

PRESS RELEASE

Consolidated Interim report as at 31 March 2017 approved

Net profit for the period of €25.9 million excluding the extraordinary adjustment for the interest held by the BPER Group in the Atlante Fund (€17.0 million¹) and after charging the 2017 contribution to the Single Resolution Fund of €18.1 million (€15 million in the first quarter of 2016); book net profit of €14.6 million (€31.0 million in the same period last year)

Net result from operations up (+0.5% compared with the same period last year), due to the considerable efforts made to reduce operating costs as provided for in the Business Plan (-1.7% compared with the same period last year), which offsets the marginal decline in operating profit (-0.9% compared with the first quarter of 2016)

Asset quality continues to improve thanks to the significant reduction in inflows to non-performing loans and an increase in coverage due to particularly conservative provisioning policies:

- gross and net stocks of non-performing loans down significantly since the end of 2016 (by 1.2% and 3.1% respectively). In detail:
 - gross and net bad loans: -0.2% and -2.3%;
 - gross and net unlikely to pay loans: -3.0% and -3.9%;
 - gross and net past due loans: -2.1% and -2.3%;
- inflows to non-performing loans from "performing" loans down considerably (by 54.2% compared with the first quarter of 2016);
- inflows to bad loans down by 42.0% compared with the first quarter of 2016;
- ratio of gross non-performing loans down yet again (by 40 bps to 21.7% from 22.1% at the end of 2016 and by 170 bps from 23.4% in March 2016);
- further increase in the coverage ratio of non-performing loans (to 45.6% from 44.5% at the end of 2016);

Net lending to customers up by 0.4% (gross +0.5%) compared with the end of 2016, with a strong increase in mortgage loans in the first quarter of the year compared with the same period last year (+8.4%), particularly in residential mortgages (+47.7%)

Financial solidity at the top of the Italian banking system with a Fully Phased CET1 ratio of 13.11% (13.33% Phased In). Capital buffer over the ECB's minimum requirement for 2017 (SREP at 7.25%) by more than 608 bps, corresponding to approximately €2 billion

The Board of Directors of BPER Banca today reviewed and approved the separate results of the Bank and the consolidated results of the Group at 31 March 2017.

At the end of the Board meeting, Alessandro Vandelli, CEO of BPER, declared: "The quarter highlights a significant acceleration in the Group's upward trend in asset quality, which is the natural result of management's strong commitment in this direction and the important work carried out in recent years to streamline the process of granting loans to customers and monitoring credit impairment. In fact, there have been at least three very positive trends in this first part of the year: 1) in line with what had already been recorded at the end of 2016, a further fall in the stock of doubtful loans, with a significant fall as a proportion of total lending, down to 21.7% from 22.1% at the end of 2016; 2) a significant decrease in inflows to problem and bad loans; and 3) a significant increase in the proportion of problem loans being retransferred to performing loans. To further complete this already positive framework, there has also been a significant increase both in coverage and in the rate of recovery of bad loans, confirming the excellent work carried out in this area by BPER Credit Management, the group company dedicated to the management of bad loans. Earnings for the first quarter of the year, excluding non-recurring items, i.e. the writedown of the interest in the Atlante Fund, came to € 25.9 million, with a net result from operations that is better than the corresponding period of 2016, as well as the last quarter of the year. The customer lending business has continued to expand gradually, with a significant boost in the residential mortgage segment, where disbursements increased by nearly 50% during the period. In addition, the strategy to transform direct deposits into indirect deposits continued successfully: in fact, against generally stable total borrowing from customers, there was an increase in indirect deposits, with a particularly positive performance in both the managed funds and bancassurance segments, leading to a significant increase in related commissions, up by more than 11%. Lastly, the Group's strong capital solidity is confirmed by a Fully Phased CET1 ratio of 13.11%, at the top of the banking system in Italy."

Income statement: key data

Net interest income comes to € 288.1 million², a decrease of 2.9% compared with the same period of 2016, but an increase of 1.5% compared with the previous quarter on a comparable basis³ and taking the calendar effect into account, mainly as a consequence of the increase in lending and in the securities portfolio.

Net commission income of € 177.4 million is 0.2% up on the same period last year. In detail, net commission income on managed funds and bancassurance business increased by 11.6% compared with the same period in 2016, whereas there has been a decline in net commission income on the commercial side of the business, particularly as a result of the policy of optimising unused credit lines.

The net result from trading activities (including dividends of € 0.3 million) amounts to € 25.0 million (€ 15.7 million in the first quarter of 2016). This comprises net profits realised on securities and derivatives for € 11.7 million, net gains on securities and derivatives for € 13.0 million and other negative elements for € 0.1 million.

Operating profit amounted to € 500.8 million, down slightly (-0.9%) compared with the first quarter of 2016 due to a lower contribution from net interest income and other charges/income, which is offset by the positive performance of the net result from financial activities.

Operating costs totalled € 309.4 million, down by 1.7% compared with the same period of 2016. Payroll costs amounted to € 194.1 million, down by 1.3% mainly due to the departure of a large number of resources on implementation of the Redundancy Incentive Plan and the Solidarity Fund provided for in the current 2015-17 Business Plan, already fully expensed in 2015. Other administrative expenses amounted to € 96.6 million, a significant drop of 4.4% compared with the same period last year, which included higher costs related to projects in

the Business Plan. Depreciation on tangible and amortisation on intangible assets amounted to € 18.7 million (€ 17.1 million in the first quarter of 2016).

Net adjustments to loans and other financial assets amount to € 146.3 million (€ 121.5 million in the first quarter of 2016); this figure includes the € 17.0 million adjustment made to BPER interest in the Atlante Fund (in addition to the € 28.3 million writedown already made in the fourth quarter of 2016 for a total impairment of € 45.3 million, equal to 55.8% of the capital quotas paid to date). In detail, **net adjustments to loans** amount to € 133.6 million (€ 114.2 million in the first quarter of 2016). **Net impairment adjustments to financial assets** amount to € 17.4 million (€ 3.7 million in the same period last year) and include the writedown of the interest in the Atlante Fund mentioned above. **Net adjustments to other assets** are positive (i.e. writebacks) for € 4.6 million (they were negative for € 3.7 million in the first quarter of 2016). The **cost of credit** for the first quarter of the year comes to 29 bps (117 bps annualised).

Net provisions for risks and charges come to € 5.7 million in the quarter (€ 9.6 million in the same period of 2016), down 41.2% y/y.

The first quarter includes **the ordinary contribution of the BPER Group to the Single Resolution Fund ("SRF") for 2017** of € 18.1 million (€ 15.0 million in the same period last year). Note that in the reclassified income statement, this contribution is shown on a separate line in the interests of clarity, whereas in the Bank of Italy format it is included in caption 180 b) "Other administrative expenses".

The **profit from current activities before tax** comes to € 25.0 million on a profit of € 47.4 million in the same period last year. **Income taxes** amount to € 7.7 million (€ 14.1 million in the first quarter of 2016). **Excluding the extraordinary writedown of the interest in the Atlante Fund, gross profit comes to € 42.0 million.**

Total net profit for the period comes to € 17.3 million (€ 33.3 million in the first quarter of 2016), including the net profit pertaining to minority interests of € 2.7 million (€ 2.4 million at 31 March 2016). The profit pertaining to the Parent Company therefore comes to € 14.6 million (€ 31.0 million at 31 March 2016). **Excluding the extraordinary writedown of the interest in the Atlante Fund, the net profit pertaining to the Parent Company amounts to € 25.9 million.**

Balance sheet: key figures

Direct customer deposits (due to customers, debt securities in issue and financial liabilities designated at fair value through profit and loss) amount to € 46.6 billion, -2.4% compared with the end of 2016; this was mainly due to the Group's policy of transforming them into indirect deposits. Of the various types of deposits, there has been a decrease in demand deposits (current accounts and unrestricted deposit accounts) of € 1.0 billion (-3.1% compared with the end of 2016), in the retail bond component of € 0.4 billion (-5.8% since the end of 2016), and in certificates of deposit by € 0.1 billion (-4.6% since the end of 2016). Direct borrowing is made up principally of current accounts, unrestricted and short-term restricted deposits (71.9%) and bonds (12.4%), of which 53.7% are in the hands of retail customers.

Indirect customer deposits, marked to market, amount to € 33.7 billion, an increase of 2.4% since the end of 2016. In particular, **assets under management** amount to € 17.1 billion (+5.1% since the end of 2016), with a positive net inflow for the period of around € 571 million (it was negative for € 48 million in the first quarter of 2016). **Assets under administration** of € 16.5 billion posted a slight decrease of 0.3% since the end of 2016. The **life insurance policy portfolio**, which is not included in indirect borrowing, comes to € 4.5 billion, an increase since the start of the year of 2.3%.

Loans to customers, net of impairment adjustments, amount to € 45.7 billion, an increase of 0.4% compared with the end of 2016. Looking at the various types of loans, the mortgage loans segment has again turned in a positive performance with a growth in total stock of 2.5% compared with the end of 2016, particularly as regards residential mortgage loans to private individuals (+47.7% over the same period last year).

Net non-performing loans (bad, unlikely to pay and past due loans) amount to € 6.0 billion, significantly down by 3.1% since the end of 2016, with a total coverage ratio of 45.6% (44.5% at the end of 2016 and 44.2% at the end of 2015); and this does not take into consideration the write-offs of bad loans still outstanding (€ 1.0 billion), which take the coverage ratio to 50.3% (49.4% at the end of 2016 and 49.7% at the end of 2015). In detail, **net bad loans** amount to € 2.9 billion, a significant decrease on the end of 2016 (-2.3%) with coverage of 58.1% (57.2% at the end of 2016 and 58.2% at the end of 2015); in addition, taking into account the direct write-offs of bad loans still outstanding, coverage comes to 63.6% (62.9% at the end of 2016 and 64.4% at the end of 2015); **net unlikely to pay loans** amount to € 2.9 billion, a significant decrease compared with the end of 2016 (-3.9%), with a level of coverage of 24.2%, an increase of 71 bps since the end of 2016 and 232 bps since the end of 2015; **net past due loans** amount to € 0.1 billion, down 2.3% from the end of last year with coverage of 8.0% (7.8% at the end of 2016 and 10.0% at the end of 2015).

The **net interbank position**, which is negative for € 9.6 billion compared with € 8.1 billion at the end of 2016, is the difference between the amounts due from banks of € 3.3 billion and the amounts due to banks of € 12.9 billion. The BPER Group's total amount of refinancing with the European Central Bank amounted to € 9.3 billion, entirely attributable to participation in the second round of longer term refinancing operations called TLTRO2 with a four year maturity (€ 4.1 billion subscribed in June 2016, partially used for the full repayment of the TLTRO1 funding; € 1 billion at the end of December 2016 and € 4.2 billion at the end of March 2017). Financial instruments eligible for use as collateral for refinancing transactions on the market amount to € 15.2 billion, net of the haircut, of which € 2.8 billion is available.

Financial assets amount in total to € 14.7 billion, an increase of 7.0% on the end of 2016, representing 21.6% of total assets. Debt securities represent 93.6% of the total portfolio and amount to € 13.7 billion: of these, € 6.7 billion relate to government securities, mostly represented by Italian government bonds (€ 5.8 billion).

Against assets available for sale (AFS) of € 11.2 billion, there are positive valuation reserves for a total of € 69.1 million, net of the related tax effect, which is the net result of positive reserves for debt securities, equities and UCITS of € 137.4 million, less negative reserves of € 68.3 million. The AFS reserve for government securities is showing losses (net of tax) of € 5.9 million (gains of € 37.3 million at 31 December 2016). Moreover, with regard to the portfolio of financial assets held to maturity (HTM) of € 2.6 billion, the difference between their fair value and book value is positive, net of the related tax effect, resulting in a net implicit reserve of € 100.0 million.

Total equity ("own funds") at 31 March 2017 amounted to € 5.5 billion (-0.4% on the end of 2016), with minority interests of € 0.6 billion. Consolidated shareholders' equity of the Group, including the result for the period, comes to € 4.9 billion, -0.4% since the end of 2016.

The Phased In Basel 3 **leverage ratio** of 6.2% (6.1% Fully Phased) is among the best of the system. The LCR ("Liquidity Coverage Ratio") and NSFR ("Net Stable Funding Ratio") liquidity ratios are over 100%; in particular, at 31 March 2017, the LCR ratio was equal to 122.4%, while the NSFR ratio was estimated at over 100% (compared with 104.3% at 31 December 2016).

Capital ratios

The capital ratios, calculated since last June taking into account the AIRB methodology for the credit risk requirement, are calculated with reference to the value of Own Funds including the share of profit realised during the period and the dividend expected for the Parent Company BPER Banca:

- Phased In Common Equity Tier 1 ratio of 13.33% (13.80% at 31 December 2016). The ratio calculated on the full application regime (Fully Phased) is equal to 13.11%, a decrease of 16 bps compared with 31 December 2016; this change is essentially due to an increase in the value of risk-weighted assets (RWA), in particular for the greater weighting of the positions associated with Italy's rating downgrade by DBRS during the quarter, and, only as regards the Phased In scope, due to the decrease in the capitalisable value of minorities, as envisaged by the European Basel 3 legislation on application of the "transitional" criteria (or "phasing");
- Tier 1 ratio (phased in) of 13.43% (13.89% at 31 December 2016);
- Own Funds ratio (Phased in) of 14.66% (15.21% at 31 December 2016).

Key figures at 31 March 2017

The Group has a presence in 18 Regions of Italy, with 1,200 branches (unchanged compared with the end of 2016), as well as the head office of BPER (Europe) International s.a. in Luxembourg.

Group employees decreased to 11,196 compared with 11,635 at the end of 2016 (-439). This significant decrease is mainly attributable to implementation of the redundancy incentive agreement and the Solidarity Fund signed with the Unions on 14 August 2015 and almost entirely expensed that year in the income statement, as foreseen in the 2015-17 Business Plan.

Outlook for operations

The still very low level of market interest rates and high level of competition in the system in the traditional financing business will continue to put pressure on asset yields, even though the intensity will gradually decline; at the same time, the repricing of liabilities and the potential benefit of the sweetener provided by the ECB's TLTRO2 programme will allow a further decline in the cost of deposits, helping to reduce the pressure on the interest margin. A positive contribution to revenue is expected to come from fee income, with confirmation of the positive performance already recorded during the first quarter in asset management and bancassurance and stabilisation of the commercial side of the business. Operating costs are expected to decline further, albeit gradually, both as regards personnel costs and for other administrative costs, benefiting from the staff reduction plan and gradual completion of the investments relating to implementation of the various projects in the Business Plan. It is also expected that the slowdown in flows of new problem loans recorded during the first quarter will continue to have positive effects on the cost of credit. All of these factors should bolster the Group's profitability prospects for the current year (before considering any extraordinary items).

It should be noted that - with reference to recent regulatory changes that occurred in the CFA (Legislative Decree 25 of 15 February 2016), which followed the European Directive 2013/5/EU (Transparency II) and the subsequent Consob Resolution 19770 of 26 October 2016 - BPER Banca has decided on a voluntary basis, in continuity with the past, to publish its consolidated interim report of the BPER Group at 31 March and 30 September. Note that the consolidated interim report of the BPER Group at 31 March 2017 is audited only for the purpose of determining consolidated profit realised for inclusion in the primary capital (CET1) for regulatory purposes.

The document will be available at the head office, to the general public at the Head Office of the Bank, on the websites of the Bank and the Group (www.bper.it and www.gruppobper.it), of Borsa Italiana S.p.A. and of the authorised storage device (www.1info.it).

To complete the information provided, we attach the consolidated balance sheet and income statement (split into quarters with comparative figures) at 31 March 2017, as well as a summary of the main indicators.

Modena, 9 May 2017

**Chief Executive Officer
Alessandro Vandelli**

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

Modena, 9 May 2017

**Manager responsible for preparing the
Company's financial reports
Marco Bonfatti**

A conference call has been organised today, **9 May 2017 at 6.30 p.m. (CET)** to explain the BPER Group's results at 31 March 2017.

The conference call, in English, will be chaired by **Alessandro Vandelli, the Chief Executive Officer**.

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

ITALY: +39 02 8020911

UK: +44 1212 818004

USA: +1 718 7058796

A set of slides supporting the presentation will be available the same day before the start of the presentation and conference call in the Investor Relations section of the website of the Bank and of the Group www.bper.it and www.gruppobper.it.

This press release is also available in the 1INFO storage device.

This is a translation into English of the original in Italian. The Italian text shall prevail over the English version.

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Notes:

¹ Following approval of the 2016 financial statements by the two Veneto banks involved in the Atlante Fund's investment and particularly negative results, a further impairment writedown of the shares held by the BPER Group is required at 31 March 2017, calculated on the basis of the values currently available, namely Euro 17.0 million before tax. The total writedown amounts to Euro 45.3 million, equal to 55.8% (Euro 28.3 million at 31 December 2016, 34.8%). There were no non-recurring items in the income statement for the first quarter of 2016

² Net interest income in the first quarter of 2017 includes the benefit of participating in emissions of TLTRO2 - Targeted Longer Term Refinancing Operations-II for € 5.1 million. It should be remembered that net interest income in the fourth quarter of 2016 included the benefit for the whole of 2016 of participating in TLTRO2 put at € 8.3 million; the quota pertaining to the fourth quarter of 2016 only amounted to € 4.2 million. For further details, see the section on the net interbank position on page 4

³ See note 2.

Consolidated balance sheet as at 31 March 2017

Assets	31.03.2017	31.12.2016	(in thousands of Euro)	
			Change	% Change
10. Cash and cash equivalents	316,008	364,879	(48,871)	-13.39
20. Financial assets held for trading	750,057	676,844	73,213	10.82
30. Financial assets designated at fair value through profit and loss	84,580	84,307	273	0.32
40. Financial assets available for sale	11,211,255	10,433,222	778,033	7.46
50. Financial assets held to maturity	2,617,027	2,515,993	101,034	4.02
60. Due from banks	3,260,232	1,331,811	1,928,421	144.80
70. Loans to customers	45,693,770	45,494,179	199,591	0.44
80. Hedging derivatives	55,941	62,365	(6,424)	-10.30
100. Equity investments	418,581	413,923	4,658	1.13
120. Property, plant and equipment	963,714	969,470	(5,756)	-0.59
130. Intangible assets	512,273	517,833	(5,560)	-1.07
of which: goodwill	361,505	361,505	-	0.00
140. Tax assets	1,460,712	1,518,027	(57,315)	-3.78
a) current	161,626	221,395	(59,769)	-27.00
b) deferred	1,299,086	1,296,632	2,454	0.19
b1) of which L. 214/2011	1,068,205	1,073,172	(4,967)	-0.46
160. Other assets	539,651	574,175	(34,524)	-6.01
Total assets	67,883,801	64,957,028	2,926,773	4.51

Liabilities and shareholders' equity	31.03.2017	31.12.2016	(in thousands of Euro)	
			Change	% Change
10. Due to banks	12,888,622	9,462,678	3,425,944	36.20
20. Due to customers	38,251,219	38,912,714	(661,495)	-1.70
30. Debt securities in issue	8,280,969	8,587,243	(306,274)	-3.57
40. Financial liabilities held for trading	319,138	226,837	92,301	40.69
50. Financial liabilities designated at fair value through profit and loss	69,591	247,933	(178,342)	-71.93
60. Hedging derivatives	42,196	40,697	1,499	3.68
80. Tax liabilities	90,479	97,996	(7,517)	-7.67
a) current	2,748	1,715	1,033	60.23
b) deferred	87,731	96,281	(8,550)	-8.88
100. Other liabilities	1,813,132	1,197,062	616,070	51.47
110. Provision for termination indemnities	184,950	205,364	(20,414)	-9.94
120. Provisions for risks and charges	408,409	422,791	(14,382)	-3.40
a) pensions and similar commitments	133,956	136,409	(2,453)	-1.80
b) other provisions	274,453	286,382	(11,929)	-4.17
140. Valuation reserves	57,758	89,951	(32,193)	-35.79
170. Reserves	2,425,230	2,410,357	14,873	0.62
180. Share premium reserve	930,073	930,073	-	-
190. Share capital	1,443,925	1,443,925	-	-
200. Treasury shares	(7,258)	(7,258)	-	-
210. Minority interests	670,810	674,366	(3,556)	-0.53
220. Profit (Loss) for the period	14,558	14,299	259	1.81
Total liabilities and shareholders' equity	67,883,801	64,957,028	2,926,773	4.51

Reclassified consolidated income statement as at 31 March 2017

For the sake of clarity, we provide below a breakdown of the aggregations and reclassifications with respect to the income statement format required by Circular no. 262/2005 of the Bank of Italy:

- "Net result from financial activities" includes items 80, 90, 100 and 110 in the standard reporting format;
- indirect tax recoveries, allocated for accounting purposes to item 220 "Other operating charges/income", have been reclassified as a reduction in the related costs under "Other administrative expenses" (Euro 29,981 thousand at 31 March 2017 and Euro 30,405 thousand at 31 March 2016);
- "Net adjustments to property, plant and equipment and intangible assets" include captions 200 and 210 in the standard reporting format;
- "Net impairment adjustments to AFS and HTM financial assets" includes captions 130 b) and 130 c) in the reporting format;
- "Gains (losses) on equity investments, disposal of investments and adjustments to goodwill" include captions 240, 260 and 270 in the reporting format;
- "Contributions to the DGS, SRF and FITD-VS funds" has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative costs" as a better reflection of the trend in the Group's operating costs. In particular, at 31 March 2017, this caption represents the component allocated for accounting purposes to administrative costs in relation to the 2017 ordinary contribution to the SRF (European Single Resolution Fund) for Euro 18,061 thousand (Euro 15,000 thousand at 31 March 2016).

Please note that the caption "Contributions to the SRF, DGS and FITD-VS funds" has been included from 30 June 2016 and that the comparative figures at 31 March 2016 have therefore been restated with respect to those published at the time of the consolidated interim report as at 31 March 2016. The table showing the reclassified quarterly figures has also been adjusted to this approach.

(in thousands of Euro)

Captions	31.03.2017	31.03.2016	Change	%Change	
10+20	Net interest income	288,114	296,800	(8,686)	-2.93
40+50	Net commission income	177,373	177,083	290	0.16
70	Dividends	312	86	226	262.79
80+90+100+110	Net trading income	24,664	15,662	9,002	57.48
220 (*)	Other operating charges/income	10,310	15,538	(5,228)	-33.65
	Operating income	500,773	505,169	(4,396)	-0.87
180 a)	Payroll	(194,125)	(196,586)	2,461	-1.25
180 b) (*) (**)	Other administrative costs	(96,628)	(101,125)	4,497	-4.45
200+210	Net adjustments to property, plant, equipment and intangible assets	(18,685)	(17,084)	(1,601)	9.37
	Operating costs	(309,438)	(314,795)	5,357	-1.70
	Net operating income	191,335	190,374	961	0.50
130 a)	Net impairment adjustments to loan	(133,573)	(114,167)	(19,406)	17.00
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(17,381)	(3,678)	(13,703)	372.57
130 d)	Net impairment adjustments to other financial assets	4,647	(3,666)	8,313	-226.76
	Net impairment adjustments	(146,307)	(121,511)	(24,796)	20.41
190	Net provisions for risks and charges	(5,661)	(9,621)	3,960	-41.16
###	Contribution to SRF, DGS, FITD-SV	(18,061)	(15,000)	(3,061)	20.41
240+260+270	Gains (Losses) from equity instruments, on disposal of investments and adjustment to goodwill	3,705	3,193	512	16.04
280	Profit (Loss) from current operations before tax	25,011	47,435	(22,424)	-47.27
290	Income taxes on current operations for the period	(7,743)	(14,104)	6,361	-45.10
320	Net profit (loss) for the period	17,268	33,331	(16,063)	-48.19
330	Net profit (loss) pertaining to minority interests	(2,710)	(2,356)	(354)	15.03
340	Net profit (loss) pertaining to the Parent Company	14,558	30,975	(16,417)	-53.00
Caption net of:					
(*)	Recovery of taxes	29,981	30,405	(424)	-1.39
(**)	Contribution to SRF, DGS, FITD-SV	(18,061)	(15,000)	(3,061)	20.41

Reclassified consolidated income statement by quarter as at 31 March 2017

Captions		(in thousands)				
		1st quarter 2017	1st quarter 2016	2nd quarter 2016	3rd quarter 2016	4th quarter 2016
10+20	Net interest income	288,114	296,800	293,576	285,728	294,343
40+50	Net commission income	177,373	177,083	181,035	174,803	179,801
70	Dividends	312	86	8,732	338	716
80+90+	Net trading income	24,664	15,662	49,064	25,518	29,755
100+110						
220 (*) (**)	Other operating charges/income	10,310	15,538	16,430	13,605	8,665
	Operating income	500,773	505,169	548,837	499,992	513,280
180 a)	Payroll	(194,125)	(196,586)	(201,655)	(176,168)	(194,740)
180 b) (*)						
(***)	Other administrative costs	(96,628)	(101,125)	(102,758)	(106,098)	(107,236)
200+210	Net adjustments to property, plant and equipment and intangible assets	(18,685)	(17,084)	(20,443)	(17,943)	(25,125)
	Operating costs	(309,438)	(314,795)	(324,856)	(300,209)	(327,101)
	Net operating income	191,335	190,374	223,981	199,783	186,179
130 a)	Net impairment adjustments to loans	(133,573)	(114,167)	(161,935)	(124,578)	(219,070)
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(17,381)	(3,678)	(3,524)	(4,948)	(39,661)
130 d)	Net impairment adjustments to other financial assets	4,647	(3,666)	14,888	3,097	(1,822)
	Net impairment adjustments	(146,307)	(121,511)	(150,571)	(126,429)	(260,553)
190 (****)	Net provisions for risks and charges	(5,661)	(9,621)	(12,504)	(5,791)	(4,732)
###	Contributions to SRF, DGS, FITD - SV	(18,061)	(15,000)	(11,402)	(17,607)	(29,469)
240+260	Gains (Losses) on disposal of investments and adjustments to goodwill	3,705	3,193	(4,077)	2,462	(26,161)
+270						
280	Profit from current operations before income tax	25,011	47,435	45,427	52,418	(134,736)
290	Income taxes on current operations	(7,743)	(14,104)	(13,689)	(12,838)	45,901
320	Net profit (loss) for the period	17,268	33,331	31,738	39,580	(88,835)
330	Net profit (loss) for the period pertaining to minority interests	(2,710)	(2,356)	2,029	(3,162)	1,974
340	Profit (Loss) for the period pertaining to the Parent Company	14,558	30,975	33,767	36,418	(86,861)
Captions net of:						
(*)	Recovery of taxes	29,981	30,405	28,899	29,385	30,015
(**)	Accounting recovery of the guarantee expired as part of the Banca Tercas transaction	-	-	-	-	775
(***)	Contributions to SRF, DGS, FITD - SV	(18,061)	(15,000)	(11,402)	(17,607)	(34,224)
(****)	Contributions to SRF, DGS, FITD - SV	-	-	-	-	3,980

Consolidated income statement as at 31 March 2017

Captions	(in thousands of Euro)			
	31.03.2017	31.03.2016	Change	% Change
10. Interest and similar income	355,137	384,670	(29,533)	-7.68
20. Interest and similar expense	(67,023)	(87,870)	20,847	-23.72
30. Net interest income	288,114	296,800	(8,686)	-2.93
40. Commission income	185,947	185,186	761	0.41
50. Commission expense	(8,574)	(8,103)	(471)	5.81
60. Net commission income	177,373	177,083	290	0.16
70. Dividends and similar income	312	86	226	262.79
80. Net trading income	10,920	(25,801)	36,721	-142.32
90. Net hedging gains (losses)	(300)	120	(420)	-350.00
100. Gains/losses on disposal or repurchase of:	13,630	37,346	(23,716)	-63.50
a) loans	1,253	7	1,246	--
b) financial assets available for sale	12,378	38,237	(25,859)	-67.63
d) financial liabilities	(1)	(898)	897	-99.89
110. Net results on financial assets and liabilities designated at fair value	414	3,997	(3,583)	-89.64
120. Net interest and other banking income	490,463	489,631	832	0.17
130. Net impairment adjustments to:	(146,307)	(121,511)	(24,796)	20.41
a) loans	(133,573)	(114,167)	(19,406)	17.00
b) financial assets available for sale	(17,381)	(3,678)	(13,703)	372.57
d) other financial assets	4,647	(3,666)	8,313	-226.76
140. Net profit from financial activities	344,156	368,120	(23,964)	-6.51
180. Administrative costs:	(338,795)	(343,116)	4,321	-1.26
a) payroll	(194,125)	(196,586)	2,461	-1.25
b) other administrative costs	(144,670)	(146,530)	1,860	-1.27
190. Net provision for risks and charges	(5,661)	(9,621)	3,960	-41.16
200. Net adjustments to property, plant and equipment	(9,076)	(8,983)	(93)	1.04
210. Net adjustments to intangible assets	(9,609)	(8,101)	(1,508)	18.61
220. Other operating charges/income	40,291	45,943	(5,652)	-12.30
230. Operating costs	(322,850)	(323,878)	1,028	-0.32
240. Profit (Loss) from equity investments	3,675	3,143	532	16.93
270. Gains (Losses) on disposal of investments	30	50	(20)	-40.00
280. Profit (Loss) from current operations before tax	25,011	47,435	(22,424)	-47.27
290. Income taxes on current operations for the period	(7,743)	(14,104)	6,361	-45.10
300. Profit (Loss) from current operations after tax	17,268	33,331	(16,063)	-48.19
320. Net profit (loss) for the period	17,268	33,331	(16,063)	-48.19
330. Net profit (loss) for the period pertaining to minority interests	(2,710)	(2,356)	(354)	15.03
340. Profit (Loss) for the period pertaining to the Parent Company	14,558	30,975	(16,417)	-53.00

Consolidated income statement by quarter as at 31 March 2017

Captions	31.03.2017	31.03.2016	2nd quarter 2016	3rd quarter 2016	4th quarter 2016
10. Interest and similar income	355,137	384,670	373,463	359,459	365,459
20. Interest and similar expense	(67,023)	(87,870)	(79,887)	(73,731)	(71,116)
30. Net interest income	288,114	296,800	293,576	285,728	294,343
40. Commission income	185,947	185,186	189,189	183,068	188,516
50. Commission expense	(8,574)	(8,103)	(8,154)	(8,265)	(8,715)
60. Net commission income	177,373	177,083	181,035	174,803	179,801
70. Dividends and similar income	312	86	8,732	338	716
80. Net trading income	10,920	(25,801)	(3,956)	12,051	25,650
90. Net hedging gains (losses)	(300)	120	(82)	(129)	(244)
100. Gains/losses on disposal or repurchase of:	13,630	37,346	55,129	11,199	3,988
a) loans	1,253	7	1,027	(4,495)	(6,287)
b) financial assets available for sale	12,378	38,237	54,210	15,833	10,347
d) financial liabilities	(1)	(898)	(108)	(139)	(72)
110. Net results on financial assets and liabilities designated at fair value	414	3,997	(2,027)	2,397	361
120. Net interest and other banking income	490,463	489,631	532,407	486,387	504,615
130. Net impairment adjustments to:	(146,307)	(121,511)	(150,571)	(126,429)	(260,553)
a) loans	(133,573)	(114,167)	(161,935)	(124,578)	(219,070)
b) financial assets available for sale	(17,381)	(3,678)	(3,524)	(4,948)	(39,661)
d) other financial assets	4,647	(3,666)	14,888	3,097	(1,822)
140. Net profit from financial activities	344,156	368,120	381,836	359,958	244,062
180. Administrative costs:	(338,795)	(343,116)	(344,714)	(329,258)	(366,215)
a) payroll	(194,125)	(196,586)	(201,655)	(176,168)	(194,740)
b) other administrative costs	(144,670)	(146,530)	(143,059)	(153,090)	(171,475)
190. Net provision for risks and charges	(5,661)	(9,621)	(12,504)	(5,791)	(752)
200. Net adjustments to property, plant and equipment	(9,076)	(8,983)	(12,104)	(9,150)	(15,472)
210. Net adjustments to intangible assets	(9,609)	(8,101)	(8,339)	(8,793)	(9,653)
220. Other operating charges/income	40,291	45,943	45,329	42,990	39,455
230. Operating costs	(322,850)	(323,878)	(332,332)	(310,002)	(352,637)
240. Profit (Loss) from equity investments	3,675	3,143	(406)	2,344	3,410
260. Adjustments to goodwill	-	-	(3,254)	-	(29,600)
270. Gains (Losses) on disposal of investments	30	50	(417)	118	29
280. Profit (Loss) from current operations before tax	25,011	47,435	45,427	52,418	(134,736)
290. Income taxes on current operations	(7,743)	(14,104)	(13,689)	(12,838)	45,901
300. Profit (Loss) from current operations after tax	17,268	33,331	31,738	39,580	(88,835)
320. Net profit (Loss) for the period	17,268	33,331	31,738	39,580	(88,835)
330. Net profit (Loss) for the period pertaining to minority interests	(2,710)	(2,356)	2,029	(3,162)	1,974
340. Profit (Loss) for the period pertaining to the Parent Company	14,558	30,975	33,767	36,418	(86,861)

Performance ratios as at 31 March 2017

Financial ratios	31.03.2017	2016 (*)
Structural ratios (%)		
net loans to customers/total assets	67.31%	70.04%
net loans and advances to customers/direct deposits from customers	98.05%	95.28%
financial assets/total assets	21.60%	21.11%
fixed assets/total assets	2.04%	2.13%
goodwill/total assets	0.53%	0.56%
direct deposits/total assets	87.64%	88.07%
deposits under management/indirect deposits	50.85%	49.55%
financial assets/tangible equity ¹	2.92	2.72
total tangible assets ² /tangible equity	13.41	12.79
net interbank lending/borrowing (in thousands of Euro)	(9,628,390)	(8,130,867)
number of employees	11,196	11,635
number of national bank branches	1,200	1,200
Profitability ratios (%)		
ROE	1.22%	0.30%
ROTE	1.36%	0.33%
ROA (net profit/total assets)	0.03%	0.05%
Cost/income ratio ³	61.79%	62.31%
Net adjustments to loans/net loans to customers	0.29%	0.26%
Basic EPS	0.030	0.064
Diluted EPS	0.030	0.064
Risk ratios (%)		
non-performing exposures/net loans to customers	13.14%	13.62%
net bad loans/net loans to customers	6.44%	6.61%
net unlikely to pay loans/net loans to customers	6.40%	6.69%
net past due loans/net loans to customers	0.31%	0.32%
adjustments to non-performing exposures/gross non-performing exposures	45.58%	44.54%
adjustments to bad loans/gross bad loans	58.14%	57.25%
adjustments to unlikely to pay loans/gross unlikely to pay loans	24.20%	23.49%
adjustments to past due loans/gross past due loans	8.00%	7.80%
adjustments to performing exposures/gross performing exposures	0.45%	0.47%
texas ratio ⁴	109.78%	111.58%

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 65.83% (66.15% as at 31 March 2016).

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.

(cont.)

Financial ratios	31.03.2017	2016 (*)
Own Funds (Phased in)		
Common Equity Tier 1 (CET1)	4,382,631	4,497,645
Own Funds	4,820,147	4,958,045
Risk-weighted assets (RWA)	32,882,704	32,593,235
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	13.33%	13.80%
Tier 1 Ratio (T1 Ratio) - Phased in	13.43%	13.89%
Total Capital Ratio (TC Ratio) - Phased in	14.66%	15.21%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	13.11%	13.27%
Leverage Ratio - Phased in ⁵	6.2%	6.7%
Leverage Ratio - Fully Phased ⁶	6.1%	6.5%
Liquidity Coverage Ratio (LCR)	122.4%	102.0%
Net Stable Funding Ratio (NSFR) ⁷	n.a.	104.3%
Non-financial ratios	31.03.2017	2016 (*)
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,162.36	4,103.82
loans and advances to customers per employee	4,081.26	3,910.11
assets managed per employee	1,528.45	1,399.75
assets administered per employee	1,477.40	1,425.44
core revenues ⁸ per employee	41.58	41.42
net interest and other banking income per employee	43.81	42.80
operating costs per employee	28.84	28.31

(*) The comparative figures for the income statement are as at 31 March 2016 except for the ROE and the ROTE which are calculated on a yearly basis.

⁵ The ratio is calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by the Commission Delegated Regulation (EU) 2015/62.

⁶ See previous note

⁷ The NSFR, not yet available, is in any case estimated to exceed 100% (104.3% as at 31 December 2016).

⁸ Core revenues = net interest income + net commission income.