



FY16 consolidated results

Alessandro Vandelli - Chief Executive Officer

9th February 2017

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The Manager responsible for preparing the Company’s financial reports, Emilio Annovi, declares, in accordance with art. 154-bis., para. 2, of the “Consolidated Financial Services Act” (Legislative Order No. 58/1998), that the accounting information contained in this document corresponds to documentary records, ledgers and accounting entries.

Emilio Annovi

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

☐ Balance sheet structure

☐ Profit and loss

☐ Liquidity and capital adequacy

☐ Final remarks

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Executive summary

- **Best in class capital position with low leverage and strong liquidity ratios**
 - ✓ CET1 ratio “Phased In” of 13.8% as of 31 Dec.’16 (13.3% Fully Phased)¹
 - ✓ Excess capital buffer of 655 bps (+2.1 €/bn) vs minimum regulatory requirement (*SREP 2017* at 7.25%)
 - ✓ B3 Leverage ratio Phased In at 6.7% one of the best vs peers; strong liquidity position with LCR and NSFR well above 100%
- **Proposal for a cash dividend of 6 €/cents per share**
- **FY16 Net profit at 71.5 €/mn (62.1 €/mn in 2015) excluding non-recurring items and contributions relative to the Italian banking system²**
- **Asset quality improvement continues along with a conservative approach in the provisioning policy to maintain a high NPEs coverage ratio:**
 - ✓ Gross NPEs and bad loans down respectively by 1.9% and 1.0% since Dec.’15 also thanks to bad loans disposals of c. 700 €/mn in 2016 confirming BPER’s priority aim to reduce the stock
 - ✓ NPEs inflows from performing loans down by 6.1% y/y (-32.5% vs 2014)
 - ✓ Bad loans inflows down by 5.4% y/y (-34.5% vs 2014)
 - ✓ NPEs cash coverage ratio still high at 44.5% (+32 bps vs 2015) in spite of significant bad loans disposals; unlikely to pay coverage at 23.5% up by 161 bps vs 2015
 - ✓ Significant increase of flows from NPEs return to performing loans: +16.9% y/y confirming improving efficiency in NPEs management
- **Net customer loans up by 3.0% y/y on a like-for-like basis³ and excluding bad loans disposals in 2016**
- **A new Business plan will be launched by next summer in light of the currently different economic, market and interest rates environment vs previous Business Plan assumptions**

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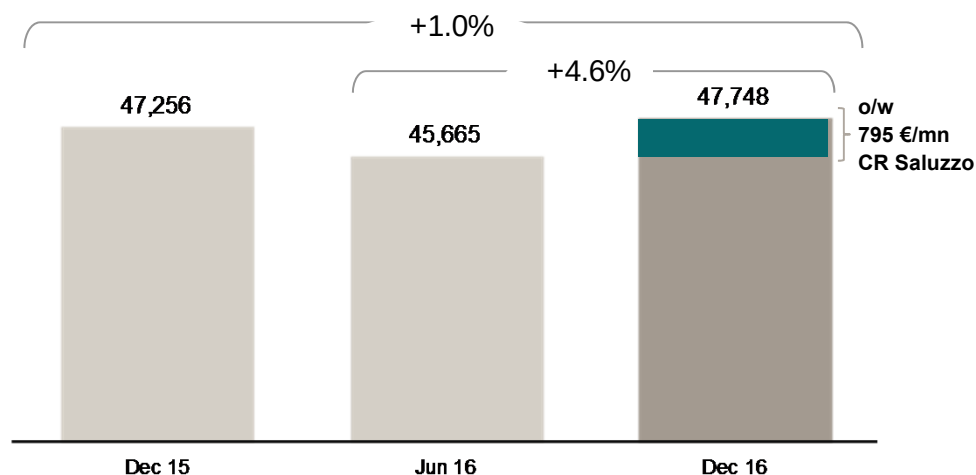
☐ Liquidity and capital adequacy

☐ Final remarks

Annexes

Direct funding

Total Direct Funding (€/mn)

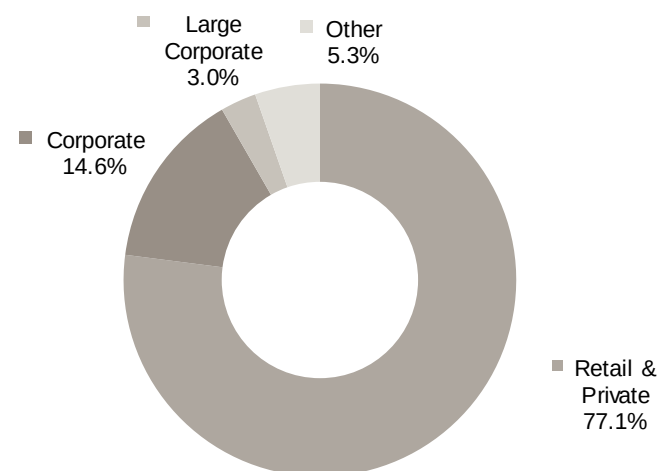


- Direct funding at 47.7 €/bn up by 1.0% since Dec.'15 (+0.5 €/bn) in spite of a significant increase of AuM/Bancassurance business; retail bonds decline -20.2% y/y (no replacement of expired bonds)
- Current accounts and sight deposits up by 11.4% (+3.3 €/bn) since Dec.'15
- Decrease of expensive funding from customers both short term (time deposits -8.4% since Dec. '15) and mid-long term (retail bonds and CDs down respectively -30.4% and -27.1% since Dec. '15)
- Total wholesale funding and Covered bonds account for 2.7 €/bn in Dec.'16 (5.6% of the total direct funding). Wholesale bond maturities in 2017 of 0.2 €/bn providing flexibility to the Group's funding strategy

Direct Funding breakdown (%)

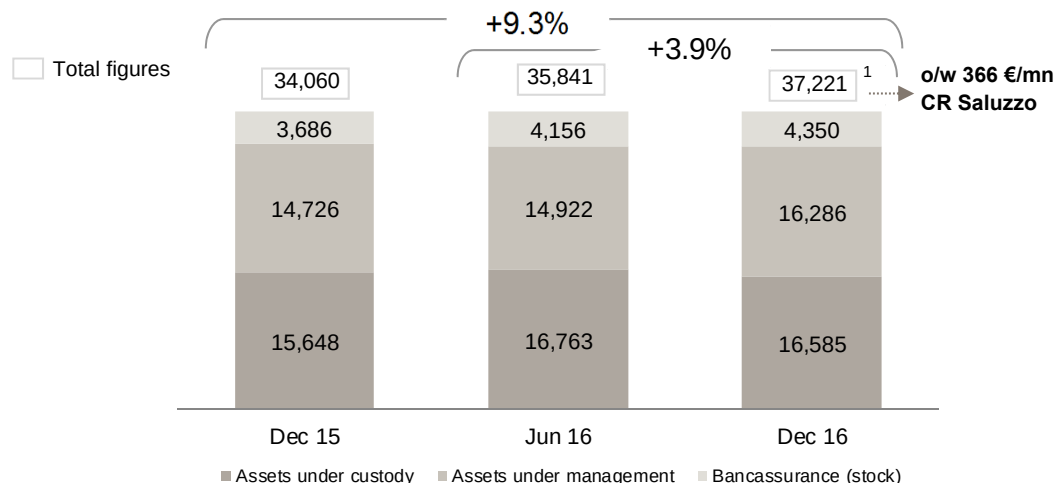
€/mn	Dec 15	Dec 16	Chg vs Dec 15 (%)
Current accounts and sight deposits	29,019	32,331	+11.4%
Time deposits	2,424	2,220	-8.4%
Repurchase agreements	1,863	1,780	-4.4%
Other short-term loans	2,582	2,582	-0.0%
Bonds	7,719	6,156	-20.2%
- subscribed by institutional customers	2,737	2,688	-1.8%
- subscribed by ordinary customers	4,982	3,468	-30.4%
Certificates	100	92	-8.1%
Certificates of deposit	3,549	2,588	-27.1%
Direct customer deposits	47,256	47,748	+1.0%
o/w CR Saluzzo	0	795	n.m.

Direct Funding breakdown by customer segment (%)



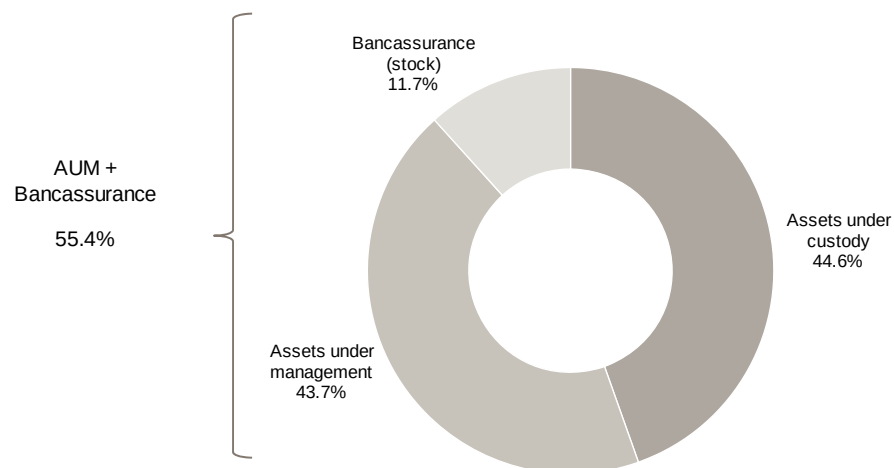
Indirect deposits and “Bancassurance”*

Total Indirect Deposits and Bancassurance (€/mn)

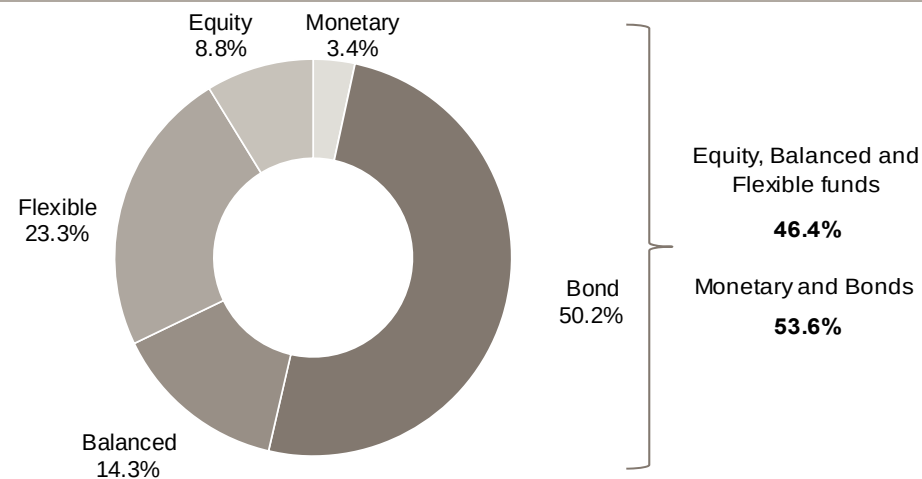


- Indirect deposits and Bancassurance* up by 9.3% since Dec.'15 (3.2 €/bn):
 - AuM up by 10.6% since Dec.'15 (+1.6 €/bn); positive net inflows (+1.1 €/bn) in 2016 in spite of volatile market trends
 - significant growth in Bancassurance* up by 18.0% (+0.7 €/bn) since Dec.'15
 - AuC up by 6.0% (0.9 €/bn) since Dec.'15 mainly due to institutional clients inflows
 - Monetary and Bonds funds weigh at 53.6% of total AuM (up from 48.3% in Dec.'15), in consequence of volatile financial markets and flight to quality (Equity, Balanced, Flexible funds at 46.4% down from 51.7% in Dec.'15)

Total Indirect Deposits and Bancassurance composition (%)

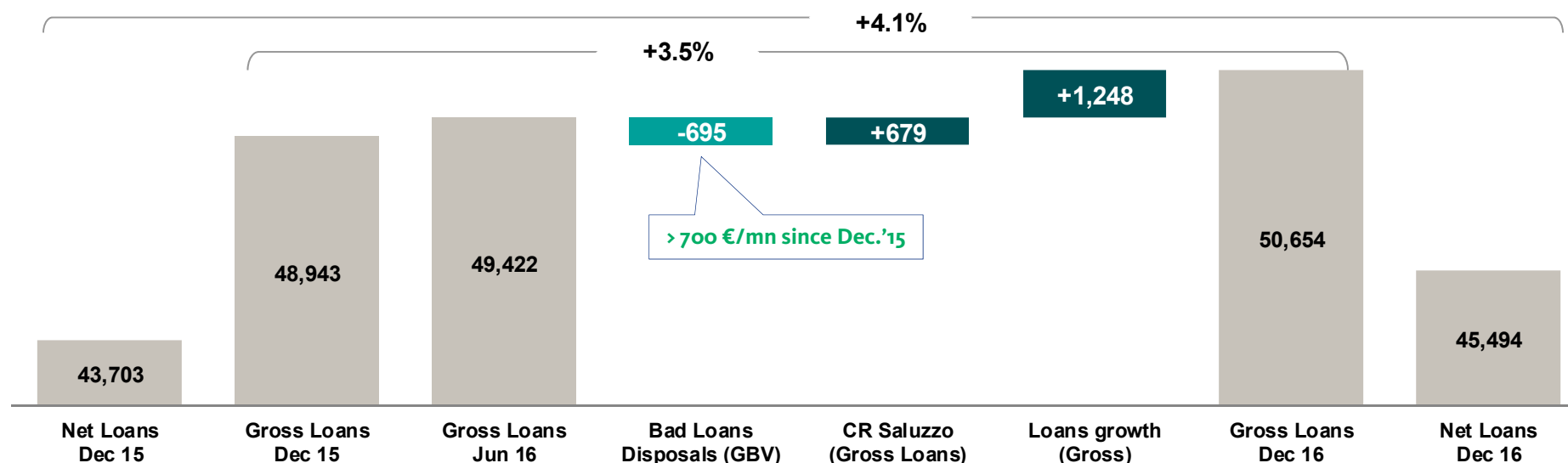


AUM composition (%)



Customer loans

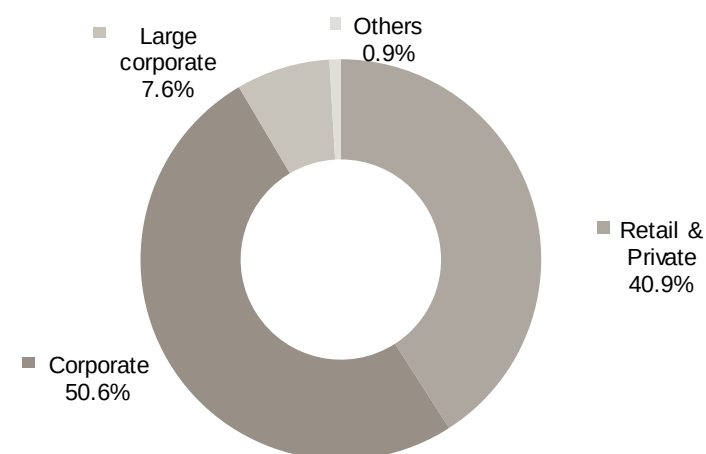
Customer loans (€/mn)



Customer loans breakdown (net figures; €/mn)

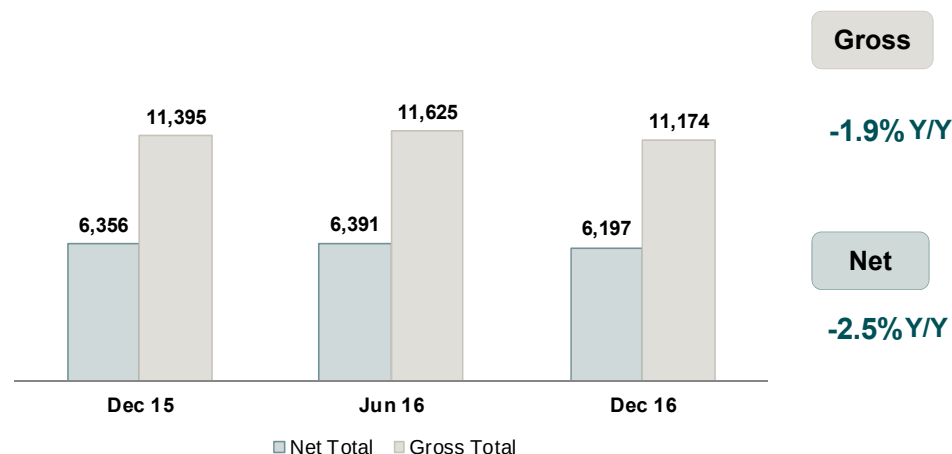
€/mn	Dec 15	Dec 16	Chg vs Dec 15 (%)
Current accounts	5,880	5,392	-8.3%
Mortgage loans	25,082	26,488	+5.6%
Leases and factoring	3,353	3,373	+0.6%
Debt securities	349	322	-7.6%
Other transactions	9,039	9,919	+9.7%
Net loans to customers	43,703	45,494	+4.1%
o/w CR Saluzzo	0	606	n.m.
Net loans to customers on a like-for-like basis¹ and excluding bad loans disposals in 2016	43,703	45,012	+3.0%

Customer loans breakdown by customer segment (%)



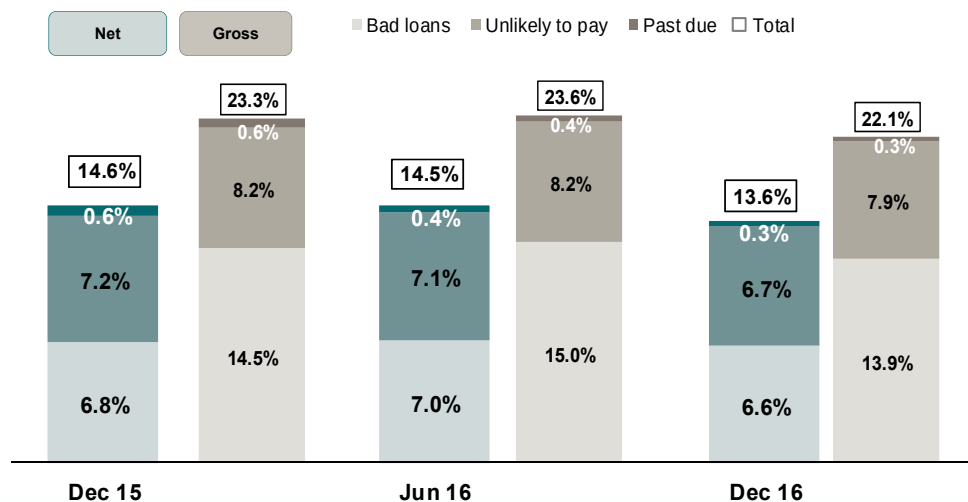
Non-performing exposures (1/2): breakdown and coverage ratios

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



- Gross NPEs down by 221 €/mn y/y (-1.9% y/y) mainly thanks to bad loans disposals in 2016 of c. 700 €/mn GBV
- Gross bad loans ("Sofferenze") down by 1.0% y/y
- Gross NPEs stock on total loans down to 22.1% from 23.3% in Dec.'15
- Cash coverage ratio on NPEs further strengthening at 44.5% (44.2% in Dec.'15) increased in spite of bad loans disposals. In detail:
 - bad loans coverage at 57.3% (58.2% in Dec.'15)
 - Unlikely to pay coverage increased to 23.5% in Dec.'16 (21.9% in Dec.'15)
 - past due at 7.8% in Dec.'16 (10.0% in Dec.'15)
- 88.5% of total net NPEs are collateralized (78.4% fully collateralized)

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

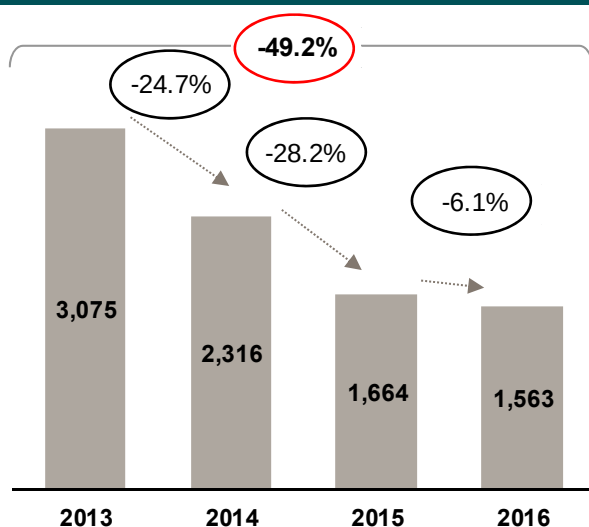


Cash coverage trend (%)

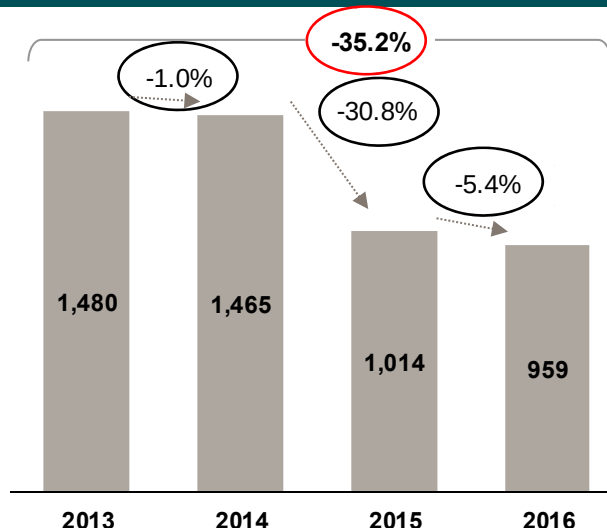
	Dec 15	Mar 16	Jun 16	Sept 16	Dec 16
Bad loans ("Sofferenze")	58.2%	58.1%	58.5%	57.4%	57.3%
<i>including write-off</i>	64.4%	64.2%	64.3%	63.1%	62.9%
Unlikely to pay	21.9%	22.1%	22.1%	22.2%	23.5%
Past due	10.0%	9.1%	8.2%	8.6%	7.8%
NPEs	44.2%	44.6%	45.0%	43.7%	44.5%
<i>including write-off</i>	49.7%	50.0%	50.1%	48.6%	49.4%
Performing exposures	0.5%	0.5%	0.5%	0.5%	0.5%
Total loans	10.7%	10.8%	11.0%	10.5%	10.2%

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

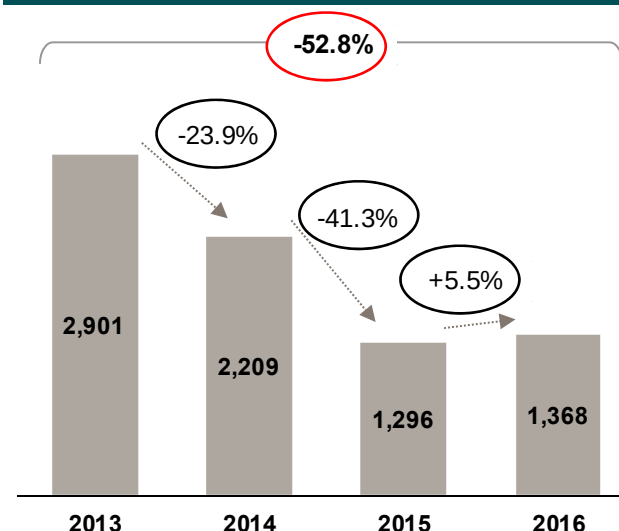
Gross NPEs inflows (€/mn)



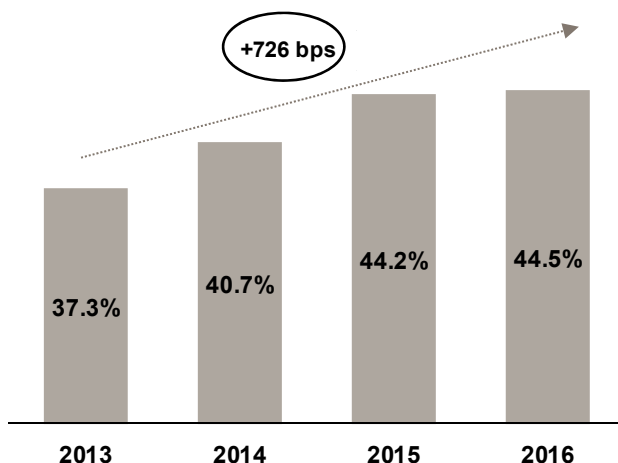
Gross Bad Loans inflows (€/mn)



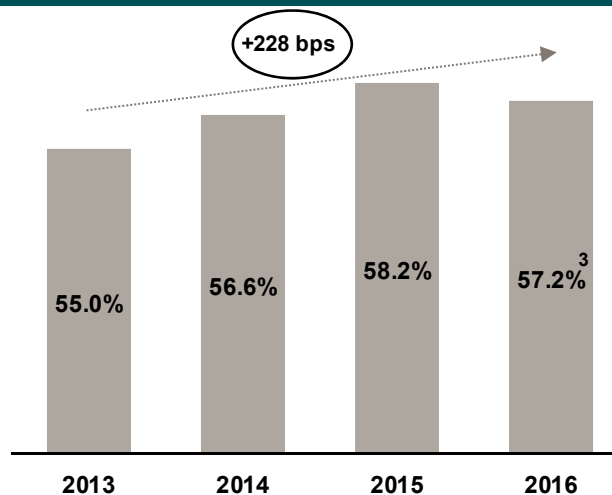
Gross Unlikely to pay inflows¹ (€/mn)



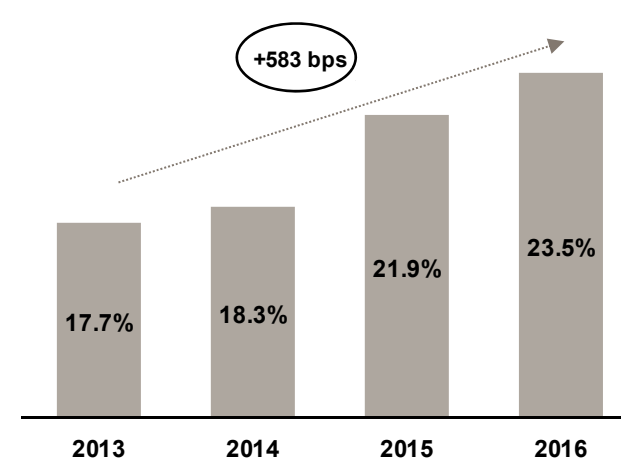
Cash NPEs coverage ratio (%)



Cash Bad Loans coverage ratio² (%)



Cash Unlikely to pay coverage ratio (%)



Financial Assets

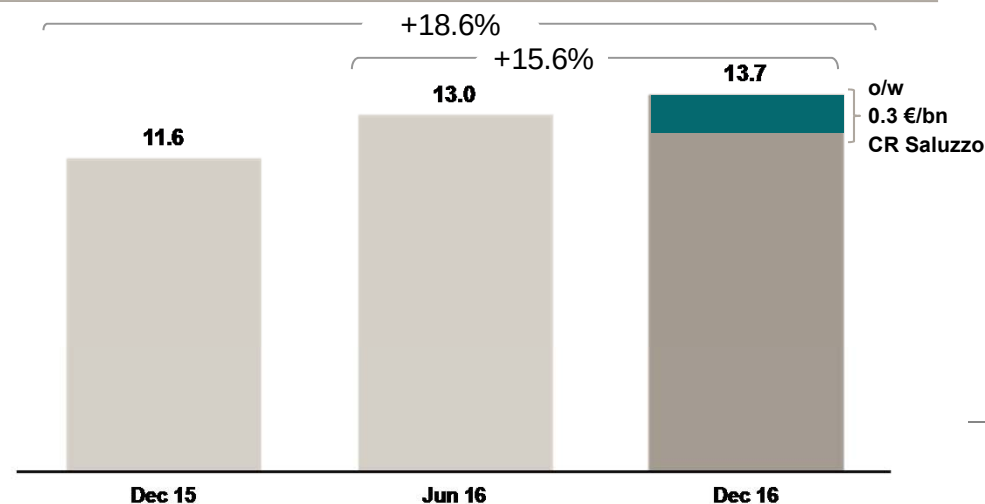
Financial Assets breakdown (€/mn; %)

€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	353	32	9,855	2,516	12,756	93.0%
Equity	65		303		368	2.7%
Funds and Sicav	69	52	272		393	2.9%
Other*	190		3		193	1.4%
Total	677	84	10,433	2,516	13,710	100.0%
Total as of 31.12.2015	790	87	8,022	2,664	11,563	
Chg YTD (%)	-14.4%	-2.7%	+30.1%	-5.6%	+18.6%	

* Derivatives for hedging purposes related to HFT portfolio

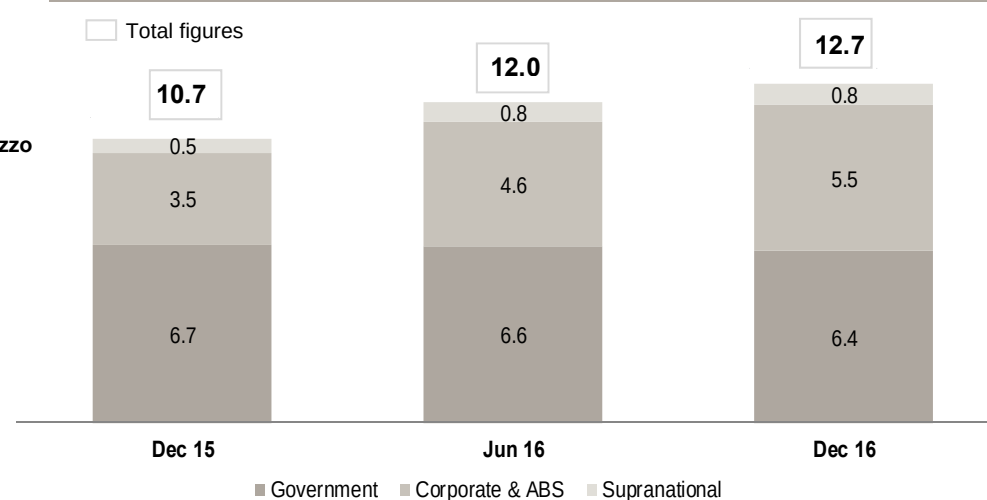
Note: 362.8 €/mn of Loans and Receivables (banks and customers) not included

Financial Assets (€/bn)



- Financial assets portfolio at 13.7 €/bn, up by 2.1 €/bn since Dec.'15
- Bond portfolio at 12.47 €/bn of which 5.9 €/bn of Italian Government bonds (6.3 €/bn in Dec.'15) with a duration of 3.0y (3.3y in Dec.'15)¹
 - Italian govies account for 116.5% of tangible shareholders' equity in Dec.'16 significantly down from 122.7% in Dec.'15
- Positive AFS reserves at 108.4 €/mn (net of taxes) in Dec.'16 of which 37.3 €/mn on government bonds (respectively 161.8 €/mn and 90.2 €/mn in Dec.'15)
- Implicit positive reserves of 121.8 €/mn in Dec.'16 on HTM portfolio (net of taxes) calculated as difference between the fair value and the book value (130 €/mn in Dec.'15)

Bond portfolio by issuer (€/bn)



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2016 Reclassified consolidated Profit & Loss ⁽¹⁾

Captions	(€/mn)	Dec 15	Dec 16	Chg y/y (%)	2015				2016			
					1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
10+20	Net interest income	1,227.5	1,170.4	-4.7%	314.1	308.4	302.0	303.0	296.8	293.6	285.7	294.3
40+50	Net commissions	726.7	712.7	-1.9%	179.2	180.6	177.9	189.0	177.1	181.0	174.8	179.8
	Core Income	1,954.2	1,883.1	-3.6%	493.3	489.0	479.9	492.0	473.9	474.6	460.5	474.1
70	Dividends	16.0	9.9	-38.1%	0.2	13.6	0.5	1.7	0.1	8.7	0.3	0.7
80+90+100+110	Trading gains	347.9	120.0	-65.5%	46.1	15.5	20.4	266.0	15.7	49.1	25.5	29.8
220 (*)	Other costs / revenues	52.5	54.2	+3.3%	15.4	9.3	12.3	15.5	15.5	16.4	13.6	8.7
	Operating Income	2,370.6	2,067.3	-12.8%	555.0	527.3	513.0	775.2	505.2	548.8	500.0	513.3
180 a)	Staff expenses	-825.1	-769.1	-6.8%	-199.3	-196.9	-232.4	-196.5	-196.6	-201.7	-176.2	-194.7
180 b) (*) & (**)	Administrative expenses	-400.6	-417.2	+4.1%	-93.6	-103.4	-95.7	-107.9	-101.1	-102.8	-106.1	-107.3
200+210	Depreciations & Amortizations	-80.2	-80.6	+0.4%	-17.3	-17.1	-17.5	-28.3	-17.1	-20.4	-17.9	-25.1
	Operating costs	-1,305.9	-1,267.0	-3.0%	-310.3	-317.4	-345.6	-332.7	-314.8	-324.9	-300.2	-327.1
	Net Operating Income	1,064.6	800.3	-24.8%	244.8	210.0	167.4	442.5	190.4	224.0	199.8	186.2
130 a)	Loan loss provisions	-705.8	-619.8	-12.2%	-147.5	-150.2	-127.2	280.9	-114.2	-161.9	-124.6	-219.1
130 b)+c)+d)	Other provisions	-32.0	-39.3	+22.9%	-2.5	-7.5	-7.9	-14.1	-7.3	11.4	-1.9	-41.5
	Total provisions	-737.8	-659.1	-10.7%	-150.0	-157.8	-135.2	-295.0	-121.5	-150.6	-126.4	-260.6
190	Net Provisions for Risks and Charges	-47.4	-32.6	-31.1%	-14.1	-12.4	-6.6	-14.3	-9.6	-12.5	-5.8	-4.7
(**) Contribution to Funds (SRF, DGS, FITD-SV)		-66.3	-73.5	+10.8%	0.0	-10.3	-8.9	-47.2	-15.0	-11.4	-17.6	-29.5
240+260+270	Net other income	0.4	-24.6	n.m.	-1.8	7.2	-6.8	1.8	3.2	-4.1	2.5	-26.2
280	Profit (loss) before taxes	213.5	10.5	n.m.	78.9	36.7	10.1	87.9	47.4	45.4	52.4	-134.7
290	Taxes	5.7	5.3	-7.8%	-27.2	-7.4	-2.3	42.6	-14.1	-13.7	-12.8	45.9
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	0.0
320	Net profit (loss)	219.2	15.8	n.m.	51.7	29.3	7.7	130.5	33.3	31.7	39.6	-88.8
330	Minority Interests	1.4	-1.5	n.m.	-6.5	-1.3	1.7	7.6	-2.4	2.0	-3.2	1.9
340	Profit (loss) for the period pertaining to the Parent Company	220.7	14.3	n.m.	45.2	28.0	9.4	138.1	31.0	33.8	36.4	-86.9
	Profit excluding non recurring items	46.1	55.1	+19.5%								
	Profit ex. non rec. items & Contribution to Funds	62.1	71.5	+15.1%								
	cost / income	55.1%	61.3%		55.9%	60.2%	67.4%	42.9%	62.3%	59.2%	60.0%	63.7%
	cost / (net interest income + net commissions)	66.8%	67.3%		62.9%	64.9%	72.0%	67.6%	66.4%	68.4%	65.2%	69.0%
	cost of credit (bps)	162	136		34	35	29	64	26	37	29	48
	net profit / total income	9.2%	0.8%		9.3%	5.6%	1.5%	16.8%	6.6%	5.8%	7.9%	-17.3%
	tax rate	2.7%	50.0%		34.5%	20.1%	23.0%	48.5%	29.7%	30.1%	24.5%	34.1%

CR Saluzzo's P&L has been included in BPER Banca Group's consolidated P&L since 1 October 2016; 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 interest²

Growth of profitability excluding non recurring items and contribution to Funds³

Note: n.m.: Not meaningful; Figures in this page may not add exactly due to rounding differences

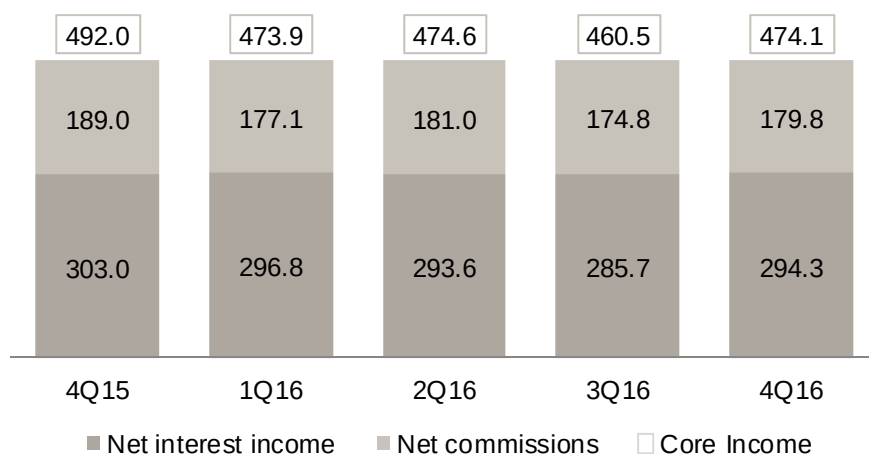
Core income

Core income (€/mn; %)

(€/mn)	Dec 15	Dec 16	Chg y/y	
			Abs	%
Net interest income	1,227.5	1,170.4	-57.1	-4.7%
Net commissions	726.7	712.7	-14.0	-1.9%
Core Income	1,954.2	1,883.1	-71.1	-3.6%

- Core income down by 3.6% y/y (-71.1 €/mn). Net Interest Income (NII) down by 4.7% still affected by the low/negative interest rates environment. Net commissions down by 1.9% impacted by the reduction of fees income related to traditional commercial business.
- 4Q16 Core income up vs 3Q16 (+3.0% q/q)
- Progressive re-mix in favour of net commissions (37.8% in Dec.'16 vs 37.2% in Dec.'15)

Core income evolution (€/mn)

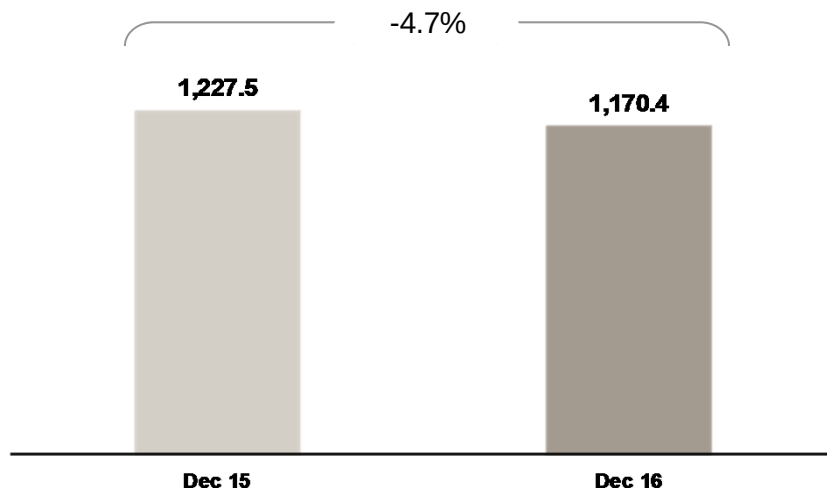


Core income breakdown (%)

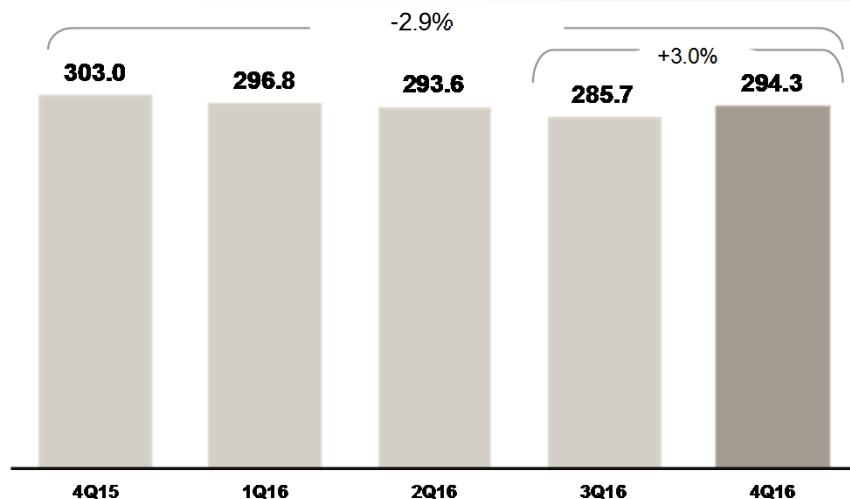
(%)	Dec 15	Dec 16
Net interest income	62.8%	62.2%
Net commissions	37.2%	37.8%
Core Income	100.0%	100.0%

Core income (1) : Net Interest Income

Net Interest Income (€/mn)

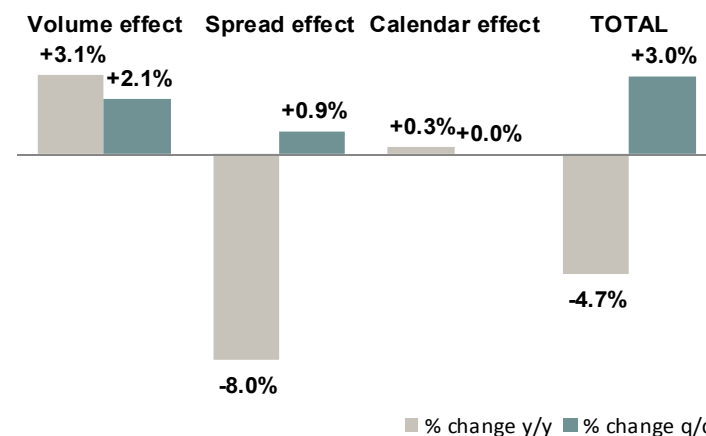


Net Interest Income evolution (€/mn)



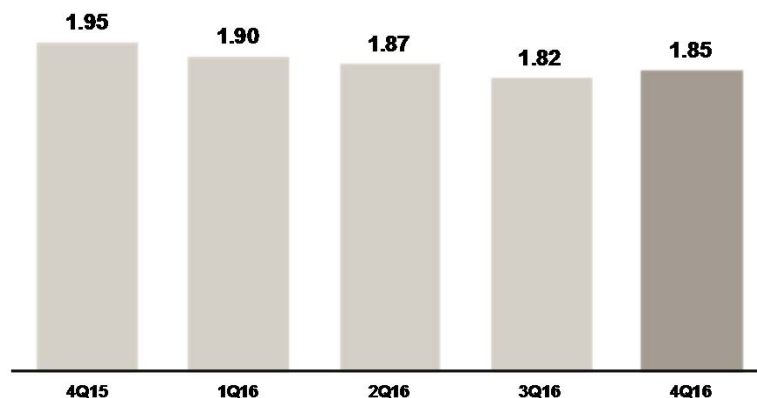
- NII down by 4.7% y/y mainly due to the effects of low/negative interest rates environment and up by 3.0% q/q
- Main trends:
 - increasing pressure on asset yield only partially offset by reduction of cost of funding
 - spread up by 3 bps q/q affected by:
 - the benefit from the ECB “sweetener” for 8.3 €/mn accounted in 4Q16 on 5.1 €/bn ECB TLTRO2 exposure¹
 - the inclusion of CR Saluzzo in the Group.
 - positive volume effect mainly due to increase of customer loans and financial assets.
 - securities portfolio contribution to NII of 203.3 €/mn in 2016 up by 1.7% y/y (200.0 €/mn in 2015)

Net Interest Income contribution* (%)

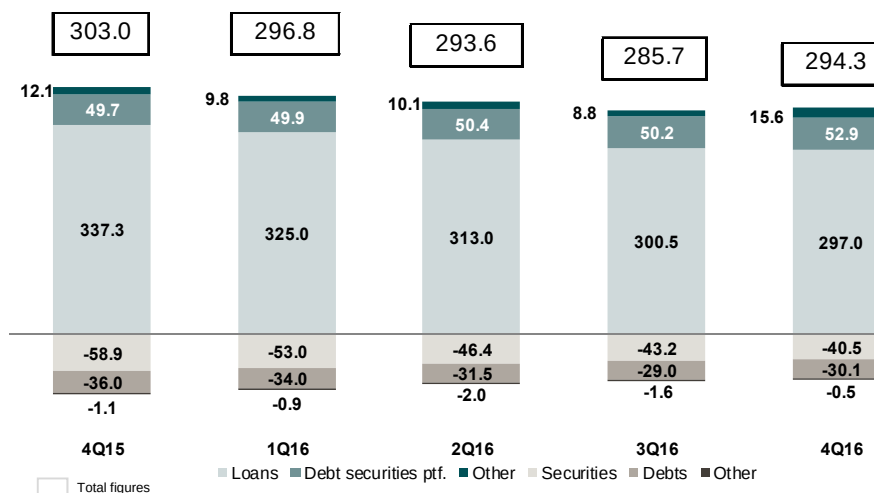


Core income (2): Net Interest Income - Spread evolution

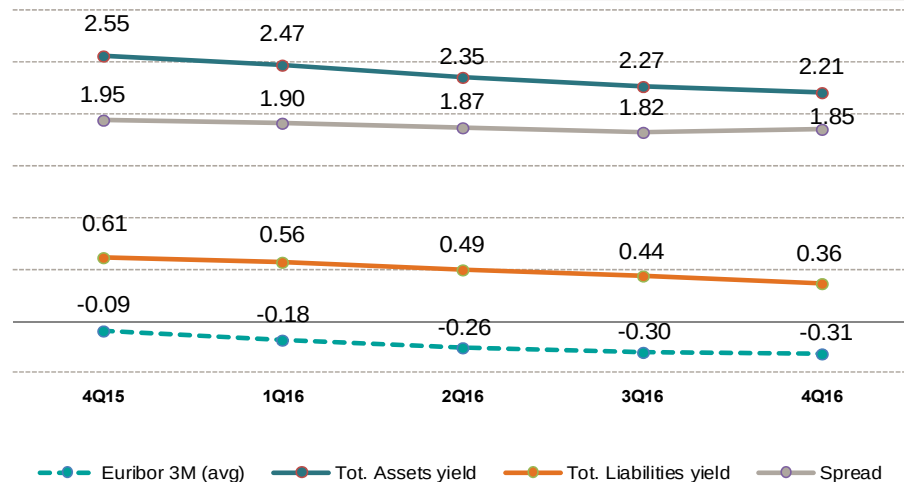
Spread (%)



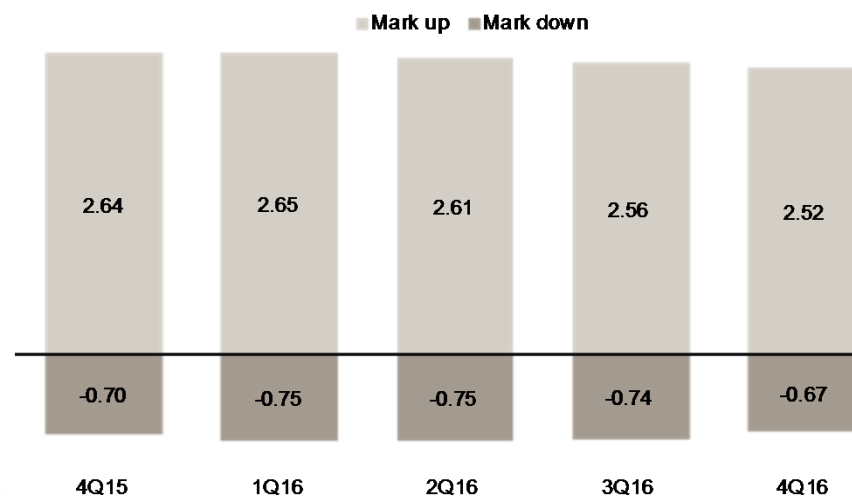
Net Interest Income contribution¹ (€/mn)



Spread contribution (%)

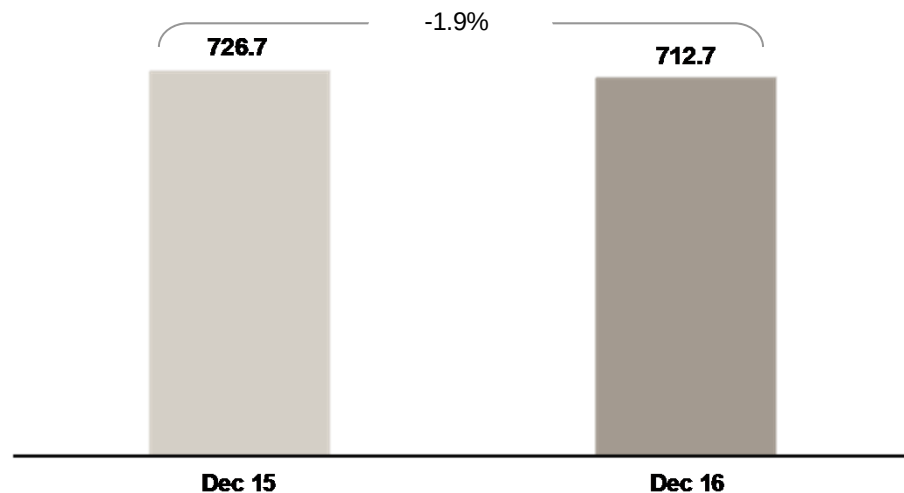


Mark up & mark down (%)



Core income (3): Net Commissions

Net Commissions (€/mn)



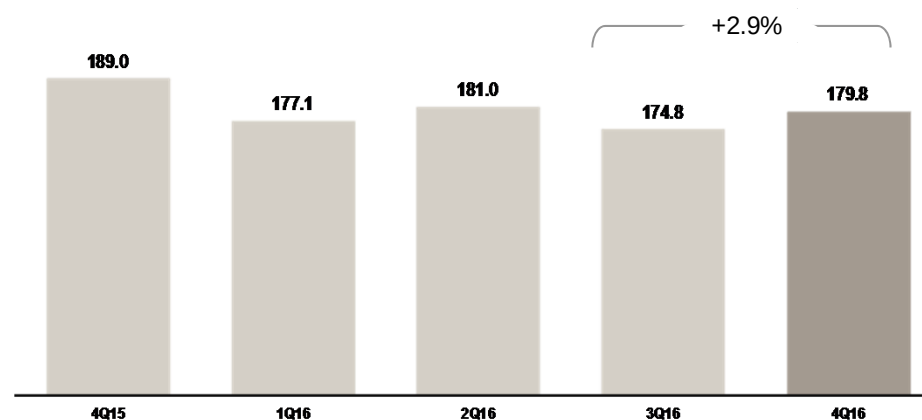
- Net commissions down by 1.9% y/y (-14,0 €/mn y/y) mainly driven by the reduction of fees income related to traditional commercial business :
 - loans and guarantees down by 3.0% y/y (-10.2 €/mn)
 - credit cards, collections and payments down by 6.6% y/y (-10.1 €/mn)
 - indirect deposits and Bancassurance down by 0.4% y/y (-0.8 €/mn) o/w:
 - AuM & Bancassurance +1.2% y/y;
 - AuC: -16.2% y/y
- AuM up-front fees of 25.8 €/mn in 2016 (29.9 €/mn in 2015) weighing 3.6% on total net commissions

Net Commissions breakdown (€/mn; %)

	Dec 15	(%) on total	Dec 16	(%) on total	Chg y/y (%)
Indirect deposits and bancassurance	198.1	27.3%	197.4	27.7%	-0.4%
Assets under custody (AuC)	18.4		15.5		-16.2%
Assets under management (AuM)	146.7		145.8		-0.6%
Bancassurance	33.0		36.1		+9.4%
Credit cards, collections and payments	152.4	21.0%	142.3	20.0%	-6.6%
Loans and guarantees	339.8	46.8%	329.6	46.2%	-3.0%
Other commissions	36.4	4.9%	43.4	6.1%	+19.2%
Total	726.7	100.0%	712.7	100.0%	-1.9%

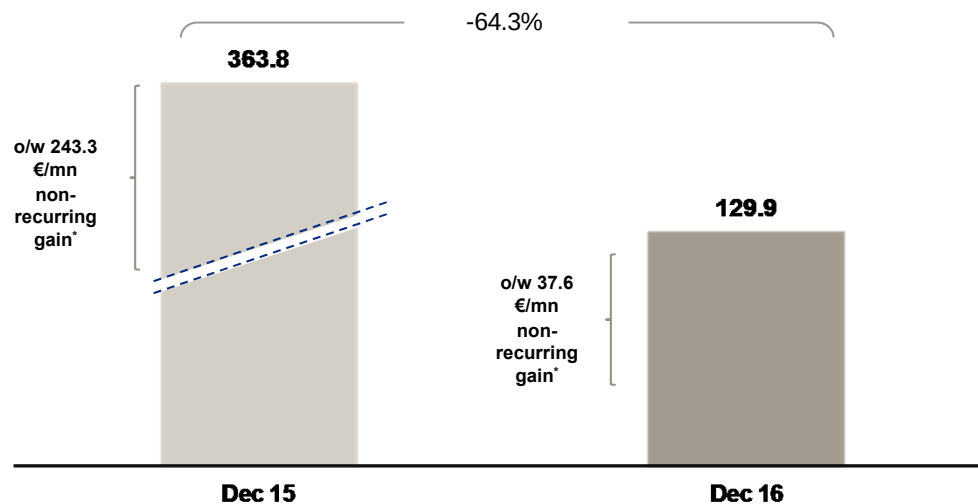
+1.2%
y/y

Net Commissions evolution (€/mn)



Dividends and Trading income

Dividends and Trading income (€/mn)



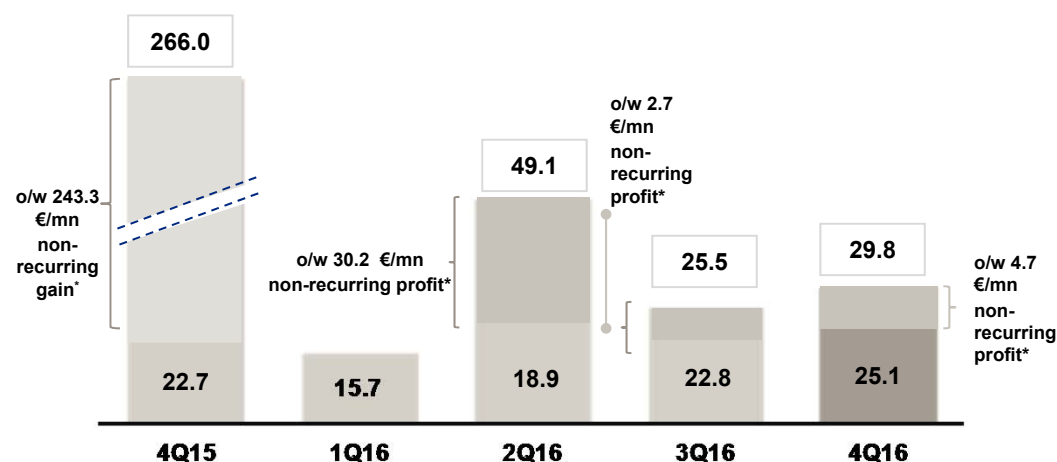
- Dividends and trading income at 129.9 €/mn down by 64.3% y/y
- Trading income at 120.0 €/mn includes non-recurring profits:*
 - 4.7 €/mn in 4Q16 related to the earn-out for the sale of ICBPI
 - 30.2 €/mn in 2Q16 and 2.7 €/mn in 3Q16 relative to the disposal of the stake in Visa Europe at Group
- Dividends: 9.9 €/mn in 2016 (16.0 €/mn in 2015)

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

	Dec 15	Dec 16	Chg y/y (%)
Dividends	16.0	9.9	-38.1%
Trading income*	347.8	120.0	-65.5%
Realized gain/loss	317.7	103.1	-67.5%
Plus	38.1	19.7	-48.3%
Minus	-11.9	-12.5	+4.9%
FVO	-3.1	1.8	n.m.
Others	7.0	7.9	+13.3%
Total	363.8	129.9	-64.3%

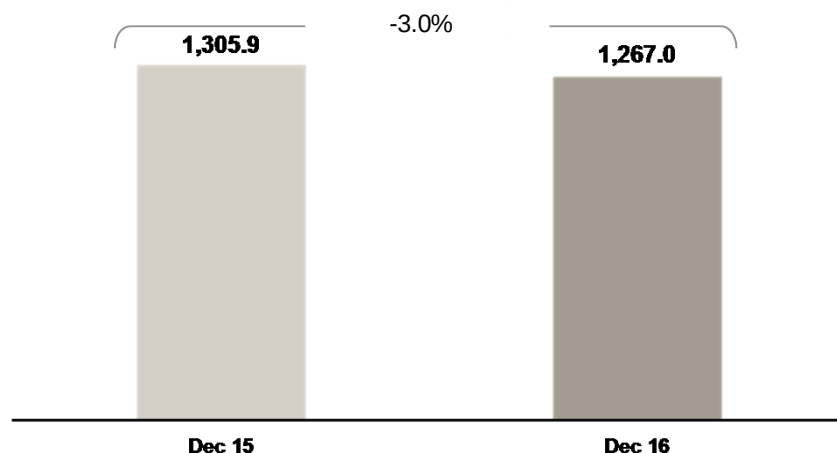
n.m.: Not meaningful

Trading gains* excluding dividends (€/mn)



Operating costs

Operating Costs (€/mn)



Operating costs breakdown (€/mn; %)

Operating costs (€/mn)	Dec 15	Dec 16	Chg y/y (%)
Staff expenses	825.1	769.1	-6.8%
Other administrative expenses	400.6	417.2	+4.1%
D&A	80.2	80.6	+0.4%
Operating costs	1,305.9	1,267.0	-3.0%
Redundancy plan	58.6	1.0	
Operating costs pro-forma	1,247.3	1,266.0	+1.5%
CR Saluzzo		7.7	
Operating costs pro-forma and on a like-for-like basis	1,247.3	1,258.3	+0.9%

- Operating costs up by 0.9% y/y pro-forma and on a like-for-like basis
- Staff costs down by 6.8% y/y and broadly stable pro-forma and on a like-for-like basis
- Administrative expenses up by 4.1% y/y (+1.6% y/y pro-forma and on a like-for-like basis)
 - running costs -1.2% y/y
 - Business Plan projects expenses up by 41.0% y/y
 - D&A broadly unchanged (+0.4%)

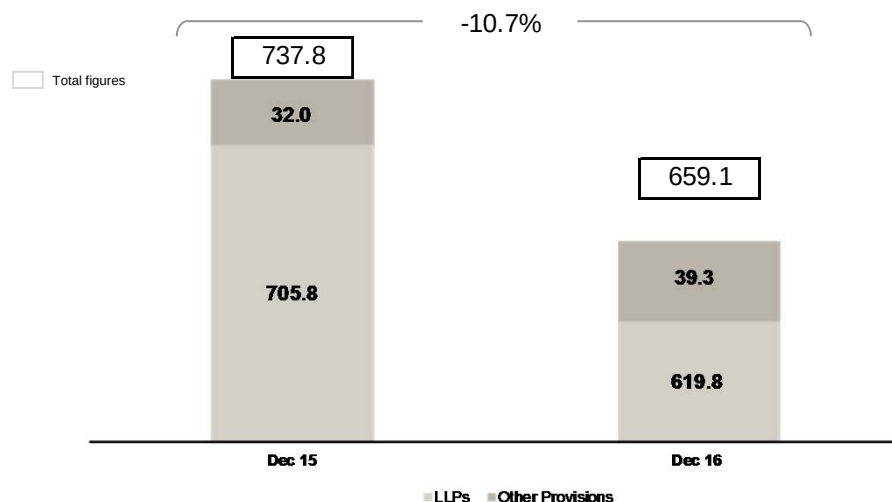
Operating costs breakdown (€/mn; %)

Staff expenses (€/mn)	Dec 15	Dec 16	Chg y/y (%)
Staff expenses	825.1	769.1	-6.8%
Redundancy plan	58.6	1.0	
CR Saluzzo		3.3	
Staff expenses pro-forma and on a like-for-like basis	766.4	764.8	-0.2%

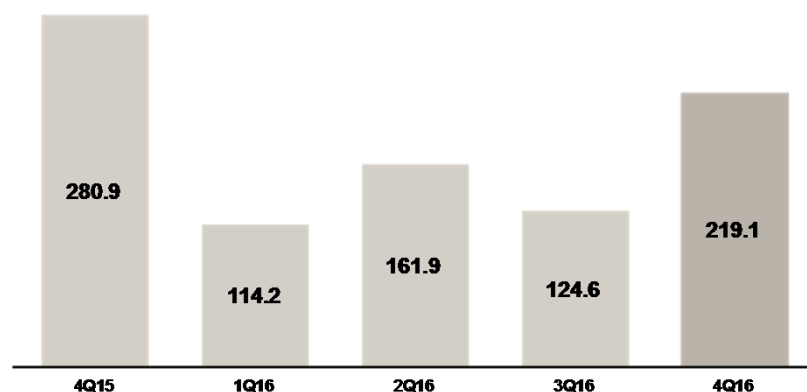
Other administrative expenses (€/mn)	Dec 15	Dec 16	Chg y/y (%)
Other Administrative expenses ("Running costs") on a like-for-like basis	373.8	369.4	-1.2%
Business plan projects expenses	26.1	36.8	+41.0%
Other administrative expenses pro-forma and on a like-for-like basis	399.9	406.2	+1.6%
Non recurring items	0.7	8.7	
CR Saluzzo		2.4	
Other administrative expenses	400.6	417.2	+4.1%

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

Provisions breakdown (€/mn)



Loan Loss Provisions evolution (€/mn)



Cost of credit (bps)	64	26	37	29	48
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- Total provisions down by 10.7% y/y (-78.7 €/mn):
 - Loan Loss Provisions down by 12.2% y/y (-86.0 €/mn)
 - Other Provisions up by 22.9% y/y(+7.3 €/mn), including:
 - Net adjustments to financial AFS (51,8 €/mn in 2016): 1) impairment of Atlante Fund (28,3 €/mn) and 2) impairment related to CR Cesena (2,5 €/mn)
 - Net adjustments to other assets (writebacks) are positive for 12.5 €/mn and including an extraordinary writeback of 11.0 €/mn relative to an allocation to the Interbank Deposit Guarantee Fund ("FITD-SV") for Banca Tercas accounted in 2Q16 (a new contribution to FITD-SV for a broadly equivalent amount was accounted in 2Q16)
- Cost of credit at 136 bps in 2016 (162 bps in 2015)

Net Provisions for Risks and Charges (€/mn)

	Dec 15	Dec 16	Chg y/y (%)
Net Provisions for Risks and Charges ¹	47.4	32.6	-31.2%

- Net provisions for Risks and Charges at 32.6 €/mn in 2016 down by 31.2% y/y (-14.8 €/mn y/y)

Contribution to Funds (€/mn)

	Dec 15	Dec 16	Chg y/y (%)
Contribution to Funds o/w: ²	66.3	73.5	+10.8%
ordinary SRF	13.3	15.1	+13.1%
extraordinary SRF	40.0	34.9	-12.7%
ordinary DGS	8.2	16.9	+106.3%
extraordinary to Solidarity Fund	4.0	-4.0	n.m.
write-back FITD-SV for Banca Tercas		-0.8	n.m.
FITD-SV for Banca Tercas	0.8	11.3	n.m.

Agenda

FY16 Results

☐ Executive summary

☐ Balance sheet structure

☐ Profit and loss

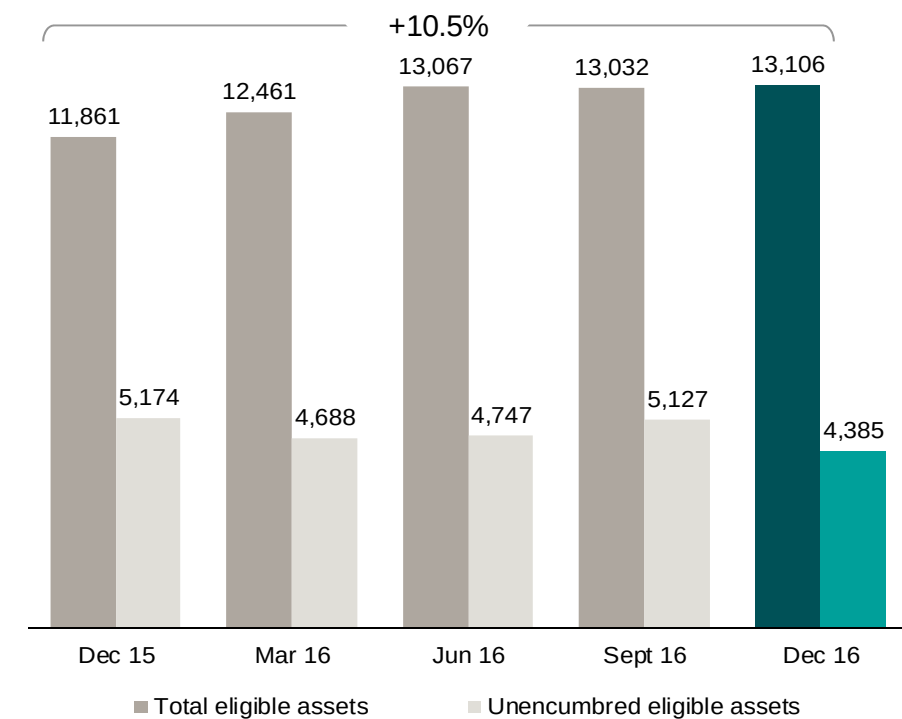
☒ Liquidity and capital adequacy

☐ Final remarks

Annexes

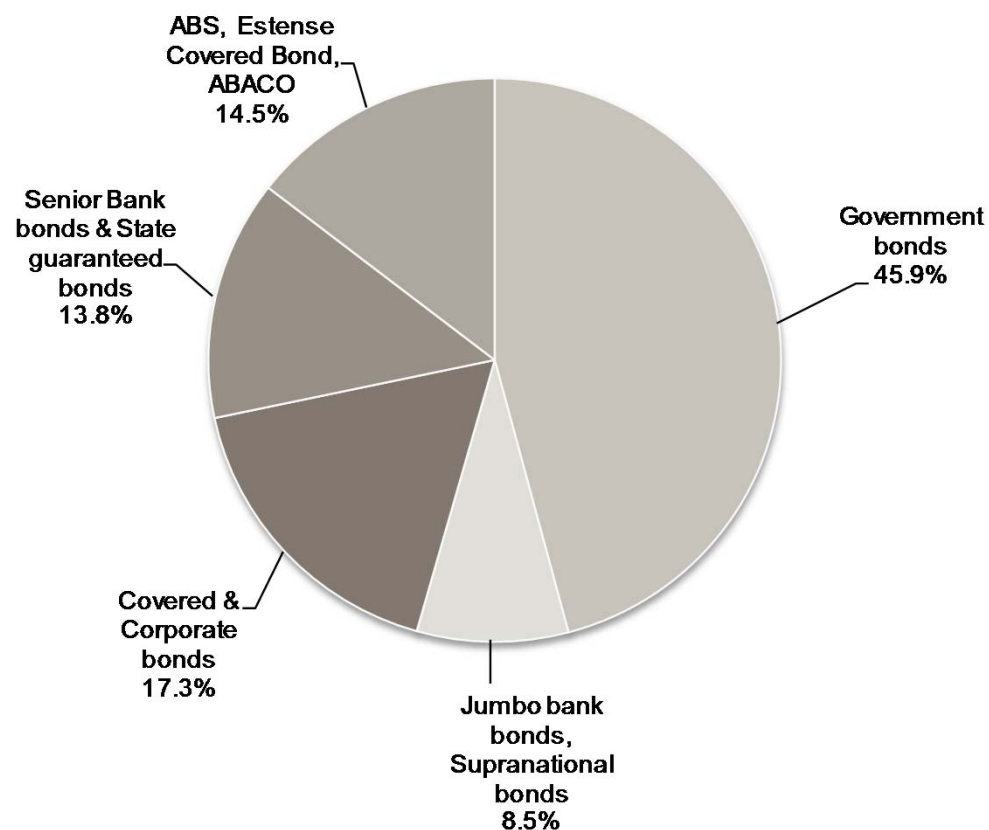
Eligible assets and counterbalancing capacity

Total eligible Assets evolution* (€/mn)



* Net of ECB haircuts

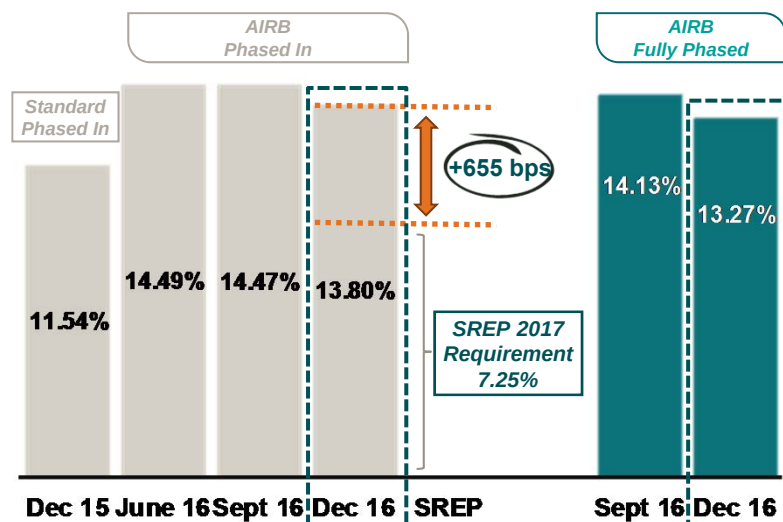
Eligible Assets Pool Composition (%)



- Counterbalancing capacity (“CBC”) in Dec.’16 at 13.1 €/bn of which 4.4 €/bn unencumbered
- ECB exposure in Dec.’16 of 5.1 €/bn totally composed of TLTRO2 operations (4.1 €/bn TLTRO2 in Jun.’16 and 1 €/bn TLTRO2 in Dec.’16)
- Max. amount of new TLTRO2 to borrow of 9 €/bn

Basel 3 Phased in regulatory capital (AIRB)

B3 Common Equity Tier 1 Ratios (%) *



- CET1 ratios as of Dec.'16:
 - Phased In at 13.80% (14.47% in Sept.'16)
 - Fully Phased at 13.27% (14.13% in Sept.'16) down by 86 bps since Sept.'16 mainly due to:
 - Loans growth and CR Saluzzo consolidation (RWA): -41 bps
 - decrease of AFS reserve: -25 bps
 - retained earning decrease, intangible assets increase and others: c. -20 bps
- Total RWA increased to 32.6 €/bn in Dec.'16 (31.7 €/bn in Sept.'16; +0.9 €/bn)
- Net regulatory AFS reserves at +99.6 €/mn in Dec.16 (+180.9 €/mn in Sept.'16)

Regulatory capital & ratios

€/mn	B3 Phased in			
	Dec 15	Jun 16	Sept 16	Dec 16
	Standard	AIRB	AIRB	AIRB
Common Equity TIER 1	4,629	4,563	4,583	4,498
TIER 1	4,671	4,581	4,611	4,526
Own Funds	5,134	5,049	5,061	4,958
Total RWA	40,102	31,488	31,675	32,593
Common Equity TIER 1 Ratio	11.5%	14.5%	14.5%	13.8%
TIER 1 Ratio	11.7%	14.6%	14.6%	13.9%
Total Capital Ratio	12.8%	16.0%	16.0%	15.2%

Capital requirements

Requirements as of Dec. 16	€/mn	%
Credit risk	2,178.1	83.5%
Credit Valuation Adjustment (CVA)	23.8	0.9%
Market risk	52.4	2.0%
Operating risks	275.6	10.6%
Other regulatory requirements	77.7	3.0%
Total	2,607.6	100.0%

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FY16 Results

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

☒ **Final remarks**

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Final remarks

Strong capital solidity, large extra-buffer and low leverage:

- *AIRB validation by ECB in Jun.'16*
- *13.8% CET1 Phased in (13.3% Fully Phased¹), best in class vs peers in Italy*
- *+655 bps (+2.1 €/bn) of excess capital above SREP 2017 requirement (7.25%)*
- *6.7% B3 leverage ratio Phased in (6.5% Fully Phased)*

NPEs management strategy effectiveness: strong commitment to reduce bad loans stock further and improve recoveries, while maintaining a high NPEs coverage

- c. 700 GBV bad loans disposals in 2016 right on target
- Gross NPEs and bad loans significant decrease (-1.9% and 1.0% y/y)
- NPEs inflows from performing loans down by 6.1% y/y (-32.5% vs 2014); bad loans inflows down by 5.4% y/y (-34.5% vs 2014)
- Significant increase of flows from NPEs return to performing loans: +16.9% y/y confirming improved efficiency in NPEs management

Transformation into joint-stock company with no shareholders requesting exercise of withdrawal right

New Business Plan will be launched by next summer ahead of the previous Business Plan deadline (2017)

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FY16 Results

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

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

(€/mn)	Dec 15	Dec 16	Chg y/y (%)
Profit (loss) for the period pertaining to the Parent Company	220.7	14.3	n.m.
Excluding non recurring items:			
Trading (Caption 100-b)	-243.3	-37.6	-85%
Net impairment adjust. to AFS (Cap. 130-b)		30.8	n.m.
Staff expenses (Caption 180-a)	58.6		n.m.
Administrative expense (Caption 180-b)	40.0	34.9	-13%
Gains (Losses) on disposal of investments (Cap. 260)		32.9	n.m.
Taxes and minority interests (Cap. 290 and 330)	-29.9	-20.2	-33%
Profit excluding non recurring items	46.1	55.1	20%
Contribution to Funds SRF DGS	26.3	27.1	3%
Taxes and minority interests	-10.3	-10.9	6%
Profit excluding non recurring items & Funds	62.1	71.5	15%

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

	Item	Caption	€/mn	Description
2016	Non-recurring items			
	2Q16	Trading (Caption 100-b)	+30.2	Total capital gain from VISA Europe disposal
	3Q16	Trading (Caption 100-b)	+2.7	Capital gain from VISA Europe disposal
	4Q16	Trading (Caption 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")
		Gains (Losses) on disposal of investments (Cap. 260)	-32.9	Impairment on goodwill
		Administrative expense (Caption 180-b)	-34.9	Extraordinary contribution to the Single Resolution Fund ("SRF")
		Total Plus	+37.6	
		Total Minus	-98.6	
	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")
		Adjustments to goodwill (Caption 160)	+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	
2015	Non-recurring items			
	2Q15	Staff expenses (Caption 180-a)	-1.8	Redundancy incentives and contributions to the Solidarity Fund
	3Q15	Staff expenses (Caption 180-a)	-52.5	Redundancy incentives and contributions to the Solidarity Fund
	4Q15	Trading (Caption 100-b)	+174.3	ICBPI disposal capital gain
		Trading (Caption 100-b)	+69.0	Capital gain due to the transfer of the Arca Sgr stake (after the purchase of a stake of 12.332% which increase BPER's interest in Arca from 19.998% to 32.752%) in the Equity investments portfolio from AFS portfolio with a positive impact on profit&loss and the equivalent capital reserve write-off ARCA Sgr
		Staff expenses (Caption 180-a)	-4.3	Redundancy incentives and contributions to the Solidarity Fund
		Administrative expense (Caption 180-b)	-40.0	Extraordinary contribution to the Single Resolution Fund ("SRF")
		Total Plus	+243.3	
		Total Minus	-98.6	
	Other items			
		Administrative expense (Caption 180-b)	-21.5	Ordinary contribution to the Single Resolution Fund ("SRF") and to the Deposits Guarantee Schemes ("DGS")

Assets & Liabilities: reclassified balance sheet

Assets (€/mn)*

€/mn	Dec 15	Mar 16	Jun 16	Sept 16	Dec 16	Chg vs Dec '15 (%)
Customer Loans	43,703	44,048	43,990	43,630	45,494	+4.1%
Securities Portfolio	11,563	12,158	13,014	13,370	13,710	+18.6%
<i>of which AFS</i>	8,022	8,657	9,511	10,009	10,433	+30.1%
Equity Investments, Properties & Intangibles	1,871	1,883	1,866	1,891	1,901	+1.6%
Other current assets	3,037	2,352	2,535	2,618	2,518	-17.1%
Total Assets	60,174	60,441	61,405	61,509	63,625	+5.7%

* Total Assets shown as net of loans to banks

Liabilities & Shareholders' equity (€/mn)*

€/mn	Dec 15	Mar 16	Jun 16	Sept 16	Dec 16	Chg vs Dec '15 (%)
Customer Deposits	47,256	46,424	45,665	45,574	47,748	+1.0%
Net Interbank Position	4,436	5,531	7,041	7,229	8,131	+83.3%
Other Funds & Liabilities	2,830	2,782	3,037	2,988	2,191	-22.6%
Shareholders' equity	5,652	5,704	5,662	5,718	5,555	-1.7%
Total Liabilities	60,174	60,441	61,405	61,509	63,625	+5.7%

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

Customer loans: portfolio composition

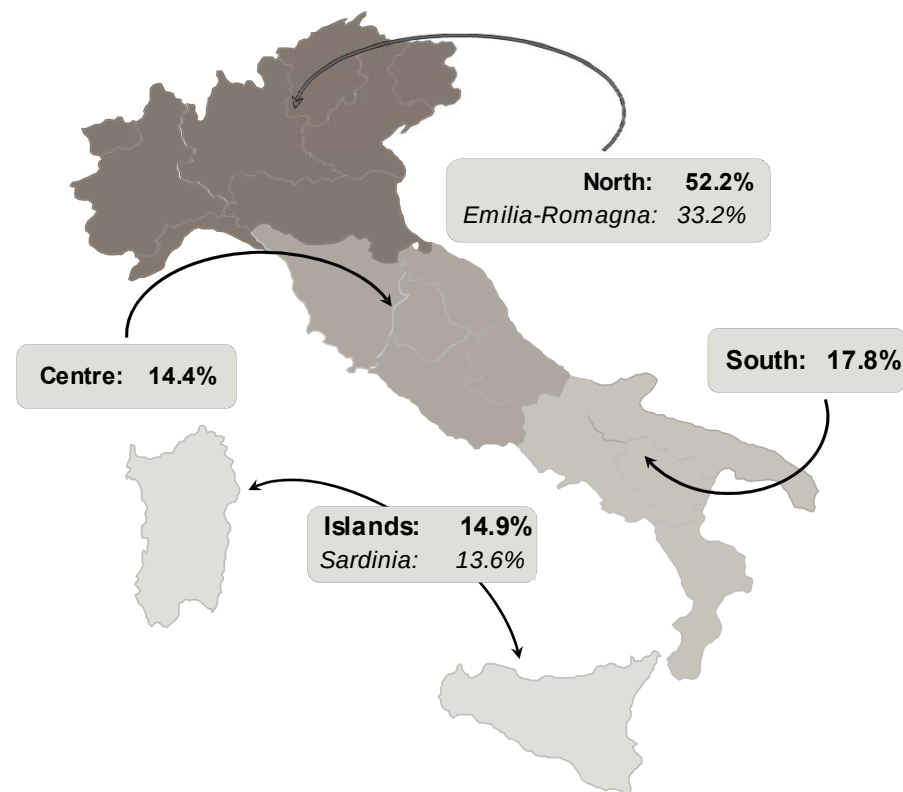
Customer loans breakdown by sectors (€/mn ; %)

Business sector	Dec 16	% on Total	Δ % vs Dec 15
Manufacturing	7,148	15.7%	+3.7%
Wholesale and retail services, recoveries and repairs	5,208	11.4%	+2.7%
Constructions	3,900	8.6%	-12.2%
Real Estate	3,416	7.5%	+3.9%
HORECA*	1,532	3.4%	-4.3%
Agriculture, forestry and fishing	1,376	3.0%	+8.5%
Other	6,170	13.6%	+20.9%
Total loans to resident non-financial businesses	28,750	63.2%	+3.9%
Non-resident, non-financial companies	142	0.3%	+5.1%
Total loans to non-financial businesses	28,892	63.5%	+3.9%
Households	11,519	25.3%	+5.2%
Total loans to financial businesses	5,083	11.2%	+2.6%
Total Customers Loans	45,494	100.0%	+4.1%

Figures as per ATECO business sector definitions (ISTAT)

* Hotel, Restaurant & Cafè (HORECA)

Customer loans breakdown by geographical distribution* (%)



Figures from data management system

*Commercial banks + Sarda Leasing

Asset quality breakdown

Gross exposures (€/mn)	Dec 15		Mar 16		Jun 16		Sept 16		Dec 16		Chg 31/12 - 31/12
	A	%	B	%	C	%	D	%	E	%	Abs. Chg (%)
Non Performing Exposures (NPEs)	11,395	23.3%	11,532	23.4%	11,625	23.5%	11,277	23.1%	11,174	22.1%	-221 -1.9%
<i>Bad loans</i>	7,109	14.5%	7,277	14.7%	7,398	15.0%	6,963	14.3%	7,039	13.9%	-70 -1.0%
<i>Unlikely to pay loans</i>	4,002	8.2%	4,046	8.2%	4,031	8.2%	4,103	8.4%	3,977	7.9%	-25 -0.6%
<i>Past due loans</i>	284	0.6%	209	0.4%	196	0.4%	211	0.4%	158	0.3%	-126 -44.4%
Gross performing loans	37,548	76.7%	37,855	76.6%	37,797	76.5%	37,459	76.9%	39,481	77.9%	1,933 +5.1%
Total gross exposures	48,943	100.0%	49,387	100.0%	49,422	100.0%	48,736	100.0%	50,655	100.0%	1,712 +3.5%
Adjustments to loans (€/mn)	Dec 15		Mar 16		Jun 16		Sept 16		Dec 16		Chg 31/12 - 31/12
	A	coverage (%)	B	coverage (%)	C	coverage (%)	D	coverage (%)	E	coverage (%)	Abs. Chg (%)
Adjustments to NPEs	5,039	44.2%	5,143	44.6%	5,234	45.0%	4,926	43.7%	4,976	44.5%	-63 -1.3%
<i>Bad loans</i>	4,135	58.2%	4,231	58.1%	4,327	58.5%	3,996	57.4%	4,030	57.2%	-105 -2.5%
<i>Unlikely to pay loans</i>	876	21.9%	893	22.1%	891	22.1%	912	22.2%	934	23.5%	58 +6.6%
<i>Past due loans</i>	28	10.0%	19	9.1%	16	8.2%	18	8.6%	12	7.8%	-16 -57.1%
Adjustments to performing loans	201	0.5%	196	0.5%	198	0.5%	180	0.5%	184	0.5%	-17 -8.5%
Total adjustments	5,240	10.7%	5,339	10.8%	5,432	11.0%	5,106	10.5%	5,160	10.2%	-80 -1.5%
Net exposures (€/mn)	Dec 15		Mar 16		Jun 16		Sept 16		Dec 16		Chg 31/12 - 31/12
	A	%	B	%	C	%	D	%	E	%	Abs. Chg (%)
Non Performing Exposures (NPEs)	6,356	14.5%	6,389	14.5%	6,391	14.5%	6,351	14.6%	6,197	13.6%	-159 -2.5%
<i>Bad loans</i>	2,974	6.8%	3,046	6.9%	3,071	7.0%	2,967	6.8%	3,009	6.6%	35 +1.2%
<i>Unlikely to pay loans</i>	3,126	7.2%	3,153	7.2%	3,140	7.1%	3,191	7.3%	3,043	6.7%	-83 -2.7%
<i>Past due loans</i>	256	0.6%	190	0.4%	180	0.4%	193	0.4%	145	0.3%	-111 -43.4%
Net performing loans	37,347	85.5%	37,659	85.5%	37,599	85.5%	37,279	85.4%	39,297	86.4%	1,950 +5.2%
Total net exposures	43,703	100.0%	44,048	100.0%	43,990	100.0%	43,630	100.0%	45,494	100.0%	1,791 +4.1%

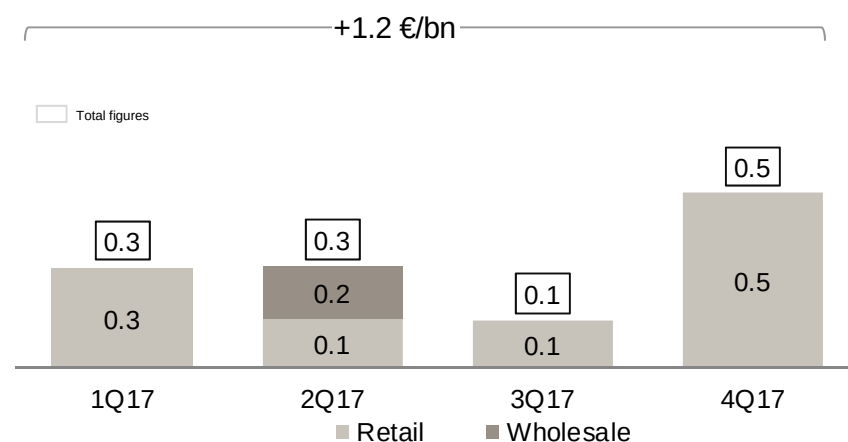
2016: bad loans disposals for c. 700 €/mn GBV

Bonds maturities and issues details

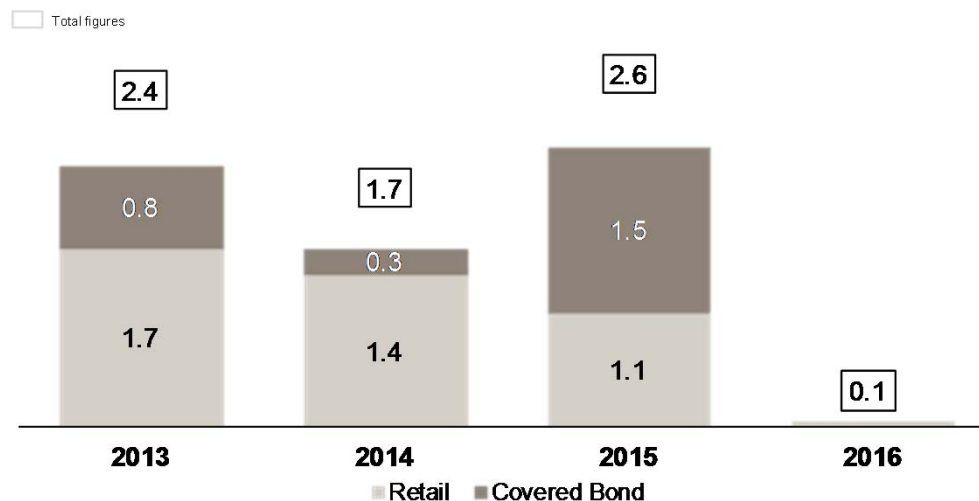
Bonds stock (€/bn)

	Dec 15	Dec 16	Chg q/q (%)
Wholesale bonds	2.7	2.7	+0.0%
<i>o/w covered bonds</i>	2.5	2.5	+0.0%
<i>o/w subordinated bonds</i>	0.2	0.2	+0.0%
Retail bonds	5.0	3.4	-32.0%
<i>o/w subordinated bonds</i>	0.7	0.5	-28.6%
Total bonds	7.7	6.1	-20.8%

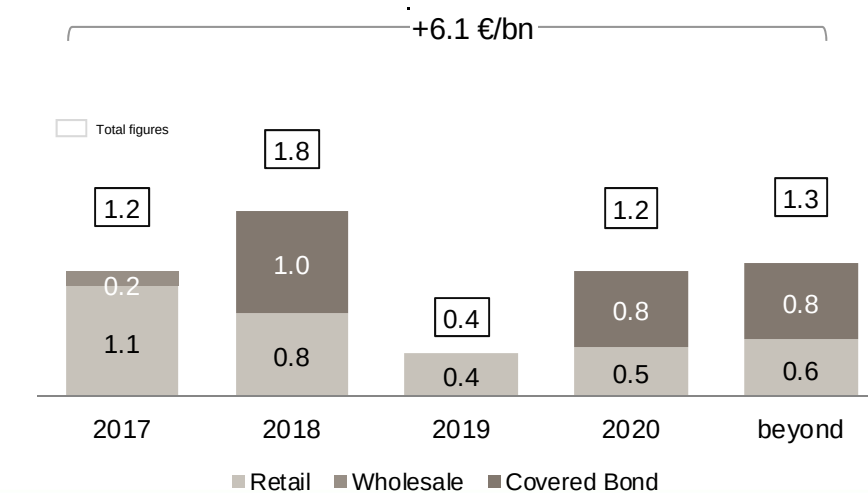
2017 Bonds maturities (€/bn)



Bonds issues (€/bn)

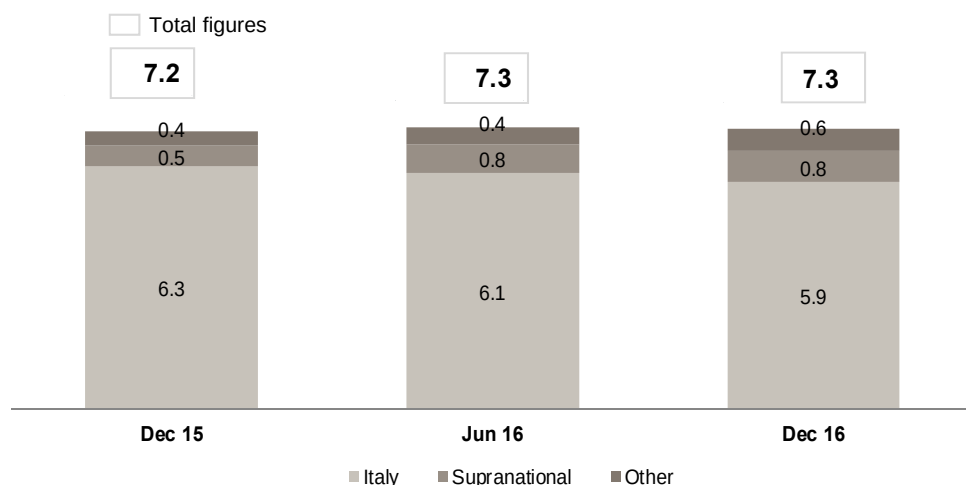


Bonds maturities breakdown (€/bn)

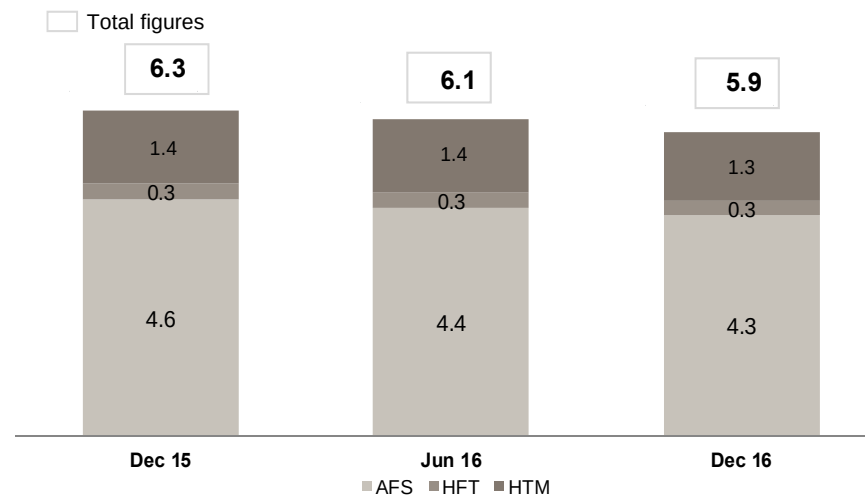


Financial Assets details

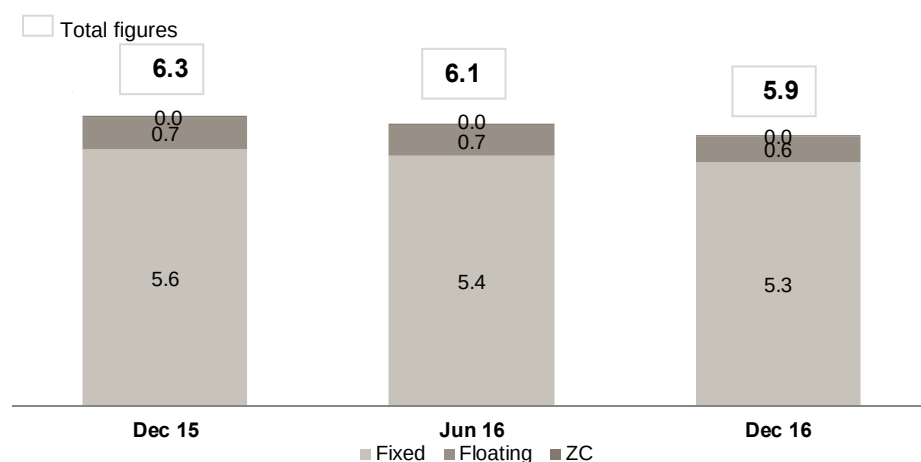
Govies & Supranational PTF by issuing country (€/bn)



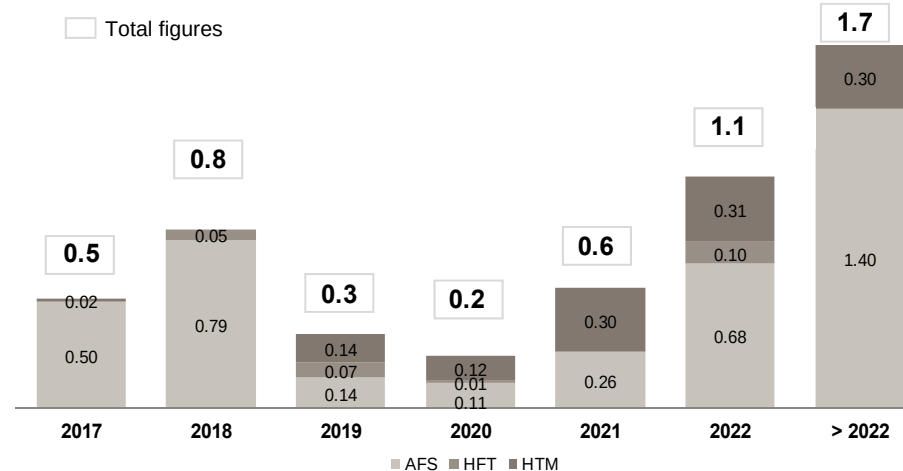
Italian Govies PTF by accounting valuation (€/bn)



Italian Govies PTF by coupon (€/bn)



Italian Govies PTF Maturities¹ (€/bn)



Performance ratios

<i>Financial ratios</i>	31.12.2016	31.12.2015
Structural ratios (%)		
net loans to customers/total assets	70.04%	71.34%
net loans and advances to customers/direct deposits from customers	95.28%	92.48%
financial assets/total assets	21.11%	18.88%
fixed assets/total assets	2.13%	2.21%
goodwill/total assets	0.56%	0.62%
direct deposits/total assets	88.07%	86.15%
deposits under management/indirect deposits	49.55%	48.48%
financial assets/tangible equity	2.72	2.25 (1)
total tangible assets/tangible equity	12.79	11.83 (2)
net interbank lending/borrowing (in thousands of Euro)	(8,130,867)	(4,435,679)
number of employees	11,635	11,447
number of national bank branches	1,200	1,216
Profitability ratios (%)		
ROE	0.30%	4.57%
ROTE	0.33%	5.10%
ROA (net profit/total assets)	0.02%	0.36%
Cost/income ratio	61.29%	55.09% (3)
Net adjustments to loans/net loans to customers	1.36%	1.62%
Basic EPS	0.030	0.459
Diluted EPS	0.030	0.459
Risk ratios (%)		
non-performing exposures/net loans to customers	13.62%	14.54%
net bad loans/net loans to customers	6.61%	6.81%
net unlikely to pay loans/net loans to customers	6.69%	7.15%
net past due loans/net loans to customers	0.32%	0.58%
adjustments to non-performing exposures/gross non-performing exposures	44.54%	44.22%
adjustments to bad loans/gross bad loans	57.25%	58.16%
adjustments to unlikely to pay loans/gross unlikely to pay loans	23.49%	21.88%
adjustments to past due loans/gross past due loans	7.80%	10.02%
adjustments to performing exposures/gross performing exposures	0.47%	0.54%
texas ratio	111.58%	111.98% (4)

<i>Financial ratios</i>	31.12.2016	31.12.2015
Own Funds (Phased in)		
Common Equity Tier 1 (CET1)	4,497,645	4,629,088 (5)
Own Funds	4,958,045	5,133,802
Risk-weighted assets (RWA)	32,593,235	40,101,688
Capital and liquidity ratios		
Common Equity Ratio (CET1 Ratio) - Phased in	13.80%	11.54% (6)
Tier 1 Ratio (T1 Ratio) - Phased in	13.89%	11.65%
Total Capital Ratio (TC Ratio) - Phased in	15.21%	12.80%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	13.27%	11.21%
Leverage Ratio - Phased in	6.7%	7.1% (7)
Leverage Ratio - Fully Phased	6.5%	6.9% (8)
Liquidity Coverage Ratio (LCR)	102.0%	136.1%
Net Stable Funding Ratio (NSFR)	n.a.	110.9% (9)
Non-financial ratios		
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,103.82	4,128.22
loans and advances to customers per employee	3,910.11	3,817.82
assets managed per employee	1,399.75	1,286.45
assets administered per employee	1,425.44	1,366.99
core revenues per employee	161.85	127.89 (10)
net interest and other banking income per employee	173.02	136.30
operating costs per employee	113.35	86.45

(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); the figure at 31 December 2015 has been restated to take into account that the caption "Contributions to the SRF funds, DGS, FITD-SV" has been added to this scheme. When calculated on the basis of the layouts provided by Circular no. 262 of the Bank of Italy the cost/income ratio is at 65.52% (58.98% as at December, 2015).

(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 comparative ratios at 31 December 2015 are presented in the pro-forma versione, taking into account the share of profit realised in the second half of 2015 that is allocable to equity (€ 118.6 million, equal to around 30 bps), having already included for regulatory purposes (as authorised by the ECB) the portion of net profit realised in the first half of the year that could be allocated to equity."

(7) (8) The ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2015/62.

(9) The NSFR, not yet available, it is in any case estimated to exceed 100%, (106.9 % as at 30 September 2016)

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

Annex – 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 118,704 thousand at 31 December 2016 and Euro 123,302 thousand at 31 December 2015);
- "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-VS 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 31 December 2016, this caption represents the component allocated for accounting purposes to administrative costs, Euro 78,233 thousand, in relation to:
 - o 2016 ordinary contribution to the SRF (Single Resolution Fund) for Euro 15,090 thousand;
 - o 2016 contribution to the DGS (Deposit Guarantee Scheme) for Euro 16,913 thousand;
 - o the contribution to the FITD-SV (Voluntary Scheme) for the intervention on behalf of Banca Tercas for Euro 11,298 thousand;
 - o extraordinary contributions to the SRF (Single Resolution Fund) for Euro 34,932 thousand.

At 31 December 2015, on the other hand, the captions concerned were "Other administrative expenses" for Euro 61,554 thousand (Euro 13,356 thousand for the ordinary contribution to the SRF, Euro 8,198 thousand to the DGS and Euro 40,000 thousand for the extraordinary contribution to the SRF) and "Net provisions for risks and charges" for Euro 4,755 thousand, relating to estimated contributions to the Solidarity Fund, and for the voluntary scheme established under the Interbank Deposit Guarantee Fund to finance the new intervention in favour of Banca Tercas.

Please note that the caption "Contributions to the SRF, DGS and FITD-VS funds" has been included from 30 June 2016 and that the comparative figures at 31 December 2015 have therefore been restated with respect to those published at the time of the Consolidated financial statements at 31 December 2015. The table showing the reclassified quarterly figures has also been adjusted to this approach.

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