BPER:
Banca

PRESS RELEASE

The Group's preliminary consolidated results for 2018 have been approved

Profit for the year of € 402.0 million, the highest in the Group's history.

Proposal for a cash dividend of € 13 cents per share (€ 11 cents in 2017), confirming the constant growth in shareholder remuneration over time.

Asset quality has again improved considerably:

- **Significant reduction in the gross stock of NPEs equal to € 3.5 billion since the beginning of 2018 (-33.1%), also thanks to "4Mori Sardegna" and "Aqui", the two securitisations of bad loans completed during the year for a total of about € 3.0 billion**

- **Gross NPE ratio now at 13.8%, down by more than 6 percentage points from 19.9% at the beginning of the year. Net NPE ratio now at 6.8%, down from 9.2% at 1 January 2018 (-2.4 p.p.)**

- **Texas ratio[1] of 85.0%, down from 101.5% at 1 January 2018 (-16.5 p.p.)**

Group financial position is solid with a Fully Phased CET1 ratio[2] of 11.9%, substantially stable compared with September 2018. Phased In CET1 ratio[3] of 14.3%, far higher than the SREP requirement set by the ECB for 2019 at 9.0%.

The growth in commercial activity has been positive with gross performing loans to customers exceeding € 44.0 billion, up 3.7% from the start of 2018. There have been significant increases in volumes, also in terms of total funding, which come to € 91.3 billion if we include the rapidly expanding Bancassurance sector.

The net result from operations amounts to € 698.4 million, boosted by a very strong performance on the part of net commission income and the result from financial activities. The annualised cost of credit stands at 47 bps, which is low compared with 112 bps in 2017. The positive trend in the main economic aggregates has made it possible to absorb significant non-recurring charges related to the sale of bad loans and impairment adjustments to goodwill and tangible assets, among others. Conversely, positive income taxes were recorded during the year, largely due to the effect of deferred tax assets recognised during the year.

METHODOLOGICAL NOTE *The entry into force on 1 January 2018 of the new international accounting standard IFRS 9, first application of which took place with the transitional rules, and the consequent update of Bank of Italy Circular 262, which revised, among other things, the schedules of the separate and consolidated financial statements in order to implement the new international accounting standard, means that the figures are not directly comparable with those of the previous year. It should also be noted that, for the BPER Group, 2017 was characterised by a change in the scope of consolidation following the acquisition of 100% of Nuova Carife on 30 June 2017, an entity subsequently incorporated into BPER Banca (parent) on 20 November 2017. In this situation, to allow as direct a comparison as possible of the income statement figures with those of the previous year, the consolidated numbers at 31 December 2018 are shown on a reclassified basis, making estimates according to the previous rules with the best possible degree of approximation. It should also be noted that as a consequence of the acquisition of Nuova Carife mentioned above, these figures, based on the same scope of consolidation, are only comparable with those of the second half of 2017, which already included the 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 made to the Group's share of the Atlante Fund and to CariCesena's portion of the contribution to the FITD-SV for a total of € 61.5 million. The consolidated balance sheet at 31 December 2017, on the other hand, has been restated at 1 January 2018 according to the new schedules that reflect the new IFRS 9 classification, making them directly comparable with the balance sheet figures at 31 December 2018. Unless stated otherwise, the figures involved in these changes are specifically defined as pro-forma and/or pro-formatted.*

The Board of Directors of BPER Banca examined and approved the preliminary separate results of the Bank and the preliminary consolidated results of the Group at 31 December 2018.

Alessandro Vandelli, Chief Executive Officer of BPER Banca, comments as follows: *"2018 closed with a profit of more than € 400 million, the highest in the Group's history. This excellent result is accompanied by a solid capital position with a fully phased CET1 ratio of close to 12% and a phased-in ratio of well over 14%, both considerably higher than the minimum capital requirement set by the ECB for 2019 at 9.0%. What's more, as well as turning in excellent levels of profitability and capital solidity, the year just ended also featured a further significant improvement in asset quality, which is consistent with the broader derisking plan laid down in the BPER Group's* NPE Strategy 2018-2020*. In fact, the gross NPE ratio has fallen by more than 6 percentage points in just one year to 13.8%, from 19.9% at the beginning of 2018, recording one of the best performances in the banking system. The gross stock of NPEs has decreased by about € 3.5 billion, also thanks to the "4MoriSardegna" and "AQUI" securitisations for a total of € 3.0 billion. The huge effort that the Group has made to reduce non-performing loans has produced a significant reduction in the gross NPE ratio of almost 10 percentage points between mid-2016 and 2018; this should not be considered a point of arrival, but an important point of departure to achieve even more ambitious goals, starting from the current year. The remarkable results that we have achieved in terms of profitability, capital solidity and asset quality allow us to look with confidence at the next 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 € 1,122.4 million[4]. The 4th quarter result is equal to € 272.3 million, slightly down from € 276.6 million in the 3rd quarter of the year, mainly due to the "IFRS 9 reclassification" effect[5]; net of it, the pro-forma quarterly figure would be € 259.9 million, a slight increase on a like-for-like basis on both the 3rd and 2nd quarters of the year.

Net commission income amounts to € 776.3 million, an increase of 4.8% y/y. This positive performance was achieved mainly thanks to the sharp increase in net commission income from funds under management and Bancassurance (+14.9% 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 4th quarter amounts to € 199.2 million, up by 5.9% q/q, mainly thanks to the good performance by the Bancassurance sector (€ 21.5 million in the quarter, +71.5% q/q).

Dividends amount to € 34.3 million and include a non-recurring amount of € 15.7 million referring to an extraordinary dividend distributed by Nexi.

The **net result from trading activities** comes to € 104.0 million. It includes realised net gains on financial assets and liabilities of € 116.6 million, net losses on securities and derivatives of € 20.8 million and other positive elements of € 8.2 million. This result has also been influenced by an extraordinary charge of € 56.7 million relating to the sale of the mezzanine and junior tranches of the "AQUI" securitisation of bad loans for a total of around € 1.9 billion[6], which was completed in the 4th quarter of the year.

Operating profit comes to € 2,081.3 million (pro-forma € 2,122.3 net of the non-recurring items on the AQUI transaction and the dividends mentioned previously).

Operating costs amount to € 1,382.9 million. In detail, personnel expenses amount to € 821.5 million, other administrative expenses to € 442.4 million and depreciation and amortisation of tangible and intangible assets to € 118.9 million. 4th quarter operating costs come to € 372.0 million, up on the 3rd quarter of the year, which also showed the usual positive seasonal effect, mainly due to the increase in administrative expenses on numerous extraordinary projects in various areas implemented during the year, as well as significant non-recurring net adjustments to tangible assets.

The **net result from operations** (operating profit, net of operating costs) amounts to € 698.4 million and € 739.4 million pro-forma, net of non-recurring items on AQUI and dividends.

The **net adjustments to loans and other assets** amount to € 226.7 million, almost entirely referable to net adjustments to financial assets measured at amortised cost, a sharp reduction compared with the same period last year. The figure for the 4th quarter amounts to € 70.8 million. The **cost of credit for the year** comes to 47 bps, significantly lower than the 112 bps of the previous year.

Net provisions for risks and charges amount to € 25.2 million in the period.

In the first half of the year, the BPER Group booked its 2018 contribution to the **Single Resolution Fund (SRF)** for an amount of € 28.9 million, consisting of an ordinary portion of € 20.3 million already present in the 1st quarter and an extraordinary portion of € 8.6 million relating to 2016 in the 2nd quarter. The ordinary contribution to the **Deposit Guarantee Fund (DGS**), recorded under administrative expenses and already accounted for in the 3rd quarter of 2018, amounts to € 23.4 million. These contributions for 2018 therefore come to a total of € 52.3 million. Note that, in the interests of clarity, these contributions are shown on a separate line in the reclassified income statement, whereas in the Bank of Italy's schedule they are included in item 180 b) "Other administrative expenses”.

The **net result of activities related to the sale of financial and equity investments** is a loss of € 48.7 million, including write-downs of goodwill for a total of € 62.3 million.

The **profit from current operations before tax** is € 345.5 million. **Income taxes** are positive for € 100.3 million, mainly due to the effect of deferred tax assets recognised in 2018 as a result of a revised forecast of their recovery based on up-to-date forward-looking figures and the regulatory changes introduced by the 2019 Finance Act.

Total net profit for the period stands at € 445.8 million and includes a net profit for the period attributable to minority interests of € 43.8 million, almost entirely attributable to Banco di Sardegna's consolidated result. **The profit attributable to the Parent Company** therefore comes to € 402.0 million.

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

Direct funding from customers (amounts due to customers, debt securities in issue and financial liabilities designated at fair value through profit or loss) amounted to € 50.0 billion, substantially stable compared with 1 January 2018. Ordinary customer deposits amount to € 45.0 billion, recording a strong increase in current accounts and demand deposits (€ 2.1 billion), offset by a drop in restricted deposits, bonds and certificates of deposit (€ 2.2 billion). Institutional deposits amount to € 5.0 billion, down 3.6% from 1 January 2018. Total direct funding mainly consists of current accounts and short-term demand and restricted deposits (78.6%) and bonds (8.0%).

Indirect customer deposits, valued at market prices, come to € 36.2 billion (€ 35.9 billion at 1 January 2018). In particular, **funds under management** amount to € 19.3 billion and show a positive net inflow for the period of € 1.1 billion. **Funds under administration** amount to € 16.9 billion. The **portfolio of life insurance premiums**, not included in indirect deposits, amounts to € 5.0 billion.

Net loans to customers amount to € 47.1 billion, an increase of € 0.6 billion compared with € 46.5 billion at 1 January 2018, including the effects of the "4Mori Sardegna" and "AQUI" securitisations concluded in 2018[7]. Net performing loans amount to € 43.8 billion (up 3.9% from 1 January 2018), whereas net non-performing loans (bad, unlikely-to-pay and past due loans) amount to € 3.2 billion (-25.2% compared with 1 January 2018), with a total coverage ratio of 54.5%, down 4.8 p.p. compared with 1 January 2018 after the entry into force of the new accounting standard IFRS 9 (+5.8 p.p. from 48.7% at 31 December 2017 pre-IFRS 9). Looking at the various components, **net bad loans** amount to € 1.4 billion, a sharp decrease of € 0.9 billion (-37.6%) compared with 1 January 2018, with coverage of 66.6%; **net unlikely-to-pay loans** amount to € 1.7 billion, down € 0.2 billion (-9.5%) compared with 1 January 2018, with coverage of 35.7%; **net past due loans** amount to € 60.5 million with coverage of 12.3%.

Gross loans to customers amount to € 51.1 billion, down by € 1.9 billion compared with € 53.0 billion at 1 January 2018, including the effects of the "4Mori Sardegna" and "AQUI" securitisations of bad loans completed in 2018[8]. Gross performing loans amount to € 44.0 billion (+3.7% compared with 1 January 2018), whereas gross non-performing loans (bad, unlikely-to-pay and past due loans) amount to € 7.0 billion (-33.1% compared with 1 January 2018), 13.8% as a proportion of total gross loans, a sharp decline of 6.1 pp from 19.9% on 1 January 2018, also thanks to the securitisations of bad loans mentioned previously. Looking at the various components, **gross bad loans** amount to € 4.3 billion, down by € 2.8 billion (-39.0%) compared with 1 January 2018; **gross unlikely-to-pay loans** amount to € 2.6 billion, down € 0.7 billion (-20.5%) compared with 1 January 2018; **gross past due loans** amount to € 69.0 million. The quality of performing loans is improving strongly, with a percentage of low-risk ratings that is now over 60%.

The **net interbank position** is negative for € 11.6 billion compared with € 10.0 billion at 1 January 2018 and is the result of the imbalance between amounts due from banks of € 1.5 billion and amounts due to banks of € 13.1 billion. The BPER Group's total amount of refinancing with the European Central Bank (ECB) amounts to € 9.3 billion, entirely attributable to participation in TLTRO 2 with a four-year maturity[9]. Financial instruments, which can be used as collateral for refinancing operations on the market, amount to € 18.7 billion, net of the haircut, of which € 5.7 billion is available, to which € 0.9 billion of deposits available at the ECB must be added.

Financial assets come to a total of € 17.2 billion (€ 15.8 billion at 1 January 2018) and amount to 24.3% of total assets. Debt securities amounted to € 16.3 billion and represent 95.0% of the total portfolio: of these, € 6.6 billion refer to government securities and other public entities, of which € 5.2 billion of Italian government securities.

Total shareholders' equity at 31 December 2018 amounts to € 4.9 billion (€ 4.6 billion at 1 January 2018) with a portion attributable to minority interests of € 0.5 billion (unchanged compared with 1 January 2018). The Group's consolidated shareholders' equity, including the result for the period, amounts to € 4.4 billion (€ 4.2 billion at 1 January 2018).

The **Liquidity Coverage Ratio** (LCR) and the **Net Stable Funding Ratio** (NSFR) are both over 100%; at 31 December 2018, the LCR is 154.3%, while the NSFR is estimated to be over 100% (it was 106.7% at 30 September 2018).

Capital ratios

The capital ratios at 31 December 2018, calculated taking into account the AIRB methodology for credit risk requirements, are based on Own Funds including the portion of profit realised during the period, net of the expected dividend and applying IFRS 9[10]:

- Common Equity Tier 1 Ratio (Phased In)[11] of 14.27% (14.74% at 30 September 2018 and 13.62% at 1 January 2018). This ratio calculated on a fully phased basis[12] comes to 11.95% (12.0% at 30 September 2018 and 11.06% at 1 January 2018);
- Phased In Tier 1 ratio of 14.37% (14.84% at 30 September 2018 and 13.63% at 1 January 2018);
- Total Capital Ratio Phased In of 17.25% (17.73% at 30 September 2018 and 16.14% at 1 January 2018).

Main structure data at 31 December 2018

The Group is present in eighteen Italian regions with 1,218 bank branches (unchanged since the end of 2017), in addition to the Luxembourg office of BPER Bank Luxemburg SA.

Group employees amounted to 11,615, a decrease of 38 compared with the figure of 11,653 members of staff in service at the end of 2017.

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The parent company BPER Banca

The financial statements of the Parent Company at 31 December 2018, approved by the Board of Directors at the same time on a preliminary basis, provide the balance sheet and income statement figures shown below.

Balance sheet:

- **direct funding** of € 36.3 billion (€ 36.9 billion at 1 January 2018);
- **indirect deposits** of € 32.0 billion (€ 31.6 billion at 1 January 2018);
- **net loans to customers** amount to € 36.7 billion (€ 36.5 billion at 1 January 2018), including non-performing loans of € 2.0 billion (€ 2.7 billion at 1 January 2018), which represent 5.5% of total net loans with coverage of 58.7%; the portion represented by bad loans amounts to € 0.9 billion, representing 2.4% of total net loans, with coverage of 70.9%;
- **shareholders' equity**, including the result for the year, is € 4.4 billion (€ 4.2 billion at 1 January 2018).

Income statement:

- **net interest income** of € 773.9 million (€ 803.5 million in 2017);
- **net commission income** amount to € 590.3 million (€ 558.3 million in 2017);
- **net interest and other banking income** comes to € 1,523.8 million (€ 1,476.7 million in 2017);
- **net profit from financial activities** comes to € 1,373.7 million (€ 989.8 million in 2017);
- **operating costs**, net of operating income, amount to € 1,017.7 million (€ 953.4 million in 2017);
- **profit from current operations before tax** is € 252.9 million (€ 220.4 million in 2017);
- **net result for the year**, which includes positive taxes for € 53.8 million, is a profit of € 306.7 million (€ 208.8 million in 2017).

Proposed allocation of BPER Banca's profit for the year

The Board has approved the proposal for the distribution of a cash dividend of € 0.13 per share for each of the 481,308,435 shares representing the share capital (net of those held in portfolio on the ex-coupon date: 455,458 at 31 December 2018, the same as today), for a maximum total amount of € 62.570.096,55.

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Outlook for operations

The world economic cycle is expected to slow down in 2019, even if the picture is not the same everywhere. Lower growth rates compared with last year are expected in both the United States and Europe, and inflation is expected to stay low. In this scenario, Central Banks will probably continue to take an accommodating line, helping to keep interest rates under control.
In 2018, Italy posted a more marked economic slowdown compared with other European countries, mainly because of the deceleration in international trade, weak domestic demand and the uncertain political situation that has weighed on investment decisions; for the current year, Italian gross domestic product is expected to slow down even more.

In this context, the lending to customers is expected to increase moderately, concentrated in particular on individuals and SMEs. Net interest income is expected to grow marginally thanks to an improvement in business with customers, due to a combined spread/volume effect, as well as an increase in the financial margin, favoured on the one hand by the increased size of the portfolio in 2018 and, on the other, the containment of medium-term funding costs. Important support for revenues is expected to come from commissions, particularly from the asset management and bancassurance sector, while the core banking business should also grow marginally. Ordinary operating costs are expected to decrease following considerable efforts to streamline and rationalise the business, which will take full effect in the activities envisaged by the new three-year Business Plan due to be presented on 28 February. The cost of credit should be relatively low. All of these factors should contribute to support the Group's profitability prospects for the current year.

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Approval of BPER's draft separate and consolidated financial statements for 2018 by the Board of Directors is scheduled for 5 March 2019.

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Note that Deloitte & Touche SpA still have to complete their audit, after which they will issue their audit report as required by law on the draft separate and consolidated financial statements for the year ended 31 December 2018, which are due to be approved by the Bank's Board of Directors scheduled on 5 March 2019.

To supplement the information provided in this press release, we attach:

- *the consolidated balance sheet and income statement (also quarterly and reclassified) at 31 December 2018, as well as a summary of the key financial indicators;*
- *tables explaining the transition to IFRS 9;*
- *a separate balance sheet and income statement of the Parent Company at 31 December 2018.*

Modena, 8 February 2019

The Chief Executive Officer
Alessandro Vandelli

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The Manager responsible for preparing the Company's financial reports, Marco Bonfatti, declares, pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Finance Act), that the accounting information contained in this press release agrees with the supporting documentation, books of account and accounting entries.

Modena, 8 February 2019

The Manager responsible for preparing the Company's financial reports

Marco Bonfatti

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A conference call will be held today, **8 February 2019 at 9.30 (CET)**, to explain the consolidated results of the BPER Group at 31 December 2018. The conference call will be held in English and will be chaired by **Alessandro Vandelli, the Chief Executive Officer.**

To join the conference call, dial one of the following telephone numbers:

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

A set of slides to support the presentation will be available the same day, before the start of the presentation and the conference call, in the Investor Relations area of the Bank's websites 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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Footnotes

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

[2] The Fully Phased Common Equity Tier 1 ratio is estimated taking into account the expected absorption of deferred tax assets relating to first-time adoption of IFRS9

[3] Reg. 2395/2017 "Transitional provisions for mitigating the impact of the introduction of IFRS 9 on own funds" introduced the transitional regime (the so-called "phased-in") for the impact of IFRS 9 on own funds, giving banks a chance to spread the effect on own funds over a period of 5 years (from March 2018 to December 2022), sterilizing the impact in CET1 by applying 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.

[4] Net interest income for 2018 includes the total benefit for the period deriving from participation in the Targeted Longer Term Refinancing Operations-II (TLTRO 2) equal to € 37.6 million (€ 9.3 million in the 1st quarter, € 9.4 million in the 2nd quarter, € 9.4 million in the 3rd quarter and € 9.5 million in the 4th quarter). This benefit for the whole of 2017 was € 33.7 million (€ 5.1 million in the 1st quarter, € 9.3 million in the 2nd quarter, € 9.3 million in the 3rd quarter and € 10.0 million in the 4th quarter).

[5] Following the application of the 5th update of Bank of Italy Circular 262/2005, net interest income at 31 December 2018 includes € 85.6 million of interest from time value on non-performing loans (€ 29.1 million in the 1st quarter, € 22.6 million in the 2nd quarter, € 20.0 million in the 3rd quarter and € 13.9 million in the 4th quarter), which in the previous year was included in "Net impairment adjustments to loans". Furthermore, application of the Circular envisages not recognising as interest income a portion of the interest on exposures classified as non-performing, relating to loans to customers that in 2018 amounted to € 9.2 million (€ 3.5 million in the 1st quarter, € 1.8 million in the 2nd quarter, € 2.5 million in the 3rd quarter and € 1.4 million in the 4th quarter). Overall, the net impact on net interest income for the entire year amounted to € 76.4 million (€ 25.6 million in the 1st quarter, € 20.8 million in the 2nd quarter, € 17.6 million in the 3rd quarter and € 12.4 million in the 4th quarter).

[6] On 7 November, a bad loans portfolio, mainly belonging to BPER Banca, called "AQUI", was sold for a gross carrying amount of € 1.9 billion to "AQUI SPV Srl", a securitisation vehicle set up pursuant to Law 130/99, in exchange for three different classes of securities for a total of € 618.4 million: 1) a senior tranche, amounting to € 544.7 million, corresponding to 28.7% of the gross carrying amount, to which the investment grade ratings were assigned by Moody's (Baa3) and Scope Ratings (BBB-); 2) a mezzanine tranche of € 62.9 million; 3) a junior tranche of € 10.8 million.

[7] For details, see the press releases published on 22 and 29 June, 7 November and 14 December 2018.

[8] For details, see the press releases published on 22 June and 29, 7 November and 14 December 2018.

[9] Details of the Group's participation in TLTRO 2 are as follows: € 4.1 billion subscribed in June 2016, used in part to repay all of the TLTRO 1 loan; € 1.0 billion at the end of December 2016 and € 4.2 billion at the end of March 2017.

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

[11] See Note 3.

[12] See Note 2

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Reclassified financial statement as at 31 December 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 valued at amortised cost (caption 40 *"Financial assets valued at amortised cost"*) have been reclassified under caption *"Financial assets"*;
- *"Other assets"* include captions 110 "Tax assets", 120 "*Non current assets and disposal groups classified as held for sale*" 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 captions 80, 90, 100 and 110 in the standard reporting format;
- Indirect tax recoveries, allocated for accounting purposes to caption 230 *"Other operating charges/income"*, have been reclassified as a reduction in the related costs under *"Other administrative expenses"* (Euro 126,014 thousand at 31 December 2018 and Euro 126,175 thousand at 31 December 2017);
- "Net provisions for risks and charges" include Euro 17,400 thousand relating to the valuation of the profit-sharing clause in the contract for the acquisition of Nuova Carife, allocated to caption 230 *"Other operating charges/income"* in the accounting schedule;
- *"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" 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 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 23,385 thousand.

In the comparative figures at 31 December 2017, the "*Net impairment 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 31 December 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.

Reclassified consolidated balance sheet as at al 31 December 2018

(in thousands)

Assets	31.12.2018	01.01.2018	31.12.2017	Change 31.12.2018-01.01.2018	Change %
Cash and cash equivalents	459,782	420,299	420,299	39,483	9.39
Financial assets	17,152,084	15,799,267	15,661,977	1,352,817	8.56
a) Financial assets held for trading	247,219	414,294	414,294	(167,075)	-40.33
b) Financial assets designated at fair value	218,662	223,192	223,192	(4,530)	-2.03
c) Other financial assets mandatorily measured at fair value through profit or loss	662,744	655,596	689,115	7,148	1.09
d) Financial assets measured at fair value through other comprehensive income	8,560,568	13,547,372	13,395,435	(4,986,804)	-36.81
e) Debt securities valued at amortised cost	7,462,891	958,813	939,941	6,504,078	678.35
- banks	1,766,169	196,713	193,334	1,569,456	797.84
- customers	5,696,722	762,100	746,607	4,934,622	647.50
Loans	48,594,875	49,472,225	50,624,967	(877,350)	-1.77
a) Loans to banks	1,540,509	3,000,199	3,012,515	(1,459,690)	-48.65
b) Loans to customers	47,050,942	46,468,704	47,609,130	582,238	1.25
c) Financial assets at fair value through other comprehensive income	3,424	3,322	3,322	102	3.07
Hedging derivatives	35,564	54,061	54,061	(18,497)	-34.22
Equity investments	446,049	454,367	454,367	(8,318)	-1.83
Property, plant and equipment	1,063,273	1,063,483	1,063,483	(210)	-0.02
Intangible assets	445,689	506,627	506,627	(60,938)	-12.03
- of which: goodwill	264,740	327,084	327,084	(62,344)	-19.06
Other assets	2,437,451	2,550,510	2,553,026	(113,059)	-4.43
Total assets	**70,634,767**	**70,320,839**	**71,338,807**	**313,928**	**0.45**

(in thousands)

Liabilities and shareholders' equity	31.12.2018	01.01.2018	31.12.2017	Change 31.12.2018-01.01.2018	Change %
Due to banks	13,126,248	12,984,226	12,984,226	142,022	1.09
Direct deposits	49,996,419	50,246,932	50,246,417	(250,513)	-0.50
a) Due to customers	44,594,863	42,694,078	42,694,078	1,900,785	4.45
b) Debt securities issued	5,401,556	7,552,854	7,552,339	(2,151,298)	-28.48
Financial liabilities held for trading	143,824	170,046	170,046	(26,222)	-15.42
Hedging derivatives	92,374	23,795	23,795	68,579	288.21
Other liabilities	2,379,334	2,262,970	2,197,592	116,364	5.14
Minority interests	507,457	451,825	653,010	55,632	12.31
Shareholders' equity pertaining the Parent Company	4,389,111	4,181,045	5,063,721	208,066	4.98
a) Valuation reserves	949	204,422	75,089	(203,473)	-99.54
b) Reserves	1,619,469	1,433,445	2,445,454	186,024	12.98
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	401,953	176,438	176,438	225,515	127.82
Total liabilities and shareholder's equity	**70,634,767**	**70,320,839**	**71,338,807**	**313,928**	**0.45**

BPER:
Gruppo

Reclassified consolidated income statement as at 31 December 2018

(in thousands)

Captions		31.12.2018	31.12.2017	Change	Change %
10+20	Net interest income	1,122,437	1,124,479	(2,042)	-0.18
40+50	Net commission income	776,265	740,628	35,637	4.81
70	Dividends	34,339	12,416	21,923	176.57
80+90+100+110	Net trading income	104,022	103,134	888	0.86
230 (*)	Other operating charges/income	44,209	58,190	(13,981)	-24.03
	Operating income	**2,081,272**	**2,038,847**	**42,425**	**2.08**
190 a)	Payroll	(821,494)	(783,478)	(38,016)	4.85
190 b) (*) (**)	Other administrative costs	(442,431)	(425,611)	(16,820)	3.95
210+220	Net adjustments to property, plant, equipment and intangible assets	(118,939)	(87,429)	(31,510)	36.04
	Operating costs	**(1,382,864)**	**(1,296,518)**	**(86,346)**	**6.66**
	Net operating income	**698,408**	**742,329**	**(43,921)**	**-5.92**
130 a)	Net impairment adjustments to financial assets at amortised cost	(225,772)	(535,975)	310,203	-57.88
130 b)	Net impairment adjustments to Finacial assets at fair value	2,066	(104,628)	106,694	-101.97
140	Profit/loss from contract changes without derecognition	(2,956)	-	(2,956)	n.s.
	Net impairment adjustments to credit risk	**(226,662)**	**(640,603)**	**413,941**	**-64.62**
200	Net provisions for risks and charges	(25,194)	(45,891)	20,697	-45.10
###	Contributions to SRF, DGS, IDGF - VS	(52,325)	(37,721)	(14,604)	38.72
250+270+280	Gains (Losses) on disposal of investments and impairment losses on goodwill	(48,701)	(9,886)	(38,815)	392.63
###	Gain on a bargain purchase	-	190,892	(190,892)	-100.00
290	**Profit from current operations before tax**	**345,526**	**199,120**	**146,406**	**73.53**
300	Income taxes on current operations for the period	100,264	(22,238)	122,502	-550.87
330	**Profit (Loss) for the period**	**445,790**	**176,882**	**268,908**	**152.03**
340	Profit (Loss) for the period pertaining to minority interests	(43,837)	(444)	(43,393)	--
350	**Profit (Loss) for the period pertaining to the Parent Company**	**401,953**	**176,438**	**225,515**	**127.82**

	Captions net of:				
(*)	Recovery of indirect taxes	126,014	126,175	(161)	-0.13
(**)	Contributions to SRF, DGS, IDGF - VS	(52,325)	(37,721)	(14,604)	38.72

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Reclassified consolidated income statement by quarter as at 31 December 2018

(in thousands)

Captions		1st quarter 2018	2nd quarter 2018	3rd quarter 2018	4th 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	272,345	288,114	282,005	280,218	274,142
40+50	Net commission income	198,120	190,936	188,025	199,184	177,373	181,851	184,802	196,602
70	Dividends	584	12,877	325	20,553	312	10,812	507	785
80+90+100+110	Net trading income	153,634	16,431	20,879	(86,922)	24,664	25,869	20,489	32,112
230 (*)	Other operating charges/income	11,485	8,174	10,998	13,552	10,310	14,298	23,565	10,017
	Operating income	**657,057**	**508,686**	**496,817**	**418,712**	**500,773**	**514,835**	**509,581**	**513,658**
190 a)	Payroll	(207,534)	(212,900)	(194,553)	(206,507)	(194,125)	(191,551)	(191,656)	(206,146)
190 b) (*) (**)	Other administrative costs	(102,285)	(109,981)	(104,323)	(125,842)	(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)	(39,681)	(18,685)	(22,012)	(20,653)	(26,079)
	Operating costs	**(331,158)**	**(357,867)**	**(321,809)**	**(372,030)**	**(309,438)**	**(318,427)**	**(319,774)**	**(348,879)**
	Net operating income	**325,899**	**150,819**	**175,008**	**46,682**	**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)	(70,566)	(133,573)	(189,659)	(89,722)	(123,021)
130 b)	Net impairment adjustments to financial assets at fair value	1,763	141	150	12	(17,381)	(54,236)	(29,383)	(3,628)
140	Profit/loss from contract modifications without derecognition	-	(1,183)	(1,536)	(237)	-	-	-	-
	Net impairment adjustments to credit risk	**(24,378)**	**(59,835)**	**(71,658)**	**(70,791)**	**(150,954)**	**(243,895)**	**(119,105)**	**(126,649)**
200	Net provisions for risks and charges	(11,663)	(25,376)	(12,091)	23,936	(1,014)	(4,154)	(2,822)	(37,901)
###	Contributions to SRF, DGS, IDGF - VS	(20,282)	(8,670)	(23,448)	75	(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	(57,654)	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**	**(57,752)**	**25,011**	**84,038**	**52,560**	**37,511**
300	Income taxes on current operations	(6,918)	(2,850)	(14,206)	124,238	(7,743)	17,926	(23,696)	(8,725)
330	**Profit (Loss) for the period**	**265,485**	**56,679**	**57,140**	**66,486**	**17,268**	**101,964**	**28,864**	**28,786**
340	Profit (loss) for the period pertaining to minority interests	(14,462)	183	(6,899)	(22,659)	(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**	**43,827**	**14,558**	**104,504**	**29,896**	**27,480**

	Captions net of:								
(*)	Recovery of indirect taxes	31,823	31,629	31,522	31,040	29,981	31,001	31,382	33,811
(**)	Contributions to SRF, DGS, IDGF - VS	(20,282)	(8,670)	(23,448)	75	(18,061)	2,114	(20,205)	(1,569)

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Reclassified consolidated income statement pro-forma as at 31 December 2018

(in thousands)

Captions		31.12.2018	Pro-forma reclassifications	31.12.2018 pro-forma	31.12.2017	Change	Change %
10+20	Net interest income	1,122,437	(76,367)	1,046,070	1,124,479	(78,409)	-6.97
40+50	Net commission income	776,265	-	776,265	740,628	35,637	4.81
70	Dividends	34,339	-	34,339	12,416	21,923	176.57
80+90+100+110	Net trading income	104,022	-	104,022	103,134	888	0.86
230	Other operating charges/income	44,209	-	44,209	58,190	(13,981)	-24.03
	Operating income	**2,081,272**	**(76,367)**	**2,004,905**	**2,038,847**	**(33,942)**	**-1.66**
190 a)	Payroll	(821,494)	-	(821,494)	(783,478)	(38,016)	4.85
190 b)	Other administrative costs	(442,431)	-	(442,431)	(425,611)	(16,820)	3.95
210+220	Net adjustments to property, plant and equipment and intangible assets	(118,939)	-	(118,939)	(87,429)	(31,510)	36.04
	Operating costs	**(1,382,864)**	**-**	**(1,382,864)**	**(1,296,518)**	**(86,346)**	**6.66**
	Net operating income	**698,408**	**(76,367)**	**622,041**	**742,329**	**(120,288)**	**-16.20**
130 a)	Net impairment adjustments to financial assets at amortised cost	(225,772)	73,411	(152,361)	(535,975)	383,614	-71.57
130 b)	Net impairment adjustments to financial assets at fair value	2,066	-	2,066	(104,628)	106,694	-101.97
###	Net impairment adjustments to other financial assets	-	16,197	16,197	(15,313)	31,510	-205.77
140)	Profit/loss from contract modifications without derecognition	(2,956)	2,956	-	-	-	n.s.
	Net impairment adjustments to credit risk	**(226,662)**	**92,564**	**(134,098)**	**(655,916)**	**521,818**	**-79.56**
200	Net provisions for risks and charges	(25,194)	(16,197)	(41,391)	(30,578)	(10,813)	35.36
###	Contributions to SRF, DGS, IDGF - VS	(52,325)	-	(52,325)	(37,721)	(14,604)	38.72
250+270 +280	Gains (Losses) on disposal of investments and impairment losses on goodwill	(48,701)	-	(48,701)	(9,886)	(38,815)	392.63
###	Gain on a bargain purchase	-		-	190,892	(190,892)	-100.00
290	**Profit from current operations before tax**	**345,526**	**-**	**345,526**	**199,120**	**146,406**	**73.53**
300	Income taxes on current operations	100,264	-	100,264	(22,238)	122,502	-550.87
330	**Profit (Loss) for the period**	**445,790**	**-**	**445,790**	**176,882**	**268,908**	**152.03**
340	Profit (Loss) for the period pertaining to minority interests	(43,837)	-	(43,837)	(444)	(43,393)	--
350	**Profit (Loss) for the period pertaining to the Parent Company**	**401,953**	**-**	**401,953**	**176,438**	**225,515**	**127.82**

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Reclassified consolidated income statement by quarter pro-forma as at 31 December 2018

(in thousands)

Captions		1st quarter 2018 pro-forma	2nd quarter 2018 pro-forma	3rd quarter 2018 pro-forma	4th 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	259,948	288,114	282,005	280,218	274,142
40+50	Net commission income	198,120	190,936	188,025	199,184	177,373	181,851	184,802	196,602
70	Dividends	584	12,877	325	20,553	312	10,812	507	785
80+90+100+110	Net trading income	153,634	16,431	20,879	(86,922)	24,664	25,869	20,489	32,112
230	Other operating charges/income	11,485	8,174	10,998	13,552	10,310	14,298	23,565	10,017
	Operating income	**631,420**	**487,929**	**479,241**	**406,315**	**500,773**	**514,835**	**509,581**	**513,658**
190 a)	Payroll	(207,534)	(212,900)	(194,553)	(206,507)	(194,125)	(191,551)	(191,656)	(206,146)
190 b)	Other administrative costs	(102,285)	(109,981)	(104,323)	(125,842)	(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)	(39,681)	(18,685)	(22,012)	(20,653)	(26,079)
	Operating costs	**(331,158)**	**(357,867)**	**(321,809)**	**(372,030)**	**(309,438)**	**(318,427)**	**(319,774)**	**(348,879)**
	Net operating income	**300,262**	**130,062**	**157,432**	**34,285**	**191,335**	**196,408**	**189,807**	**164,779**
130 a)	Net impairment adjustments to financial assets at amortised cost	(504)	(39,219)	(54,232)	(58,406)	(133,573)	(189,659)	(89,722)	(123,021)
130 b)	Net impairment adjustments to financial assets at fair value	1,763	141	150	12	(17,381)	(54,236)	(29,383)	(3,628)
	Net impairment adjustments to other financial assets	13,964	(2,041)	6,920	(2,646)	4,647	1,787	6,446	(28,193)
	Net impairment adjustments to credit risk	**15,223**	**(41,119)**	**(47,162)**	**(61,040)**	**(146,307)**	**(242,108)**	**(112,659)**	**(154,842)**
200	Net provisions for risks and charges	(25,627)	(23,335)	(19,011)	26,582	(5,661)	(5,941)	(9,268)	(9,708)
###	Contributions to SRF, DGS, IDGF - VS	(20,282)	(8,670)	(23,448)	75	(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	(57,654)	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**	**(57,752)**	**25,011**	**84,038**	**52,560**	**37,511**
300	Income taxes on current operations	(6,918)	(2,850)	(14,206)	124,238	(7,743)	17,926	(23,696)	(8,725)
330	**Profit (Loss) for the period**	**265,485**	**56,679**	**57,140**	**66,486**	**17,268**	**101,964**	**28,864**	**28,786**
340	Profit (Loss) for the period pertaining to minority interests	(14,462)	183	(6,899)	(22,659)	(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**	**43,827**	**14,558**	**104,504**	**29,896**	**27,480**

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Consolidated balance sheet as at 31 December 2018

(in thousands)

	Balance sheet - Assets	31.12.2018	31.12.2017	Change	Change %
10.	Cash and cash equivalents	459,782	420,299	39,483	9.39
20.	Financial assets measured at fair value through profit or loss	1,128,625	1,326,601	(197,976)	-14.92
	a) Financial assets held for trading	247,219	414,294	(167,075)	-40.33
	b) Financial assets designated at fair value	218,662	223,192	(4,530)	-2.03
	c) Other financial assets mandatorily measured at fair value through profit or loss	662,744	689,115	(26,371)	-3.83
30.	Financial assets measured at fair value through other comprehensive income	8,563,992	13,398,757	(4,834,765)	-36.08
40.	Financial assets measured at amortised cost	56,054,342	51,561,586	4,492,756	8.71
	a) Loans to banks	3,306,678	3,205,849	100,829	3.15
	b) Loans to customers	52,747,664	48,355,737	4,391,927	9.08
50.	Hedging derivatives	35,564	54,061	(18,497)	-34.22
70.	Equity investments	446,049	454,367	(8,318)	-1.83
90.	Property, plant and equipment	1,063,273	1,063,483	(210)	-0.02
100.	Intangible assets	445,689	506,627	(60,938)	-12.03
	of which:				
	- goodwill	264,740	327,084	(62,344)	-19.06
110.	Tax assets	1,885,616	1,848,127	37,489	2.03
	a) current	457,838	575,441	(117,603)	-20.44
	b) deferred	1,427,778	1,272,686	155,092	12.19
120.	Non current assets and disposal groups classified as held for sale	2,800	-	2,800	n.s.
130.	Other assets	549,035	704,899	(155,864)	-22.11
	Total Assets	**70,634,767**	**71,338,807**	**(704,040)**	**-0.99**

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(in thousands)

	Liabilities and shareholders' equity	31.12.2018	31.12.2017	Change	Change %
10.	Financial liabilities measured at amortised cost	63,122,667	63,230,643	(107,976)	-0.17
	a) Due to banks	13,126,248	12,984,226	142,022	1.09
	b) Due to customers	44,594,863	42,694,078	1,900,785	4.45
	c) Debt securities issued	5,401,556	7,552,339	(2,150,783)	-28.48
20.	Financial liabilities held for trading	143,824	170,046	(26,222)	-15.42
40.	Hedging derivatives	92,374	23,795	68,579	288.21
60.	Tax liabilities	62,644	106,218	(43,574)	-41.02
	a) current	3,966	2,258	1,708	75.64
	b) deferred	58,678	103,960	(45,282)	-43.56
80.	Other liabilities	1,663,946	1,416,660	247,286	17.46
90.	Provision for termination indemnities	182,793	187,536	(4,743)	-2.53
100.	Provisions for risks and charges	469,951	487,178	(17,227)	-3.54
	a) commitments and guarantees granted	63,059	46,793	16,266	34.76
	b) pensions and similar commitments	131,126	137,148	(6,022)	-4.39
	c) other provisions	275,766	303,237	(27,471)	-9.06
120.	Valuation reserves	949	75,089	(74,140)	-98.74
150.	Reserves	1,619,469	2,445,454	(825,985)	-33.78
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 (+/-)	507,457	653,010	(145,553)	-22.29
200.	Net Profit (Loss) for the period (+/-)	401,953	176,438	225,515	127.82
	Total liabilities and shareholders' equity	**70,634,767**	**71,338,807**	**(704,040)**	**-0.99**

BPER:
Gruppo

Consolidated income statement as at 31 December 2018

(in thousands)

	Captions	31.12.2018	31.12.2017	Change	Change %
10.	Interest and similar income	1,375,925	1,416,396	(40,471)	-2.86
20.	Interest and similar expense	(253,488)	(291,917)	38,429	-13.16
30.	**Net interest income**	**1,122,437**	**1,124,479**	**(2,042)**	**-0.18**
40.	Commission income	812,147	776,606	35,541	4.58
50.	Commission expenses	(35,882)	(35,978)	96	-0.27
60.	**Net commission income**	**776,265**	**740,628**	**35,637**	**4.81**
70.	Dividends and similar income	34,339	12,416	21,923	176.57
80.	Net trading income	1,812	38,015	(36,203)	-95.23
90.	Net hedging gains (losses)	1,621	(493)	2,114	-428.80
100.	Gains/losses on disposal or repurchase of:	91,925	64,374	27,551	42.80
	a) financial assets measured at amortised cost	(77,645)	(12,431)	(65,214)	524.61
	b) financial assets measured at fair value through other comprehensive income	168,662	76,340	92,322	120.94
	c) financial liabilities	908	465	443	95.27
110.	Net results on financial assets and liabilities measured at fair value through profit or loss	8,664	1,238	7,426	599.84
	a) financial assets and liabilities designated at fair value	(4,378)	1,238	(5,616)	-453.63
	b) other financial assets mandatorily measured at fair value	13,042	-	13,042	n.s.
120.	**Net interest and other banking income**	**2,037,063**	**1,980,657**	**56,406**	**2.85**
130.	Net impairment adjustments for credit risk relating to:	(223,706)	(640,603)	416,897	-65.08
	a) financial assets measured at amortised cost	(225,772)	(535,975)	310,203	-57.88
	b) financial assets measured at fair value through other comprehensive income	2,066	(104,628)	106,694	-101.97
140.	Profit/loss from contractual modifications without derecognition	(2,956)	-	(2,956)	n.s.
150.	**Net profit from financial activities**	**1,810,401**	**1,340,054**	**470,347**	**35.10**
190.	Administrative costs:	(1,442,264)	(1,372,985)	(69,279)	5.05
	a) payroll	(821,494)	(783,478)	(38,016)	4.85
	b) other administrative costs	(620,770)	(589,507)	(31,263)	5.30
200.	Net provisions for risks and charges	(7,794)	(45,891)	38,097	-83.02
	a) commitments and guarantees granted	16,197	(15,313)	31,510	-205.77
	b) other provisions	(23,991)	(30,578)	6,587	-21.54
210.	Net adjustments to property, plant and equipment	(70,405)	(46,124)	(24,281)	52.64
220.	Net adjustments to intangible assets	(48,534)	(41,305)	(7,229)	17.50
230.	Other operating charges/income	152,823	184,365	(31,542)	-17.11
240.	**Operating costs**	**(1,416,174)**	**(1,321,940)**	**(94,234)**	**7.13**
250.	Profit (loss) of equity investments	13,349	18,483	(5,134)	-27.78
270.	Impairment on goodwill	(62,344)	(28,357)	(33,987)	119.85
275.	Gain on a bargain purchase	-	190,892	(190,892)	-100.00
280.	Gains (losses) on disposal of investments	294	(12)	306	-
290.	**Profit (loss) from current operations before tax**	**345,526**	**199,120**	**146,406**	**73.53**
300.	Income taxes on current operations	100,264	(22,238)	122,502	-550.87
310.	**Profit (loss) from current operations after tax**	**445,790**	**176,882**	**268,908**	**152.03**
330.	**Net profit (loss)**	**445,790**	**176,882**	**268,908**	**152.03**
340.	Net profit (loss) pertaining to minority interests	(43,837)	(444)	(43,393)	--
350.	**Profit (loss) for the period pertaining to the Parent Company**	**401,953**	**176,438**	**225,515**	**127.82**

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Performance ratios

Financial ratios	31.12.2018	01.01.2018 (*)
Structural ratios		
Net loans to customers/total assets	66.61%	66.08%
Net loans to customers/direct deposits from customers	94.11%	92.48%
Financial assets/total assets	24.28%	22.47%
Fixed assets/total assets	2.14%	2.16%
Goodwill/total assets	0.37%	0.47%
Direct deposits/total assets	89.36%	89.92%
Deposits under management/indirect deposits	53.32%	55.08%
Financial assets/tangible equity[1]	3.85	3.83
Total tangible assets[2]/tangible equity	15.77	16.92
Net interbank lending/borrowing (in thousands of Euro)	(11,585,739)	(9,984,026)
Number of employees[3]	11,615	11,653
Number of national bank branches	1,218	1,218
Profitability ratios		
ROE	9.06%	3.62%
ROTE	10.15%	4.04%
ROA (net profit/total assets)	0.63%	0.25%
Cost to income ratio[4]	66.44%	63.59%
Net adjustments to loans/net loans to customers	0.47%	1.12%
Basic EPS	0.836	0.367
Diluted EPS	0.836	0.367
Risk ratios		
Net non-performing exposures/net loans to customers	6.81%	9.21%
Net bad loans/net loans to customers	3.08%	4.99%
Net unlikely to pay loans/net loans to customers	3.60%	4.03%
Net past due loans/net loans to customers	0.13%	0.19%
Adjustments to non-performing exposures/gross non-performing exposures	54.52%	59.34%
Adjustments to bad loans/gross bad loans	66.62%	67.37%
Adjustments to unlikely to pay loans/gross unlikely to pay loans	35.73%	43.55%
Adjustments to past due loans/gross past due loans	12.33%	14.09%
Adjustments to performing exposures/gross performing exposures	0.37%	0.58%
Texas ratio[5]	84.97%	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 31 December 2017 as per the Consolidated Financial Statements as at 31 December 2017.

[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] *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 69.52% (65.97% at 31 December 2017 as per the Consolidated Financial Statements as at 31 December 2017.).*
[5] *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	31.12.2018	01.01.2018 (**)
Own Funds (Phased in)[6]		
Common Equity Tier 1 (CET1)	4,367,711	4,410,721
Own Funds	5,278,852	5,227,226
Risk-weighted assets (RWA)	30,606,171	32,394,482
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	14.27%	13.62%
Tier 1 Ratio (T1 Ratio) - Phased in	14.37%	13.63%
Total Capital Ratio (TC Ratio) - Phased in	17.25%	16.14%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	11.95%	11.06%
Leverage Ratio - Phased in[7]	6.0%	6.1%
Leverage Ratio - Fully Phased[8]	5.0%	6.0%
Liquidity Coverage Ratio (LCR)	154.3%	113.7%
Net Stable Funding Ratio (NSFR)[9]	n.a.	105.2%

Non-financial ratios	31.12.2018	01.01.2018 (**)
Productivity ratios (in thousands of Euro)		
Direct deposits per employee	4,304.47	4,311.93
Loans to customers per employee	4,050.88	3,987.70
Assets managed per employee	1,664.31	1,695.21
Assets administered per employee	1,457.29	1,382.51
Core revenues per employee[10]	163.47	160.05
Net interest and other banking income per employee	175.38	169.97
Operating costs per employee	121.93	112.13

(**) 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 and to the productivity ratios calculated on economic data for which reference is made to the figures at 31 December 2017 as per the Consolidated Financial Statements at 31 December 2017.

[6] *The ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2395/2017.*
[7] *The ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 62/2015.*
[8] *See previous note*
[9] *The NSFR, not yet available, is in any case estimated to exceed 100% (106.7% as at 30 September 2018).*
[10] *Core revenues = net interest income + net commission income.*

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

(in thousands)

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)

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**

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Balance sheet of the Parent Company as at 31 December 2018

(in thousands)

	Assets	31.12.2018	01.01.2018	31.12.2017	Change 31.12.2018 - 01.01.2018	% Change
10.	Cash and cash equivalents	330,609	301,076	301,076	29,533	9.81
20.	Financial assets measured at fair value through profit or loss	1,004,056	1,140,160	1,180,457	(136,104)	(11.94)
	a) Financial assets held for trading	287,085	446,939	446,939	(159,854)	(35.77)
	b) Financial assets designated at fair value	202,989	207,123	207,123	(4,134)	(2.00)
	c) Other financial assets mandatorily measured at fair value through profit or loss	513,982	486,098	526,395	27,884	5.74
30.	Financial assets measured at fair value through other comprehensive income	7,530,477	12,335,668	12,185,346	(4,805,191)	(38.95)
40.	Financial assets measured at amortised cost	45,851,401	41,269,268	41,978,945	4,582,133	11.10
	a) Loans to banks	4,427,738	4,094,253	4,093,351	333,485	8.15
	b) Loans to customers	41,423,663	37,175,015	37,885,594	4,248,648	11.43
50.	Hedging derivatives	34,916	52,825	52,825	(17,909)	(33.90)
70.	Equity investments	1,747,684	1,686,979	1,686,979	60,705	3.60
80.	Property, plant and equipment	448,124	460,055	460,055	(11,931)	(2.59)
90.	Intangible assets	239,139	295,036	295,036	(55,897)	(18.95)
	of which:					
	- goodwill	225,792	280,236	280,236	(54,444)	(19.43)
100.	Tax assets	1,546,559	1,568,158	1,571,957	(21,599)	(1.38)
	a) current	446,935	555,528	555,528	(108,593)	(19.55)
	b) deferred	1,099,624	1,012,630	1,016,429	86,994	8.59
110.	Non current assets and disposal groups classified as held for sale	2,800	-	-	2,800	n.s.
120.	Other assets	372,662	467,510	467,510	(94,848)	(20.29)
	Total Assets	**59,108,427**	**59,576,735**	**60,180,186**	**(468,308)**	**(0.79)**

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(in thousands)

	Liabilities and shareholders' equity	31.12.2018	01.01.2018	31.12.2017	Change 31.12.2018 - 01.01.2018	% Change
10.	Financial liabilities measured at amortised cost	52,728,319	53,427,678	53,427,163	(699,359)	(1.31)
	a) Due to banks	16,436,039	16,541,840	16,541,840	(105,801)	(0.64)
	b) Due to customers	31,509,116	30,386,711	30,386,711	1,122,405	3.69
	c) Debt securities issued	4,783,164	6,499,127	6,498,612	(1,715,963)	(26.40)
20.	Financial liabilities held for trading	150,807	174,021	174,021	(23,214)	(13.34)
40.	Hedging derivatives	85,717	20,589	20,589	65,128	316.32
60.	Tax liabilities	31,417	124,213	74,009	(92,796)	(74.71)
	b) deferred	31,417	124,213	74,009	(92,796)	(74.71)
80.	Other liabilities	1,230,381	1,081,749	1,082,613	148,632	13.74
90.	Provision for termination indemnities	114,024	116,670	116,670	(2,646)	(2.27)
100.	Provisions for risks and charges	379,712	405,818	398,290	(26,106)	(6.43)
	a) commitments and guarantees granted	49,872	44,250	36,722	5,622	12.71
	b) pensions and similar commitments	129,931	135,674	135,674	(5,743)	(4.23)
	c) other provisions	199,909	225,894	225,894	(25,985)	(11.50)
110.	Valuation reserves	(82,514)	98,488	(21,007)	(181,002)	(183.78)
140.	Reserves	1,797,104	1,551,920	2,332,249	245,184	15.80
150.	Share premium reserve	930,073	930,073	930,073	-	-
160.	Share capital	1,443,925	1,443,925	1,443,925	-	-
170.	Treasury shares (-)	(7,253)	(7,253)	(7,253)	-	-
180.	Net Profit (Loss) for the period (+/-)	306,715	208,844	208,844	97,871	46.86
	Total liabilities and shareholders' equity	**59,108,427**	**59,576,735**	**60,180,186**	**(468,308)**	**(0.79)**

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Income statement of the Parent Company as at 31 December 2018

(in thousands)

Item		31.12.2018	31.12.2017	Change	% Change
10.	Interest and similar income	1,012,068	1,067,225	(55,157)	(5.17)
20.	Interest and similar expense	(238,208)	(263,753)	25,545	(9.69)
30.	**Net interest income**	**773,860**	**803,472**	**(29,612)**	**(3.69)**
40.	Commission income	629,527	590,707	38,820	6.57
50.	Commission expenses	(39,180)	(32,402)	(6,778)	20.92
60.	**Net commission income**	**590,347**	**558,305**	**32,042**	**5.74**
70.	Dividends and similar income	45,184	39,393	5,791	14.70
80.	Net trading income	528	36,061	(35,533)	(98.54)
90.	Net hedging gains (losses)	1,467	(494)	1,961	(396.96)
100.	Gains/losses on disposal or repurchase of:	102,751	40,194	62,557	155.64
	a) financial assets measured at amortised cost	(57,679)	(8,606)	(49,073)	570.22
	b) financial assets measured at fair value through other comprehensive income	159,417	48,249	111,168	230.40
	c) financial liabilities	1,013	551	462	83.85
110.	Net results on financial assets and liabilities measured at fair value through profit or loss	9,709	(234)	9,943	--
	a) financial assets and liabilities designated at fair value	(4,378)	(234)	(4,144)	--
	b) other financial assets mandatorily measured at fair value	14,087	-	14,087	n.s.
120.	**Net interest and other banking income**	**1,523,846**	**1,476,697**	**47,149**	**3.19**
130.	Net impairment adjustments for credit risk relating to:	(148,012)	(486,939)	338,927	(69.60)
	a) financial assets measured at amortised cost	(149,905)	(395,549)	245,644	(62.10)
	b) financial assets measured at fair value through other comprehensive income	1,893	(91,390)	93,283	(102.07)
140.	Profit/loss from contractual modifications without derecognition	(2,140)	-	(2,140)	n.s.
150.	**Net profit from financial activities**	**1,373,694**	**989,758**	**383,936**	**38.79**
160.	Administrative costs:	(1,106,793)	(1,037,071)	(69,722)	6.72
	a) payroll	(533,703)	(504,505)	(29,198)	5.79
	b) other administrative costs	(573,090)	(532,566)	(40,524)	7.61
170.	Net provisions for risks and charges	(3,730)	(39,269)	35,539	(90.50)
	a) commitments and guarantees granted	11,909	(14,818)	26,727	(180.37)
	b) other provisions	(15,639)	(24,451)	8,812	(36.04)
180.	Net adjustments to property, plant and equipment	(24,291)	(23,349)	(942)	4.03
190.	Net adjustments to intangible assets	(2,203)	(2,616)	413	(15.79)
200.	Other operating charges/income	119,328	148,930	(29,602)	(19.88)
210.	**Operating costs**	**(1,017,689)**	**(953,375)**	**(64,314)**	**6.75**
220.	Profit (loss) of equity investments	(48,681)	(6,878)	(41,803)	607.78
240.	Impairment on goodwill	(54,444)	-	(54,444)	n.s.
245.	Gain on a bargain purchase	-	190,892	(190,892)	(100.00)
250.	Gains (losses) on disposal of investments	50	50	-	-
260.	**Profit (loss) from current operations before tax**	**252,930**	**220,447**	**32,483**	**14.74**
270.	Income taxes on current operations	53,785	(11,603)	65,388	(563.54)
280	**Profit (loss) from current operations after tax**	**306,715**	**208,844**	**97,871**	**46.86**
300.	**Net profit (loss)**	**306,715**	**208,844**	**97,871**	**46.86**