

BPER:

Gruppo

9M17 consolidated results

Alessandro Vandelli - Chief Executive Officer

8 November 2017

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Marco Bonfatti

Manager responsible for preparing the Company's financial reports

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

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☒ Executive summary

☐ NPE Strategy 2018-2020

☐ Balance sheet structure

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☐ Liquidity and capital adequacy

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Executive summary

- **Best in class capital position with low leverage and strong liquidity ratios**
 - ✓ CET1 ratio Fully Phased at 13.81% up by more than 60 bps vs 13.17% in Jun.'17. In 3Q17, ECB authorized the removal of the add-on on RWA, requested when AIRB models were validated on Jun.'16, following the completion of remedial actions taken by the Bank
- **Asset quality improvement accelerates further thanks to the strong reduction of NPE inflows along with a conservative approach in the provisioning policy to increase NPE coverage ratio:**
 - ✓ NPE inflows from performing loans down by 56.7% y/y and default rate at 1.9% annualized back to pre-crisis levels
 - ✓ bad loans inflows down by 12.7% y/y
 - ✓ gross NPE ratio at 20.8% down for the fifth quarter in a row (-276 bps vs the peak of 23.5% in Jun.'16)
 - ✓ NPE cash coverage ratio at 47.7% up by c. +320 bps vs 44.5% in Dec.'16
- **9M17 Net profit at 149.0 €/mn impacted by significant non-recurring items¹ including, among others, impairments of Atlante Fund and FITD-SV in favour of the banking system for a total of -82.4 €/mn and the badwill² arising from the acquisition of Nuova Carife of +130.7 €/mn**
 - ✓ Net operating income up by 2.4% y/y on a like-for-like basis and net of non-recurring items in the presence of decreasing operating costs (-3.1% y/y) and a limited decline of operating income (-1.0% y/y). Cost of credit at 117 bps annualized showing a strong decline in particular in 3Q17 (19 bps, 77 bps annualized)
- **The Board of Directors approved the NPE Strategy 2018-2020 with the aim of reducing significantly the NPE stock and improve the overall asset quality of the Group in line with the best practises on the market**
 - ✓ Actions contained in the Strategy include an extra-provisioning measure for an amount of around € 1 billion designed to further increase the level of NPE coverage, with the consequence of an immediate reduction in the net NPE ratio, followed by a decline of gross ratio by means of a mix of bad loans disposals and internal workout, while maintaining a solid CET1 ratio level in the timeframe of the Strategy

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☒ **NPE Strategy 2018-2020**

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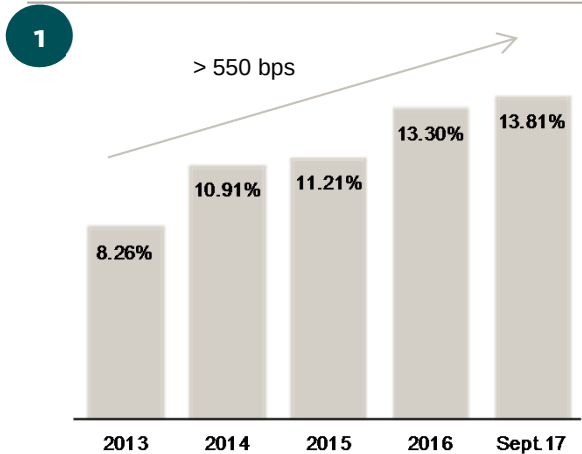
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NPE Strategy 2018-2020

Board of Directors approved the NPE Strategy 2018-2020 based on:

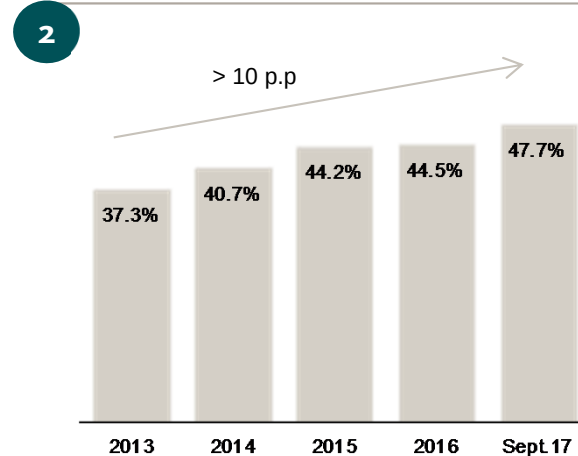
- 1) solid capital base
- 2) improving and adequate NPE coverage ratio
- 3) strong improvement of asset quality trends

CET 1 ratio Fully Phased (%)



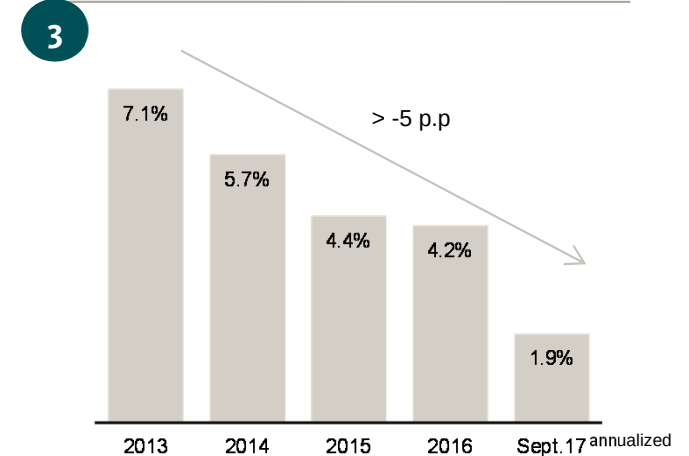
CET1 ratio increases significantly by more than 550 bps from 2013 onwards reaching 13.81% in Sept.'17 one of the highest level in the Italian banking system

Cash coverage NPE ratio (%)



NPE Coverage ratio increases by more than 10 p.p. from 37.3% in 2013 to 47.7% in Sep.'17 without recording any loss in the period

Default ratio (%)



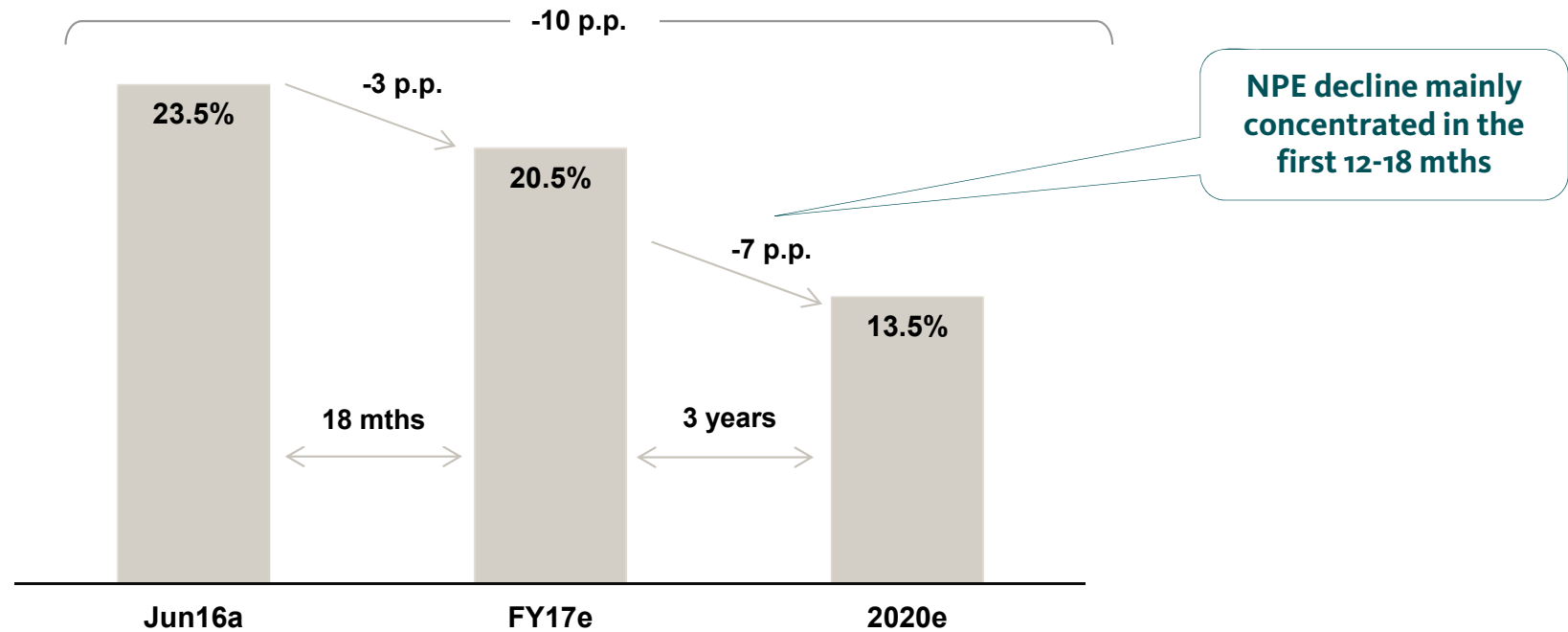
Asset quality strong improvement with a default rate below 2% annualized in Sep.'17, back to pre-crisis levels thanks to:

- 1) new origination processes approach and the enhancement of the initiatives undertaken by the Group's Credit and Business Areas to increase overall credit quality of performing book
- 2) clean-up of the loan book (ordinary migration effect into NPE)
- 3) a better real economy environment

NPE Strategy 2018-2020¹: Gross NPE ratio target at 13.5% for 2020

Board of Directors has decided to accelerate the NPE reduction already clearly visible from ongoing 2017 dynamics

Gross NPE ratio trend and target (%)



Targets 2020 (estimates)

1

CET1 ratio
Fully phased

> 12%

2

NPE reduction
(gross)

c. -35% vs FY17e
(c. -4 €/bn)

3

Gross and Net NPE
ratios

c. 13.5% / 6.5%

4

NPE coverage

c. 55%

5

Cost of risk

< 60 bps

NPE Strategy 2018-2020¹: 3 main pillars

1

Extra-provisioning

c. 1 €/bn

Extraordinary measure (at the beginning of 2018, along with IFRS9 introduction) designed to further increase the level of NPE coverage for an amount of approx. 1 €/bn and to enable an immediate reduction in the net NPE ratio and the following decrease of the gross ratio in the timeframe of the Strategy

2

Bad loans disposals

c. 3.0 €/bn

Bad loans disposals (potential securitization transactions with GACS) worth c.3.0 €/bn in 2018-2019:

- BdS bad loans disposal by 1H18
- BPER bad loans disposals by 2H18/1H19

3

Internal NPE workout

c. 1.0 €/bn

- Strong improvement in default and cure rates via optimisation of the performing loans quality and the NPE management processes within Group's Credit and Business Areas
- BPER Credit Management further segmentation and workout strategies related to the closure procedures for the Bad Loan portfolio, while increasing the extrajudicial transactions relative to current levels
- Increasing write-off activity

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☐ Profit and loss

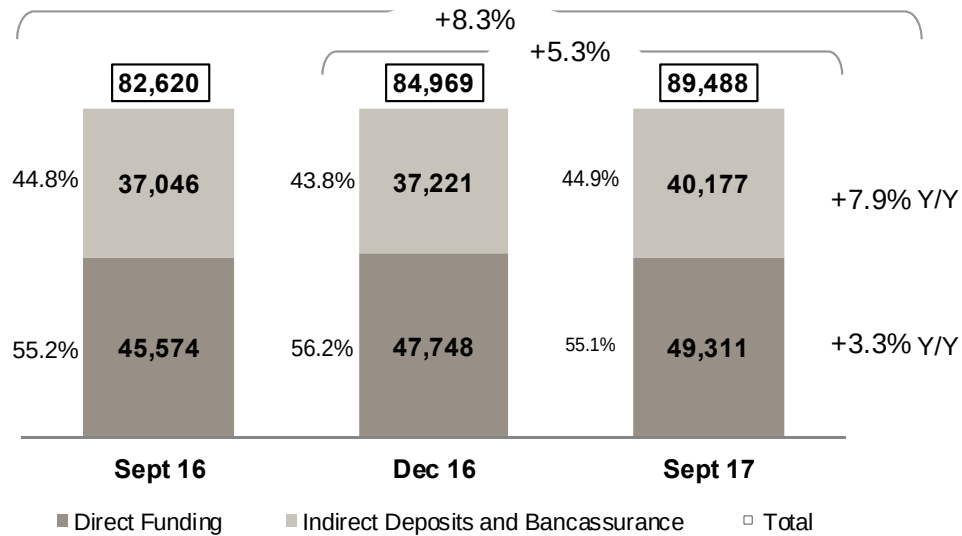
☐ Liquidity and capital adequacy

☐ Final remarks

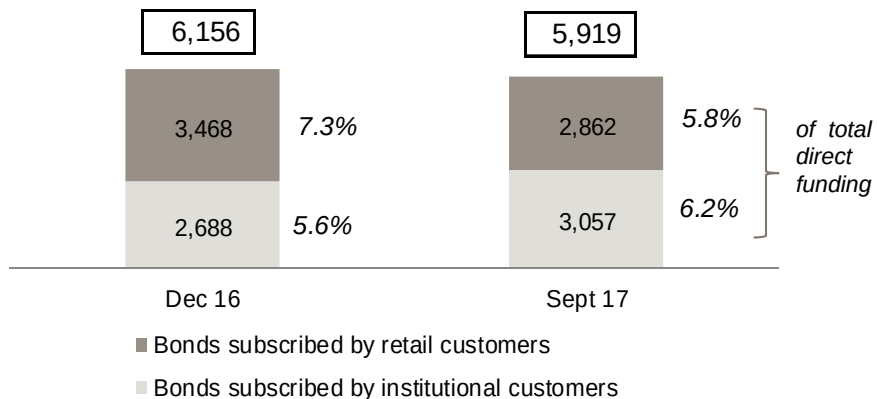
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Switch in favour of AuM and Bancassurance continues

Total Funding (€/mn)



Direct funding: bonds



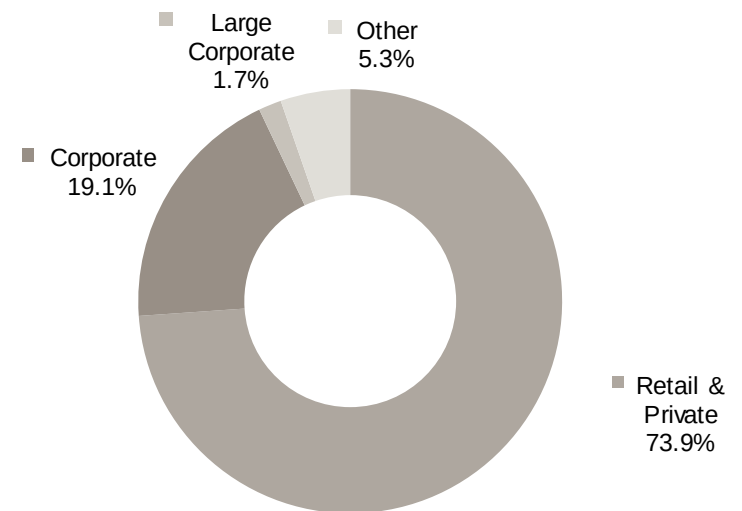
New Tier 2 10NC5 issued in May'17 for a benchmark size of 500 €/mn and a coupon of 5.125%

Direct Funding breakdown (%)

€/mn	Dec 16	Sept 17	Chg (%)	% on total
Current accounts and sight deposits	32,331	34,287	+6.1%	69.5%
Time deposits	2,220	2,198	-1.0%	4.5%
Repurchase agreements	1,780	1,880	+5.6%	3.8%
Other short-term loans	2,582	2,728	+5.6%	5.5%
Bonds	6,156	5,919	-3.8%	12.0%
Certificates	92	79	-14.3%	0.2%
Certificates of deposit	2,588	2,220	-14.2%	4.5%
Direct customer deposits	47,748	49,311	+3.3%	100.0%

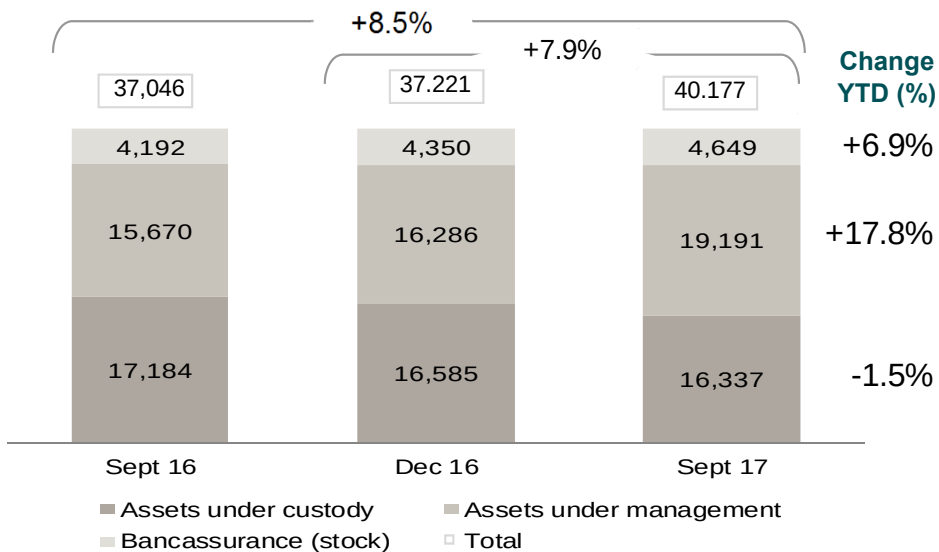
-0.6% since Dec.'16 on a like-for-like basis

Direct Funding breakdown by customer segment (%)

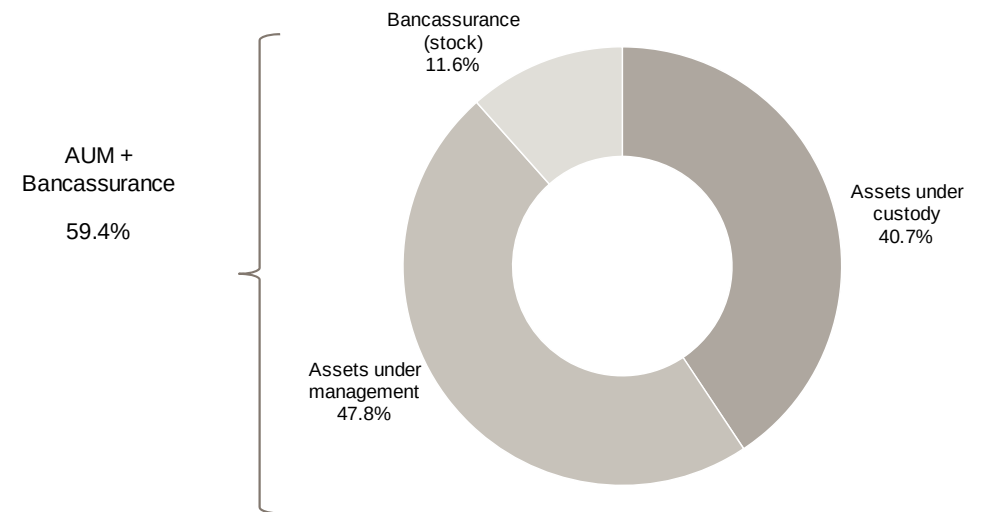


AuM and Bancassurance¹ significantly up and strong increase in AuM net inflows

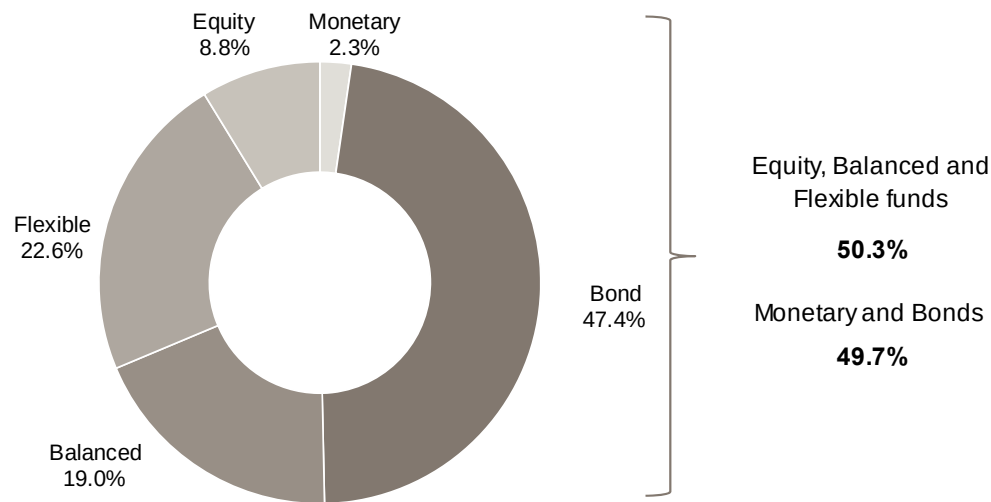
Indirect Deposits and Bancassurance¹ (€/mn)



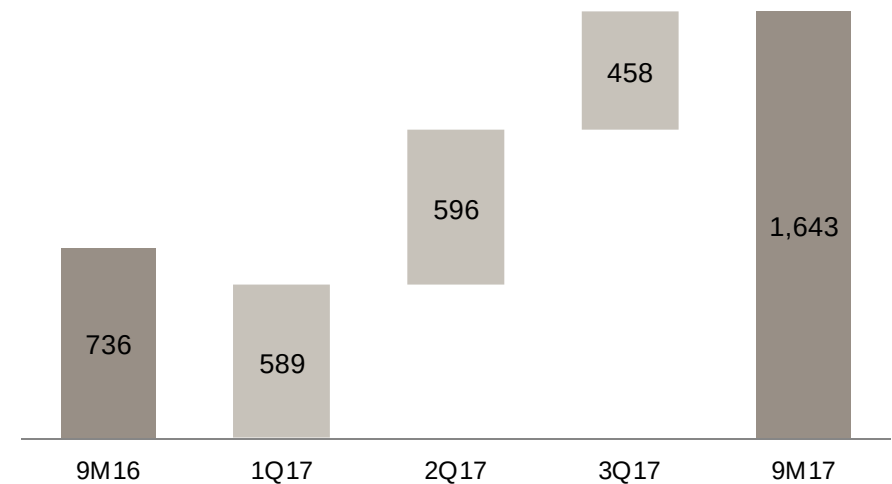
Indirect Deposits and Bancassurance¹ composition (%)



AUM composition² (%)

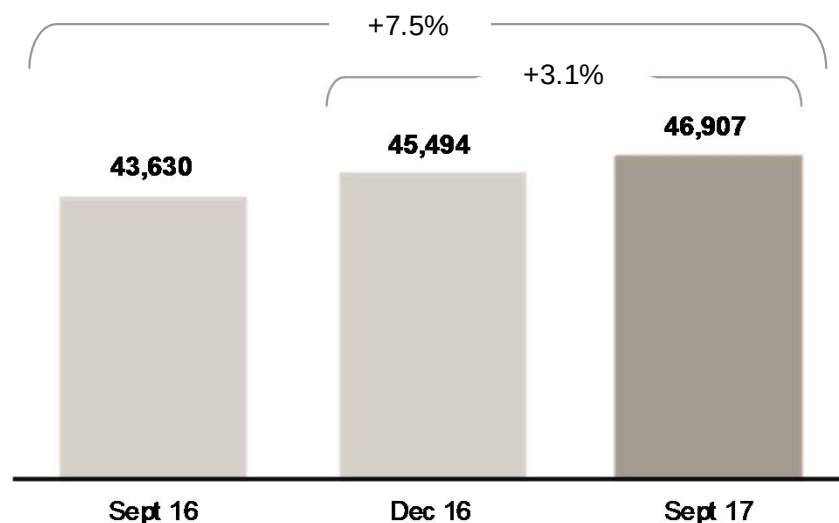


AUM net inflows² (€/mn)

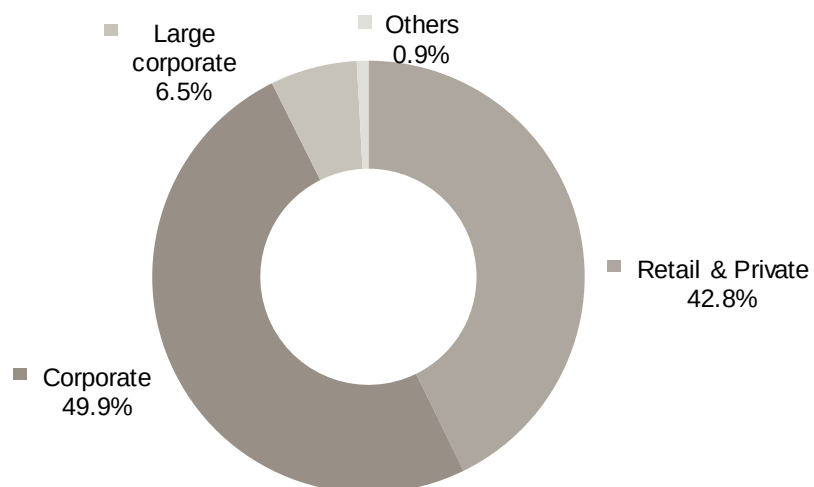


Customer loans up mainly supported by the positive trend of the retail sector

Customer loans (€/mn)



Customer loans breakdown by customer segment (%)



Customer loans breakdown (net figures; €/mn)

€/mn	Dec 16	Sept 17	Chg (%)
Current accounts	5,392	5,202	-3.5%
Mortgage loans	26,488	28,429	+7.3%
Repurchase agreement	0	0	
Leases and factoring	3,373	3,549	+5.2%
Debt securities	322	268	-16.9%
Other transactions	9,919	9,459	-4.6%
Net loans to customers	45,494	46,907	+3.1%

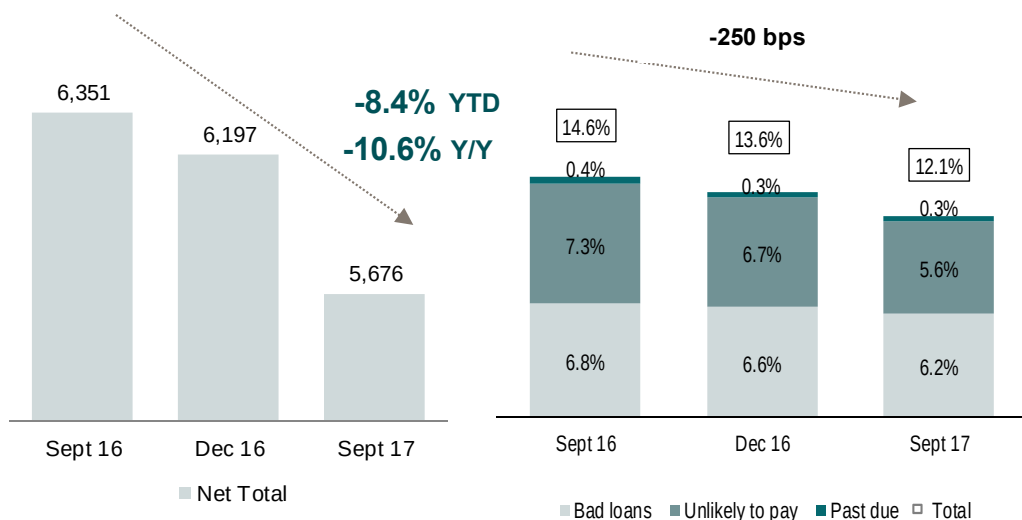
Residential mortgages production up by 30.6% in 9M17 vs 9M16

Net secured loans¹ breakdown (%)

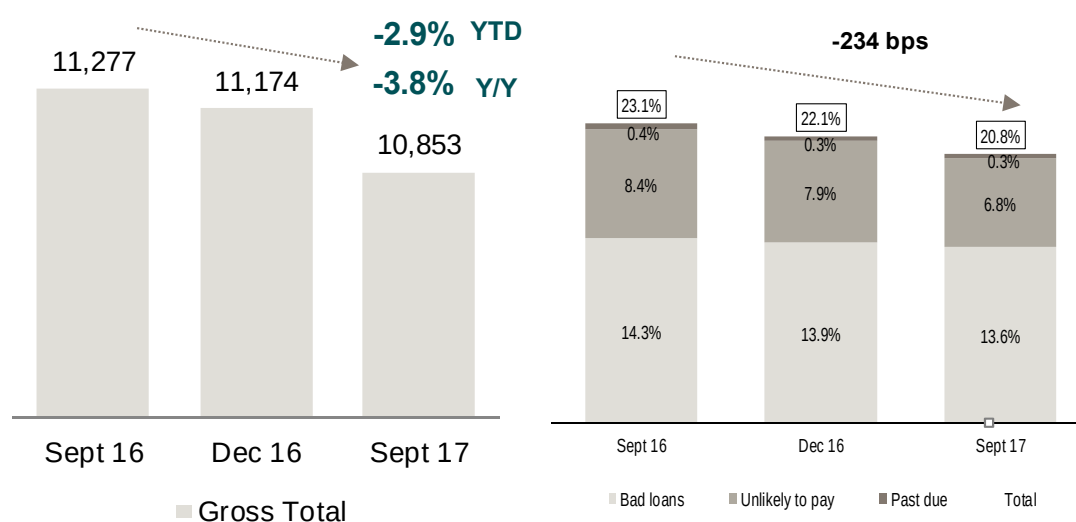
	Sept 17
Secured Loans/Total Loans	67.1%
Secured performing exposures Loans/Total performing exposures Loans	64.2%
Secured NPE/Total NPE	88.6%
Fully Secured NPE/Total NPE	78.0%

Strong acceleration of the asset quality improvement

Net NPE (€/mn; % on total loans)



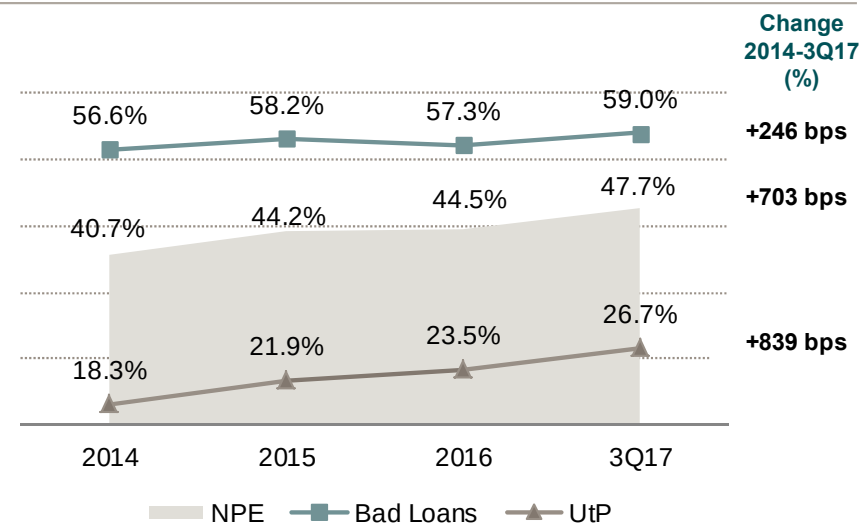
Gross NPE (€/mn; % on total loans)



Cash coverage trend (%)

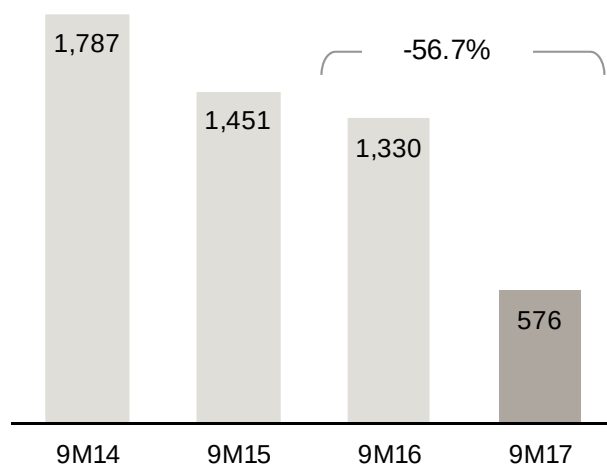
	Sept 16	Dec 16	Mar 17	Jun 17	Sept 17
Bad loans ("Sofferenze")	57.4%	57.2%	58.1%	58.8%	59.0%
<i>including write-off</i>	63.1%	62.9%	63.6%	63.8%	63.8%
Unlikely to pay	22.2%	23.5%	24.2%	26.4%	26.7%
Past due	8.6%	7.8%	8.0%	7.9%	11.2%
NPE	43.7%	44.5%	45.6%	46.9%	47.7%
<i>including write-off</i>	48.6%	49.4%	50.3%	51.3%	51.9%
Performing exposures	0.5%	0.5%	0.4%	0.5%	0.5%
Total loans	10.5%	10.2%	10.2%	10.3%	10.3%

Cash coverage ratios (%)

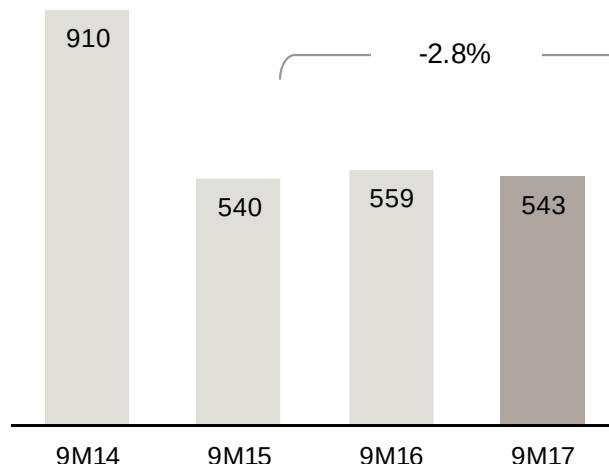


Default rate below 2% annualized and good performance in cure rate

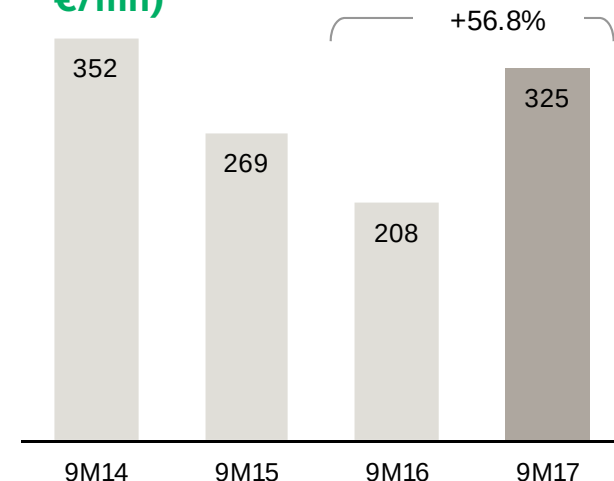
NPE inflows (gross figures, €/mn)



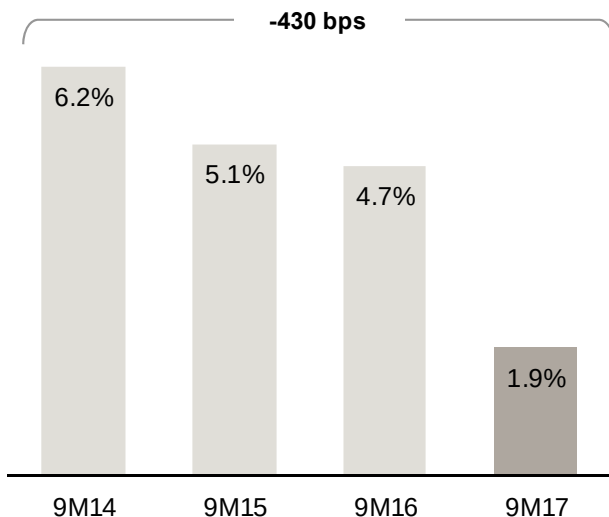
Bad Loans inflows from other NPE (gross figures, €/mn)



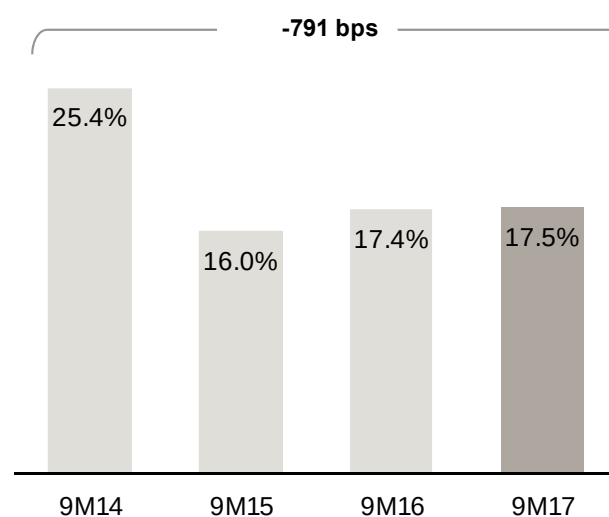
UtP and Past due loans outflows back to performing (gross figures, €/mn)



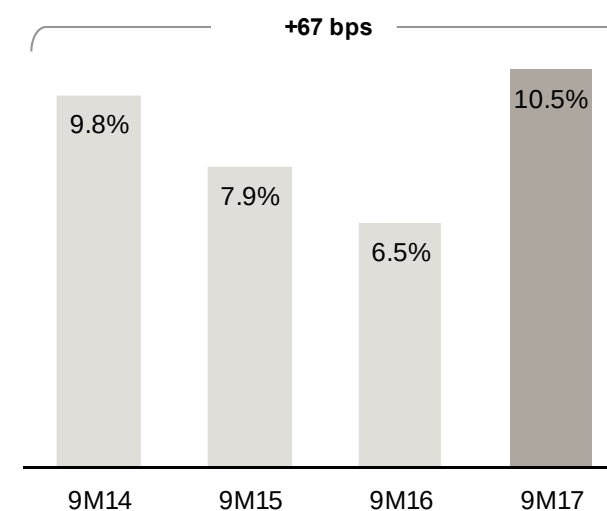
Default rate (%; annualized)



Danger rate (%; annualized)

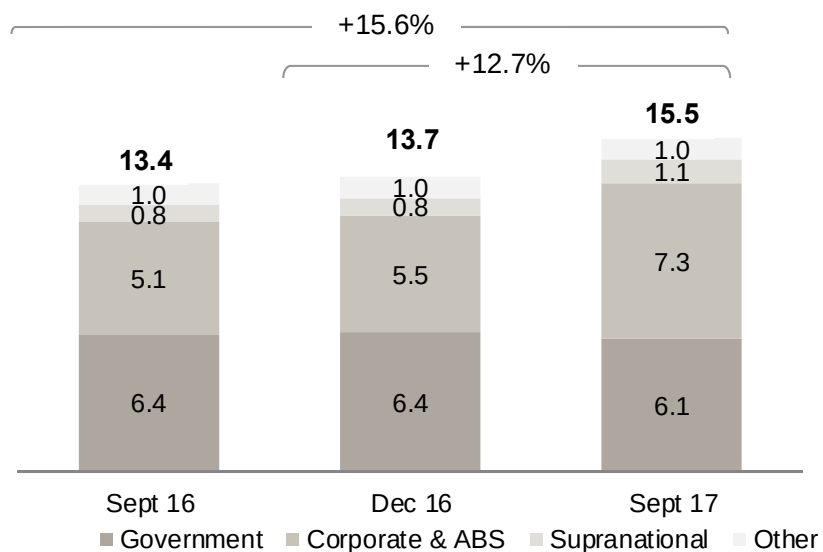


Cure rate (%; annualized)

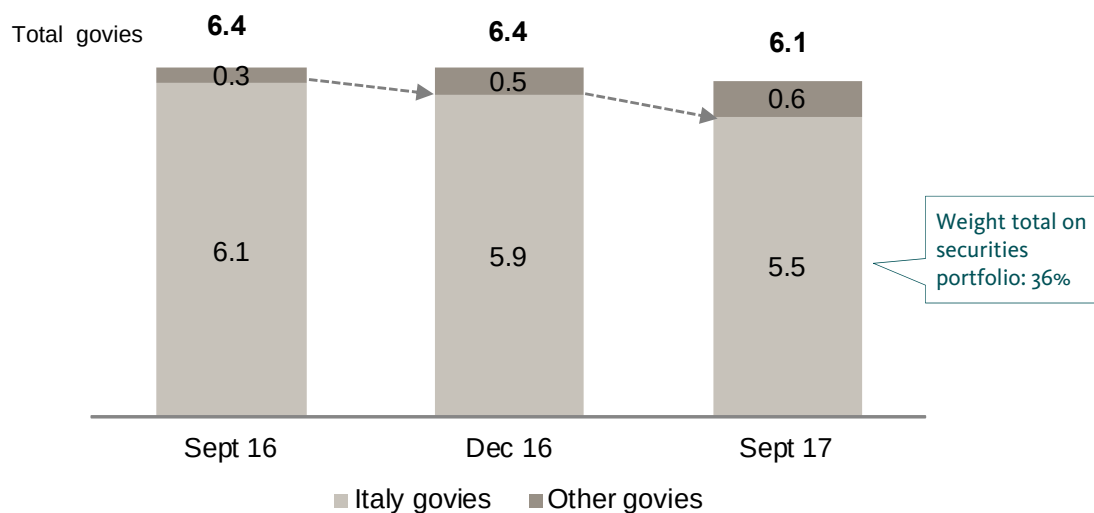


Financial Assets portfolio re-mix with the reduction Italian govies weight

Financial Assets (€/bn)



Government bond portfolio (€/bn)



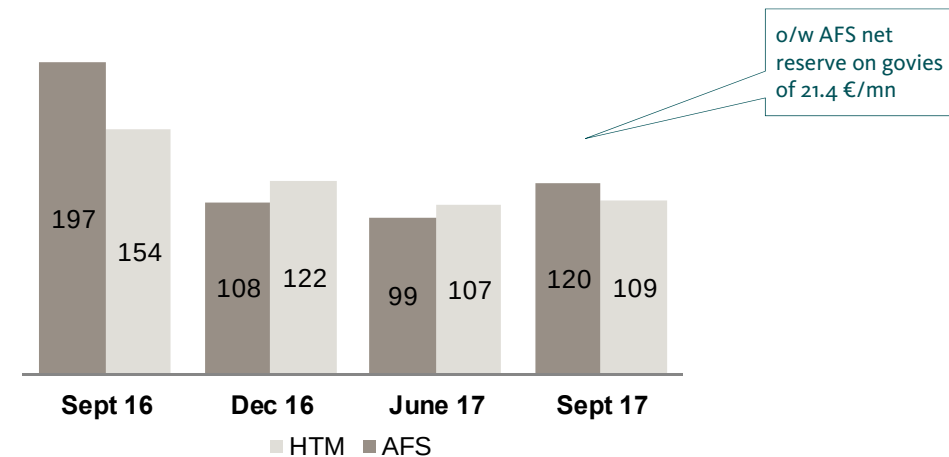
Financial Assets breakdown (€/mn; %)

€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	384	29	11,490	2,658	14,561	94.2%
Equity	98	0	295		393	2.5%
Funds and Sicav	78	52	215		344	2.2%
Other*	152		3		156	1.0%
Total	712	81	12,003	2,658	15,454	100.0%
Total as of 31.12.2016	677	84	10,433	2,516	13,710	
Chg YTD (%)	+5.2%	-4.2%	+15.1%	+5.6%	+12.7%	

Bond PTF duration: 2.4y in 3Q17 (2.9y in Dec.'16)

Note: 267.7 €/mn of Loans and Receivables (banks and customers) not included

AFS & HTM reserves (net of taxes; €/mn)



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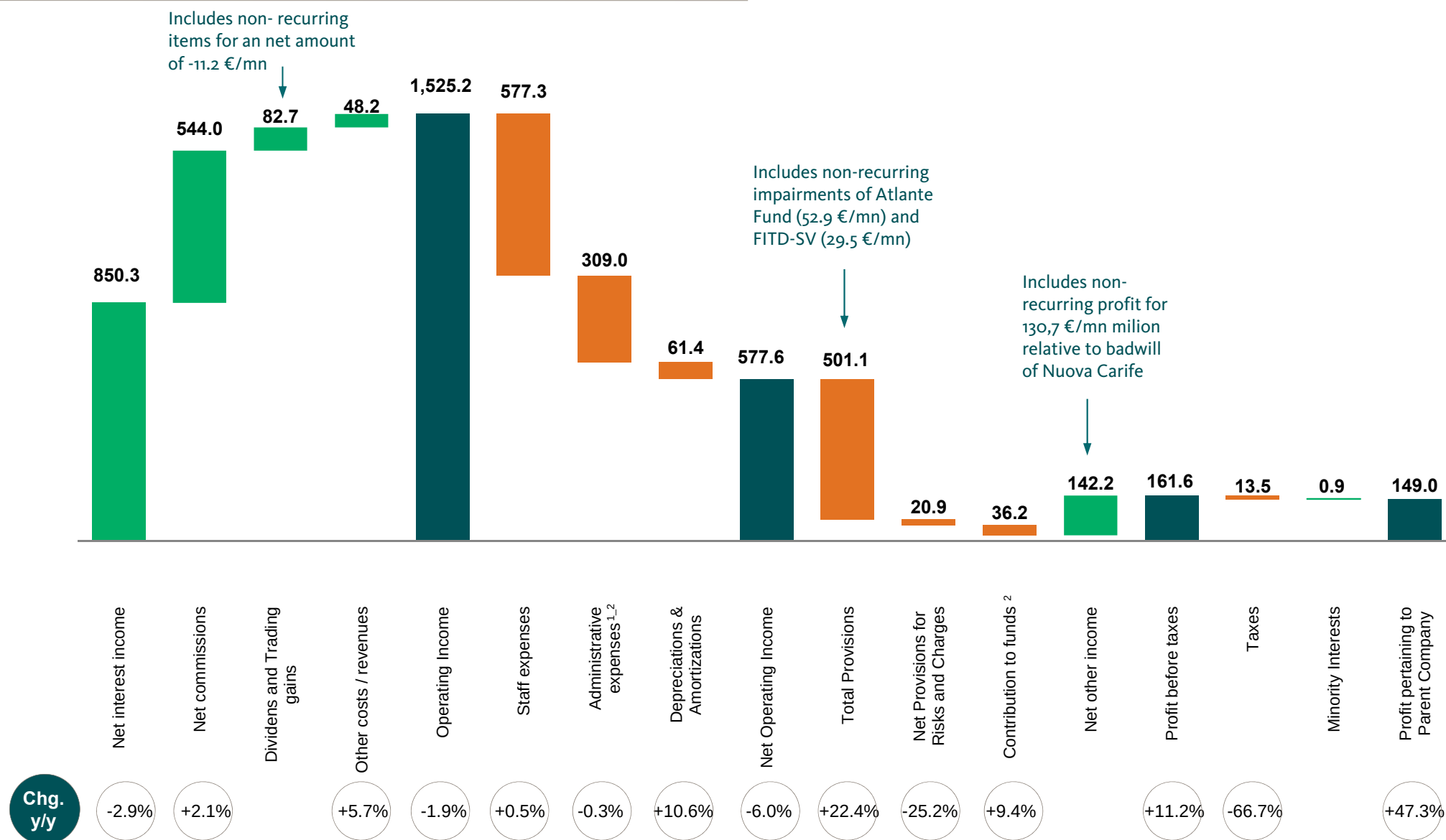
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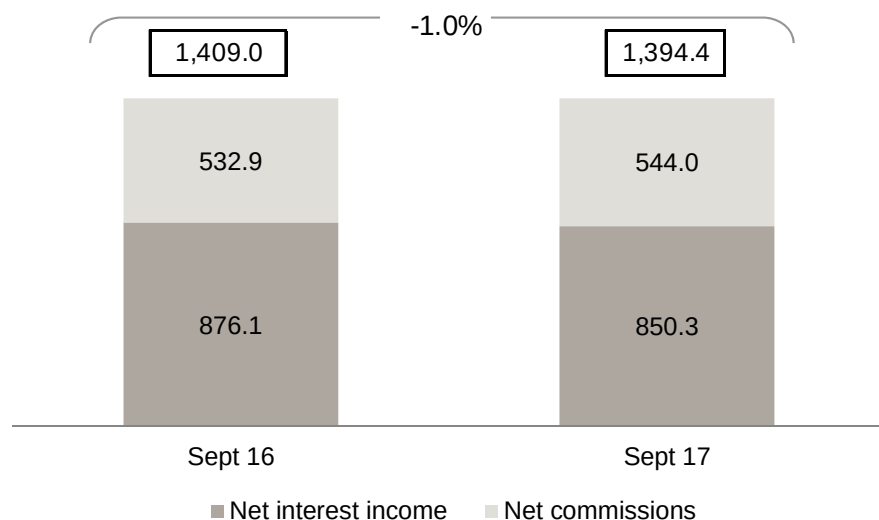
Solid Net profit for the 9M17 of € 149 million

9M17 Reclassified consolidated Profit & Loss* (€/mn)

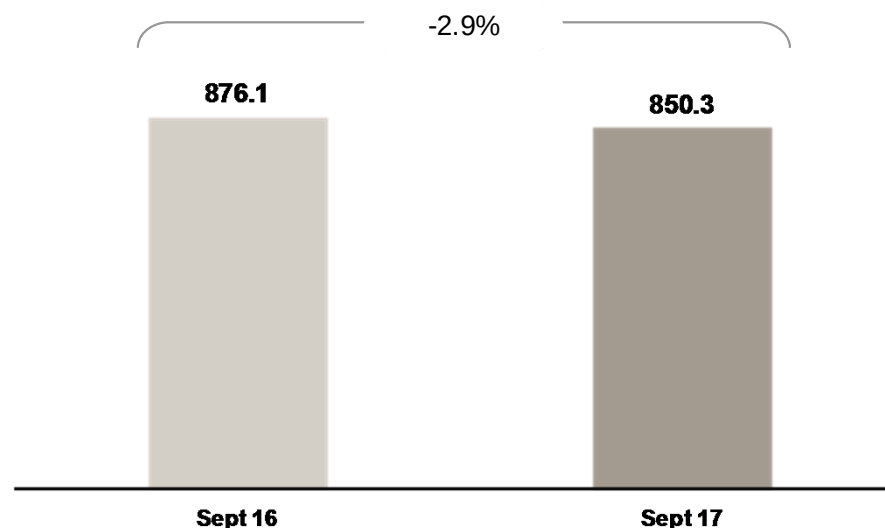


Resilient Core income supported by good net commissions performance

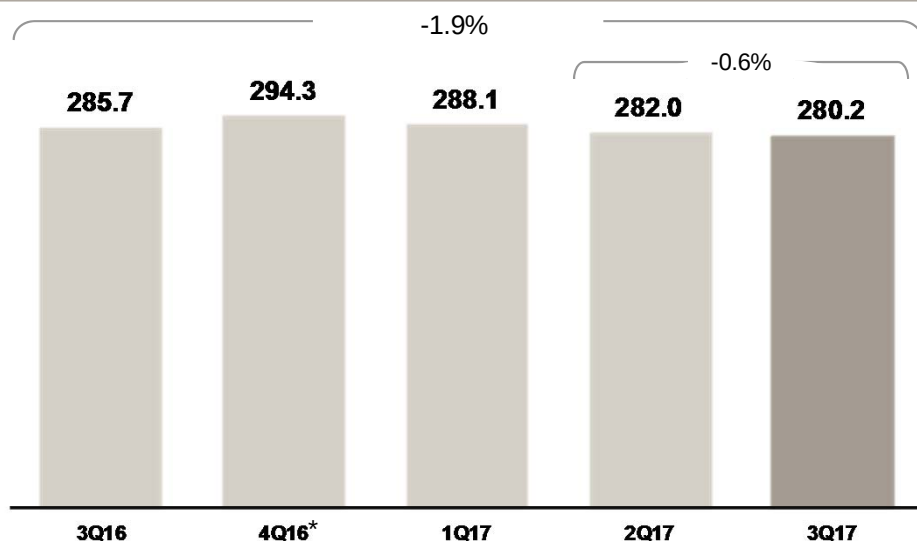
Core Income (€/mn)



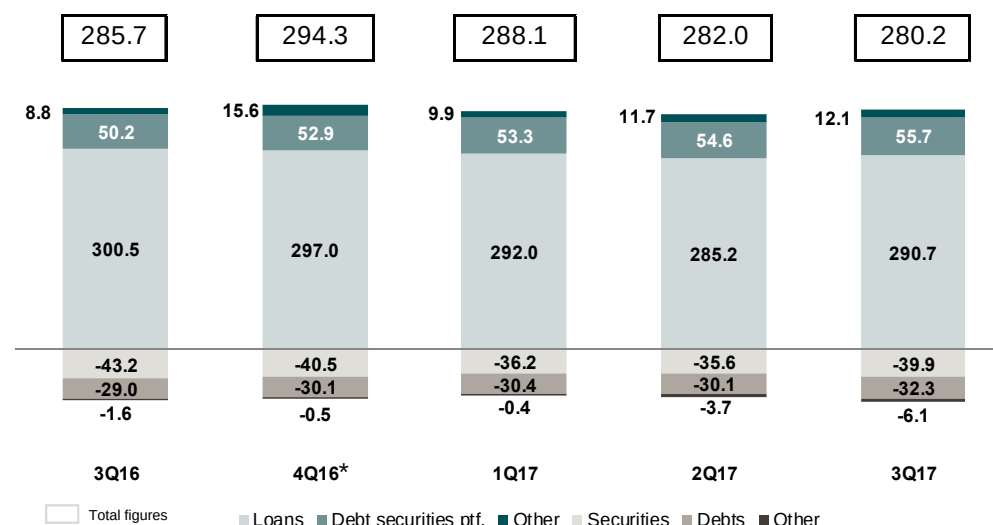
Net Interest Income (€/mn)



Net Interest Income evolution (€/mn)

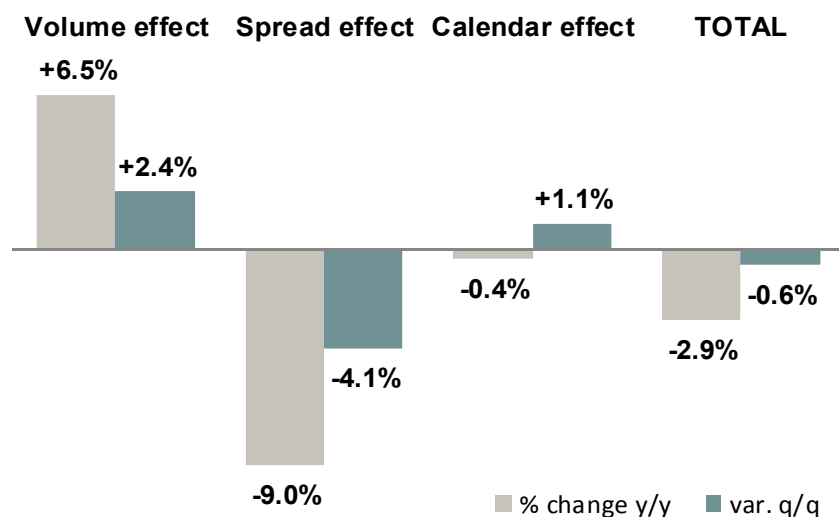


Net Interest Income contribution* (€/mn)

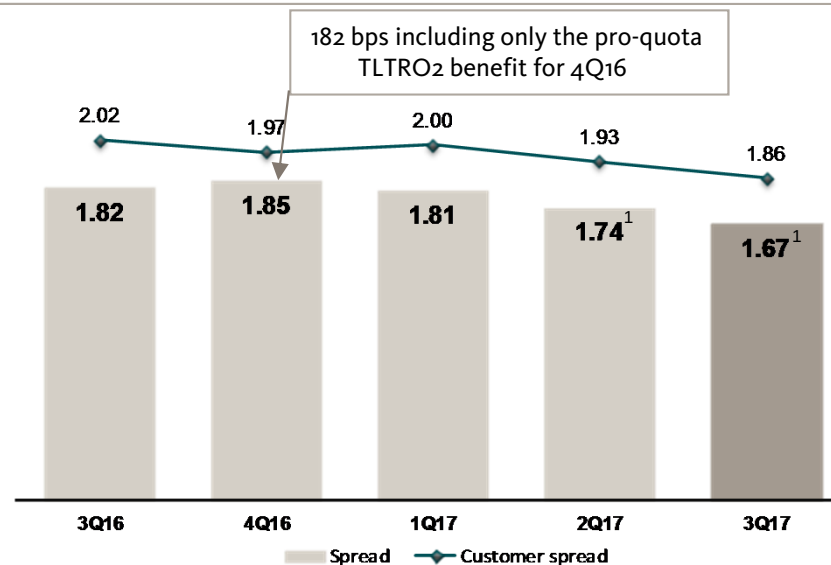


Customer spread still under pressure but expected to stabilize in the coming quarters

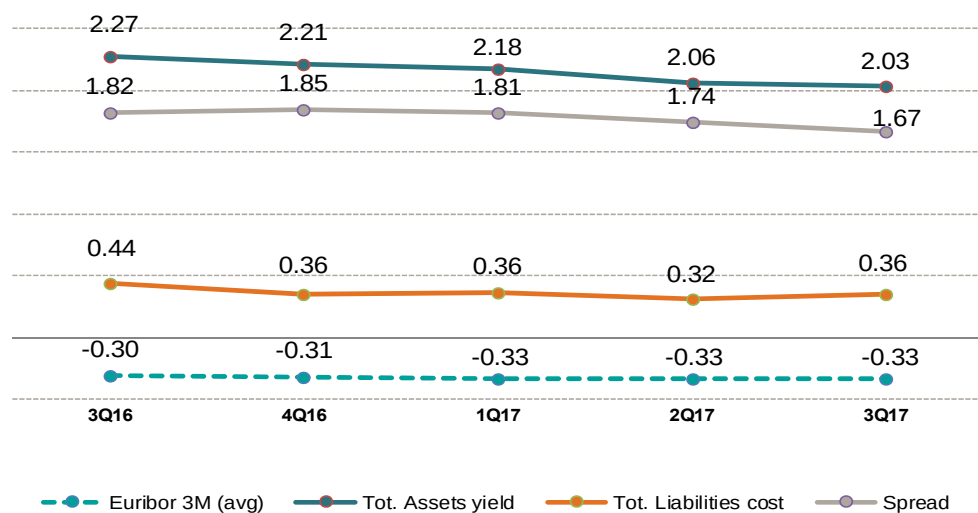
Net Interest Income contribution* (%)



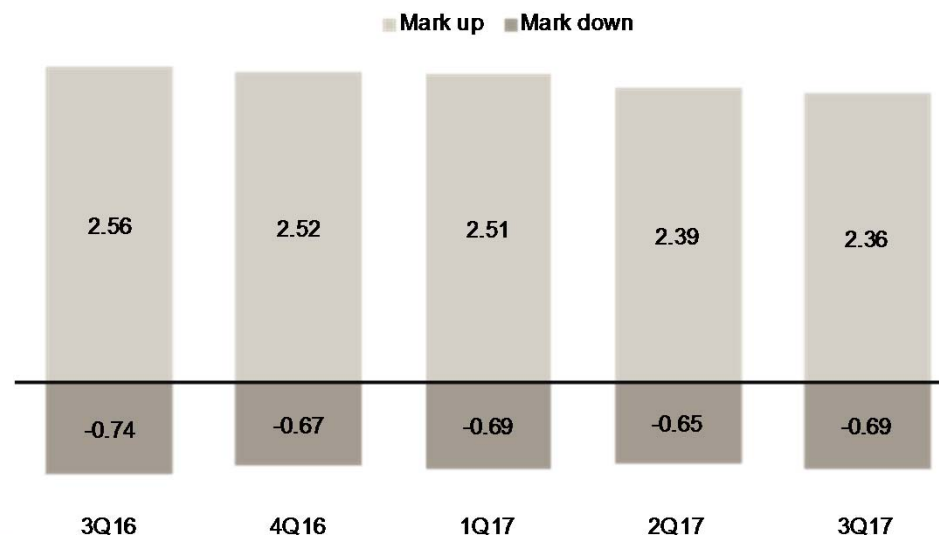
Spread (%)



Spread contribution (%)

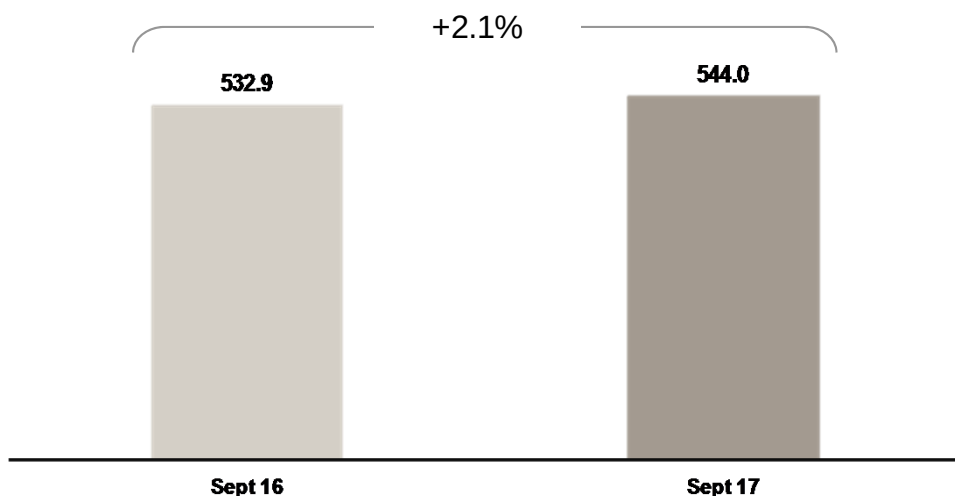


Mark up & mark down (%)

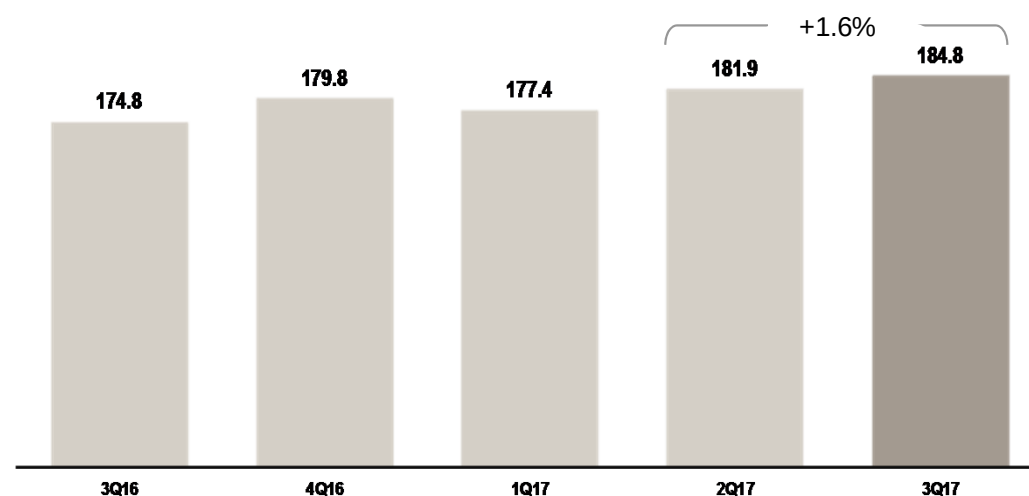


Sound performance of net commissions thanks to AuM and Bancassurance

Net Commissions evolution (€/mn)



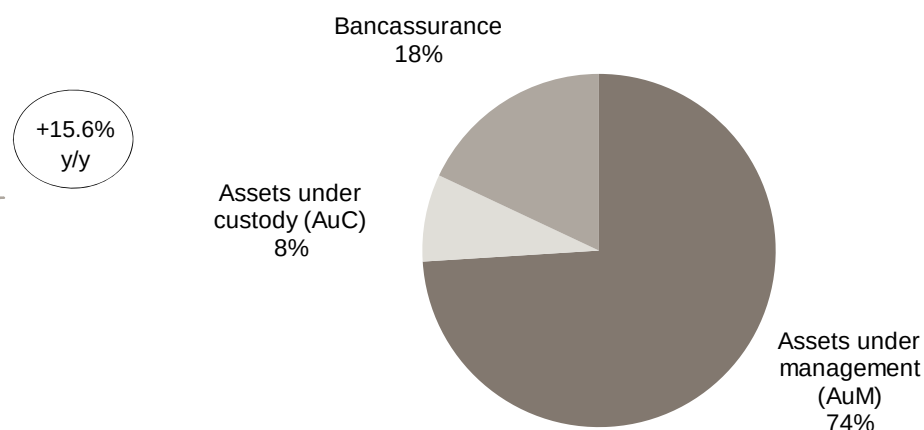
Net Commissions evolution (€/mn)



Net Commissions breakdown (€/mn; %)

	Sept 16	(%) on total	Sept 17	(%) on total	Chg y/y (%)
Indirect deposits and bancassurance	144.9	27.2%	166.0	30.5%	+14.6%
Assets under custody (AuC)	11.2		11.4		+2.3%
Assets under management (AuM)	107.9		126.0		+16.8%
Bancassurance	25.8		28.6		+10.8%
Credit cards, collections and payments	105.6	19.8%	107.4	19.7%	+1.7%
Loans and guarantees	248.0	46.5%	240.2	44.2%	-3.2%
Other commissions	34.4	6.5%	30.4	5.6%	-11.6%
Total	532.9	100.0%	544.0	100.0%	+2.1%

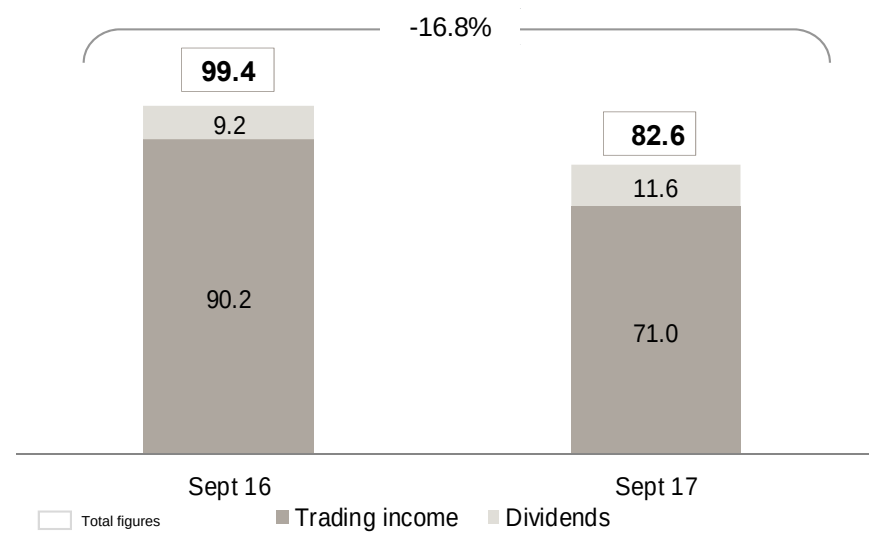
Indirect deposits and bancassurance breakdown(%)



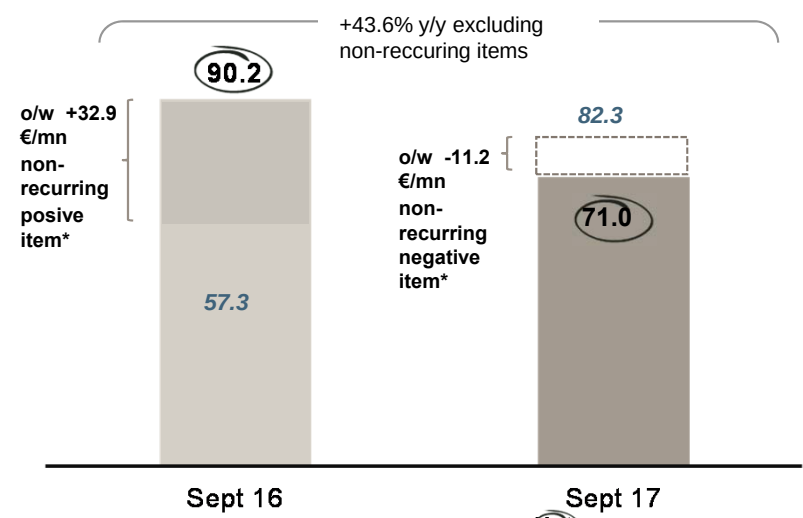
AuM up-front fees of 15.3 €/mn in 9M17 (19.8 €/mn in 9M16), weighing 2.8% on total net commissions

Trading income +43.6% y/y net of non-recurring items

Dividends and Trading income (€/mn)



Trading gains* excluding dividends (€/mn)

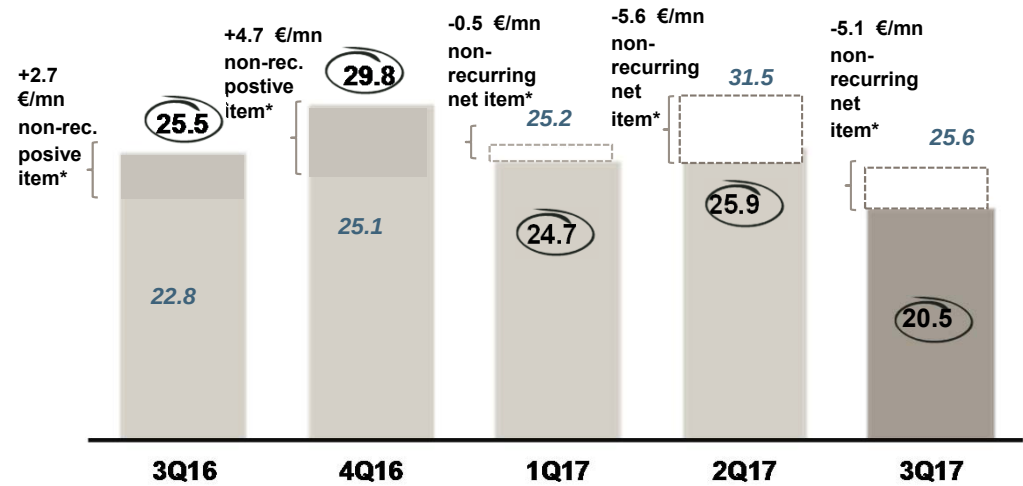


Note. Data stated as shown in the P&L (including non recurring items) - **Note:** Data excluding non recurring items

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

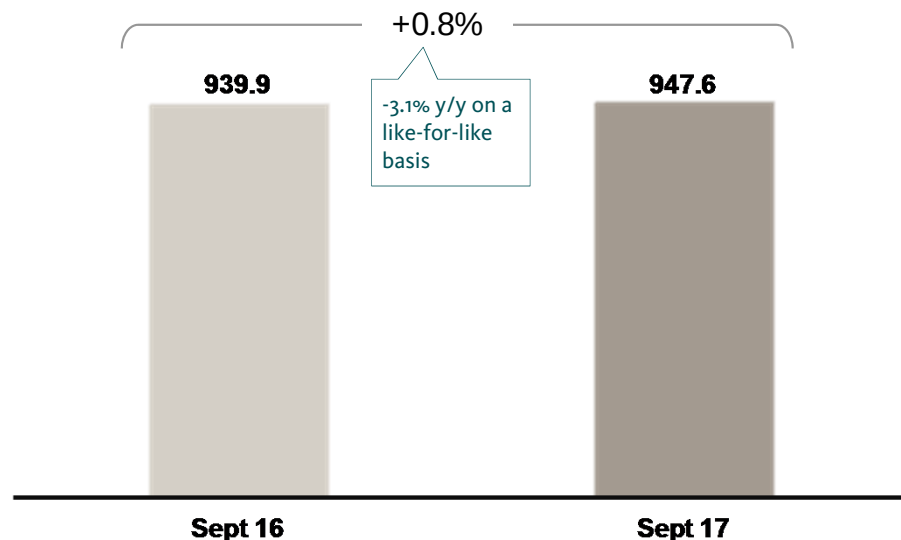
	Sept 16	Sept 17	Chg y/y (%)
Dividends	9.2	11.6	+27.0%
Trading income*	90.2	71.0	-21.3%
<i>Realized gain/loss</i>	84.3	37.7	-55.3%
<i>Plus</i>	17.2	38.2	+122.3%
<i>Minus</i>	-17.3	-7.4	-57.4%
<i>Others</i>	6.1	2.6	-57.5%
Total	99.4	82.6	-16.8%

Trading gains* excluding dividends (€/mn)

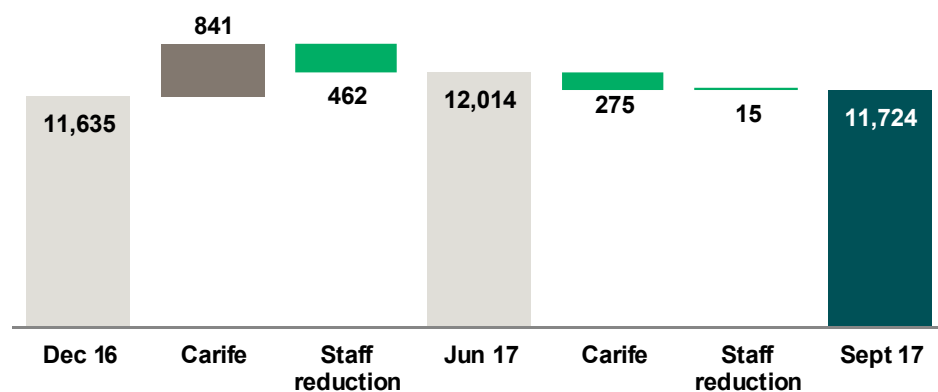


Operating costs reduction on a like-for-like basis thanks to effective cost management

Operating Costs (€/mn)



Number of employees



Operating costs breakdown (€/mn; %)

Operating costs (€/mn)	Sept 16	Sept 17	Chg y/y (%)
Staff expenses	574.4	577.3	+0.5%
Other administrative expenses	310.0	309.0	-0.3%
D&A	55.5	61.4	+10.6%
Operating costs	939.9	947.6	+0.8%
CR Saluzzo		15.1	
Nuova CaRiFe		21.7	
Operating costs on a like-for-like basis	939.9	910.9	-3.1%

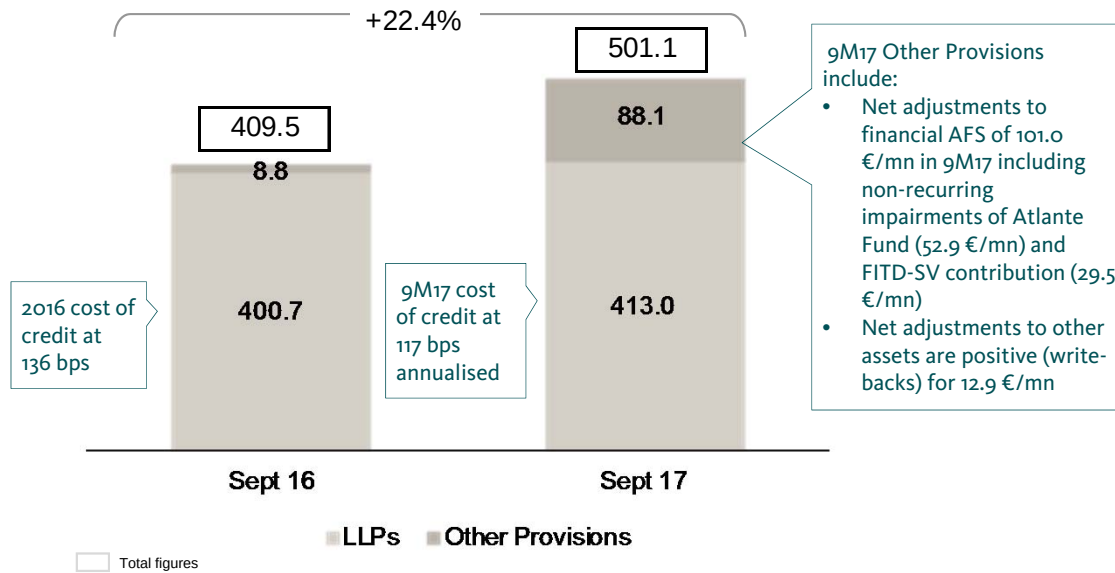
Other administrative expenses (€/mn; %)

Staff expenses (€/mn)	Sept 16	Sept 17	Chg y/y (%)
Staff expenses	574.4	577.3	+0.5%
CR Saluzzo		9.3	
Nuova CaRiFe		12.5	
Staff expenses on a like-for-like basis	574.4	555.5	-3.3%

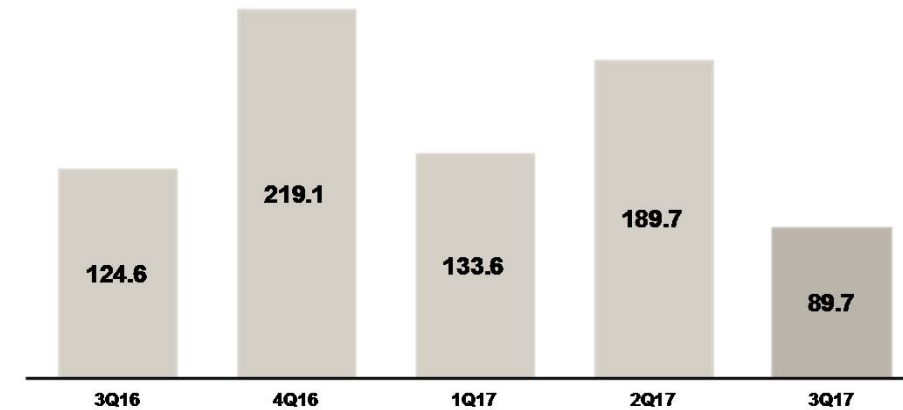
Other administrative expenses (€/mn)	Sept 16	Sept 17	Chg y/y (%)
Other administrative expenses	310.0	309.0	-0.3%
(o/w Business plan projects expenses*)	30.0	15.9	-47.0%
CR Saluzzo		5.1	
Nuova CaRiFe		8.5	
Other admin. exp. on a like-fo-like basis	310.0	295.3	-4.7%

Strong reduction of the cost of credit in 3Q17 to 19 bps (77 bps annualized)

Provisions breakdown (€/mn)

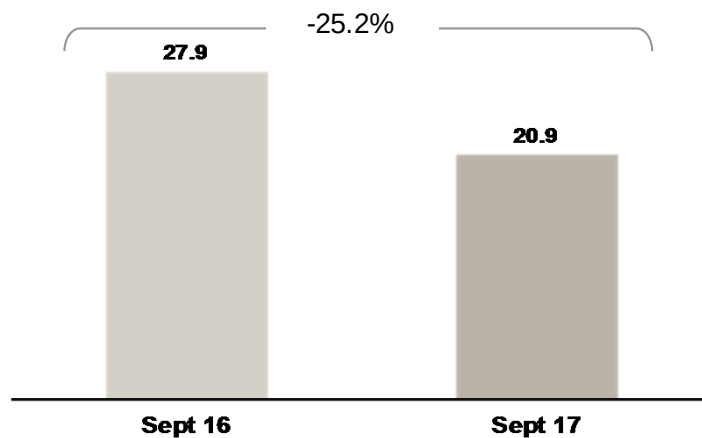


Loan Loss Provisions evolution (€/mn)



Cost of credit (bps)	29	48	29	40	19
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Net Provisions for Risks and Charges (€/mn)



Contribution to Funds (€/mn)

	Sept 16	Sept 17	Chg y/y (%)
Contribution to Funds o/w: ¹	33.0	36.2	+9.7%
SRF	15.1	16.0	6.0%
DGS	17.6	20.2	14.8%
Net contribution FITD-SV (Tercas)	0.3		

Agenda

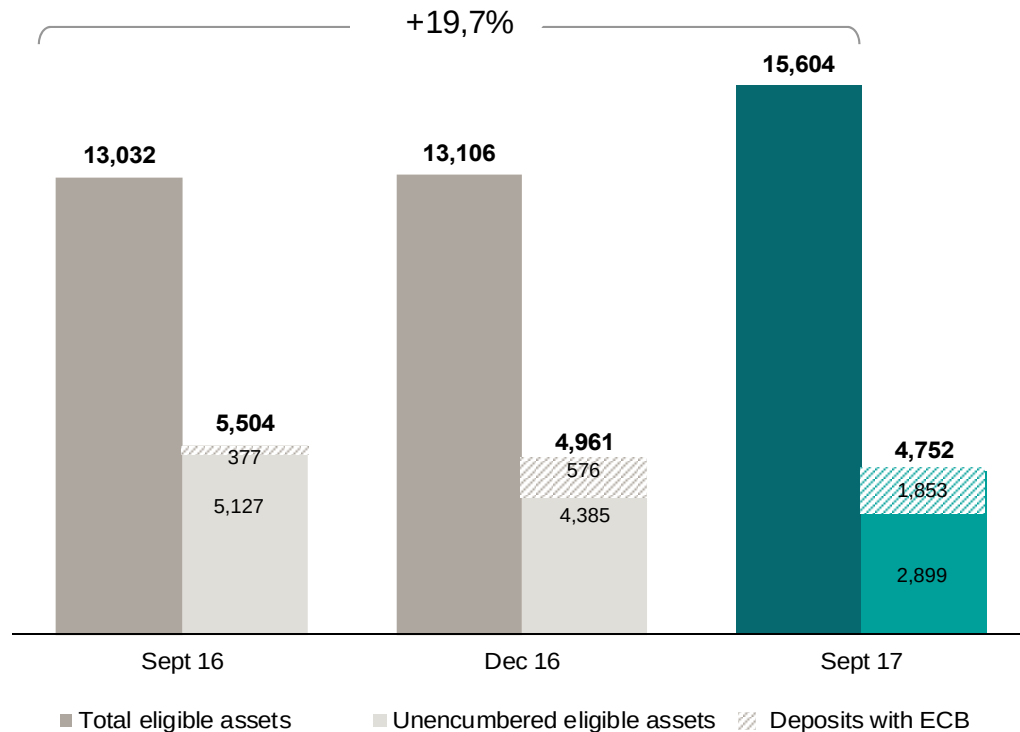
9M17 Results

- ☐ Executive summary
- ☐ NPE Strategy 2018-2020
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☒ Liquidity and capital adequacy
- ☐ Final remarks

Annexes

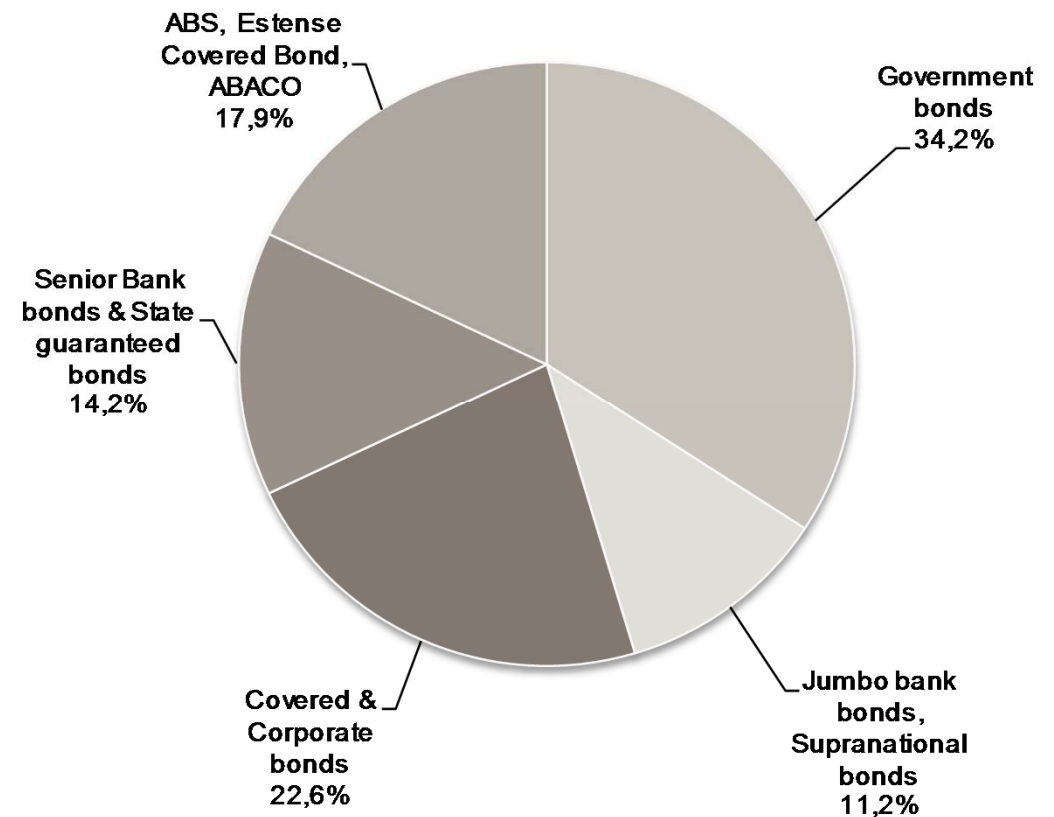
Strong liquidity position and high level of unencumbered eligible assets

Total eligible Assets evolution* (€/mn)



* Net of ECB haircuts

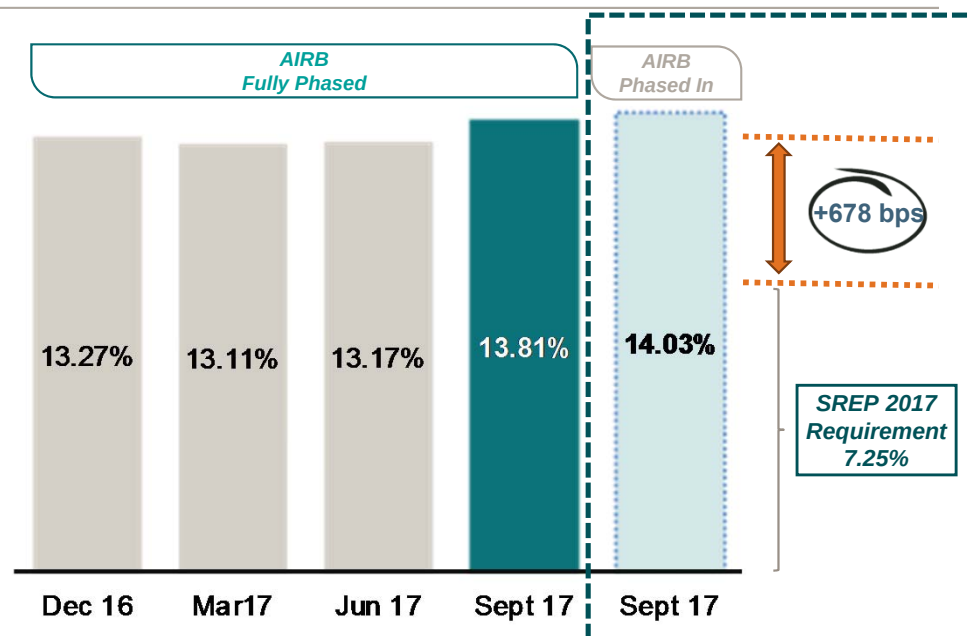
Eligible Assets Pool Composition (%)



- ECB exposure of 9.3 €/bn in Sept.'17 fully composed of 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%

Best-in-class capital position in the Italian banking system

B3 Common Equity Tier 1 Ratios (%) *



- CET1 ratio Fully Phased at 13.81% (13.17% in June.'17 and 13.27% in Dec.'16) up by 64 bps since June.'17 . In 3Q17, ECB authorized the removal of the add-on on RWA, requested when AIRB models were validated on Jun.'16, following the completion of remedial actions taken by the Bank
- Main changes in 3Q17 vs 2Q17:
 - increase of AFS reserve: c. +7 bps
 - retained earning increase and others: c. -2 bps
 - decrease of RWA: c. +59 bps
- B3 Leverage ratio Fully Phased at 6.1% one of the best vs peers

Regulatory capital & ratios

€/mn	B3 Fully Phased				
	Sept 16	Dec 16	Mar 17	Jun 17	Sept 17
	AIRB	AIRB	AIRB	AIRB	AIRB
Common Equity TIER 1	4,476	4,325	4,310	4,434	4,448
TIER 1	4,512	4,362	4,345	4,469	4,480
Own Funds	4,896	4,760	4,740	5,363	5,367
Total RWA	31,675	32,593	32,883	33,667	32,213
Common Equity TIER 1 Ratio	14.1%	13.3%	13.1%	13.2%	13.8%
TIER 1 Ratio	14.2%	13.4%	13.2%	13.3%	13.9%
Own Funds Ratio	15.5%	14.6%	14.4%	15.9%	16.7%

Capital requirements

Requirements as of Sept. 17	€/mn	%
Credit risk	2,217	86.0%
Credit Valuation Adjustment (CVA)	12	0.5%
Market risk	65	2.5%
Operating risks	283	11.0%
Total	2,577	100.0%

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Final remarks: delivering on asset quality and further enhancing of capital base

- Very solid capital position with a CET1 ratio Fully Phased close to 14%, despite the consolidation of Nuova Carife in Jun.'17
 - ✓ CET1 Fully Phased at 13,81% (13.17% in Jun.'17), best in class vs peers in Italy
- Effective NPE management strategy: strong commitment to continued reducing bad loans and improvement of recoveries, while maintaining a high NPE coverage
 - ✓ Gross NPE ratio down by c. 3 p.p. from 2016 peak and consistent coverage ratio at 47.7%
- Solid Net profit of 149,0 €/mn
 - ✓ Net operating income up 2.4% y/y on a like-for-like basis and excluding non-recurring items
- The Board of Directors approved the NPE Strategy¹ 2018-2020 with the aim of reducing significantly the NPE stock and improving the overall asset quality of the Group in line with the best practises on the market

Main 2020 targets of the NPE Strategy 2018-2020, even though still under in-depth analysis, are as follow:

- ✓ Gross NPE stock reduction of c. 35% from FY17 expected level mainly through bad loan disposals, internal workout and write-offs
- ✓ Gross and net NPE ratio respectively at c. 13.5% and 6.5%
- ✓ Amount of bad loans for disposals of c. GBV 3.0 €/bn within the timeframe of the Strategy, potentially in the securitization structures with GACS and concentrated in the first 12-18 months
- ✓ NPE coverage at c. 55%
- ✓ CET1 ratio greater than 12,0%
- ✓ Cost of credit lower than 60 bps annualized

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Reclassified consolidated Profit & Loss*

(€/mn)				2016				2017			
	Sept 16	Sept 17	Chg y/y (%)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	Chg q/q (%)
Net interest income	876.1	850.3	-2.9%	296.8	293.6	285.7	294.3	288.1	282.0	280.2	-0.6%
Net commissions	532.9	544.0	+2.1%	177.1	181.0	174.8	179.8	177.4	181.9	184.8	+1.6%
Core Income	1,409.0	1,394.4	-1.0%	473.9	474.6	460.5	474.1	465.5	463.9	465.0	+0.3%
Dividends	9.2	11.6	+27.0%	0.1	8.7	0.3	0.7	0.3	10.8	0.5	n.m
Trading gains	90.2	71.0	-21.3%	15.7	49.1	25.5	29.8	24.7	25.9	20.5	-20.8%
Other costs / revenues ¹	45.6	48.2	+5.7%	15.5	16.4	13.6	8.7	10.3	14.3	23.6	+64.8%
Operating Income	1,554.0	1,525.2	-1.9%	505.2	548.8	500.0	513.3	500.8	514.8	509.6	-1.0%
Staff expenses	-574.4	-577.3	+0.5%	-196.6	-201.7	-176.2	-194.7	-194.1	-191.6	-191.7	+0.1%
Administrative expenses ¹⁻²	-310.0	-309.0	-0.3%	-101.1	-102.8	-106.1	-107.3	-96.6	-104.9	-107.5	+2.5%
Depreciations & Amortizations	-55.5	-61.4	+10.6%	-17.1	-20.4	-17.9	-25.1	-18.7	-22.0	-20.7	-6.2%
Operating costs	-939.9	-947.6	+0.8%	-314.8	-324.9	-300.2	-327.1	-309.4	-318.4	-319.8	+0.4%
Net Operating Income	614.1	577.6	-6.0%	190.4	224.0	199.8	186.2	191.3	196.4	189.8	-3.4%
Loan loss provisions	-400.7	-413.0	+3.1%	-114.2	-161.9	-124.6	-219.1	-133.6	-189.7	-89.7	-52.7%
Other provisions	-8.8	-88.1	n.m	-7.3	0.4	-1.9	-41.5	-12.7	-52.4	-22.9	-56.3%
Total provisions	-409.5	-501.1	+22.4%	-121.5	-161.5	-126.4	-260.6	-146.3	-242.1	-112.7	-53.5%
Net Provisions for Risks and Charges	-27.9	-20.9	-25.2%	-9.6	-12.5	-5.8	-4.7	-5.7	-5.9	-9.3	+56.0%
Contribution to Funds (SRF, DGS, FITD-SV) ²	-33.0	-36.2	+9.4%	-15.0	-0.4	-17.6	-29.5	-18.1	2.1	-20.2	n.m
Net other income	1.6	142.2	n.m	3.2	-4.1	2.5	-26.2	3.7	133.6	4.9	-96.3%
Profit (loss) before taxes	145.3	161.6	+11.2%	47.4	45.4	52.4	-134.7	25.0	84.0	52.6	-37.5%
Taxes	-40.6	-13.5	-66.7%	-14.1	-13.7	-12.8	45.9	-7.7	17.9	-23.7	n.m
Net profit of assets under disp.	0.0	0.0	n.m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.m
Net profit (loss)	104.6	148.1	+41.5%	33.3	31.7	39.6	-88.8	17.3	102.0	28.9	-71.7%
Minority Interests	-3.5	0.9	-124.7%	-2.3	2.0	-3.2	1.9	-2.7	2.5	1.0	-59.4%
Profit (loss) for the period pertaining to the Parent Company	101.2	149.0	+47.2%	31.0	33.8	36.4	-86.9	14.6	104.5	29.9	-71.4%
cost / income	60.5%	62.1%		62.3%	59.2%	60.0%	63.7%	61.8%	61.9%	62.8%	
cost / (net interest income + net commissions)	66.7%	68.0%		66.4%	68.4%	65.2%	69.0%	66.5%	68.6%	68.8%	
cost of credit (bps)	92	88		26	37	29	48	29	40	19	
net profit / total income	6.7%	9.7%		6.6%	5.8%	7.9%	-17.3%	3.4%	19.8%	5.7%	
tax rate	28.0%	8.4%		29.7%	30.1%	24.5%	34.1%	31.0%	21.3%	45.1%	

Includes non-recurring items for an net amount of -11.2 €/mn in 9M17 and +32.9 €/mn profit for the sale of Visa in 9M16

Includes non-recurring impairments of Atlante Fund (52.9 €/mn) and FITD-SV (29.5 €/mn)

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

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

Item	Caption (Bank of Italy Format; Circular n. 262/2005)	€/mn	Description
2017			
Non-recurring items			
3Q17			
	Administrative expense (Caption 180-b)	-20.9	Contribution to Interbank Deposit Guarantee Fund ("FITD-SV")
	Net impairment adjust. to loans (Cap. 100-a)	-5.1	Loss on disposal of loans
2Q17			
	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 Basilichi
	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
1Q17			
	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
	Total Plus	+137.6	
	Total Minus	-100.6	
Other items			
3Q17	Administrative expense (Caption 180-b)	-20.2	Ordinary contribution to the Deposits Guarantee Schemes ("DGS")
2Q17	Administrative expense (Caption 180-b)	+2.1	Write-back from Single Resolution Fund ("SRF")
1Q17	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 9M17 balance sheet are the following:

•**Profit & Loss** - Net interest and other banking income 15.4 €/mn (o/w NNI 9.8 €/mn, net commission 5.6 €/mn); operating costs 14.9 €/mn (o/w staff expenses 9.3 €/mn and other administrative expenses 5.2 €/mn), loan loss provisions 3.1 €/mn, taxes + 0.6 €/mn, net loss 1.4 €/mn.

Nuova Carife's P&L has been included in BPER Banca Group's consolidated P&L since 30 June 2017 (3Q17). The main items of Nuova Carife's 9M17 balance sheet are the following:

•**Profit & Loss** - Net interest and other banking income 12.3 €/mn (o/w NNI 5.6 €/mn, net commission 6.7 €/mn); operating costs 21.7 €/mn (o/w staff expenses 12.5 €/mn and other administrative expenses 8.5 €/mn), loan loss provisions 2.3 €/mn, taxes + 0.2 €/mn, net loss 15.1 €/mn.

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

Item	Caption (Bank of Italy Format; Circular n. 262/2005)	€/mn	Description
2016	Non-recurring items		
	2Q16	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 (Tercas)
		Net adjustments to loans (Caption 130-d)	+11.0 Write-back from Interbank Deposit Guarantee Fund (Tercas)
	3Q16	Gain on disposal of financial assets AFS (Cap. 100-b)	+2.7 Capital gain from VISA Europe disposal
	4Q16	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")
		Total Plus	+48.6
		Total Minus	-109.9
	Other items		
	1Q16	Administrative expense (Caption 180-b)	-15.0 Ordinary contribution to the Single Resolution Fund ("SRF")
	2Q16	Administrative expense (Caption 180-b)	-0.1 Ordinary contribution to the Single Resolution Fund ("SRF")
	3Q16	Administrative expense (Caption 180-b)	-17.6 Ordinary contribution to the Deposits Guarantee Schemes ("DGS")
	4Q16	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
		Total Plus	+5.5
		Total Minus	-32.7

Assets & Liabilities: reclassified balance sheet

Assets (€/mn)¹

€/mn	Sept 16	Dec 16	Mar 17	Jun 17	Sept 17	Var vs Dec '16 (%)
Customer Loans	43,630	45,494	45,694	46,997	46,907	+3.1%
Securities Portfolio	13,370	13,710	14,663	14,952	15,454	+12.7%
<i>of which AFS</i>	<i>10,009</i>	<i>10,433</i>	<i>11,211</i>	<i>11,609</i>	<i>12,003</i>	<i>+15.0%</i>
Equity Investments, Properties & Intangibles	1,891	1,901	1,895	2,014	2,020	+6.3%
Other current assets	2,618	2,520	2,372	3,053	2,877	+14.2%
Total Assets	61,509	63,625	64,624	67,015	67,258	+5.7%

Liabilities & Shareholders' equity (€/mn)²

€/mn	Sept 16	Dec 16	Mar 17	Jun 17	Sept 17	Var vs Dec '16 (%)
Customer Deposits	45,574	47,748	46,602	48,628	49,311	+3.3%
Net Interbank Position	7,229	8,131	9,628	9,028	9,716	+19.5%
Other Funds & Liabilities	2,988	2,190	2,858	3,724	2,547	+16.3%
Shareholders' equity	5,718	5,556	5,535	5,635	5,684	+2.3%
Total Liabilities	61,509	63,625	64,624	67,015	67,258	+5.7%

(1) Total Assets shown as net of loans to banks

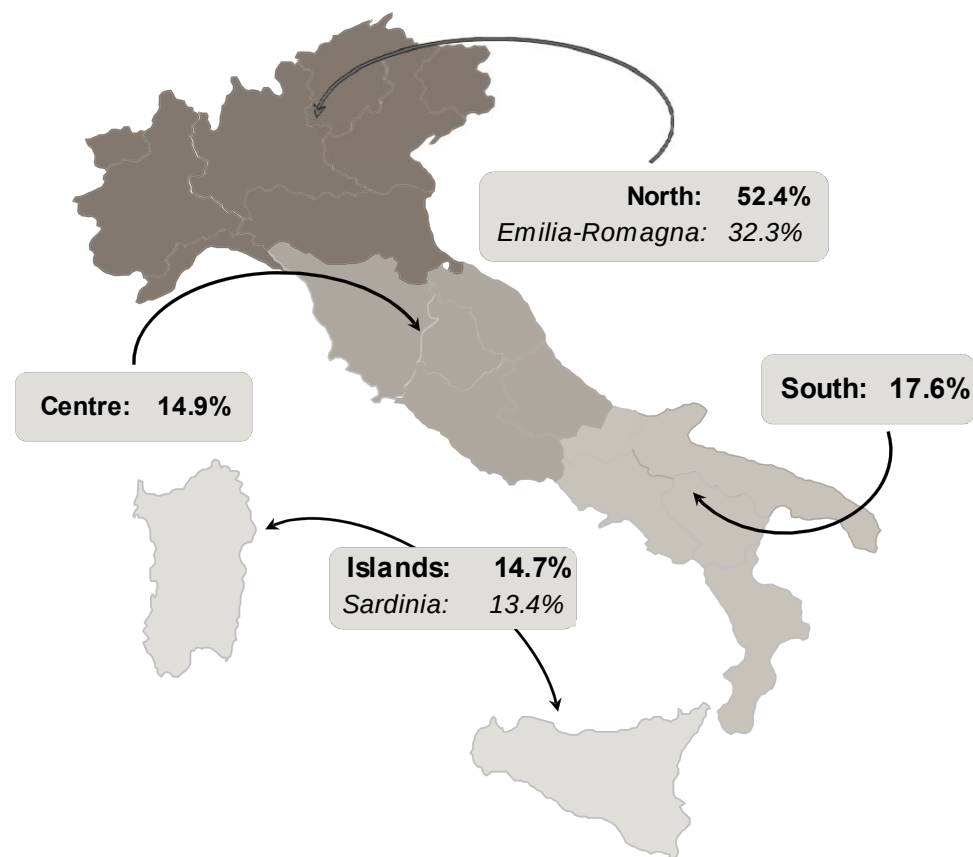
(2) Total Liabilities inclusive of "Net Interbank Position" (Due to banks - Loans to banks)

Customer loans: portfolio composition

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

Business sector	Sep 17	% on Total	Δ % vs Dec 16
Manufacturing	7,005	14.9%	-2.0%
Wholesale and retail services, recoveries and repairs	5,049	10.8%	-3.0%
Constructions	3,726	7.9%	-4.5%
Real Estate	3,460	7.4%	+1.3%
HORECA*	1,475	3.1%	-3.7%
Agriculture, forestry and fishing	1,484	3.2%	+7.8%
Other	6,119	13.0%	-0.8%
Total loans to resident non-financial businesses	28,319	60.4%	-1.5%
Non-resident, non-financial companies	205	0.4%	+44.9%
Total loans to non-financial businesses	28,524	60.8%	-1.3%
Households	12,768	27.2%	+10.8%
Total loans to financial businesses	5,615	12.0%	+10.5%
Total Customers Loans	46,907	100.0%	+3.1%

Customer loans breakdown by geographical distribution¹(%)



Asset quality breakdown

Gross exposures (€/mn)	Sept 16		Dec 16		Mar 17		Jun 17		Sept 17		Chg Y/Y	
	%		%		%		%		%		Abs.	Chg (%)
Non Performing Exposures (NPEs)	11,277	23.1%	11,174	22.1%	11,035	21.7%	11,032	21.1%	10,853	20.8%	-424	-3.8%
<i>Bad loans</i>	6,963	14.3%	7,039	13.9%	7,025	13.8%	7,108	13.6%	7,127	13.6%	164	+2.4%
<i>Unlikely to pay loans</i>	4,103	8.4%	3,977	7.9%	3,856	7.6%	3,716	7.1%	3,576	6.8%	-527	-12.8%
<i>Past due loans</i>	211	0.4%	158	0.3%	154	0.3%	208	0.4%	150	0.3%	-61	-28.9%
Gross performing loans	37,459	76.9%	39,481	77.9%	39,866	78.3%	41,333	78.9%	41,423	79.2%	3,964	+10.6%
Total gross exposures	48,736	100.0%	50,655	100.0%	50,901	100.0%	52,365	100.0%	52,276	100.0%	3,540	+7.3%

Adjustments to loans (€/mn)	Sept 16		Dec 16		Mar 17		Jun 17		Sept 17		Chg Y/Y	
	coverage (%)		coverage (%)		coverage (%)		coverage (%)		coverage (%)		Abs.	Chg (%)
Adjustments to NPEs	4,926	43.7%	4,976	44.5%	5,030	45.6%	5,172	46.9%	5,176	47.7%	250	+5.1%
<i>Bad loans</i>	3,996	57.4%	4,030	57.2%	4,085	58.1%	4,176	58.8%	4,206	59.0%	210	+5.3%
<i>Unlikely to pay loans</i>	912	22.2%	934	23.5%	933	24.2%	980	26.4%	953	26.7%	41	+4.5%
<i>Past due loans</i>	18	8.6%	12	7.8%	12	8.0%	16	7.9%	17	11.2%	-1	-5.6%
Adjustments to performing loans	180	0.5%	184	0.5%	178	0.4%	196	0.5%	193	0.5%	13	+7.2%
Total adjustments	5,106	10.5%	5,160	10.2%	5,208	10.2%	5,368	10.3%	5,369	10.3%	263	+5.2%

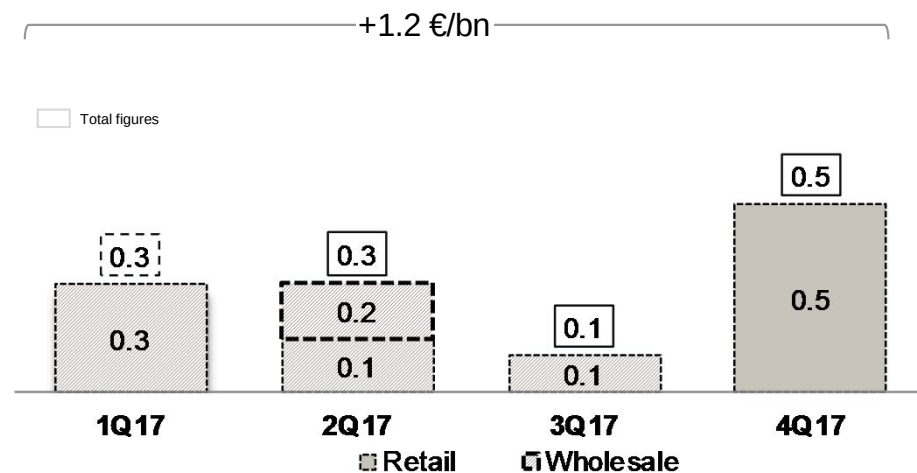
Net exposures (€/mn)	Sept 16		Dec 16		Mar 17		Jun 17		Sept 17		Chg Y/Y	
	%		%		%		%		%		Abs.	Chg (%)
Non Performing Exposures (NPEs)	6,351	14.6%	6,197	13.6%	6,006	13.1%	5,860	12.5%	5,676	12.1%	-675	-10.6%
<i>Bad loans</i>	2,967	6.8%	3,009	6.6%	2,941	6.4%	2,932	6.2%	2,921	6.2%	-46	-1.6%
<i>Unlikely to pay loans</i>	3,191	7.3%	3,043	6.7%	2,923	6.4%	2,736	5.8%	2,622	5.6%	-569	-17.8%
<i>Past due loans</i>	193	0.4%	145	0.3%	142	0.3%	192	0.5%	133	0.3%	-60	-31.1%
Net performing loans	37,279	85.4%	39,297	86.4%	39,688	86.9%	41,137	87.5%	41,231	87.9%	3,952	+10.6%
Total net exposures	43,630	100.0%	45,494	100.0%	45,694	100.0%	46,997	100.0%	46,907	100.0%	3,277	+7.5%

Bonds maturities and issues details

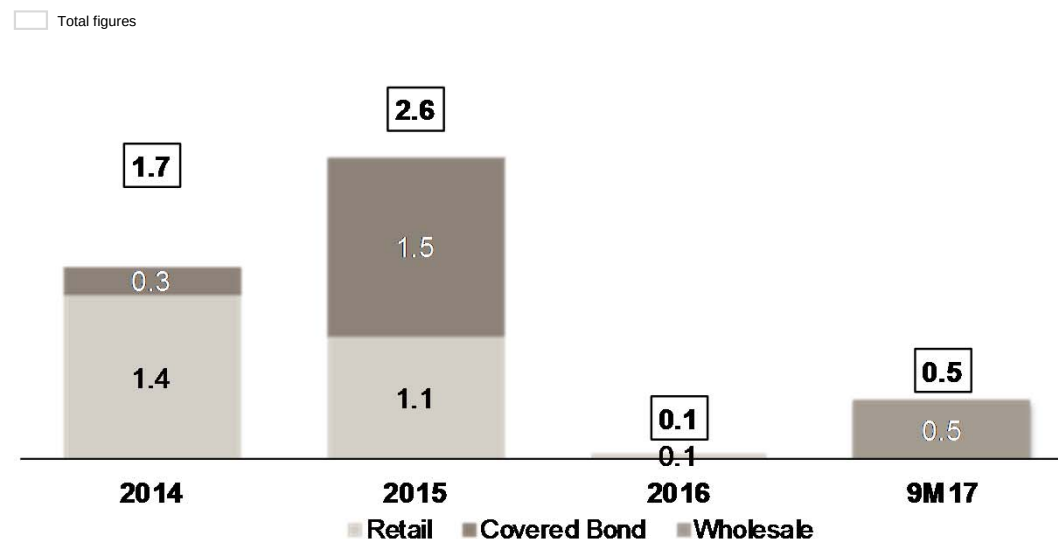
Outstanding bonds (€/bn)

	Sept 16	Dec 16	Sept 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	3.7	3.4	2.8	-17.6%	-24.3%
<i>o/w subordinated bonds</i>	0.5	0.5	0.4	-20.0%	-20.0%
Total bonds	6.4	6.1	5.8	-4.9%	-9.4%

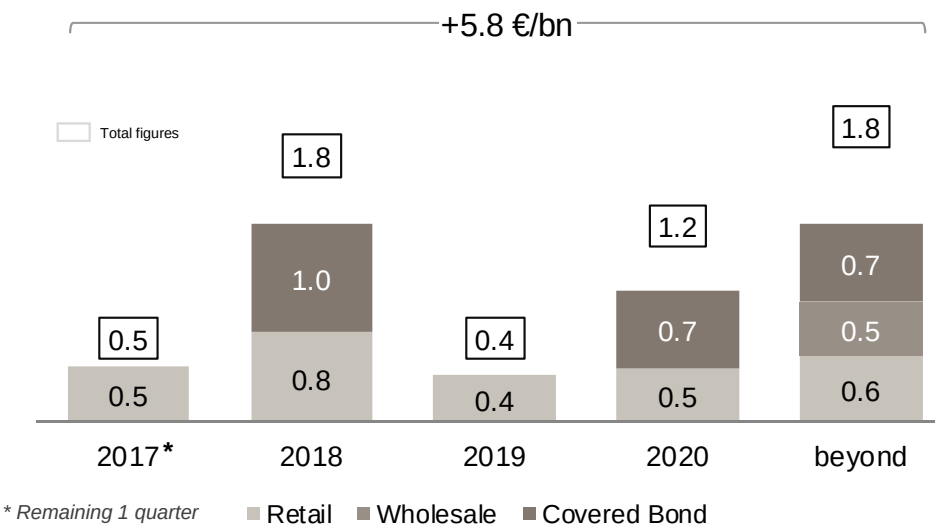
2017 Bonds maturities (€/bn)



Bonds issued (€/bn)

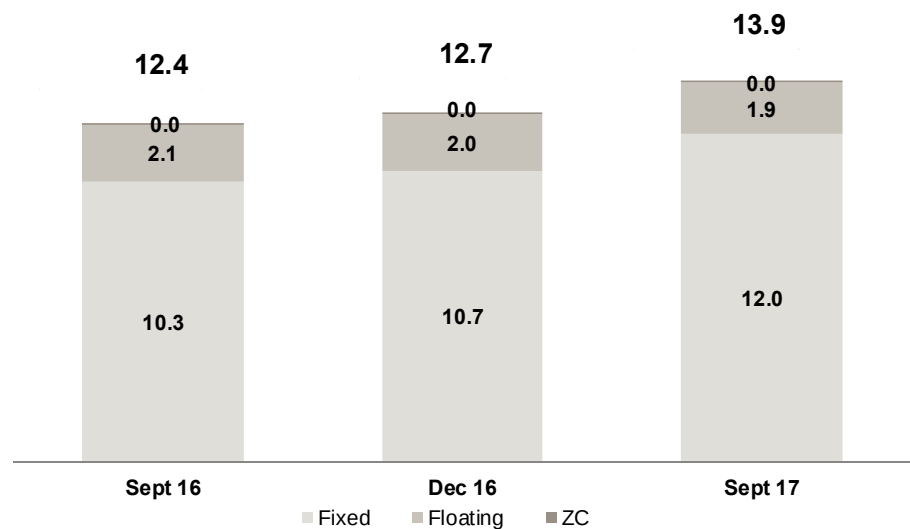


Bonds maturities breakdown (€/bn)

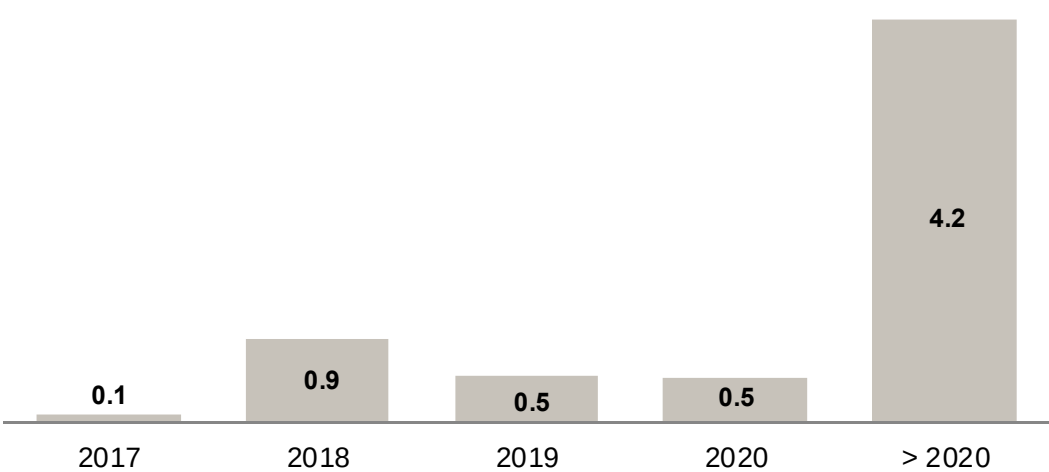


Financial Assets details

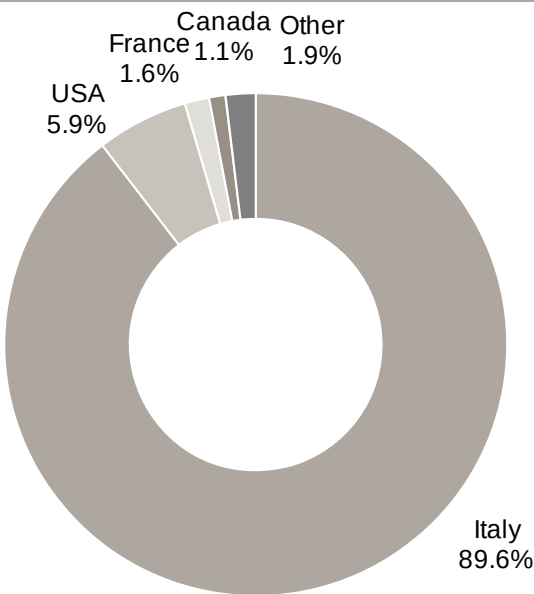
Bond PTF by coupon (€/bn)*



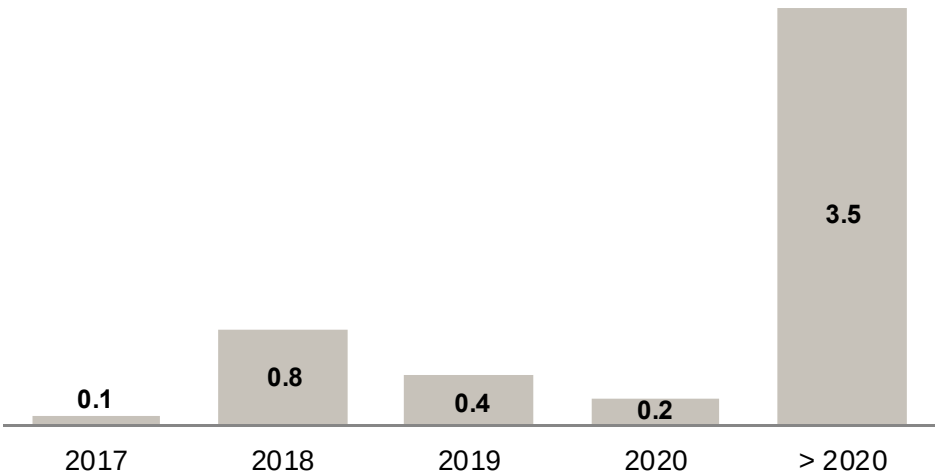
Bonds PTF Maturities¹ (€/bn)*



Govies PTF Geographical breakdown (%)



Govies Maturities¹ (€/bn)*



(1) Figures are shown as per nominal values
(*) Figures from data management system, excluding Nuova Carife

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	Sept 17 like-for-like basis	YTD Chg (%) like-for-like basis	Nuova Carife	Sept 17 consolidated	YTD Chg (%) consolidated
Direct Funding	47,748	47,462	-0.6%	1,848	49,311	+3.3%
Indirect Funding	32,871	34,108	+3.8%	1,420	35,528	+8.1%
Assets under custody	16,585	15,911	-4.1%	426	16,337	-1.5%
Assets under management	16,286	18,197	+11.7%	994	19,191	+17.8%
Total funding	80,619	81,570	+1.2%	3,269	84,839	+5.2%
Bancassurance (stock)	4,350	4,511	+3.7%	138	4,649	+6.9%

Direct Funding breakdown pro-forma (€/mn)

€/mn	Dec 16 consolidated	Sept 17 like-for-like basis	YTD Chg (%) like-for-like basis	Nuova Carife	Sept 17 consolidated	YTD Chg (%) consolidated
Current accounts and sight deposits	32,331	32,758	+1.3%	1,530	34,287	+6.1%
Time deposits	2,220	2,095	-5.6%	103	2,198	-1.0%
Repurchase agreements	1,780	1,880	+5.6%	0	1,880	+5.6%
Other short-term loans	2,582	2,599	+0.7%	128	2,727	+5.6%
Bonds	6,156	5,858	-4.8%	62	5,919	-3.8%
- subscribed by institutional customers	2,688	3,040	+13.1%	17	3,057	+13.7%
- subscribed by retail customers	3,468	2,818	-18.7%	45	2,863	-17.4%
Certificates	92	79	-14.3%	0	79	-14.3%
Certificates of deposit	2,588	2,194	-15.2%	26	2,220	-14.2%
Direct customer deposits	47,748	47,463	-0.6%	1,849	49,311	+3.3%

Focus Nuova Carife (2/2)

Customer loans breakdown pro-forma(€/mn)

€/mn	Dec 16 consolidated	Sept 17 like-for- like basis	YTD Chg (%) like-for-like basis	Nuova Carife	Sept 17 consolidated	YTD Chg (%) consolidated
Current accounts	5,392	5,079	-5.8%	123	5,202	-3.5%
Mortgage loans	26,488	27,612	+4.2%	817	28,429	+7.3%
Repurchase agreements	0	0	n.m.	0	0	n.m.
Leases and factoring	3,373	3,384	+0.3%	166	3,549	+5.2%
Debt securities	322	264	-18.1%	4	268	-16.9%
Other transactions	9,919	9,304	-6.2%	155	9,459	-4.6%
Net loans to customers	45,494	45,643	+0.3%	1,264	46,907	+3.1%
Gross loans to customers	50,654	50,885	+0.5%	1,391	52,276	+3.2%

Asset quality breakdown pro-forma

	€/mn	Dec 16 consolidated	Sept 17 like-for-like basis	YTD Chg (%) like-for-like basis	Nuova Carife	Sept 17 consolidated	YTD Chg (%) consolidated
TOTAL LOANS	Gross	50,654	50,885	0.5%	1,391	52,276	3.2%
	Net	45,494	45,642	0.3%	1,265	46,907	3.1%
	Coverage (%)	10.2%	10.3%	0.1%	9.0%	10.3%	0.1%
Bad loans	Gross	7,039	7,093	0.8%	34	7,127	1.3%
	Net	3,009	2,915	-3.1%	7	2,921	-2.9%
	coverage (%)	57.25%	58.91%	1.7%	80.4%	59.0%	1.8%
Unlikely to pay loans	Gross	3,977	3,486	-12.3%	90	3,576	-10.1%
	Net	3,043	2,606	-14.4%	16	2,622	-13.8%
	coverage (%)	23.49%	25.23%	1.7%	82.1%	26.7%	3.2%
Past Due	Gross	158	109	-31.0%	41	150	-5.1%
	Net	145	97	-33.1%	36	133	-8.3%
	Coverage (%)	7.8%	10.6%	2.8%	12.7%	11.2%	3.4%
NPEs	Gross	11,174	10,688	-4.3%	165	10,853	-2.9%
	Net	6,197	5,618	-9.3%	59	5,677	-8.4%
	Coverage (%)	44.5%	47.4%	2.9%	64.4%	47.7%	3.2%
Performing loans	Gross	39,481	40,197	1.8%	1,226	41,423	4.9%
	Net	39,297	40,024	1.9%	1,206	41,231	4.9%
	Coverage (%)	0.5%	0.4%	-0.1%	1.6%	0.5%	0.0%

Performance ratios

<i>Financial ratios</i>	30.09.2017	2016 (*)
Structural ratios (%)		
net loans to customers/total assets	66.73%	70.03%
net loans and advances to customers/direct deposits from customers	95.12%	95.28%
financial assets/total assets	21.98%	21.11%
fixed assets/total assets	2.14%	2.13%
goodwill/total assets	0.51%	0.55%
direct deposits/total assets	88.29%	88.07%
deposits under management/indirect deposits	54.02%	49.55%
financial assets/tangible equity	2.99	2.72 (1)
total tangible assets/tangible equity	13.50	12.80 (2)
net interbank lending/borrowing (in thousands of Euro)	(9,716,383)	(8,130,867)
number of employees	11,724	11,635
number of national bank branches	1,282	1,200
Profitability ratios (%)		
ROE	4.09%	0.30%
ROTE	4.57%	0.33%
ROA (net profit/total assets)	0.21%	0.17%
Cost/income ratio	62.13%	60.48% (3)
Net adjustments to loans/net loans to customers	0.88%	0.92%
Basic EPS	0.310	0.210
Diluted EPS	0.310	0.210
Risk ratios (%)		
non-performing exposures/net loans to customers	12.10%	13.62%
net bad loans/net loans to customers	6.23%	6.61%
net unlikely to pay loans/net loans to customers	5.59%	6.69%
net past due loans/net loans to customers	0.28%	0.32%
adjustments to non-performing exposures/gross non-performing exposures	47.69%	44.54%
adjustments to bad loans/gross bad loans	59.01%	57.25%
adjustments to unlikely to pay loans/gross unlikely to pay loans	26.67%	23.49%
adjustments to past due loans/gross past due loans	11.19%	7.80%
adjustments to performing exposures/gross performing exposures	0.46%	0.47%
texas ratio	104.90%	111.61% (4)

<i>Financial ratios</i>	30.09.2017	2016 (*)
Own Funds (Phased in)		
Common Equity Tier 1 (CET1)	4,517,994	4,497,645
Own Funds	5,440,861	4,958,045
Risk-weighted assets (RWA)	32,213,222	32,593,235
Capital and liquidity ratios		
Common Equity Ratio (CET1 Ratio) - Phased in	14.03%	13.80%
Tier 1 Ratio (T1 Ratio) - Phased in	14.11%	13.89%
Total Capital Ratio (TC Ratio) - Phased in	16.89%	15.21%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	13.81%	13.27%
Leverage Ratio - Phased in	6.2%	6.7% (5)
Leverage Ratio - Fully Phased	6.1%	6.5% (6)
Liquidity Coverage Ratio (LCR)	113.0%	102.0%
Net Stable Funding Ratio (NSFR)	n.a.	104.3% (7)

<i>Non-financial ratios</i>	30.09.2017	2016 (*)
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,206.01	4,103.82
loans and advances to customers per employee	4,000.96	3,910.11
assets managed per employee	1,636.86	1,399.75
assets administered per employee	1,393.51	1,425.44
core revenues per employee	118.93	123.32 (8)
net interest and other banking income per employee	125.98	132.02
operating costs per employee	81.58	84.56

(*) 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 September 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 64.76% (64.05% as at 30 September 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, is in any case estimated to exceed 100% (106.3% as at 30 June 2017 and 104.3% as at 31 December

(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 92,364 thousand at 30 September 2017 and Euro 88,869 thousand at 30 September 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 September 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) of Euro 20,221 thousand, representing the amount requested from the Luxembourg subsidiary for the first half of the year (Euro 16 thousand) and an estimate of the amount that will be requested from Italian banks by the end of the year (Euro 20,205 thousand);

Note that the comparative figures at 30 September 2016 have been restated compared with those included in the consolidated interim report at 30 September 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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