



## **1H17 consolidated results**

Alessandro Vandelli - Chief Executive Officer

3 August 2017

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Marco Bonfatti

Manager responsible for preparing the Company's financial reports

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BPER Banca S.p.A., Bank with head office in Modena Via San Carlo, 8/20 - VAT number and Business Register no. 01153230360 -Share capital fully subscribed and paid in, amounts to Euro 1,443,925,305 and is represented by 481,308,435 registered ordinary shares- Bank Registration no. 4932 ABI code 5387.6- Tel.059/2021111 – Fax 059/2022033 6 - email: bpergroup@bper.it - PEC: bper@pec.gruppobper.it Member of the Interbank Deposit Guarantee Fund - Parent Company of BPER Banca Group - Registered in the Register of Banking group with code 5387.6, bper@pec.gruppobper.it - bper.it - gruppobper.it

# Agenda

## 1H17 Results

☒ Executive summary

☐ Balance sheet structure

☐ Profit and loss

☐ Liquidity and capital adequacy

☐ Final remarks

## Annexes

## Executive summary

- On 30 June 2017, BPER Banca completed the acquisition of 100% of the share capital of Nuova Cassa di Risparmio di Ferrara S.p.A. (“Nuova Carife”) from the Single Resolution Fund
- Best in class capital position with low leverage and strong liquidity ratios
  - ✓ CET1 ratio Fully Phased at 13.17% (13.11 Fully Phased as of 30 Mar.'17)<sup>1</sup> slightly up by 6 bps vs Mar.17 despite the consolidation of Nuova Carife
- 1H17 Net profit at 119.1 €/mn impacted by significant non-recurring items<sup>2</sup> including, among others, impairments of Atlante Fund and FITD-SV for CariCesena for a total of -61.5 €/mn and the goodwill<sup>3</sup> arising from the acquisition of Nuova Carife of +130.7 €/mn; this positive effect enabled the application of an even more conservative provisioning approach on loans with a further strong increase of coverage
  - ✓ Net operating income, excluding non-recurring items<sup>4</sup>, up by 2.5% y/y (+5.3% q/q)
- Asset quality improvement accelerates thanks to the strong reduction of NPEs inflows along with a conservative approach in the provisioning policy to increase NPEs coverage ratio:
  - ✓ NPEs inflows from performing loans down by 43.7% y/y; Bad loans inflows down by 10.2% y/y
  - ✓ gross NPEs ratio at 21.1% down by 100 bps vs 22.1% at Dec.'16 and down by 240 bps vs 23.5% in Jun.'16
  - ✓ NPEs cash coverage ratio further increase by +240 bps in 6 months at 46.9% vs 44.5% in Dec.'16
- The Board of Directors has reviewed the Banking Group's activity in the management of doubtful loans, which over the years has led to a strong increase in coverage with provisioning that in the period 2012-2017 has exceeded € 4 billion. Having assessed the latest improvements in asset quality, also in the first half of 2017, the Board of Directors has decided to launch an extraordinary measure designed to further increase the level of coverage of doubtful loans, facilitating an immediate reduction in the net NPEs ratio, as well as the gross ratio by means of loan disposals. An extraordinary intervention on provisioning is being analysed, to be carried out at the beginning of 2018, for an amount of € 1 billion, which thanks to the large capital buffer will allow the Group to maintain a solid CET1 ratio of more than 11%. The Board of Directors has decided to postpone approval of the new business plan to the beginning of 2018 in order to complete the analysis of this important project

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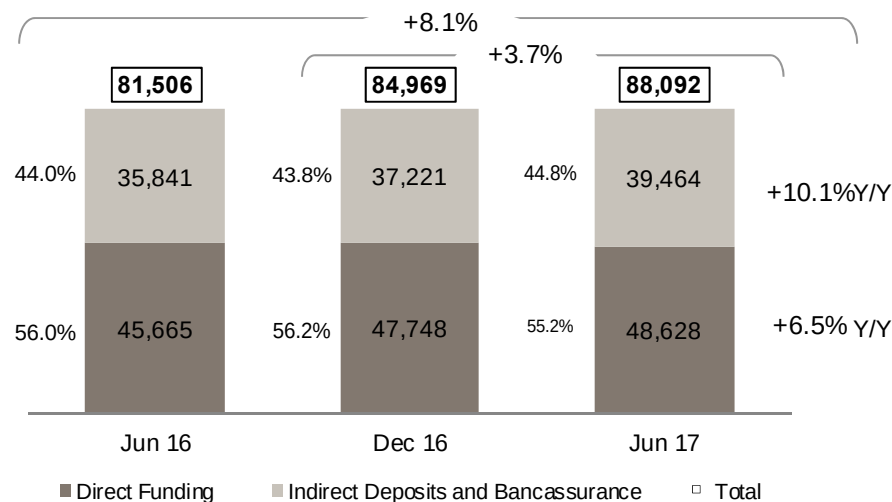
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## Annexes

# Funding (1/2)

## Total Funding (€/mn)



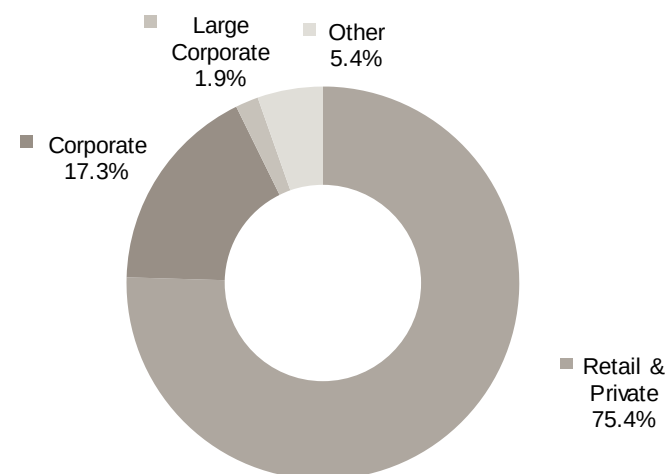
## Direct Funding breakdown (%)

| €/mn                                    | Dec 16        | Jun 17        | Chg (%)      |
|-----------------------------------------|---------------|---------------|--------------|
| Current accounts and sight deposits     | 32,331        | 33,269        | +2.9%        |
| Time deposits                           | 2,220         | 2,255         | +1.6%        |
| Repurchase agreements                   | 1,780         | 1,932         | +8.5%        |
| Other short-term loans                  | 2,582         | 2,651         | +2.7%        |
| Bonds                                   | 6,156         | 6,057         | -1.6%        |
| - subscribed by institutional customers | 2,688         | 3,040         | +13.1%       |
| - subscribed by retail customers        | 3,468         | 3,017         | -13.0%       |
| Certificates                            | 92            | 81            | -12.0%       |
| Certificates of deposit                 | 2,588         | 2,384         | -7.9%        |
| <b>Direct customer deposits</b>         | <b>47,748</b> | <b>48,629</b> | <b>+1.8%</b> |

Note: figures including Nuova Carife. Pro-forma figures details on pages 33-34

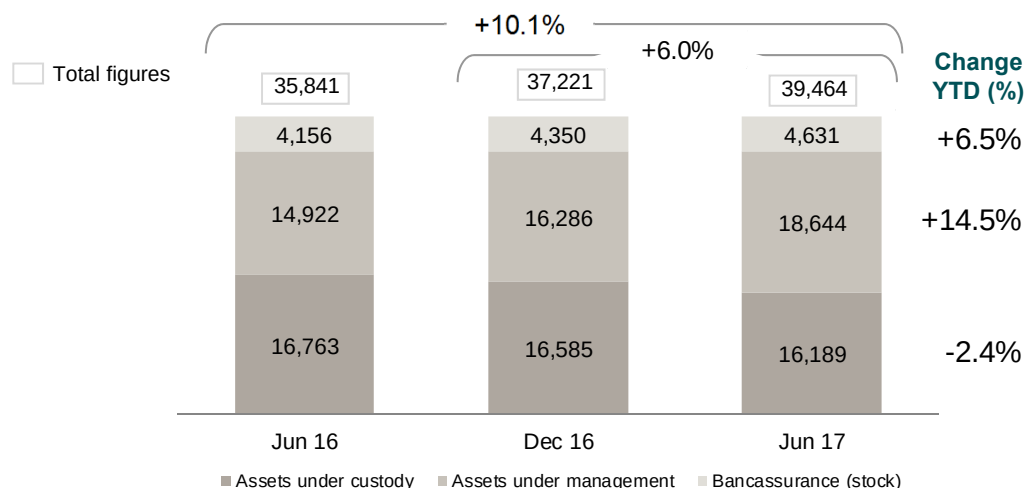
- Total funding at 88.1 €/bn up by 3.7% since Dec.'16 but slightly down by 0.6% on a like-for-like basis. Indirect funding weight on total funding further increasing at 44.8% (43.8% in Dec.'16 and 44.0% in 1H16)
- Direct funding at 48.6 €/bn up by 1.8% since Dec.'16, but down by 2.5% on a like-for-like basis as a consequence of a strong action to switch in favour of AuM;
  - bonds decline by 1.6% since Dec. 16 (-2.8% on a like-for-like basis), no replacement of expired retail bonds:
    - In May'17: new Tier 2 benchmark issue of 500 €/mn at a coupon of 5.125% (maturity 10NC5); LT2 institutional issue of 153 €/mn expired
  - current accounts and sight deposits up by 2.9% since Dec.'16 (-2.2% on a like-for-like basis)
- Total wholesale funding and Covered bonds account for 3 €/bn in Jun.'17 (6.3% of the total direct funding). No wholesale bond maturities in the next 12 mths providing flexibility to the Group's funding strategy

## Direct Funding breakdown by customer segment (%)



# Funding (2/2)

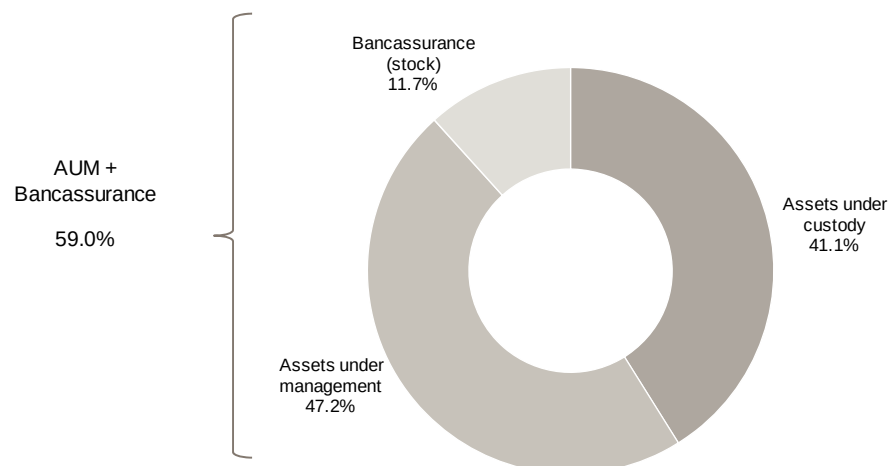
## Indirect Deposits and Bancassurance<sup>1</sup> (€/mn)



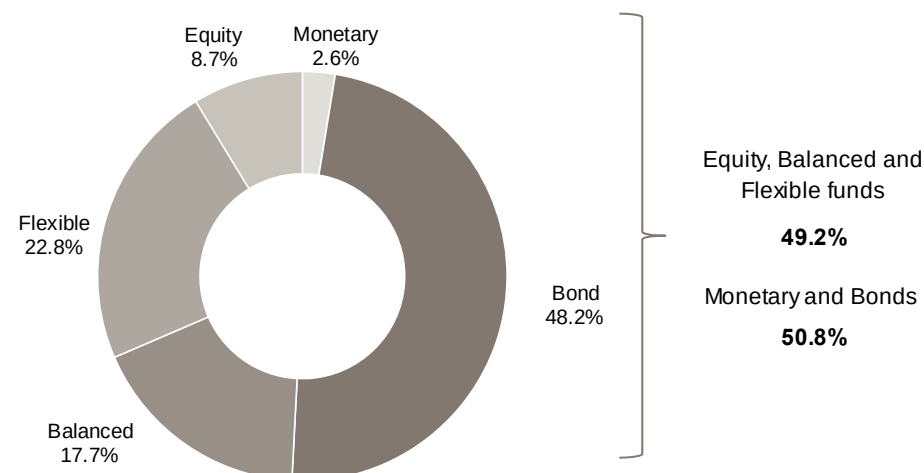
Note: figures including Nuova Carife. Pro-forma figures details on pages 33-34

- Indirect deposits and Bancassurance up by 6.0% since Dec.'16 (+1.9% on a like-for-like basis):
  - AuM up by 14.5% since Dec.'16 (+8.5% on a like-for-like basis); very strong net inflows (+1.2€/bn) in 1H17 vs +0.3 €/bn in 1H16
  - positive growth in Bancassurance up by 6.5% since Dec.'16 (+3.1% on a like-for-like basis)
  - AuC down by 2.4% since Dec.'16 (-5.0% on a like-for-like basis) mainly due to outflows from institutional customers with low profitability and switch in favour of AuM and Bancassurance
  - AuM and Bancassurance weight at 59.0%
  - Monetary and Bonds funds weight at 50.8% of total AuM (down from 53.6% in Dec.'16), in consequence of positive performance of financial markets and re-mix in favour of more profitable products (Equity, Balanced, Flexible funds increase at 49.2% from 46.4% in Dec.'16)

## Indirect Deposits and Bancassurance composition (%)

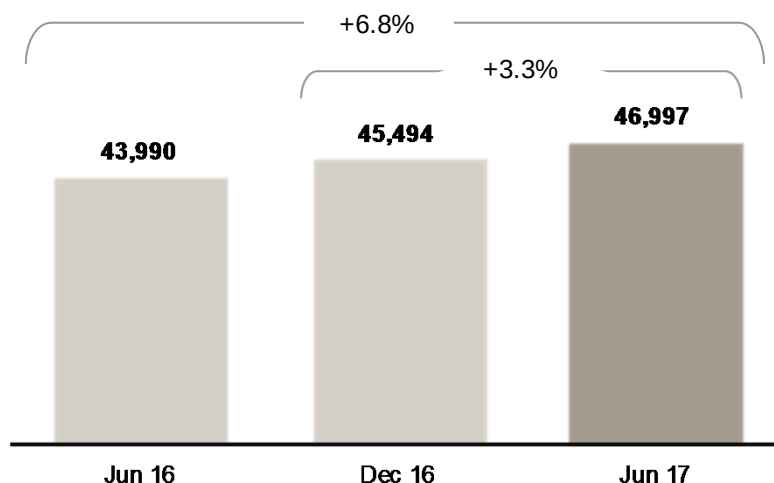


## AUM composition<sup>2</sup> (%)



# Customer loans

## Customer loans (€/mn)



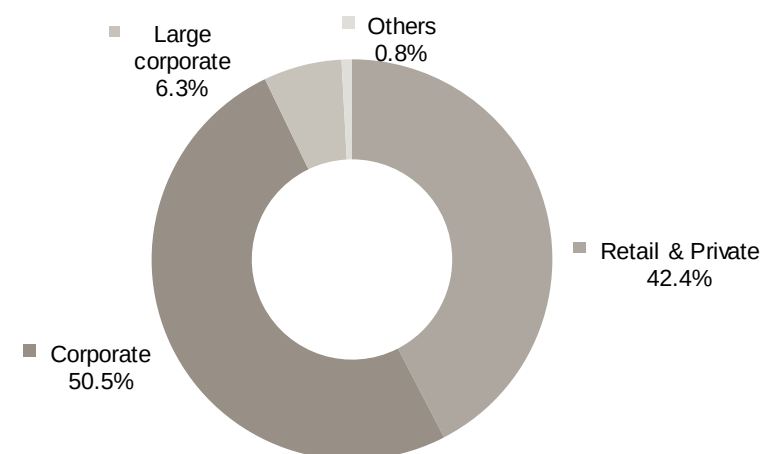
## Customer loans breakdown (net figures; €/mn)

| €/mn                            | Dec 16        | Jun 17        | Chg (%)      |
|---------------------------------|---------------|---------------|--------------|
| Current accounts                | 5,392         | 5,429         | +0.7%        |
| Mortgage loans                  | 26,488        | 28,198        | +6.5%        |
| Repurchase agreement            | 0             | 121           | n.m.         |
| Leases and factoring            | 3,373         | 3,600         | +6.7%        |
| Debt securities                 | 322           | 276           | -14.3%       |
| Other transactions              | 9,919         | 9,374         | -5.5%        |
| <b>Net loans to customers</b>   | <b>45,494</b> | <b>46,997</b> | <b>+3.3%</b> |
| <b>Gross loans to customers</b> | <b>50,654</b> | <b>52,365</b> | <b>+3.4%</b> |

Note: figures including Nuova Carife. Pro-forma figures details on pages 33-34

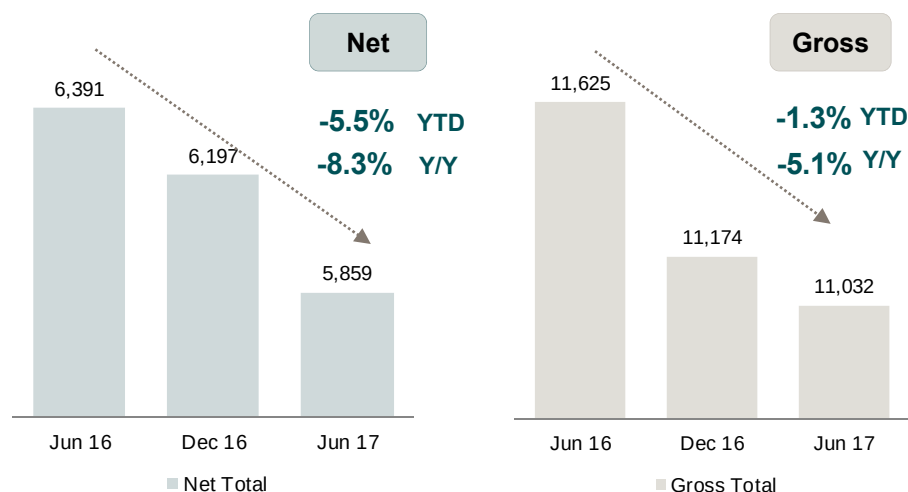
- Net customer loans up by 3.3% since Dec.'16 (+0.4% on a like-for-like basis, gross +3.3% since Dec.'16) and up by 6.8% y/y (gross +6% y/y)
- Mortgages up by 6.5% since Dec.'16 (+3.3% on a like-for-like basis)
  - residential mortgages production up by 34.3% in 1H17 vs 1H16
- Corporate and retail loans account for 92.8% of the total loan book, highlighting Group's focus on commercial business

## Customer loans breakdown by customer segment (%)



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

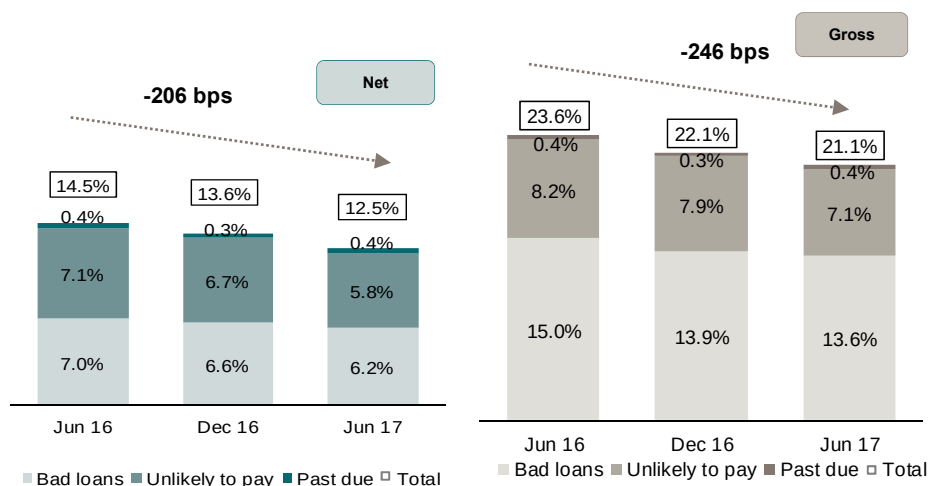
## NPEs breakdown (net and gross figures; €/mn)



Note: figures including Nuova Carife. Pro-forma figures details on pages 33-34

- Gross NPEs down by 1.3% since Dec.'16 and down by 5.1% y/y showing the effectiveness of the NPEs management strategy of the Group
- Gross NPEs stock on total loans down to 21.1% from 22.1% in Dec.'16 and 23.5% in Jun.'16 (-246 bps y/y)
- Cash coverage NPEs ratio further strengthening at 46.9% (44.5% in Dec.'16; +235 bps) and 51.3% including write-offs
- Net bad loans ("Sofferenze") down: -2.6% since Dec.'16 and -4.5% y/y. Gross bad loans ("Sofferenze") up by 1% since Dec.'16 and down by 3.9% y/y.
- Gross and net unlikely to pay down: -6.6% and -2.6% since Dec.'16 and -3.9% and -4.5% y/y
- Gross and net past due up: 32% and 31.9% since Dec.'16 and 6.3% and 6.7% y/y
- 87.8% of total net NPEs are collateralized (77.5% fully collateralized)

## NPEs breakdown (% on total net loans; % on total gross loans)



## Cash coverage trend (%)

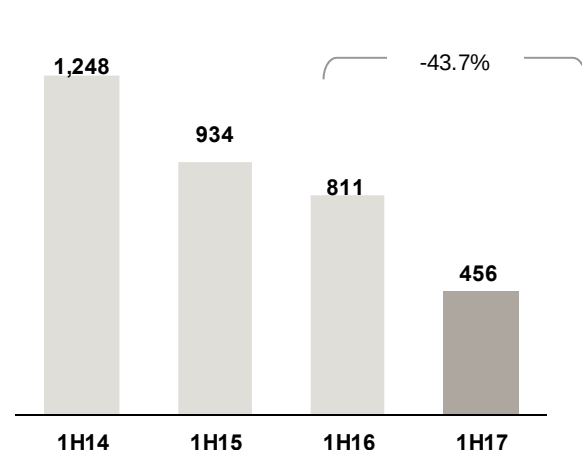
|                            | Jun 16       | Sept 16      | Dec 16       | Mar 17       | Jun 17       |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Bad loans ("Sofferenze")   | 58.5%        | 57.4%        | 57.3%        | 58.1%        | 58.8%        |
| <b>including write-off</b> | <b>64.3%</b> | <b>63.1%</b> | <b>62.9%</b> | <b>63.6%</b> | <b>63.8%</b> |
| Unlikely to pay            | 22.1%        | 22.2%        | 23.5%        | 24.2%        | 26.4%        |
| Past due                   | 8.2%         | 8.6%         | 7.8%         | 8.0%         | 7.9%         |
| <b>NPEs</b>                | <b>45.0%</b> | <b>43.7%</b> | <b>44.5%</b> | <b>45.6%</b> | <b>46.9%</b> |
| <b>including write-off</b> | <b>50.1%</b> | <b>48.6%</b> | <b>49.4%</b> | <b>50.3%</b> | <b>51.3%</b> |
| Performing exposures       | 0.5%         | 0.5%         | 0.5%         | 0.4%         | 0.5%         |
| <b>Total loans</b>         | <b>11.0%</b> | <b>10.5%</b> | <b>10.2%</b> | <b>10.2%</b> | <b>10.3%</b> |

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

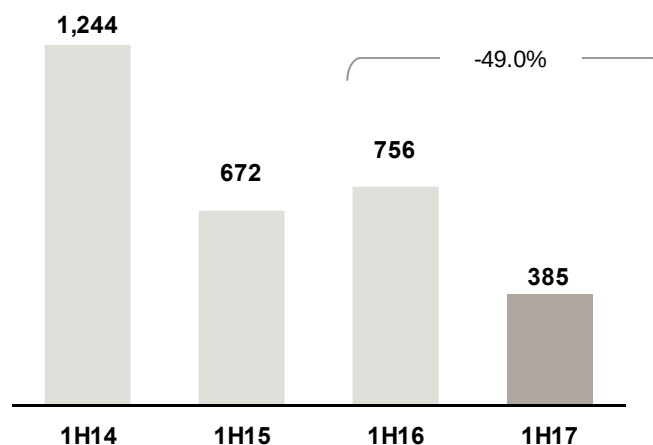
## Inflows (gross figures)

Note: figures including Nuova Carife. Pro-forma figures details on pages 34-35

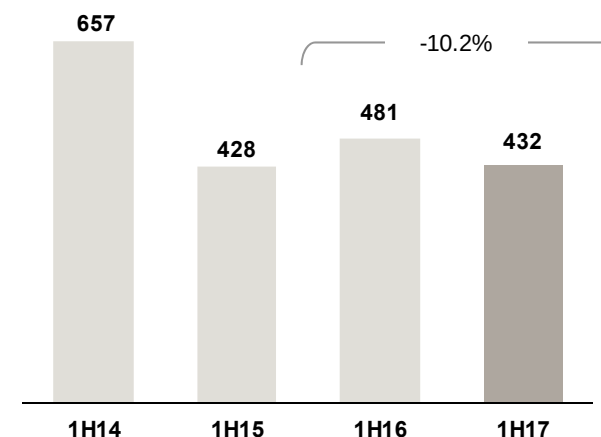
Gross NPEs inflows (€/mn)



Gross Unlikely to pay inflows (€/mn)

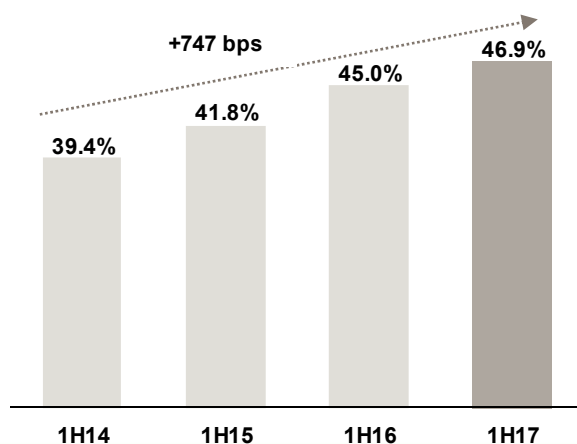


Gross Bad Loans inflows (€/mn)

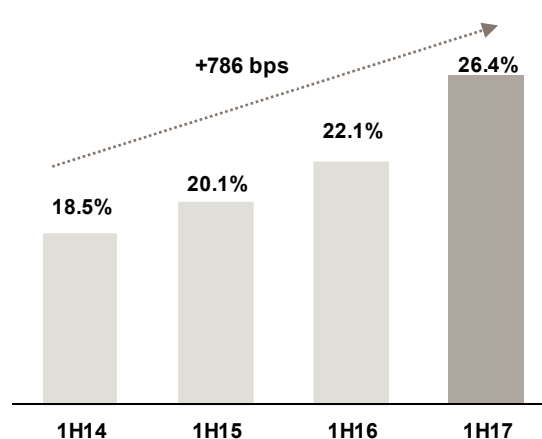


## Coverage ratios

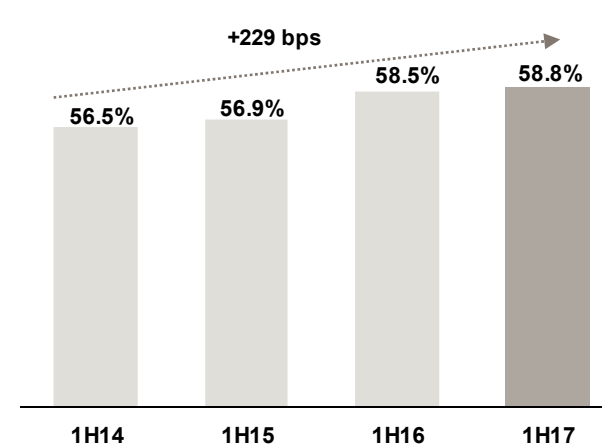
Cash NPEs coverage ratio (%)



Cash Unlikely to pay coverage ratio (%)



Cash Bad Loans coverage ratio<sup>1</sup> (%)



# Financial Assets

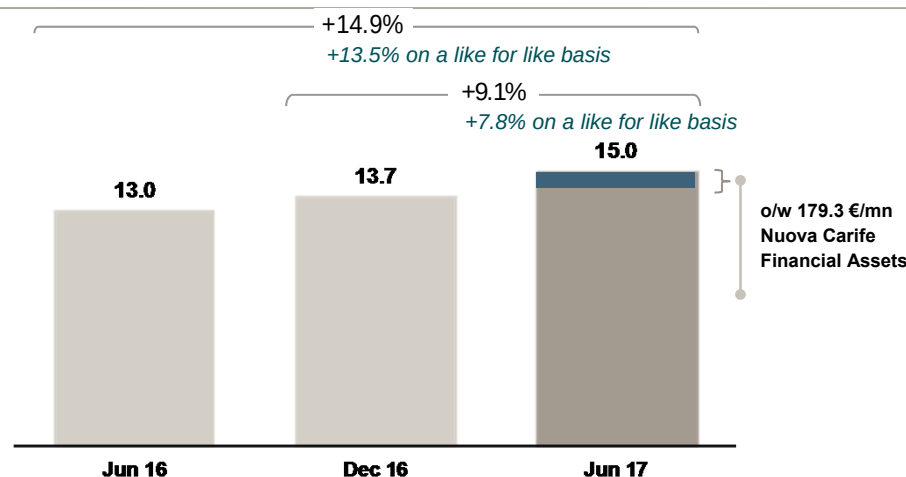
## Financial Assets breakdown (€/mn; %)

| €/mn                          | HFT        | CFV       | AFS           | HTM          | Total         | % on total    |
|-------------------------------|------------|-----------|---------------|--------------|---------------|---------------|
| Bonds                         | 336        | 29        | 11,082        | 2,614        | 14,060        | 94.0%         |
| Equity                        | 84         |           | 299           |              | 383           | 2.6%          |
| Funds and Sicav               | 73         | 53        | 225           |              | 351           | 2.3%          |
| Other*                        | 155        |           | 3             |              | 158           | 1.1%          |
| <b>Total</b>                  | <b>647</b> | <b>82</b> | <b>11,609</b> | <b>2,614</b> | <b>14,952</b> | <b>100.0%</b> |
| <b>Total as of 31.12.2016</b> | <b>677</b> | <b>84</b> | <b>10,433</b> | <b>2,516</b> | <b>13,710</b> |               |
| Chg YTD (%)                   | -4.4%      | -2.4%     | +11.3%        | +3.9%        | +9.1%         |               |

\* Derivatives for hedging purposes related to HFT portfolio

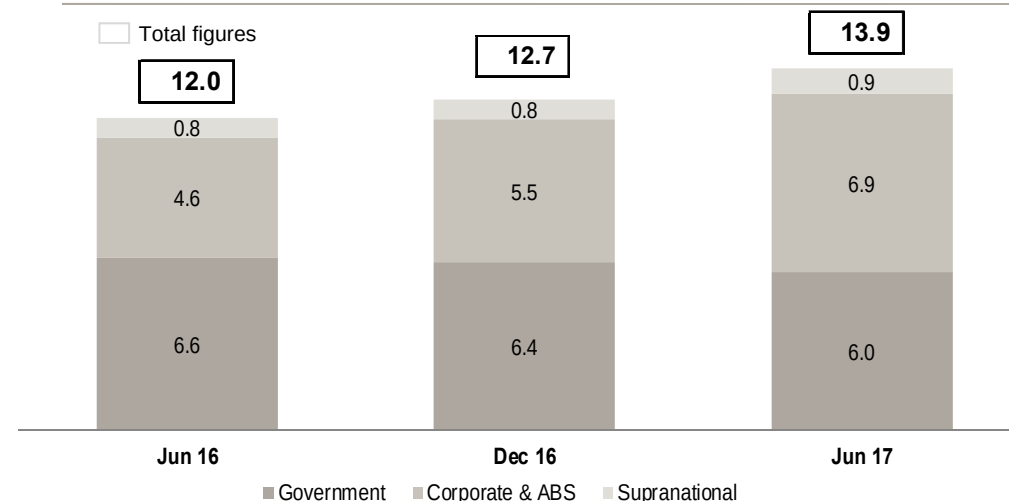
Note: 275.9 €/mn of Loans and Receivables (banks and customers) not included

## Financial Assets (€/bn)



- Financial assets portfolio at 15.0 €/bn (including 179.3 €/mn from Nuova Carife), up by 1.2 €/bn since Dec.'16
- Bond portfolio at 14.0 €/bn of which 5.4 €/bn of Italian Government bonds (5.9 €/bn in Dec.'16) with a duration of 2.5y (2.9y in Dec.'16)<sup>1</sup>
  - Italian govies account for 39% of total securities portfolio
- Progressive diversification of the financial securities portfolio through increase of core European issuers (mainly government bonds, corporate bonds and Covered Bonds)
- Positive AFS reserves at 98.5 €/mn (net of taxes) in Jun.'17 vs 69.1 €/mn in Mar.'17 (108.4 €/mn in Dec.'16)
- Implicit positive reserves of 106.8 €/mn in Jun.'17 on HTM portfolio (net of taxes) calculated as difference between the fair value and the book value

## Bond portfolio by issuer (€/bn)\*



# Agenda

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## Annexes

# Reclassified consolidated Profit & Loss\*

| Captions      | (€/mn)                                                               |                |                |               | 2016          |               |               |               | 2017          |               |               |
|---------------|----------------------------------------------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|               |                                                                      | Jun 16         | Jun 17         | Chg y/y (%)   | 1Q16          | 2Q16          | 3Q16          | 4Q16          | 1Q17          | 2Q17          | Chg q/q (%)   |
| 10+20         | Net interest income                                                  | 590.4          | 570.1          | -3.4%         | 296.8         | 293.6         | 285.7         | 294.3         | 288.1         | 282.0         | -2.1%         |
| 40+50         | Net commissions                                                      | 358.1          | 359.2          | +0.3%         | 177.1         | 181.0         | 174.8         | 179.8         | 177.4         | 181.9         | +2.5%         |
|               | <b>Core Income</b>                                                   | <b>948.5</b>   | <b>929.3</b>   | <b>-2.0%</b>  | <b>473.9</b>  | <b>474.6</b>  | <b>460.5</b>  | <b>474.1</b>  | <b>465.5</b>  | <b>463.9</b>  | <b>-0.4%</b>  |
| 70            | Dividends                                                            | 8.8            | 11.1           | +26.2%        | 0.1           | 8.7           | 0.3           | 0.7           | 0.3           | 10.8          | n.m           |
| 80+90+100+110 | Trading gains                                                        | 64.7           | 50.5           | -21.9%        | 15.7          | 49.1          | 25.5          | 29.8          | 24.7          | 25.9          | +4.9%         |
| 220           | Other costs / revenues <sup>1</sup>                                  | 32.0           | 24.6           | -23.0%        | 15.5          | 16.4          | 13.6          | 8.7           | 10.3          | 14.3          | +38.7%        |
|               | <b>Operating Income</b>                                              | <b>1,054.0</b> | <b>1,015.6</b> | <b>-3.6%</b>  | <b>505.2</b>  | <b>548.8</b>  | <b>500.0</b>  | <b>513.3</b>  | <b>500.8</b>  | <b>514.8</b>  | <b>+2.8%</b>  |
| 180 a)        | Staff expenses                                                       | -398.2         | -385.7         | -3.2%         | -196.6        | -201.7        | -176.2        | -194.7        | -194.1        | -191.6        | -1.3%         |
| 180 b)        | Administrative expenses <sup>1-2</sup>                               | -203.9         | -201.5         | -1.2%         | -101.1        | -102.8        | -106.1        | -107.3        | -96.6         | -104.9        | +8.5%         |
| 200+210       | Depreciations & Amortizations                                        | -37.5          | -40.7          | +8.4%         | -17.1         | -20.4         | -17.9         | -25.1         | -18.7         | -22.0         | +17.8%        |
|               | <b>Operating costs</b>                                               | <b>-639.7</b>  | <b>-627.9</b>  | <b>-1.8%</b>  | <b>-314.8</b> | <b>-324.9</b> | <b>-300.2</b> | <b>-327.1</b> | <b>-309.4</b> | <b>-318.4</b> | <b>+2.9%</b>  |
|               | <b>Net Operating Income</b>                                          | <b>414.4</b>   | <b>387.7</b>   | <b>-6.4%</b>  | <b>190.4</b>  | <b>224.0</b>  | <b>199.8</b>  | <b>186.2</b>  | <b>191.3</b>  | <b>196.4</b>  | <b>+2.7%</b>  |
| 130 a)        | Loan loss provisions                                                 | -276.1         | -323.2         | +17.1%        | -114.2        | -161.9        | -124.6        | -219.1        | -133.6        | -189.7        | +42.0%        |
| 130 b)+c)+d)  | Other provisions                                                     | -7.0           | -65.2          | n.m           | -7.3          | 0.4           | -1.9          | -41.5         | -12.7         | -52.4         | n.m           |
|               | <b>Total provisions</b>                                              | <b>-283.1</b>  | <b>-388.4</b>  | <b>+37.2%</b> | <b>-121.5</b> | <b>-161.5</b> | <b>-126.4</b> | <b>-260.6</b> | <b>-146.3</b> | <b>-242.1</b> | <b>+65.5%</b> |
| 190           | Net Provisions for Risks and Charges                                 | -22.1          | -11.6          | -47.6%        | -9.6          | -12.5         | -5.8          | -4.7          | -5.7          | -5.9          | +4.9%         |
|               | Contribution to Funds (SRF, DGS, FITD-SV) <sup>2</sup>               | -15.4          | -15.9          | +3.3%         | -15.0         | -0.4          | -17.6         | -29.5         | -18.1         | 2.1           | n.m           |
| 240+260+270   | Net other income                                                     | -0.9           | 137.3          | n.m           | 3.2           | -4.1          | 2.5           | -26.2         | 3.7           | 133.6         | n.m           |
| 280           | <b>Profit (loss) before taxes</b>                                    | <b>92.9</b>    | <b>109.0</b>   | <b>+17.4%</b> | <b>47.4</b>   | <b>45.4</b>   | <b>52.4</b>   | <b>-134.7</b> | <b>25.0</b>   | <b>84.0</b>   | <b>n.m</b>    |
| 290           | Taxes                                                                | -27.8          | 10.2           | n.m           | -14.1         | -13.7         | -12.8         | 45.9          | -7.7          | 17.9          | n.m           |
| 310           | Net profit of assets under disp.                                     | 0.0            | 0.0            | +0.0%         | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | +0.0%         |
| 320           | <b>Net profit (loss)</b>                                             | <b>65.1</b>    | <b>119.2</b>   | <b>+83.2%</b> | <b>33.3</b>   | <b>31.7</b>   | <b>39.6</b>   | <b>-88.8</b>  | <b>17.3</b>   | <b>102.0</b>  | <b>n.m</b>    |
| 330           | Minority Interests                                                   | -0.3           | -0.2           | -33.0%        | -2.3          | 2.0           | -3.2          | 1.9           | -2.7          | 2.5           | n.m           |
| 340           | <b>Profit (loss) for the period pertaining to the Parent Company</b> | <b>64.7</b>    | <b>119.0</b>   | <b>+83.8%</b> | <b>31.0</b>   | <b>33.8</b>   | <b>36.4</b>   | <b>-86.9</b>  | <b>14.6</b>   | <b>104.5</b>  | <b>n.m</b>    |
|               | cost / income                                                        | 60.7%          | 61.8%          |               | 62.3%         | 59.2%         | 60.0%         | 63.7%         | 61.8%         | 61.9%         |               |
|               | cost / (net interest income + net commissions)                       | 67.4%          | 67.6%          |               | 66.4%         | 68.4%         | 65.2%         | 69.0%         | 66.5%         | 68.6%         |               |
|               | cost of credit (bps)                                                 | 63             | 69             |               | 26            | 37            | 29            | 48            | 29            | 40            |               |
|               | net profit / total income                                            | 6.2%           | 11.7%          |               | 6.6%          | 5.8%          | 7.9%          | -17.3%        | 3.4%          | 19.8%         |               |
|               | tax rate                                                             | 29.9%          | 9.3%           |               | 29.7%         | 30.1%         | 24.5%         | 34.1%         | 31.0%         | 21.3%         |               |
|               | <b>Net Operating Income excluding non-recurring items</b>            | <b>384.2</b>   | <b>393.9</b>   | <b>+2.5%</b>  | <b>190.4</b>  | <b>193.8</b>  | <b>197.0</b>  | <b>181.5</b>  | <b>191.9</b>  | <b>202.0</b>  | <b>+5.3%</b>  |

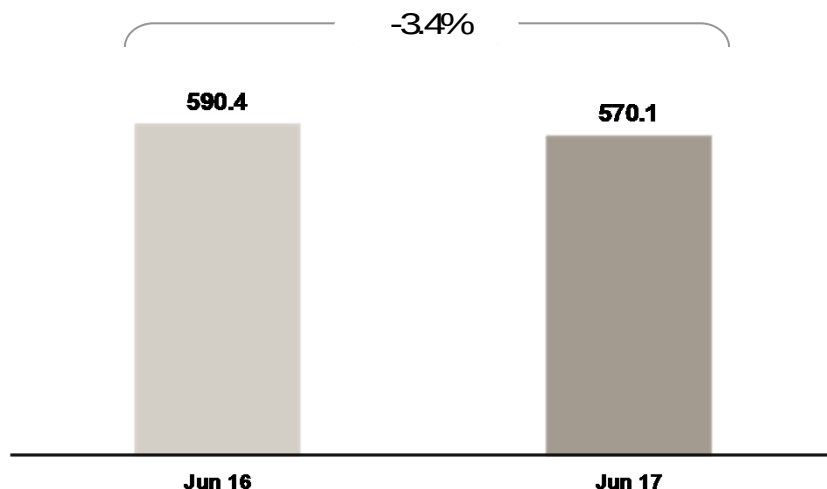
Includes non-recurring items for a net amount of -6.2 €/mn in 2Q17 and +30.2 €/mn profit for the sale of Visa in 2Q16

Includes non-recurring impairments of Atlante Fund (52.9 €/mn) and FITD-SV for Caricesena (8.6 €/mn)

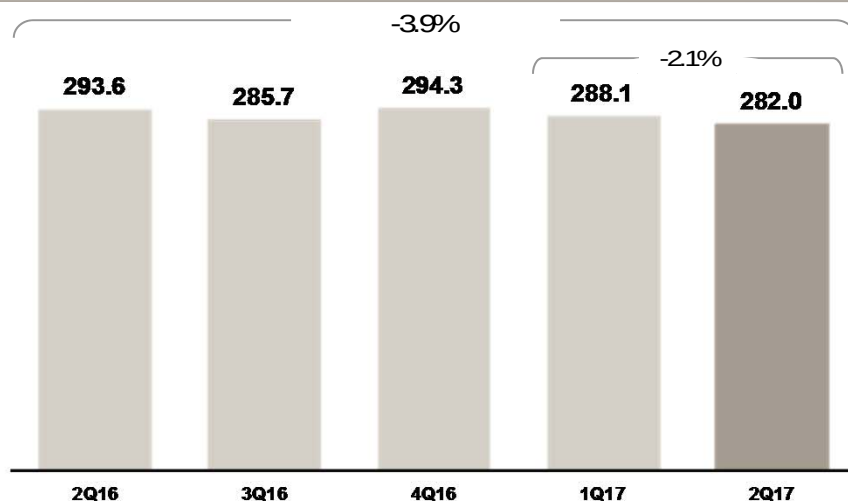
Includes non-recurring profit for 130,7 €/mn million relative to badwill of Nuova Carife

# Core income (1) : Net Interest Income

## Net Interest Income (€/mn)

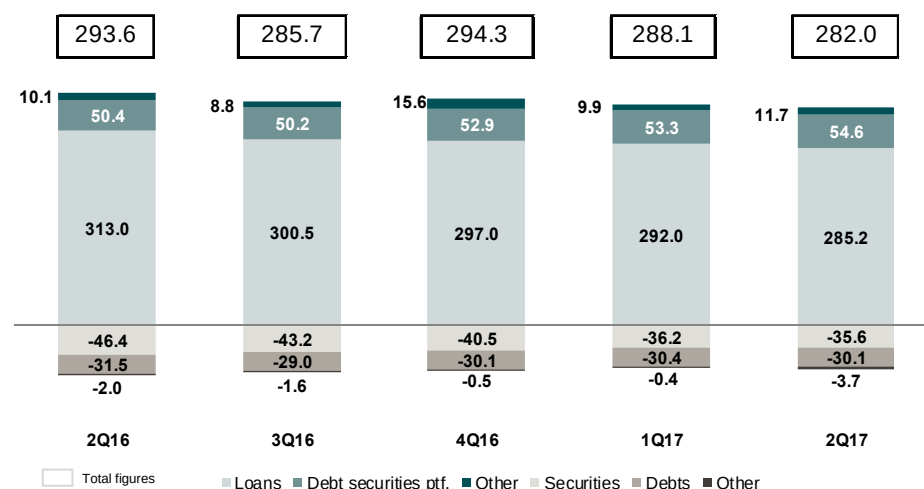


## Net Interest Income evolution (€/mn)



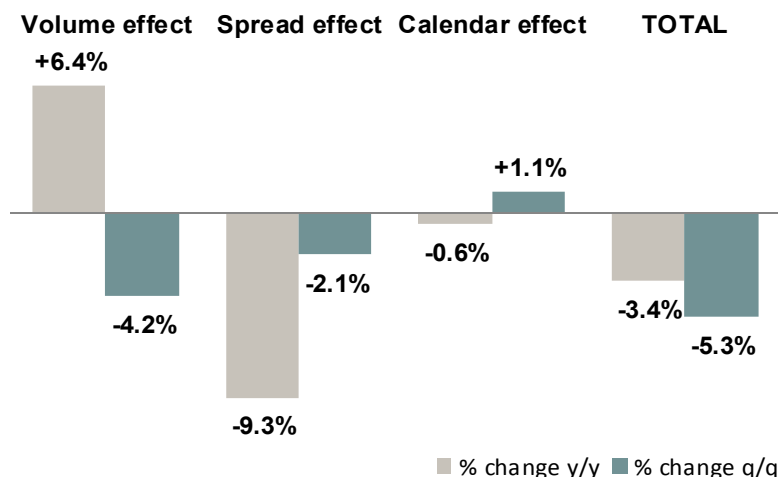
- NII down by 3.4% y/y (-2.1% q/q) mainly due to the effects of low/negative interest rates environment and asset yield reduction Benefit from the ECB “sweetener” included in 1H17 of 14.4 €/mn (5.1 €/mn in 1Q17 and 9.3 €/mn in 2Q17; the full 2016 benefit of 8.3 €/mn was fully accounted in 4Q16)
- Securities portfolio contribution to NII of 107.9 €/mn in 1H17 (54.6 €/mn in 2Q17 and 53.3 €/mn in 1Q17) vs 100.2 €/mn in 1H16, mainly due to the increase of portfolio volume

## Net Interest Income contribution<sup>1</sup> (€/mn)

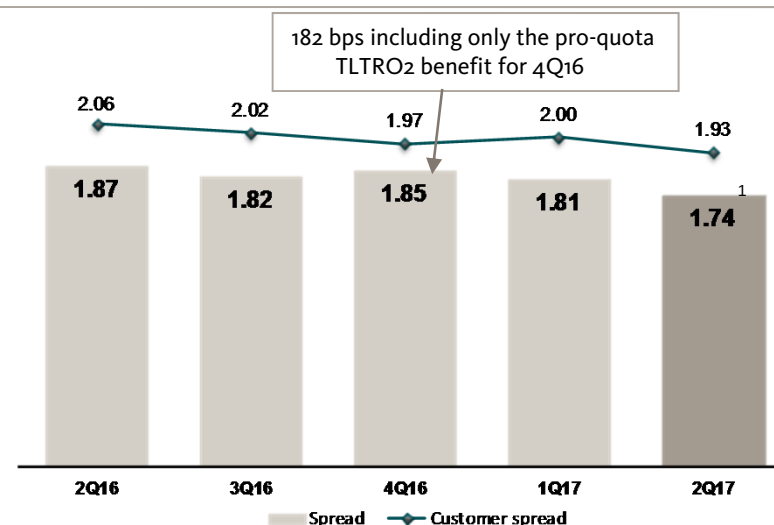


# Core income (2): Net Interest Income - Spread evolution

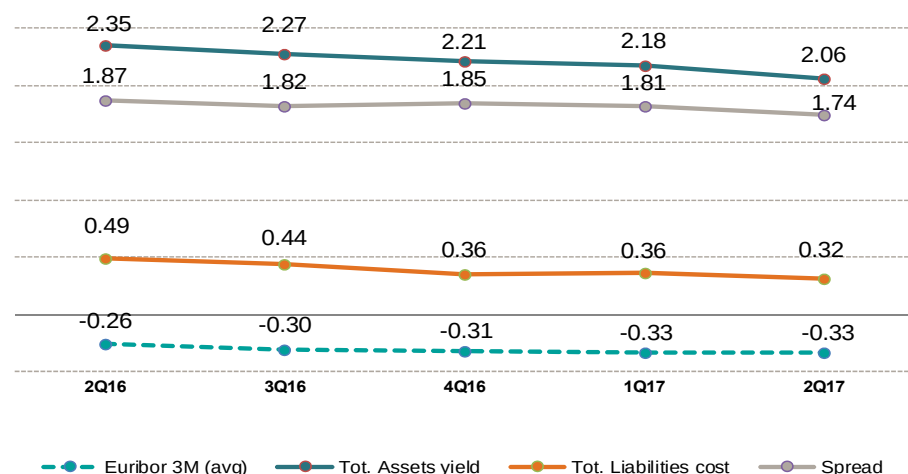
## Net Interest Income contribution\* (%)



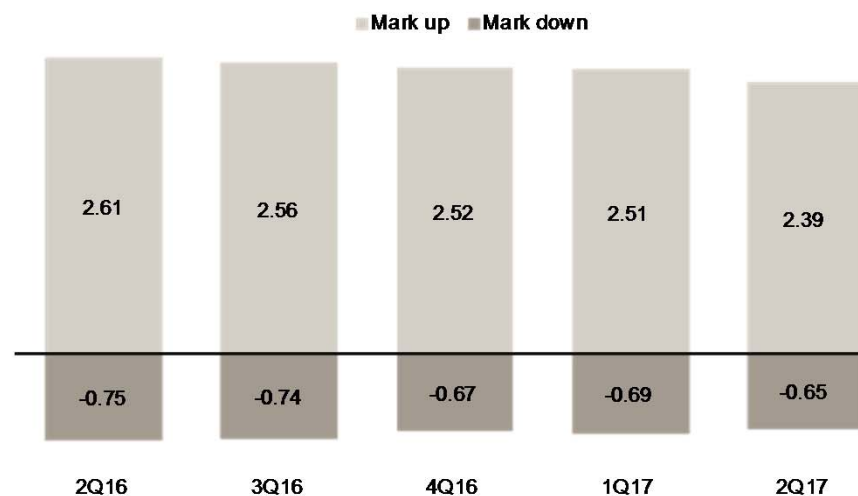
## Spread (%)



## Spread contribution (%)

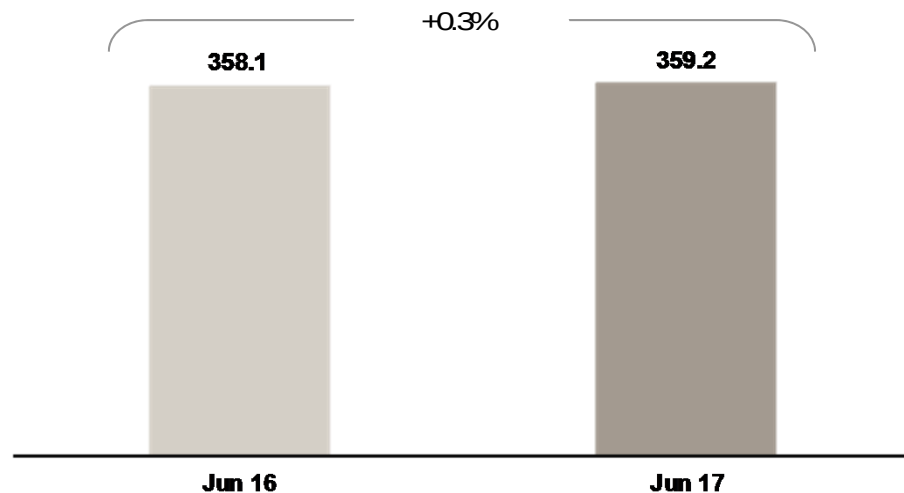


## Mark up & mark down (%)



## Core income (3): Net Commissions

### Net Commissions (€/mn)



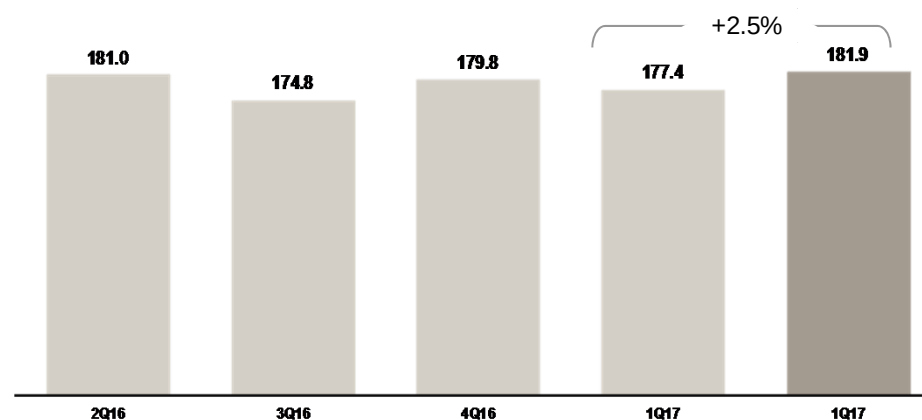
### Net Commissions breakdown (€/mn; %)

|                                        | Jun 16       | (%) on total  | Jun 17       | (%) on total  | Chg y/y (%)  |
|----------------------------------------|--------------|---------------|--------------|---------------|--------------|
| Indirect deposits and bancassurance    | 97.9         | 27.3%         | 107.6        | 30.0%         | +10.0%       |
| Assets under custody (AuC)             | 8.1          |               | 7.9          |               | -2.1%        |
| Assets under management (AuM)          | 71.8         |               | 80.6         |               | +12.2%       |
| Bancassurance                          | 18.0         |               | 19.2         |               | +6.4%        |
| Credit cards, collections and payments | 69.4         | 19.4%         | 70.1         | 19.5%         | +1.0%        |
| Loans and guarantees                   | 167.1        | 46.7%         | 160.1        | 44.6%         | -4.2%        |
| Other commissions                      | 23.7         | 6.6%          | 21.4         | 6.0%          | -9.8%        |
| <b>Total</b>                           | <b>358.1</b> | <b>100.0%</b> | <b>359.2</b> | <b>100.1%</b> | <b>+0.3%</b> |

+11.0%  
y/y

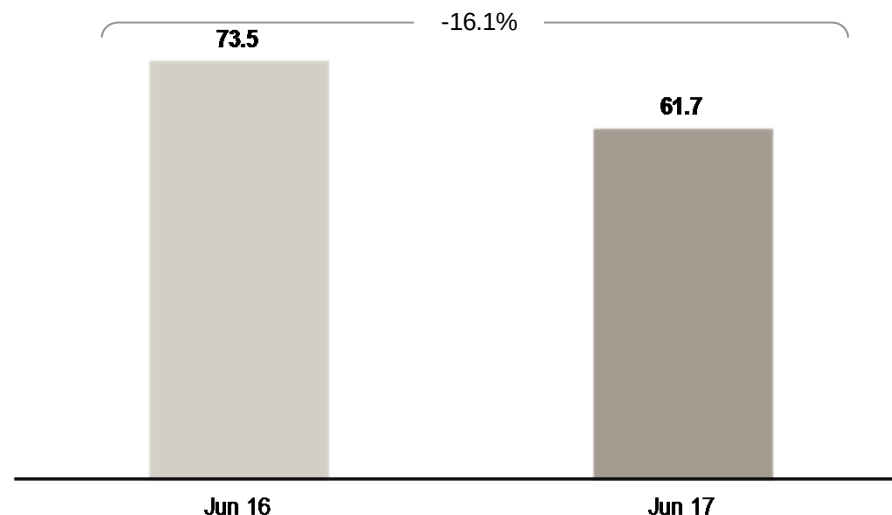
- Net commissions up by 0.3% y/y and up by 2.5% q/q, mainly driven by rise of fees income related to AuM and Bancassurance which more than offsets the decline of traditional business net commissions:
  - Indirect deposits and Bancassurance up by 10.0% y/y o/w:
    - AuM & Bancassurance +11.0% y/y;
    - AuC: -2.1% y/y
  - credit cards, collections and payments up by 1.0% y/y
  - loans and guarantees down by 4.2% y/y
- AuM up-front fees of 9.4 €/mn in 1H17 (13.8 €/mn in 1H16) weighing 2.6% on total net commissions

### Net Commissions evolution (€/mn)



# Dividends and Trading income

## Dividends and Trading income (€/mn)



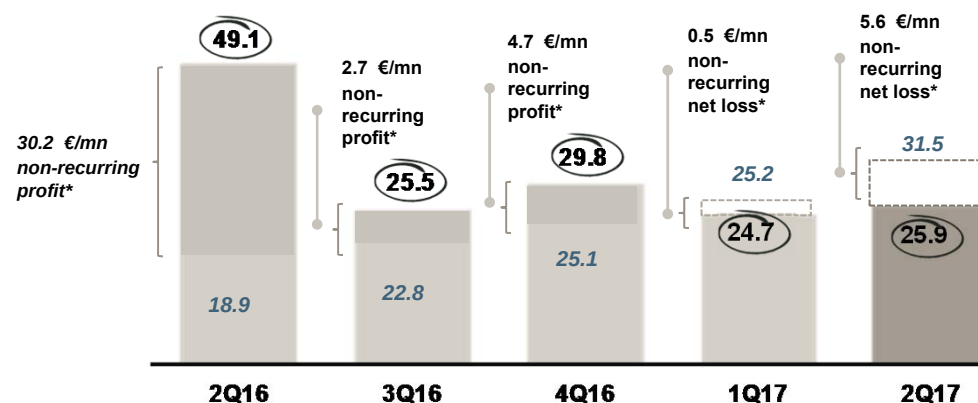
- Dividends and trading income at 61.7 €/mn down by 16.1% y/y
- Trading income at 50.5 €/mn in 1H17 vs 64.7 €/mn in 1H16 including one-off items as detailed in the box below (€ 56.7 €/mn vs 34.5 €/mn up by +64.2% y/y excluding non recurring items)
- Dividends: 11.1 €/mn in 1H17 (8.8 €/mn in 1H16)

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

|                           | Jun 16      | Jun 17      | Chg y/y (%)   |
|---------------------------|-------------|-------------|---------------|
| Dividends                 | 8.8         | 11.1        | +26.2%        |
| Trading income*           | 64.7        | 50.5        | -21.9%        |
| <i>Realized gain/loss</i> | 78.9        | 29.3        | -62.8%        |
| <i>Plus</i>               | 8.1         | 27.7        | +240.3%       |
| <i>Minus</i>              | -25.8       | -7.9        | -69.3%        |
| <i>Others</i>             | 3.5         | 1.4         | -58.3%        |
| <b>Total</b>              | <b>73.5</b> | <b>61.7</b> | <b>-16.1%</b> |

n.m.: Not meaningful

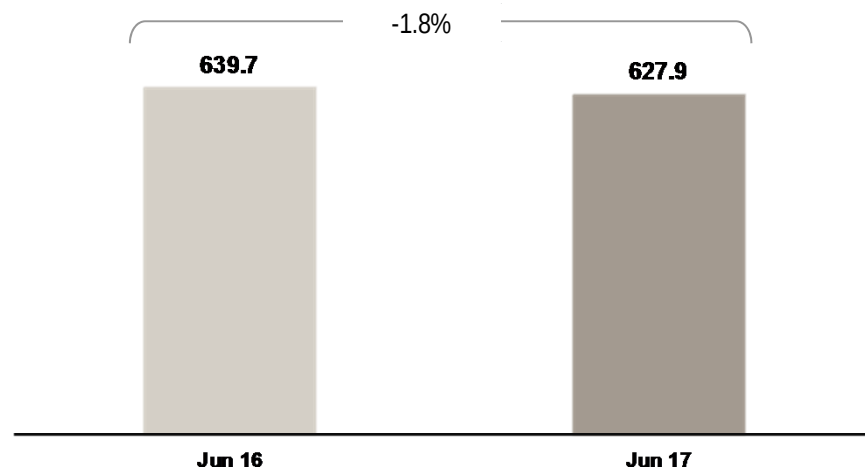
## Trading gains\* excluding dividends (€/mn)



Note. Data stated as shown in the P&L (including non recurring items) - Note: Data excluding non recurring items

# Operating costs

## Operating Costs (€/mn)



## Operating costs breakdown (€/mn; %)

| Operating costs (€/mn)                          | Jun 16       | Jun 17       | Chg y/y (%)  |
|-------------------------------------------------|--------------|--------------|--------------|
| Staff expenses                                  | 398.2        | 385.7        | -3.2%        |
| Other administrative expenses                   | 203.9        | 201.5        | -1.2%        |
| D&A                                             | 37.5         | 40.7         | +8.4%        |
| <b>Operating costs</b>                          | <b>639.7</b> | <b>627.9</b> | <b>-1.8%</b> |
| CR Saluzzo                                      |              | 10.0         |              |
| <b>Operating costs on a like-for-like basis</b> | <b>639.7</b> | <b>617.8</b> | <b>-3.4%</b> |

- Operating costs down by 1.8% y/y (-3.4% y/y on a like-for-like basis) benefiting from staff reduction plan and gradual completion of the projects of the Business Plan 2015-17.
- Staff costs significantly down by 3.2% y/y (-4.8% y/y on a like-for-like basis)
  - Total Group staff of 12,014 employees of which 841 from Nuova Carife); staff down by 462 employees on a like-for-like basis
  - Administrative expenses down by 1.2% y/y (-1.8% y/y on a pro-forma and a like-for-like basis; see table below)
  - Business Plan projects expenses down by 29.2% y/y
- D&A up by 8.4% y/y

## Operating costs breakdown (€/mn; %)

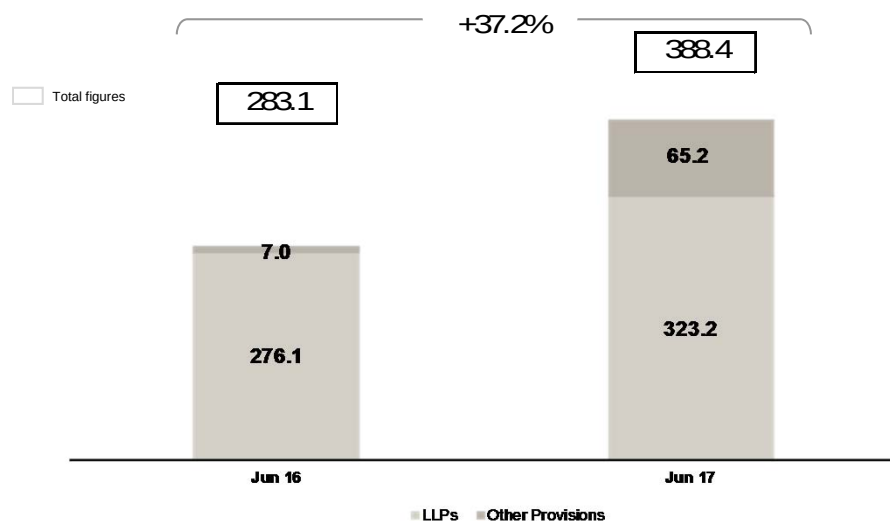
| Staff expenses (€/mn)                          | Jun 16       | Jun 17       | Chg y/y (%)  |
|------------------------------------------------|--------------|--------------|--------------|
| <b>Staff expenses</b>                          | <b>398.2</b> | <b>385.7</b> | <b>-3.2%</b> |
| CR Saluzzo                                     |              | 6.4          |              |
| <b>Staff expenses on a like-for-like basis</b> | <b>398.2</b> | <b>379.3</b> | <b>-4.8%</b> |

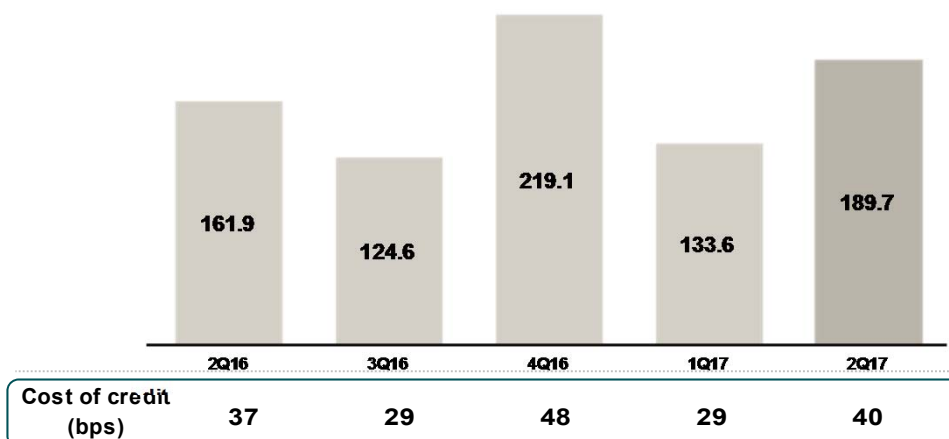
| Other administrative expenses (€/mn)                                       | Jun 16       | Jun 17       | Chg y/y (%)  |
|----------------------------------------------------------------------------|--------------|--------------|--------------|
| <b>Other administrative expenses</b>                                       | <b>203.9</b> | <b>201.5</b> | <b>-1.2%</b> |
| (o/w Business plan projects expenses)                                      | 15.1         | 10.7         | -29.2%       |
| Other items <sup>1</sup>                                                   | 2.9          | 2.5          |              |
| CR Saluzzo                                                                 |              | 3.4          |              |
| <b>Other administrative expenses pro-forma and on a like-fo-like basis</b> | <b>201.0</b> | <b>195.6</b> | <b>-2.7%</b> |

# Provisions, Net Provisions for Risks and Charges and Contribution to Funds

## Provisions breakdown (€/mn)



## Loan Loss Provisions evolution (€/mn)



- Total provisions up by 37.2% y/y (+105.4 €/mn):
  - Loan Loss Provisions up by 17.1% y/y (+47.1 €/mn)
  - Cost of credit at 40 bps in 2Q17 and 138 annualised (136 bps in 2016)
  - Other Provisions up by 58.2 €/mn to 65.2 €/mn, including:
    - Net adjustments to financial AFS of 71.6 €/mn in 1H17 including non-recurring impairments of Atlante Fund (52.9 €/mn) and FITD-SV for Caricesena (8.6 €/mn)
    - Net adjustments to other assets are positive (write-backs) for 6.4 €/mn

## Net Provisions for Risks and Charges (€/mn)

|                                      | Jun 16 | Jun 17 | Chg y/y (%) |
|--------------------------------------|--------|--------|-------------|
| Net Provisions for Risks and Charges | 22.1   | 11.6   | -47.6%      |

- Net provisions for Risks and Charges at 11.6 €/mn in Jun.'17 down by 47.6% y/y (-10.5 €/mn y/y)

## Contribution to Funds (€/mn)

|                                         | Jun 16 | Jun 17 | Chg y/y (%) |
|-----------------------------------------|--------|--------|-------------|
| Contribution to Funds o/w: <sup>1</sup> | 15.4   | 15.9   | +3.3%       |

# Agenda

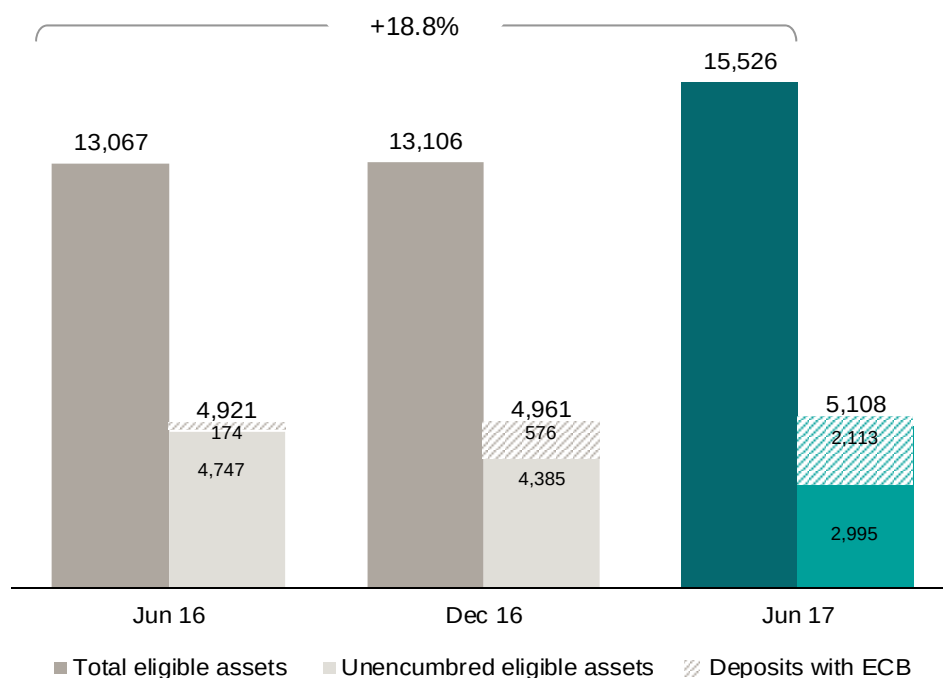
## 1H17 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☒ Liquidity and capital adequacy
- ☐ Final remarks

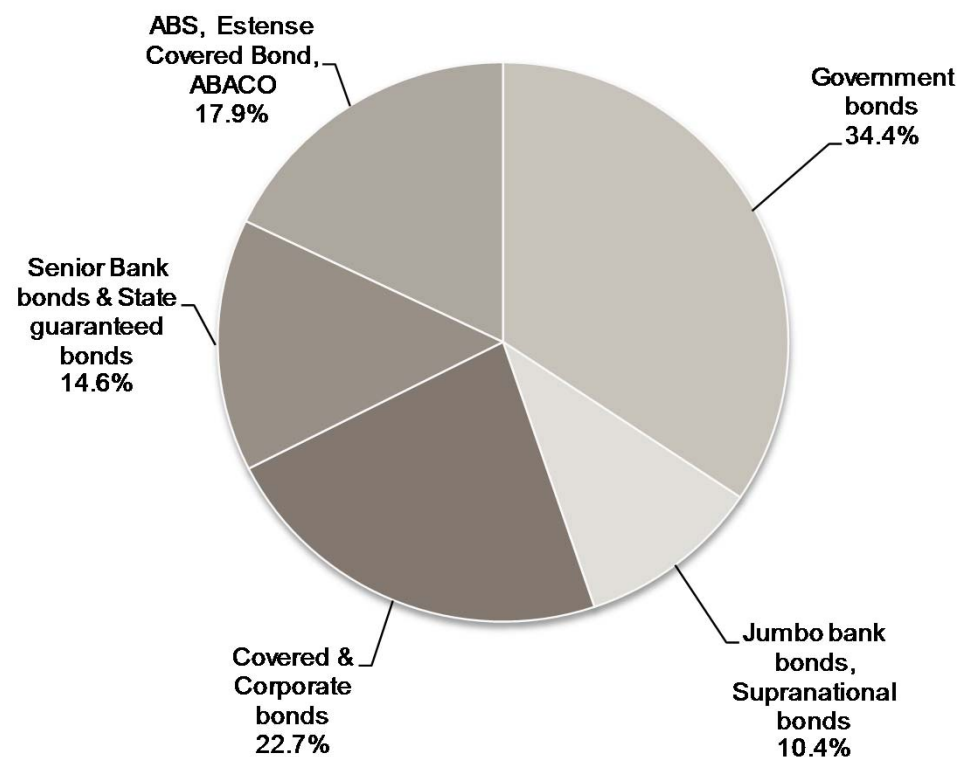
## Annexes

# Eligible assets and counterbalancing capacity

## Total eligible Assets evolution\* (€/mn)



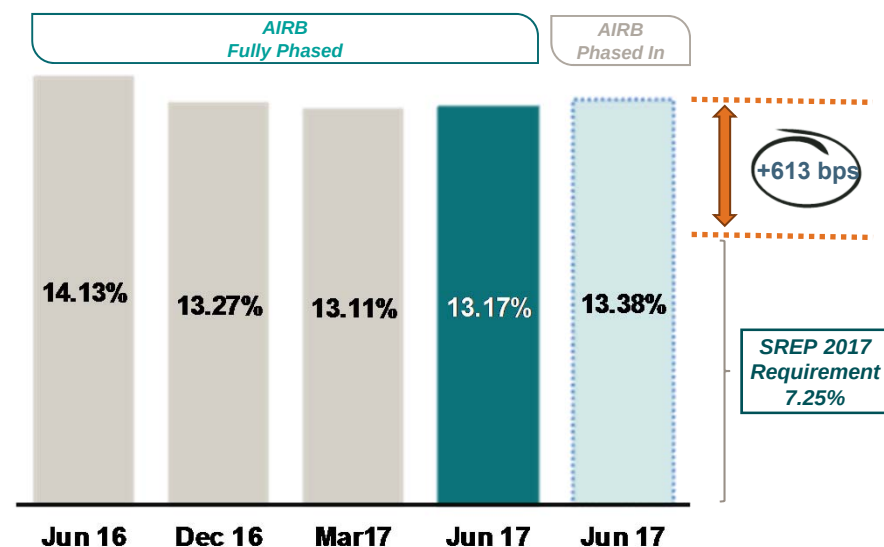
## Eligible Assets Pool Composition (%)



- Counterbalancing capacity (“CBC”) at 15.5 €/bn in Jun.’17 of which 3.0 €/bn unencumbered and 2.1 €/bn deposits with ECB
- ECB exposure of 9.3 €/bn in Mar.’17 fully composed by TLTRO2 operations (4.1 €/bn TLTRO2 in Jun.’16 and 1 €/bn TLTRO2 in Dec.’16 and 4.2 €/bn in Mar.’17)
- Strong liquidity position with LCR and NSFR well above 100%

# Basel 3 Phased in regulatory capital (AIRB)

## B3 Common Equity Tier 1 Ratios (%) \*



## Regulatory capital & ratios

|                            | B3 Fully Phased |        |        |        |
|----------------------------|-----------------|--------|--------|--------|
| €/mn                       | Jun 16          | Dec 16 | Mar 17 | Jun 17 |
|                            | AIRB            | AIRB   | AIRB   | AIRB   |
| Common Equity TIER 1       | 4,448           | 4,325  | 4,310  | 4,434  |
| TIER 1                     | 4,471           | 4,362  | 4,345  | 4,469  |
| Own Funds                  | 4,857           | 4,760  | 4,740  | 5,363  |
| Total RWA                  | 31,488          | 32,593 | 32,883 | 33,667 |
| Common Equity TIER 1 Ratio | 14.1%           | 13.3%  | 13.1%  | 13.2%  |
| TIER 1 Ratio               | 14.2%           | 13.4%  | 13.2%  | 13.3%  |
| Own Funds Ratio            | 15.4%           | 14.6%  | 14.4%  | 15.9%  |

- CET1 ratio Fully Phased at 13.17% (13.11% in Mar.'17 and 13.27% in Dec.'16) up by 6 bps since Mar.'17 despite Nuova Carife consolidation
- Main changes in 2Q17 vs 1Q17:
  - ✓ increase of AFS reserve: c. +8 bps
  - ✓ retained earning increase, intangible assets increase and others: c. +26 bps
  - ✓ Increase of RWA (mainly due to Nuova Carife consolidation): c. -28 bps
- B3 Leverage ratio Fully Phased at 6.1% one of the best vs peers

## Capital requirements

| Requirements as of June 17        | €/mn         | %             |
|-----------------------------------|--------------|---------------|
| Credit risk                       | 2,254        | 83.6%         |
| Credit Valuation Adjustment (CVA) | 16           | 0.6%          |
| Market risk                       | 64           | 2.4%          |
| Operating risks                   | 283          | 10.5%         |
| Other regulatory requirements     | 79           | 2.9%          |
| <b>Total</b>                      | <b>2,696</b> | <b>100.0%</b> |

# Agenda

## 1H17 Results

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

☒ Final remarks

## Annexes

## Final remarks

- Very solid capital position with a CET1 ratio Fully Phased well above 13%, slightly up by 6 bps vs Mar.'17 despite the consolidation of Nuova Carife
  - ✓ CET1 Fully Phased at 13,17% (13,11% in Mar.'17 ), best in class vs peers in Italy
- Effective NPEs management strategy: strong commitment to keep reducing bad loans and improve recoveries, while maintaining a high NPEs coverage
- 1H17 Net profit at 119.1 €/mn impacted by significant non-recurring items<sup>2</sup> including, among others, impairments of Atlante Fund and FITD-SV for CariCesena for a total of -61.5 €/mn and the goodwill<sup>3</sup> arising from the acquisition of Nuova Carife of +130.7 €/mn; this positive effect enabled the application of an even more conservative provisioning approach on loans with a further strong increase of coverage
  - ✓ Net operating income, excluding non-recurring items<sup>1</sup>, up by 2.5% y/y (+5.3% q/q)
- The Board of Directors has reviewed the Banking Group's activity in the management of doubtful loans, which over the years has led to a strong increase in coverage with provisioning that in the period 2012-2017 has exceeded € 4 billion. Having assessed the latest improvements in asset quality, also in the first half of 2017, the Board of Directors has decided to launch an extraordinary measure designed to further increase the level of coverage of doubtful loans, facilitating an immediate reduction in the net NPEs ratio, as well as the gross ratio by means of loan disposals. An extraordinary intervention on provisioning is being analysed, to be carried out at the beginning of 2018, for an amount of € 1 billion, which thanks to the large capital buffer will allow the Group to maintain a solid CET1 ratio of more than 11%. The Board of Directors has decided to postpone approval of the new business plan to the beginning of 2018 in order to complete the analysis of this important project

# Agenda

## 1H17 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☐ Liquidity and capital adequacy
- ☐ Final remarks

## Annexes

## Profit & Loss (1/2): main non-recurring and other items 2017

| Item                       | Caption (Bank of Italy Format; Circular n. 262/2005)  | €/mn   | Description                                                 |
|----------------------------|-------------------------------------------------------|--------|-------------------------------------------------------------|
| <b>2017</b>                |                                                       |        |                                                             |
| <b>Non-recurring items</b> |                                                       |        |                                                             |
| <b>2Q17</b>                |                                                       |        |                                                             |
|                            | Profit from equity investments (Cap. 240)             | +130.7 | Badwill on Nuova Carife                                     |
|                            | Net impairment adjust. to loans (Cap. 100-a)          | -12.6  | Loss on disposal of loans                                   |
|                            | Gain on disposal of financial assets AFS (Cap. 100-b) | +6.9   | Capital gain on Bassilichi                                  |
|                            | Net impairment adjust. to AFS (Cap. 130-b)            | -35.9  | Impairment Atlante Fund                                     |
|                            | Net impairment adjust. to AFS (Cap. 130-b)            | -8.4   | Impairment Caricesena                                       |
| <b>1Q17</b>                |                                                       |        |                                                             |
|                            | Net impairment adjust. to AFS (Cap. 130-b)            | -17.0  | Impairment Atlante Fund                                     |
|                            | Net impairment adjust. to loans (Cap. 100-a)          | -0.5   | Loss on disposal of loans                                   |
|                            | Net impairment adjust. to AFS (Cap. 130-b)            | -0.2   | Impairment Caricesena                                       |
|                            | <b>Total Plus</b>                                     | +137.6 |                                                             |
|                            | <b>Total Minus</b>                                    | -74.6  |                                                             |
| <b>Other items</b>         |                                                       |        |                                                             |
| <b>2Q17</b>                | Administrative expense (Caption 180-b)                | +2.1   | Write-back from Single Resolution Fund ("SRF")              |
| <b>1Q17</b>                | Administrative expense (Caption 180-b)                | -18.0  | Ordinary contribution to the Single Resolution Fund ("SRF") |

CR Saluzzo's P&L has been included in BPER Banca Group's consolidated P&L since 1 October 2016 (4Q16); up to 30.09.2016 the financial results of CR Saluzzo were accounted in the Profit (Loss) considering Bper's shareholding before the purchase of a controlling interest (31.02%).

The main items of CR Saluzzo's 1H17 balance sheet are the following:

• **Profit & Loss** - Net interest and other banking income 10.3 €/mn (o/w NNI 6.5 €/mn, net commission 3.8 €/mn); operating costs 10.0 €/mn (o/w staff expenses 6.4 €/mn and other administrative expenses 3.4 €/mn), loan loss provisions 1.7 €/mn, taxes + 0.9 €/mn, net loss 0.4 €/mn.

• **Assets & Liabilities** - Direct funding 781 €/mn, Indirect deposits 356 €/mn, Net customer loans 585 €/mn, NPEs gross loans for 131 €/mn, NPEs Net Loans for 65 €/mn.

## Profit & Loss (2/2): main non-recurring and other items 2016

| Item                       | Caption (Bank of Italy Format; Circular n. 262/2005)  | €/mn          | Description                                                                                                  |
|----------------------------|-------------------------------------------------------|---------------|--------------------------------------------------------------------------------------------------------------|
| <b>2016</b>                |                                                       |               |                                                                                                              |
| <b>Non-recurring items</b> |                                                       |               |                                                                                                              |
| <b>2Q16</b>                | Gain on disposal of financial assets AFS (Cap. 100-b) | +30.2         | Total capital gain from VISA Europe disposal                                                                 |
|                            | Administrative expense (Caption 180-b)                | -11.3         | Contribution to Interbank Deposit Guarantee Fund ("FITD-SV")                                                 |
|                            | Net adjustments to loans (Caption 130-d)              | +11.0         | Write-back from Interbank Deposit Guarantee Fund ("FITD-SV")                                                 |
| <b>3Q16</b>                | Gain on disposal of financial assets AFS (Cap. 100-b) | +2.7          | Capital gain from VISA Europe disposal                                                                       |
| <b>4Q16</b>                | Gain on disposal of financial assets AFS (Cap. 100-b) | +4.7          | Earn-out for the sale of ICBPI                                                                               |
|                            | Net impairment adjust. to AFS (Cap. 130-b)            | -28.3         | Impairment Atlante Fund                                                                                      |
|                            | Net impairment adjust. to AFS (Cap. 130-b)            | -2.5          | Impairment C.R. Cesena ("FITD-SV")                                                                           |
|                            | Adjustments to goodwill (Caption 260)                 | -32.9         | Impairment on goodwill                                                                                       |
|                            | Administrative expense (Caption 180-b)                | -34.9         | Extraordinary contribution to the Single Resolution Fund ("SRF")                                             |
|                            | <b>Total Plus</b>                                     | <b>+48.6</b>  |                                                                                                              |
|                            | <b>Total Minus</b>                                    | <b>-109.9</b> |                                                                                                              |
| <b>Other items</b>         |                                                       |               |                                                                                                              |
| <b>1Q16</b>                | Administrative expense (Caption 180-b)                | -15.0         | Ordinary contribution to the Single Resolution Fund ("SRF")                                                  |
| <b>2Q16</b>                | Administrative expense (Caption 180-b)                | -0.1          | Ordinary contribution to the Single Resolution Fund ("SRF")                                                  |
| <b>3Q16</b>                | Administrative expense (Caption 180-b)                | -17.6         | Ordinary contribution to the Deposits Guarantee Schemes ("DGS")                                              |
| <b>4Q16</b>                | Administrative expense (Caption 180-b)                | +0.7          | Write-back from the Deposits Guarantee Schemes ("DGS")                                                       |
|                            | Provisions for risks and charges (Caption 190)        | +4.0          | Write-back from Solidarity Fund                                                                              |
|                            | Other operating charges/income (Caption 220)          | +0.8          | Write-back from Interbank Deposit Guarantee Fund Voluntary Scheme ("FITD-SV") for the rescue of Banca Tercas |
|                            | <b>Total Plus</b>                                     | <b>+5.5</b>   |                                                                                                              |
|                            | <b>Total Minus</b>                                    | <b>-32.7</b>  |                                                                                                              |

# Assets & Liabilities: reclassified balance sheet

## Assets (€/mn)<sup>1</sup>

| €/mn                                         | Jun 16        | Sept 16       | Dec 16        | Mar 17        | Jun 17        | Chg vs Dec '16 (%) |
|----------------------------------------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| Customer Loans                               | 43,990        | 43,630        | 45,494        | 45,694        | 46,997        | +3.3%              |
| Securities Portfolio                         | 13,014        | 13,370        | 13,710        | 14,663        | 14,952        | +9.1%              |
| <i>of which AFS</i>                          | <i>9,511</i>  | <i>10,009</i> | <i>10,433</i> | <i>11,211</i> | <i>11,609</i> | <i>+11.3%</i>      |
| Equity Investments, Properties & Intangibles | 1,866         | 1,891         | 1,901         | 1,895         | 2,014         | +5.9%              |
| Other current assets                         | 2,535         | 2,618         | 2,520         | 2,372         | 3,053         | +21.2%             |
| <b>Total Assets</b>                          | <b>61,405</b> | <b>61,509</b> | <b>63,625</b> | <b>64,624</b> | <b>67,015</b> | <b>+5.3%</b>       |

## Liabilities & Shareholders' equity (€/mn)<sup>2</sup>

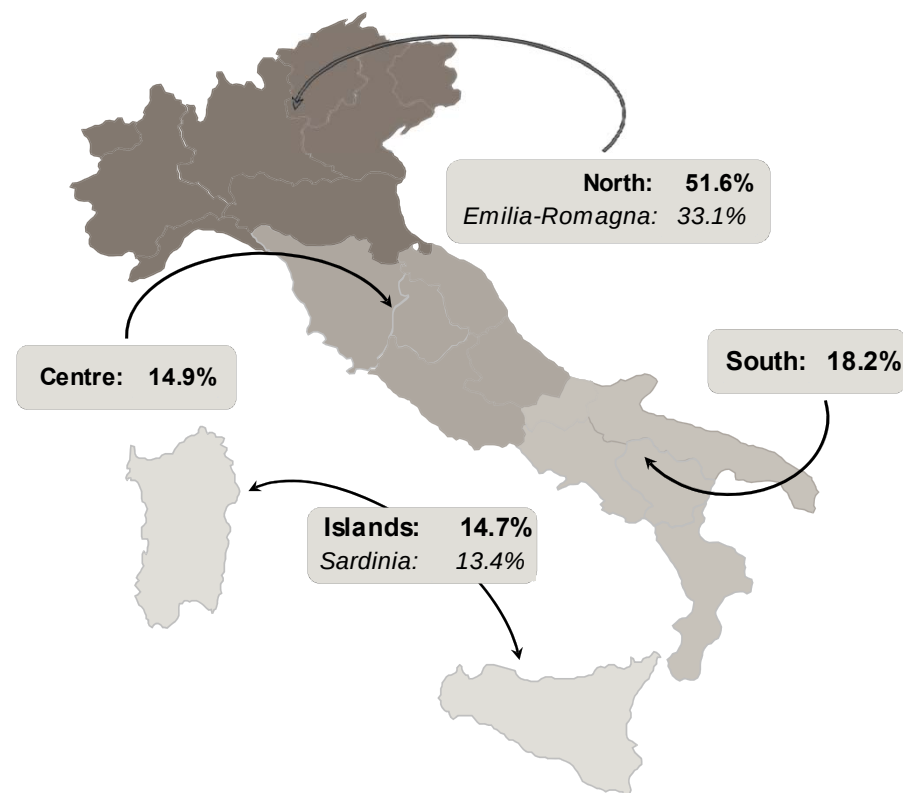
| €/mn                      | Jun 16        | Sept 16       | Dec 16        | Mar 17        | Jun 17        | Chg vs Dec '16 (%) |
|---------------------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| Customer Deposits         | 45,665        | 45,574        | 47,748        | 46,602        | 48,628        | +1.8%              |
| Net Interbank Position    | 7,041         | 7,229         | 8,131         | 9,628         | 9,028         | +11.0%             |
| Other Funds & Liabilities | 3,037         | 2,988         | 2,190         | 2,858         | 3,724         | +70.0%             |
| Shareholders' equity      | 5,662         | 5,718         | 5,556         | 5,535         | 5,635         | +1.4%              |
| <b>Total Liabilities</b>  | <b>61,405</b> | <b>61,509</b> | <b>63,625</b> | <b>64,624</b> | <b>67,015</b> | <b>+5.3%</b>       |

# Customer loans: portfolio composition

## Customer loans breakdown by sectors (€/mn ; %)

| Business sector                                         | Jun 17        | % on Total    | Δ % vs Dec 16 |
|---------------------------------------------------------|---------------|---------------|---------------|
| Manufacturing                                           | 7,115         | 15.1%         | -0.5%         |
| Wholesale and retail services, recoveries and repairs   | 5,188         | 11.0%         | -0.4%         |
| Constructions                                           | 3,849         | 8.2%          | -1.3%         |
| Real Estate                                             | 3,416         | 7.5%          | +2.6%         |
| HORECA*                                                 | 1,505         | 3.2%          | -1.8%         |
| Agriculture, forestry and fishing                       | 1,457         | 3.1%          | +5.9%         |
| Other                                                   | 5,995         | 12.8%         | -2.8%         |
| <b>Total loans to resident non-financial businesses</b> | <b>28,616</b> | <b>60.9%</b>  | <b>-0.5%</b>  |
| Non-resident, non-financial companies                   | 205           | 0.4%          | +45.1%        |
| <b>Total loans to non-financial businesses</b>          | <b>28,821</b> | <b>61.3%</b>  | <b>+3.7%</b>  |
| Households                                              | 12,594        | 26.8%         | +9.3%         |
| Total loans to financial businesses                     | 5,582         | 11.9%         | +9.8%         |
| <b>Total Customers Loans</b>                            | <b>46,997</b> | <b>100.0%</b> | <b>+3.3%</b>  |

## Customer loans breakdown by geographical distribution<sup>1</sup>(%)



# Asset quality breakdown

| Gross exposures (€/mn)          | Jun 16        |               | Sept 16       |               | Dec 16        |               | Mar 17        |               | Jun 17        |               | Chg YTD            |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|
|                                 | %             |               | %             |               | %             |               | %             |               | %             |               | Abs. Chg (%)       |
| Non Performing Exposures (NPEs) | 11,625        | 23.5%         | 11,277        | 23.1%         | 11,174        | 22.1%         | 11,035        | 21.7%         | 11,032        | 21.1%         | -593 -5.1%         |
| <i>Bad loans</i>                | 7,398         | 15.0%         | 6,963         | 14.3%         | 7,039         | 13.9%         | 7,025         | 13.8%         | 7,108         | 13.6%         | -290 -3.9%         |
| <i>Unlikely to pay loans</i>    | 4,031         | 8.2%          | 4,103         | 8.4%          | 3,977         | 7.9%          | 3,856         | 7.6%          | 3,716         | 7.1%          | -315 -7.8%         |
| <i>Past due loans</i>           | 196           | 0.4%          | 211           | 0.4%          | 158           | 0.3%          | 154           | 0.3%          | 208           | 0.4%          | 12 +6.1%           |
| Gross performing loans          | 37,797        | 76.5%         | 37,459        | 76.9%         | 39,481        | 77.9%         | 39,866        | 78.3%         | 41,333        | 78.9%         | 3,536 +9.4%        |
| <b>Total gross exposures</b>    | <b>49,422</b> | <b>100.0%</b> | <b>48,736</b> | <b>100.0%</b> | <b>50,655</b> | <b>100.0%</b> | <b>50,901</b> | <b>100.0%</b> | <b>52,365</b> | <b>100.0%</b> | <b>2,943 +6.0%</b> |

| Adjustments to loans (€/mn)     | Jun 16       |              | Sept 16      |              | Dec 16       |              | Mar 17       |              | Jun 17       |              | Chg YTD          |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|
|                                 | coverage (%) |              | coverage (%) |              | coverage (%) |              | coverage (%) |              | coverage (%) |              | Abs. Chg (%)     |
| Adjustments to NPEs             | 5,234        | 45.0%        | 4,926        | 43.7%        | 4,976        | 44.5%        | 5,030        | 45.6%        | 5,172        | 46.9%        | -62 -1.2%        |
| <i>Bad loans</i>                | 4,327        | 58.5%        | 3,996        | 57.4%        | 4,030        | 57.2%        | 4,085        | 58.1%        | 4,176        | 58.8%        | -151 -3.5%       |
| <i>Unlikely to pay loans</i>    | 891          | 22.1%        | 912          | 22.2%        | 934          | 23.5%        | 933          | 24.2%        | 980          | 26.4%        | 89 +10.0%        |
| <i>Past due loans</i>           | 16           | 8.2%         | 18           | 8.6%         | 12           | 7.8%         | 12           | 8.0%         | 16           | 7.9%         | 0 +0.0%          |
| Adjustments to performing loans | 198          | 0.5%         | 180          | 0.5%         | 184          | 0.5%         | 178          | 0.4%         | 196          | 0.5%         | -2 -1.0%         |
| <b>Total adjustments</b>        | <b>5,432</b> | <b>11.0%</b> | <b>5,106</b> | <b>10.5%</b> | <b>5,160</b> | <b>10.2%</b> | <b>5,208</b> | <b>10.2%</b> | <b>5,368</b> | <b>10.3%</b> | <b>-64 -1.2%</b> |

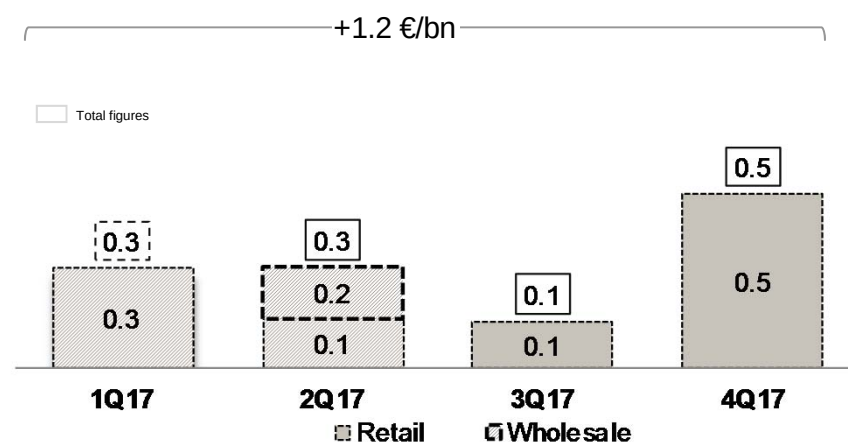
| Net exposures (€/mn)            | Jun 16        |               | Sept 16       |               | Dec 16        |               | Mar 17        |               | Jun 17        |               | Chg YTD            |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|
|                                 | %             |               | %             |               | %             |               | %             |               | %             |               | Abs. Chg (%)       |
| Non Performing Exposures (NPEs) | 6,391         | 14.5%         | 6,351         | 14.6%         | 6,197         | 13.6%         | 6,006         | 13.1%         | 5,860         | 14.5%         | -531 -8.3%         |
| <i>Bad loans</i>                | 3,071         | 7.0%          | 2,967         | 6.8%          | 3,009         | 6.6%          | 2,941         | 6.4%          | 2,932         | 7.0%          | -139 -4.5%         |
| <i>Unlikely to pay loans</i>    | 3,140         | 7.1%          | 3,191         | 7.3%          | 3,043         | 6.7%          | 2,923         | 6.4%          | 2,736         | 7.1%          | -404 -12.9%        |
| <i>Past due loans</i>           | 180           | 0.4%          | 193           | 0.4%          | 145           | 0.3%          | 142           | 0.3%          | 192           | 0.4%          | 12 +6.7%           |
| Net performing loans            | 37,599        | 85.5%         | 37,279        | 85.4%         | 39,297        | 86.4%         | 39,688        | 86.9%         | 41,137        | 85.5%         | 3,538 +9.4%        |
| <b>Total net exposures</b>      | <b>43,990</b> | <b>100.0%</b> | <b>43,630</b> | <b>100.0%</b> | <b>45,494</b> | <b>100.0%</b> | <b>45,694</b> | <b>100.0%</b> | <b>46,997</b> | <b>100.0%</b> | <b>3,007 +6.8%</b> |

# Bonds maturities and issues details

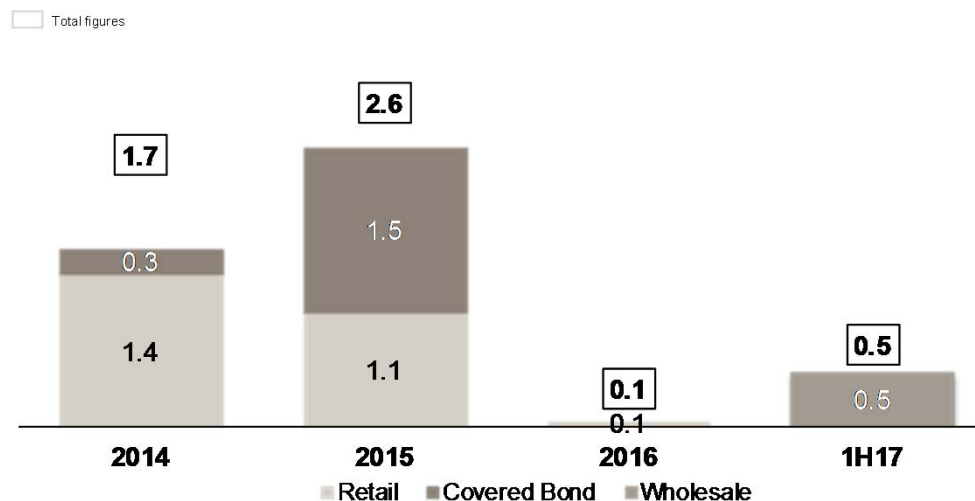
## Outstanding bonds (€/bn)

|                               | Jun 16     | Dec 16     | Jun 17     | Chg YTD (%)  | Chg Y/Y (%)  |
|-------------------------------|------------|------------|------------|--------------|--------------|
| Wholesale bonds               | 2.7        | 2.7        | 3.0        | +11.1%       | +11.1%       |
| <i>o/w covered bonds</i>      | 2.5        | 2.5        | 2.5        | +0.0%        | +0.0%        |
| <i>o/w subordinated bonds</i> | 0.2        | 0.2        | 0.5        | +150.0%      | +150.0%      |
| Retail bonds                  | 3.9        | 3.4        | 3.0        | -11.8%       | -23.1%       |
| <i>o/w subordinated bonds</i> | 0.5        | 0.5        | 0.4        | -20.0%       | -20.0%       |
| <b>Total bonds</b>            | <b>6.6</b> | <b>6.1</b> | <b>6.0</b> | <b>-1.6%</b> | <b>-9.1%</b> |

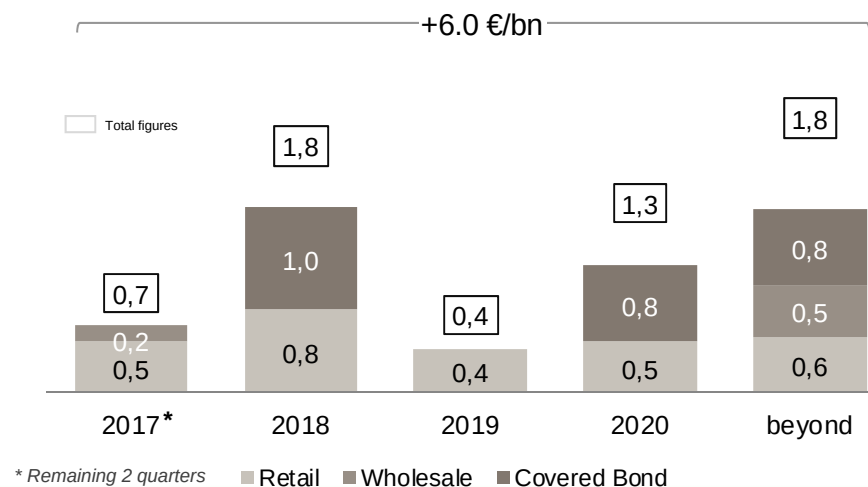
## 2017 Bonds maturities (€/bn)



## Bonds issued (€/bn)

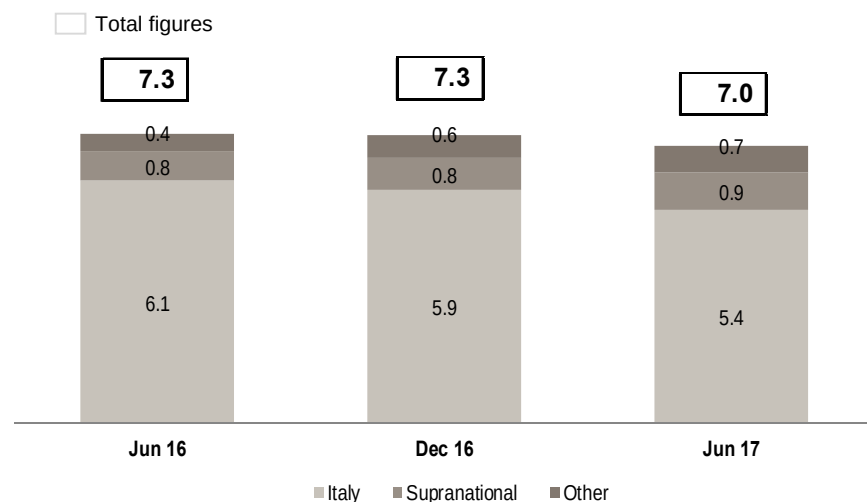


## Bonds maturities breakdown (€/bn)

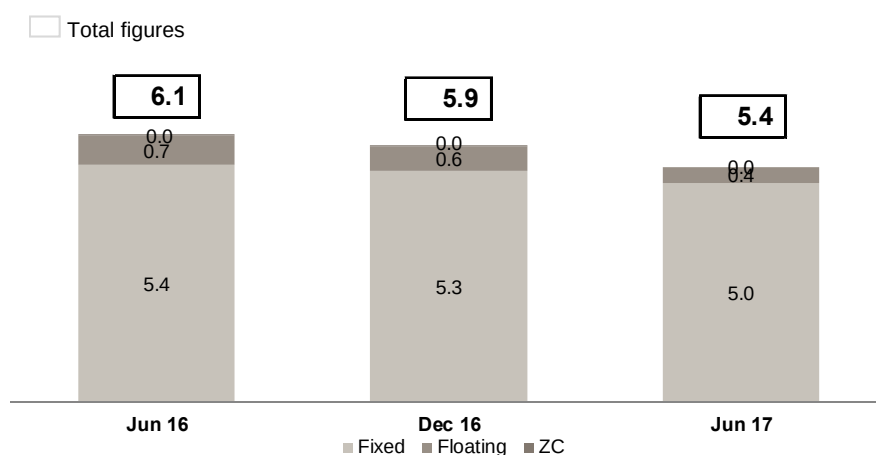


# Financial Assets details

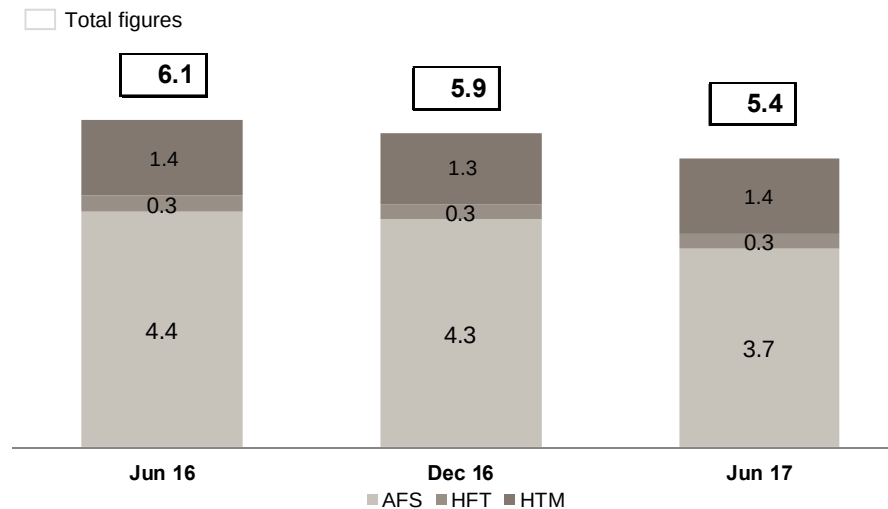
## Govies & Supranational PTF by issuing country (€/bn)\*



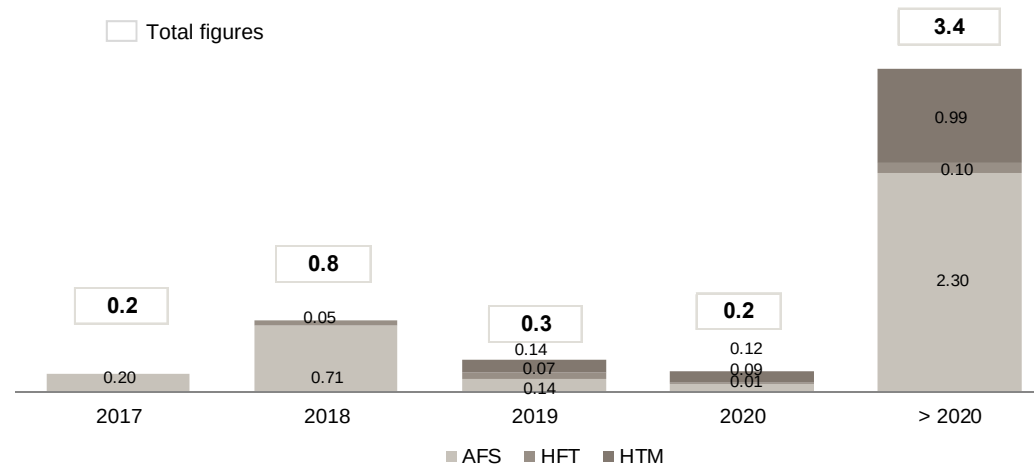
## Italian Govies PTF by coupon (€/bn)\*



## Italian Govies PTF by accounting valuation (€/bn)\*



## Italian Govies PTF Maturities<sup>1</sup> (€/bn)\*



## Focus Nuova Carife (1/2)

BPER Banca completed the acquisition of 100% of the share capital of Nuova Cassa di Risparmio di Ferrara S.p.A. (“Nuova Carife”) from the Single Resolution Fund on 30 June

- ✓ The deal has a strong industrial and financial rationale, allowing the increase in loans, deposits market share with the acquisition of more than 100 thousand new customers

Main terms of the deal related to Nuova Carife acquisition are the following:

- Shareholders’ equity:  
156.0 €/mn
- Price paid:  
1 euro
- Purchase Price Allocation process (PPA):  
-25.3 €/mn
- Badwill through P&L:  
+130.7 €/mn

### Total Funding pro-forma (€/mn)

| €/mn                    | Dec 16 consolidated | Jun 17 like-for-like basis | YTD Chg (%) like-for-like basis | Nuova Carife | Jun 17 consolidated | YTD Chg (%) consolidated |
|-------------------------|---------------------|----------------------------|---------------------------------|--------------|---------------------|--------------------------|
| Direct Funding          | 47,748              | 46,586                     | -2.4%                           | 2,042        | 48,628              | +1.8%                    |
| Indirect Funding        | 32,871              | 33,428                     | +1.7%                           | 1,405        | 34,833              | +6.0%                    |
| Assets under custody    | 16,585              | 15,753                     | -5.0%                           | 436          | 16,189              | -2.4%                    |
| Assets under management | 16,286              | 17,674                     | +8.5%                           | 970          | 18,644              | +14.5%                   |
| <b>Total funding</b>    | <b>80,619</b>       | <b>80,014</b>              | <b>-0.8%</b>                    | <b>3,447</b> | <b>83,461</b>       | <b>+3.5%</b>             |
| Bancassurance (stock)   | 4,350               | 4,485                      | +3.1%                           | 146          | 4,631               | +6.5%                    |

### Direct Funding breakdown pro-forma (€/mn)

| €/mn                                    | Dec 16 consolidated | Jun 17 like-for-like basis | YTD Chg (%) like-for-like basis | Nuova Carife | Jun 17 consolidated | YTD Chg (%) consolidated |
|-----------------------------------------|---------------------|----------------------------|---------------------------------|--------------|---------------------|--------------------------|
| Current accounts and sight deposits     | 32,331              | 31,625                     | -2.2%                           | 1,644        | 33,269              | +2.9%                    |
| Time deposits                           | 2,220               | 2,135                      | -3.8%                           | 120          | 2,255               | +1.6%                    |
| Repurchase agreements                   | 1,780               | 1,932                      | +8.5%                           | 0            | 1,932               | +8.5%                    |
| Other short-term loans                  | 2,582               | 2,485                      | -3.7%                           | 165          | 2,651               | +2.7%                    |
| Bonds                                   | 6,156               | 5,987                      | -2.7%                           | 71           | 6,057               | -1.6%                    |
| - subscribed by institutional customers | 2,688               | 3,040                      | +13.1%                          | 0            | 3,040               | +13.1%                   |
| - subscribed by retail customers        | 3,468               | 2,947                      | -15.0%                          | 71           | 3,017               | -13.0%                   |
| Certificates                            | 92                  | 81                         | -11.8%                          | 0            | 81                  | -11.8%                   |
| Certificates of deposit                 | 2,588               | 2,342                      | -9.5%                           | 42           | 2,384               | -7.9%                    |
| <b>Direct customer deposits</b>         | <b>47,748</b>       | <b>46,587</b>              | <b>-2.4%</b>                    | <b>2,042</b> | <b>48,628</b>       | <b>+1.8%</b>             |

## Focus Nuova Carife (2/2)

### Customer loans breakdown pro-forma(€/mn)

| €/mn                            | Dec 16<br>consolidated | Jun 17<br>like-for-like<br>basis | YTD Chg (%)<br>like-for-like<br>basis | Nuova<br>Carife | Jun 17<br>consolidated | YTD Chg (%)<br>consolidated |
|---------------------------------|------------------------|----------------------------------|---------------------------------------|-----------------|------------------------|-----------------------------|
| Current accounts                | 5,392                  | 5,289                            | -1.9%                                 | 139             | 5,429                  | +0.7%                       |
| Mortgage loans                  | 26,488                 | 27,354                           | +3.3%                                 | 844             | 28,198                 | +6.5%                       |
| Repurchase agreements           | 0                      | 121                              | n.m.                                  | 0               | 121                    | n.m.                        |
| Leases and factoring            | 3,373                  | 3,425                            | +1.5%                                 | 175             | 3,600                  | +6.7%                       |
| Debt securities                 | 322                    | 272                              | -15.5%                                | 4               | 276                    | -14.4%                      |
| Other transactions              | 9,919                  | 9,196                            | -7.3%                                 | 177             | 9,374                  | -5.5%                       |
| <b>Net loans to customers</b>   | <b>45,494</b>          | <b>45,658</b>                    | <b>+0.4%</b>                          | <b>1,339</b>    | <b>46,997</b>          | <b>+3.3%</b>                |
| <b>Gross loans to customers</b> | <b>50,654</b>          | <b>50,903</b>                    | <b>+0.5%</b>                          | <b>1,462</b>    | <b>52,365</b>          | <b>+3.4%</b>                |

### Asset quality breakdown pro-forma

|                              | €/mn         | Dec 16<br>consolidated | Jun 17<br>like-for-like<br>basis | YTD Chg (%)<br>like-for-like<br>basis | Nuova<br>Carife | Jun 17<br>consolidated | YTD Chg (%)<br>consolidated |
|------------------------------|--------------|------------------------|----------------------------------|---------------------------------------|-----------------|------------------------|-----------------------------|
| <b>TOTAL LOANS</b>           | Gross        | 50,654                 | 50,903                           | 0.5%                                  | 1,462           | 52,365                 | 3.4%                        |
|                              | Net          | 45,494                 | 45,658                           | 0.4%                                  | 1,339           | 46,997                 | 3.3%                        |
|                              | Coverage (%) | 10.2%                  | 10.3%                            | 0.1%                                  | 8.4%            | 10.3%                  | 0.1%                        |
| <b>Bad loans</b>             | Gross        | 7,039                  | 7,076                            | 0.5%                                  | 32              | 7,108                  | 1.0%                        |
|                              | Net          | 3,009                  | 2,925                            | -2.8%                                 | 6               | 2,932                  | -2.6%                       |
|                              | coverage (%) | 57.25%                 | 58.65%                           | 1.4%                                  | 80.3%           | 58.8%                  | 1.5%                        |
| <b>Unlikely to pay loans</b> | Gross        | 3,977                  | 3,624                            | -8.9%                                 | 91              | 3,716                  | -6.6%                       |
|                              | Net          | 3,043                  | 2,720                            | -10.6%                                | 15              | 2,735                  | -10.1%                      |
|                              | coverage (%) | 23.49%                 | 24.95%                           | 1.5%                                  | 83.1%           | 26.4%                  | 2.9%                        |
| <b>Past Due</b>              | Gross        | 158                    | 169                              | 7.5%                                  | 39              | 208                    | 32.0%                       |
|                              | Net          | 145                    | 155                              | 6.7%                                  | 37              | 192                    | 31.9%                       |
|                              | Coverage (%) | 7.8%                   | 8.5%                             | 0.7%                                  | 5.2%            | 7.9%                   | 0.1%                        |
| <b>NPEs</b>                  | Gross        | 11,174                 | 10,869                           | -2.7%                                 | 162             | 11,032                 | -1.3%                       |
|                              | Net          | 6,197                  | 5,801                            | -6.4%                                 | 58              | 5,859                  | -5.5%                       |
|                              | Coverage (%) | 44.5%                  | 46.6%                            | 2.1%                                  | 64.0%           | 46.9%                  | 2.4%                        |
| <b>Performing loans</b>      | Gross        | 39,481                 | 40,033                           | 1.4%                                  | 1,300           | 41,333                 | 4.7%                        |
|                              | Net          | 39,297                 | 39,857                           | 1.4%                                  | 1,280           | 41,138                 | 4.7%                        |
|                              | Coverage (%) | 0.5%                   | 0.4%                             | 0.0%                                  | 1.5%            | 0.5%                   | 0.0%                        |

# Performance ratios

| <i>Financial ratios</i>                                                | 30.06.2017  | 2016 (*)    |
|------------------------------------------------------------------------|-------------|-------------|
| <b>Structural ratios (%)</b>                                           |             |             |
| net loans to customers/total assets                                    | 66.65%      | 70.03%      |
| net loans and advances to customers/direct deposits from customers     | 96.64%      | 95.28%      |
| financial assets/total assets                                          | 21.20%      | 21.11%      |
| fixed assets/total assets                                              | 2.13%       | 2.13%       |
| goodwill/total assets                                                  | 0.50%       | 0.55%       |
| direct deposits/total assets                                           | 86.73%      | 88.07%      |
| deposits under management/indirect deposits                            | 53.52%      | 49.55%      |
| financial assets/tangible equity                                       | 2.92        | 2.72 (1)    |
| total tangible assets/tangible equity                                  | 13.67       | 12.80 (2)   |
| net interbank lending/borrowing (in thousands of Euro)                 | (9,027,695) | (8,130,867) |
| number of employees                                                    | 12,014      | 11,635      |
| number of national bank branches                                       | 1,282       | 1,200       |
| <b>Profitability ratios (%)</b>                                        |             |             |
| ROE                                                                    | 4.94%       | 0.30%       |
| ROTE                                                                   | 5.53%       | 0.33%       |
| ROA (net profit/total assets)                                          | 0.17%       | 0.10%       |
| Cost/income ratio                                                      | 61.82%      | 60.69% (3)  |
| Net adjustments to loans/net loans to customers                        | 0.69%       | 0.63%       |
| Basic EPS                                                              | 0.248       | 0.135       |
| Diluted EPS                                                            | 0.248       | 0.135       |
| <b>Risk ratios (%)</b>                                                 |             |             |
| non-performing exposures/net loans to customers                        | 12.47%      | 13.62%      |
| net bad loans/net loans to customers                                   | 6.24%       | 6.61%       |
| net unlikely to pay loans/net loans to customers                       | 5.82%       | 6.69%       |
| net past due loans/net loans to customers                              | 0.41%       | 0.32%       |
| adjustments to non-performing exposures/gross non-performing exposures | 46.89%      | 44.54%      |
| adjustments to bad loans/gross bad loans                               | 58.75%      | 57.25%      |
| adjustments to unlikely to pay loans/gross unlikely to pay loans       | 26.38%      | 23.49%      |
| adjustments to past due loans/gross past due loans                     | 7.86%       | 7.80%       |
| adjustments to performing exposures/gross performing exposures         | 0.47%       | 0.47%       |
| texas ratio                                                            | 107.17%     | 111.61% (4) |

| <i>Financial ratios</i>                                | 30.06.2017 | 2016 (*)   |
|--------------------------------------------------------|------------|------------|
| <b>Own Funds (Phased in)</b>                           |            |            |
| Common Equity Tier 1 (CET1)                            | 4,503,695  | 4,497,645  |
| Own Funds                                              | 5,439,569  | 4,958,045  |
| Risk-weighted assets (RWA)                             | 33,666,699 | 32,593,235 |
| <b>Capital and liquidity ratios</b>                    |            |            |
| Common Equity Ratio (CET1 Ratio) - Phased in           | 13.38%     | 13.80%     |
| Tier 1 Ratio (T1 Ratio) - Phased in                    | 13.47%     | 13.89%     |
| Total Capital Ratio (TC Ratio) - Phased in             | 16.16%     | 15.21%     |
| Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased | 13.17%     | 13.27%     |
| Leverage Ratio - Phased in                             | 6.2%       | 6.7% (5)   |
| Leverage Ratio - Fully Phased                          | 6.1%       | 6.5% (6)   |
| Liquidity Coverage Ratio (LCR)                         | 130.1%     | 102.0%     |
| Net Stable Funding Ratio (NSFR)                        | n.d.       | 104.3% (7) |
| <b>Non-financial ratios</b>                            |            |            |
| <b>Productivity ratios (in thousands of Euro)</b>      |            |            |
| direct deposits per employee                           | 4,047.65   | 4,103.82   |
| loans and advances to customers per employee           | 3,911.83   | 3,910.11   |
| assets managed per employee                            | 1,551.83   | 1,399.75   |
| assets administered per employee                       | 1,347.55   | 1,425.44   |
| core revenues per employee                             | 77.36      | 82.83 (8)  |
| net interest and other banking income per employee     | 82.49      | 89.25      |
| operating costs per employee                           | 52.51      | 57.31      |

(\*) Further to the restatement of balance sheet data as at 31 December 2016 some performance ratio values were recalculated. The comparison values for the Income Statement are those at 30 June 2016, with the exception of ROE and ROTE which are shown on an annualized 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 63.65% (64.21% as at June, 2016).

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

(5) (6) 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) The NSFR, not yet available, it is in any case estimated to exceed 100%, (106.6 % as at 31 March 2017)

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

# Annex – 2017/2016 Reclassified consolidated Profit & Loss

## Summary schedules

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

- "Net result from financial activities" includes items 80, 90, 100 and 110 in the standard reporting format;
- indirect tax recoveries, allocated for accounting purposes to item 220 "Other operating charges/income", have been reclassified as a reduction in the related costs under "Other administrative expenses" (Euro 60,982 thousand at 30 June 2017 and Euro 59,304 thousand at 30 June 2016);
- "Net adjustments to property, plant and equipment and intangible assets" include captions 200 and 210 in the standard reporting format;
- "Net impairment adjustments to AFS and HTM financial assets" includes captions 130 b) and 130 c) in the reporting format;
- "Gains (losses) on equity investments, disposal of investments and adjustments to goodwill" include captions 240, 260 and 270 in the reporting format;
- "Contributions to the DGS, SRF and FITD funds" has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative costs" as a better reflection of the trend in the Group's operating costs. In particular, at 30 June 2017, this caption represents the component allocated for accounting purposes to administrative costs in relation to:
  - o the 2017 contribution to the SRF (European Single Resolution Fund) of Euro 15,870 thousand;
  - o equalisation of the 2015 contribution to the SRF (European Single Resolution Fund) of Euro 61 thousand;
  - o the 2017 contribution to the DGS (Deposit Guarantee Schemes) for Euro 16 thousand, representing only the amount required of Bper (Europe) International s.a. for the half-year.

Note that the comparative figures at 30 June 2016 have been restated compared with those included in the consolidated financial report at 30 June 2016, including the repayment received from FITD-SV for redefinition of the intervention in Banca Tercas (Euro 10,970 thousand), previously recorded under the caption "Net impairment adjustments for other financial transactions".

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