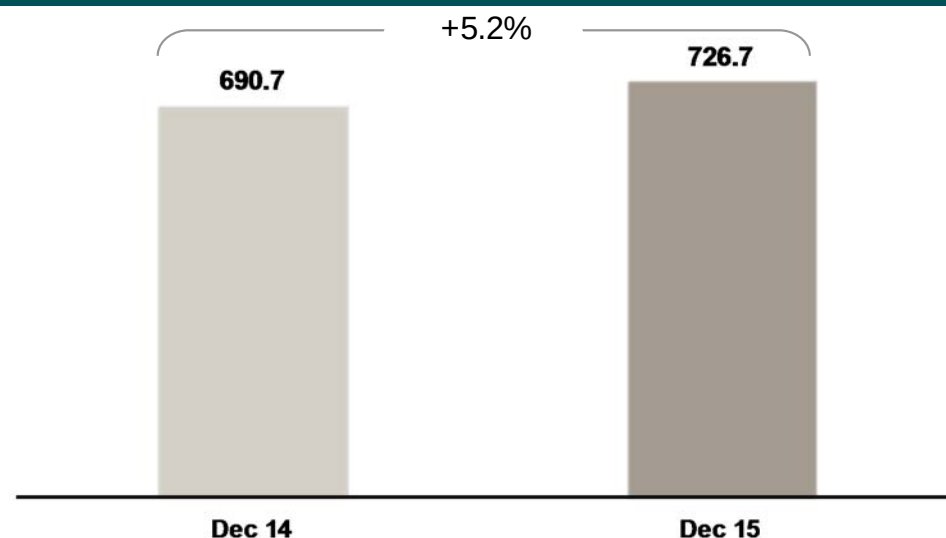


Mark up & mark down (%)



Core income (3): Net Commissions

Net Commissions (€/mn)

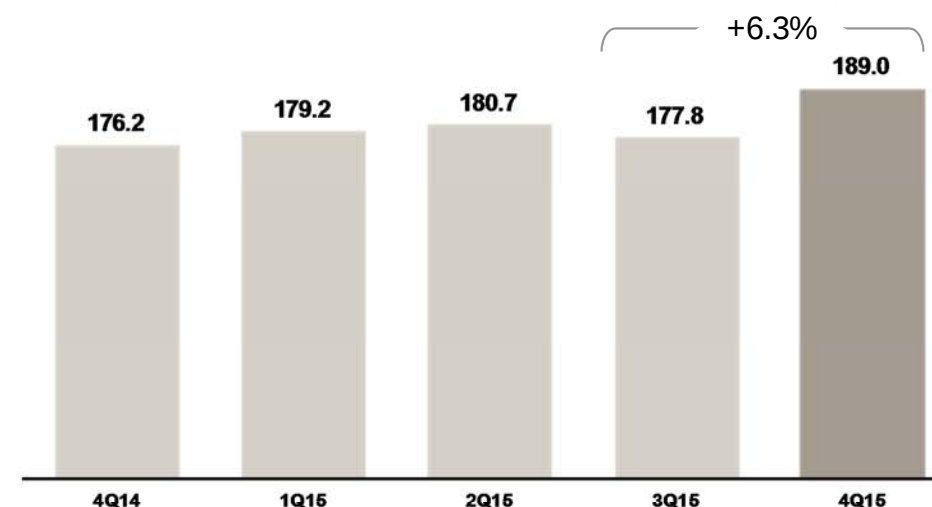


- Net commissions up by 5.2% y/y (+36 €/mn y/y) mainly driven by good performance in AuM and Bancassurance products placement:
 - AuM and Bancassurance significantly up by 36.3% y/y thanks to higher AuM volumes and a different mix of products in favour of equity, balanced and flexible; FY15 net up-front fees account for 29.9 €/mn (4.1% of the total net commission)
 - credit cards, collections/payments down by 1.6% y/y
 - loans and guarantees -4.1% y/y mainly due to loans average volumes decline and de-risking actions
- Net commissions strongly up by 6.3% q/q: indirect deposits +25.9%, credit cards, collections/payments +7.6% and loans and guarantees +2.8%

Net Commissions breakdown (€/mn; %)

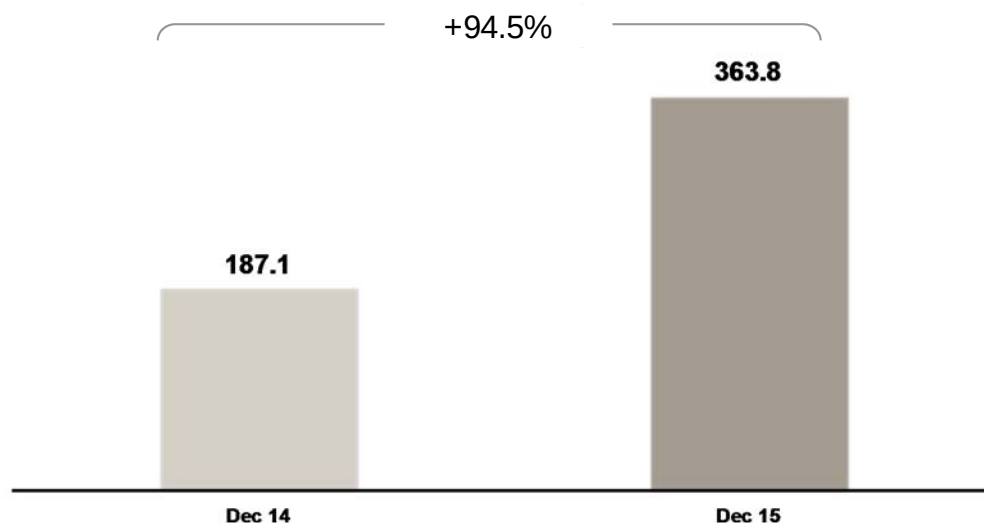
	Dec 15	(%)	Dec 14	(%)	Chg y/y (%)
Indirect deposits and bancassurance	198.1	27.3%	145.4	21.1%	+36.3%
Credit cards, collections and payments	152.4	21.0%	154.9	22.4%	-1.6%
Loans and guarantees	339.8	46.8%	354.2	51.3%	-4.1%
Other commissions	36.4	4.9%	36.3	5.2%	+0.4%
Total	726.7	100.0%	690.7	100.0%	+5.2%

Net Commissions evolution (€/mn)



Dividends and Trading income

Dividends and Trading income (€/mn)



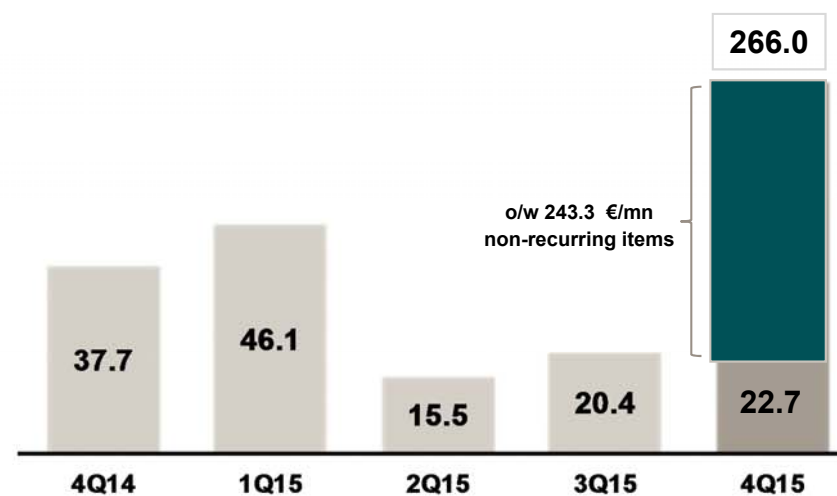
- Dividends and trading income at 363.8 €/mn including important one-off capital gains (243.3 €/mn)¹
- Trading gains, including FVO effect, at 347.9 €/mn
- Normalized Trading income at 104.6 €/mn in 2015

Dividends and Trading income breakdown (€/mn; %)

	Dec 15	Dec 14	Chg y/y (%)
Dividends	16.0	19.4	-17.7%
Trading (net)	323.0	170.7	+89.2%
Plus	20.3	19.4	+4.2%
Minus	-10.1	-7.4	+37.3%
FVO	-3.1	-19.7	-84.4%
Others	17.7	4.7	n.m.
Total	363.8	187.1	+94.5%

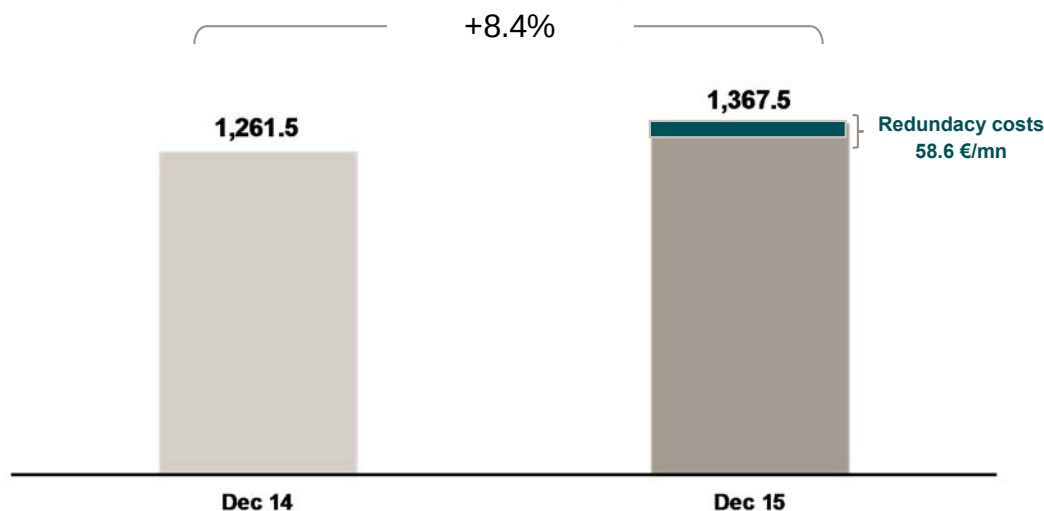
n.m.: Not meaningful

Trading gains excluding dividends (€/mn)



Operating costs

Operating Costs (€/mn)

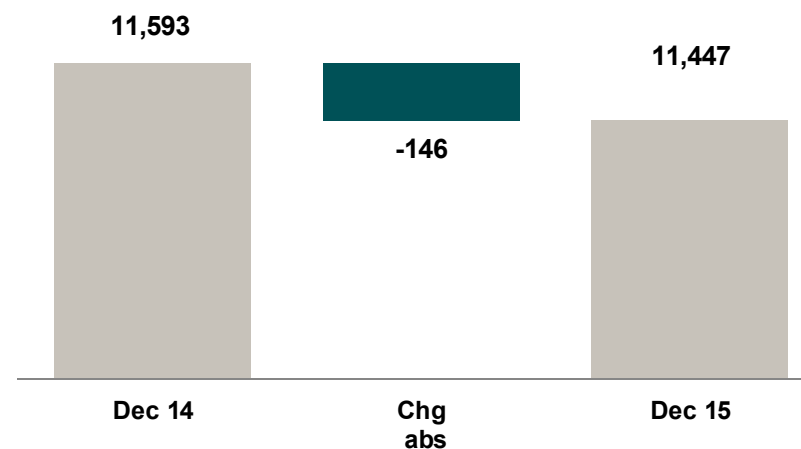


- Operating costs down by 1% y/y on a like-for-like basis, influenced by important non-recurring items:
 - Staff costs down by 1.4% y/y net of non-recurring items related to redundancy incentives and contributions to the Solidarity Fund ⁽¹⁾
 - Headcount reduction of 146 employees in 2015
 - Administrative expenses down by 0.9% y/y, on a like-for-like basis ⁽²⁾ and net of the contributions to *DGS* and *SRF*. Running costs down by 2.6% y/y thanks to costs containment actions
 - D&A up 14% y/y mainly due to real estate impairment on properties owned by the Group (10.5 €/mn)

Operating costs breakdown (€/mn; %)

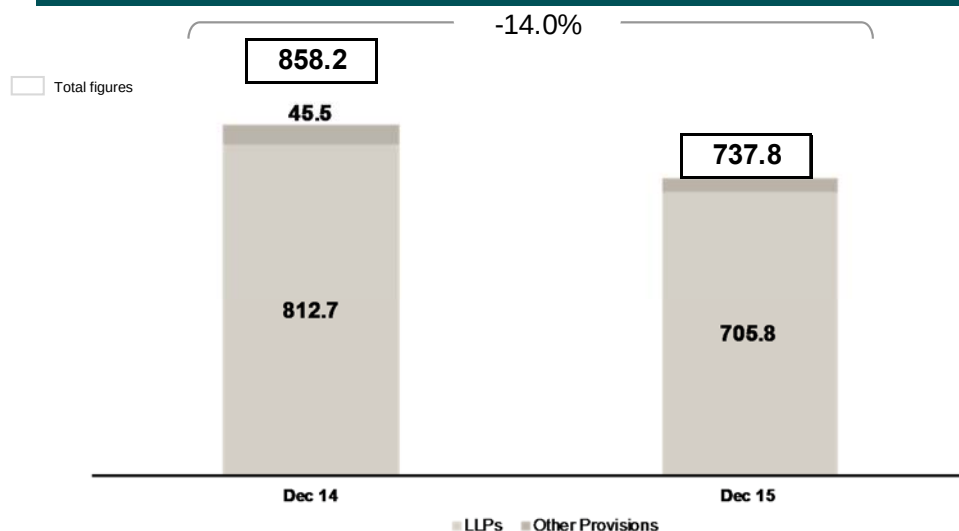
	Dec 15	Dec 14	Chg y/y (%)
Staff expenses	825.1	786.7	+4.9%
Administrative expenses	462.2	404.4	+14.3%
D&A	80.2	70.4	+14.0%
Operating costs	1,367.5	1,261.5	+8.4%
<i>Non-recurring items</i>			
Redundancy costs	58.6	9.6	n.m.
Ordinary contribution to the Resolution Fund ("SRF") and to the Deposits Guarantee Schemes ("DGS")	21.5	0.0	n.m.
Extraordinary contribution to the Resolution Fund ("SRF")	40.0	0.0	n.m.
Real estate impairment on properties owned	10.5	3.0	n.m.
Total Non-recurring items	130.6	12.6	n.m.
Operating costs net of non-recurring items	1,236.8	1,248.8	-1.0%

Headcount



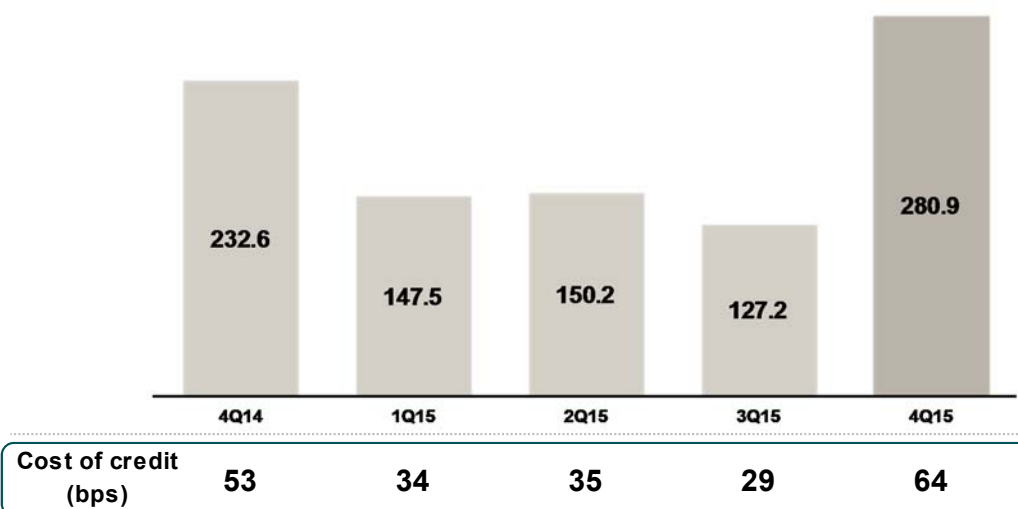
Provisions

Provisions breakdown (€/mn)

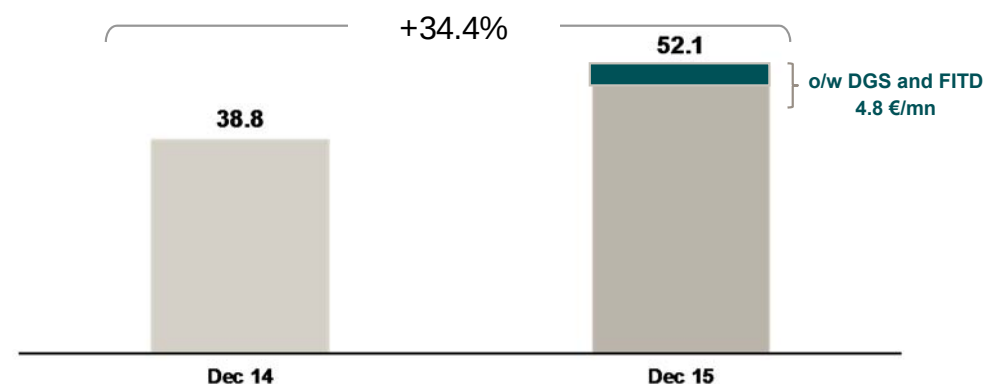


- Total provisions significantly down by 14% y/y (-120.4 €/mn y/y):
 - Loan Loss Provisions* down by 13.2% y/y including a one-off impairment of 10 €/mn related to a bank subordinated bond accounted in LRO
 - Other provisions significantly down by 29.6% y/y (-13.5 €/mn)
- Cost of credit at 162 bps in FY15 down from 185 bps in 2014

Loan Loss Provisions evolution (€/mn)



Net Provisions for Risks and Charges (€/mn)



- Net provisions for Risks and Charges at 52.1 €/mn in 2015¹ (38.8 €/mn in 2014) including 4.8 €/mn non-recurring items

Agenda

FY15 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss

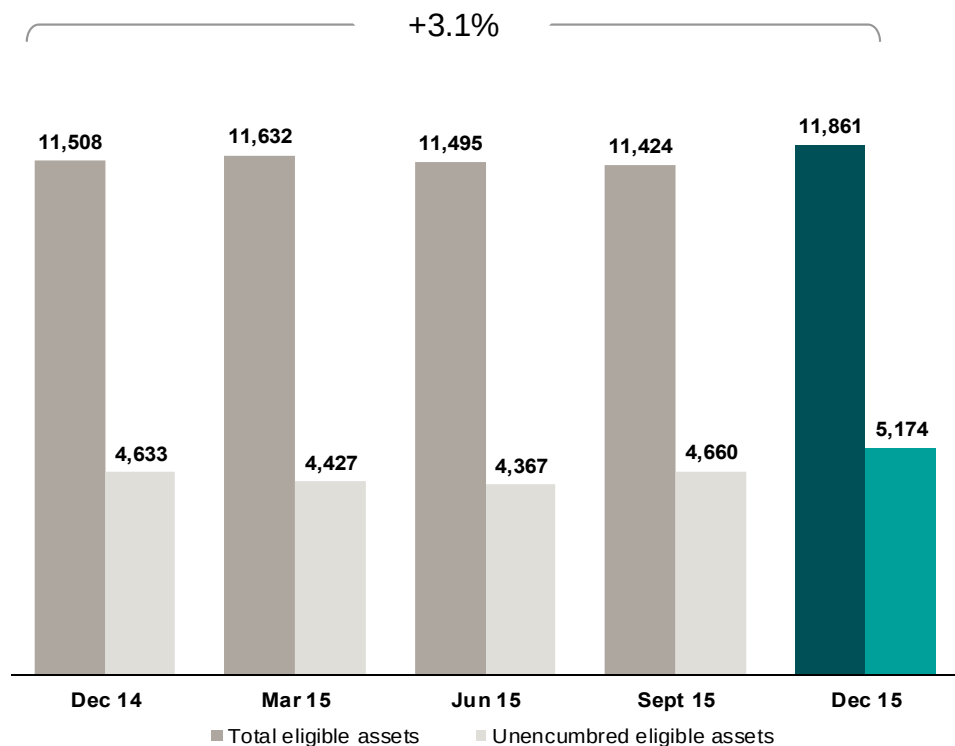
☒ **Liquidity and Capital adequacy**

Business Plan 2015-17: work in progress

Annexes

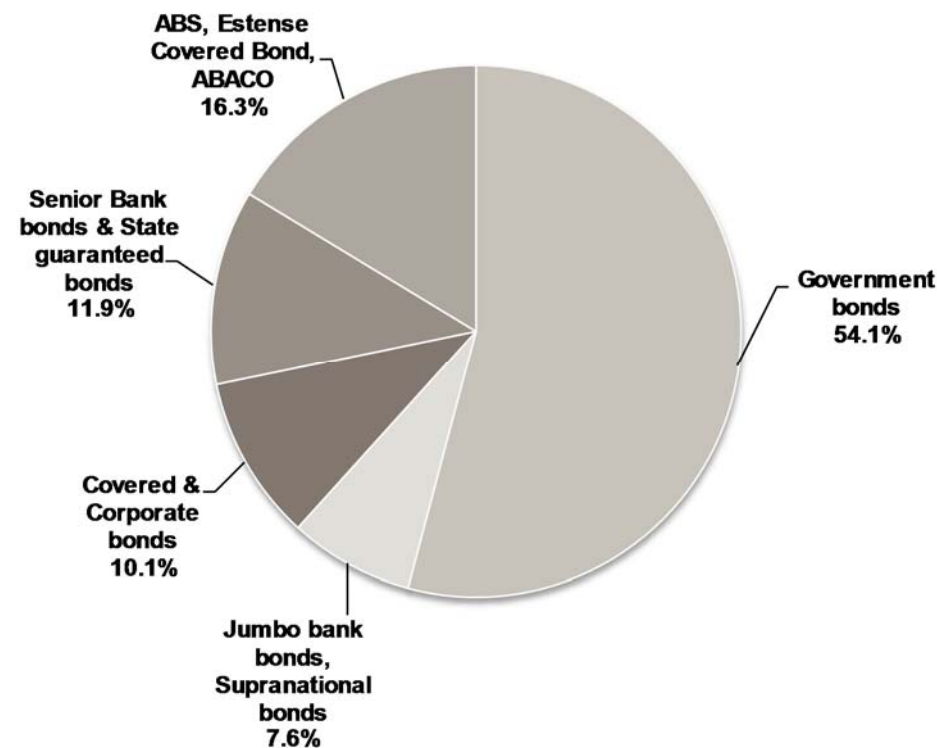
Eligible assets and counterbalancing capacity

Total eligible Assets evolution* (€/mn)



*: Net of ECB haircuts

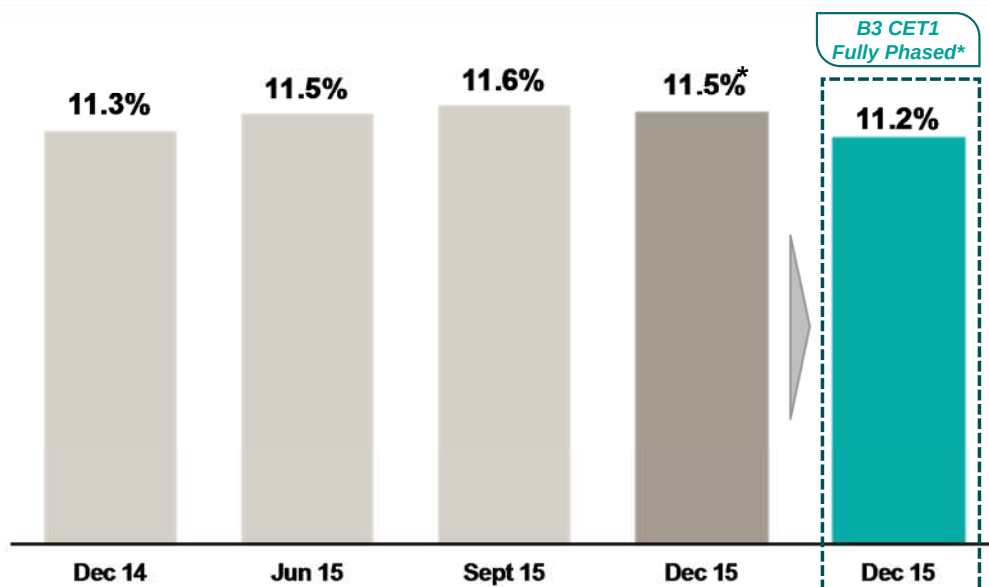
Eligible Assets Pool Composition (%)



- Counterbalancing capacity (CBC) as of Dec.'15 at 11.9 €/bn of which 5.2 €/bn unencumbered
 - In Dec.'14, CBC was at 11.5 €/bn of which 4.6 €/bn unencumbered
- ECB exposure as of Dec.'15: 3 €/bn of which 1 €/bn attributable to short-term Repos and 2 €/bn TLTRO

Basel 3 *Phased in* regulatory capital (pre-AIRB validation)

B3 Common Equity Tier 1 Phased in Ratio (%)



- Capital ratios 2015 excluding potential benefits from internal models ("AIRB") validation:
 - CET1 ratio*:
 - Phased in* at 11.54% (11.26% in Dec.'14)
 - Fully Phased* at 11.21%
- Total Capital Ratio at 12.80% (12.24% vs Dec.'14)
- Total RWA slightly down vs Jun.'15 (-627 €/mn) and Dec.'14 (-590 €/mn)
- In 4Q15 main points: 1) deduction of Arca Sgr goodwill (-98 €/mn) due to the different portfolio accounting (from AFS ptf into Equity investments) only partially offset by the capital gain accrued from previous positive AFS reserve; 2) capital gain on ICBPI disposal (about +40 bps)
- As of 31 Dec.'15, net regulatory AFS reserves at +142.3 down from 344.1 €/mn in Sept.15 (79.8 €/mn related to government bonds)

Regulatory capital & ratios

€/mn	B3 Phased in		
	Dec 15*	Jun 15	Dec 14
Common Equity TIER 1	4,629	4,690	4,581
TIER 1	4,671	4,706	4,592
Own Funds	5,134	5,251	4,982
Total RWA	40,102	40,729	40,692
Common Equity TIER 1 Ratio	11.5%	11.5%	11.3%
TIER 1 Ratio	11.7%	11.6%	11.3%
Total Capital Ratio	12.8%	12.9%	12.2%

Capital requirements

Requirements as of Dec 15	€/mn	%
Credit risk	2,846	88.7%
Credit Valuation Adjustment (CVA)	24	0.7%
Market risk	51	1.6%
Other regulatory requirements	7	0.3%
Operating risks	280	8.7%
Total	3,208	100.0%

Agenda

FY15 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☐ Liquidity and Capital adequacy

Business Plan 2015-17: work in progress

Annexes

Business Plan: work in progress

Branches closures

- Network rationalization: 130 branch closures => 57 already closed, other 45 closures already planned in the next 9 months in Sardinia

HR: Redundancy Plan

- Agreement with the Unions for the Redundancy Plan and future interventions for the workforce optimization closed on the 14th of Aug.'15

Creation of a "Non Core Assets" Business Unit to manage Bad Loans

- Business Unit organizational structure based on three key roles: portfolio strategy; asset management (debt recovery); performance and efficiency monitoring and IT support
- The new Group company "BPER Credit Management" became operational on 1 January 2016, in line with schedule

Integration of Banca di Sassari more traditional set of activities inside Banco di Sardegna

- Integration of Banca di Sassari branches inside Banco di Sardegna with the aim to be present in Sardinia with a unique brand
- Roll-out: 2nd quarter 2016

Focus of Banca di Sassari on Consumer Finance business, acting as Group Product Factory and Centre of Excellence improving existing platform

- Personal loans, Commercial focus on Salary Granted Loans (CQS), Credit cards
- Roll-out: 2nd quarter 2016

Final remarks

- Growing capital remuneration:
 - Cash dividend of 10 €/cents per share proposed
- Net profit strong improvement
 - FY15 Net profit at 219.2 €/mn including non-recurring items¹ and significantly up compared to 2014 even net of these non-recurring items
 - Resilient core income quarterly trend (broadly stable during last 5 quarters)
- Asset quality and customer loans positive developments
 - Cash coverage ratio of NPEs and bad loans at 44.2% and 58.2% respectively (40.7% and 56.6% in 2014), the highest level since 2009 and one of the best among direct competitors
 - Downward trend of NPEs new inflows from “performing loans” confirmed (-28.2% vs 2014 and -45.9% vs 2013)
 - Customer loans first signal of turnaround after more than 2 years of decline (+0.7% y/y and +1.0% vs Sept.’15 on gross values); new loans production very positive up by more than 50% y/y
- Solid capital base, good liquidity position and leverage ratio
 - CET1 ratio* “Fully Phased” of 11.2% as of 31 Dec.’15, well above minimum regulatory requirement (SREP at 9.25%) and excluding potential benefits from internal models (“AIRB”) validation
 - Leverage ratio at 7.1%, one of the best among domestic peers; LCR and NSFR significantly higher than 100%
- Business Plan 2015 work in progress:
 - Bper Credit Management: "Non Core Assets" Business Unit to manage Bad Loans (active since 1 Jan.’16)

Agenda

FY15 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☐ Liquidity and Capital adequacy

Business Plan 2015-17: work in progress

Annexes

Profit & Loss: main non-recurring items

Non-recurring items in 2015

Item	Amt (€/mn)	Description
2Q15		
Staff expenses (Caption 180-a)	-1.8	Redundancy incentives and contributions to the Solidarity Fund
3Q15		
Staff expenses (Caption 180-a)	-52.5	Redundancy incentives and contributions to the Solidarity Fund
4Q15		
Trading (Caption 100)	+174.3 +69.0	ICBPI disposal capital gain Capital gaining due to the transfer of the Arca Sgr stake (after the purchase of a stake of 12.332% which increase BPER's interest in Arca from 19.998% to 32.752%) in the Equity investments portfolio from AFS portfolio with a positive impact on profit&loss and the equivalent capital reserve write-off ARCA Sgr
Net adjustments to loans (Caption 130-a)	-10.0	Total writedown related to a bank subordinated bond (o.w. 2Q15 -6.6 €/mn, 3Q15 -1.2 €/mn, 4Q15 -2.2 €/mn)
Staff expenses (Caption 180-a)	-4.3	Redundancy incentives and contributions to the Solidarity Fund
Administrative expense (Caption 180-b)	-21.5	Ordinary contribution to the Resolution Fund ("SRF") and to the Deposits Guarantee Schemes ("DGS")
Administrative expense (Caption 180-b)	-40.0	Extraordinary contribution to the Resolution Fund ("SRF")
Depreciations (Caption 220)	-10.5	Impairment on properties owned by the Group
Other costs / revenues (Caption 220)	-3.0	Impairment on properties owned by the Group
Net provisions for Risks and Charges (Caption 190)	-4.8	Extraordinary contribution to the Deposits Guarantee Schemes ("DGS")
2015 TOTAL PLUS	+243.3	
2015 TOTAL MINUS	-126.9	
Non-recurring items in 2014		
Staff expenses (Caption 180-a)	-9.7	Redundancy incentives and contributions to the Solidarity Fund
Depreciations (Caption 220)	-2.8	Impairment on properties owned by the Group
2014 TOTAL MINUS	-12.5	

Assets & Liabilities: reclassified balance sheet

Assets*

€/mn	Dec 15	Sept 15	Jun 15	Mar 15	Dec 14	Chg vs Dec '14 (%)
Customer Loans	43,703	43,450	43,426	43,865	43,920	-0.5%
Securities Portfolio	11,563	11,838	11,778	11,300	10,302	+12.2%
<i>of which AFS</i>	8,022	8,346	8,296	7,589	6,945	+15.5%
Equity Investments, Proper	1,871	1,696	1,709	1,770	1,785	+4.8%
Other current assets	3,037	2,386	2,535	2,324	2,937	+3.4%
Total Assets	60,174	59,370	59,448	59,259	58,944	+2.1%

* Total Assets shown as net of loans to banks

Liabilities & Shareholders' equity*

€/mn	Dec 15	Sept 15	Jun 15	Mar 15	Dec 14	Chg vs Dec '14 (%)
Customer Deposits	47,256	46,174	46,160	45,295	46,183	+2.3%
Net Interbank Position	4,436	4,439	4,615	5,504	4,770	-7.0%
Other Funds & Liabilities	2,830	3,040	3,016	2,848	2,481	+14.1%
Shareholders' equity	5,652	5,717	5,657	5,612	5,510	+2.6%
Total Liabilities	60,174	59,370	59,448	59,259	58,944	+2.1%

*Total Liabilities inclusive of "Net Interbank Position" (Due to banks - Loans to banks)

Customer loans: portfolio composition

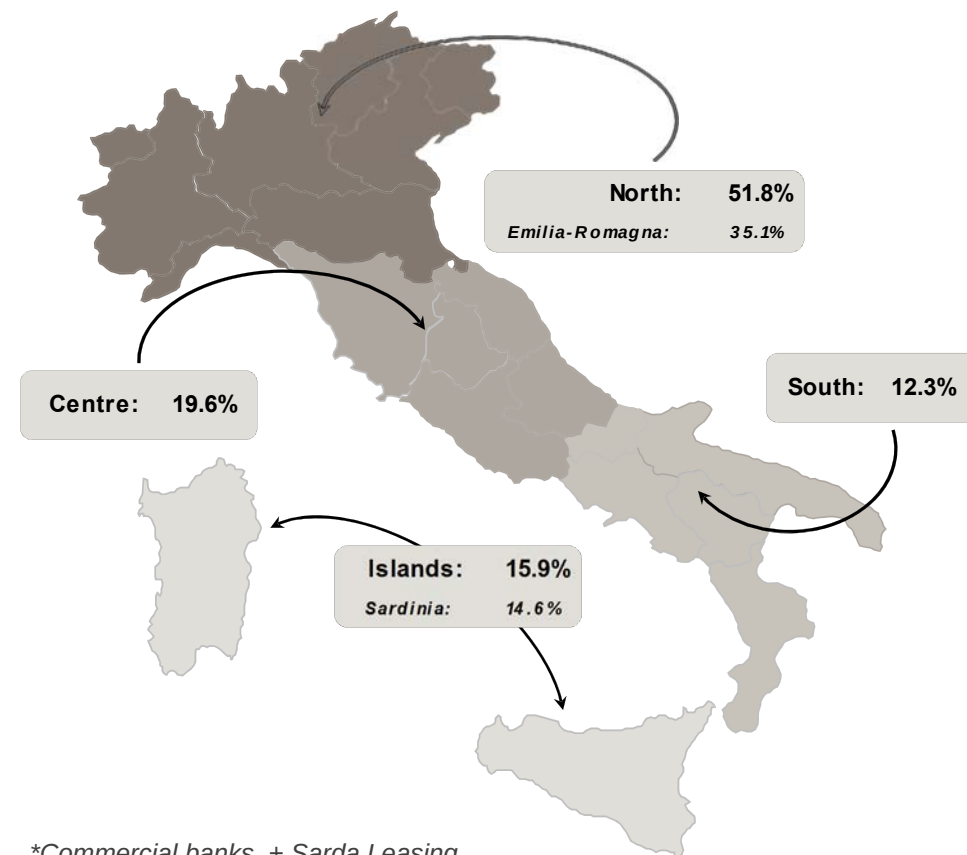
Customer loans breakdown by sectors (%)

Business sector	Dec 15	% on Total	Δ % vs Dec 14
Agriculture, forestry and fishing	1,268	2.9%	+2.4%
Manufacturing	6,895	15.8%	-0.6%
Constructions	4,441	10.2%	-8.8%
Wholesale and retail services, recoveries and repairs	5,069	11.6%	+3.4%
HORECA*	1,602	3.7%	-2.5%
Real Estate	3,287	7.5%	-3.5%
Other	5,104	11.7%	-1.1%
Total loans to resident non-financial businesses	27,666	63.3%	-1.8%
Non-resident, non-financial companies	135	0.3%	+4.8%
Total loans to non-financial businesses	27,801	63.6%	-1.7%
Households	10,946	25.0%	+4.0%
Total loans to financial businesses	4,956	11.4%	-2.8%
Total Customers Loans	43,703	100.0%	-0.5%

Figures as per ATECO business sector definitions (ISTAT)

*: Hotel, Restaurant & Cafè (HORECA)

Customer loans breakdown by geographical distribution* (%)



- Well diversified loan portfolio
- Construction sector significant downsizing (-8.8% y/y) following a de-risking strategy

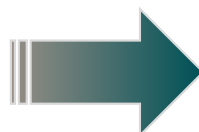
New NPL classification

Since the beginning of 2015, Non-performing Exposures have been subdivided into Bad loans, Unlikely to pay loans and Past Due loans. These three categories together form the aggregate denominated Non-Performing Exposures (NPEs) in the Implementing Technical Standards (ITS). Also, Non-performing exposures must be measured on the basis of any concessions, or forbearance measures, that have been extended (Forborne exposures in ITS). They do not represent a specific category of Non-performing exposures, but rather a specification - depending on the circumstances - of Bad loans, Unlikely to pay or Past Due exposures.

Previous classification

Doubtful loans

- 1) Non performing loans
- 2) Watch-list loans
- 3) Restructured loans
- 4) Past due loans



New classification

Non Performing Exposures (NPEs)

- 1) Bad loans
- 2+3) Unlikely to pay loans
- 4) Paste due loans

Definitions

Bad loans: exposures to insolvent debtors (even when the insolvency has not been declared by a court), or in essentially similar situations, regardless of any expected loss calculation made by the bank.

Unlikely to pay loans: exposures, other than Bad loans, where, according to the bank, the debtor is unlikely to pay its credit obligation in full (principal and interest), without embarking on actions such as the realization of collateral.

Past due loans: exposures, other than Bad loans and Unlikely to pay, which at the reference date are more than 90 days past-due and exceed a given materiality threshold.

Asset quality breakdown

Gross exposures (€/mn)	Dec 15		Dec 14		Chg 31/12 - 31/12 (A-B)	
	A	%	B	%	Abs.	Chg (%)
Non Performing Exposures (NPEs)	11,395	23.3%	10,998	22.6%	397	+3.6%
<i>Bad loans</i>	7,109	14.5%	6,487	13.3%	622	+9.6%
<i>Unlikely to pay loans</i>	4,002	8.2%	4,302	8.9%	-300	-7.0%
<i>Past due loans</i>	284	0.6%	209	0.4%	75	+35.9%
Gross performing loans	37,548	76.7%	37,604	77.4%	-56	-0.1%
Total gross exposures	48,943	100.0%	48,602	100.0%	341	+0.7%

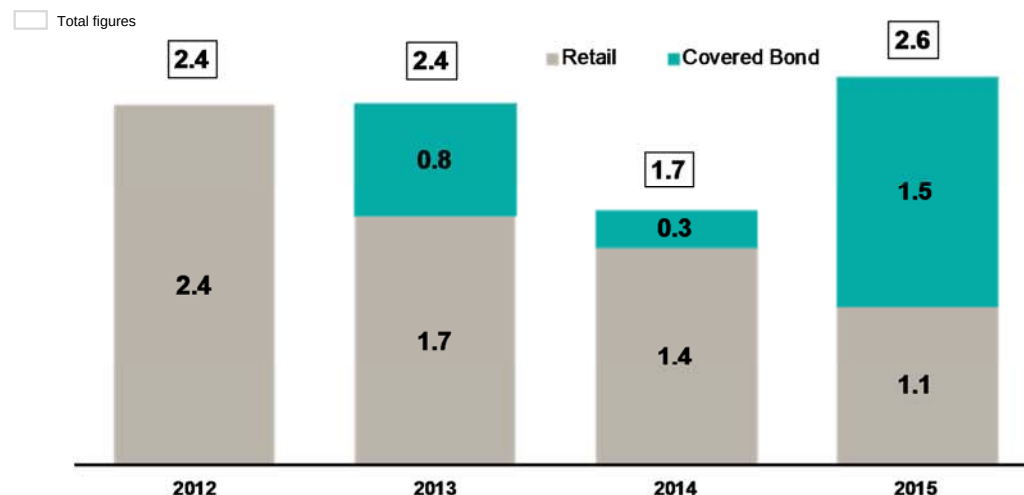
Adjustments to loans (€/mn)	Dec 15		Dec 14		Chg 31/12 - 31/12 (A-B)	
	A	coverage (%)	B	coverage (%)	Abs.	Chg (%)
Adjustments to NPEs	5,039	44.2%	4,471	40.7%	568	+12.7%
<i>Bad loans</i>	4,135	58.2%	3,668	56.5%	467	+12.7%
<i>Unlikely to pay loans</i>	876	21.9%	786	18.3%	90	+11.5%
<i>Past due loans</i>	28	10.0%	17	8.1%	11	+64.7%
Adjustments to performing loans	201	0.5%	211	0.6%	-10	-4.7%
Total adjustments	5,240	10.7%	4,682	9.6%	558	+11.9%

Net exposures (€/mn)	Dec 15		Dec 14		Chg 31/12 - 31/12 (A-B)	
	A	%	B	%	Abs.	Chg (%)
Non Performing Exposures (NPEs)	6,356	14.5%	6,526	14.9%	-170	-2.6%
<i>Bad loans</i>	2,974	6.8%	2,819	6.4%	155	+5.5%
<i>Unlikely to pay loans</i>	3,126	7.2%	3,515	8.0%	-389	-11.1%
<i>Past due loans</i>	256	0.6%	192	0.4%	64	+33.3%
Net performing loans	37,347	85.5%	37,393	85.1%	-46	-0.1%
Total net exposures	43,703	100.0%	43,919	100.0%	-216	-0.5%

Note: figures in this page may not add exactly due to rounding differences

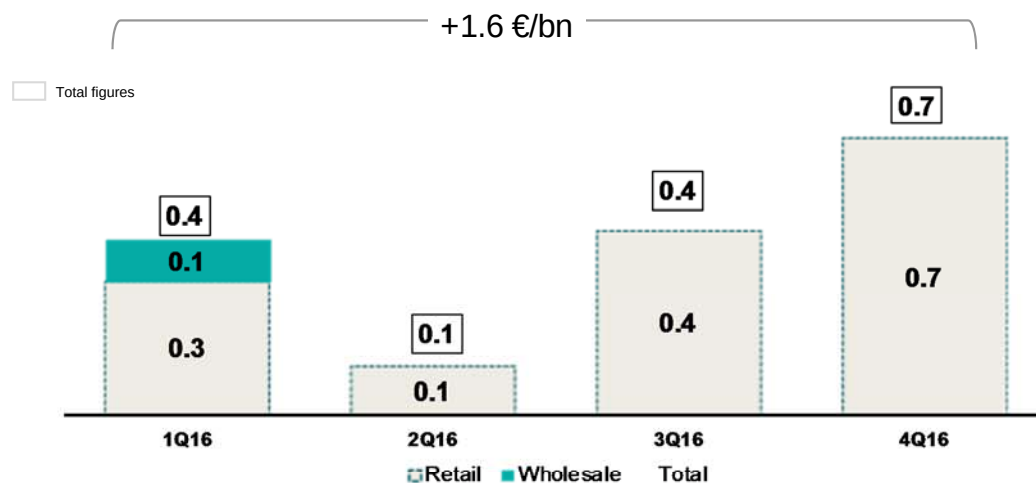
Bonds maturities and issues details

Bonds issues (€/bn)

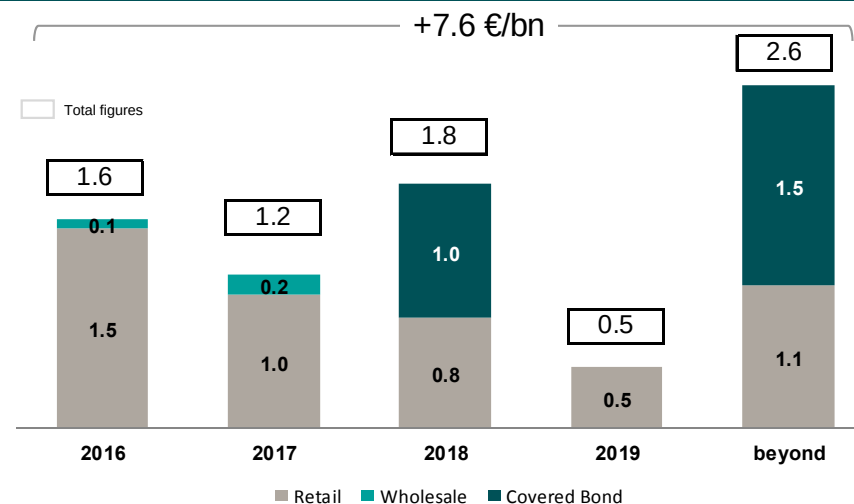


- Bonds stock decline by 6% y/y. Substitution of retail bonds in favour of cheaper wholesales funding (Covered bond)
- Covered bond outstanding: 2.5 €/bn including a new issues 750 €/mn in Jul.'15 expiring in 2020
- Total wholesale funding and Covered bonds account for 2.7 €/bn as of 31 Dec.'15 (5.8% of the total direct funding). Low amount of wholesale maturities in the next 2 years (about 60 €/mn bond in 2016 and about 150 €/mn bond in 2017) providing great flexibility to the Group's funding strategy

2016 Bonds maturities (€/bn)

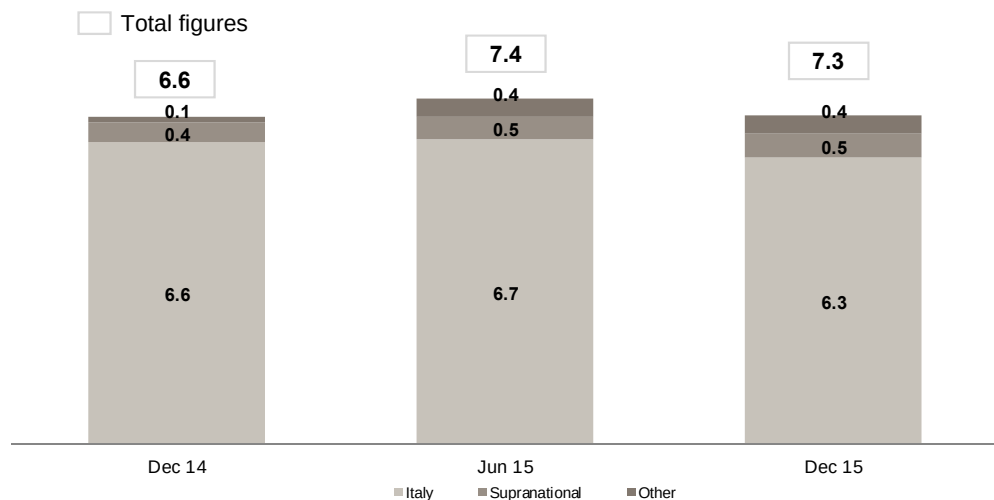


Bonds maturities breakdown (€/bn)

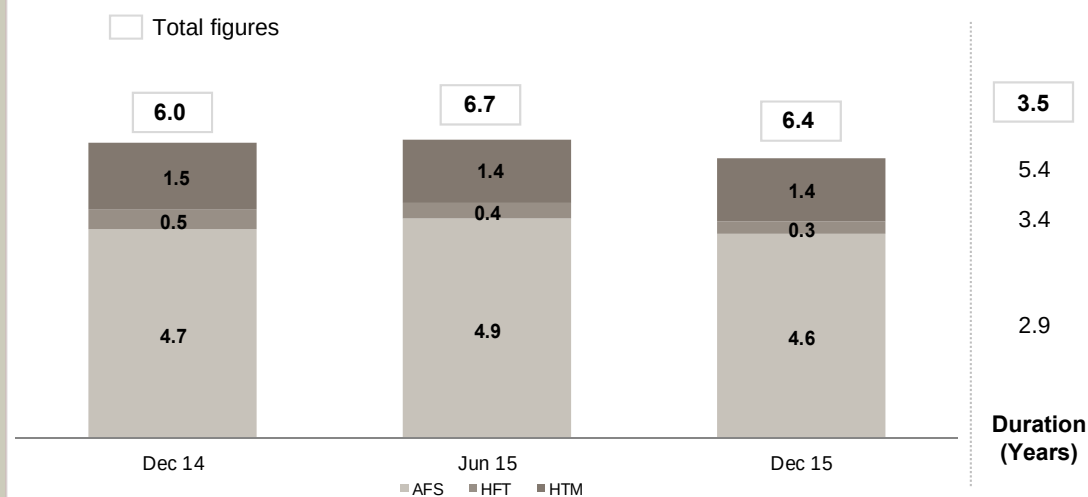


Financial Assets details

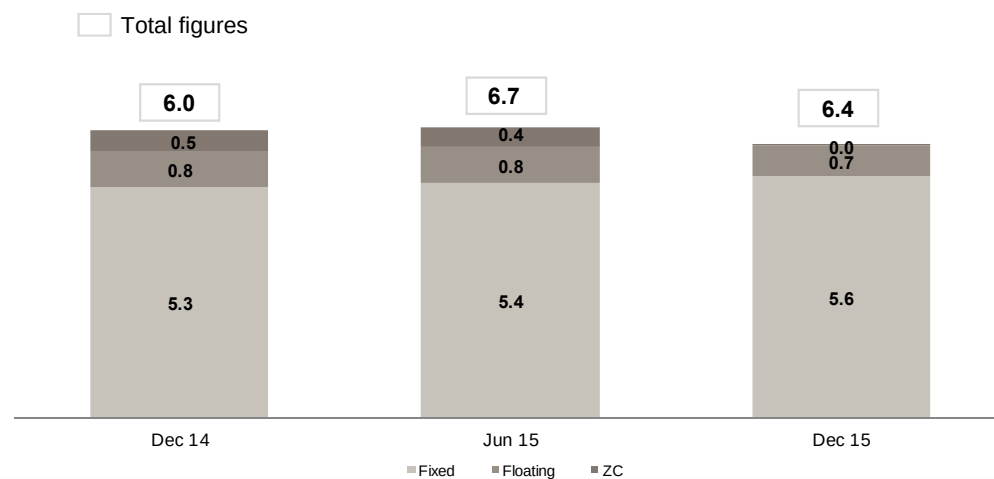
Govies & Supranational PTF by issuing country (€/bn)



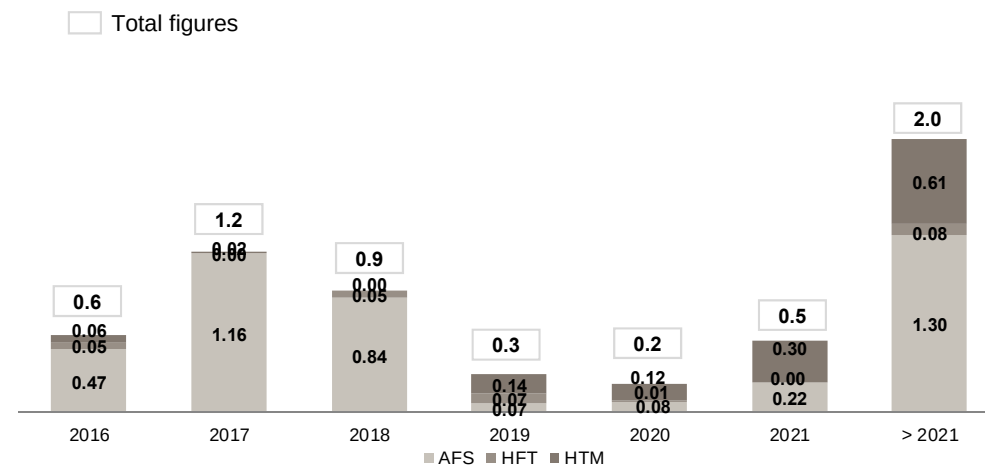
Italian Govies PTF by accounting valuation (€/bn)



Italian Govies PTF by coupon (€/bn)



Italian Govies PTF Maturities* (€/bn)



*: figures are shown as per nominal values

Performance ratios

	31.12.2015	31.12.2014
Financial ratios		
Structural ratios (%)		
net loans to customers/total assets	71.34%	72.41%
net loans and advances to customers/direct deposits from customers	92.48%	95.10%
financial assets/total assets	18.88%	16.99%
fixed assets/total assets	2.21%	2.12%
goodwill/total assets	0.62%	0.63%
direct deposits/total assets	86.15%	86.83%
deposits under management/indirect deposits	48.48%	46.12%
financial assets/tangible equity	2.25	2.06 (1)
total tangible assets/tangible equity	11.83	12.00 (2)
net interbank lending/borrowing (in thousands of Euro)	(4,435,679)	(4,770,260)
number of employees	11,447	11,593
number of national bank branches	1,216	1,273
Profitability ratios (%)		
ROE	4.57%	0.33%
ROTE	5.10%	0.37%
ROA (net profit/total assets)	0.36%	0.05%
Cost/income Ratio	57.69%	56.89% (3)
Net adjustments to loans /net loans to customers	1.62%	1.85%
Basic EPS	0.459	0.041
Diluted EPS	0.459	0.041
Risk ratios (%)		
non-performing exposures/net loans to customers	14.54%	14.86%
net bad loans/net loans to customers	6.81%	6.42%
net unlikely to pay loans/net loans to customers	7.15%	8.00%
net past due loans/net loans to customers	0.58%	0.44%
adjustments to non-performing exposures/gross non-performing exposures	44.22%	40.66%
adjustments to bad loans/gross bad loans	58.16%	56.55%
adjustments to unlikely to pay loans/gross unlikely to pay loans	21.88%	18.28%
adjustments to past due loans/gross past due loans	10.02%	8.07%
adjustments to performing exposures/gross performing exposures	0.54%	0.56%

	31.12.2015	31.12.2014
Own Funds (Phased in)		
Common Equity Tier 1 (CET1)	4,506,891	4,581,261
Common Equity Tier 1 (CET1) pro-forma	4,629,088	
Own Funds	5,011,605	4,982,079
Own Funds pro-forma	5,133,802	
Risk-weighted assets (RWA)	40,101,688	40,691,550
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	11.24%	11.26%
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in pro-forma	11.54%	
Tier 1 Ratio (T1 Ratio) - Phased in	11.34%	11.29%
Total Capital Ratio (TC Ratio) - Phased in	12.50%	12.24%
Total Capital Ratio (TC Ratio) - Phased in pro-forma	12.80%	
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased pro-forma	11.21%	
Leverage ratio - Phased in	7.1%	7.2% (6)
Leverage ratio - Fully Phased	6.9%	6.9% (7)
Liquidity Coverage Ratio (LCR)	136.1%	124.6%
Net Stable Funding Ratio (NSFR)	n.d.	115.0% (8)
Non financial ratios		
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,128.22	3,983.71
loans and advances to customers per employee	3,817.82	3,788.47
assets managed per employee	1,286.45	1,121.71
assets administered per employee	1,366.99	1,310.60
core revenues per employee	170.72	171.01 (9)
net interest and other banking income per employee	202.50	187.14
operating costs per employee	119.43	108.03

(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 58.98% (57.73% at December 31, 2014).

(4) (5) 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 second half of the year allocable to equity (€ 118.6 million, corresponding to about 30 b.p.), 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 b.p.) that could be allocated to equity.

(6) (7) 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.

(8) The NSFR, not yet available, it is in any case estimated to exceed 100%, (115,6% as at 30 September 2015)

(9) Core revenues = net interest income + net commission income.

Contacts for Investors and Financial Analysts

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