



BPER Group 1Q16 results

12th May 2016

Alessandro Vandelli - Chief Executive Officer

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

Emilio Annovi

Manager responsible for preparing the Company's financial reports

BPER Banca con sede in Modena, via San Carlo, 8/20 - Codice Fiscale, Partita IVA e iscrizione nel Registro Imprese di Modena n. 01153230360 - Capitale sociale variabile - Codice ABI 5387.6 Iscritta all’Albo delle Banche al n. 4932 e all’Albo delle Cooperative al n. A163859 - Telefono 059.2021111 - Telefax 059.2022033 - email: bpergroup@bper.it - PEC: bper@pec.gruppobper.it Aderente al Fondo Interbancario di Tutela dei Depositi e al Fondo Nazionale di Garanzia - Capogruppo del Gruppo bancario BPER iscritto all’Albo dei Gruppi Bancari al n. 5387.6 - bper@pec.gruppobper.it - bper.it - gruppobper.it

Agenda

1Q16 Results

Executive summary

Balance sheet structure

Profit and loss

Liquidity and Capital adequacy

Annexes

Executive summary

• Positive and resilient profitability:

- 1Q16 Net profit at 40.1 €/mn excluding the estimated 2016 ordinary contribution to the *Single Resolution Fund* ("SRF") of 15 €/mn¹ (1Q15 net profit 45.2 €/mn) confirming positive and sustainable profitability trend on ordinary basis in a very challenging market environment; stated 1Q16 net profit at 31 €/mn
 - Core income² down by 3.9% y/y mainly due to NII decrease, more than offset by the significant reduction of loan loss provisions (-33.3 €/mn y/y; -22.6% y/y) at the lowest level of the last 4 years, confirming the gradual normalization of the cost of credit (104 bps annualised)
 - Dividends and Trading income positive contribution of 15.7 €/mn (46.3 €/mn in 1Q15)
 - Operating costs pro-forma³ up by 0.7% y/y: staff costs down by 1.4% y/y and administrative expenses pro-forma ("running costs")³ up by 2.4% y/y, mainly due to IT and rebranding expenses

• Improving operating trends:

- Net customer loans at 44 €/bn up by 0.8% since Dec.'15 highlighting the improvement started in the last part of 2015
 - New customer lending up by 37.7% y/y (of which "retail" +89.7% and "corporate" +8.5%); residential mortgages up by 27.1% y/y
 - Cash coverage ratio of NPEs at 44.6% (44.2 in Dec.'15); bad loans coverage stable at 58.1% one of the highest among direct peers
 - Net NPEs on total loans stable at 14.5% since Dec.'15 and down by 50 bps y/y

• Solid capital and liquidity position:

- Solid capital base with a CET1 ratio⁴ "Fully Phased" of 11.48% as of 31 Mar.'15 (11.55% Phased in), well above minimum regulatory requirement (*SREP* at 9.25%) recording an excess buffer of 223 bps and excluding potential benefits from internal models ("AIRB") validation
- LCR and NSFR well above 100%; leverage ratio at 7.2% one of the best among domestic peers;

(1): estimated 2016 contribution to the Single Resolution Fund («SRF») of 15 €/mn (9.1 €/mn net of taxes) as of 31 March 2016, accounted within Other Administrative expenses; 2015 SRF ordinary contribution of 13.3 €/mn At beginning of May, Supervisory Authority communicated the final 2016 SRF contribution for the Group of 17,3 €/mn: the difference (2.3 €/mn) will be accounted in 2Q16 within Other Administrative expenses

(2): "Core income" is represented by the sum of Net Interest Income and Net commissions

(3): see detail on pag. 19

(4): CET1 ratio Fully Phased and Phased in pro-forma; see detail on page 23

Agenda

1Q16 Results

Executive summary

Balance sheet structure

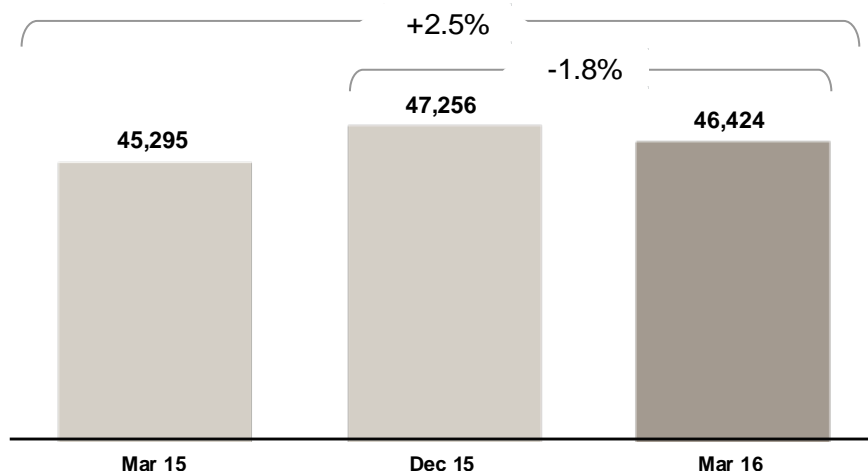
Profit and loss

Liquidity and Capital adequacy

Annexes

Direct funding

Total Direct Funding (€/mn)

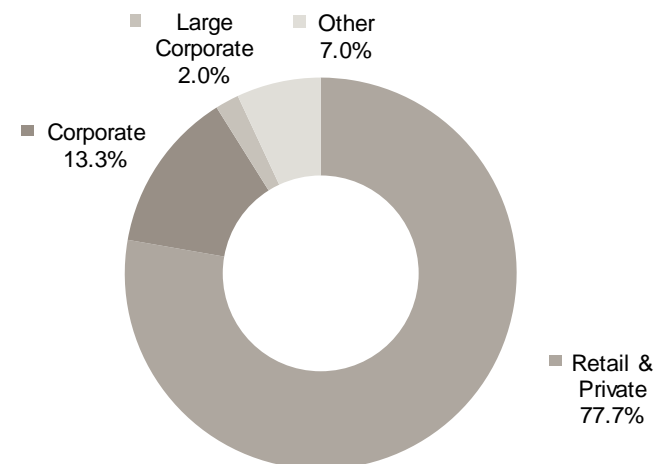


- Direct funding at 46.4 €/bn down by 1.8% since Dec.'15 (-0.8 /bn), but up by 2.5% y/y (+1.1 €/bn) mainly due to seasonality
- 1Q16 key trends:
 - Direct funding remix to reduce the cost of funding while maintaining a well balanced ALM strategy and confirming sound retail funding power
 - Decrease of expensive funding from customers, mainly corporates, both short term (sight deposits -1.3%) and mid-long term (retail bonds -13.5%); increase of less expensive financial repos (+32.2%)
- Total wholesale funding and Covered bonds account for 2.7 €/bn as of 31 Mar.'16 (5.8% of the total direct funding). No wholesale bond maturities in 2016 and only negligible amount in 2017 (about 150 €/mn bond) providing flexibility to the Group's funding strategy

Direct Funding breakdown (%)

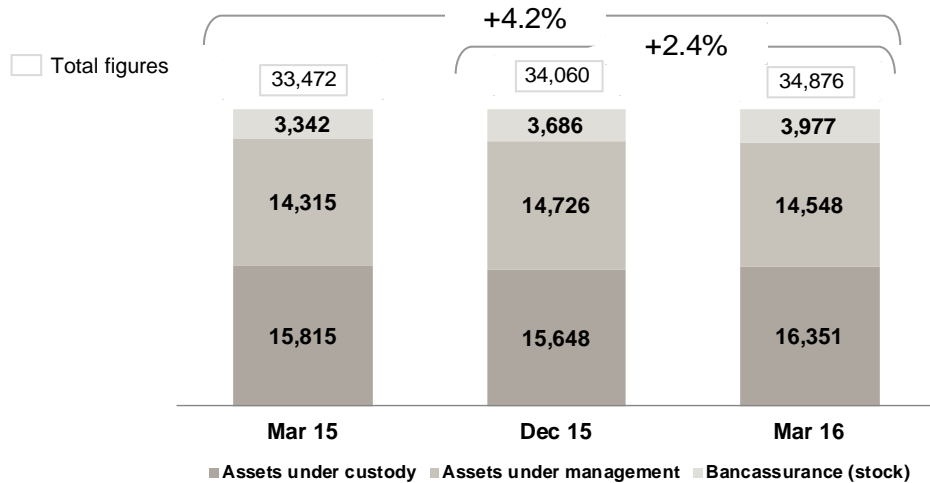
€/mn	Mar 16	Dec 15	Chg vs Dec 15 (%)
Current accounts and sight deposits	28,642	29,019	-1.3%
Time deposits	2,282	2,424	-5.8%
Repurchase agreements	2,462	1,863	+32.2%
Other short-term loans	2,623	2,582	+1.6%
Bonds	7,091	7,819	-9.3%
- subscribed by institutional customers	2,697	2,737	-1.5%
- subscribed by ordinary customers	4,394	5,082	-13.5%
Certificates of deposit	3,324	3,549	-6.3%
Direct customer deposits	46,424	47,256	-1.8%

Direct Funding breakdown by customer segment (%)



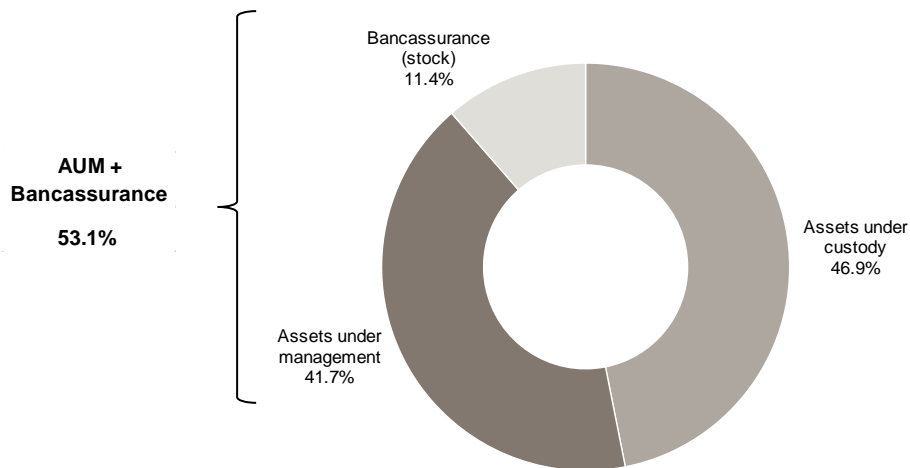
Indirect deposits and “bancassurance”

Total Indirect Deposits and bancassurance* (€/mn)

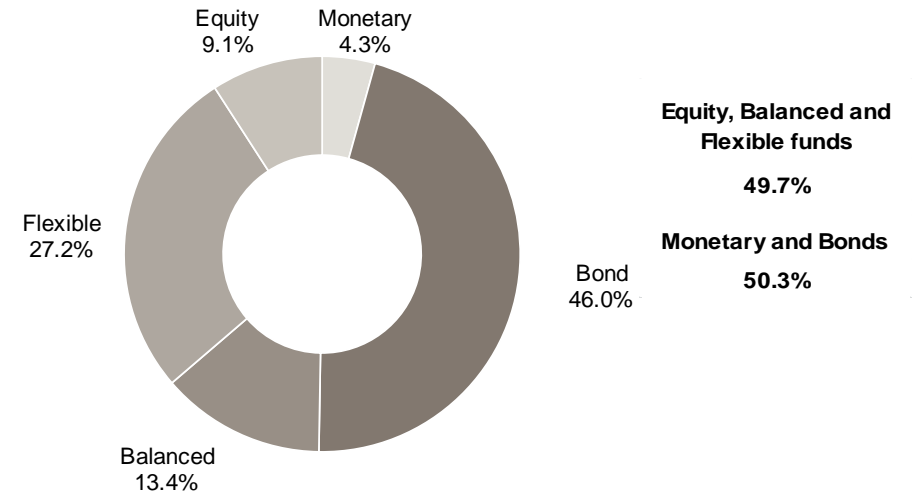


- Indirect deposits and Bancassurance* up by 2.4% since Dec.'15 (0.8 €/bn) and up 4.2% y/y (+1.4 €/bn):
 - AuM down by 1.2% since Dec.'15 mainly due to mark-to-market
 - AuM net inflows almost flat in 1Q16 thanks to positive performance in March which offsets the negative trend of the first 2 months of the quarter; net AuM inflows in April continued to be well supported
 - Significant growth in Bancassurance* up by 7.9% since Dec.'15
 - AuC up by 4.5% since Dec.'15 mainly due to institutional clients inflows
 - Equity, Balanced, Flexible funds at 49,7% of total AuM

Total Indirect Deposits and bancassurance composition (%)

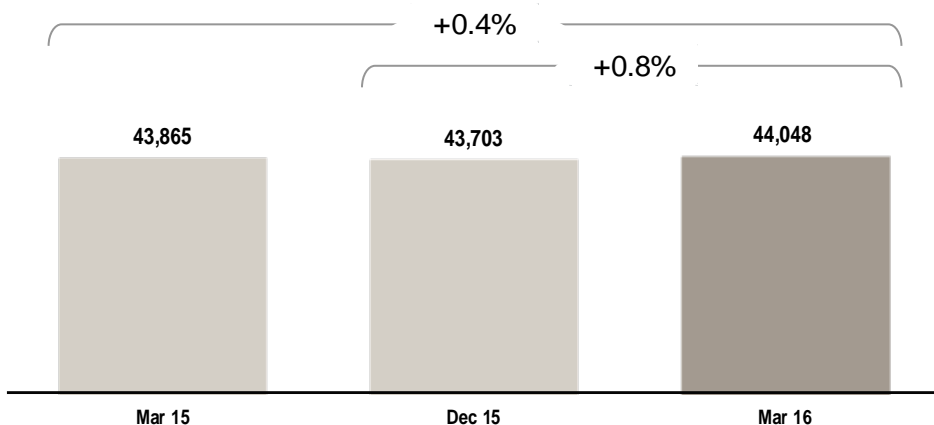


AUM composition¹ (%)



Customer loans

Customer loans (€/mn)

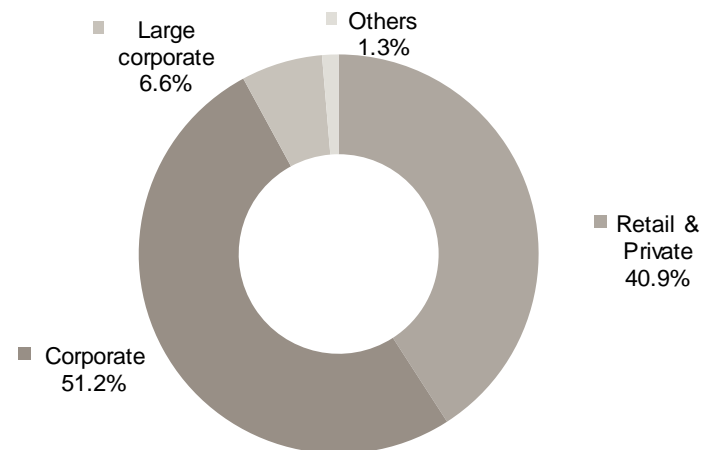


- Net customer loans up 0.8% since Dec.15 and up by 0.4% y/y, confirming the recovery trend of the last quarter of 2015
- New customer lending very positive up by 37.7% y/y (of which “retail” +89.7% and “corporate” +8.5%)
- Retail mortgages new business up by 27.1% y/y continuing the strong upward trend started in 2015
- Corporate and retail loans account for 92.1% of the total loan book, highlighting BPER Group’s focus on commercial business

Customer loans breakdown (net figures; €/mn)

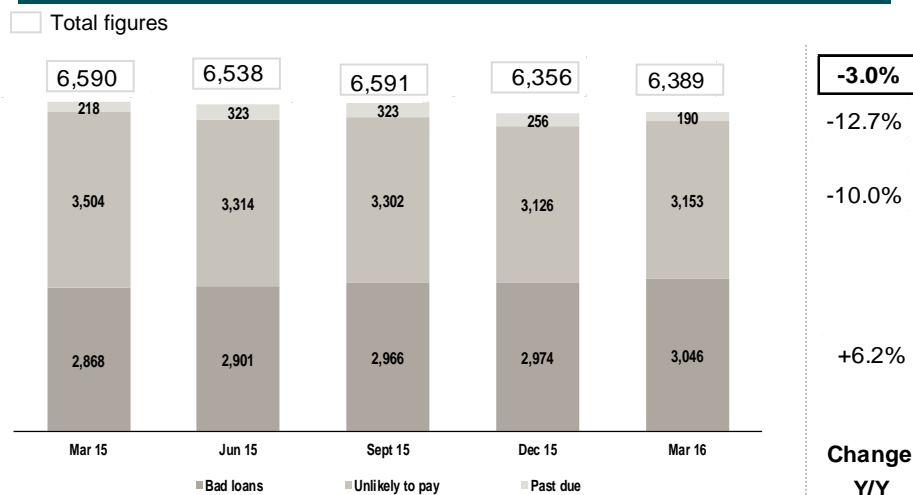
€/mn	Mar 16	Dec 15	Chg vs Dec 15 (%)
Current accounts	5,932	5,880	+0.9%
Medium-Long term loans	25,271	25,082	+0.8%
Other transactions	12,845	12,741	+0.8%
Customer loans	44,048	43,703	0.8%

Customer loans breakdown by customer segment (%)



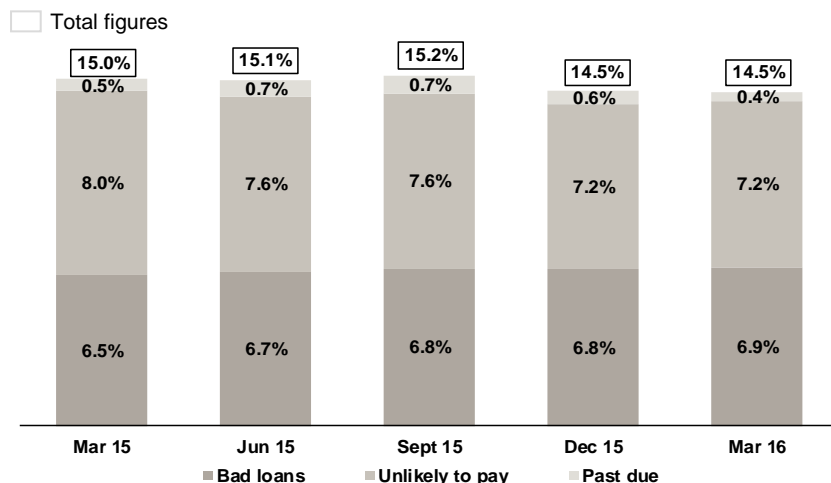
Non-performing exposures (1/2): breakdown and coverage ratios

NPEs breakdown (net figures; €/mn)



- Net NPEs on total loans stable at 14.5% since Dec.'15 and down by 50 bps y/y
- Net NPEs down 200.6 €/mn y/y (-3%) and slightly up by 33 €/mn since Dec.'15 (+0.5%)
- In detail (net figures):
 - Bad loans ("Sofferenza"): +6.2% y/y and +2.4% since Dec.'15
 - Unlikely to pay: -10.0% y/y and +0.9% since Dec.'15
 - Past-due: -12.7% y/y and -25.7% since Dec.'15
- NPEs coverage up at 44.6% in 1Q16 from 44.2% in Dec.'15 (40.7% in Dec.'14). In detail:
 - Bad loans coverage substantially stable at 58.1% in 1Q16
 - Unlikely to pay coverage slightly up at 22.1% from 21.9% in Dec.'15 and past due at 9.1% in 1Q16 down from 10% in Dec.'15
- 88.3% of total net NPEs are collateralized (78.1% fully collateralized)

NPEs breakdown (% on total net loans)



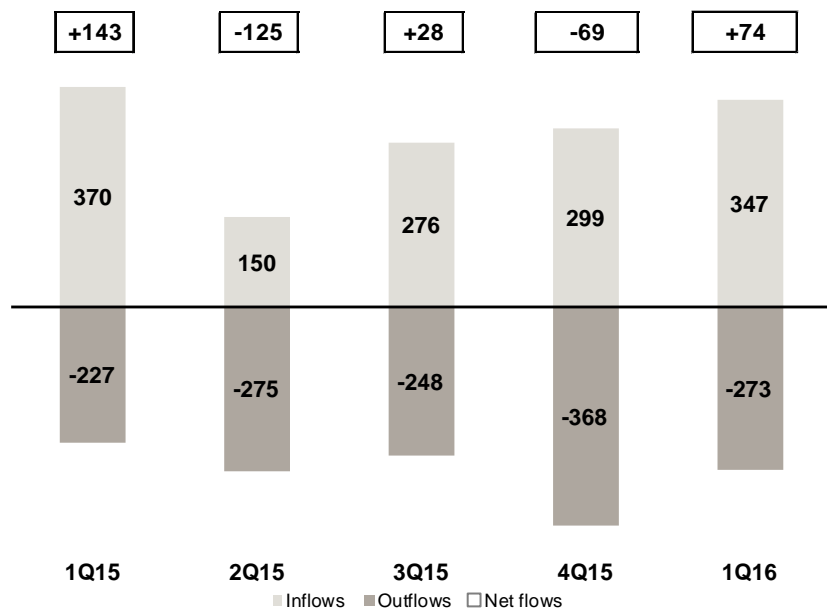
Cash coverage trend (%)

	Mar 16	Dec 15	Sept 15	Jun 15	Mar 15
Bad loans ("Sofferenza")	58.1%	58.2%	56.8%	56.9%	56.5%
<i>including write-off</i>	64.2%	64.4%	63.6%	63.8%	63.7%
Unlikely to pay	22.1%	21.9%	20.7%	20.1%	19.2%
Past due	9.1%	10.0%	7.8%	8.1%	7.6%
NPEs	44.6%	44.2%	42.1%	41.8%	41.0%
<i>including write-off</i>	50.0%	49.7%	48.0%	47.8%	47.2%
Performing exposures	0.5%	0.5%	0.6%	0.6%	0.5%
Total loans	10.8%	10.7%	10.3%	10.1%	9.8%

Non-performing exposures (2/2)

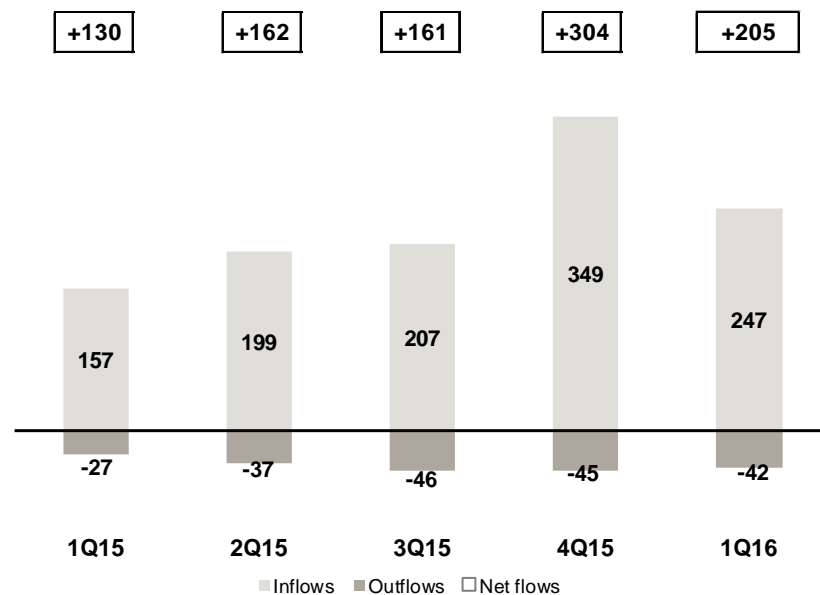
Unlikely to pay inflows/outflows*

(gross figures; €/mn)



Bad loans («Sofferenze») inflows/outflows*

(gross figures; €/mn)



*: Figures from data management system and referred to commercial banks within the Group (excl. CR Bra); Data showed in the boxes referred to inflows/outflows and don't take into consideration other increases/decrease

Main trends:

- unlikely to pay loans:
 - 1Q16 inflows down by 6.3% y/y and up by 15.8% since Dec.'15 mainly due to a substantial migration from past-due loans (past-due stock decline by 25.7% q/q)
- non performing loans:
 - 1Q16 inflows up by 57.3% y/y but down 29.1% since Dec.'15

Financial Assets

Financial Assets breakdown (€/mn; %)

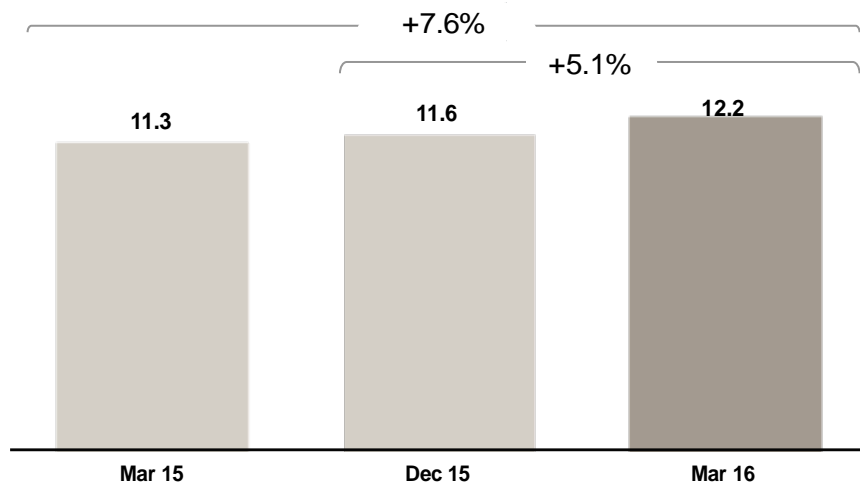
€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	395	32	8,173	2,662	11,262	92.6%
Equity	68	0	279	-	347	2.9%
Funds and Sicav	64	50	205		319	2.6%
Other*	230				230	1.9%
Total	757	82	8,657	2,662	12,158	100.0%
Total as of 31.12.2015	790	87	8,022	2,664	11,563	
Chg YTD (%)	-4.2%	-5.2%	+7.9%	-0.1%	+5.1%	

* Derivatives for hedging purposes

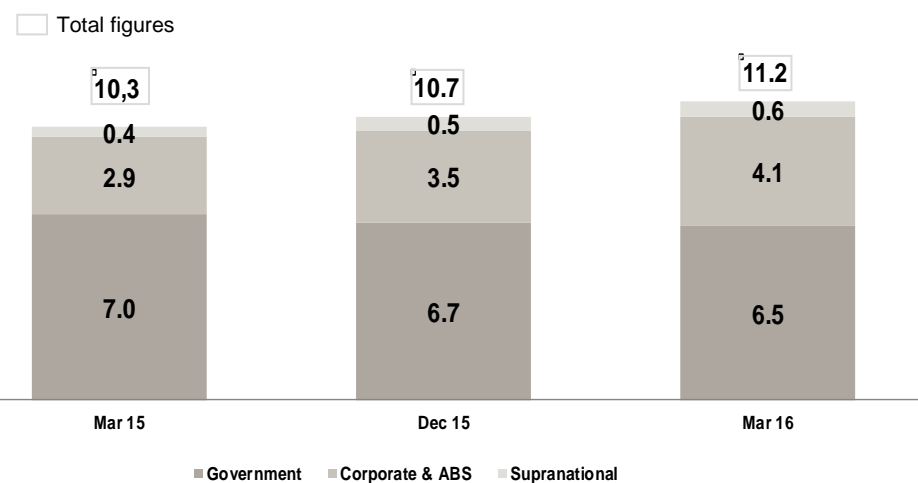
Note: 379.7 €/mn of Loans and Receivables (banks and customers) not included

- Financial assets portfolio at 12.2 €/bn, up by 0.6 €/bn since Dec.'15
- Bond portfolio at 11.3 €/bn of which 6.1 €/bn of Italian Government bonds with a duration of 4y (6.3 €/bn in Dec.'15)
 - Italian govies account for 117% of tangible shareholders' equity in 1Q16 significantly down from 122.7% in Dec.'15 and 132% in Dec.'14
- AFS reserve positive at 181.3 €/mn (net of taxes) as of 31 Mar.'16 of which 89.8 €/mn on government bonds
- Implicit positive reserve of 150.9 €/mn as of 31 Mar.'16 on HTM portfolio (net of taxes) calculated as difference between the fair value and the book value

Financial Assets (€/bn)



Bond portfolio by issuer (€/bn)



Agenda

1Q16 Results

- Executive summary
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- Profit and loss**
- Liquidity and Capital adequacy

Annexes

Profit & Loss

1Q16 Reclassified consolidated Profit & Loss⁽¹⁾

Captions	(€mn)	Mar 16	Mar 15	Chg y/y (%)	2015			
					4Q15	3Q15	2Q15	1Q15
10+20	Net interest income	296.8	314.1	-5.5%	303.0	302.0	308.4	314.1
40+50	Net commissions	177.1	179.2	-1.2%	189.0	177.9	180.6	179.2
	Core Income	473.9	493.3	-3.9%	492.0	479.9	489.0	493.3
70	Dividends	0.1	0.2	-65.5%	1.7	0.5	13.6	0.2
80+90+100+110	Trading gains	15.7	46.1	-66.0%	266.0	20.4	15.5	46.1
220*	Other costs / revenues	15.5	15.4	+0.6%	15.5	12.3	9.3	15.4
	Operating Income	505.2	555.0	-9.0%	775.2	513.0	527.3	555.0
180 a)	Staff expenses	-196.6	-199.3	-1.4%	-196.5	-232.4	-196.9	-199.3
180 b)*	Administrative expenses	-116.1	-93.6	+24.0%	-169.5	-95.7	-103.4	-93.6
	<i>o/w SRF annual ordinary contribution**</i>	-15.0			-13.3			
200+210	Depreciations & Amortizations	-17.1	-17.3	-1.4%	-28.3	-17.5	-17.1	-17.3
	Operating costs	-329.8	-310.3	+6.3%	-394.3	-345.6	-317.4	-310.3
	Net Operating Income	175.4	244.8	-28.4%	380.9	167.4	210.0	244.8
130 a)	Loan loss provisions	-114.2	-147.5	-22.6%	280.9	-127.2	-150.2	-147.5
130 b)+c)+d)	Other provisions	-7.3	-2.5	n.m.	-14.1	-8.0	-7.5	-2.5
	Total provisions	-121.5	-150.0	-19.0%	-295.0	-135.2	-157.8	-150.0
190	Net Provisions for Risks and Charges	-9.6	-14.1	-31.7%	0.1	-15.4	-22.7	-14.1
240+260+270	Net other income	3.2	-1.8	n.m.	1.8	-6.8	7.2	-1.8
280	Profit (loss) before taxes	47.4	78.9	-39.9%	87.9	10.1	36.7	78.9
290	Taxes	-14.1	-27.2	-48.2%	42.6	-2.3	-7.4	-27.2
320	Net profit (loss)	33.3	51.7	-35.5%	130.5	7.7	29.3	51.7
330	Minority Interests	-2.3	-6.5	-63.8%	7.6	1.7	-1.3	-6.5
340	Profit (loss) for the period pertaining to the Parent Company	31.0	45.2	-31.5%	138.1	9.4	28.0	45.2

Administrative expenses pro-forma²:

91.6 €/mn (+2.4% y/y)

Net profit net of 2016 SRF ordinary contribution:

€ 40.1 €/mn (-11.3% y/y)

cost / income	65.3%	55.9%	50.9%	67.4%	60.2%	55.9%
cost / (net interest income + net commissions)	69.6%	62.9%	80.1%	72.0%	64.9%	62.9%
cost of credit (bps)	26	34	64	29	35	34
cost of credit on annual basis (bps)	104	162				
net profit / total income	6.6%	9.3%	16.8%	1.5%	5.6%	9.3%
tax rate	29.7%	34.5%	-48.5%	23.0%	20.1%	34.5%

(1): list of all non-recurring and other items for 2015/2016 on pag. 26

2): see details on pag. 19

(*) Caption exposed net of "Recovery of taxes" reallocated, for better representation, at caption 180 a) "Other administrative costs", where relative tax costs are accounted (30,4 €/mn in 1Q16 and 30,9 €/mn in 1Q15)

(**) 2016 SRF contribution of 15 €/mn. 2015 SRF contribution recognized for € 10.6 million in 2Q15 under caption 190* Net provisions for risks and charges", then reallocated for accounting purposes to caption 180 b) "Other administrative expenses" in 4Q15 for a total consideration of € 13.3 million

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

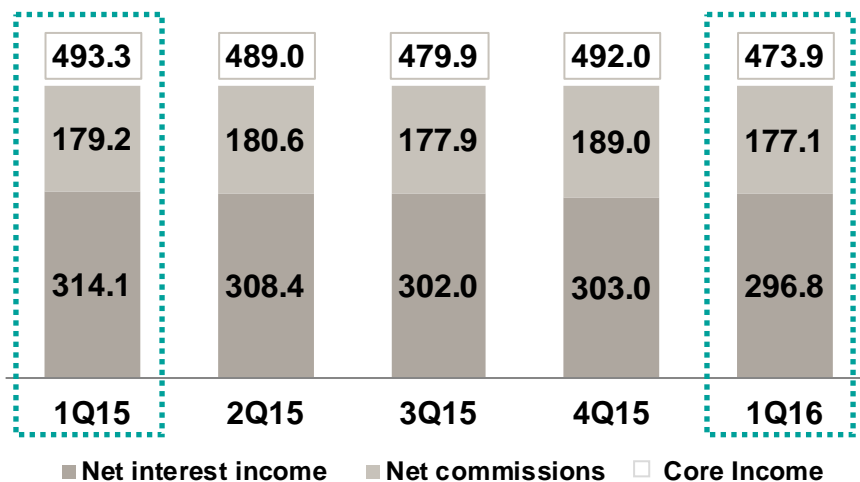
Core income

Core income (€/mn; %)

(€/mn)	Mar 16	Mar 15	Chg y/y	
			Abs	%
Net interest income	296.8	314.1	-17.3	-5.5%
Net commissions	177.1	179.2	-2.1	-1.2%
Core Income	473.9	493.3	-19.4	-3.9%

- Core income down by 3.9% y/y (19.4 €/mn) mainly due to y/y NII decline, affected by the continuing drop of short-term interest rates
- Progressive re-mix in favour of net commissions (37.4% in Mar.'16 vs 36.3% in Mar.'15)

Core income evolution (€/mn)

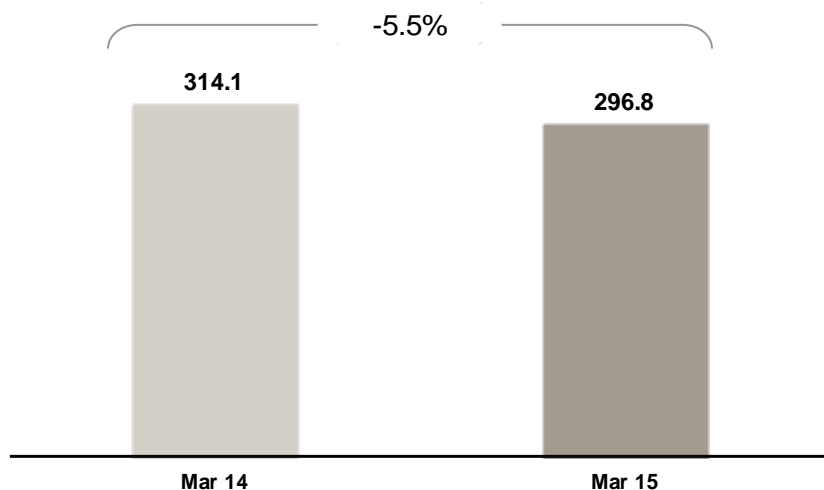


Core income breakdown (%)

(%)	Mar 16	Mar 15	Chg y/y bps
Net interest income	62.6%	63.7%	-104
Net commissions	37.4%	36.3%	+104
Core Income	100.0%	100.0%	

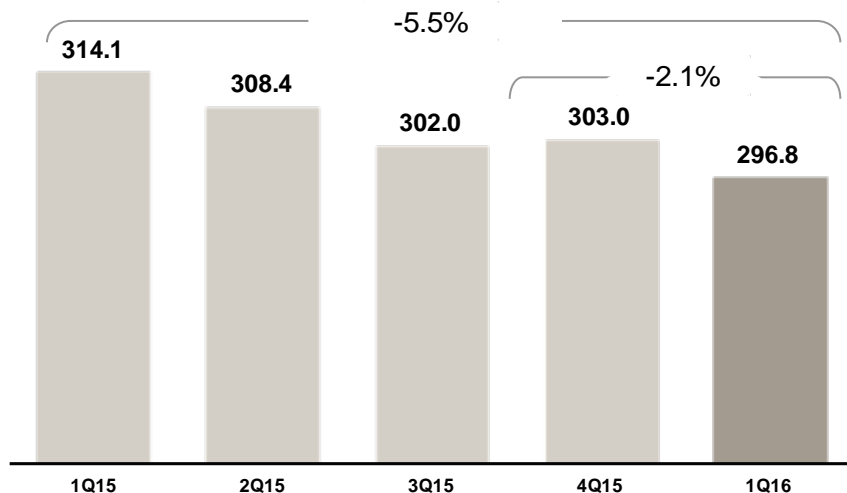
Core income (1) : Net Interest Income

Net Interest Income (€/mn)

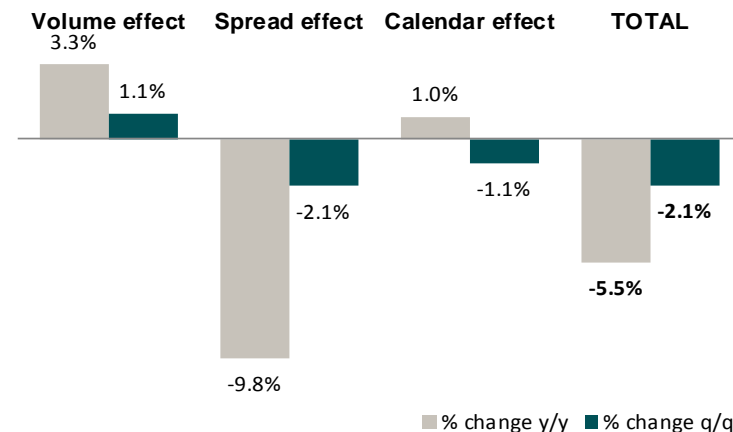


- Net Interest Income down by 5,5% y/y mainly due to the effects of the negative interest rates environment; NII slightly down by 2.1% q/q
- Main trends:
 - increasing pressure on asset yield only partially offset by reduction of cost of funding
 - strong repricing actions on sight deposits, time deposits and repos/CD; further actions expected in next quarters
 - partial substitution of retail funding with wholesale funding taking advantage of market conditions
 - positive volume effect mainly due to increase of customer loans and financial assets
 - securities portfolio contribution to NII of 49.9 €/mn in 1Q16 (50.9 €/mn in 1Q15)

Net Interest Income evolution (€/mn)

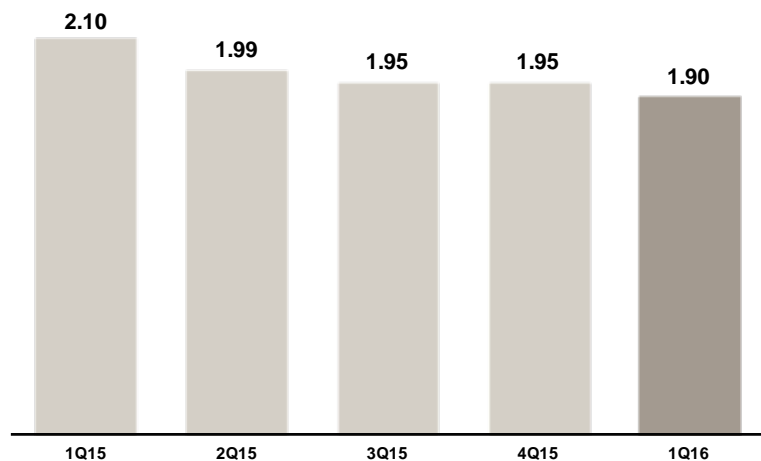


Net Interest Income contribution (%; y/y)

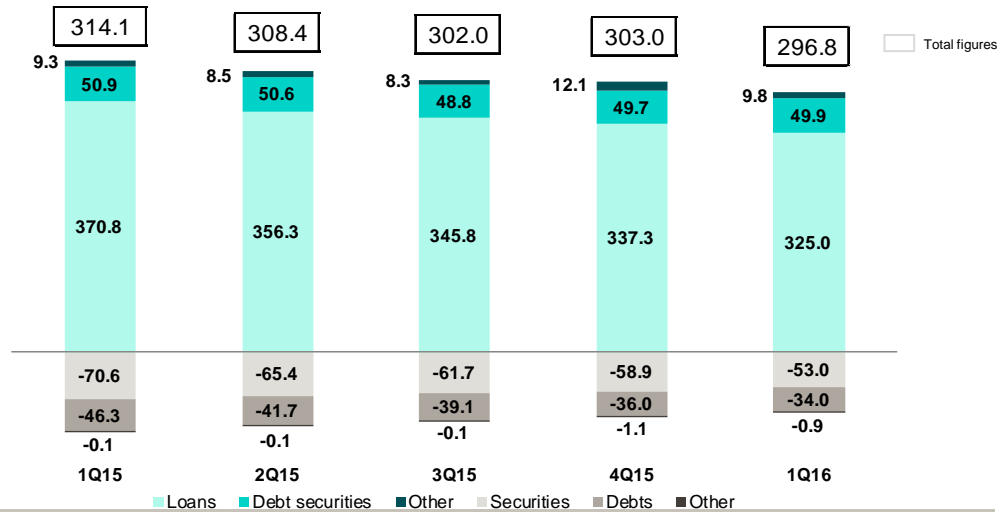


Core income (2): Net Interest Income - Spread evolution

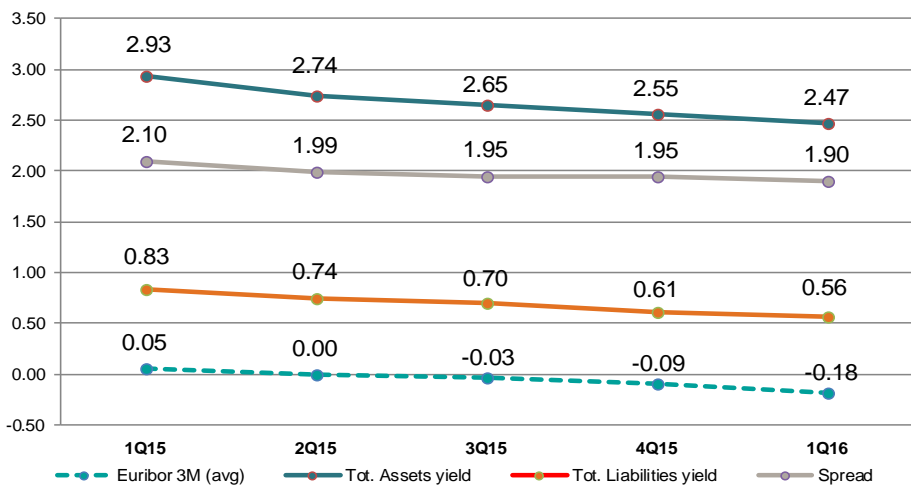
Spread (%)



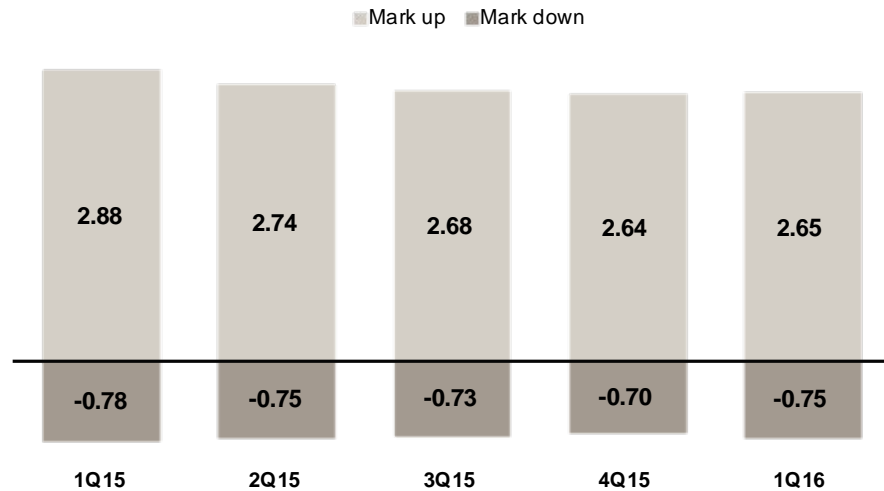
Net Interest Income contribution¹ (%; y/y; q/q)



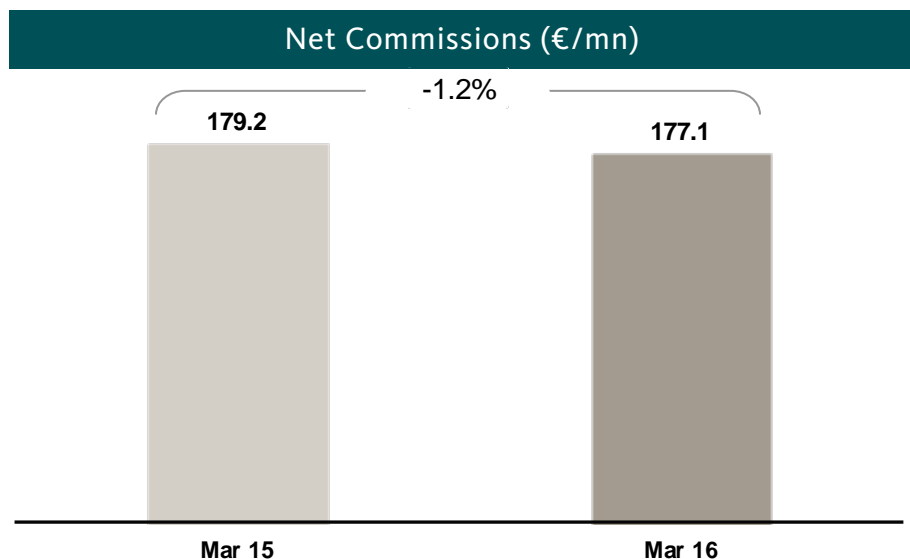
Spread contribution (%)



Mark up & mark down (%)



Core income (3): Net Commissions

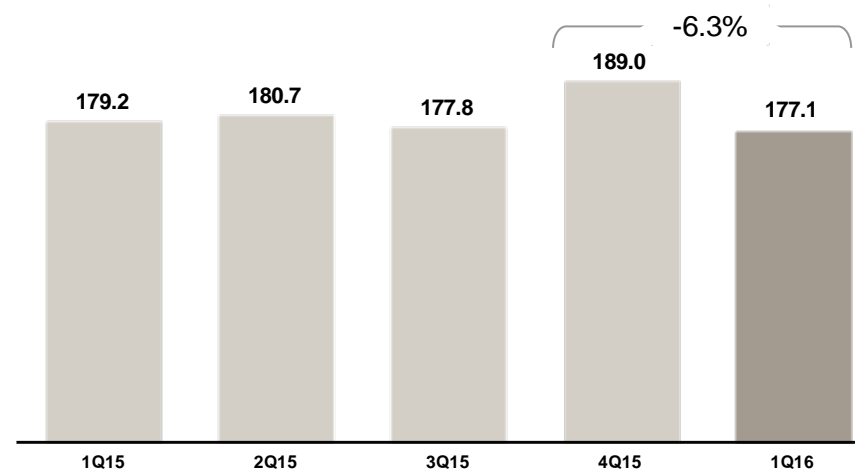


- Net commissions down by 1.2% y/y (-2.1 €/mn y/y) mainly driven by a slight reduction of business related fees (loans and payments):
 - AuM and Bancassurance up by 1.8% y/y (+0.8 €/mn)
 - credit cards, collections/payments down by 5.5% y/y (-2 €/mn)
 - loans and guarantees down by 1.9% y/y (-1.6 €/mn)
- Net commissions down by 6.3% q/q due to seasonal effects
- Up-front fees of 6.5 €/mn in 1Q16 (8.1 €/mn in 1Q15) weighting 3.7% on net commissions

Net Commissions breakdown (€/mn; %)

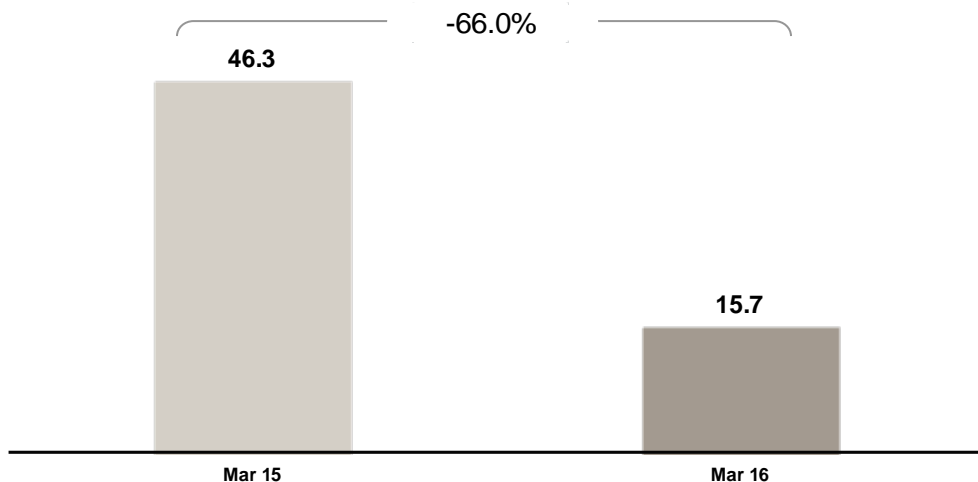
	Mar 16	(%)	Mar 15	(%)	Chg y/y (%)
Indirect deposits and bancassurance	47.3	26.7%	46.5	25.9%	+1.8%
Credit cards, collections and payments	33.8	19.1%	35.7	19.9%	-5.5%
Loans and guarantees	84.7	47.8%	86.4	48.2%	-1.9%
Other commissions	11.3	6.4%	10.6	6.0%	+6.3%
Total	177.1	100.0%	179.2	100.0%	-1.2%

Net Commissions evolution (€/mn)



Dividends and Trading income

Dividends and Trading income (€/mn)



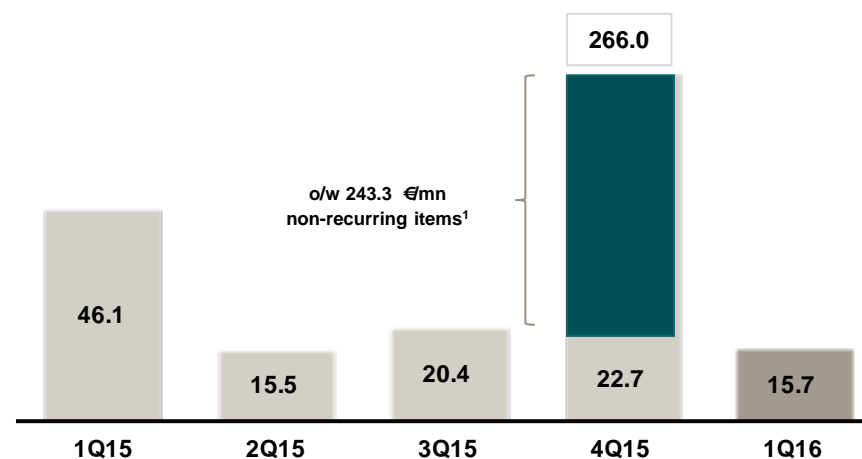
- Dividends and trading income at +15.7 €/mn (46.3 €/mn in 1Q15) affected by highly volatile market in Jan-Feb; recovery in March due to more positive tone of financial markets
- Dividends: negligible amount in 1Q16 (0.1 €/mn)

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

	Mar 16	Mar 15	Chg y/y (%)
Dividends	0.1	0.2	-65.5%
Trading (net)	26.9	24.6	+9.3%
Plus	3.4	30.9	-88.9%
Minus	-19.4	-6.7	n.m
FVO	3.9	-6.5	n.m
Others	0.8	3.8	-77.4%
Total	15.7	46.3	-66.0%

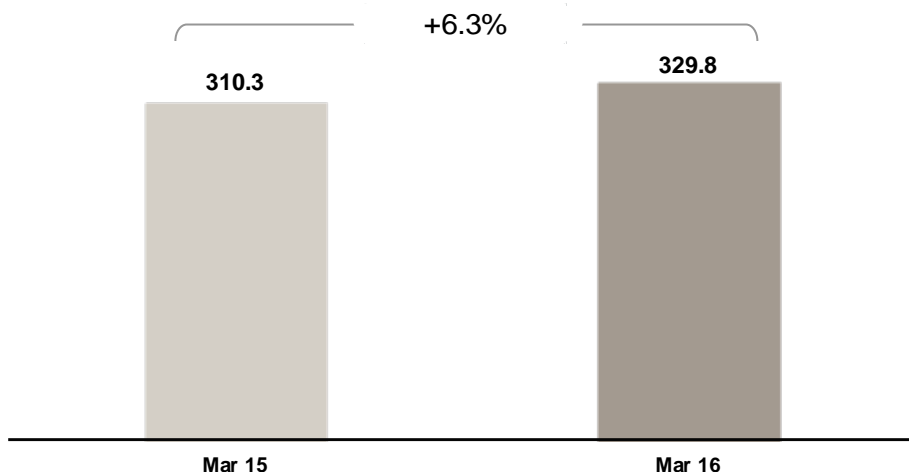
n.m.: Not meaningful

Trading gains excluding dividends (€/mn)



Operating costs

Operating Costs (€/mn)



- Operating costs pro-forma up by 0,7% y/y (stated operating costs +6.3% y/y):
 - Staff costs down by 1.4% y/y thanks to headcount decrease in 2015 (-153 y/y from 11,593 in Dec.'14 to 11,447 in Dec.'15); 1Q16 headcount at 11,440 (-7 since Dec.'15)
 - Other Administrative expenses (see table below): running costs at 91.6 €/mn up by 2.4%, mainly due to IT and rebranding expenses. Stated administrative expenses at 116.1 €/mn, including 2016 SRF contribution, one-off insurance expense (fully recovered and accounted for under item «Other revenues») and higher Business Plan costs.
 - D&A down by 1.4% y/y

Operating costs breakdown (€/mn; %)

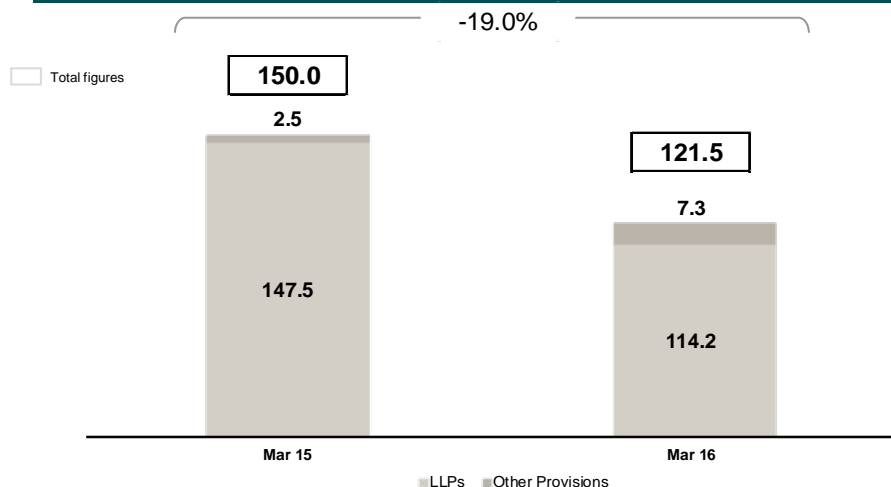
	Mar 16	Mar 15	Chg y/y (%)
Staff expenses	196.6	199.3	-1.4%
Other administrative expenses	116.1	93.6	+24.0%
D&A	17.1	17.3	-1.4%
Operating costs	329.8	310.3	+6.3%
2016 SRF ordinary contribution ¹	15.0	0.0	+0.0%
Insurance expenses ²	2.5	0.0	+0.0%
Operating costs pro-forma	312.3	310.3	+0.7%

Other administrative expenses (€/mn; %)

	Mar 16	Mar 15	Chg y/y (%)
Other Administrative expenses ("Running costs")	91.6	89.4	+2.4%
Business plan projects expenses ₁	7.0	4.2	+67.6%
2016 SRF ordinary contribution ₂	15.0	0.0	+0.0%
Insurance expenses ₂	2.5	0.0	+0.0%
Other administrative expenses	116.1	93.6	+24.0%

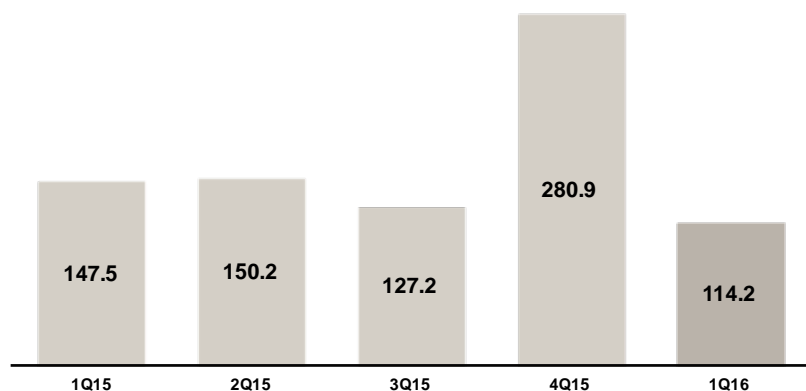
Provisions

Provisions breakdown (€/mn)



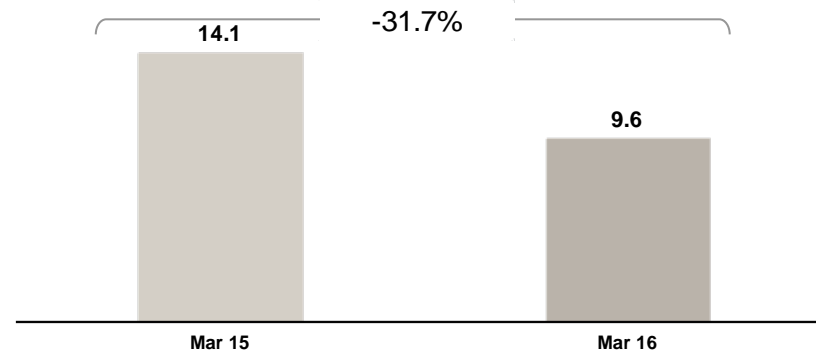
- Total provisions down by 19% y/y (-28.5 €/mn y/y):
 - Loan Loss Provisions significantly down by 22.6% y/y at the lowest level of the last 4 years
 - Other provisions up by 4.9 €/mn
- Cost of credit at 26 bps in 1Q16 and 104 bps annualised (162 bps in 2015)

Loan Loss Provisions evolution (€/mn)



Cost of credit (bps)	1Q15	2Q15	3Q15	4Q15	1Q16
	34	35	29	64	26

Net Provisions for Risks and Charges (€/mn)



- Net provisions for Risks and Charges at 9.6 €/mn in 1Q16 down by 31.7% y/y (14.1 €/mn in 1Q15)

Agenda

1Q16 Results

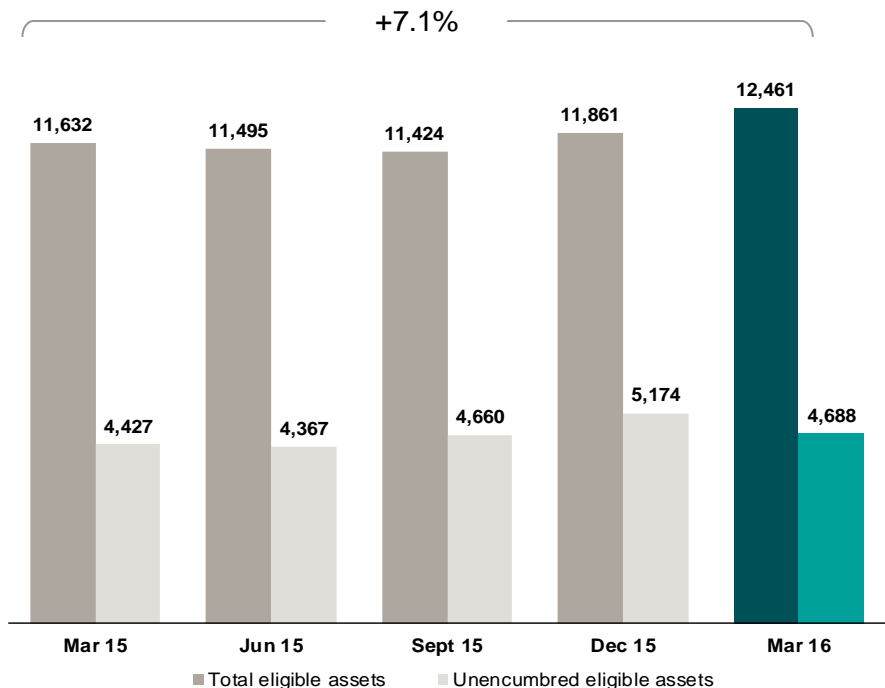
- Executive summary
- Balance sheet structure
- Profit and loss

Liquidity and Capital adequacy

Annexes

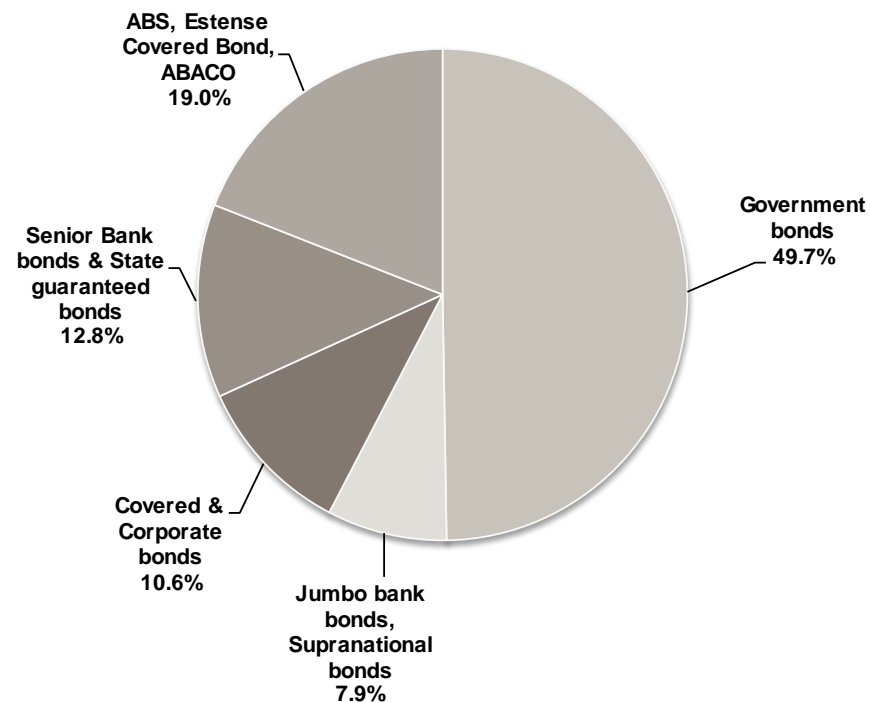
Eligible assets and counterbalancing capacity

Total eligible Assets evolution* (€/mn)



* Net of ECB haircuts

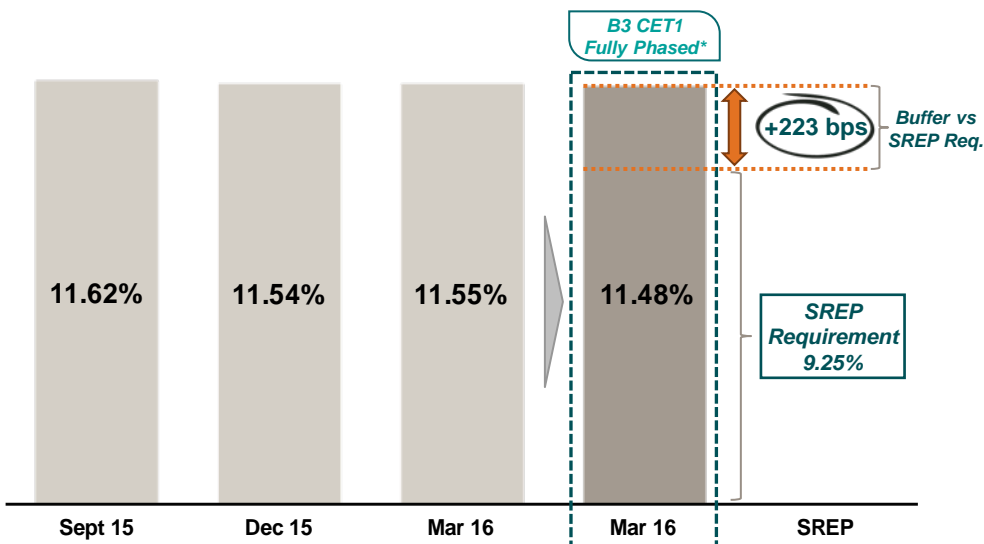
Eligible Assets Pool Composition (%)



- Counterbalancing capacity (CBC) as of Mar'16 at 12.5 €/bn of which 4.7 €/bn unencumbered
 - In Mar.'15, CBC at 11.6 €/bn of which 4.4 €/bn unencumbered
- ECB exposure as of Mar.'16: 3.3 €/bn of which 1.3 €/bn attributable to short-term Repos and 2 €/bn TLTRO
- New TLTRO II announced by ECB on 10 March 2016 (new quarterly operations from June 2016 to March 2017): max amount to borrow of 7 €/bn on top of the 2 €/bn of old TLTRO in place

Basel 3 *Phased in* regulatory capital (pre-AIRB validation)

B3 Common Equity Tier 1 Phased in Ratio (%)



- Capital ratios as of 31 Mar.'16 excluding potential benefits from internal models ("AIRB") validation:
 - CET1 ratio*:
 - Phased in* at 11.55% (11.54% in Dec.'15)
 - Fully Phased* at 11.48% (11.21% in Dec.'15)
- Total Capital Ratio at 12.73% (12.80% in Dec.'15)
- 1Q16 CET1 Fully phased improvement (+27 bps since Dec.'15) due to: +13 bps lower deductions on minority interests and Bank of Italy stake, +6 bps 1Q16 profit attributable to equity, +4 bps to AFS reserve increase and +4 bps others
- 1Q16 net regulatory AFS reserves at +159.2 €/mn of which 76.8 €/mn related to government bonds (respectively 142.3 €/mn and 79.8 €/mn in Dec.'15)

Regulatory capital & ratios

€mn	B3 Phased in		
	Mar 16 (*)	Dic 15 (*)	Sept 15
Common Equity TIER 1	4,613	4,629	4,718
TIER 1	4,655	4,671	4,756
Own Funds	5,084	5,134	5,318
Total RWA	39,949	40,102	40,615
Common Equity TIER 1 Ratio	11.6%	11.5%	11.6%
TIER 1 Ratio	11.7%	11.7%	11.7%
Total Capital Ratio	12.7%	12.8%	13.1%

Capital requirements

Requirements as of Mar 16	€mn	%
Credit risk	2,826	88.4%
Credit Valuation Adjustment (CVA)	28	0.9%
Market risk	55	1.7%
Other regulatory requirements	7	0.2%
Operating risks	280	8.8%
Total	3,196	100.0%

Final remarks

- Positive and resilient profitability

- 1Q16 Net profit at 40.1 €/mn excluding the estimated 2016 contribution to the *Single Resolution Fund*⁽¹⁾ confirming positive and sustainable profitability trend on ordinary basis in a very challenging market environment; stated net profit at 31 €/mn
- Loan loss provisions significant reduction -22.6% y/y the best result over the last 4 years; cost of credit at 104 bps annualised

- Improving operating trends

- Net customer loans at 44 €/bn up by 0.8% since Dec.'15 confirming the improvement started in the last part of 2015
- New customer lending up by 37.7% y/y (of which “retail” +89.7% and “corporate” +8.5%); residential mortgages up by 27.1% y/y
- Cash coverage ratio of NPEs at 44.6% (44.2 in Dec.'15); bad loans coverage stable at 58.1% one of the highest among direct peers

- Solid capital and liquidity position:

- Solid capital base with a CET1 ratio⁽²⁾ “Fully Phased” of 11.48% (11.55% Phased in) recording an excess buffer of 223 bps above SREP requirement (9.25%) and excluding potential benefits from internal models (“AIRB”) validation
- LCR and NSFR well above 100%; leverage ratio at 7.2% one of the best among domestic peers

Agenda

1Q16 Results

- Executive summary
- Balance sheet structure
- Profit and loss
- Liquidity and Capital adequacy

Annexes

Profit & Loss: main non-recurring and other items

	Item	Amt (€mn)	Description	
2016	Other items			
	1Q16			
	Administrative expense (Caption 180-b)	-15.0	Ordinary contribution to the Resolution Fund ("SRF")	
2015	Non-recurring items	2Q15		
		Staff expenses (Caption 180-a)	-1.8	Redundancy incentives and contributions to the Solidarity Fund
		3Q15		
		Staff expenses (Caption 180-a)	-52.5	Redundancy incentives and contributions to the Solidarity Fund
		4Q15		
		Trading (Caption 100)	+174.3	ICBPI disposal capital gain
			+69.0	Capital gaining due to the transfer of the Arca Sgr stake (after the purchase of a stake of 12.332% which increase BPER's interest in Arca from 19.998% to 32.752%) in the Equity investments portfolio from AFS portfolio with a positive impact on profit&loss and the equivalent capital reserve write-off ARCA Sgr
		Net adjustments to loans (Caption 130-a)	-10.0	Total writedown related to a bank subordinated bond (o.w. 2Q15 -6.6 €mn, 3Q15 -1.2 €mn, 4Q15 -2.2 €mn)
		Staff expenses (Caption 180-a)	-4.3	Redundancy incentives and contributions to the Solidarity Fund
		Administrative expense (Caption 180-b)	-40,0	Extraordinary contribution to the Resolution Fund ("SRF")
Depreciations (Caption 220)	-10.5	Impairment on properties owned by the Group		
Other costs / revenues (Caption 220)	-3.0	Impairment on properties owned by the Group		
Net provisions for Risks and Charges (Caption 190)	-4.8	Extraordinary contribution to the Deposits Guarantee Schemes ("DGS")		
	2015 TOTAL PLUS	+243.3		
	2015 TOTAL MINUS	-126.9		
	Other items			
	Administrative expense (Caption 180-b)	-21.5	Ordinary contribution to the Resolution Fund ("SRF") and to the Deposits Guarantee Schemes ("DGS")	

Assets & Liabilities: reclassified balance sheet

Assets*

€mn	Mar 16	Dec 15	Sept 15	Jun 15	Mar 15	Chg vs Dec '15 (%)
Customer Loans	44,048	43,703	43,450	43,426	43,865	+0.8%
Securities Portfolio	12,158	11,563	11,838	11,778	11,300	+5.1%
<i>of which AFS</i>	8,657	8,022	8,346	8,296	7,589	+7.9%
Equity Investments, Properties & Intangibles	1,883	1,871	1,696	1,709	1,770	+0.6%
Other current assets	2,352	3,037	2,386	2,535	2,324	-22.6%
Total Assets	60,441	60,174	59,370	59,448	59,259	+0.4%

* Total Assets shown as net of loans to banks

Liabilities & Shareholders' equity*

€mn	Mar 16	Dec 15	Sept 15	Jun 15	Mar 15	Chg vs Dec '15 (%)
Customer Deposits	46,424	47,256	46,174	46,160	45,295	-1.8%
Net Interbank Position	5,531	4,436	4,439	4,615	5,504	+24.7%
Other Funds & Liabilities	2,782	2,830	3,040	3,016	2,848	-1.7%
Shareholders' equity	5,704	5,652	5,717	5,657	5,612	+0.9%
Total Liabilities	60,441	60,174	59,370	59,448	59,259	+0.4%

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

Customer loans: portfolio composition

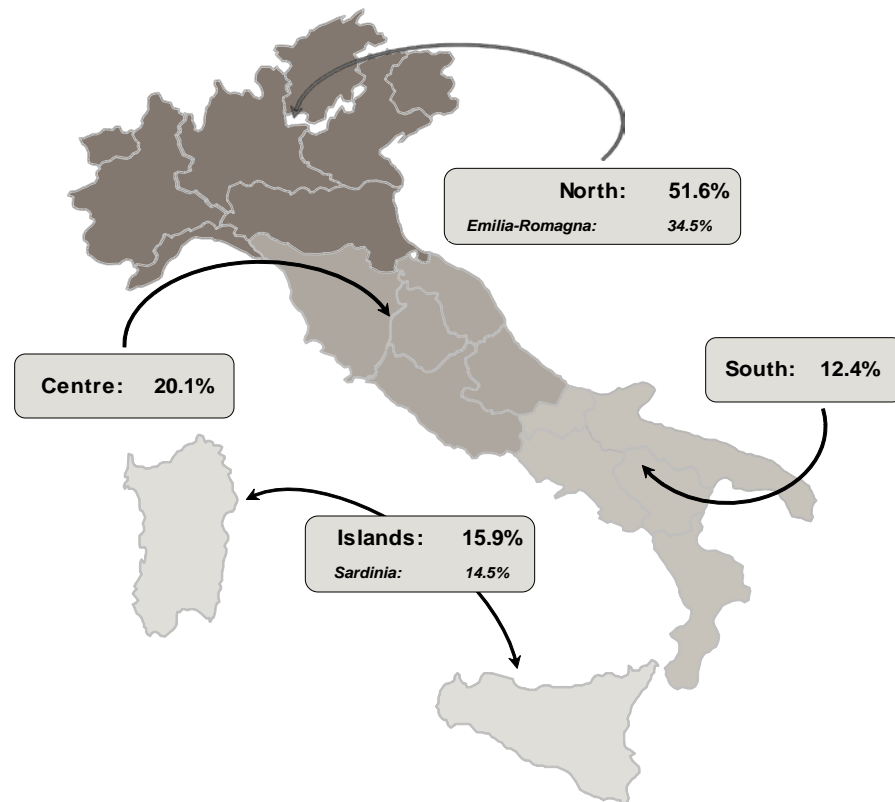
Customer loans breakdown by sectors (%)

Business sector	Mar 16	% on Total	Δ % vs Dec 15
Agriculture, forestry and fishing	1,247	2.8%	-1.6%
Manufacturing	6,867	15.6%	-0.4%
Constructions	4,431	10.1%	-0.2%
Wholesale and retail services, recoveries and repairs	5,107	11.6%	0.7%
HORECA*	1,590	3.6%	-0.7%
Real Estate	3,247	7.4%	-1.2%
Other	5,351	12.1%	4.8%
Total loans to resident non-financial businesses	27,840	63.2%	0.6%
Non-resident, non-financial companies	117	0.3%	-13.2%
Total loans to non-financial businesses	27,957	63.5%	0.6%
Households	10,983	24.9%	0.3%
Total loans to financial businesses	5,108	11.6%	3.1%
Total Customers Loans	44,048	100.0%	0.8%

Figures as per ATECO business sector definitions (ISTAT)

* Hotel, Restaurant & Cafè (HORECA)

Customer loans breakdown by geographical distribution* (%)



Figures from data management system

*Commercial banks + Sarda Leasing

Asset quality breakdown

Gross exposures (€mn)	Mar 16		Dec 15		Mar 15		Chg 31/3 - 31/12 (A-B)	
	A	%	B	%	C	%	Abs.	Chg (%)
Non Performing Exposures (NPEs)	11,532	23.4%	11,395	23.3%	11,165	23.0%	137	+1.2%
<i>Bad loans</i>	7,277	14.7%	7,109	14.5%	6,593	13.6%	168	+2.4%
<i>Unlikely to pay loans</i>	4,046	8.2%	4,002	8.2%	4,336	8.9%	44	+1.1%
<i>Past due loans</i>	209	0.4%	284	0.6%	236	0.5%	-75	-26.4%
Gross performing loans	37,855	76.6%	37,548	76.7%	37,481	77.0%	307	+0.8%
Total gross exposures	49,387	100.0%	48,943	100.0%	48,646	100.0%	444	+0.9%

Adjustments to loans (€mn)	Mar 16		Dec 15		Mar 15		Chg 31/3 - 31/12 (A-B)	
	A	coverage (%)	B	coverage (%)	C	coverage (%)	Abs.	Chg (%)
Adjustments to NPEs	5,143	44.6%	5,039	44.2%	4,575	41.0%	104	+2.1%
<i>Bad loans</i>	4,231	58.1%	4,135	58.2%	3,725	56.5%	96	+2.3%
<i>Unlikely to pay loans</i>	893	22.1%	876	21.9%	832	19.2%	17	+1.9%
<i>Past due loans</i>	19	9.1%	28	10.0%	18	7.6%	-9	-32.1%
Adjustments to performing loans	196	0.5%	201	0.5%	206	0.5%	-5	-2.5%
Total adjustments	5,339	10.8%	5,240	10.7%	4,781	9.8%	99	+1.9%

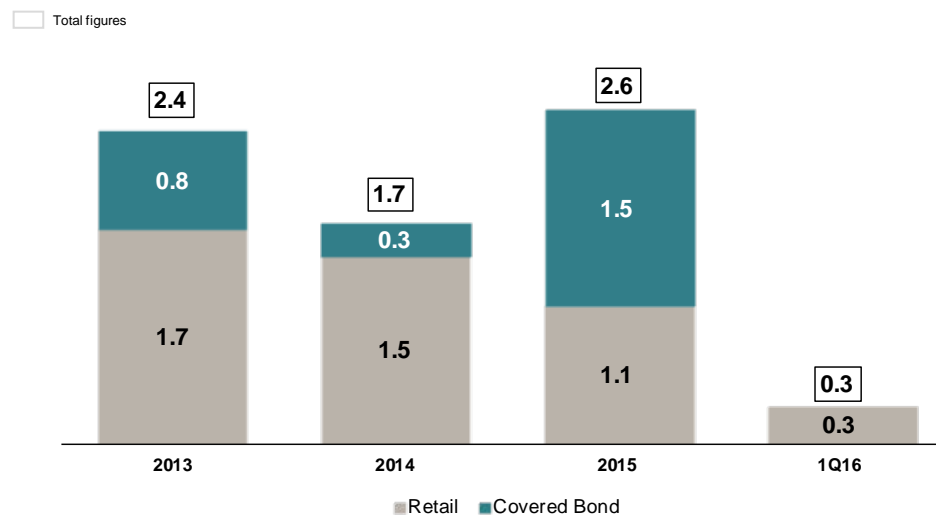
Net exposures (€mn)	Mar 16		Dec 15		Mar 15		Chg 31/3 - 31/12 (A-B)	
	A	%	B	%	C	%	Abs.	Chg (%)
Non Performing Exposures (NPEs)	6,389	14.5%	6,356	14.5%	6,590	15.0%	33	+0.5%
<i>Bad loans</i>	3,046	6.9%	2,974	6.8%	2,868	6.5%	72	+2.4%
<i>Unlikely to pay loans</i>	3,153	7.2%	3,126	7.2%	3,504	8.0%	27	+0.9%
<i>Past due loans</i>	190	0.4%	256	0.6%	218	0.5%	-66	-25.8%
Net performing loans	37,659	85.5%	37,347	85.5%	37,275	85.0%	312	+0.8%
Total net exposures	44,048	100.0%	43,703	100.0%	43,865	100.0%	345	+0.8%

Bonds maturities and issues details

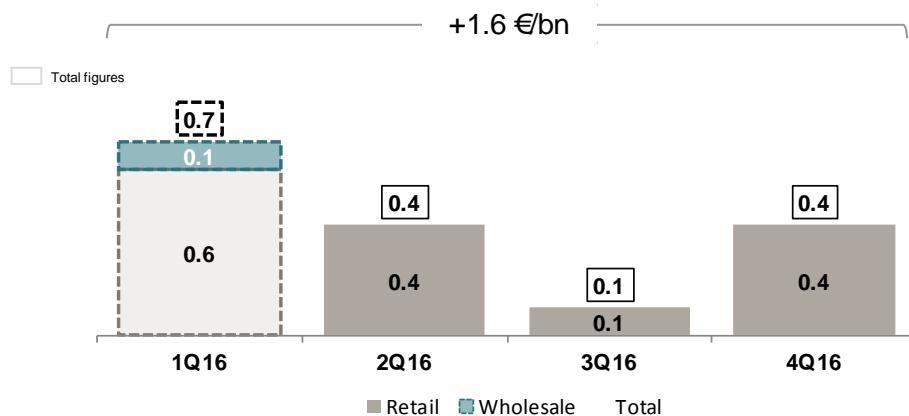
Bonds stock (€/bn)

	Mar 16	Dec 15	Mar 15	Chg q/q (%)	Chg y/y (%)
Wholesale bonds	2.7	2.7	2.0	+0.0%	+35.0%
<i>o/w covered bonds</i>	2.5	2.5	1.8	+0.0%	+38.9%
<i>o/w subordinated bonds</i>	0.2	0.2	0.2	+0.0%	+0.0%
Retail bonds	4.3	5.0	6.2	-14.0%	-30.6%
<i>o/w subordinated bonds</i>	0.5	0.8	0.7	-37.5%	-28.6%
Total bonds	7.0	7.7	8.2	-9.1%	-14.6%

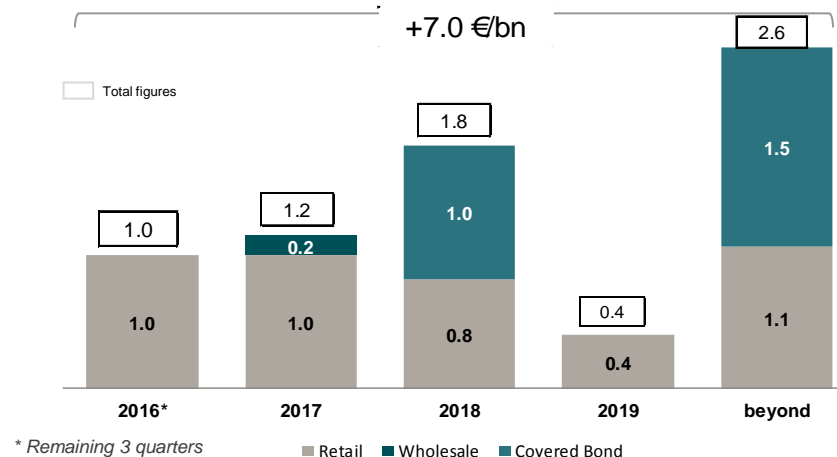
Bonds issues (€/bn)



2016 Bonds maturities (€/bn)



Bonds maturities breakdown (€/bn)

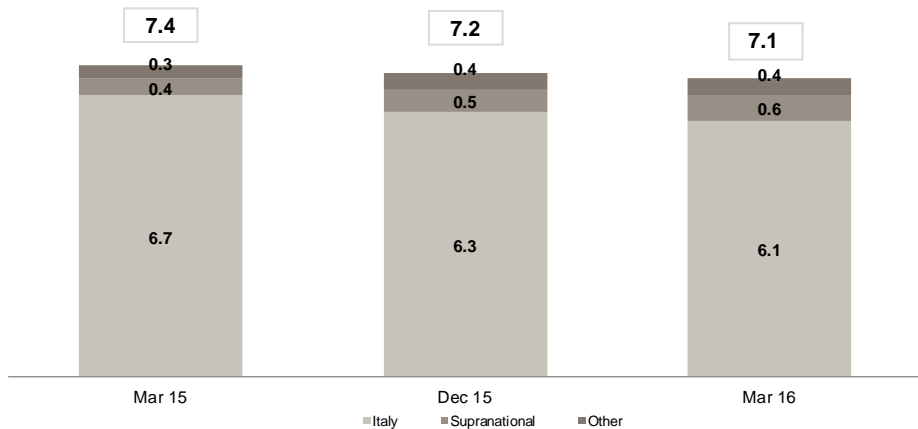


* Remaining 3 quarters

Financial Assets details

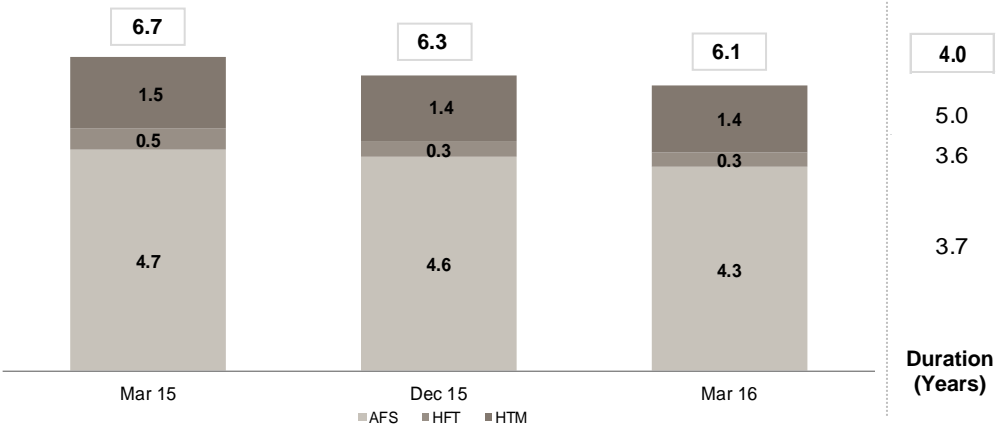
Govies & Supranational PTF by issuing country (€/bn)

☐ Total figures



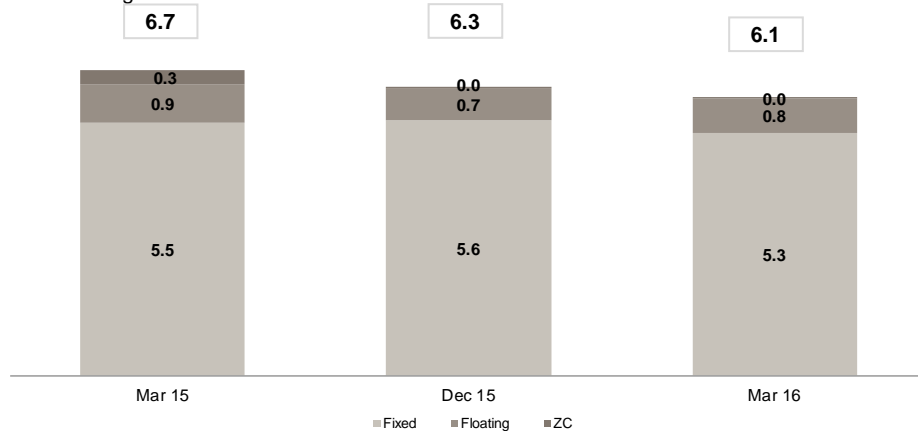
Italian Govies PTF by accounting valuation (€/bn)

☐ Total figures



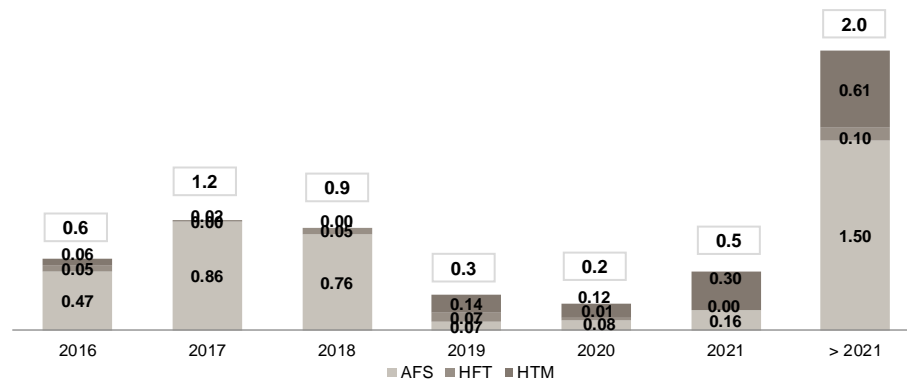
Italian Govies PTF by coupon (€/bn)

☐ Total figures



Italian Govies PTF Maturities* (€/bn)

☐ Total figures



*: figures are shown as per nominal values

Performance ratios

<i>Financial ratios</i>	31.03.2016	2015 (*)
Structural ratios (%)		
net loans to customers/total assets	71.73%	71.34%
net loans and advances to customers/direct deposits from customers	94.88%	92.48%
financial assets/total assets	19.80%	18.88%
fixed assets/total assets	2.24%	2.21%
goodwill/total assets	0.62%	0.62%
direct deposits/total assets	86.18%	86.15%
deposits under management/indirect deposits	47.08%	48.48%
financial assets/tangible equity (1)	2.34	2.25
total tangible assets (2)/tangible equity	11.72	11.83
net interbank lending/borrowing (in thousands of Euro)	(5,531,447)	(4,435,679)
number of employees	11,440	11,447
number of national bank branches	1,215	1,216
Profitability ratios (%)		
ROE	2.53 %	4.57%
ROTE	2.83 %	5.10%
ROA (net profit/total assets)	0.05%	0.09%
Cost/income ratio (3)	65.28%	55.90%
Net adjustments to loans/net loans to customers	0.26%	0.34%
Basic EPS	0.064	0.094
Diluted EPS	0.064	0.094
Risk ratios (%)		
non-performing exposures/net loans to customers	14.50%	14.54%
net bad loans/net loans to customers	6.91%	6.81%
net unlikely to pay loans/net loans to customers	7.16%	7.15%
net past due loans/net loans to customers	0.43%	0.58%
adjustments to non-performing exposures/gross non-performing exposures	44.60%	44.22%
adjustments to bad loans/gross bad loans	58.14%	58.16%
adjustments to unlikely to pay loans/gross unlikely to pay loans	22.07%	21.88%
adjustments to past due loans/gross past due loans	9.10%	10.02%
adjustments to performing exposures/gross performing exposures	0.52%	0.54%
texas ratio (4)	111.56%	111.98%

(*) The comparative figures for the income statement are as at 31 March 2015, except for the ROE and the ROTE which are calculated on a yearly basis.

<i>Financial ratios</i>	31.03.2016	2015 (*)
Own Funds (Phased in) (5)		
Common Equity Tier 1 (CET1)	4,590,842	4,506,891
Common Equity Tier 1 (CET1) pro -forma	4,612,717	4,629,088
Own Funds	5,062,137	5,011,605
Own Funds pro-forma	5,084,287	5,133,802
Risk-weighted assets (RWA)	39,949,148	40,101,688
Capital and liquidity ratios (6)		
Common Equity Ratio (CET1 Ratio) - Phased in	11.49%	11.24%
Common Equity Ratio (CET1 Ratio) - Phased in pro-forma	11.55%	11.54%
Tier 1 Ratio (T1 Ratio) - Phased in	11.60%	11.34%
Total Capital Ratio (TC Ratio) - Phased in	12.67%	12.50%
Total Capital Ratio (TC Ratio) - Phased in pro-forma	12.73%	12.80%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased pro-forma	11.48%	11.21%
Leverage Ratio - Phased in (7)	7.2%	7.1%
Leverage Ratio - Fully Phased (8)	7.2%	6.9%
Liquidity Coverage Ratio (LCR)	117.5%	136.1%
Net Stable Funding Ratio (NSFR)(9)	n.d.	110.9%
<i>Non-financial ratios</i>	31.03.2016	2015 (*)
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,058.05	4,128.22
loans and advances to customers per employee	3,850.39	3,817.82
assets managed per employee	1,271.65	1,286.45
assets administered per employee	1,429.27	1,366.99
core revenues (10) per employee	41.42	42.70
net interest and other banking income per employee	42.80	46.71
operating costs per employee	28.31	26.74

(1) Tangible equity = total shareholders' equity net of intangible assets.

(2) Total tangible assets = total assets net of intangible assets.

(3) The cost/income Ratio has been calculated on the basis of the layout of the reclassified income statement (operating expenses/operating income); when calculated on the basis of the layouts provided by Circular no. 262 of the Bank of Italy the cost/income ratio is at 66.15% (57.25% as at March 31, 2015).

(4) The texas ratio is calculated as the relationship between total gross non-performing loans and net tangible equity, including minority interests, increased by total provisions for non-performing loans.

(5) (6) The Fully Phased Common Equity Tier 1 ("CET1") ratio, estimated in January 2019 in accordance with the new Basel 3 regulations, and the Phased In CET1 ratio have been calculated on a pro-forma basis taking into account the profit for the period allocable to equity (€ 22 million, corresponding to about 6 b.p.).

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

(9) The NSFR, not yet available, it is in any case estimated to exceed 100% (110,9% as at 31 December 2015).

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

Contacts for Investors and Financial Analysts

BPER:

Gruppo

Gilberto Borghi

Head of Investor Relations

Via San Carlo, 8/20

41121 Modena - Italy

Ph. +39 059 2022194

e-mail: gilberto.borghi@bper.it

BPER:

Gruppo

Alessandro Simonazzi

Head of Planning & Control

Via San Carlo, 8/20

41121 Modena - Italy

Ph. +39 059 2022014

e-mail: alessandro.simonazzi@bper.it