

BPER:

Gruppo

1Q19 Consolidated Results

Alessandro Vandelli - CEO

9 May 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

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1Q19 Net profit of 48.0 €/mn including the non-recurring charge related to the full write-down of the contribution to the Voluntary Scheme of the Interbank Deposit Protection Fund for the intervention to support Banca Carige of 13.3 €/mn and the ordinary contribution to the Single Resolution Fund of 23.2 €/mn

- Net operating income at 495.4 €/mn showing 1) positive quarterly trend of the ordinary¹ Net Interest Income (net of the accounting effects of IFRS⁹ and IFRS¹⁶² accounting principles), the best quarter out of the last four and 2) net commissions substantial trend, in particular on AuM and Bancassurance
- Annualized cost of credit at 61 bps with a bad loan coverage improvement at 67.1% vs 66.6% in Dec.'18

CET1 ratio Fully Phased at 12.24% up by 29 bps vs 11.95% in Dec.'18

- CET1 ratio Phased In at 14.24% confirming a sound capital position with a large buffer vs ECB minimum regulatory requirement (SREP 2019 at 9.0%)

Positive development of commercial activity with the stock of mortgages up by 1.3% vs FY18 and new production up by 13.1% vs 1Q18. Total funding amounts to 93.3 €/bn including the Bancassurance segment which recorded a significant volume increase (+3.9% since Dec.'18)

Asset quality further improvement in 1Q19:

- Gross NPE stock below 7.0 €/bn the lowest level in 7 years with a ratio broadly stable at 13.8%. Target of 11.5% area by year-end confirmed after the completion of the acquisition of 100% of Unipol Banca and the disposal of about 1 €/bn of bad loans to UnipolRec
- Annualized default rate down to 1.6% from 1.9% in Dec.'18
- Texas ratio down to 83.6% from 85.0% in Dec.'18

The activities for the implementation of the extraordinary transactions, already announced at the beginning of the year, continue as scheduled regarding: the acquisition of the minority stake of Banco di Sardegna, the acquisition of 100% of Unipol Banca and the disposal of about 1 €/bn of bad loans to UnipolRec, and the acquisition of the additional stake in Arca Holding. In addition, some of the actions scheduled in the new Business Plan 2019-2021 are already in an advanced stage of execution

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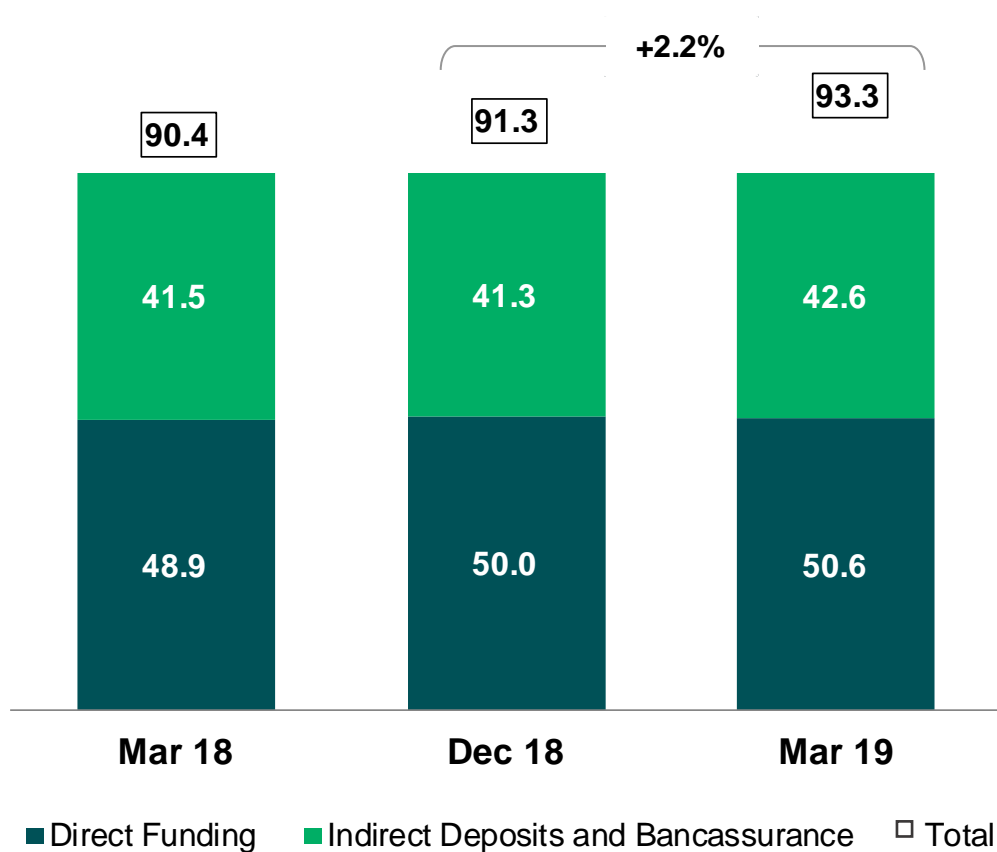
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Total funding

Strong increase of stock at 93.3 €/bn in Mar.'19, up by 2.2% since Dec.'18

Total Funding (€/bn)



- Total funding at 93.3 €/bn up by 2.0 €/bn since Dec'18, thanks to the increase of both Indirect Deposits and Bancassurance¹ (+1.3 €/bn) and Direct Funding (+0.6 €/bn)

¹ Life-insurance products
Note: figures in this page may not add exactly due to rounding differences

Direct funding

Direct funding at 50.6 €/bn up by 1.2% since Dec.'18

Direct Funding breakdown (€/mn; %)

€/mn	Mar 18	Dec 18	Mar 19	Chg YTD	% on total
Direct customer deposits	44,804	45,017	46,121	+2.5%	91.1%
o.w. current accounts and sight deposits	35,328	37,413	38,403	+2.6%	75.9%
o.w. bonds subscribed by retail customers	1,964	1,459	1,350	-7.5%	2.7%
o.w. other	7,511	6,144	6,368	+3.6%	12.6%
Institutional direct funding	4,115	4,980	4,501	-9.6%	8.9%
o.w. Institutional bonds	3,051	2,532	3,141	+24.1%	6.2%
o.w. Institutional repos	1,064	2,448	1,360	-44.4%	2.7%
Total direct funding	48,919	49,996	50,621	+1.2%	100%

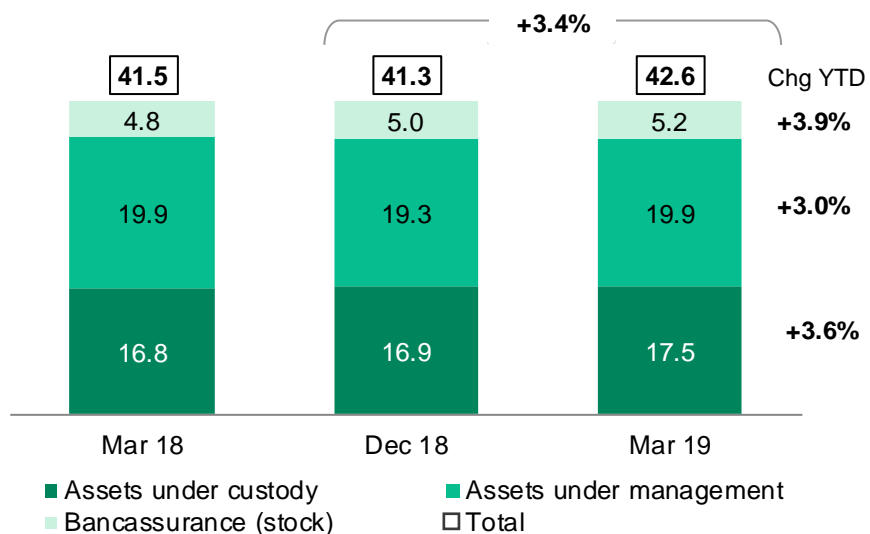
- Customer funding up by 1.1 €/bn (+2.5%): current accounts and sight deposits up by 1.0 €/bn; retail repos/bonds and CDs down by 0.2 €/bn
- Institutional funding at 4.5 €/bn down by 9.6% since Dec.'18 mainly due to the decrease of repos (-1.1 €/bn) only partially offset by the increase of bonds (+0.6 €/bn). Covered Bond of 600 €/mn issued in Mar.'19
- No wholesale bond maturities in 2019 and only 0.3 €/bn on the retail side by the end of the year

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

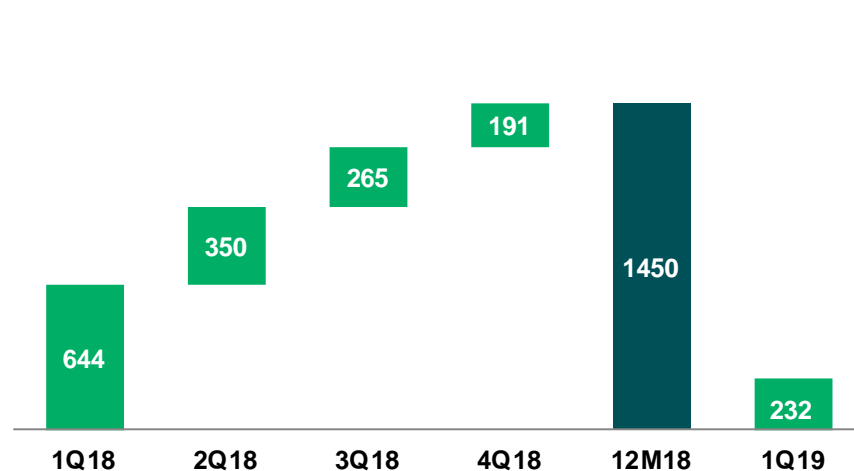
Indirect funding and Bancassurance

Stock up by 3.4% since Dec.'18 mainly thanks to positive market effect. Bancassurance¹ stock increase at 5.2 €/bn up by 3.9% since Dec.'18

Indirect Deposits and Bancassurance¹ (€/bn)



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



- Indirect Deposits and Bancassurance¹ up by 3.4% since Dec.'18
- AuM at 19.9 €/bn (+0.6 €/bn since Dec.'18) thanks to positive market effect
- AuM and Bancassurance¹ net inflows positive in 1Q19 (+232 €/mn)

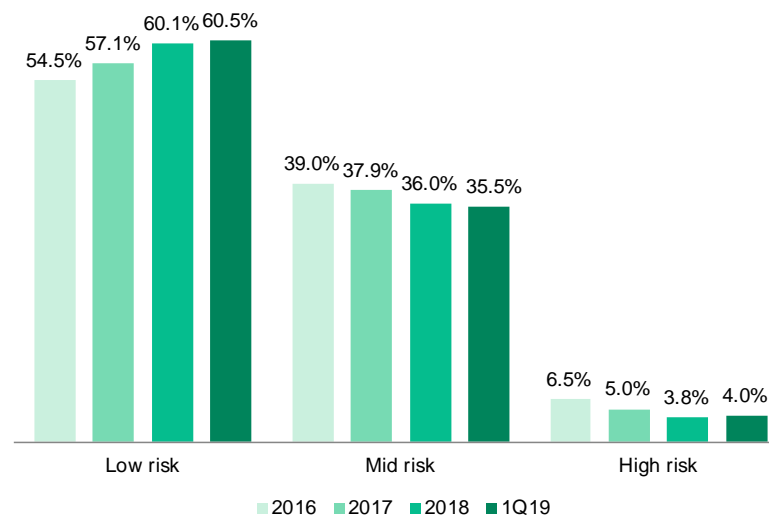
Customer loans

Customer loans slightly down compared to the peak in Dec.'18. Mortgages stock and new production up respectively by 1.3% since Dec.'18 and 13.1% y/y. Good quality of performing loans book

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

€/mn	Mar 18	Dec 18	Mar 19	Chg YTD (%)
Current accounts	4,800	4,691	4,486	-4.4%
Mortgage loans	28,081	28,374	28,739	+1.3%
Other transactions	12,522	13,987	13,287	-5.0%
Net loans	45,404	47,051	46,512	-1.1%
<i>o.w. performing</i>	41,197	43,846	43,354	-1.1%
<i>o.w. NPEs</i>	4,207	3,205	3,157	-1.5%
Gross loans	51,251	51,057	50,461	-1.2%
<i>o.w. performing</i>	41,383	44,011	43,514	-1.1%
<i>o.w. NPEs</i>	9,868	7,046	6,947	-1.4%

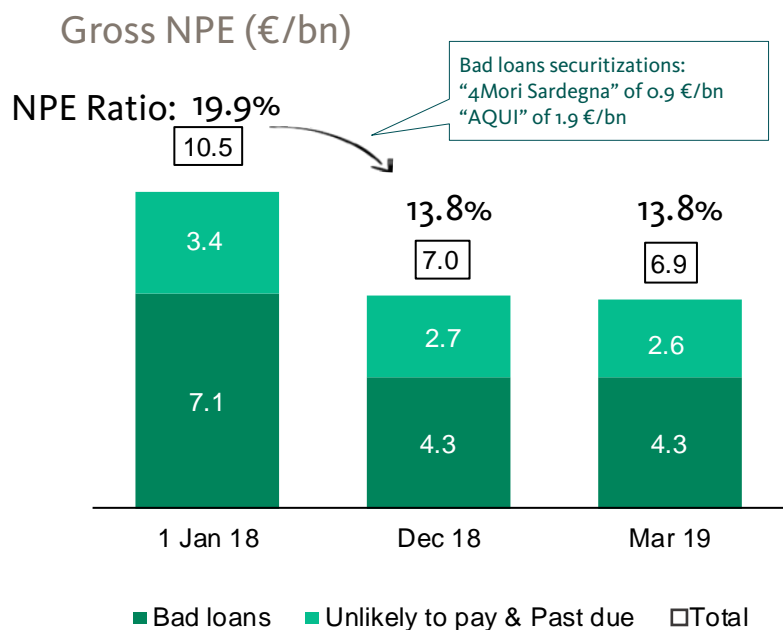
Performing exposure rated by risk profile¹ (%)



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)

Gross NPE stock below 7.0 €/bn the lowest level in 7 years



Cash coverage ratios (%)

	Mar 18	Jun 18	Sept 18	Dec 18	Mar 19
Bad loans ("Sofferenze")	66.5%	64.9%	64.5%	66.6%	67.1%
including write-off	70.3%	68.7%	68.3%	71.4%	72.2%
Unlikely to pay	39.9%	41.9%	42.2%	35.7%	34.4%
Past due	13.3%	12.7%	12.8%	12.3%	12.7%
NPE	57.4%	56.9%	56.7%	54.5%	54.6%
including write-off	60.7%	60.1%	59.9%	58.8%	59.2%
Performing exposures	0.5%	0.4%	0.4%	0.4%	0.4%
Total loans	11.4%	10.2%	10.1%	7.8%	7.8%

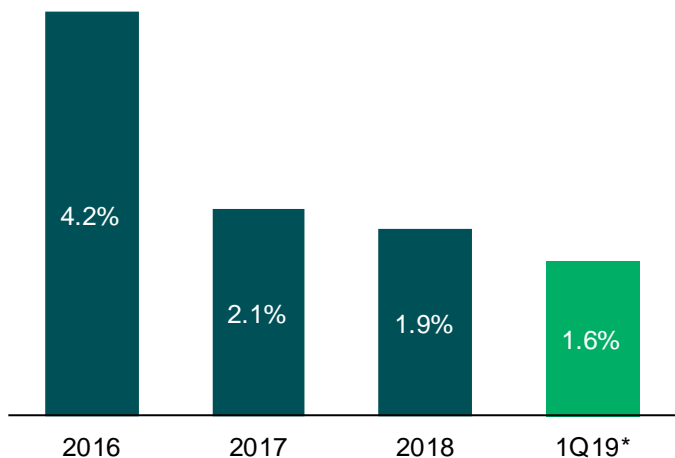
- Gross NPE ratio broadly stable at 13.8% vs Dec.'18
- Target of Gross NPE ratio at 11.5% area by year-end confirmed after the completion of the acquisition of 100% of Unipol Banca and the disposal of about 1 €/bn of bad loans to UnipolRec
- NPE coverage broadly stable at 54.6% in 1Q19; bad loans coverage up to 67.1% from 66.6% in Dec.'18

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

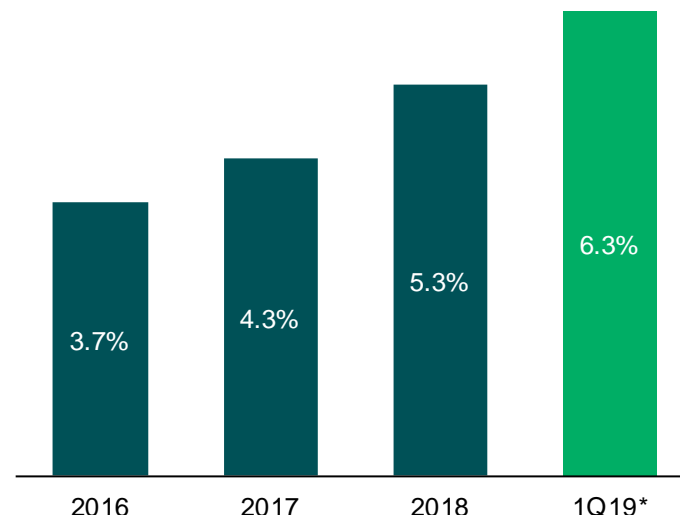
Non Performing Exposures (2/2)

Further improvement of default rate and average recovery rate of bad loans by Bper Credit Management

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 6.3% annualized in 1Q19 showing a very positive historical trend

* Annualized

Note: Default rate = NPE inflows / performing loans stock at 31 Dec'18; bad loans average recovery rate = collections / average gross bad loan stock for the period

Source: management data

Financial assets portfolio

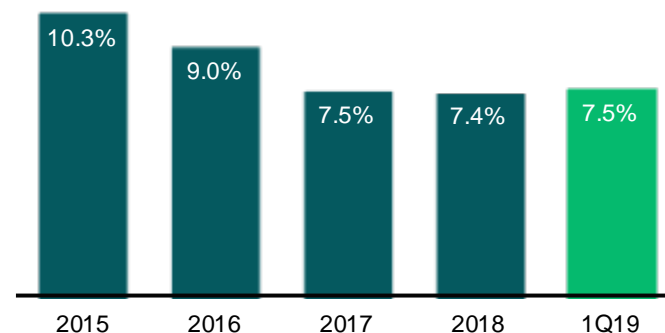
Financial assets portfolio up by 0.2 €/bn (+1.3%) since Dec.'18

Financial Assets breakdown (€/mn; %)

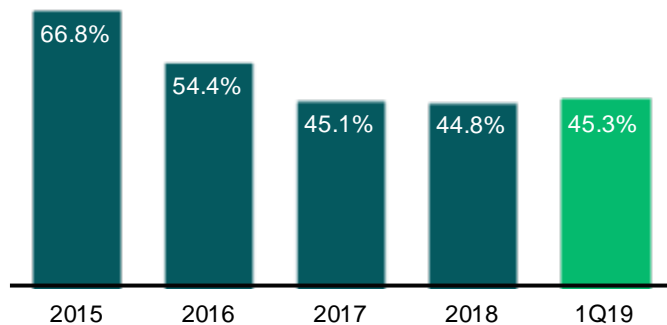
€/mn	VTPL	FVOCI	AC	Total	% on total
Bonds	480	7,981	8,071	16,531	95.2%
<i>o.w. Italian gov</i>	269	1,080	4,009	5,358	30.8%
Equity	85	273		358	2.1%
Funds and Sicav	370			370	2.1%
Other*	112			112	0.6%
Total as of 31.03.2019	1,046	8,254	8,071	17,371	100.0%
Total as of 31.12.2018	1,129	8,561	7,463	17,152	
Chg YTD (%)	-7.4%	-3.6%	+8.1%	+1.3%	

Bond ptf duration¹: 2.6 years

Italian Government bonds / Tot. Assets (%)²



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



- Financial assets portfolio marginally increased in 1Q19 by 0.2 €/bn vs FY18
- Italian government bonds at 5.4 €/bn weighing 30.8% of the whole financial assets portfolio
- Total bond and Italian govies portfolios duration respectively 2.6yys and 3.9yys

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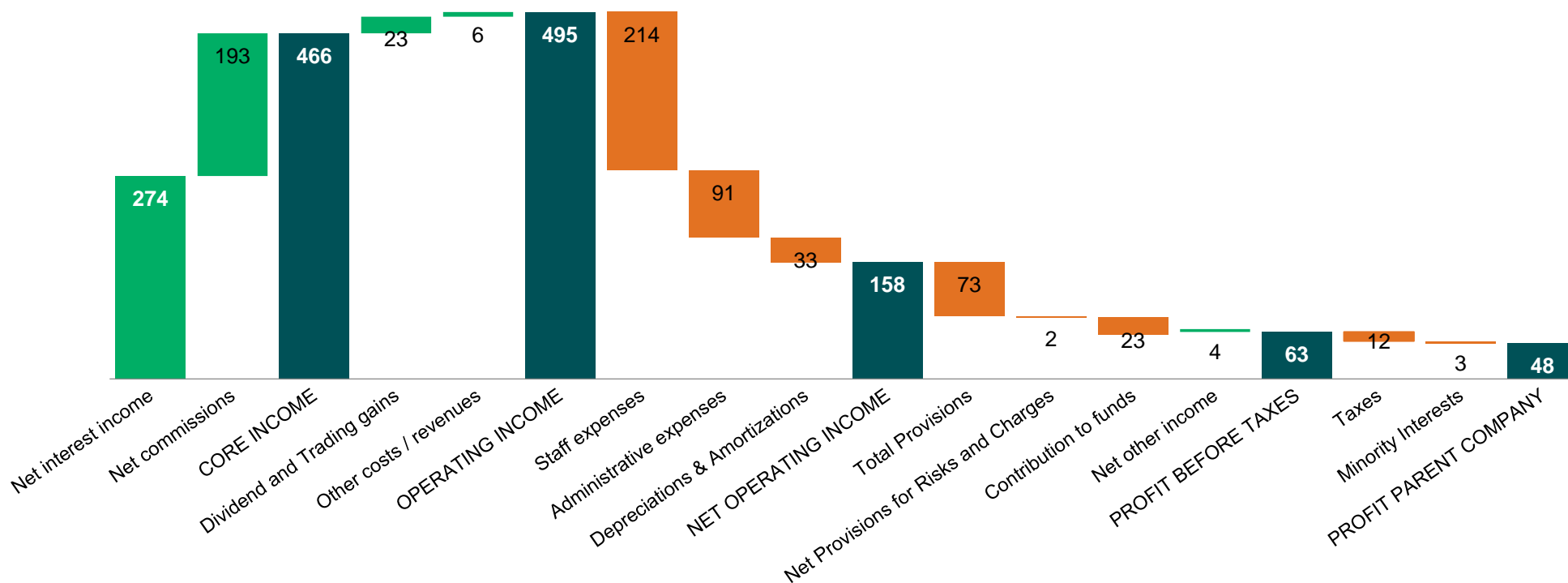
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1Q19 reclassified Profit & Loss

Profit and loss

Net Profit of 48.0 €/mn including the non-recurring charge related to the full write-down¹ of 13.3 €/mn and the ordinary contribution to the Single Resolution Fund of 23.2 €/mn

Reclassified Profit & Loss (€/mn)



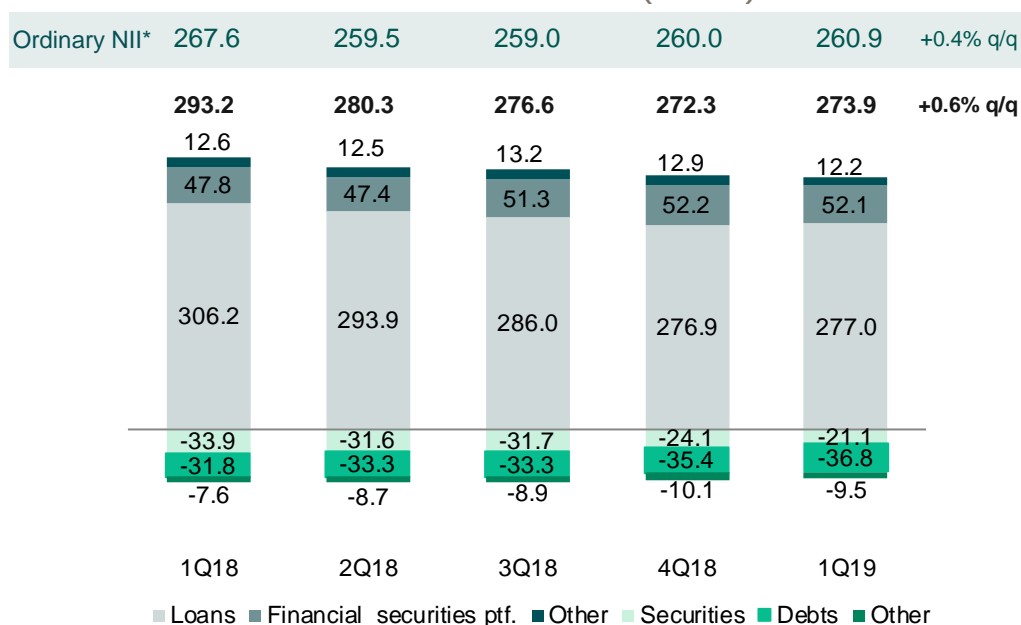
Note: 1Q19 results are not directly comparable to 1Q18 results which were mainly affected by significant non-recurring realized gains on bonds and by the First Time Adoption of the IFRS9 accounting principle

Net Interest Income

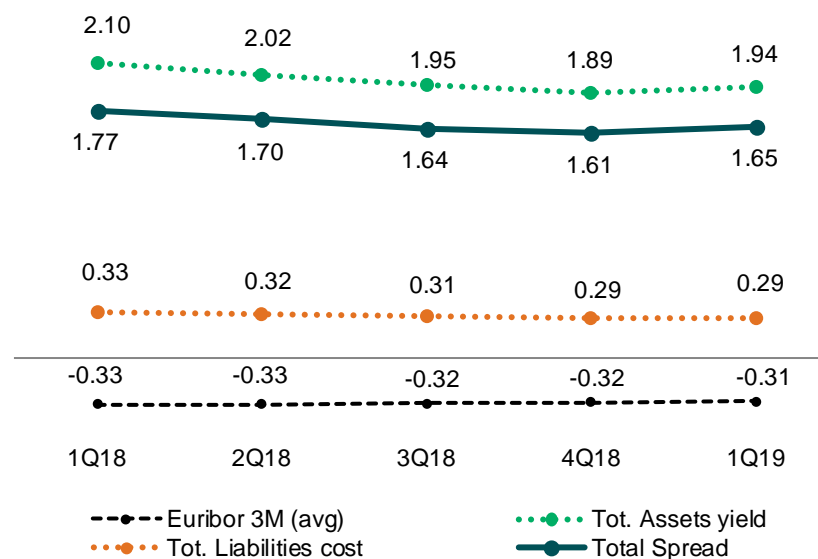
Profit and loss

NII slight increase by 0.6% q/q despite the negative calendar effect of 1Q19

Net Interest Income contribution (€/mn)



Spread contribution (%)



- 1Q19 NII down vs 1Q18 mainly due to the effects of the application of IFRS9 and IFRS16 accounting principles;
- Ordinary NII in 1Q19, excluding the accounting effects of IFRS9 and IFRS16, higher than 4Q18, 3Q18 and 2Q18

Net Commissions

Profit and loss

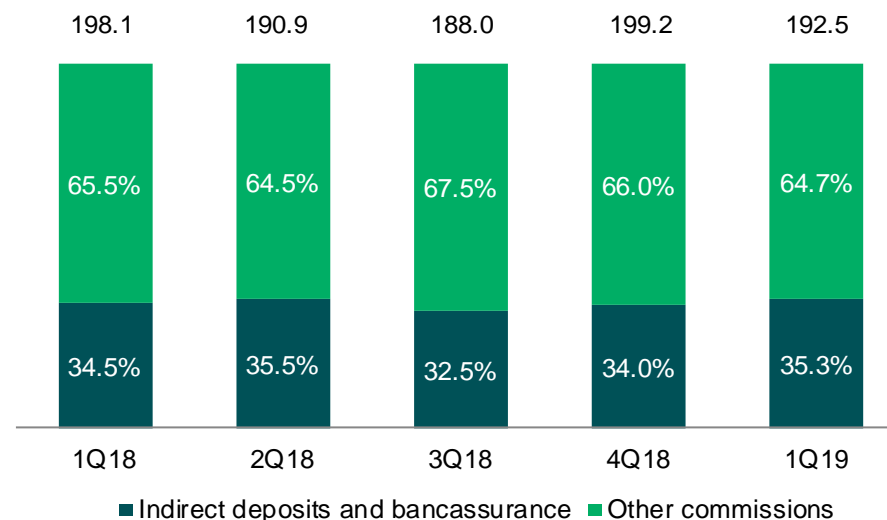
Strong increase of Bancassurance commissions up by 24.4% y/y

Net Commissions breakdown (€/mn)

	Mar 18	Mar 19	Chg y/y (%)
Indirect deposits	56.1	52.6	-6.2%
<i>Assets under custody (AuC)</i>	4.1	4.2	+1.7%
<i>Assets under management (AuM)</i>	52.0	48.4	-6.9%
Bancassurance	12.3	15.3	+24.4%
Credit cards, collections, payments	35.5	34.5	-2.8%
Loans and guarantees	82.2	77.5	-5.6%
Other commissions	12.0	12.5	+4.3%
Total	198.1	192.5	-2.8%

AuM up-front fees of 5.3 €/mn in Mar.19 (8.1 €/mn in Mar.18), weighing 2.8% on total net commissions

Net Commissions breakdown (€/mn; % on total)



- Net commissions down by 2.8% y/y mainly due to lower AuM up-front fees vs 1Q18 (-2.8 €/mn) and traditional business fees (-4.6 €/mn)
- Positive performance of Bancassurance commissions up by 24.4% y/y (+3.0 €/mn)

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

Dividends and Trading income

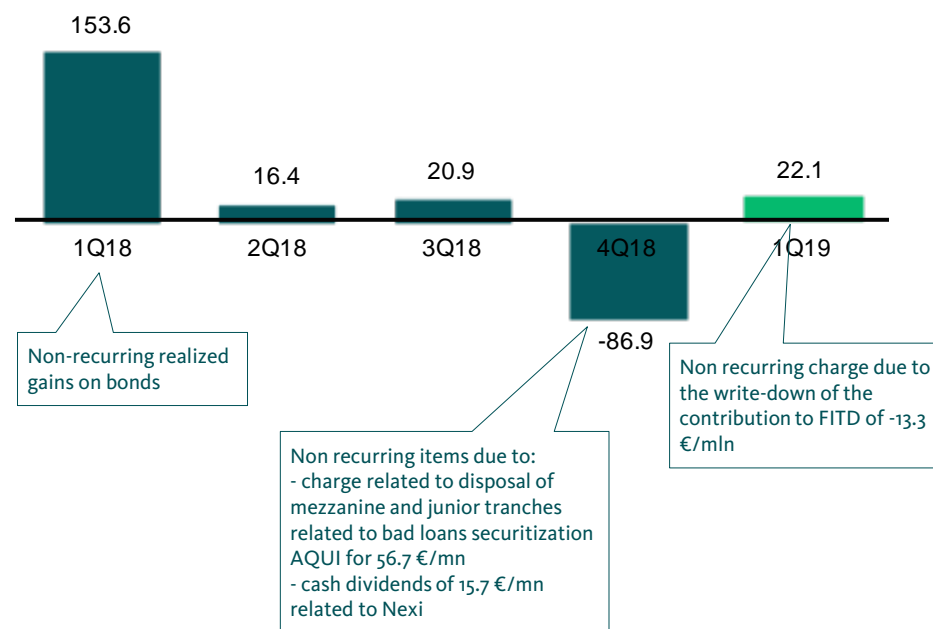
Profit and loss

Positive performance of trading in 1Q19 at +22.1 €/mn not directly comparable either with 1Q18 or 4Q18

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

	Mar 18	Mar 19	Chg y/y (%)
Dividends	0.6	0.5	-7.7%
Trading income	153.6	22.1	n.m.
<i>Realized gain/loss</i>	156.4	15.1	n.m.
<i>Plus</i>	18.4	24.8	+35.4%
<i>Minus</i>	-24.1	-18.9	-21.4%
<i>Others</i>	3.0	1.1	n.m.
Total	154.2	22.6	n.m.

Trading income evolution (€/mn)



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

Operating costs

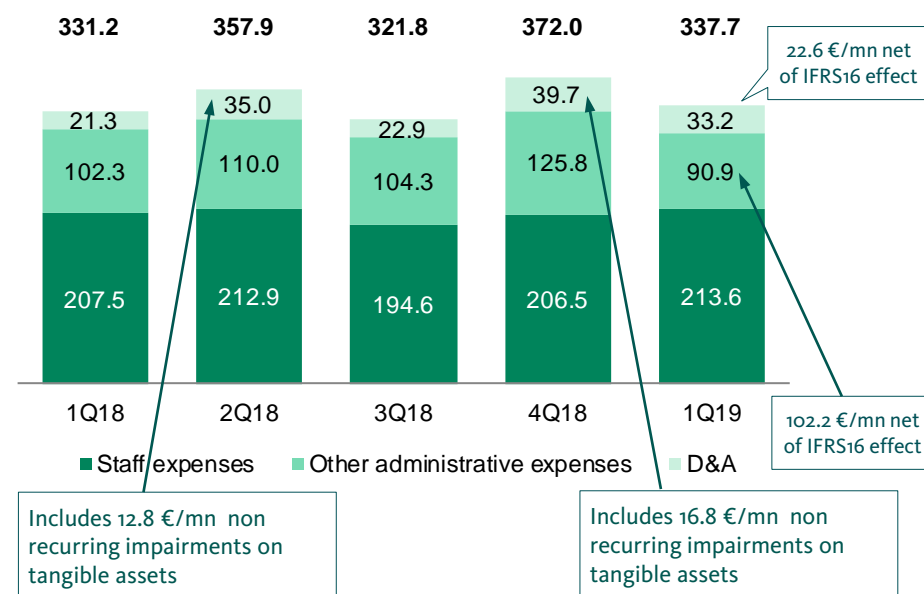
Profit and loss

1Q19 operating costs down in comparison to 4Q18 even though the latter was inflated by some non-recurring items. Admin expenses and D&A impacted by IFRS16¹ accounting principle adoption

Operating costs breakdown (€/mn; %)

Operating costs (€/mn)	Mar 18	Mar 19	Chg y/y (%)
Staff expenses	207.5	213.6	+2.9%
Other administrative expenses	102.3	90.9	-11.1%
<i>o.w. Operating leases</i>	15.6	4.7	
D&A	21.3	33.2	+55.5%
<i>o.w. right of use IFRS 16</i>	0.7	11.2	
Operating costs	331.2	337.7	+2.0%

Operating costs evolution (€/mn; %)

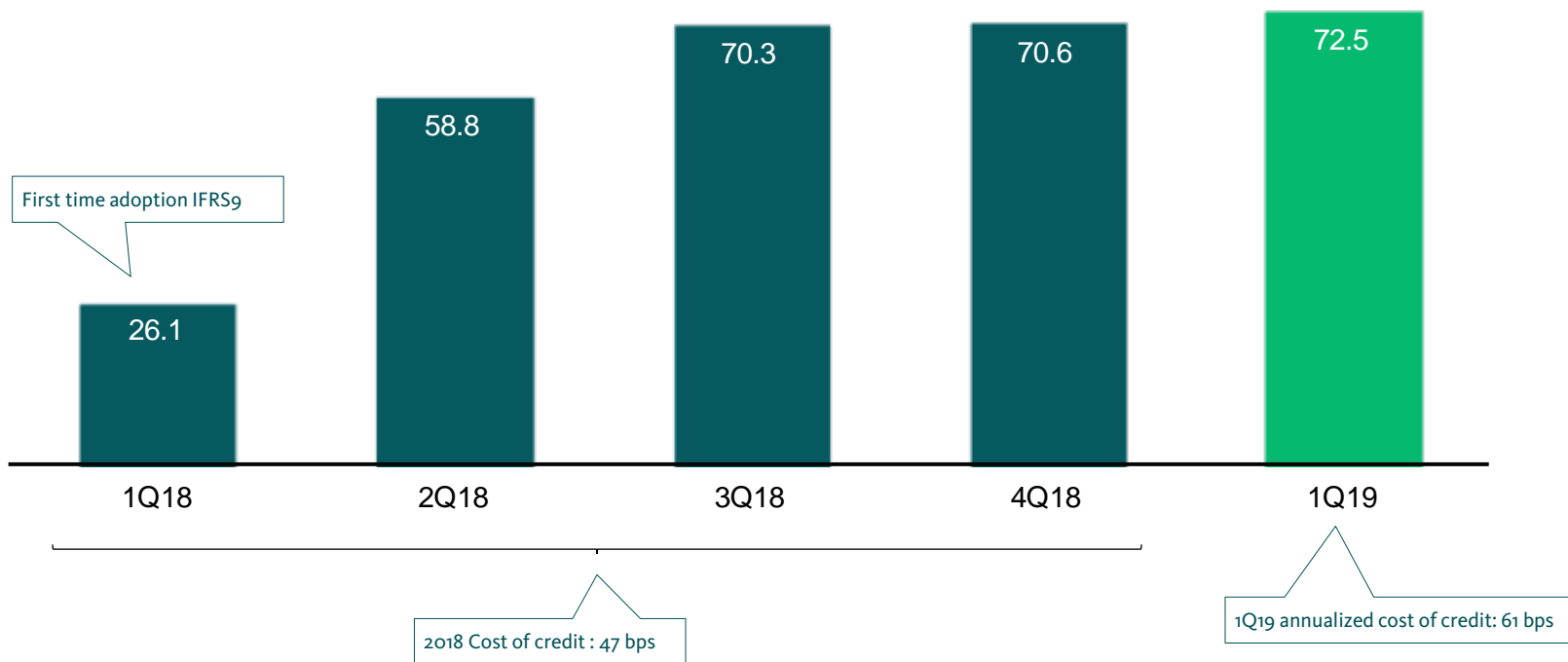


- Staff expenses increase by 2.9% y/y mainly due to inflationary effects related to the National Labour Contract and higher provisions on the variable part of the salary
- Other Admin expenses and D&A impacted by the accounting effects of IFRS16 but broadly in line with 1Q18 figures net of IFRS16 changes

Cost of credit

Loan loss provisions in line with previous two quarters. Annualized cost of risk at 61 bps

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



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

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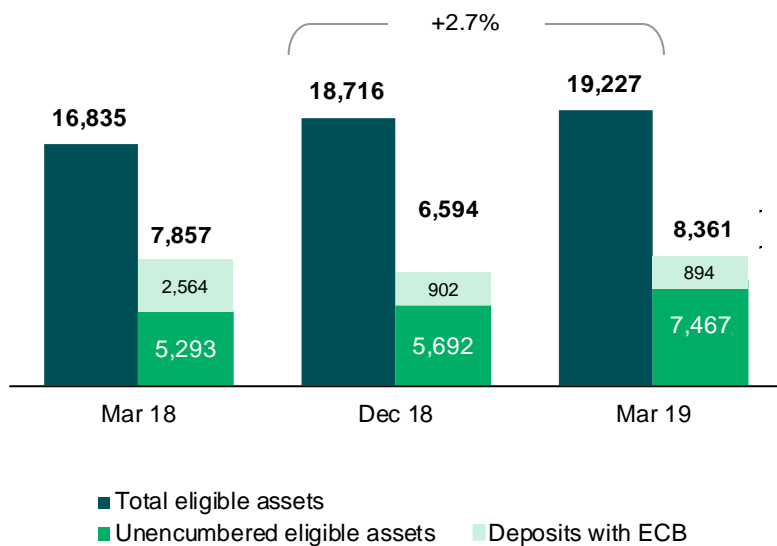
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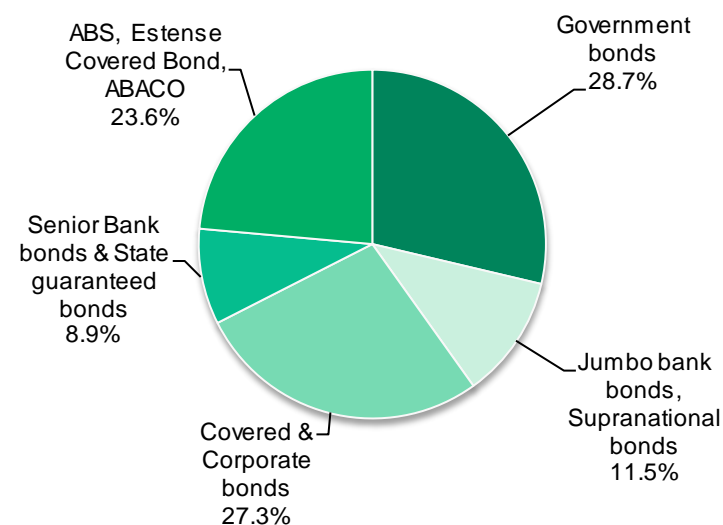
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Solid liquidity position and high level of unencumbered eligible assets

Total eligible Assets evolution* (€/mn)



Eligible Assets Pool Composition (%)



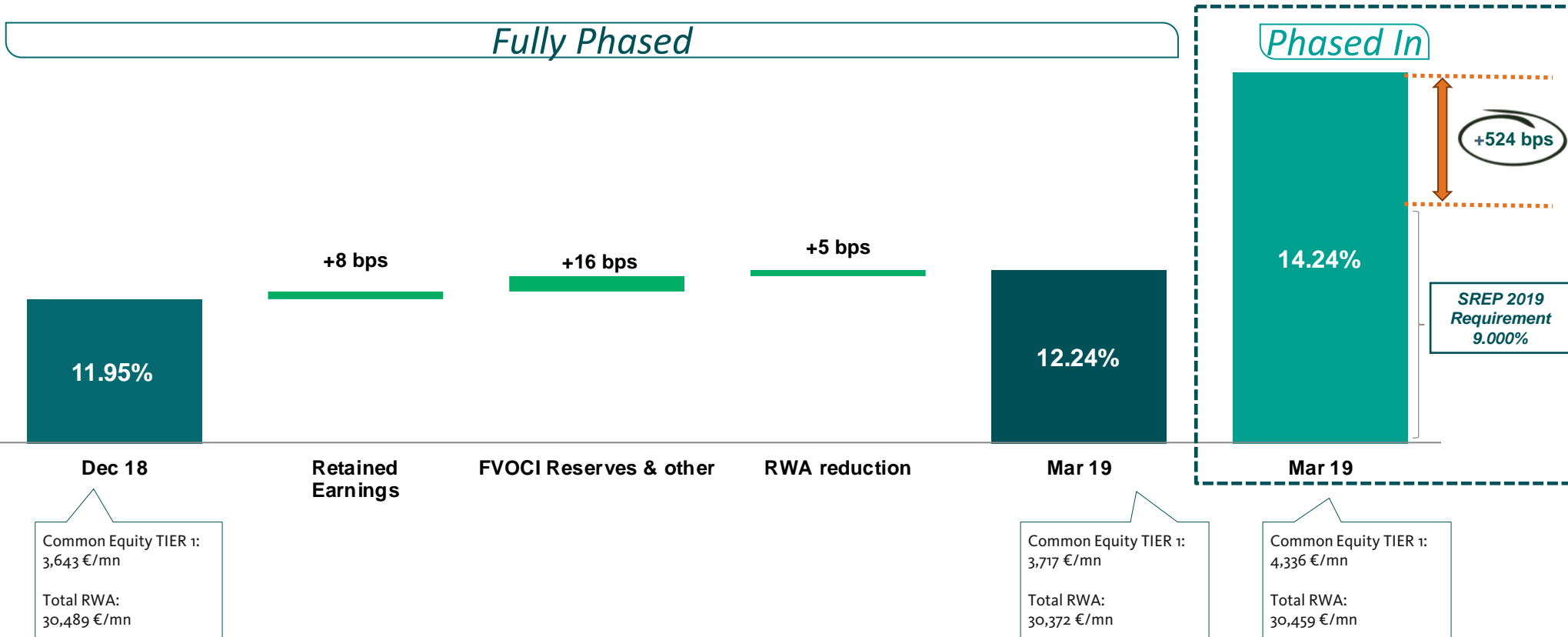
- ECB exposure of 9.3 €/bn in Mar:'19 fully composed by TLTRO2 operations (4.1 €/bn TLTRO2 in Jun:'16 and 1 €/bn TLTRO2 in Dec:'16 and 4.2 €/bn in Mar:'17)
- Higher level of counterbalancing capacity (+0.5 €/bn vs 4Q18)
- LCR and NSFR well above 100%

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

Capital

CET1 Fully Phased at 12.24% increased by 29 bps vs Dec.'18 confirming a solid capital position

Common Equity Tier 1 Ratios (%)



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Further improvement of capital and asset quality, positive signal on NII on ordinary basis¹

CAPITAL

Solid capital position, low leverage and good liquidity position

1. **Sound capital position** with a CET1 ratio Fully Phased at 12.24% up by 29 bps vs Dec.'18
2. **CET1 ratio Phased In at 14.24%** well above minimum capital requirement by ECB (SREP 2019 at 9.0%)
3. **Leverage Fully Phased at 5.2%** one of the lowest of the domestic banking system (6.0% Phased In)
4. **LCR and NSFR well above 100%** and unencumbered eligible assets and deposits with ECB of 8.4 €/bn out of 19.2 €/bn of total eligible assets

ASSET QUALITY

Asset quality further improvements

1. **Gross NPE stock below 7.0 €/bn**, the lowest level in the last 7 years as a result of our effective mid-long term credit strategy
2. **Gross NPE ratio at 13.8%** broadly stable vs Dec.'18. Target of 11.5% area confirmed after the completion of the acquisition of 100% of Unipol Banca and the disposal of about 1.0 €/bn bad loans to UnipolRec
3. **Annualized default rate at 1.6% vs 1.9%** in Dec.'18
4. **Texas ratio** further improvement at 83.6 % vs 85.0% in Dec.'18

PROFITABILITY

Positive profitability results

1. **Net profit at 48.0 €/mn** after the non-recurring full write-down of 13.3 €/mn and the ordinary contribution to SRF of 23.2 €/mn
2. **Positive ordinary¹ NII quarterly trend** showing the best results of the last 4 quarters
3. **Net commissions remain supportive** in particular on AuM and Bancassurance business
4. **Low annualized cost of risk** at 61 bps

The activities for the implementation of the extraordinary transactions, already announced at the beginning of the year, continue as scheduled regarding: the acquisition of the minority stake of Banco di Sardegna, the acquisition of 100% of Unipol Banca and the disposal of about 1 €/bn of bad loans to UnipolRec, and the acquisition of the additional stake in Arca Holding. In addition, some of the actions scheduled in the new Business Plan 2019-2021 are already in an advanced stage of execution

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

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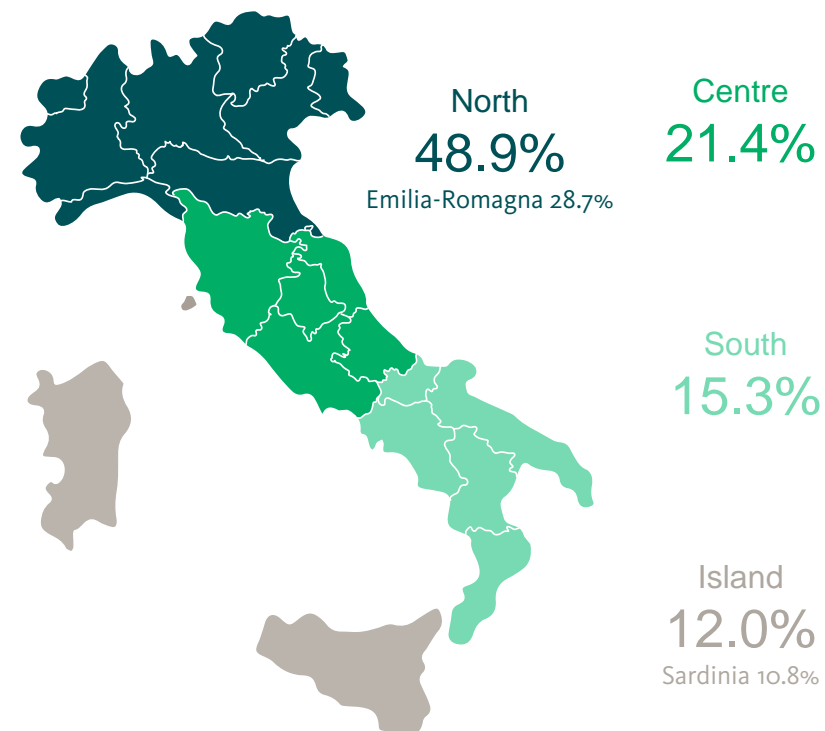
Customer loans

Portfolio composition

Customer loans breakdown by sectors
(€/mn ; %)

Business sector	Mar 19	% on Total Customer Loans	Δ % vs Dec 18
Manufacturing	7,282	15.7%	-2.7%
Wholesale and retail services, recoveries and repairs	4,430	9.5%	-2.6%
Constructions	2,415	5.2%	-3.4%
Real Estate	2,987	6.4%	-0.5%
HORECA*	1,263	2.7%	+1.6%
Agriculture, forestry and fishing	739	1.6%	-0.6%
Other	4,811	10.3%	-7.1%
Total loans to non-financial businesses	23,927	51.4%	-3.1%
Households	16,917	36.4%	+1.5%
Total loans to financial businesses	5,668	12.2%	-0.2%
Total Customers Loans	46,512	100.0%	-1.1%
Debt Securities	5,957	12.8%	+4.6%

Customer loans breakdown by geographical distribution¹(%)



Asset quality

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Asset quality breakdown (excl. customer debt securities)

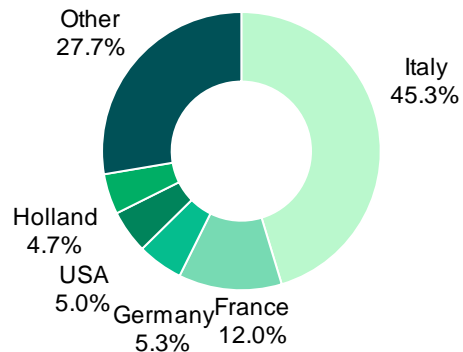
Gross exposures (€mn)	Mar 18		Jun 18		Sept 18		Dec 18		Mar 19		Chg Y/Y		Chg YTD	
		%		%		%		%		%	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures NPEs	9,868	19.3%	8,867	17.4%	8,788	17.3%	7,046	13.8%	6,947	13.8%	-99	-1.4%	-2,921	-29.6%
<i>Bad loans</i>	6,584	12.9%	5,906	11.6%	5,834	11.5%	4,338	8.5%	4,324	8.6%	-14	-0.3%	-2,260	-34.3%
<i>Unlikely to pay loans</i>	3,190	6.2%	2,847	5.6%	2,867	5.6%	2,638	5.2%	2,562	5.1%	-76	-2.9%	-628	-19.7%
<i>Past due loans</i>	94	0.2%	114	0.2%	87	0.2%	70	0.1%	61	0.1%	-9	-11.8%	-33	-35.1%
Gross performing loans	41,383	80.8%	42,145	82.6%	42,004	82.7%	44,011	86.2%	43,514	86.2%	-497	-1.1%	2,131	+5.2%
Total gross exposures	51,251	100%	51,012	100%	50,792	100%	51,057	100%	50,461	100%	-596	-1.2%	-790	-1.5%

Adjustments to loans (€mn)	Mar 18		Jun 18		Sept 18		Dec 18		Mar 19		Chg Y/Y		Chg YTD	
		coverage (%)		coverage (%)		coverage (%)		coverage (%)		coverage (%)	Abs.	Chg (%)	Abs.	Chg (%)
Adjustments to NPEs	5,661	57.4%	5,041	56.8%	4,983	56.7%	3,841	54.5%	3,790	54.6%	-51	-1.3%	-1,871	-33.1%
<i>Bad loans</i>	4,377	66.5%	3,832	64.9%	3,762	64.5%	2,890	66.6%	2,900	67.1%	10	+0.4%	-1,477	-33.7%
<i>Unlikely to pay loans</i>	1,272	39.9%	1,194	41.9%	1,209	42.2%	942	35.7%	882	34.4%	-60	-6.5%	-390	-30.7%
<i>Past due loans</i>	12	13.3%	15	12.7%	12	12.8%	9	12.3%	8	12.7%	-1	-9.1%	-4	-38.1%
Adjustments to performing loans	186	0.5%	169	0.4%	161	0.4%	165	0.4%	159	0.4%	-6	-3.0%	-27	-14.1%
Total adjustments	5,847	11.4%	5,210	10.2%	5,144	10.1%	4,006	7.8%	3,949	7.8%	-57	-1.4%	-1,898	-32.5%

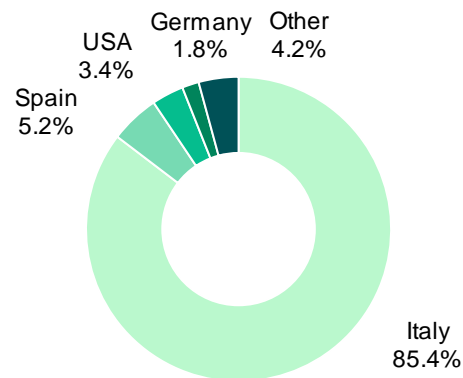
Net exposures (€mn)	Mar 18		Jun 18		Sept 18		Dec 18		Mar 19		Chg Y/Y		Chg YTD	
		%		%		%		%		%	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures NPEs	4,207	9.3%	3,826	8.4%	3,805	8.3%	3,205	6.8%	3,157	6.8%	-48	-1.5%	-1,050	-25.0%
<i>Bad loans</i>	2,207	4.9%	2,074	4.5%	2,072	4.5%	1,448	3.1%	1,424	3.1%	-24	-1.7%	-783	-35.5%
<i>Unlikely to pay loans</i>	1,918	4.2%	1,653	3.6%	1,658	3.6%	1,696	3.6%	1,680	3.6%	-16	-0.9%	-238	-12.4%
<i>Past due loans</i>	82	0.2%	99	0.2%	75	0.2%	61	0.1%	53	0.1%	-8	-12.2%	-29	-34.6%
Net performing loans	41,197	90.7%	41,976	91.7%	41,843	91.7%	43,846	93.2%	43,355	93.2%	-491	-1.1%	2,158	+5.2%
Total Net exposures	45,404	100%	45,802	100.0%	45,648	100%	47,051	100%	46,512	100%	-539	-1.1%	1,108	+2.4%

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

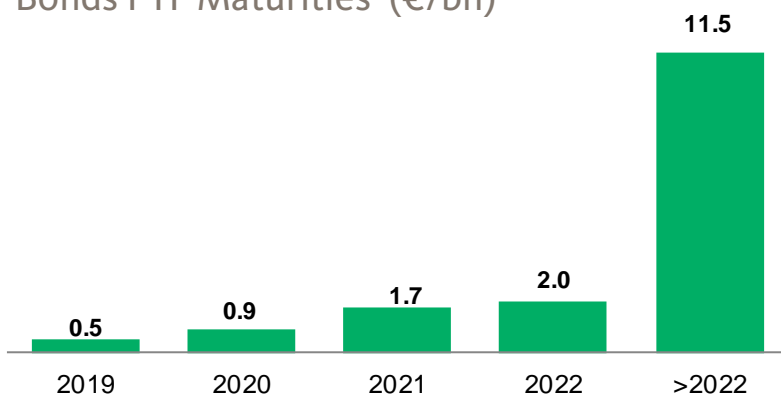
Bond PTF by Geographical breakdown (%)



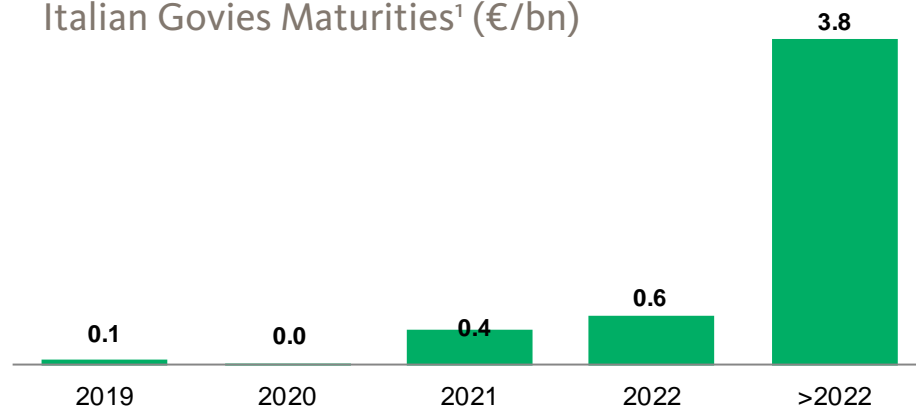
Govies PTF Geographical breakdown (%)



Bonds PTF Maturities¹ (€/bn)



Italian Govies Maturities¹ (€/bn)



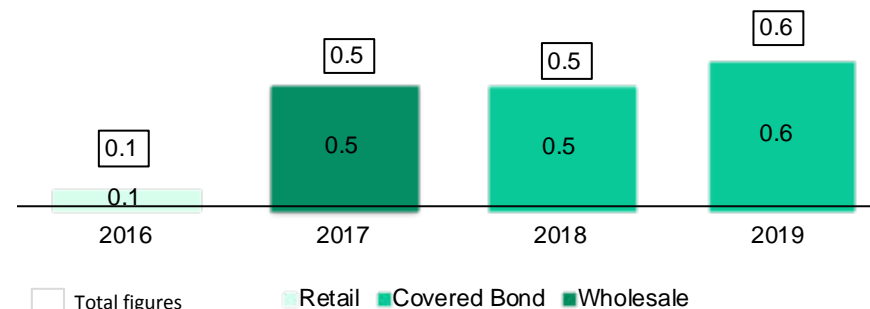
1. Figures are shown as per nominal values
Note: figures from data management system

Bonds maturities and issues details

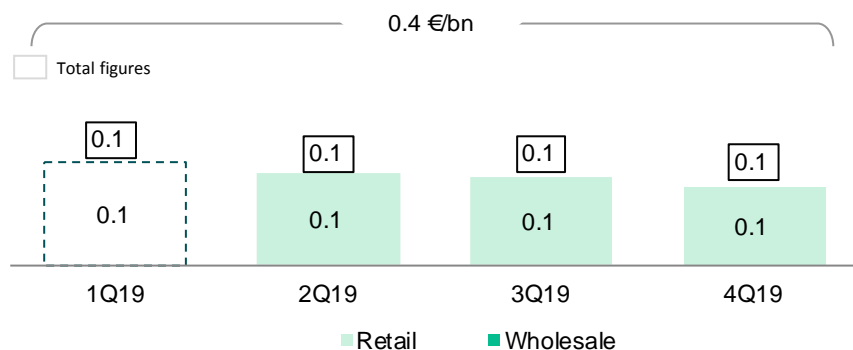
Outstanding bonds (€/bn)

	Mar 18	Dec 18	Mar 19
Wholesale bonds	3.0	2.5	3.1
<i>o/w covered bonds</i>	2.5	2.0	2.6
<i>o/w subordinated bonds</i>	0.5	0.5	0.5
Retail bonds	2.0	1.5	1.3
<i>o/w subordinated bonds</i>	0.3	0.3	0.3
Total bonds	5.0	4.0	4.4

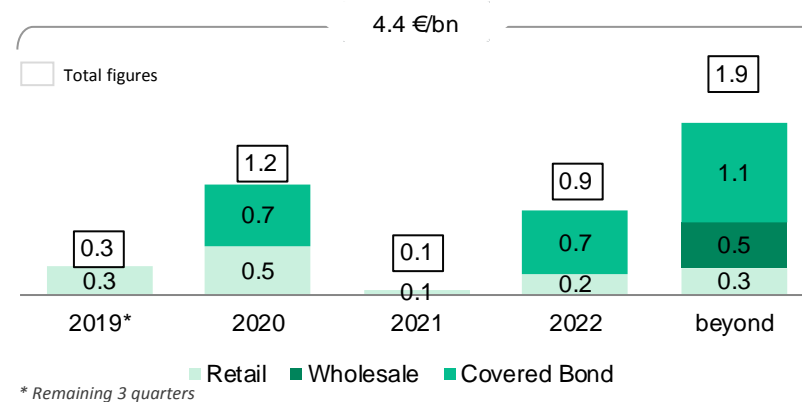
Bonds issued (€/bn)



2019 Bonds maturities (€/bn)



Bonds maturities breakdown (€/bn)



* Remaining 3 quarters

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

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.

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 31,746 thousand at 31 March 2019 and Euro 31,823 thousand at 31 March 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 DGS, SRF and IDGF-VS funds"* has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the *"Other administrative expenses"* as a better reflection of the trend in the Group's operating costs. In particular, at 31 March 2019, this caption represents the component allocated to administrative costs in relation to the 2019 ordinary contribution to the SRF (European Single Resolution Fund) for Euro 23,184 thousand.
- *"of which"* specifications 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 show the influence of IFRS 9 application (from 1 January 2018). *The "of which interest expense lease liabilities IFRS 16" and "of which depreciation right of use IFRS 16" captions show a value in the comparative period (31 March 2018) which refer to interests and depreciations of "Property, plant and equipment" recognized as financial leases.*

Reclassified consolidated balance sheet

Assets	(in thousands)			
	31.03.2019	31.12.2018	Change	%Change
Cash and cash equivalents	363,073	459,782	(96,709)	-21.03
Financial assets	17,370,954	17,152,084	218,870	1.28
a) Financial assets held for trading	248,886	247,219	1,667	0.67
b) Financial assets designated at fair value	217,361	218,662	(1,301)	-0.59
c) Other financial assets mandatorily measured at fair value through profit or loss	579,749	662,744	(82,995)	-12.52
d) Financial assets measured at fair value through other comprehensive income	8,253,832	8,560,568	(306,736)	-3.58
e) Debt securities measured at amortised cost	8,071,126	7,462,891	608,235	8.15
- banks	2,113,307	1,766,169	347,138	19.65
- customers	5,957,819	5,696,722	261,097	4.58
Loans	48,684,687	48,594,875	89,812	0.18
a) Loans to banks	2,173,016	1,540,509	632,507	41.06
b) Loans to customers	46,511,671	47,050,942	(539,271)	-1.15
c) Financial assets measured at fair value through other comprehensive income	-	3,424	(3,424)	-100.00
Hedging derivatives	33,816	35,564	(1,748)	-4.92
Equity investments	450,000	446,049	3,951	0.89
Property, plant and equipment	1,270,023	1,063,273	206,750	19.44
Intangible assets	438,265	445,689	(7,424)	-1.67
- of which: goodwill	264,740	264,740	-	-
Other assets	2,486,591	2,437,451	49,140	2.02
Total assets	71,097,409	70,634,767	462,642	0.65

Reclassified consolidated balance sheet

Liabilities and shareholders' equity	(in thousands)			
	31.03.2019	31.12.2018	Change	%Change
Due to banks	13,033,898	13,126,248	(92,350)	-0.70
Direct deposits	50,621,245	49,996,419	624,826	1.25
a) Due to customers	44,796,953	44,594,863	202,090	0.45
b) Debt securities issued	5,824,292	5,401,556	422,736	7.83
Financial liabilities held for trading	167,982	143,824	24,158	16.80
Hedging derivatives	206,666	92,374	114,292	123.73
Other liabilities	2,106,145	2,379,334	(273,189)	-11.48
Minority interests	510,166	507,457	2,709	0.53
Shareholders' equity pertaining the Parent Company	4,451,307	4,389,111	62,196	1.42
a) Valuation reserves	14,199	949	13,250	--
b) Reserves	2,022,397	1,619,469	402,928	24.88
c) Share premium reserve	930,073	930,073	-	-
d) Share capital	1,443,925	1,443,925	-	-
e) Treasury shares	(7,258)	(7,258)	-	-
f) Profit (Loss) for the period	47,971	401,953	(353,982)	-88.07
Total liabilities and shareholders' equity	71,097,409	70,634,767	462,642	0.65

Reclassified consolidated income statement

Annexes

		(in thousands)			
Item		31.03.2019	31.03.2018	Change	% Change
10+20	Net interest income	273,896	293,234	(19,338)	-6.59
	<i>of which IFRS 9 components*</i>	13,352	25,637	(12,285)	-47.92
	<i>of which interest expense lease liabilities IFRS 16</i>	(361)	(19)	(342)	--
40+50	Net commission income	192,544	198,120	(5,576)	-2.81
70	Dividends	539	584	(45)	-7.71
80+90+100+110	Net income from financial activities	22,062	153,634	(131,572)	-85.64
230	Other operating expense/income	6,337	11,485	(5,148)	-44.82
	Operating income	495,378	657,057	(161,679)	-24.61
190 a)	Staff costs	(213,631)	(207,534)	(6,097)	2.94
190 b)	Other administrative expenses	(90,930)	(102,285)	11,355	-11.10
	<i>of which rental expenses</i>	(4,692)	(15,615)	10,923	-69.95
210+220	Net adjustments to property, plant, equipment and intangible assets	(33,172)	(21,339)	(11,833)	55.45
	<i>of which depreciation right of use IFRS 16</i>	(11,249)	(726)	(10,523)	--
	Operating costs	(337,733)	(331,158)	(6,575)	1.99
	Net operating income	157,645	325,899	(168,254)	-51.63
130 a)	Net impairment losses to financial assets at amortised cost	(72,485)	(26,141)	(46,344)	177.28
130 b)	Net impairment losses to financial assets at fair value	421	1,763	(1,342)	-76.12
140	Gains (Losses) from contractual modifications without derecognition	(891)	-	(891)	n.s.
	Net impairment losses to credit risk	(72,955)	(24,378)	(48,577)	199.27
200	Net provisions for risks and charges	(1,995)	(11,663)	9,668	-82.89
###	Contributions to SRF, DGS, IDPF - VS	(23,184)	(20,282)	(2,902)	14.31
250+270+280	Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	3,809	2,827	982	34.74
290	Profit (Loss) from current operations before tax	63,320	272,403	(209,083)	-76.76
300	Income taxes on current operations for the period	(12,266)	(6,918)	(5,348)	77.31
330	Profit (Loss) for the period	51,054	265,485	(214,431)	-80.77
340	Profit (Loss) for the period pertaining to minority interests	(3,083)	(14,462)	11,379	-78.68
350	Profit (Loss) for the period pertaining to the Parent Company	47,971	251,023	(203,052)	-80.89

*The captions "of which IFRS 9 components" includes time value of bad loans as well as the writedown of part of the interest charged on non-performing loans.

Reclassified consolidated income statement by quarter

Annexes

Captions		(in thousands)				
		1Q19	1Q18	2Q18	3Q18	4Q18
10+20	Net interest income	273,896	293,234	280,268	276,590	272,345
	<i>of which IFRS 9 components*</i>	13,352	25,637	20,757	17,576	12,397
	<i>of which interest expense lease liabilities IFRS 16</i>	(361)	(19)	(16)	(16)	(15)
40+50	Net commission income	192,544	198,120	190,936	188,025	199,184
70	Dividends	539	584	12,877	325	20,553
80+90+100+110	Net income from financial activities	22,062	153,634	16,431	20,879	(86,922)
230	Other operating expense/income	6,337	11,485	8,174	10,998	13,552
	Operating income	495,378	657,057	508,686	496,817	418,712
190 a)	Staff costs	(213,631)	(207,534)	(212,900)	(194,553)	(206,507)
190 b)	Other administrative expenses	(90,930)	(102,285)	(109,981)	(104,323)	(125,842)
	<i>of which rental expenses</i>	(4,692)	(15,615)	(15,540)	(15,883)	(15,994)
210+220	Net adjustments to property, plant and equipment and intangible assets	(33,172)	(21,339)	(34,986)	(22,933)	(39,681)
	<i>of which depreciation right of use IFRS 16</i>	(11,249)	(726)	(733)	(741)	(741)
	Operating costs	(337,733)	(331,158)	(357,867)	(321,809)	(372,030)
	Net operating income	157,645	325,899	150,819	175,008	46,682
130 a)	Net impairment losses to financial assets at amortised cost	(72,485)	(26,141)	(58,793)	(70,272)	(70,566)
130 b)	Net impairment losses to financial assets at fair value	421	1,763	141	150	12
140	Gains (Losses) from contractual modifications without derecognition	(891)	-	(1,183)	(1,536)	(237)
	Net impairment losses to credit risk	(72,955)	(24,378)	(59,835)	(71,658)	(70,791)
200	Net provisions for risks and charges	(1,995)	(11,663)	(25,376)	(12,091)	23,936
###	Contributions to SRF, DGS, IDPF – VS	(23,184)	(20,282)	(8,670)	(23,448)	75
250+270+280	Gains (Losses) on equity investments, disposal of investments and impairment losses on goodwill	3,809	2,827	2,591	3,535	(57,654)
290	Profit (Loss) from current operations before tax	63,320	272,403	59,529	71,346	(57,752)
300	Income taxes on current operations for the period	(12,266)	(6,918)	(2,850)	(14,206)	124,238
330	Profit (Loss) for the period	51,054	265,485	56,679	57,140	66,486
340	Profit (Loss) for the period pertaining to minority interests	(3,083)	(14,462)	183	(6,899)	(22,659)
	Profit (Loss) for the period pertaining to the Parent Company	47,971	251,023	56,862	50,241	43,827

*The captions "of which IFRS 9 components" includes time value of bad loans as well as the writedown of part of the interest charged on non-performing loans.

Consolidated balance sheet

Assets	(in thousands)			
	31.03.2019	31.12.2018	Change	% Change
10. Cash and cash equivalents	363,073	459,782	(96,709)	-21.03
20. Financial assets measured at fair value through profit or loss	1,045,996	1,128,625	(82,629)	-7.32
a) Financial assets held for trading	248,886	247,219	1,667	0.67
b) Financial assets designated at fair value	217,361	218,662	(1,301)	-0.59
c) Other financial assets mandatorily measured at fair value through profit or loss	579,749	662,744	(82,995)	-12.52
30. Financial assets measured at fair value through other comprehensive income	8,253,832	8,563,992	(310,160)	-3.62
40. Financial assets measured at amortised cost	56,755,813	56,054,342	701,471	1.25
a) Loans to banks	4,286,323	3,306,678	979,645	29.63
b) Loans to customers	52,469,490	52,747,664	(278,174)	-0.53
50. Hedging derivatives	33,816	35,564	(1,748)	-4.92
70. Equity investments	450,000	446,049	3,951	0.89
90. Property, plant and equipment	1,270,023	1,063,273	206,750	19.44
100. Intangible assets	438,265	445,689	(7,424)	-1.67
of which: goodwill	264,740	264,740	-	-
110. Tax assets	1,795,587	1,885,616	(90,029)	-4.77
a) current	384,245	457,838	(73,593)	-16.07
b) deferred	1,411,342	1,427,778	(16,436)	-1.15
120. Non current assets and disposal groups classified as held for sale	5,298	2,800	2,498	89.21
130. Other assets	685,706	549,035	136,671	24.89
Total Assets	71,097,409	70,634,767	462,642	0.65

Consolidated balance sheet

Liabilities and shareholders' equity	(in thousands)			
	31.03.2019	31.12.2018	Change	% Change
10. Financial liabilities measured at amortised cost	63,655,143	63,122,667	532,476	0.84
a) Due to banks	13,033,898	13,126,248	(92,350)	-0.70
b) Due to customers	44,796,953	44,594,863	202,090	0.45
c) Debt securities issued	5,824,292	5,401,556	422,736	7.83
20. Financial liabilities held for trading	167,982	143,824	24,158	16.80
40. Hedging derivatives	206,666	92,374	114,292	123.73
60. Tax liabilities	64,473	62,644	1,829	2.92
a) current	5,118	3,966	1,152	29.05
b) deferred	59,355	58,678	677	1.15
80. Other liabilities	1,365,264	1,663,946	(298,682)	-17.95
90. Employee termination indemnities	186,978	182,793	4,185	2.29
100. Provisions for risks and charges	489,430	469,951	19,479	4.14
a) commitments and guarantees granted	61,942	63,059	(1,117)	-1.77
b) pensions and similar obligations	156,633	131,126	25,507	19.45
c) other provisions for risks and charges	270,855	275,766	(4,911)	-1.78
120. Valuation reserves	14,199	949	13,250	--
150. Reserves	2,022,397	1,619,469	402,928	24.88
160. Share premium reserve	930,073	930,073	-	-
170. Share capital	1,443,925	1,443,925	-	-
180. Treasury shares (-)	(7,258)	(7,258)	-	-
190. Minority interests (+/-)	510,166	507,457	2,709	0.53
200. Net Profit (Loss) for the period (+/-)	47,971	401,953	(353,982)	-88.07
Total liabilities and shareholders' equity	71,097,409	70,634,767	462,642	0.65

Consolidated income statement

(in thousands)

Annexes

Captions	31.03.2019	31.03.2018	Change	% Change
10. Interest and similar income	330,874	358,573	(27,699)	-7.72
of which: interest income calculated using the effective interest method	330,435	351,352	(20,917)	-5.95
20. Interest and similar expense	(56,978)	(65,339)	8,361	-12.80
30. Net interest income	273,896	293,234	(19,338)	-6.59
40. Commission income	201,473	206,647	(5,174)	-2.50
50. Commission expenses	(8,929)	(8,527)	(402)	4.71
60. Net commission income	192,544	198,120	(5,576)	-2.81
70. Dividends and similar income	539	584	(45)	-7.71
80. Net income from trading activities	3,752	(846)	4,598	-543.50
90. Net income from hedging activities	(1,446)	449	(1,895)	-422.05
100. Gains (Losses) on disposal or repurchase of:	19,115	143,905	(124,790)	-86.72
a) financial assets measured at amortised cost	12,380	(2,667)	15,047	-564.19
b) financial assets measured at fair value through other comprehensive income	6,522	146,468	(139,946)	-95.55
c) financial liabilities	213	104	109	104.81
110. Net income on financial assets and liabilities measured at fair value through profit or loss	641	10,126	(9,485)	-93.67
a) financial assets and liabilities designated at fair value	573	1,209	(636)	-52.61
b) other financial assets mandatorily measured at fair value	68	8,917	(8,849)	-99.24
120. Net interest and other banking income	489,041	645,572	(156,531)	-24.25
130. Net impairment losses for credit risk relating to:	(72,064)	(24,378)	(47,686)	195.61
a) financial assets measured at amortised cost	(72,485)	(26,141)	(46,344)	177.28
b) financial assets measured at fair value through other comprehensive income	421	1,763	(1,342)	-76.12
140. Gain (Losses) from contractual modifications without derecognition	(891)	-	(891)	n.s.
150. Net income from financial activities	416,086	621,194	(205,108)	-33.02
180. Net income from financial and insurance activities	416,086	621,194	(205,108)	-33.02
190. Administrative expenses:	(359,491)	(361,924)	2,433	-0.67
a) staff costs	(213,631)	(207,534)	(6,097)	2.94
b) other administrative expenses	(145,860)	(154,390)	8,530	-5.52
200. Net provisions for risks and charges	(1,995)	(11,663)	9,668	-82.89
a) commitments and guarantees granted	1,117	13,964	(12,847)	-92.00
b) other net provisions	(3,112)	(25,627)	22,515	-87.86
210. Net adjustments to property, plant and equipment	(20,614)	(10,128)	(10,486)	103.53
220. Net adjustments to intangible assets	(12,558)	(11,211)	(1,347)	12.01
230. Other operating expense/income	38,083	43,308	(5,225)	-12.06
240. Operating costs	(356,575)	(351,618)	(4,957)	1.41
250. Profit (Loss) of equity investments	3,764	2,770	994	35.88
280. Gains (Losses) on disposal investments	45	57	(12)	-21.05
290. Profit (Loss) from current operations before tax	63,320	272,403	(209,083)	-76.76
300. Income taxes on current operations	(12,266)	(6,918)	(5,348)	77.31
310. Profit (Loss) from current operations after tax	51,054	265,485	(214,431)	-80.77
330. Profit (Loss) for the period (+/-)	51,054	265,485	(214,431)	-80.77
340. Profit (Loss) for the period pertaining to minority interests	(3,083)	(14,462)	11,379	-78.68
350. Profit (loss) for the period pertaining to the Parent Company	47,971	251,023	(203,052)	-80.89

The "Interest and similar income" and "Interest and similar expense" captions at 31 March 2018 have been restated with respect to the Consolidated interim report on operations as at 31 March 2018, due to reclassification of interest on hedging derivatives.

Performance ratios¹

Annexes

Financial ratios	31.03.2019	2018 (*)
Structural ratios		
Net loans to customers/total assets	65.42%	66.61%
Net loans to customers/direct deposits from customers	91.88%	94.11%
Financial assets/total assets	24.43%	24.28%
Fixed assets/total assets	2.42%	2.14% (2)
Goodwill/total assets	0.37%	0.37%
Direct deposits/total assets	89.53%	89.36%
Indirect deposits under management/indirect deposits	53.18%	53.32%
Financial assets/tangible equity	3.84	3.85 (3)
Total tangible assets/tangible equity	15.62	15.77 (4)
Net interbank position (in thousands of Euro)	(10,860,882)	(11,585,739)
Number of employees	11,613	11,615 (5)
Number of national bank branches	1,170	1,218
Profitability ratios		
ROE	4.64%	9.06% (6)
ROTE	5.18%	10.15% (7)
ROA (profit (loss) for the period/total assets)	0.29%	0.63% (8)
Cost to income ratio	68.18%	50.40% (9)
Net impairment losses on loans to customers/net loans to customers	0.15%	0.05%
Basic EPS	0.100	0.522 (10)
Diluted EPS	0.100	0.522 (11)
Risk ratios		
Net non-performing loans/net loans to customers	6.79%	6.81%
Net bad loans/net loans to customers	3.06%	3.08%
Net unlikely to pay loans/net loans to customers	3.61%	3.60%
Net past due loans/net loans to customers	0.11%	0.13%
Impairment provisions for non-performing loans/gross non-performing loans	54.55%	54.52%
Impairment provisions for bad loans/gross bad loans	67.07%	66.62%
Impairment provisions for unlikely to pay loans/gross unlikely to pay loans	34.41%	35.73%
Impairment provisions for past due loans/gross past due loans	12.71%	12.33%
Impairment provisions for performing loans/gross performing loans	0.37%	0.37%
Texas ratio	83.57%	84.97% (12)

Financial ratios	31.03.2019	2018 (*)
Own Funds (Phased in) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	4,335,729	4,367,711
Own Funds	5,247,175	5,278,852
Risk-weighted assets (RWA)	30,459,040	30,606,171
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	14.24%	14.27%
Tier 1 Ratio (T1 Ratio) - Phased in	14.32%	14.37%
Total Capital Ratio (TC Ratio) - Phased in	17.23%	17.25%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	12.24%	11.95%
Leverage Ratio - Phased in	6.0%	6.0% (14)
Leverage Ratio - Fully Phased	5.2%	5.0% (15)
Liquidity Coverage Ratio (LCR)	156.5%	154.3%
Net Stable Funding Ratio (NSFR)	n.a.	106.8% (16)

Non-financial ratios	31.03.2019	2018 (*)
Productivity ratios (in thousands of Euro)		
Direct deposits per employee	4,359.02	4,304.47
Loans to customers per employee	4,005.14	4,050.88
Assets managed per employee	1,714.73	1,664.31
Assets administered per employee	1,509.76	1,457.29
Core revenues per employee	40.17	42.10 (17)
Net interest and other banking income per employee	42.11	55.32
Operating costs per employee	30.70	30.13

- (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 these presentation.
- (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 does not include the expectations.
- (6) ROE at 31 March 2019 has been calculated on an annual basis replicating the profit (loss) for the period for the rest of the year.
- (7) ROTE at 31 March 2019 has been calculated on an annual basis replicating the profit (loss) for the period for the rest of the year.
- (8) ROA at 31 March 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 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 72.91% (54.47% at 31 March 2018 as per the Consolidated interim report on operations as at 31 March 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% (106.8% as at 31 December 2018).
- (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 31 March 2018 as per the Consolidated interim report on operations as at 31 March 2018.

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