

Reclassified financial statement as at 30 June 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 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" 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 63,452 thousand at 30 June 2018 and Euro 60,982 thousand at 30 June 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" has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative costs" as a better reflection of the trend in the Group's operating costs. In particular, at 30 June 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) for Euro 12 thousand, representing only the amount required of Bper (Europe) International s.a. for the half-year.

In the comparative figures at 30 June 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 262/2005.

Pro-forma reclassified accounting schedules as at 30 June 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 262/2005, to allow a homogeneous comparison with the results of the previous year.

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

Captions		(in thousand of Euro)					
		30.06.2018	Pro-forma reclassifications	30.06.2018 pro-forma	30.06.2018	Change	Change %
10+20	Net interest income	573,502	(46,394)	527,108	570,119	(43,011)	-7.54
40+50	Net commission income	389,056	-	389,056	359,224	29,832	8.30
70	Dividends	13,461	-	13,461	11,124	2,337	21.01
80+90+100+110	Net trading income	170,065	-	170,065	50,533	119,532	236.54
230	Other operating charges/income	19,659	-	19,659	24,608	(4,949)	-20.11
	Operating income	1,165,743	(46,394)	1,119,349	1,015,608	103,741	10.21
190 a)	Payroll	(420,434)	-	(420,434)	(385,676)	(34,758)	9.01
190 b)	Other administrative costs	(212,266)	-	(212,266)	(201,492)	(10,774)	5.35
210+220	Net adjustments to property, plant and equipment and intangible assets	(56,325)	-	(56,325)	(40,697)	(15,628)	38.40
	Operating costs	(689,025)	-	(689,025)	(627,865)	(61,160)	9.74
	Net operating income	476,718	(46,394)	430,324	387,743	42,581	10.98
130 a)	Net impairment adjustments to Financial assets at amortised cost	(84,934)	45,211	(39,723)	(323,232)	283,509	-87.71
130 b)	Net impairment adjustments to Financial assets at fair value through other comprehensive income	1,904	-	1,904	(71,617)	73,521	-102.66
	Net impairment adjustments to other financial assets	-	11,923	11,923	6,434	5,489	85.31
	Profit/loss from contract changes without derecognition	(1,183)	1,183	-	-	-	n.s.
	Net impairment adjustments to credit risk	(84,213)	58,317	(25,896)	(388,415)	362,519	-93.33
200	Net provisions for risks and charges	(37,039)	(11,923)	(48,962)	(11,602)	(37,360)	322.01
###	Contributions to SRF, DGS, IDGF - VS	(28,952)	-	(28,952)	(15,947)	(13,005)	81.55
250+270 +280	Gains (Losses) on disposal of investments and adjustments to goodwill	5,418	-	5,418	6,548	(1,130)	-17.26
###	Negative goodwill	-	-	-	130,722	()	-100.00
	Profit from current operations before tax	331,932	-	331,932	109,049	222,883	204.39
300	Income taxes on current operations	(9,768)	-	(9,768)	10,183	(19,951)	-195.92
330	Profit (loss) for the period	322,164	-	322,164	119,232	202,932	170.20
340	Profit (loss) for the period pertaining to minority interests	(14,279)	-	(14,279)	(170)	(14,109)	--
	Profit (Loss) for the period pertaining to the Parent Company	307,885	-	307,885	119,062	188,823	158.59

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

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

Performance ratios

Financial ratios	30.06.2018	01.01.2018 (*)
Structural ratios		
net loans to customers/total assets	65.16%	66.08%
net loans to customers/direct deposits from customers	91.83%	92.48%
financial assets/total assets	23.23%	22.47%
fixed assets/total assets	2.14%	2.16%
goodwill/total assets	0.47%	0.47%
direct deposits/total assets	88.91%	89.92%
deposits under management/indirect deposits	54.70%	55.08%
financial assets/tangible equity ¹	3.85	3.83
total tangible assets ² /tangible equity	16.46	16.92
net interbank lending/borrowing (in thousands of Euro)	(9,476,734)	(9,984,026)
number of employees ³	11,655	11,653
number of national bank branches	1,219	1,218
Profitability ratios		
ROE ⁴	14.04%	3.62%
ROTE ⁵	15.84%	4.04%
ROA (net profit/total assets)	0.46%	0.17%
Cost/income ratio ⁶	59.11%	61.82%
Net adjustments to loans/net loans to customers	0.18%	0.69%
Basic EPS	0.640	0.248
Diluted EPS	0.640	0.248
Risk ratios		
net non-performing exposures/net loans to customers	8.35%	9.21%
net bad loans/net loans to customers	4.53%	4.99%
net unlikely to pay loans/net loans to customers	3.61%	4.03%
net past due loans/net loans to customers	0.22%	0.19%
adjustments to non-performing exposures/gross non-performing exposures	56.85%	59.34%
adjustments to bad loans/gross bad loans	64.89%	67.37%
adjustments to unlikely to pay loans/gross unlikely to pay loans	41.94%	43.55%
adjustments to past due loans/gross past due loans	12.71%	14.09%
adjustments to performing exposures/gross performing exposures	0.40%	0.58%
texas ratio ⁷	95.53%	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 June 2017, as per the Consolidated Half-Yearly Report at 30 June 2017 (figures at 31 December 2017 in the Consolidated Financial Statements 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 64.16% (63.65% at 30 June 2017, as per the Consolidated Half-Yearly Report at 30 June 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	30.06.2018	01.01.2018 (**)
Own Funds (Phased in)⁸		
Common Equity Tier 1 (CET1)	4,581,483	4,410,721
Own Funds	5,486,878	5,227,226
Risk-weighted assets (RWA)	31,130,491	32,394,482
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	14.72%	13.62%
Tier 1 Ratio (T1 Ratio) - Phased in	14.81%	13.63%
Total Capital Ratio (TC Ratio) - Phased in	17.63%	16.14%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	11.63%	11.06%
Leverage Ratio - Phased in ⁹	6.3%	6.1%
Leverage Ratio - Fully Phased ⁹	4.9%	6.0%
Liquidity Coverage Ratio (LCR)	146.9%	113.7%
Net Stable Funding Ratio (NSFR) ¹¹	n.a.	105.2%
Non-financial ratios	30.06.2018	01.01.2018 (**)
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,279.65	4,311.93
loans to customers per employee	4,319.30	4,053.10
assets managed per employee	1,701.53	1,695.21
assets administered per employee	1,408.96	1,382.51
core revenues ¹² per employee	82.59	77.36
net interest and other banking income per employee	98.33	82.49
operating costs per employee	63.09	52.51

(**) 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 June 2017, as per the Consolidated Half-Yearly Report at 30 June 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.

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

(in thousand of Euro)			
Assets	31.12.2017	Impact IFRS 9	01.01.2018
10. Cash and balance with central banks	420,299	-	420,299
20. Financial assets at fair value through profit or loss	1,326,601	(33,519)	1,293,082
a) Financial assets held for trading	425,424	-	425,424
b) Financial assets designated at fair value	223,192	-	223,192
c) Other financial assets mandatorily at fair value through profit or loss	677,985	(33,519)	644,466
30. Financial assets at fair value through other comprehensive income	13,398,757	151,937	13,550,694
40. Financial assets 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 thousand of Euro)			
Liabilities and shareholders' equity	31.12.2017	Impact IFRS 9	01.01.2018
10. Financial liabilities 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 in issue	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 given	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. Profit (loss) for the period pertaining to the Parent Company	176,438	-	176,438
Total liabilities and shareholders' equity	71,338,807	(1,017,968)	70,320,839