BPER:
Banca

PRESS RELEASE

Consolidated Interim report at 30 September 2018 approved

Net profit for the period of € 358.1 million compared with € 149.0 in the first nine months of 2017

The Group's capital strength has improved with a Fully Phased CET1 ratio of 12.0%, a considerable increase of around 40 bps compared with June, partly due to the limited impact of the rise in market yields on the equity reserve for the securities in portfolio.
Phased-In CET1 ratio[1] of 14.7%, well above the SREP 2018 requirement set by the ECB at 8.125%

Significant reduction in the gross NPE stock of € 1.7 billion in the nine months, also thanks to the "4Mori Sardegna" securitisation of bad loans concluded last June:

- **Gross NPE ratio at 17.3% from 19.9% at 1 January 2018 (-2.6 p.p.);**
- **Net NPE ratio at 8.3% from 9.2% at 1 January 2018 (-0.9 p.p.);**
- **Annualised default rate of 1.9%**
- **Texas ratio[2] of 94.1% from 101.5% at 1 January 2018 (-7.4 p.p.);**
- **Coverage of non-performing loans of 56.7% at the highest levels of the Italian banking sector**

Net result from operations of € 651.7 million in the nine months, supported by the very positive trend in net commissions and the net profit from financial activities, also thanks to gains realised on debt securities, in particular during the first quarter of the year.
The annualised cost of credit comes in at a low level (45 bps)

Securitisation of a bad loan portfolio called "AQUI" for a gross book value of € 1.9 billion completed yesterday, 7 November, as part of the BPER Group's NPE Strategy 2018-2020[3]; the accounting impacts of this operation will be recorded in the fourth quarter of the year. Following the book deconsolidation of the "AQUI" portfolio, the gross NPE ratio pro-forma of the BPER Group, compared with the figure at 30 September 2018, namely 17.3%, is put at 14.4%, a reduction of 2.9 bps

METHODOLOGICAL NOTE *The entry into force of the new standard IFRS 9 from 1 January 2018, first-time application of which took place under the transition rules, and the recent update of Bank of Italy Circular 262, which revised, among other things, the separate and consolidated financial statement schedules in order to implement the new standard, have led to inconsistencies in the figures compared with the previous year. It is also worth reiterating that 2017 for the BPER Group featured a change in the scope of consolidation following the acquisition of 100% of Nuova Carife, which was completed on 30 June 2017; this entity was subsequently absorbed by the parent company BPER Banca on 20 November 2017. In this context, in order to allow a comparison of the figures in the income statement as homogeneous as possible with respect to the previous year, the figures are shown on a consolidated basis as at 30 September 2018, estimating their values according to the previous rules, with the best approximation possible. It should also be noted that as a result of the acquisition of Nuova Carife, these figures are comparable with the same scope of consolidation only for the second half of 2017, which already included their effects. It should also be noted that the consolidated results at 30 September 2017 included significant non-recurring items, including the "badwill" generated by the acquisition of Nuova Carife amounting to € 130.7 million and the writedowns on the Atlante Fund quotas and the share of the contribution to the IDGF-SV for CariCesena for a total of € 61.5 million. On the other hand, the consolidated balance sheet at 31 December 2017 was recalculated as of 1 January 2018 and restated according to the new schedules in line with the new IFRS 9 classification, thereby becoming directly comparable with the balance sheet figures at 30 September 2018. The figures subject to these interventions are specifically defined, in the context of this document if not explained otherwise, as pro-forma and/or pro-formatted.*

The Board of Directors of BPER Banca today reviewed and approved the separate results of the Bank and the consolidated results of the Group at 30 September 2018.

Alessandro Vandelli, Chief Executive Officer of BPER Banca, at the end of the board meeting commented: *"The Board of Directors has approved the results for the first nine months of the year, which closed with a very strong net profit of over € 358 million, more than double the figure of € 149 million in the same period last year. The excellent economic result is accompanied by a significant improvement in capital strength, which shows a substantial increase of around 40 bps in the CET1 ratio at 12.0% from 11.6% in June. This is in part thanks to the limited impact of the recent tensions on financial markets, mainly due to the strategy adopted for the gradual diversification of the financial portfolio. Furthermore, the first nine months of the year confirm the improvement in asset quality already seen in previous quarters with a significant decrease in the gross stock of non-performing loans of about € 1.7 billion and of € 1.3 billion only in bad loans; at the same time, NPL coverage remains at the maximum levels of the system. With regard to credit quality, it is worth noting that the securitisation of the "AQUI" bad loan portfolio was completed yesterday for a gross nominal amount of € 1.9 billion; this will be followed by the related accounting deconsolidation once the mezzanine and junior securities have been sold to institutional investors in the coming weeks. This second important operation, which follows that of Banco di Sardegna concluded last June, is in line with the plan envisaged as part of a broader programme of derisking and improvement of asset quality of the BPER Group ("NPE Strategy 2018-2020"). I think I can say that the great effort made by the Group to reduce non-performing loans is producing the expected results, allowing us to achieve the goal of reducing our gross NPE ratio by almost 10 percentage points in just over 2 years, while maintaining a high level of capital strength. The results achieved in terms of profitability, capital strength and credit quality make us confident that we can cope with the challenges to be faced for the growth and development of our Group."*

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Income statement: key figures (see Methodological Note on page 1)

Net interest income comes to € 850.1 million[4]. The third quarter result is equal to € 276.6 million, slightly down from € 280.3 million in the second quarter of the year, mainly due to the "IFRS 9 reclassification" effect[5].

Net commission income amounted to € 577.1 million, an increase of more than 6% y/y. This positive performance was achieved mainly thanks to the sharp increase in net commission income from funds under management and "bancassurance" (+19.6% y/y), bearing in mind that the scope of consolidation is not entirely comparable; it was also helped by the resilience of net commission income from the commercial business. The figure for the third quarter amounted to € 188.0 million (-1.5% q/q), mainly because the summer is usually a slack period.

The **net result from trading activities** (including dividends of € 13.8 million) amounts to € 204.7 million. This comprises net profits realised on securities and derivatives for € 185.3 million, net losses on securities and derivatives for € 1.2 million and other positive elements for € 6.8 million.

Operating profit amounts to € 1,662.6 million, while the figure for the third quarter is € 496.8 million, a slight increase of 0.1% compared with the previous quarter, net of particularly high dividends in the second quarter.

Operating costs amounted to € 1,010.8 million. In detail, payroll costs amount to € 615.0 million, other administrative expenses to € 316.6 million and depreciation/amortisation to € 79.2 million. Operating costs for the third quarter stood at € 321.8 million, down sharply compared with both the second and first quarters of the year, € 357.9 million and € 331.2 million respectively, mainly because of the significant reduction in payroll costs due to the usual seasonal effect of the quarter (€ 194.6 million compared with € 212.9 million in the second quarter and € 207.5 million in the first quarter).

The **net result from operations** (operating profit, net of operating costs) comes to € 651.7 million, whereas it was € 175.0 million in the third quarter, an increase of 16.0% q/q.

Net adjustments to loans and other financial assets amount to € 155.9 million, almost entirely related to net adjustments to financial assets measured at amortised cost, which are down considerably compared with the same period last year (-69.7% y/y). The figure for the third quarter was € 71.7 million. The **annualised cost of credit** amounts to 45 bps (33 bps in the nine months) with a sharp reduction compared with 112 bps for the whole of 2017.

Net provisions for risks and charges came in at € 49.1 million in the period.

The first half included the contribution of the BPER Group to the **Single Resolution Fund ("SRF")** for 2018 of € 28.9 million, made up of an ordinary part of € 20.3 million already recorded in the first quarter (€ 18.1 million in the first quarter 2017) and an extraordinary part of € 8.6 million related to 2016 in the second quarter. The estimated value of the ordinary contribution to the **Deposit Guarantee Scheme ("DGS")**, recognised under administrative expenses and accounted for in the third quarter of 2018, amounted to about € 23.5 million (€ 20.2 million in the third quarter of 2017). Note that in the reclassified income statement, these contributions are shown on a separate line in the interests of clarity, whereas in the Bank of Italy format they are included in caption 180 b) "Other administrative expenses".

The **profit from current activities before tax** amounted to € 403.3 million, a strong increase compared with € 161.6 million in the same period last year. **Income taxes** amount to € 24.0 million.

Total net profit for the period comes to € 379.3 million (€ 148.1 million in the first nine months of 2017), including the net profit pertaining to minority interests of € 21.2 million. **The profit pertaining to the Parent Company** therefore comes to € 358.1 million (€ 149.0 million in the first nine months of 2017).

Balance sheet: key figures (see Methodological Note on page 1)

Direct borrowing from customers (amounts due to customers, outstanding securities and financial liabilities designated at fair value) amounted to € 51.2 billion (+1.9% compared with € 50.2 billion at 1 January 2018), due in particular to the increase in customer deposits (€ 1.7 billion). Ordinary customer deposits amounted to € 45.4 billion, up by € 0.3 billion from 1 January 2018, with a significant increase in current accounts and demand deposits (+ € 1.6 billion), partially offset by a decrease in bonds and certificates of deposit (€ 1.3 billion). Institutional deposits amounted to € 5.8 billion, an increase of € 587.5 million from 1 January 2018 almost entirely as a result of issuing a covered bond of € 500 million last July. Total direct borrowing is made up principally of current accounts, demand deposits and short-term restricted deposits (76.9%) and bonds (10.1%).

Indirect customer deposits, marked to market, amount to € 36.4 billion (€ 35.9 billion at the end of 2017). In particular, **assets under management** come to € 20.0 billion with a net inflow for the period of more than € 1 billion (€ 1.6 billion in the first nine months of last year). **Assets under administration** amount to € 16.4 billion (€ 16.1 billion at the end of 2017). The **life insurance policy portfolio**, which is not included in indirect borrowing, comes to € 4.9 billion (€ 4.7 billion at the end of 2017).

Net loans to customers amount to € 45.6 billion and decrease by € 0.9 billion on € 46.5 billion at 1 January 2018, also including the effect of the "4Mori Sardegna" securitisation of bad loans by Banco di Sardegna, which was completed in June[6]. Net performing loans amount to € 41.8 billion (-€ 0.3 billion from 1 January 2018), while net non-performing loans (bad loans, unlikely to pay and past due loans) amount to € 3.8 billion (-€ 0.5 billion compared with 1 January 2018), with a total coverage ratio of 56.7%, a decrease of 2.6 p.p. compared with 1 January 2018 after the entry into force of IFRS 9 (+8.0 p.p. from 48.7% at 31 December 2017 before IFRS 9). In detail, **net bad loans** amount to € 2.1 billion, a decrease of € 0.2 billion (-10.7%) on 1 January 2018, with coverage of 64.5%; **net unlikely-to-pay loans** amount to € 1.7 billion, a decline of € 0.2 billion compared with 1 January 2018 (-11.5%), with coverage of 42.2%; **net past due loans** amount to € 0.1 billion with coverage of 12.8%.

Gross loans to customers amount to € 50.8 billion and decrease by € 2.2 billion on € 53.0 billion at 1 January 2018, also including the effect of the "4Mori Sardegna" securitisation of bad loans by Banco di Sardegna in June[7]. Gross performing loans total € 42.0 billion, gross non-performing loans (bad loans, unlikely to pay loans and past due loans) total € 8.8 billion with an incidence of 17.3% on total gross loans, sharply down by 2.6% from 19.9% on 1 January 2018, also thanks to the "4Mori Sardegna" securitisation. In detail, **gross bad loans** amount to € 5.8 billion, a decrease of € 1.3 billion (-17.9%) on 1 January 2018; **gross unlikely to pay loans** amount to € 2.9 billion, down by € 0.5 billion (-13.6%) compared with 1 January 2018; **gross past due loans** amount to € 0.1 billion.

The **net interbank position**, which is negative for € 8.7 billion compared with € 10.0 billion at 1 January 2018, is the difference between the amounts due from banks of € 4.0 billion and the amounts due to banks of € 12.7 billion. The BPER Group's total amount of refinancing with the European Central Bank (ECB) amounted to € 9.3 billion, entirely attributable to participation in the second round of longer term refinancing operations called TLTRO 2 with a four-year maturity[8]. Financial instruments, which can be used as collateral for refinancing operations on the market, amount to € 17.3 billion net of the haircut, of which € 4.5 billion are available, to which have to be added € 3.2 billion of available deposits at the ECB.

Financial assets amount in total to € 16.6 billion (€ 15.8 billion at 1 January 2018), representing 23.4% of total assets. Debt securities amount to € 15.7 billion and represent 94.6% of the total portfolio: of these, € 6.8 billion relate to government and other public entities securities, of which € 5.6 billion represented by Italian government bonds.

Total equity ("own funds") at 30 September 2018 amounts to € 4.9 billion (€ 4.6 billion at 1 January 2018), with minority interests of € 0.5 billion (unchanged versus 1 January 2018). Consolidated shareholders' equity of the Group, including the result for the period, comes to € 4.4 billion (€ 4.2 billion at 1 January 2018).

The **LCR** ("Liquidity Coverage Ratio") and **NSFR** ("Net Stable Funding Ratio") **liquidity ratios** are over 100%; in particular, at 30 September 2018, the LCR ratio was equal to 132.2%, while the NSFR ratio was estimated at over 100% (compared with 107.4% at 30 June 2018).

Capital ratios

The capital ratios at 30 September 2018, calculated taking into account the AIRB methodology for the credit risk requirement, consider the value of Own Funds including the share of profit realised during the period, net of the expected dividend in application of the new standard IFRS 9[9]:

- Common Equity Tier 1 (CET1) Ratio (Phased In)[10] of 14.74% (14.72% at 30 June 2018 and 13.89% at 31 December 2017). This ratio calculated on a fully phased basis comes to 12.00% (11.63% at 30 June 2018 and 13.68% at 31 December 2017);
- Tier 1 ratio Phased In of 14.84% (14.81% at 30 June 2018 and 13.97% at 31 December 2017);
- Own Funds ratio (Phased In) of 17.73% (17.63% at 30 June 2018 and 16.69% at 31 December 2017).

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Key figures at 30 September 2018

The Group has a presence in eighteen Regions of Italy with 1,219 branches (1,218 at the end of 2017), as well as the head office of BPER (Europe) International s.a. in Luxembourg.

Group's employees are 11,627, 28 person less than at 30 June 2018 (at the end of 2017 employees were 11,653).

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Significant subsequent events

Banco di Sardegna S.p.A. obtains the "GACS" guarantee on senior securities for the "4Mori Sardegna" securitisation of bad loans

On 3 October 2018, Banco di Sardegna S.p.A. received a communication from the Ministry of the Economy and Finance (MEF) saying that it has been granted the State guarantee (GACS) on the senior securities of the 4Mori Sardegna securitisation, with a nominal value of Euro 232 million. This was granted by decree dated 5 September 2018, registered by the Court of Auditors on 27 September 2018 and by the Central Budget Office of the MEF on 1 October 2018. The State guarantee on the senior securities, all of which are held by Banco di Sardegna, takes effect from the date of the decree (5 September 2018). From an accounting point of view, Banco di Sardegna has already benefited, as of 30 June 2018, from derecognition of the bad loan portfolio sold, with a gross book value of Euro 900 million.

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Sale of a bad loan portfolio called "AQUI", mainly belonging to BPER Banca, concluded by means of a securitisation for a gross book value of € 1.9 billion, backed by a guarantee on the senior tranche to be requested from the Italian State ("GACS")

On 7 November 2018, BPER Banca concluded the securitisation of the "AQUI" bad loan portfolio as part of a broader programme of derisking and improvement of asset quality of the BPER Group ("NPE Strategy 2018-2020"). In particular, it has sold a portfolio of bad loans with a gross book value of € 1.9 billion (against a gross amount due of € 2.1 billion, consisting of secured loans for 59.5% and unsecured loans for 40.5%) with effect on the income statement from 1 January 2018. The portfolio was sold to "AQUI SPV Srl", a special purpose securitisation vehicle set up under Law 130/99, issuing in exchange three different classes of securities for a total of € 618.4 million: 1) a senior tranche, € 544.7 million, corresponding to 28.7% of the gross book value, to which investment grade ratings have been assigned: Baa3 by Moody's and BBB- by Scope Ratings; 2) a mezzanine tranche of € 62.9 million; 3) a junior tranche of € 10.8 million.

The senior securities have a coupon equal to 6-month Euribor + 50 bps and will be subscribed and retained by the Originator BPER Banca. For these, the process of requesting the GACS State guarantee will be activated in the next few days. As required by the legislation on GACS, to be able to deconsolidate the assets transferred, 95% of the mezzanine and junior tranche will have to be placed with institutional investors: at the end of this process, the BPER Group will achieve derecognition of the "AQUI" portfolio for supervisory purposes.

Following the book deconsolidation of the "AQUI" portfolio, the gross pro-forma NPE ratio of the BPER Group, compared with the figure at 30 June 2018, namely 17.4%, is put at 14.4%, a reduction of 3.0 bps.

The BPER Group's NPE Strategy 2018-2020 envisages the sale of bad loans at a Group level for a total gross book value of between € 3.5 and € 4.0 billion over 3 years, of which approximately € 3.0 billion through two securitisations. Yesterday's "AQUI" sale completes the securitisation programme originally envisaged by the plan, together with the first operation called "4Mori Sardegna" carried out last June for a gross amount of € 900 million, for which the GACS State guarantee has already been obtained (gross amount due of € 1.0 billion).

Outlook for operations

In the latter part of the year, the level of net interest income is expected to be substantially maintained thanks to an expected increase in volumes and a gradual easing of competitive tensions in the yield on commercial assets. Important support for revenues is expected to come from commissions, particularly from the asset management and bancassurance, while the core banking business should remain substantially stable. The cost of credit is expected to remain low. All of these factors should help support the Group's profitability prospects for the current year.

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It should be noted that, with reference to recent regulatory changes that occurred in the CFA (Legislative Decree 25 of 15 February 2016), following the European Directive 2013/50/EU (Transparency II), and the subsequent CONSOB Resolution 19770 of 26 October 2016, BPER Banca has decided on a voluntary basis, as in the past, to publish the consolidated interim report of the BPER Group at 31 March and 30 September. Note that the consolidated interim report of the BPER Group at 30 September 2018 is audited only for the purpose of determining consolidated profit realised for inclusion in the primary capital (CET1) for regulatory purposes.

The document will soon be available at the head office, on the websites of the Bank and the Group (www.bper.it and https://istituzionale.bper.it/), of Borsa Italiana S.p.A. and of the authorised storage device (www.1info.it).

To complete the information provided, we attach:

- *the consolidated balance sheet and income statement (split into quarters with comparative figures and reclassified) at 30 September 2018, as well as a summary of the main indicators;*
- *the IFRS 9 transition schedules.*

Modena, 8 November 2018

Chief Executive Officer
Alessandro Vandelli

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The Manager responsible for preparing the Company's financial reports, Marco Bonfatti, declares in accordance with art. 154-bis, para. 2, of Legislative Decree 58/1998 (Consolidated Finance Act) that the accounting information contained in this press release agrees with the books of account, accounting entries and supporting documentation.

Modena, 8 November 2018

Manager responsible for preparing the
Company’s financial reports
Marco Bonfatti

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A conference call has been organised for **8 November 2018 at 6.00 p.m. (CET)** to explain the BPER Group's results at 30 September 2018.
The conference call, in English, will be chaired by **Alessandro Vandelli, the Chief Executive Officer.**

To join the conference call, key in the following number:

ITALY: +39 02 8020911
UK: +44 1212 818004
USA: +1 718 7058796

A set of slides supporting the presentation will be available the same day before the start of the conference call in the Investor Relations section of the websites of the Bank www.bper.it and https://istituzionale.bper.it/.

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This press release is also available in the 1INFO storage device.
This is a translation into English of the original in Italian. The Italian text shall prevail over the English version.

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Notes

[1] Reg. 2395/2017 "Transitional provisions to mitigate the impact of introducing IFRS 9 on Own Funds" offers banks the possibility to mitigate the impact on Own Funds in a transitional period of 5 years (from March 2018 to December 2022) by sterilizing the effect in CET1 with the application of decreasing percentages over time. The BPER Banca Group has chosen to adopt the so-called "static approach", to be applied to the impact resulting from comparison between the IAS 39 adjustments at 31/12/2017 and the IFRS 9 adjustments at 1/1/2018.

[2] The Texas ratio is defined as gross NPE / (tangible equity + provisions).

[3] For details of this operation, please refer to the paragraph entitled "Significant subsequent events".

[4] Net interest income in the first nine months of 2018 includes the total benefit for the period of participating in emissions of TLTRO 2 (Targeted Longer Term Refinancing Operations-II) for € 28.1 million (€ 9.3 million in the first quarter, € 9.4 million in the second quarter and € 9.4 million in the third quarter). This benefit for the whole of 2017 was € 33.7 million (€ 5.1 million in the first quarter, € 9.3 million in the second quarter, € 9.3 million in the third quarter and € 10.0 million in the fourth quarter).

[5] Following application of the 5th update of Bank of Italy Circular 262/2005, the value of this item at 30 September 2018 includes € 71.7 million relating to interest on the time value of money on non-performing loans (€ 29.1 million in the first quarter, € 22.6 million in the second quarter and € 20.0 million in the third quarter), which in the comparative period were included under "Impairment adjustments to loans". Furthermore, application of this Circular envisages not including in this item a portion of the interest on exposures classified as non-performing referring to loans to customers which amounted to € 7.8 million in the first nine months of the year (€ 3.5 million in the first quarter, € 1.8 million in the second quarter and € 2.5 milion in the third quarter). Overall, the impact on the margin in the third quarter was € 17.5 million (€ 25.6 million in the first quarter and € 20.8 million in the second quarter).

[6] For details of the transaction, see the press releases published on 22 and 29 June 2018.

[7] For details of the transaction, see the press releases published on 22 and 29 June 2018.

[8] The details of the Group's participation in the second series of longer-term refinancing operations called "TLTRO 2" is as follows: € 4.1 billion subscribed in June 2016, partly used for full repayment of the "TLTRO 1" transaction; € 1.0 billion at the end of December 2016 and € 4.2 billion at the end of March 2017.

[9] The figures recalculated at 1 January 2018 are respectively CET1 ratio Phased In of 13.62%; CET1 ratio Fully Phased of 11.06%; Tier 1 ratio Phased In of 13.63% and Total Capital Ratio Phased In of 16.14%.

[10] See note 1.

Reclassified financial statement as at 30 September 2018

For greater clarity in the presentation of the results for the period, the accounting schedules envisaged by the 5th update of Bank of Italy Circular no. 262/2005 have been reclassified.
In the balance sheet:

- Debt securities measured at amortised cost (caption 40 "Financial assets measured at amortised cost") have been reclassified under caption *"Financial assets"*.
- *"Other assets"* include captions 110 *"Tax assets"* and 130 *"Other assets"*.
- "*Other liabilities and shareholders' equity*" include captions 60 "*Tax liabilities*", 80 "*Other liabilities*", and 90 " *Provision for termination indemnities*" and 100 "*Provisions for risks and charges"*.

In the income statement:

- "*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 230 *"Other operating charges/income"*, have been reclassified as a reduction in the related costs under *"Other administrative expenses"* (Euro 94,974 thousand at 30 September 2018 and Euro 92,364 thousand at 30 September 2017);
- *"Net adjustments to property, plant and equipment and intangible assets"* include captions 210 and 220 in the standard reporting format;
- *"Gains (losses) on equity investments, disposal of investments and adjustments to goodwill"* include captions 250, 270 and 280 in the reporting format;
- "Contributions to the DGS, SRF and IDGF-VS funds" have 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 2018, this caption represents the component allocated for accounting purposes to administrative costs in relation to:
  - the 2018 contribution to the SRF (European Single Resolution Fund) for Euro 20,347 thousand;
  - additional contribution requested by the SRF (European Single Resolution Fund) for 2016 from Italian banks for Euro 8,593 thousand;
  - the 2018 contribution to the DGS (Deposit Guarantee Schemes) of Euro 23,460 thousand, representing the amount requested from the Luxembourg subsidiary for the first half of the year (Euro 19 thousand) and an estimate of the amount that will be requested from Italian banks by the end of the year (Euro 23,441 thousand);

In the comparative figures at 30 September 2017, the "Adjustments to other financial assets" have been reclassified to "Net provisions for risks and charges" to comply with the 5th update of Bank of Italy Circular no. 262/2005.

Pro-forma reclassified accounting schedules as at 30 September 2018

The income statement is also presented in a pro-forma version, in which the effects deriving from application of IFRS 9 have been reallocated to the various captions according to the instructions in the 4th update of Circular no. 262/2005, to allow a homogeneous comparison with the results of the previous year.

BPER:
Gruppo

Reclassified consolidated balance sheet as at al 30 September 2018

(in thousands of Euro)

Assets	30.09.2018	01.01.2018	31.12.2017	Change 30.09.2018-01.01.2018	Change %
Cash and cash equivalents	392,189	420,299	420,299	(28,110)	-6.69
Financial assets	16,642,362	15,799,267	15,661,977	843,095	5.34
a) Financial assets held for trading	287,687	414,294	414,294	(126,607)	-30.56
b) Financial assets designated at fair value	216,810	223,192	223,192	(6,382)	-2.86
c) Other financial assets mandatorily measured at fair value through profit or loss	909,156	655,596	689,115	253,560	38.68
d) Financial assets measured at fair value through other comprehensive income	9,022,848	13,547,372	13,395,435	(4,524,524)	-33.40
e) Debt securities measured at amortised cost	6,205,861	958,813	939,941	5,247,048	547.24
- banks	1,511,155	196,713	193,334	1,314,442	668.20
- customers	4,694,706	762,100	746,607	3,932,606	516.02
Loans	49,660,565	49,472,225	50,624,967	188,340	0.38
a) Loans to banks	4,009,534	3,000,199	3,012,515	1,009,335	33.64
b) Loans to customers	45,647,637	46,468,704	47,609,130	(821,067)	-1.77
c) Financial assets measured at fair value through other comprehensive income	3,394	3,322	3,322	72	2.17
Hedging derivatives	57,469	54,061	54,061	3,408	6.30
Equity investments	444,844	454,367	454,367	(9,523)	-2.10
Property, plant and equipment	1,051,767	1,063,483	1,063,483	(11,716)	-1.10
Intangible assets	495,059	506,627	506,627	(11,568)	-2.28
- of which: goodwill	327,084	327,084	327,084	-	-
Other assets	2,477,622	2,550,510	2,553,026	(72,888)	-2.86
Total assets	**71,221,877**	**70,320,839**	**71,338,807**	**901,038**	**1.28**

(in thousands of Euro)

Liabilities and shareholders' equity	30.09.2018	01.01.2018	31.12.2017	Change 30.09.2018-01.01.2018	Change %
Due to banks	12,730,558	12,984,226	12,984,226	(253,668)	-1.95
Direct deposits	51,184,053	50,246,932	50,246,417	937,121	1.87
a) Due to customers	44,387,688	42,694,078	42,694,078	1,693,610	3.97
b) Debt securities issued	6,796,365	7,552,854	7,552,339	(756,489)	-10.02
Financial liabilities held for trading	150,490	170,046	170,046	(19,556)	-11.50
Hedging derivatives	27,812	23,795	23,795	4,017	16.88
Other liabilities	2,272,860	2,262,970	2,197,592	9,890	0.44
Minority interests	474,455	451,825	653,010	22,630	5.01
Shareholders' equity pertaining the Parent Company	4,381,649	4,181,045	5,063,721	200,604	4.80
a) Valuation reserves	34,557	204,422	75,089	(169,865)	-83.10
b) Reserves	1,622,226	1,433,445	2,445,454	188,781	13.17
c) Share premium reserve	930,073	930,073	930,073	-	-
d) Share capital	1,443,925	1,443,925	1,443,925	-	-
e) Treasury shares	(7,258)	(7,258)	(7,258)	-	-
f) Profit (Loss) for the period pertaining to the Parent Company	358,126	176,438	176,438	181,688	102.98
Total liabilities and shareholder's equity	**71,221,877**	**70,320,839**	**71,338,807**	**901,038**	**1.28**

BPER:
Gruppo

Reclassified consolidated income statement as at 30 September 2018

(in thousands of Euro)

Item		30.09.2018	30.09.2017	Change	Change %
10+20	Net interest income	850,092	850,337	(245)	-0.03
40+50	Net commission income	577,081	544,026	33,055	6.08
70	Dividends	13,786	11,631	2,155	18.53
80+90+100+110	Net trading income	190,944	71,022	119,922	168.85
230 (*)	Other operating charges/income	30,657	48,173	(17,516)	-36.36
	Operating income	**1,662,560**	**1,525,189**	**137,371**	**9.01**
190 a)	Payroll	(614,987)	(577,332)	(37,655)	6.52
190 b) (*) (**)	Other administrative expenses	(316,589)	(308,957)	(7,632)	2.47
210+220	Net adjustments to property, plant, equipment and intangible assets	(79,258)	(61,350)	(17,908)	29.19
	Operating costs	**(1,010,834)**	**(947,639)**	**(63,195)**	**6.67**
	Net operating income	**651,726**	**577,550**	**74,176**	**12.84**
130 a)	Net impairment adjustments to financial assets at amortised cost	(155,206)	(412,954)	257,748	-62.42
130 b)	Net impairment adjustments to financial assets at fair value	2,054	(101,000)	103,054	-102.03
140	Profit/loss from contract modifications without derecognition	(2,719)	-	(2,719)	n.s.
	Net impairment adjustments to credit risk	**(155,871)**	**(513,954)**	**358,083**	**-69.67**
200	Net provisions for risks and charges	(49,130)	(7,990)	(41,140)	514.89
###	Contributions to SRF, DGS, IDGF - VS	(52,400)	(36,152)	(16,248)	44.94
250+270+280	Gains (Losses) on disposal of investments and impairment losses on goodwill	8,953	11,433	(2,480)	-21.69
###	Gain on a bargain purchase	-	130,722	(130,722)	-100.00
290	**Profit from current operations before tax**	**403,278**	**161,609**	**241,669**	**149.54**
300	Income taxes on current operations	(23,974)	(13,513)	(10,461)	77.41
330	**Profit (Loss) for the period**	**379,304**	**148,096**	**231,208**	**156.12**
340	Profit (Loss) for the period pertaining to minority interests	(21,178)	862	(22,040)	--
350	**Profit (Loss) for the period pertaining to the Parent Company**	**358,126**	**148,958**	**209,168**	**140.42**

	Captions net of:				
(*)	Recovery of indirect taxes	94,974	92,364	2,610	2.83
(**)	Contributions to SRF, DGS, IDGF - VS	(52,400)	(36,152)	(16,248)	44.94

BPER: Gruppo

Reclassified consolidated income statement by quarter as at 30 September 2018

(in thousands of Euro)

Captions		1st quarter 2018	2nd quarter 2018	3rd quarter 2018	1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017
10+20	Net interest income	293,234	280,268	276,590	288,114	282,005	280,218	274,142
40+50	Net commission	198,120	190,936	188,025	177,373	181,851	184,802	196,602
70	Dividends	584	12,877	325	312	10,812	507	785
80+90+100+110	Net trading income	153,634	16,431	20,879	24,664	25,869	20,489	32,112
230 (*)	Other operating	11,485	8,174	10,998	10,310	14,298	23,565	10,017
	Operating income	**657,057**	**508,686**	**496,817**	**500,773**	**514,835**	**509,581**	**513,658**
190 a)	Payroll	(207,534)	(212,900)	(194,553)	(194,125)	(191,551)	(191,656)	(206,146)
190 b) (*) (**)	Other administrative	(102,285)	(109,981)	(104,323)	(96,628)	(104,864)	(107,465)	(116,654)
210+220	Net adjustments to property, plant and equipment and intangible assets	(21,339)	(34,986)	(22,933)	(18,685)	(22,012)	(20,653)	(26,079)
	Operating costs	**(331,158)**	**(357,867)**	**(321,809)**	**(309,438)**	**(318,427)**	**(319,774)**	**(348,879)**
	Net operating income	**325,899**	**150,819**	**175,008**	**191,335**	**196,408**	**189,807**	**164,779**
130 a)	Net impairment adjustments to financial assets at amortised cost	(26,141)	(58,793)	(70,272)	(133,573)	(189,659)	(89,722)	(123,021)
130 b)	Net impairment adjustments to financial assets at fair value	1,763	141	150	(17,381)	(54,236)	(29,383)	(3,628)
140	Profit/loss from contract modifications without derecognition	-	(1,183)	(1,536)	-	-	-	-
	Net impairment adjustments to credit risk	**(24,378)**	**(59,835)**	**(71,658)**	**(150,954)**	**(243,895)**	**(119,105)**	**(126,649)**
200	Net provisions for risks and charges	(11,663)	(25,376)	(12,091)	(1,014)	(4,154)	(2,822)	(37,901)
###	Contributions to SRF, DGS, IDGF - VS	(20,282)	(8,670)	(23,448)	(18,061)	2,114	(20,205)	(1,569)
250+270+280	Gains (Losses) on disposal of investments and impairment losses on goodwill	2,827	2,591	3,535	3,705	2,843	4,885	(21,319)
###	Gain on a bargain purchase	-	-	-	-	130,722	-	60,170
290	**Profit from current operations before tax**	**272,403**	**59,529**	**71,346**	**25,011**	**84,038**	**52,560**	**37,511**
300	Income taxes on current operations	(6,918)	(2,850)	(14,206)	(7,743)	17,926	(23,696)	(8,725)
330	**Profit (Loss) for the period**	**265,485**	**56,679**	**57,140**	**17,268**	**101,964**	**28,864**	**28,786**
340	Profit (loss) for the period pertaining to minority interests	(14,462)	183	(6,899)	(2,710)	2,540	1,032	(1,306)
350	**Profit (Loss) for the period pertaining to the Parent Company**	**251,023**	**56,862**	**50,241**	**14,558**	**104,504**	**29,896**	**27,480**
	Captions net of:							
(*)	Recovery of indirect taxes	31,823	31,629	31,522	29,981	31,001	31,382	33,811
(**)	Contributions to SRF, DGS, IDGF - VS	(20,282)	(8,670)	(23,448)	(18,061)	2,114	(20,205)	(1,569)

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Reclassified consolidated income statement pro-forma as at 30 September 2018

(in thousands of Euro)

Captions		30.09.2018	Pro-forma reclassifications	30.09.2018 pro-forma	30.09.2017	Change	Change %
10+20	Net interest income	850,092	(63,970)	786,122	850,337	(64,215)	-7.55
40+50	Net commission income	577,081	-	577,081	544,026	33,055	6.08
70	Dividends	13,786	-	13,786	11,631	2,155	18.53
80+90+100+110	Net trading income	190,944	-	190,944	71,022	119,922	168.85
230	Other operating charges/income	30,657	-	30,657	48,173	(17,516)	-36.36
	Operating income	**1,662,560**	**(63,970)**	**1,598,590**	**1,525,189**	**73,401**	**4.81**
190 a)	Payroll	(614,987)	-	(614,987)	(577,332)	(37,655)	6.52
190 b)	Other administrative costs	(316,589)	-	(316,589)	(308,957)	(7,632)	2.47
210+220	Net adjustments to property, plant and equipment and intangible assets	(79,258)	-	(79,258)	(61,350)	(17,908)	29.19
	Operating costs	**(1,010,834)**	**-**	**(1,010,834)**	**(947,639)**	**(63,195)**	**6.67**
	Net operating income	**651,726**	**(63,970)**	**587,756**	**577,550**	**10,206**	**1.77**
130 a)	Net impairment adjustments to financial assets at amortised cost	(155,206)	61,251	(93,955)	(412,954)	318,999	-77.25
130 b)	Net impairment adjustments to financial assets at fair value	2,054	-	2,054	(101,000)	103,054	-102.03
###	Net impairment adjustments to other financial assets	-	18,843	18,843	12,880	5,963	46.30
140	Profit/loss from contract modifications without derecognition	(2,719)	2,719	-	-	-	n.s.
	Net impairment adjustments to credit risk	**(155,871)**	**82,813**	**(73,058)**	**(501,074)**	**428,016**	**-85.42**
200	Net provisions for risks and charges	(49,130)	(18,843)	(67,973)	(20,870)	(47,103)	225.70
###	Contributions to SRF, DGS, IDGF - VS	(52,400)	-	(52,400)	(36,152)	(16,248)	44.94
250+270 +280	Gains (Losses) on disposal of investments and impairment losses on goodwill	8,953	-	8,953	11,433	(2,480)	-21.69
###	Gain on a bargain purchase	-		-	130,722	(130,722)	-100.00
290	**Profit from current operations before tax**	**403,278**	**-**	**403,278**	**161,609**	**241,669**	**149.54**
300	Income taxes on current operations	(23,974)	-	(23,974)	(13,513)	(10,461)	77.41
330	**Profit (Loss) for the period**	**379,304**	**-**	**379,304**	**148,096**	**231,208**	**156.12**
340	Profit (Loss) for the period pertaining to minority interests	(21,178)	-	(21,178)	862	(22,040)	--
350	**Profit (Loss) for the period pertaining to the Parent Company**	**358,126**	**-**	**358,126**	**148,958**	**209,168**	**140.42**

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Reclassified consolidated income statement by quarter pro-forma as at 30 September 2018

(in thousands of Euro)

Captions		1st quarter 2018 pro-forma	2nd quarter 2018 pro-forma	3rd quarter 2018 pro-forma	1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017
10+20	Net interest income	267,597	259,511	259,014	288,114	282,005	280,218	274,142
40+50	Net commission income	198,120	190,936	188,025	177,373	181,851	184,802	196,602
70	Dividends	584	12,877	325	312	10,812	507	785
80+90+100+110	Net trading income	153,634	16,431	20,879	24,664	25,869	20,489	32,112
230	Other operating charges/income	11,485	8,174	10,998	10,310	14,298	23,565	10,017
	Operating income	**631,420**	**487,929**	**479,241**	**500,773**	**514,835**	**509,581**	**513,658**
190 a)	Payroll	(207,534)	(212,900)	(194,553)	(194,125)	(191,551)	(191,656)	(206,146)
190 b)	Other administrative costs	(102,285)	(109,981)	(104,323)	(96,628)	(104,864)	(107,465)	(116,654)
210+220	Net adjustments to property, plant and equipment and intangible assets	(21,339)	(34,986)	(22,933)	(18,685)	(22,012)	(20,653)	(26,079)
	Operating costs	**(331,158)**	**(357,867)**	**(321,809)**	**(309,438)**	**(318,427)**	**(319,774)**	**(348,879)**
	Net operating income	**300,262**	**130,062**	**157,432**	**191,335**	**196,408**	**189,807**	**164,779**
130 a)	Net impairment adjustments to financial assets at amortised cost	(504)	(39,219)	(54,232)	(133,573)	(189,659)	(89,722)	(123,021)
130 b)	Net impairment adjustments to financial assets at fair value	1,763	141	150	(17,381)	(54,236)	(29,383)	(3,628)
###	Net impairment adjustments to other financial assets	13,964	(2,041)	6,920	4,647	1,787	6,446	(28,193)
	Net impairment adjustments to credit risk	**15,223**	**(41,119)**	**(47,162)**	**(146,307)**	**(242,108)**	**(112,659)**	**(154,842)**
200	Net provisions for risks and charges	(25,627)	(23,335)	(19,011)	(5,661)	(5,941)	(9,268)	(9,708)
###	Contributions to SRF, DGS, IDGF - VS	(20,282)	(8,670)	(23,448)	(18,061)	2,114	(20,205)	(1,569)
250+270 +280	Gains (Losses) on disposal of investments and impairment losses on goodwill	2,827	2,591	3,535	3,705	2,843	4,885	(21,319)
###	Gain on a bargain purchase	-	-	-	-	130,722	-	60,170
290	**Profit from current operations before tax**	**272,403**	**59,529**	**71,346**	**25,011**	**84,038**	**52,560**	**37,511**
300	Income taxes on current operations	(6,918)	(2,850)	(14,206)	(7,743)	17,926	(23,696)	(8,725)
330	**Profit (Loss) for the period**	**265,485**	**56,679**	**57,140**	**17,268**	**101,964**	**28,864**	**28,786**
340	Profit (Loss) for the period pertaining to minority interests	(14,462)	183	(6,899)	(2,710)	2,540	1,032	(1,306)
350	**Profit (Loss) for the period pertaining to the Parent Company**	**251,023**	**56,862**	**50,241**	**14,558**	**104,504**	**29,896**	**27,480**

BPER:
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Consolidated balance sheet as at 30 September 2018

(in thousands of Euro)

Assets		30.09.2018	31.12.2017	Change	Change %
10.	Cash and cash equivalents	392,189	420,299	(28,110)	-6.69
20.	Financial assets measured at fair value through profit or loss	1,413,653	1,326,601	87,052	6.56
	a) Financial assets held for trading	287,687	414,294	(126,607)	-30.56
	b) Financial assets designated at fair value	216,810	223,192	(6,382)	-2.86
	c) Other financial assets mandatorily measured at fair value through profit or loss	909,156	689,115	220,041	31.93
30.	Financial assets measured at fair value through other comprehensive income	9,026,242	13,398,757	(4,372,515)	-32.63
40.	Financial assets measured at amortised cost	55,863,032	51,561,586	4,301,446	8.34
	a) Loans to banks	5,520,689	3,205,849	2,314,840	72.21
	b) Loans to customers	50,342,343	48,355,737	1,986,606	4.11
50.	Hedging derivatives	57,469	54,061	3,408	6.30
70.	Equity investments	444,844	454,367	(9,523)	-2.10
90.	Property, plant and equipment	1,051,767	1,063,483	(11,716)	-1.10
100.	Intangible assets	495,059	506,627	(11,568)	-2.28
	of which:				
	- goodwill	327,084	327,084	-	-
110.	Tax assets	1,746,815	1,848,127	(101,312)	-5.48
	a) current	370,396	575,441	(205,045)	-35.63
	b) deferred	1,376,419	1,272,686	103,733	8.15
130.	Other assets	730,807	704,899	25,908	3.68
	Total Assets	**71,221,877**	**71,338,807**	**(116,930)**	**-0.16**

(in thousands of Euro)

	Liabilities and shareholders' equity	30.09.2018	31.12.2017	Change	Change %
10.	Financial liabilities measured at amortised cost	63,914,611	63,230,643	683,968	1.08
	a) Due to banks	12,730,558	12,984,226	(253,668)	-1.95
	b) Due to customers	44,387,688	42,694,078	1,693,610	3.97
	c) Debt securities issued	6,796,365	7,552,339	(755,974)	-10.01
20.	Financial liabilities held for trading	150,490	170,046	(19,556)	-11.50
40.	Hedging derivatives	27,812	23,795	4,017	16.88
60.	Tax liabilities	85,569	106,218	(20,649)	-19.44
	a) current	4,356	2,258	2,098	92.91
	b) deferred	81,213	103,960	(22,747)	-21.88
80.	Other liabilities	1,470,229	1,416,660	53,569	3.78
90.	Provision for termination indemnities	185,527	187,536	(2,009)	-1.07
100.	Provisions for risks and charges	531,535	487,178	44,357	9.10
	a) commitments and guarantees granted	64,013	46,793	17,220	36.80
	b) pensions and similar commitments	128,720	137,148	(8,428)	-6.15
	c) other provisions	338,802	303,237	35,565	11.73
120.	Valuation reserves	34,557	75,089	(40,532)	-53.98
150.	Reserves	1,622,226	2,445,454	(823,228)	-33.66
160.	Share premium reserve	930,073	930,073	-	-
170.	Share capital	1,443,925	1,443,925	-	-
180.	Treasury shares (-)	(7,258)	(7,258)	-	-
190.	Minority interest (+/-)	474,455	653,010	(178,555)	-27.34
200.	Net Profit (Loss) for the period (+/-)	358,126	176,438	181,688	102.98
	Total liabilities and shareholders' equity	71,221,877	71,338,807	(116,930)	-0.16

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Consolidated income statement as at 30 September 2018

(in thousands of Euro)

Captions		30.09.2018	30.09.2017	Change	Change %
10.	Interest and similar income	1,070,855	1,065,138	5,717	0.54
20.	Interest and similar expense	(220,763)	(214,801)	(5,962)	2.78
30.	**Net interest income**	**850,092**	**850,337**	**(245)**	**-0.03**
40.	Commission income	603,652	570,930	32,722	5.73
50.	Commission expenses	(26,571)	(26,904)	333	-1.24
60.	**Net commission income**	**577,081**	**544,026**	**33,055**	**6.08**
70.	Dividends and similar income	13,786	11,631	2,155	18.53
80.	Net trading income	25,217	33,275	(8,058)	-24.22
90.	Net hedging gains (losses)	1,992	(228)	2,220	-973.68
100.	Gains/losses on disposal or repurchase of:	152,809	37,372	115,437	308.89
	a) Financial assets measured at amortised cost	(11,915)	(13,022)	1,107	-8.50
	b) Financial assets measured at fair value through other comprehensive income	164,452	50,187	114,265	227.68
	c) Financial liabilities	272	207	65	31.40
110.	Net results on financial assets and liabilities measured at fair value through profit or loss	10,926	603	10,323	-
	a) financial assets and liabilities designated at fair value	(5,010)	603	(5,613)	-930.85
	b) other financial assets mandatorily measured at fair value	15,936	-	15,936	n.a.
120.	**Net interest and other banking income**	**1,631,903**	**1,477,016**	**154,887**	**10.49**
130.	Net impairment adjustments for credit risk relating to:	(153,152)	(513,954)	360,802	-70.20
	a) Financial assets measured at amortised cost	(155,206)	(412,954)	257,748	-62.42
	b) Financial assets measured at fair value through other comprehensive income	2,054	(101,000)	103,054	-102.03
140.	Profit/loss from contractual modifications without derecognition	(2,719)	-	(2,719)	n.a.
150.	**Net profit from financial activities**	**1,476,032**	**963,062**	**512,970**	**53.26**
190.	Administrative costs:	(1,078,950)	(1,014,805)	(64,145)	6.32
	a) payroll	(614,987)	(577,332)	(37,655)	6.52
	b) other administrative costs	(463,963)	(437,473)	(26,490)	6.06
200.	Net provisions for risks and charges	(49,130)	(7,990)	(41,140)	514.89
	a) Commitments and guarantees granted	18,843	12,880	5,963	46.30
	b) Other provisions	(67,973)	(20,870)	(47,103)	225.70
210.	Net adjustments to property, plant and equipment	(43,900)	(30,895)	(13,005)	42.09
220.	Net adjustments to intangible assets	(35,358)	(30,455)	(4,903)	16.10
230.	Other operating charges/income	125,631	140,537	(14,906)	-10.61
240.	**Operating costs**	**(1,081,707)**	**(943,608)**	**(138,099)**	**14.64**
250.	Profit (Loss) of equity investments	8,806	142,126	(133,320)	-93.80
280.	Gains (Losses) on disposal of investments	147	29	118	406.90
290.	**Profit (Loss) from current operations before tax**	**403,278**	**161,609**	**241,669**	**149.54**
300.	Income taxes on current operations	(23,974)	(13,513)	(10,461)	77.41
310.	**Profit (Loss) from current operations after tax**	**379,304**	**148,096**	**231,208**	**156.12**
330.	**Net profit (Loss)**	**379,304**	**148,096**	**231,208**	**156.12**
340.	Net profit (Loss) pertaining to minority interests	(21,178)	862	(22,040)	--
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**358,126**	**148,958**	**209,168**	**140.42**

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Performance ratios

(in thousands of Euro)

Financial ratios	30.09.2018	01.01.2018 (*)
Structural ratios		
Net loans to customers/total assets	64.09%	66.08%
Net loans to customers/direct deposits from customers	89.18%	92.48%
Financial assets/total assets	23.37%	22.47%
Fixed assets/total assets	2.10%	2.16%
Goodwill/total assets	0.46%	0.47%
Direct deposits/total assets	89.74%	89.92%
Deposits under management/indirect deposits	54.97%	55.08%
Financial assets/tangible equity[1]	3.82	3.83
Total tangible assets[2]/tangible equity	16.22	16.92
Net interbank lending/borrowing (in thousands of Euro)	(8,721,024)	(9,984,026)
Number of employees[3]	11,627	11,653
Number of national bank branches	1,219	1,218
Profitability ratios		
ROE[4]	10.75%	3.62%
ROTE[5]	12.11%	4.04%
ROA (net profit/total assets)	0.53%	0.21%
Cost to income ratio[6]	60.80%	62.13%
Net adjustments to loans/net loans to customers	0.33%	0.88%
Basic EPS	0.745	0.310
Diluted EPS	0.745	0.310
Risk ratios		
Net non-performing exposures/net loans to customers	8.34%	9.21%
Net bad loans/net loans to customers	4.54%	4.99%
Net unlikely to pay loans/net loans to customers	3.63%	4.03%
Net past due loans/net loans to customers	0.17%	0.19%
Adjustments to non-performing exposures/gross non-performing exposures	56.71%	59.34%
Adjustments to bad loans/gross bad loans	64.49%	67.37%
Adjustments to unlikely to pay loans/gross unlikely to pay loans	42.19%	43.55%
Adjustments to past due loans/gross past due loans	12.83%	14.09%
Adjustments to performing exposures/gross performing exposures	0.38%	0.58%
Texas ratio[7]	94.05%	101.50%

(*) The comparative figures have been appropriately recalculated at 1 January 2018 to take account of the impact of first-time application of IFRS 9, with the exception of those relating to profitability ratios for which reference is made to the figures at 30 September 2017 as per the Consolidated interim report on operations as at 30 September 2017 (figures at 31 December 2017 as per the Consolidated Financial Statements as at 31 December 2017 only for ROE and ROTE).

[1] *Tangible equity = total shareholders' equity net of intangible assets.*
[2] *Total tangible assets = total assets net of intangible assets.*
[3] *The number of employees does not include the expectations.*
[4] *ROE is calculated on an annual basis, replicating the result for the period for the remaining periods of the year.*
[5] *ROTE is calculated on an annual basis, replicating the result for the period for the remaining periods of the year.*
[6] *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 66.29% (64.76% at 30 September 2017 as per the Consolidated interim report on operations as at 30 September 2017).*
[7] *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.*

(cont.)

Financial ratios	30.09.2018	01.01.2018 (**)
Own Funds (Phased in)[8]		
Common Equity Tier 1 (CET1)	4,459,667	4,410,721
Own Funds	5,367,036	5,227,226
Risk-weighted assets (RWA)	30,265,682	32,394,482
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	14.74%	13.62%
Tier 1 Ratio (T1 Ratio) - Phased in	14.84%	13.63%
Total Capital Ratio (TC Ratio) - Phased in	17.73%	16.14%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	12.00%	11.06%
Leverage Ratio - Phased in[9]	6.1%	6.1%
Leverage Ratio - Fully Phased[10]	4.9%	6.0%
Liquidity Coverage Ratio (LCR)	132.2%	113.7%
Net Stable Funding Ratio (NSFR)[11]	n.d.	105.2%

Non-financial ratios	30.09.2018	01.01.2018 (**)
Productivity ratios (in thousands of Euro)		
Direct deposits per employee	4,402.17	4,311.93
Loans to customers per employee	3,926.00	3,987.70
Assets managed per employee	1,720.81	1,695.21
Assets administered per employee	1,409.69	1,382.51
Core revenues per employee[12]	122.75	118.93
Net interest and other banking income per employee	140.35	125.98
Operating costs per employee	93.03	81.58

(**) The comparative figures have been appropriately recalculated at 1 January 2018 to take account of the impact of first-time application of IFRS 9, with the exception of those relating to the Leverage Ratio (Phased In and Fully Phased), the LCR and the NSFR, for which reference is made to the figures at 31 December 2017 as per the Consolidated Financial Statements at 31 December 2017, and to the productivity ratios calculated on economic data for which reference is made to the figures at 30 September 2017 as per Consolidated interim report on operations as at 30 September 2017.

[8] *The ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2395/2017.*
[9] *The ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 62/2015.*
[10] *See previous note*
[11] *The NSFR, not yet available, is in any case estimated to exceed 100% (105.2% as at 31 December 2017).*
[12] *Core revenues = net interest income + net commission income.*

BPER:
Gruppo

Consolidated balance sheet reflecting the effects of the first-time application of IFRS 9

(in thousands of Euro)

	Assets	31.12.2017	Impact IFRS 9	01.01.2018
10.	Cash and cash equivalents	420,299	-	420,299
20.	Financial assets measured at fair value through profit or loss	1,326,601	(33,519)	1,293,082
	a) Financial assets held for trading	414,294	-	414,294
	b) Financial assets designated at fair value	223,192	-	223,192
	c) Other financial assets mandatorily measured at fair value through profit or loss	689,115	(33,519)	655,596
30.	Financial assets measured at fair value through other comprehensive income	13,398,757	151,937	13,550,694
40.	Financial assets measured at amortised cost	51,561,586	(1,133,870)	50,427,716
	a) Loans to banks	3,205,849	(8,937)	3,196,912
	b) Loans to customers	48,355,737	(1,124,933)	47,230,804
50.	Hedging derivatives	54,061	-	54,061
70.	Equity investments	454,367	-	454,367
90.	Property, plant and equipment	1,063,483	-	1,063,483
100.	Intangible assets	506,627	-	506,627
	- of which: goodwill	327,084	-	327,084
110.	Tax assets	1,848,127	(2,516)	1,845,611
	a) current	575,441	-	575,441
	b) deferred	1,272,686	(2,516)	1,270,170
130.	Other assets	704,899	-	704,899
	Total assets	**71,338,807**	**(1,017,968)**	**70,320,839**

(in thousands of Euro)

	Liabilities and shareholders' equity	31.12.2017	Impact IFRS 9	01.01.2018
10.	Financial liabilities measured at amortised cost	63,230,643	515	63,231,158
	a) Due to banks	12,984,226	-	12,984,226
	b) Due to customers	42,694,078	-	42,694,078
	c) Debt securities issued	7,552,339	515	7,552,854
20.	Financial liabilities held for trading	170,046	-	170,046
40.	Hedging derivatives	23,795	-	23,795
60.	Tax liabilities:	106,218	51,038	157,256
	a) current	2,258	378	2,636
	b) deferred	103,960	50,660	154,620
80.	Other liabilities	1,416,660	-	1,416,660
90.	Provision for termination indemnities	187,536	-	187,536
100.	Provisions for risks and charges	487,178	14,340	501,518
	a) Commitments and guarantees granted	46,793	14,340	61,133
	b) pensions and similar commitments	137,148	-	137,148
	c) other provisions	303,237	-	303,237
120.	Valuation reserves	75,089	129,333	204,422
150.	Reserves	2,445,454	(1,012,009)	1,433,445
160.	Share premium reserve	930,073	-	930,073
170.	Share capital	1,443,925	-	1,443,925
180.	Treasury shares (-)	(7,258)	-	(7,258)
190.	Minority interests (+/-)	653,010	(201,185)	451,825
200.	Net Profit (Loss) for the period (+/-)	176,438	-	176,438
	Total liabilities and shareholders' equity	**71,338,807**	**(1,017,968)**	**70,320,839**