

BPER:

Gruppo

Consolidated Results as of 30 September 2019

Alessandro Vandelli - CEO

8 November 2019

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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 the “Consolidated Financial Services Act” (Legislative Order No. 58/1998), that the accounting information contained in this document corresponds to documentary records, ledgers and accounting entries.

Marco Bonfatti

Manager responsible for preparing the Company's financial reports

Important methodological note

July 2019 saw completion of the extraordinary transactions announced in February, namely the acquisition of an additional shareholding in Arca Holding, the acquisition of the minority interests in Banco di Sardegna and the acquisition of 100% of Unipol Banca with the simultaneous sale to UnipolReC of bad loans for a gross book value carrying amount of around € 1 billion. These transactions took effect for accounting purposes from 1 July 2019 and Unipol Banca and ARCA Holding were included in the scope of consolidation of the BPER Group from the same date; the balance sheet figures at 30 September include the assets and liabilities of the new companies forming part of the Group scope, while their income statement figures have been included from the 3rd quarter onwards.

It should also be noted that as a result of these transactions, the accounting figures at 30 September 2019 are not comparable with those of the corresponding period of the previous year,

which also included non-recurring gains realized on debt securities. Furthermore, the consolidated result at 30 September 2019 includes significant non-recurring items, including the badwill generated by the acquisition of Unipol Banca of € 353.8 million (booked in the third quarter), the additional contribution to the European Single Resolution Fund for €9.6 million (booked in the 2nd quarter) and the charges deriving from the total write-down of our share of the IDPF Voluntary Scheme intervention in Banca Carige for € 13.3 million (booked in the 1st quarter).

By acquiring the 100% of the share capital of Unipol Banca, the Group also acquired indirect control of Finitalia S.p.A.

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Executive summary

Completed in July 2019 the strategic operations related to the acquisition of: 1) Unipol Banca along with the simultaneous disposal of approximately 1 €/bn of bad loans 2) minority stakes in Banco di Sardegna 3) an incremental stake in Arca Holding reaching 57.1% of its share capital

As a result, Unipol Banca and Arca Holding became part of the BPER Group's scope of consolidation starting from 1 July 2019

9M19 net profit at 522.9 €/mn influenced by the change in the scope of consolidation¹ and some significant non-recurring items like:

- in 3Q19, provisional badwill of 353.8 €/mn² generated by the acquisition of Unipol Banca and higher loan loss provisions also in line with the expected further acceleration of the de-risking process
- in 1H19, other negative non-recurring items for a total of 22.9 €/mn³

Strong capital position even after the completion of the strategic transactions

- CET1 ratio Fully Phased well supported at 12.36% up by 3 bps vs 12.33% in Jun.'19 and 41 bps vs 11.95% in Dec.'18
- CET1 ratio Phased In⁴ at 13.23% with a large buffer vs ECB minimum regulatory requirement (SREP 2019 at 9.0%)

Asset quality further improvement in 3Q19. Started the activities on a new securitization of a bad loans portfolio, to be completed by the end of 1H20, with the aim of reaching, over one year in advance, the target of a gross NPE ratio below 9% set in the Business Plan for 2021

- gross NPE ratio at 11.6% down by more than 2 p.p. vs 13.7% in Jun.'19 and annualized default rate dropped to 1.6% from 1.9% in 2018
- annualized cost of credit at 78 bps up vs Jun.'19 due to higher provisions also in line with the further acceleration of the de-risking process

Strong increase of direct and indirect funding mainly due to the change in the scope of consolidation. Positive development of commercial activity on mortgages

- total funding at 172.1 €/bn including Bancassurance segment, mainly thanks to the change in the scope of consolidation. On a like-for-like basis, strong increase both in AuM and Bancassurance respectively +7.2% and +10.1% since Dec.'18
- mortgages new production up by 5.9% vs 9M18 on a like-for-like basis with a significant growth of the residential segment by more than 40% vs 9M18

1. For details see the reclassified Financial statement in the Annexes

2. Provisional badwill of 353.8 €/mn as a result of the difference between the shareholders' equity at fair value of Unipol Banca and Finitalia for 573.8 €/mn (net of the value of the Finitalia investment held by Unipol Banca) and the cash amount paid for their acquisition of 220 €/mn.

3. In details: in 1Q19 the full write-down of the contribution to the Voluntary Scheme for the Interbank Deposit Protection Fund for the intervention to support Banca Carige of 13.3 €/mn; in 2Q19 the additional contribution to the Single Resolution Fund for 9.6 €/mn

4. Excluding the badwill arising from the acquisition of Unipol Banca S.p.A. Including the badwill CET1 Ratio Phased in is 14.24%. For details see press release published on 12 Nov.2019

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Total funding

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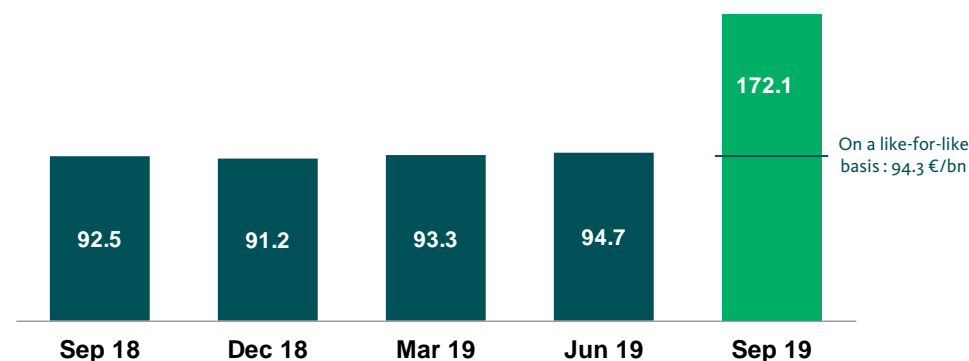
Strong increase of stock at 172.1 €/bn in Sep.'19 vs 94.7 €/bn in Jun.'19 mainly thanks to the change in the scope of consolidation: Unipol Banca and Arca Holding contribution respectively at 63.0 €/bn and 14.8 €/bn

Total Funding (€/mn; %)

€/mn	Dec 18	Jun 19	Sep 19	o.w. Unipol + Arca	Sep 19 on a like-for-like basis	Chg YTD (%) on a like-for-like basis
Direct Funding	49,996	51,029	58,167	8,963	49,204	-1.6%
Indirect Deposits and Bancassurance ¹	41,251	43,628	113,905	68,833	45,073	+9.3%
Total	91,247	94,658	172,072	77,796	94,277	+3.3%

Total funding:
 • o.w. Unipol: 63.0 €/bn
 • o.w. ARCA Holding: 14.8 €/bn

Total Funding, quarterly trend (€/bn)



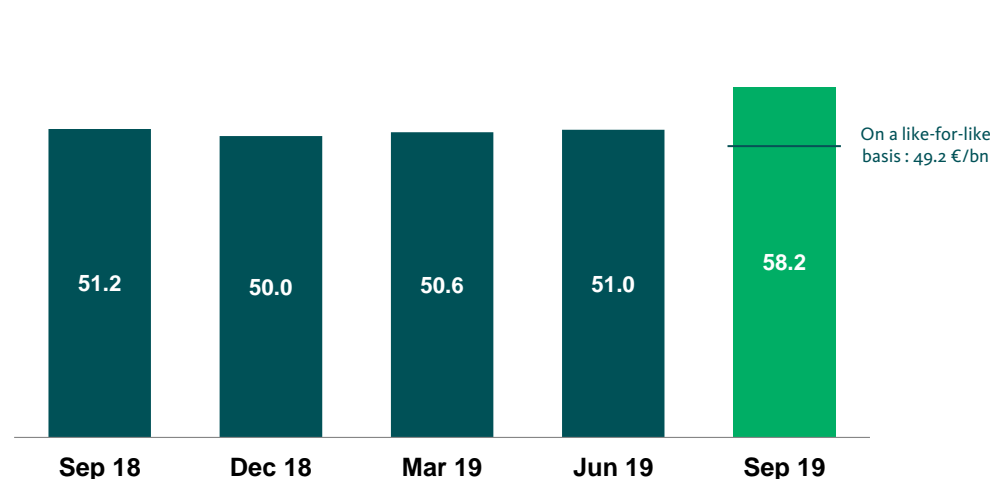
Direct funding

Direct funding at 58.2 €/bn (49.2 €/bn on a like-for-like basis) down by 1.6% since Dec.'18 mainly due to the zeroing of institutional repos

Direct Funding breakdown (€/mn; %)

€/mn	Dec 18	Jun 19	Sep 19	<i>o.w.</i> <i>Unipol</i> <i>+ Arca</i>	Sep 19 on a like-for- like basis	Chg YTD (%) on a like-for- like basis
Direct customer deposits	45,017	46,524	55,005	8,963	46,042	+2.3%
o.w. current accounts and sight deposits	37,413	39,369	46,830	6,985	39,846	+6.5%
o.w. bonds subscribed by retail customers	1,459	1,225	2,270	1,153	1,117	-23.4%
o.w. other	6,144	5,930	5,904	825	5,079	-17.3%
Institutional direct funding	4,980	4,505	3,162	0	3,162	-36.5%
o.w. Institutional bonds	2,532	3,147	3,162	0	3,162	+24.9%
o.w. Institutional repos	2,448	1,358	0	0	0	-100.0%
Total direct funding	49,996	51,029	58,167	8,963	49,204	-1.6%

Direct Funding, quarterly trend (€/bn)



In 3Q19:

- Unipol Banca contribution of 9.0 €/bn
- Customer funding decrease of 0.5 €/bn on a like-for-like basis
- Institutional funding at 3.2 €/bn down by 1.3 €/bn vs Jun.'19 on a like-for-like basis mainly due to the zeroing of repos (-1.4 €/bn)

No wholesale bond maturities in 2019 and only 0.5 €/bn on retail by the year end of which a Tier2 bond of 0.3 €/bn with high coupon

Note: figures in this page may not add exactly due to rounding differences

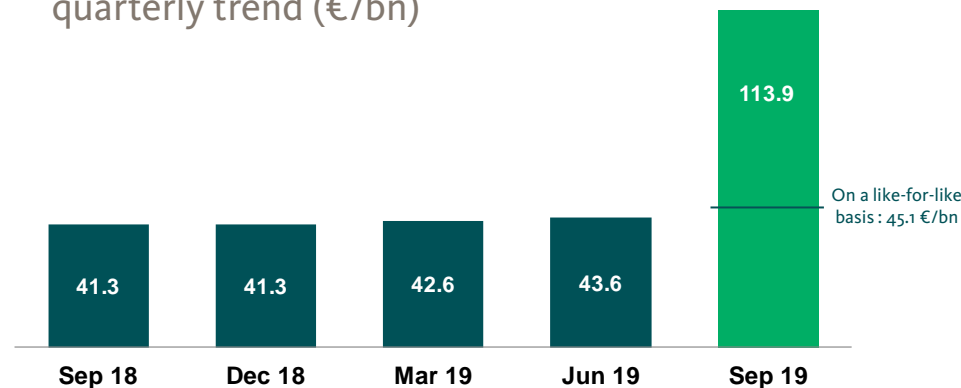
Indirect funding and Bancassurance

Stock reaches 113.9 €/bn. On a like-for-like basis, significant increase in all aggregates (+ 9.3% since Dec.'18) particularly positive in AuM (+7.2% since Dec.'18) and Bancassurance (+10.1% since Dec.'18)

Indirect Deposits and Bancassurance¹ (€/mn; %)

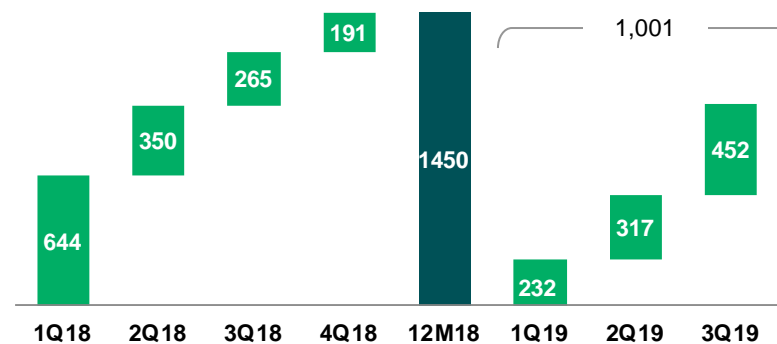
€/mn	Dec 18	Jun 19	Sep 19	<i>o.w. Unipol + Arca</i>	Sep 19 on a like-for-like basis	Chg YTD (%) on a like-for-like basis
Assets under custody	16,926	18,049	69,429	50,578	18,851	+11.4%
Assets under management	19,331	20,148	38,013	17,289	20,724	+7.2%
Bancassurance (stock)	4,993	5,432	6,464	966	5,498	+10.1%
Total	41,251	43,628	113,905	68,833	45,073	+9.3%

Indirect Deposits and Bancassurance¹ quarterly trend (€/bn)



- Indirect funding and Bancassurance stock close to 114 €/bn mainly thanks to the change in the scope of consolidation
- On a like-for-like basis, growth in all aggregates since Dec.'18: AuC +11.4%, AuM +7.2% and Bancassurance +10.1%
- On a like-for-like basis, in 3Q19 positive net inflows both in AuM (+0.3 €/bn) and Life-insurance segment (+0.2 €/bn)

Net inflows² of AuM and life insurance products (€/mn)



Customer loans

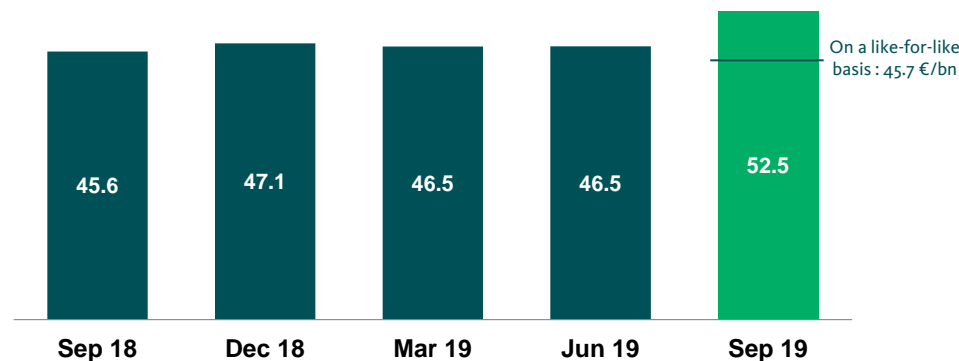
Gross and net customer loans respectively at 56.0 €/bn and 52.5 €/bn. On a like-for-like basis, strong decrease of gross NPE stock by 17.6% since Dec.'18. Good quality of performing loans

Customer loans breakdown (net & gross fig.; €/mn; %)

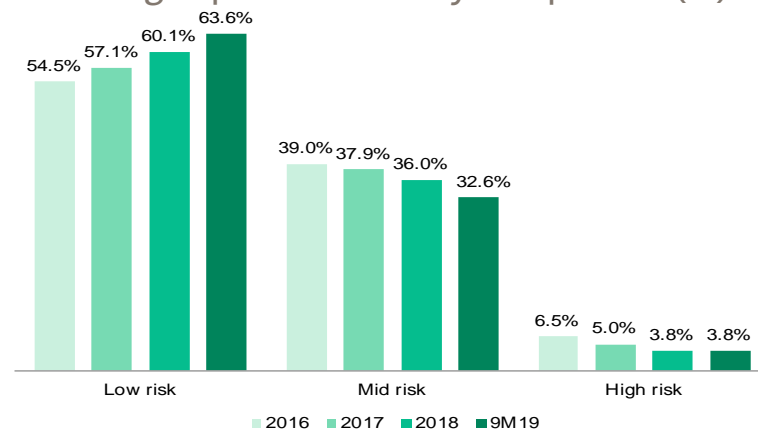
€/mn	Dec 18	Jun 19	Sep 19	o.w. Unipol + Arca	Sep 19 on a like-for-like basis	Chg YTD (%) on a like-for-like basis
Current accounts	4,691	4,373	5,205	713	4,493	-4.2%
Mortgage loans	28,374	28,904	33,036	4,246	28,790	+1.5%
Other transactions	13,987	13,265	14,255	1,801	12,454	-11.0%
Net loans	47,051	46,542	52,496	6,759	45,737	-2.8%
o.w. performing	43,846	43,404	49,309	6,396	42,913	-2.1%
o.w. NPEs	3,205	3,138	3,187	364	2,824	-11.9%
Gross loans	51,057	50,486	56,030	7,146	48,884	-4.3%
o.w. performing	44,011	43,550	49,515	6,440	43,075	-2.1%
o.w. NPEs	7,046	6,937	6,515	707	5,808	-17.6%

- On a like-for-like basis, mortgages new production up by 5.9% since 9M18 with a particular strong performance of residential mortgages segment up by 40.6% vs the same period of 2018
- In 3Q19, completed bad loans disposal of about 1 €/bn GBV to UnipolRec

Net customer loans, quarterly trend (€/bn)



Performing exposure rated by risk profile¹ (%)



1. Source: performing exposures by rating classes (management data)
 Note: customer loans excluding customer debt securities. See dedicated table in the Annexes
 Note: figures in this page may not add exactly due to rounding differences

Non Performing Exposures (1/2)

Balance sheet structure

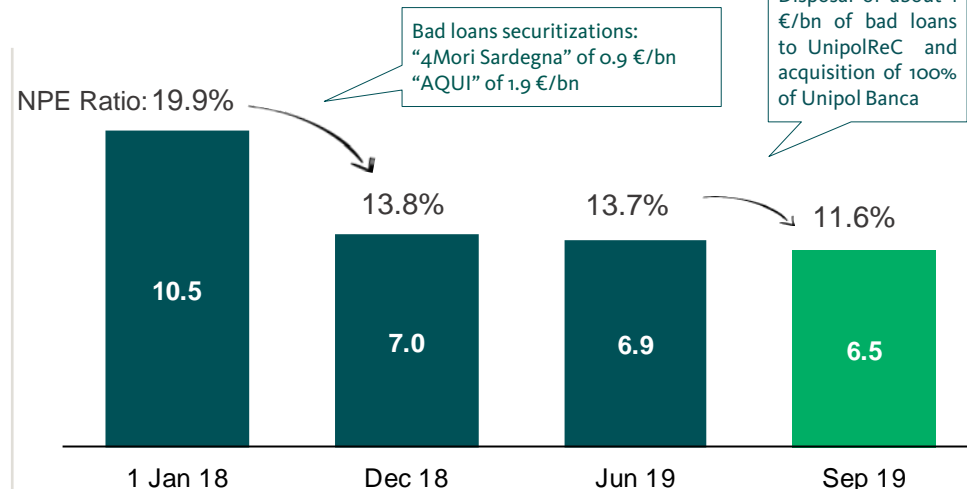
Gross NPE ratio at 11.6% down respectively by 2.1 p.p. vs Jun.'19 and 8.3 p.p. vs 1 Jan.'18

Gross NPE (€/mn; %)

o.w. Unipol:
 • Bad loans 107 €/mn
 • Unlikely to pay 563 €/mn
 • Past Due 37 €/mn
 • Total NPE 707 €/mn

€/mn	Dec 18	Jun 19	Sep 19	Chg YTD (%)
Bad loans	4,338	4,321	3,492	-19.5%
Unlikely to pay	2,638	2,526	2,920	+10.7%
Past due	69	90	103	+48.5%
Total	7,046	6,937	6,515	-7.5%

Gross NPE, quarterly trend (€/bn)



In 3Q19:

- Consolidation of Unipol Banca and bad loans disposal of about 1 €/bn GBV to UnipolReC
- Gross NPE stock decrease to 6.5 €/bn
- NPE coverage down to 51.1% due to the different NPE mix (decrease of bad loans and increase of UtP and past-due) and the disposal of the bad loans portfolio of c.a. 1 €/bn GBV in July composed mainly by unsecured bad loans

Cash coverage ratios (%)

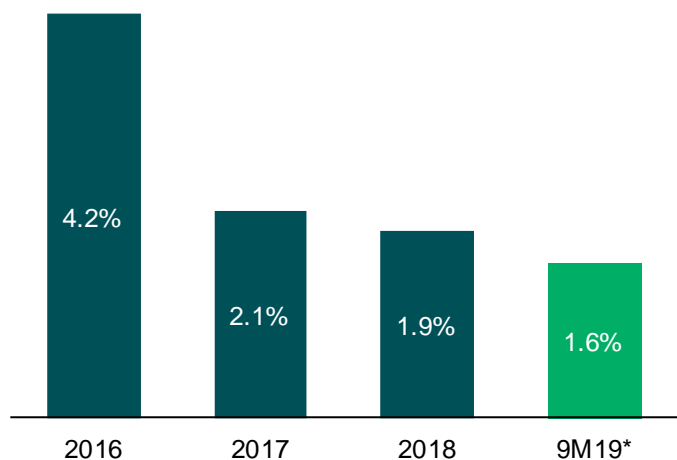
	Sep 18	Dec 18	Mar 19	Jun 19	Sep 19
Bad loans ("Sofferenze")	64.5%	66.6%	67.1%	67.0%	63.7%
including write-off	68.3%	71.4%	72.2%	72.1%	68.1%
Unlikely to pay	42.2%	35.7%	34.4%	35.3%	37.2%
Past due	12.8%	12.3%	12.7%	12.8%	15.0%
NPE	56.7%	54.5%	54.6%	54.8%	51.1%
including write-off	59.9%	58.8%	59.2%	59.3%	54.4%
Performing exposures	0.4%	0.4%	0.4%	0.3%	0.4%
Total loans	10.1%	7.8%	7.8%	7.8%	6.3%

Note: figures in this page may not add exactly due to rounding differences

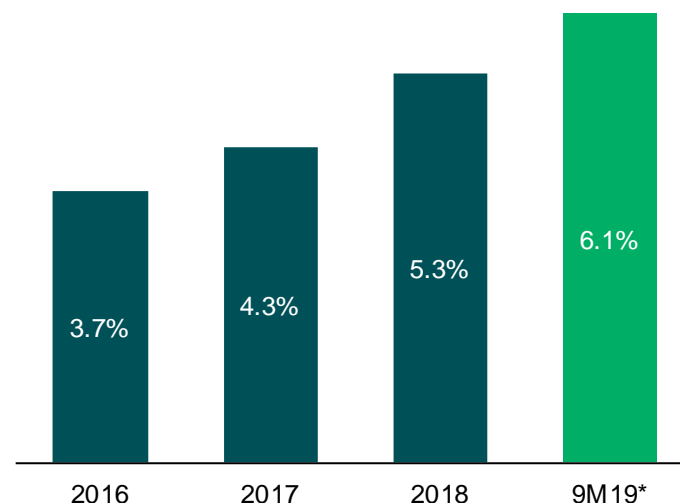
Non Performing Exposures (2/2)

Improvement of default rate and average recovery rate of bad loans respectively at 1.6% (1.9% in 2018) and 6.1% (5.3% in 2018)

Default rate (%)



Bad loans average recovery rate (%) – Bper Credit Management



- Default rate further improvement to 1.6% from 1.9% in 2018
- Bad loans average recovery rate of our servicing platform BPER Credit Management (BCM) at 6.1% annualized in 9M19 showing a very positive historical trend

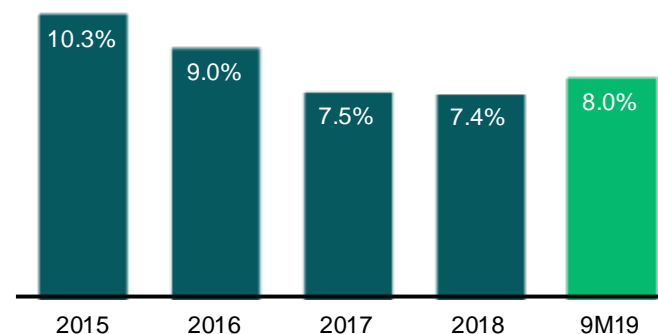
Financial assets portfolio

Financial assets portfolio increase in Q3 (+1.6 €/bn) mainly due to Unipol Banca consolidation

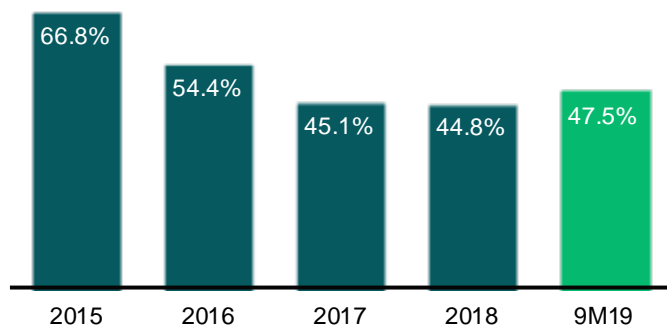
Financial Assets breakdown (€/mn; %)

€/mn	VTPL	FVOCI	AC	Total	% on total
Bonds	363	6,685	10,744	17,792	94.8%
<i>o.w. Italian gov</i>	189	730	5,503	6,422	34.2%
Equity	91	226		317	1.7%
Funds and Sicav	471			471	2.5%
Other*	197			197	1.1%
Total as of 30.09.2019	1,123	6,911	10,744	18,778	100.0%
Total as of 31.12.2018	1,129	8,561	7,463	17,152	
Chg YTD (%)	-0.5%	-19.3%	+44.0%	+9.5%	

Italian Government bonds / Tot. Assets (%)²



Total Italian bonds exposure / Total Bond ptf. (%)²



- Financial assets portfolio increase in Sep.'19 vs FY18 mainly due to the acquisition of Unipol Banca
- Italian government bonds at 6.4 €/bn (1.1 €/bn from Unipol Banca), weighing 34.2% of the whole financial assets portfolio
- Total bond and Italian govies portfolios duration¹ respectively 3.1 ys and 4.3 ys

* Derivatives for hedging purposes related to HFT portfolio
 1. Duration in years taking into account hedging
 2. Source: management data
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9M19 reclassified Profit & Loss

Profit and loss

9M19 Net profit of 522.9 €/mn and 143.7 €/mn on a like-for-like basis including higher loan loss provisions also in line with the expected further acceleration of the de-risking process

Reclassified Profit & Loss (€/mn)

	Sep 19	Arca	Unipol	First-time consolidation impact of Unipol	Sep 19 on a like-for-like basis	Sep 18	Chg y/y (%) on a like-for-like basis
Net interest income	862.1	0.0	47.6		814.5	850.1	-4.2%
of which IFRS9 e IFRS16 effects	38.9	0.0	1.9		37.0	63.9	-42.1%
Net commission income	656.1	27.5	43.3		585.2	577.1	1.4%
Core Income	1,518.2	27.5	91.0		1,399.7	1,427.2	-1.9%
Dividend and Net income from financial activities	90.8	0.0	14.9		76.0	204.7	-62.9%
Other operating expense/income	34.8	-0.1	2.0		32.8	30.7	7.0%
Operating Income	1,643.8	27.4	107.9		1,508.5	1,662.6	-9.3%
Staff costs	-657.7	-4.3	-37.9		-615.5	-615.0	0.1%
Other administrative expenses	-305.4	-7.0	-17.4		-280.9	-316.6	-11.3%
Net adjustments to property, plant and equipment and intangible assets	-108.7	-0.8	-5.5		-102.5	-79.3	29.3%
Operating costs	-1,071.8	-12.1	-60.8		-998.9	-1,010.8	-1.2%
Net Operating Income	572.0	15.3	47.1		509.6	651.7	-21.8%
Net impairment losses for credit risk	-309.1	0.0	-17.8		-291.3	-155.9	86.9%
Net Provisions for Risks and Charges	-9.2	0.0	-1.0		-8.2	-49.1	-83.4%
Contribution to funds	-58.4	0.0	-1.6		-56.8	-52.4	8.4%
Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	8.8	0.2	0.0		8.6	9.0	-4.1%
Badwill	353.8	0.0	0.0	353.8	0.0	0.0	0.0%
Profit (loss) before taxes	557.9	15.5	26.6	353.8	162.0	403.3	-59.8%
Income taxes	-19.9	-3.9	-7.9		-8.1	-24.0	-66.1%
Minority Interests	-15.1	-4.9	18.7		-10.2	-21.2	-51.9%
Profit (loss) for the period pertaining to the Parent Company	522.9	6.7	18.7	353.8	143.7	358.1	-59.9%

For details on Profit & Loss see annexes. Figures in this page may not add exactly due to rounding differences.

9M9 results are not directly comparable to 9M18 results, which were affected by non-recurring realized gains and by the First Time Adoption of the IFRS9 accounting principle

3Q19 reclassified Profit & Loss

Profit and loss

3Q19 Net profit of 422.4 €/mn and 43.2 €/mn on a like-for-like basis recording resilient NII, good performance of net commissions, decreasing operating costs and higher loan loss provisions also in line with the expected further acceleration of the de-risking process

Reclassified Profit & Loss (€/mn)

(€/mn)	1Q19	2Q19	3Q19 on a like-for- like basis	3Q19 □	1Q18	2Q18	3Q18	4Q18
Net interest income	273.9	272.3	268.3	315.9	293.2	280.3	276.6	272.3
<i>of which IFRS9 e IFRS16 effects</i>	13.0	14.7	9.3	11.2	25.6	20.7	17.6	12.4
Net commission income	192.5	195.2	197.5	268.3	198.1	190.9	188.0	199.2
Core Income	466.4	467.5	465.8	584.2	491.4	471.2	464.6	471.5
Dividends	0.5	9.7	3.4	3.4	0.6	12.9	0.3	20.6
Net income from financial activities	22.1	5.4	34.9	49.7	153.6	16.4	20.9	-86.9
Other operating expense/income	6.3	8.9	17.6	19.5	11.5	8.2	11.0	13.6
Operating Income	495.4	491.5	521.6	656.9	657.1	508.7	496.8	418.7
Staff costs	-213.6	-213.1	-188.8	-230.9	-207.5	-212.9	-194.6	-206.5
Other administrative expenses	-90.9	-96.2	-93.8	-118.2	-102.3	-110.0	-104.3	-125.8
Net adjustments to property, plant and equipment and intangible assets	-33.2	-35.4	-33.9	-40.2	-21.3	-35.0	-22.9	-39.7
Operating costs	-337.7	-344.7	-316.5	-389.3	-331.2	-357.9	-321.8	-372.0
Net Operating Income	157.6	146.8	205.1	267.5	325.9	150.8	175.0	46.7
Net impairment losses for credit risk	-73.0	-75.0	-143.3	-161.1	-24.4	-59.8	-71.7	-70.8
Net Provisions for Risks and Charges	-2.0	-9.7	3.5	2.5	-11.7	-25.4	-12.1	23.9
Contribution to Funds	-23.2	-9.5	-24.1	-25.8	-20.3	-8.7	-23.4	0.1
Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	3.8	4.6	0.2	0.4	2.8	2.6	3.5	-57.7
Badwill				353.8				
Profit (loss) before taxes	63.3	57.2	41.4	437.4	272.4	59.5	71.3	-57.8
Income taxes	-12.3	1.0	3.2	-8.7	-6.9	-2.9	-14.2	124.2
Profit (Loss) for the period	51.1	58.2	44.6	428.7	265.5	56.7	57.1	66.5
Minority Interests	-3.1	-5.7	-1.4	-6.3	-14.5	0.2	-6.9	-22.7
Profit (loss) for the period pertaining to the Parent Company	48.0	52.5	43.2	422.4	251.0	56.9	50.2	43.8

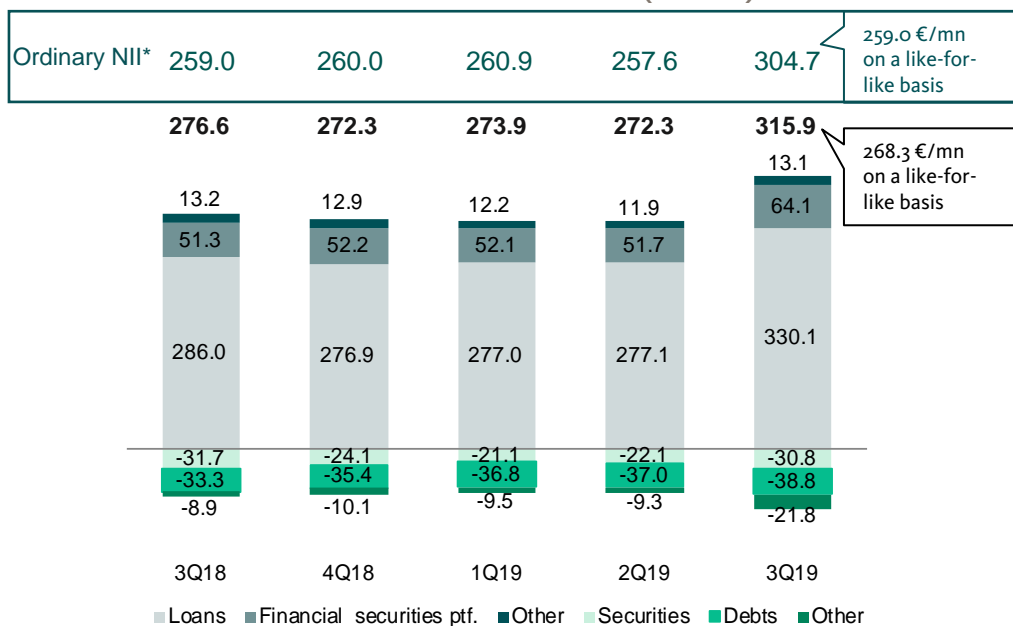
For details on Profit & Loss see annexes. Figures in this page may not add exactly due to rounding differences.

Net Interest Income

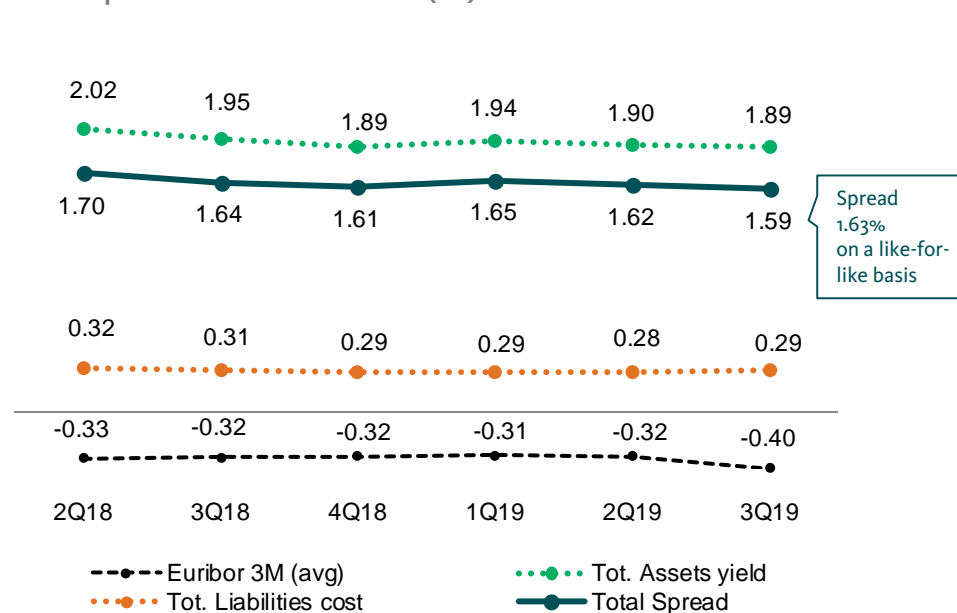
Profit and loss

Resilient ordinary NII in 3Q19 at 259.0 €/mn on a like-for-like basis and net of IFRS9 and IFRS16 effects (257.6 €/mn in 2Q19)

Net Interest Income contribution (€/mn)



Spread contribution (%)



- 3Q19 NII amounts to 315.9 €/mn, 268.3 €/mn on a like-for-like basis with a decrease of 1.5% q/q mainly due to the IFRS9 and IFRS16 effects. If we exclude these effects “ordinary NII” increased by 0.5% q/q (+1.4 €/mn)
- 9M19 NII at 862.1 €/mn; 814.5 €/mn on a like-for-like basis compared with 850.1 €/mn in 9M18 down by 4.2% y/y mainly due to the effects of the application of IFRS9 and IFRS16 accounting principles. If we exclude these effects “ordinary NII” decreased by 1.1 %/y

Note: figures from Consolidated Profit and Loss (Bank of Italy format Circular 262/2005)- Item 10 «Interest and similar income» (TLTRO2 benefit included among “Other”) and Item 20 «Interest and similar expense»

Note: figures in this page may not add exactly due to rounding differences

* Excluding the accounting effects related to the introduction of IFRS9 and IFRS16 accounting principles. For details see the reclassified Income Statement in the Annexes

Net Commissions

Profit and loss

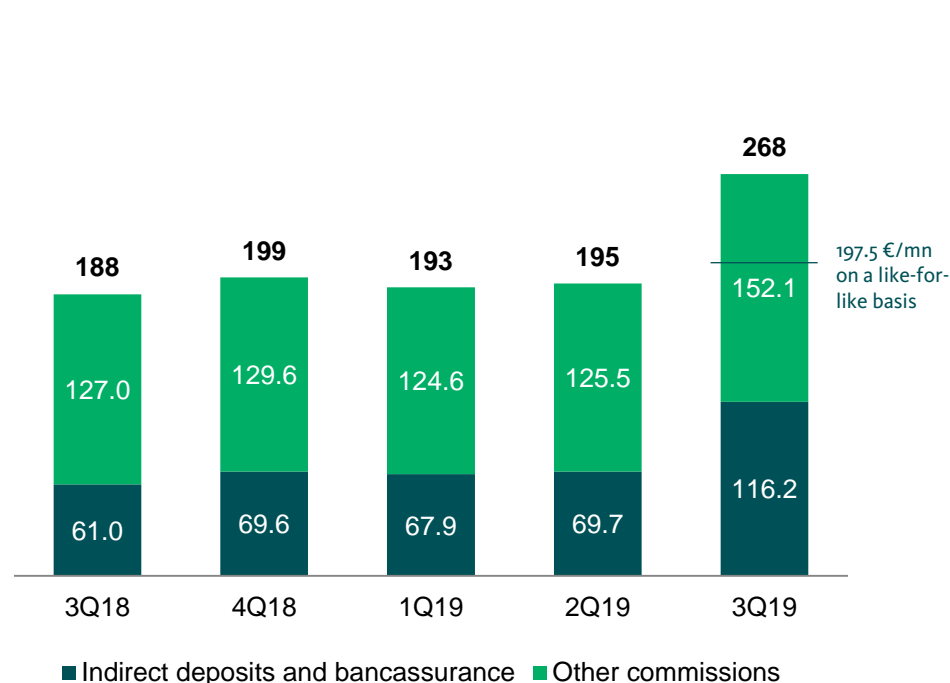
On a like-for-like basis, net commissions increase up by 1.4% y/y and 1.2% q/q (up by 5.0% in 3Q19 vs 3Q18)

Net Commissions breakdown (€/mn; %)

	Sep 19	Arca & Unipol	Sep 19 on a like-for-like basis	Sep 18	Chg y/y (%) on a like-for-like basis
Indirect deposits	205.9	43.5	162.4	158.1	+2.7%
<i>Assets under custody</i>	20.1	7.8	12.4	12.3	+0.5%
<i>Assets under management</i>	185.8	35.7	150.0	145.8	+2.9%
Bancassurance	48.0	1.4	46.6	39.2	+19.0%
Credit cards, collections, payments	116.1	5.6	110.5	110.9	-0.3%
Loans and guarantees	248.6	18.7	229.9	237.2	-3.1%
Other commissions	37.5	1.6	35.8	31.8	+12.8%
Total	656.1	70.8	585.2	577.1	+1.4%

AuM up-front fees of 15.6 €/mn in Sep.19 (excluding Unipol Banca and Arca) from 17.7 €/mn in Sep.18, weighing 2.7% on total net commissions

Net Commissions breakdown (€/mn)



- Positive performance of AuM and Bancassurance net commissions up respectively by 2.9% and 19% y/y on a like-for-like basis, mainly driven by strong commercial focus

Note: figures in this page may not add exactly due to rounding differences

Dividends and Trading income

Profit and loss

3Q19 trading income at 49.7 €/mn (€ 34.9 €/mn on a like-for-like basis vs 5.4 €/mn in 2Q19)

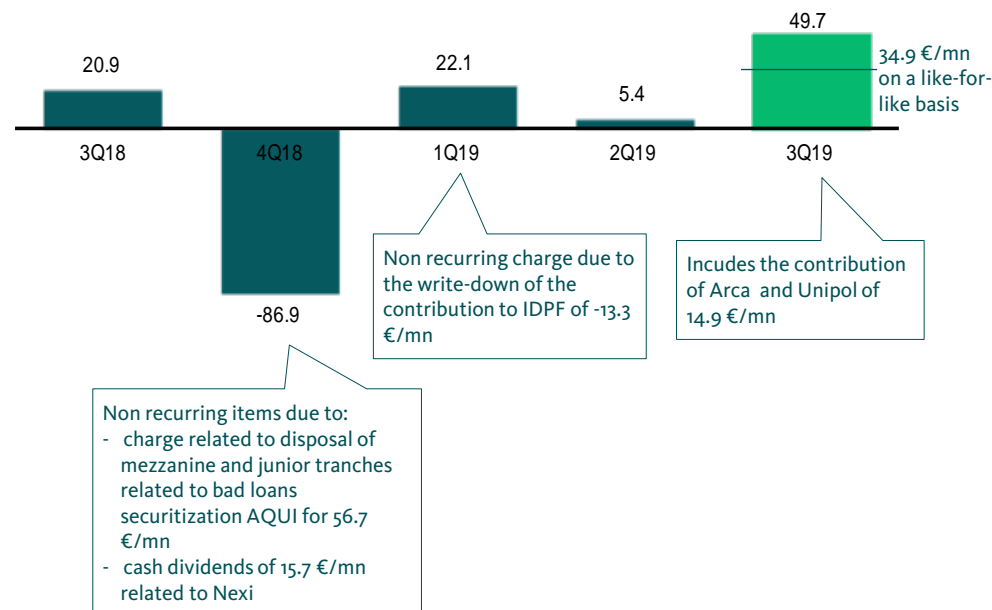
Dividends and Trading income breakdown (€/mn; %)

	Sep 19	Sep 18	Chg y/y (%)
Dividends	13.6	13.8	-1.0%
Trading income	77.2	190.9	-59.6%
<i>Realized gain/loss</i>	69.1	185.3	-62.7%
<i>Plus</i>	33.7	32.4	+4.2%
<i>Minus</i>	-30.3	-33.5	-9.8%
<i>Others</i>	4.7	6.8	-30.8%
Total	90.8	204.7	-55.6%

Trading income includes the contribution of Unipol of 14.9 €/mn

Significant non-recurring realized gains on bonds in 1Q18

Trading income evolution (€/mn)



Note: figures in this page may not add exactly due to rounding differences

Operating costs

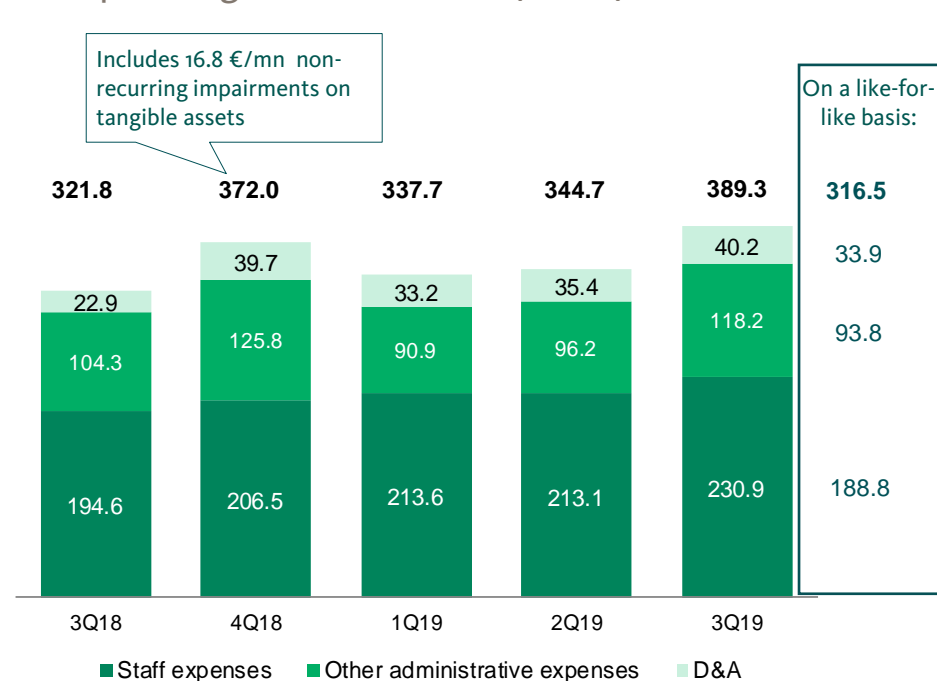
Profit and loss

Operating costs down respectively by 1.2% y/y and by 8.2% q/q on a like-for-like basis

Operating costs breakdown (€/mn; %)

	Sep 19	Arca & Unipol	Sep 19 on a like-for-like basis	Sep 18	Chg y/y (%) on a like-for-like basis
Staff expenses	657.7	42.2	615.5	615.0	+0.1%
Other admin. expenses	305.4	24.4	280.9	316.6	-11.3%
o.w. Operating leases	13.5	1.1	12.4	47.0	n.m.
D&A	108.7	6.3	102.5	79.3	+29.3%
o.w. right of use IFRS 16	38.4	4.6	33.8	2.2	n.m.
Operating costs	1,071.8	72.9	998.9	1,010.8	-1.2%

Operating costs evolution (€/mn)



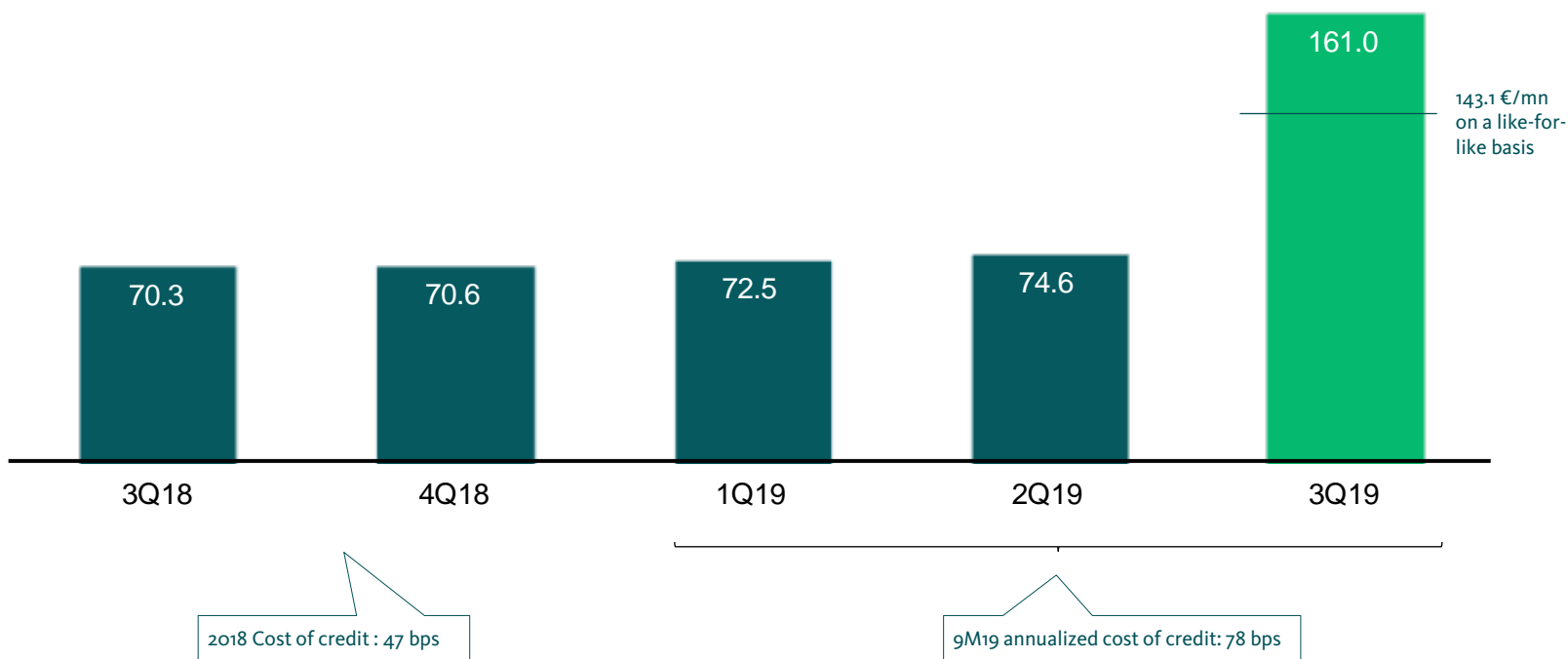
- On a like-for-like basis, 9M19 staff costs substantially unchanged y/y but significantly down by 11.4% q/q also due to usual staff costs third quarter seasonality
- Other Administrative expenses and D&A impacted by the accounting effects of IFRS16 and not directly comparable on a y/y comparison. On a pro-forma¹ and like-for-like basis, Administrative expenses and D&A down respectively by 1.0% and 10.8% y/y

1. With reference to IFRS 16 – Leases, application of the 6th update of Bank of Italy Circular 262/2005 from 1 January 2019 provides for the recognition on the assets side of the balance sheet of a right of use the asset involved in the contract and, on the liabilities side, of a lease payable, quantified as the discounted sum of the lease installments still to be paid to the lessor; the new model also changes the method of recording items in the income statement, namely depreciation of the right of use asset and interest expense on the lease payable.
Note: figures in this page may not add exactly due to rounding differences

Loan loss provisions and cost of credit

Higher loan loss provisions in 3Q19 at 143.1 €/mn on a like-for-like basis also in line with the expected further acceleration of the de-risking process

Loan loss provisions* and cost of credit (€/mn)



* Item 130 a) Net impairment losses to financial assets at amortized cost (Profit and Loss Financial statement)

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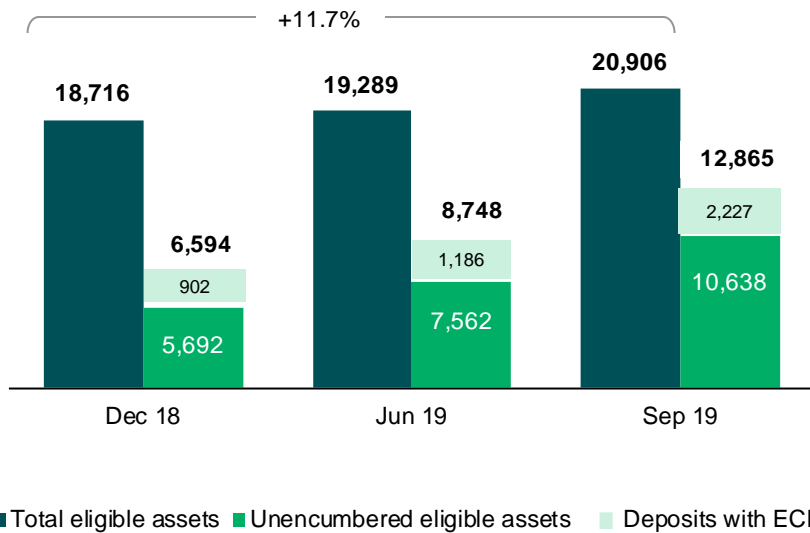
Final remarks

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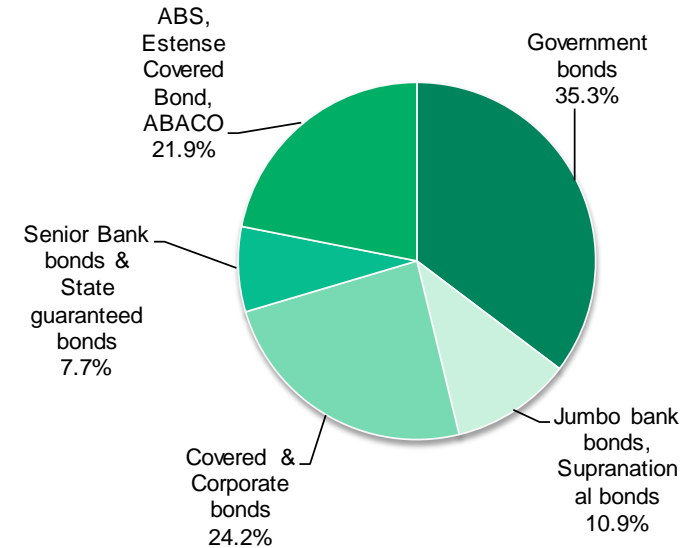
Liquidity

Solid net liquidity position at 12,9 €/bn. Increase of both total eligible assets (20.9 €/bn in 3Q19) and level of ECB deposits (2.2 €/bn)

Total eligible Assets evolution* (€/mn)



Eligible Assets Pool Composition (%)



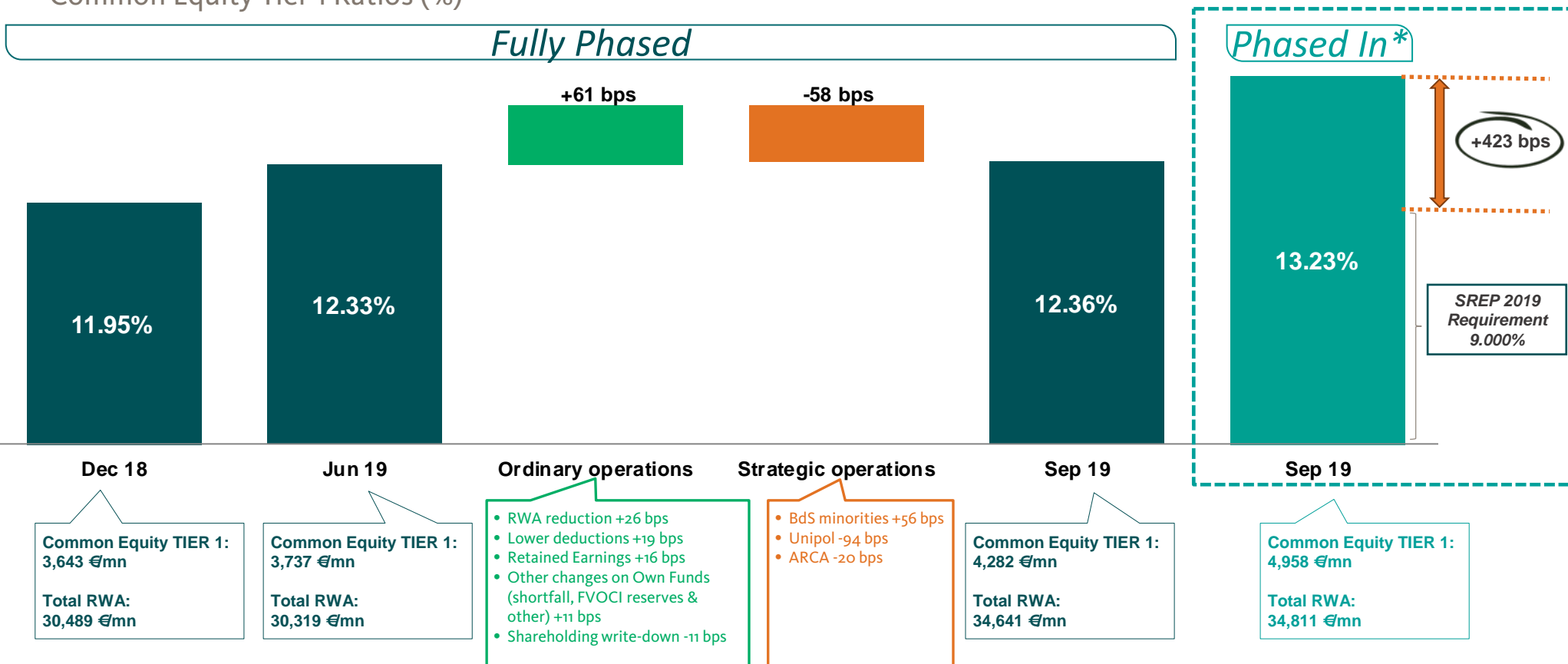
- ECB exposure of 9.7 €/bn in Sep'19 fully composed by TLTRO2 operations (4.5 €/bn TLTRO2 in Jun.'16 and 1 €/bn TLTRO2 in Dec.'16 and 4.2 €/bn in Mar.'17)
- Counterbalancing capacity at 20.9 €/bn in 9M19 (+11.7% since Dec.'18)
- LCR and NSFR well above 100%

* Net of ECB haircut
Note: figures in this page may not add exactly due to rounding differences

Capital

Solid capital position confirmed even after the completion of the strategic transactions.
 CET1 Fully Phased at 12.36% increased by 3 bps vs Jun.'19 and by 41 bps vs Dec.'18

Common Equity Tier 1 Ratios (%)



* CET1 ratio Phased in calculated excluding the badwill arising from the acquisition of Unipol Banca S.p.A. Including the badwill CET1 Ratio Phased in is 14.24%. For details see press release published on 12 Nov.2019

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CAPITAL and LIQUIDITY

Solid capital position even after the completion of the extraordinary deals. Large liquidity buffer

1. **Sound capital position** with a **CET1 ratio Fully Phased at 12.36%** up respectively by 3 bps vs 12.33% in Jun.'19 and by 41 bps vs 11.95% in Dec.'18
2. **Leverage Fully Phased at 5.3%** one of the lowest of the domestic banking system (6.1% Phased In)
3. **LCR and NSFR well above 100%** and unencumbered eligible assets and deposits available with ECB of 12.9 €/bn out of 20.9 €/bn of total eligible assets

ASSET QUALITY

Further improvement of asset quality and decreasing default rate

1. **Gross NPE stock at 6.5 €/bn** strongly down on a like-for-like basis by 17.6% vs Dec.'18
2. **Gross NPE ratio at 11.6%** significantly down from 13.8% in Dec.'18 and 19.9% in 1 Jan.'18 including the acquisition of 100% of Unipol Banca and the disposal of about 1.0 €/bn GBV bad loans to UnipolRec
3. **Annualized default rate down at 1.6%** vs 1.9% in Dec.'18
4. **Texas ratio** further improvement at 80.0% vs 85.0% in Dec.'18



PROFITABILITY

Resilient profitability

1. **9M19 stated consolidated net profit at 522.9 €mn (143.7 €mn on a like-for-like basis)**. It includes higher level of LLP in line with the expected acceleration of the de-risking process to be implemented through a new securitization of bad loans' portfolio
2. **Net operating income at 572.0 €mn**, as a result of the difference between operating income of 1,643.8 €mn and operating costs of 1,071.8 €mn
3. **Resilient ordinary NII¹** on a like-for-like basis and net of the IFRS9 effects (-1.1% y/y). **Positive net commissions** performance +1.4% y/y on a like for like basis. **Operating costs down** by 1.2% y/y on a like-for-like basis

New securitization of a bad loans portfolio, expected to be completed by the end of f 1H20, with the aim of reaching, over one year in advance, the target of gross NPE ratio below 9% set in the Business Plan for 2021

1. Ordinary Net Interest Income excluding the accounting effects related to the introduction of IFRS9 and IFRS16 accounting principles. For details see the reclassified Income Statement in the Annexes.

Note. With reference to IFRS 16 – Leases, application of the 6th update of Bank of Italy Circular 262/2005 from 1 January 2019 provides for the recognition on the assets side of the balance sheet of a right of use the asset involved in the contract and, on the liabilities side, of a lease payable, quantified as the discounted sum of the lease installments still to be paid to the lessor; the new model also changes the method of recording items in the income statement, namely depreciation of the right of use asset and interest expense on the lease payable.

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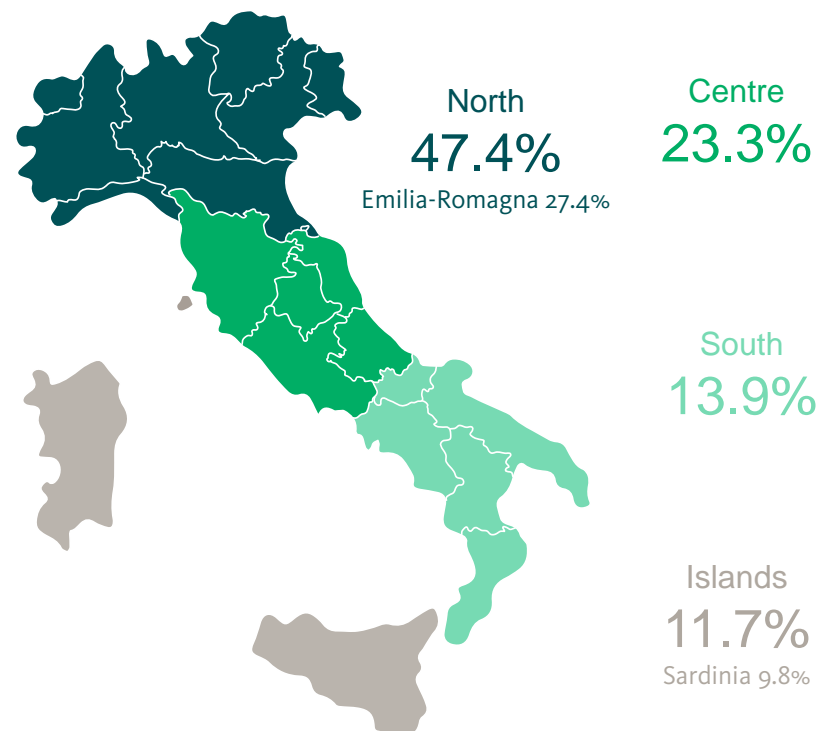
Customer loans

Portfolio composition

Net customer loans breakdown by sectors
(€/mn; %)

Business sector	Sep 19	% on Total Customer Loans	Δ % vs Dec 18
Manufacturing	7,618	14.5%	+1.8%
Wholesale and retail services, recoveries and repairs	4,839	9.2%	+6.3%
Constructions	2,572	4.9%	+2.8%
Real Estate	3,256	6.2%	+8.5%
HORECA*	1,310	2.5%	+5.4%
Agriculture, forestry and fishing	843	1.6%	+13.4%
Other	4,872	9.3%	-5.9%
Total loans to non-financial businesses	25,310	48.2%	+2.5%
Households	21,109	40.2%	+26.6%
Total loans to financial businesses	6,077	11.6%	+7.0%
Total Customers Loans	52,496	100.0%	+11.6%
Debt Securities	8,102	15.4%	+42.2%

Customer loans breakdown by geographical distribution¹(%)



* Hotel, Restaurant & Café (HORECA). Note: figures as per ATECO business sector definitions (ISTAT)

1. Commercial banks + Sarda Leasing, excluding non resident loans

Note: figures from data management system

Note: figures in this page may not add exactly due to rounding differences

Asset quality

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Asset quality breakdown (excl. customer debt securities)

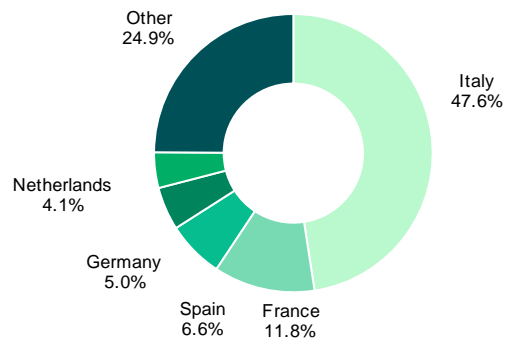
Gross exposures (€mn)	Sep 18		Dec 18		Mar 19		Jun 19		Sep 19		Sep 19		Chg YTD		Chg Y/Y	
		%		%		%		%		%	Unipol	%	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures (NPEs)	8,788	17.3%	7,046	13.8%	6,947	13.8%	6,937	13.7%	6,515	11.6%	707	9.8%	-531	-7.5%	-2,273	-25.9%
<i>Bad loans</i>	5,834	11.5%	4,338	8.5%	4,324	8.6%	4,321	8.6%	3,492	6.2%	107	1.5%	-846	-19.5%	-2,342	-40.1%
<i>Unlikely to pay loans</i>	2,867	5.6%	2,638	5.2%	2,562	5.1%	2,526	5.0%	2,920	5.2%	563	7.9%	282	10.7%	53	+1.8%
<i>Past due loans</i>	87	0.2%	69	0.1%	61	0.1%	90	0.1%	103	0.1%	37	0.5%	33	48.5%	16	+18.4%
Gross performing loans	42,004	82.7%	44,011	86.2%	43,514	86.2%	43,549	86.3%	49,514	88.4%	6,465	90.2%	5,503	12.5%	7,510	+17.9%
Total gross exposures	50,792	100.0%	51,057	100.0%	50,461	100.0%	50,486	100.0%	56,029	100.0%	7,172	100.0%	4,972	9.7%	5,237	+10.3%

Adjustments to loans (€mn)	Sep 18		Dec 18		Mar 19		Jun 19		Sep 19		Sep 19		Chg YTD		Chg Y/Y	
		coverage (%)		coverage (%)		coverage (%)		coverage (%)		coverage (%)	Unipol	coverage (%)	Abs.	Chg (%)	Abs.	Chg (%)
Adjustments to NPEs	4,983	56.7%	3,841	54.5%	3,790	54.5%	3,799	54.8%	3,328	51.1%	343	48.4%	-513	-13.4%	-1,655	-33.2%
<i>Bad loans</i>	3,762	64.5%	2,890	66.6%	2,900	67.1%	2,896	67.0%	2,225	63.7%	73	68.2%	-665	-23.0%	-1,537	-40.9%
<i>Unlikely to pay loans</i>	1,209	42.2%	942	35.7%	882	34.4%	891	35.3%	1,087	37.2%	264	46.9%	145	15.3%	-122	-10.1%
<i>Past due loans</i>	12	12.8%	9	12.3%	8	12.7%	12	12.8%	16	15.0%	6	13.9%	7	80.4%	4	+33.3%
Adjustments to performing loans	161	0.4%	165	0.4%	159	0.4%	145	0.3%	205	0.4%	44	0.7%	40	25.2%	44	+27.3%
Total adjustments	5,144	10.1%	4,006	7.8%	3,949	7.8%	3,944	7.8%	3,533	6.3%	387	5.4%	-473	-11.8%	-1,611	-31.3%

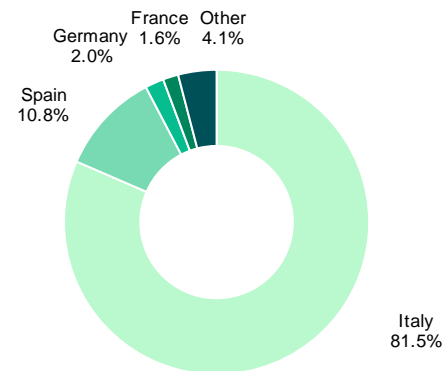
Net exposures (€mn)	Sep 18		Dec 18		Mar 19		Jun 19		Sep 19		Sep 19		Chg YTD		Chg Y/Y	
		%		%		%		%		%	Unipol	%	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures (NPEs)	3,805	8.3%	3,205	6.8%	3,157	6.8%	3,138	6.7%	3,187	6.1%	364	5.4%	-18	-0.5%	-618	-16.2%
<i>Bad loans</i>	2,072	4.5%	1,448	3.1%	1,424	3.1%	1,425	3.1%	1,267	2.4%	34	0.5%	-181	-12.5%	-805	-38.9%
<i>Unlikely to pay loans</i>	1,658	3.6%	1,696	3.6%	1,680	3.6%	1,635	3.5%	1,833	3.5%	299	4.4%	137	8.1%	175	+10.6%
<i>Past due loans</i>	75	0.2%	61	0.1%	53	0.1%	78	0.1%	87	0.1%	31	0.5%	26	44.0%	12	+16.0%
Net performing loans	41,843	91.7%	43,846	93.2%	43,355	93.2%	43,404	93.3%	49,309	93.9%	6,421	94.6%	5,463	12.5%	7,466	+17.8%
Total net exposures	45,648	100.0%	47,051	100.0%	46,512	100.0%	46,542	100.0%	52,496	100.0%	6,785	100.0%	5,445	11.6%	6,848	+15.0%

Note: figures in this page may not add exactly due to rounding differences

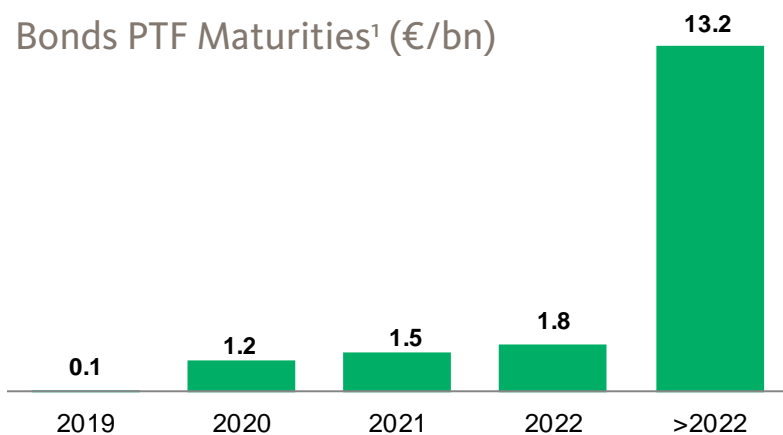
Bond PTF by Geographical breakdown (%)



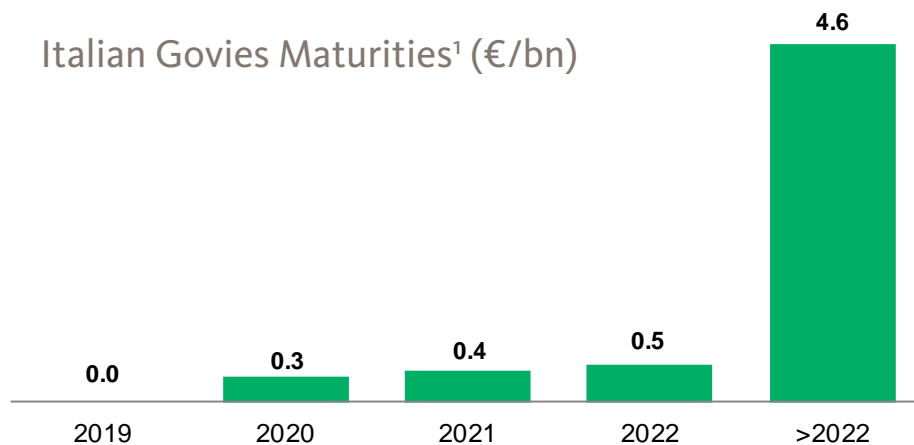
Govies PTF Geographical breakdown (%)



Bonds PTF Maturities¹ (€/bn)



Italian Govies Maturities¹ (€/bn)



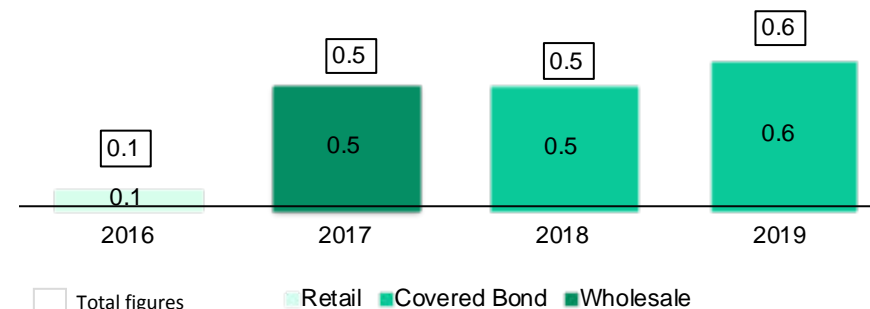
1. Figures are shown as per nominal values
Note: figures from data management system

Bonds maturities and issues details

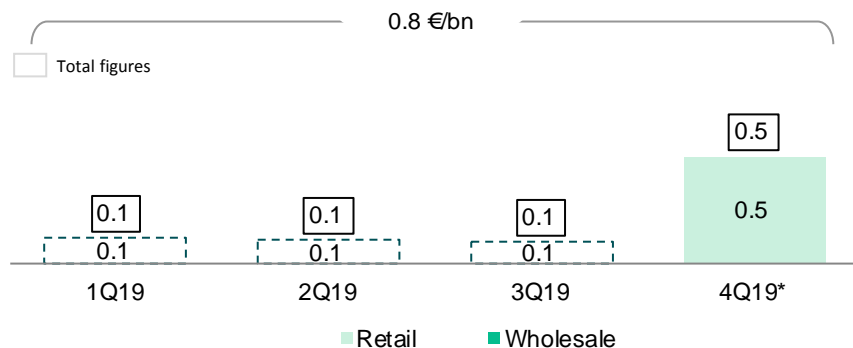
Outstanding bonds (€/bn)

	Dec 18	Jun 19	Sep 19*
Wholesale bonds	2.5	3.1	3.1
<i>o/w covered bonds</i>	2.0	2.6	2.6
<i>o/w subordinated bonds</i>	0.5	0.5	0.5
Retail bonds	1.5	1.2	2.5
<i>o/w subordinated bonds</i>	0.3	0.3	0.8
Total bonds	4.0	4.3	5.6

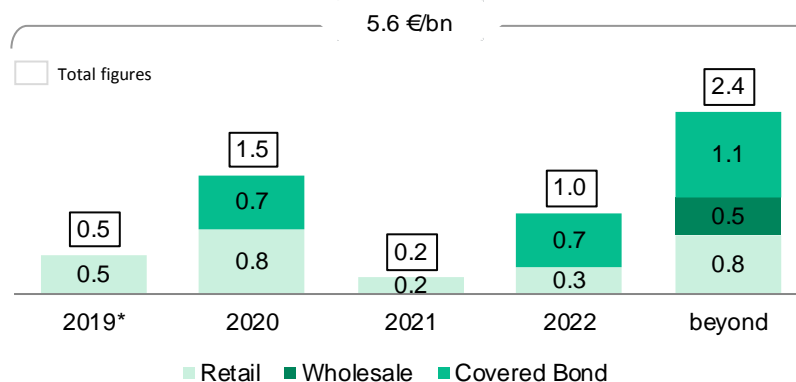
Bonds issued (€/bn)



2019 Bonds maturities (€/bn)



Bonds maturities breakdown* (€/bn)



* Remaining 1 quarter

*: including Unipol Banca bonds

Note: figures in this page: 1) are shown as per nominal values and 2) may not add exactly due to rounding differences

Reclassified financial statement of BPER Group as at 30.09.19

For greater clarity in the presentation of the results for the period, the accounting schedules envisaged by the 6th update of Bank of Italy Circular no. 262/2005 have been reclassified as follows.

In the balance sheet:

- Debt securities valued 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*", 120 "*Non current assets and disposal groups classified as held for sale*" and 130 "*Other assets*";
- "*Other liabilities*" include captions 60 "*Tax liabilities*", 80 "*Other liabilities*", and 90 "*Employee termination indemnities*" and 100 "*Provisions for risks and charges*".

In the income statement:

- "*Net income 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 expense/income*", have been reclassified as a reduction in the related costs under "*Other administrative expenses*" (Euro 100,051 thousand at 30 September 2019 and Euro 94,974 thousand at 30 September 2018);
- "*Net adjustments to property, plant, equipment and intangible assets*" include captions 210 and 220 in the standard reporting format;
- "*Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill*" include captions 250, 270 and 280 in the reporting format;
- "*Contributions to the SRF, DGS and IDPF-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 expenses*" as a better reflection of the trend in the Group's operating costs. In particular, at 30 September 2019, this caption represents the component allocated to administrative costs related to:
 - the 2019 ordinary contribution to the SRF (European Single Resolution Fund) for Euro 23,043 thousand;
 - the additional contribution required by SRF to the Italian Banks for the year 2017 equal to Euro 9,587 thousand;
 - the 2019 ordinary contribution to the DGS (Deposit Guarantee Scheme) for Euro 25,784 thousand as estimation of how much it will be required at the end of the year.
- appropriate specifications ("*of which*") have been included in "*Net interest income*", "*Other administrative expenses*" and "*Net adjustments to property, plant, equipment and intangible assets*" captions in order to highlight the impacts of IFRS 16 application (from 1 January 2019) and in "*Net interest income*" caption in order to highlight the impacts of IFRS 9 application (from 1 January 2018).

It should be noted that the reclassified consolidated balance sheet and income statement show the contribution of Unipol Banca and Arca Holding to the BPER Banca Group consolidation.

Reclassified consolidated balance sheet

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Assets	30.09.2019	Arca Holding contribution	Unipol Banca contribution	30.09.2019 on a like-for-like basis	30.06.2019	31.12.2018	(in thousands)	
							Change 30.09.2019 - 31.12.2018 on a like-for-like basis	% Change on a like-for-like basis
Cash and cash equivalents	493,538	3	81,662	411,873	395,525	459,782	-47,909	-10.42
Financial assets	18,777,522	92,197	1,242,212	17,443,113	17,159,152	17,152,084	291,029	1.70
a) Financial assets held for trading	328,291	-	466	327,825	270,204	247,219	80,606	32.61
b) Financial assets designated at fair value	131,594	-	-	131,594	219,702	218,662	-87,068	-39.82
c) Other financial assets mandatorily measured at fair value	662,663	92,197	23,311	547,155	557,815	662,744	-115,589	-17.44
d) Financial assets measured at fair value through other comprehensive income	6,911,141	-	41,444	6,869,697	7,808,130	8,560,568	-1,690,871	-19.75
e) Debt securities measured at amortised cost	10,743,833	-	1,176,991	9,566,842	8,303,301	7,462,891	2,103,951	28.19
- banks	2,641,906	-	-	2,641,906	2,384,640	1,766,169	875,737	49.58
- customers	8,101,927	-	1,176,991	6,924,936	5,918,661	5,696,722	1,228,214	21.56
Loans	56,244,776	64,461	7,155,184	49,025,131	49,158,263	48,594,875	430,256	0.89
a) Loans to banks	3,722,040	89,720	343,931	3,288,389	2,616,439	1,540,509	1,747,880	113.46
b) Loans to customers	52,496,061	-25,259	6,784,578	45,736,742	46,541,824	47,050,942	-1,314,200	-2.79
c) Financial assets measured at fair value	26,675	-	26,675	-	-	3,424	-3,424	-100.00
Hedging derivatives	65,401	-	-	65,401	53,567	35,564	29,837	83.90
Equity investments	251,613	-202,838	-	454,451	453,046	446,049	8,402	1.88
Property, plant and equipment	1,356,757	15,840	87,323	1,253,594	1,261,800	1,063,273	190,321	17.90
Intangible assets	612,235	179,558	307	432,370	431,922	445,689	-13,319	-2.99
- of which: goodwill	434,758	170,018	-	264,740	264,740	264,740	-	-
Other assets	2,893,584	27,983	162,001	2,703,600	2,669,393	2,437,451	266,149	10.92
Total assets	80,695,426	177,204	8,728,689	71,789,533	71,582,668	70,634,767	1,154,766	1.63

Reclassified consolidated balance sheet

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(in thousands)

Liabilities and shareholders' equity	30.09.2019	Arca Holding contribution	Unipol Banca contribution	30.09.2019 on a like-for-like basis	30.06.2019	31.12.2018	Change 30.09.2019 - 31.12.2018 on a like-for-like basis	% Change on a like-for-like basis
Due to banks	12,353,388	-	-1,274,555	13,627,943	12,504,749	13,126,248	501,695	3.82
Direct deposits	58,166,847	-	8,962,993	49,203,854	51,029,054	49,996,419	-792,565	-1.59
a) Due to customers	51,769,432	-	7,810,361	43,959,071	45,465,848	44,594,863	-635,792	-1.43
b) Debt securities issued	6,397,415	-	1,152,632	5,244,783	5,563,206	5,401,556	-156,773	-2.90
Financial liabilities held for trading	247,347	-	170	247,177	220,086	143,824	103,353	71.86
Hedging derivatives	419,671	-	-	419,671	306,649	92,374	327,297	354.32
Other liabilities	4,075,781	77,644	664,525	3,333,612	2,572,406	2,379,334	954,278	40.11
Minority interests	176,160	92,854	-	83,306	505,929	507,457	-424,151	-83.58
Shareholders' equity pertaining to the Parent Company	5,256,232	6,706	375,556	4,873,970	4,443,795	4,389,111	484,859	11.05
a) Valuation reserves	-39,838	26	-5,249	-34,615	15,130	949	-35,564	--
b) Reserves	2,088,106	-25	8,252	2,079,879	1,961,433	1,619,469	460,410	28.43
c) Equity instruments	150,000	-	-	150,000	-	-	150,000	n.s.
d) Share premium reserve	999,373	-	-	999,373	930,073	930,073	69,300	7.45
e) Share capital	1,542,925	-	-	1,542,925	1,443,925	1,443,925	99,000	6.86
f) Treasury shares	-7,259	-	-	-7,259	-7,258	-7,258	-1	0.01
g) Profit (Loss) for the period	522,925	6,705	372,553	143,667	100,492	401,953	-258,286	-64.26
Total liabilities and shareholders' equity	80,695,426	177,204	8,728,689	71,789,533	71,582,668	70,634,767	1,154,766	1.63

Reclassified consolidated income statement

Annexes

Captions		30.09.2019	Arca Holding contribution	Unipol Banca contribution	First-time consolidation impact of Unipol Banca	30.09.2019 on a like-for-like basis	30.09.2018	Change 30.09.2019 – 30.09.2018 on a like-for-like basis	% Change on a like-for-like basis
(in thousands)									
10+20	Net interest income	862,093	-37	47,646		814,484	850,092	-35,608	-4.19
	<i>of which IFRS 9 components</i>	40,183	-	2,063		38,120	63,970	-25,850	-40.41
	<i>of which interest expense lease liabilities IFRS 16</i>	-1,305	-	-197		-1,108	-49	-1,059	--
40+50	Net commission income	656,070	27,492	43,331		585,247	577,081	8,166	1.42
70	Dividends	13,650	-	4		13,646	13,786	-140	-1.02
80+90+100+110	Net income from financial activities	77,186	-1	14,852		62,335	190,944	-128,609	-67.35
230	Other operating expense/income	34,771	-74	2,032		32,813	30,657	2,156	7.03
	Operating income	1,643,770	27,380	107,865		1,508,525	1,662,560	-154,035	-9.26
190 a)	Staff costs	-657,676	-4,275	-37,900		-615,501	-614,987	-514	0.08
190 b)	Other administrative expenses	-305,357	-7,001	-17,413		-280,943	-316,589	35,646	-11.26
	<i>of which rental expenses</i>	-13,524	-	-1,097		-12,427	-47,038	34,611	-73.58
210+220	Net adjustments to property, plant, equipment and intangible assets	-108,741	-798	-5,466		-102,477	-79,258	-23,219	29.30
	<i>of which depreciation right of use IFRS 16</i>	-38,417	-285	-4,361		-33,771	-2,200	-31,571	--
	Operating costs	-1,071,774	-12,074	-60,779		-998,921	-1,010,834	11,913	-1.18
	Net operating income	571,996	15,306	47,086		509,604	651,726	-142,122	-21.81
130 a)	Net impairment losses to financial assets at amortised cost	-308,021	-	-17,850		-290,171	-155,206	-134,965	86.96
130 b)	Net impairment losses to financial assets at fair value	582	-	44		538	2,054	-1,516	-73.81
140	Gains (Losses) from contractual modifications without derecognition	-1,618	-	2		-1,620	-2,719	1,099	-40.42
	Net impairment losses for credit risk	-309,057	-	-17,804		-291,253	-155,871	-135,382	86.86
200	Net provisions for risks and charges	-9,202	-	-1,034		-8,168	-49,130	40,962	-83.37
###	Contributions to SRF, DGS, IDPF - VS	-58,414	-	-1,626		-56,788	-52,400	-4,388	8.37
250+270+280	Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	8,810	224	-		8,586	8,953	-367	-4.10
275	Gain on a bargain purchase	353,805	-	-	353,805	-	-	-	n.s.
290	Profit (Loss) from current operations before tax	557,938	15,530	26,622	353,805	161,981	403,278	-241,297	-59.83
300	Income taxes on current operations for the period	-19,945	-3,949	-7,874		-8,122	-23,974	15,852	-66.12
330	Profit (Loss) for the period	537,993	11,581	18,748	353,805	153,859	379,304	-225,445	-59.44
340	Profit (Loss) for the period pertaining to minority interests	-15,068	-4,876	-		-10,192	-21,178	10,986	-51.87
350	Profit (Loss) for the period pertaining to the Parent Company	522,925	6,705	18,748	353,805	143,667	358,126	-214,459	-59.88

Reclassified consolidated income statement by quarter

Annexes

(in thousands)

Captions		1st quarter 2019	2nd quarter 2019	3rd quarter 2019 on a like-for- like basis	3rd quarter 2019	1st quarter 2018	2nd quarter 2018	3rd quarter 2018	4th quarter 2018
10+20	Net interest income	273,896	272,288	268,300	315,909	293,234	280,268	276,590	272,345
	<i>of which IFRS 9 components</i>	13,352	15,083	9,685	11,748	25,637	20,757	17,576	12,397
	<i>of which interest expense lease liabilities IFRS 16</i>	-361	-381	-366	-563	-18	-15	-16	-15
40+50	Net commission income	192,544	195,210	197,493	268,316	198,120	190,936	188,025	199,184
70	Dividends	539	9,687	3,420	3,424	584	12,877	325	20,553
80+90+100+110	Net income from financial activities	22,062	5,403	34,870	49,721	153,634	16,431	20,879	-86,922
230	Other operating expense/income	6,337	8,923	17,553	19,511	11,485	8,174	10,998	13,552
	Operating income	495,378	491,511	521,636	656,881	657,057	508,686	496,817	418,712
190 a)	Staff costs	-213,631	-213,109	-188,761	-230,936	-207,534	-212,900	-194,553	-206,507
190 b)	Other administrative expenses	-90,930	-96,204	-93,809	-118,223	-102,285	-109,981	-104,323	-125,842
	<i>of which rental expenses</i>	-4,692	-4,007	-3,728	-4,825	-15,615	-15,540	-15,883	-15,994
210+220	Net adjustments to property, plant and equipment and intangible assets	-33,172	-35,380	-33,925	-40,189	-21,339	-34,986	-22,933	-39,681
	<i>of which depreciation right of use IFRS 16</i>	-11,249	-11,135	-11,387	-16,033	-726	-733	-741	-741
	Operating costs	-337,733	-344,693	-316,495	-389,348	-331,158	-357,867	-321,809	-372,030
	Net operating income	157,645	146,818	205,141	267,533	325,899	150,819	175,008	46,682
130 a)	Net impairment losses to financial assets at amortised cost	-72,485	-74,551	-143,135	-160,985	-26,141	-58,793	-70,272	-70,566
130 b)	Net impairment losses to financial assets at fair value	421	-392	509	553	1,763	141	150	12
140	Gains (Losses) from contractual modifications without derecognition	-891	-76	-653	-651	-	-1,183	-1,536	-237
	Net impairment losses for credit risk	-72,955	-75,019	-143,279	-161,083	-24,378	-59,835	-71,658	-70,791
200	Net provisions for risks and charges	-1,995	-9,698	3,525	2,491	-11,663	-25,376	-12,091	23,936
###	Contributions to SRF, DGS, IDPF - VS	-23,184	-9,459	-24,145	-25,771	-20,282	-8,670	-23,448	75
250+270+280	Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	3,809	4,586	191	415	2,827	2,591	3,535	-57,654
275	Gain on a bargain purchase	-	-	-	353,805	-	-	-	-
290	Profit (Loss) from current operations before tax	63,320	57,228	41,433	437,390	272,403	59,529	71,346	-57,752
300	Income taxes on current operations for the period	-12,266	987	3,157	-8,666	-6,918	-2,850	-14,206	124,238
330	Profit (Loss) for the period	51,054	58,215	44,590	428,724	265,485	56,679	57,140	66,486
340	Profit (Loss) for the period pertaining to minority interests	-3,083	-5,694	-1,415	-6,291	-14,462	183	-6,899	-22,659
350	Profit (Loss) for the period pertaining to the Parent Company	47,971	52,521	43,175	422,433	251,023	56,862	50,241	43,827

Consolidated balance sheet

Annexes

Assets	(in thousands)			
	30.09.2019	31.12.2018	Change	% Change
10. Cash and cash equivalents	493,538	459,782	33,756	7.34
20. Financial assets measured at fair value through profit or loss	1,149,223	1,128,625	20,598	1.83
a) financial assets held for trading	328,291	247,219	81,072	32.79
b) financial assets designated at fair value	131,594	218,662	-87,068	-39.82
c) other financial assets mandatorily measured at fair value	689,338	662,744	26,594	4.01
30. Financial assets measured at fair value through other comprehensive income	6,911,141	8,563,992	-1,652,851	-19.30
40. Financial assets measured at amortised cost	66,961,934	56,054,342	10,907,592	19.46
a) loans to banks	6,363,946	3,306,678	3,057,268	92.46
b) loans to customers	60,597,988	52,747,664	7,850,324	14.88
50. Hedging derivatives	65,401	35,564	29,837	83.90
70. Equity investments	251,613	446,049	-194,436	-43.59
90. Property, plant and equipment	1,356,757	1,063,273	293,484	27.60
100. Intangible assets	612,235	445,689	166,546	37.37
of which:				
- goodwill	434,758	264,740	170,018	64.22
110. Tax assets	1,960,020	1,885,616	74,404	3.95
a) current	390,182	457,838	-67,656	-14.78
b) deferred	1,569,838	1,427,778	142,060	9.95
120. Non current assets and disposal groups classified as held for sale	5,346	2,800	2,546	90.93
130. Other assets	928,218	549,035	379,183	69.06
Total Assets	80,695,426	70,634,767	10,060,659	14.24

Consolidated balance sheet

Annexes

		(in thousands)			
Liabilities and shareholders' equity		30.09.2019	31.12.2018	Change	% Change
10.	Financial liabilities measured at amortised cost	70,520,235	63,122,667	7,397,568	11.72
	a) due to banks	12,353,388	13,126,248	-772,860	-5.89
	b) due to customers	51,769,432	44,594,863	7,174,569	16.09
	c) debt securities issued	6,397,415	5,401,556	995,859	18.44
20.	Financial liabilities held for trading	247,347	143,824	103,523	71.98
40.	Hedging derivatives	419,671	92,374	327,297	354.32
60.	Tax liabilities	89,467	62,644	26,823	42.82
	a) current	29,538	3,966	25,572	644.78
	b) deferred	59,929	58,678	1,251	2.13
80.	Other liabilities	3,234,769	1,663,946	1,570,823	94.40
90.	Employee termination indemnities	200,512	182,793	17,719	9.69
100.	Provisions for risks and charges	551,033	469,951	81,082	17.25
	a) commitments and guarantees granted	58,206	63,059	-4,853	-7.70
	b) pensions and similar obligations	169,465	131,126	38,339	29.24
	c) other provisions for risks and charges	323,362	275,766	47,596	17.26
120.	Valuation reserves	-39,838	949	-40,787	--
140.	Equity instruments	150,000	-	150,000	n.s.
150.	Reserves	2,088,106	1,619,469	468,637	28.94
160.	Share premium reserve	999,373	930,073	69,300	7.45
170.	Share capital	1,542,925	1,443,925	99,000	6.86
180.	Treasury shares (-)	-7,259	-7,258	-1	0.01
190.	Minority interests (+/-)	176,160	507,457	-331,297	-65.29
200.	Profit (Loss) for the period (+/-)	522,925	401,953	120,972	30.10
	Total liabilities and shareholders' equity	80,695,426	70,634,767	10,060,659	14.24

Consolidated income statement

Annexes

(in thousands)

Captions	30.09.2019	30.09.2018	Change	Change %
10. Interest and similar income	1,057,644	1,044,587	13,057	1.25
of which: interest income calculated using the effective interest method	1,039,265	1,029,728	9,537	0.93
20. Interest and similar expense	-195,551	-194,495	-1,056	0.54
30. Net interest income	862,093	850,092	12,001	1.41
40. Commission income	720,079	603,652	116,427	19.29
50. Commission expense	-64,009	-26,571	-37,438	140.90
60. Net commission income	656,070	577,081	78,989	13.69
70. Dividends and similar income	13,650	13,786	-136	-0.99
80. Net income from trading activities	-23,554	25,217	-48,771	-193.41
90. Net income from hedging activities	-4,178	1,992	-6,170	-309.74
100. Gains (Losses) on disposal or repurchase of:	110,205	152,809	-42,604	-27.88
a) financial assets measured at amortised cost	39,458	-11,915	51,373	-431.16
b) financial assets measured at fair value through other comprehensive income	70,311	164,452	-94,141	-57.25
c) financial liabilities	436	272	164	60.29
110. Net income on financial assets and liabilities measured at fair value through profit or loss	-5,287	10,926	-16,213	-148.39
a) financial assets and liabilities designated at fair value	-6,965	-5,010	-1,955	39.02
b) other financial assets mandatorily measured at fair value	1,678	15,936	-14,258	-89.47
120. Net interest and other banking income	1,608,999	1,631,903	-22,904	-1.40
130. Net impairment losses for credit risk relating to:	-307,439	-153,152	-154,287	100.74
a) financial assets measured at amortised cost	-308,021	-155,206	-152,815	98.46
b) financial assets measured at fair value through other comprehensive income	582	2,054	-1,472	-71.67
140. Gains (Losses) from contractual modifications without derecognition	-1,618	-2,719	1,101	-40.49
150. Net income from financial activities	1,299,942	1,476,032	-176,090	-11.93
180. Net income from financial and insurance activities	1,299,942	1,476,032	-176,090	-11.93
190. Administrative expenses:	-1,121,498	-1,078,950	-42,548	3.94
a) staff costs	-657,676	-614,987	-42,689	6.94
b) other administrative expenses	-463,822	-463,963	141	-0.03
200. Net provisions for risks and charges	-9,202	-49,130	39,928	-81.27
a) commitments and guarantees granted	6,837	18,843	-12,006	-63.72
b) other net provisions	-16,039	-67,973	51,934	-76.40
210. Net adjustments to property, plant and equipment	-69,649	-43,900	-25,749	58.65
220. Net adjustments to intangible assets	-39,092	-35,358	-3,734	10.56
230. Other operating expense/income	134,822	125,631	9,191	7.32
240. Operating costs	-1,104,619	-1,081,707	-22,912	2.12
250. Gains (Losses) of equity investments	10,539	8,806	1,733	19.68
275. Gain on a bargain purchase	353,805	-	353,805	n.s.
280. Gains (Losses) on disposal investments	-1,729	147	-1,876	--
290. Profit (Loss) from current operations before tax	557,938	403,278	154,660	38.35
300. Income taxes on current operations	-19,945	-23,974	4,029	-16.81
310. Profit (Loss) from current operations after tax	537,993	379,304	158,689	41.84
330. Profit (Loss) for the period (+/-)	537,993	379,304	158,689	41.84
340. Profit (Loss) for the period pertaining to minority interests	-15,068	-21,178	6,110	-28.85
350. Profit (Loss) for the period pertaining to the Parent Company	522,925	358,126	164,799	46.02

The "Interest and similar income" and "Interest and similar expense" captions at 30 September 2018 have been restated with respect to the Consolidated interim report as at 30 September 2018, due to reclassification of interest on hedging derivatives pursuant to the 5th update to Bank of Italy Circular 262/2005.

Performance ratios ⁽¹⁾

Annexes

Financial ratios	30.09.2019	2018 (*)
Structural ratios		
Net loans to customers/total assets	65.05%	66.61%
Net loans to customers/direct deposits from customers	90.25%	94.11%
Financial assets/total assets	23.27%	24.28%
Fixed assets/total assets	1.99%	2.14% (2)
Goodwill/total assets	0.54%	0.37%
Direct deposits/total assets	87.39%	89.36%
Indirect deposits under management/indirect deposits	35.38%	53.32%
Financial assets/tangible equity	3.90	3.85 (3)
Total tangible assets/tangible equity	16.61	15.77 (4)
Net interbank position (in thousands of Euro)	(8,631,348)	(11,585,739)
Number of employees	13,91	11,615 (5)
Number of national bank branches	1,429	1,218
Profitability ratios		
ROE	16.03%	9.06% (6)
ROTE	18.25%	10.15% (7)
ROA (net profit/total assets)	0.89%	0.63% (8)
Cost to income ratio	65.20%	60.80% (9)
Net impairment losses on loans to customers/net loans to customers	0.58%	0.33%
Basic EPS	1,069	0.745 (10)
Diluted EPS	1,050	0.745 (11)
Risk ratios		
Net non-performing loans/net loans to customers	6.07%	6.81%
Net bad loans/net loans to customers	2.41%	3.08%
Net unlikely to pay loans/net loans to customers	3.49%	3.60%
Net past due loans/net loans to customers	0.17%	0.13%
Impairment provisions for non-performing loans/gross non-performing loans	51.08%	54.52%
Impairment provisions for bad loans/gross bad loans	63.71%	66.62%
Impairment provisions for unlikely to pay loans/gross unlikely to pay loans	37.23%	35.73%
Impairment provisions for past due loans/gross past due loans	14.98%	12.33%
Impairment provisions for performing loans/gross performing loans	0.42%	0.37%
Texas ratio	79.96%	84.97% (12)

Financial ratios	30.09.2019	2018 (*)
Own Funds (Phased in) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	4,957,756	4,367,711 (13)
Own Funds	6,001,478	5,278,852
Risk-weighted assets (RWA)	34,811,483	30,606,171
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	13.23%	14.27%
Tier 1 Ratio (T1 Ratio) - Phased in	14.68%	14.37%
Total Capital Ratio (TC Ratio) - Phased in	17.24%	17.25%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	12.36%	11.95%
Leverage Ratio - Phased in	6.1%	6.0% (14)
Leverage Ratio - Fully Phased	5.3%	5.0% (15)
Liquidity Coverage Ratio (LCR)	163.9%	154.3%
Net Stable Funding Ratio (NSFR)	n.a.	106.8% (16)
Non-financial ratios		
Productivity ratios (in thousands of Euro)		
Direct deposits per employee	4,181.66	4,304.47
Loans to customers per employee	3,773.98	4,050.88
Assets managed per employee	2,732.79	1,664.31
Assets administered per employee	4,991.27	1,457.29
Core revenues per employee	109.14	122.75 (17)
Net interest and other banking income per employee	115.67	140.35
Operating costs per employee	79.41	93.03

- (1) To construct ratios, reference was made to the balance sheet and income statement figures of the reclassified statements prepared from a management point of view as per the present Press Release.
- (2) Fixed assets include both Equity investments and Property, plant and equipment
- (3) Tangible equity: total shareholders' equity, including minority interests, net of intangible assets
- (4) Total tangible assets = total assets net of intangible assets
- (5) The number of employees (point figures) does not include the expectations
- (6) ROE at 30 September 2019 has been calculated on an annual basis replicating the profit (loss) for the period for the rest of the year.
- (7) ROTE at 30 September 2019 has been calculated on an annual basis replicating the profit (loss) for the period for the rest of the year
- (8) ROA at 30 September 2019 has been calculated on an annual basis replicating the profit (loss) for the period for the rest of the year
- (9) The cost/income ratio has been calculated on the basis of the layout of the reclassified income statement (operating costs/operating income); when calculated on the basis of the layouts provided by the 6th update of the Circular of the Bank of Italy no. 262 the cost/income ratio is at 68.65% (66.29% at 30 September 2018 as per the Consolidated interim report as at 30 September 2018)
- (10) EPS has been calculated net of treasury shares in portfolio
- (11) See previous note
- (12) The Texas ratio is calculated as the relationship between total gross non-performing loans and net tangible equity increased by impairment provisions for non-performing loans
- (13) Items have been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2395/2017
- (14) The ratio has been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 62/2015
- (15) See previous note
- (16) The NSFR, not yet available, is in any case estimated to exceed 100% (112.6% as at 30 June 2019)
- (17) Core revenues = net interest income + net commission income

(*) The comparative patrimonial ratios, together with ROE, ROTE, and ROA, have been calculated on figures at 31 December 2018 as per the Consolidated financial statements as at 31 December 2018, while economical ratios have been calculated on figures at 30 September 2018 as per the Consolidated interim report as at 30 September 2018

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