

BPER:

Gruppo

1Q17

results

Alessandro Vandelli - Chief Executive Officer

9th May 2017

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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

BPER Banca S.p.A., Bank with head office in Modena Via San Carlo, 8/20 - VAT number and Business Register no. 01153230360 -Share capital fully subscribed and paid in, amounts to Euro 1,443,925,305 and is represented by 481,308,435 registered ordinary shares- Bank Registration no. 4932 ABI code 5387.6- Tel.059/2021111 – Fax 059/2022033 6 - email: bpergroup@bper.it - PEC: bper@pec.gruppobper.it Member of the Interbank Deposit Guarantee Fund - Parent Company of BPER Banca Group - Registered in the Register of Banking group with code 5387.6, bper@pec.gruppobper.it - bper.it - gruppobper.it

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☒ Executive summary

☐ Balance sheet structure

☐ Profit and loss

☐ Liquidity and capital adequacy

☐ Final remarks

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Executive summary

- Asset quality improvement continues thanks to the strong reduction of NPEs inflows along with a conservative approach in the provisioning policy to maintain a high NPEs coverage ratio:
 - ✓ gross and net NPEs stock down respectively by 1.2% and 3.1% since Dec.'16
 - Gross and net bad loans: -0.2% and -2.3%
 - Gross and net unlikely to pay: -3.0% and -3.9%
 - Gross and net past due: -2.1% and -2.3%
 - ✓ NPEs inflows from performing loans down by 54.2% vs 1Q16; Bad loans inflows down by 42.0% vs 1Q16
 - ✓ gross NPEs ratio at 21.7% down by 40 bps vs 22.1% at Dec.'16 and down by 170 bps vs 23.4% at Mar.'16
 - ✓ NPEs cash coverage ratio further increase at 45.6% (+110 bps vs Dec.'16); unlikely to pay coverage at 24.2% up by 71 bps vs Dec.'16
- Best in class capital position with low leverage and strong liquidity ratios
 - ✓ CET1 ratio Fully Phased at 13.11 as of 31 Mar.'17 ("Phased In" at 13.33)¹
 - ✓ Excess capital buffer of 608 bps (c. +2.0 €/bn) vs minimum regulatory requirement (*SREP 2017* at 7.25%)
 - ✓ B3 Leverage ratio Fully Phased at 6.1% one of the best vs peers; strong liquidity position with LCR and NSFR well above 100%
- Customer activity: positive trends confirmed
 - ✓ Net customer loans up by 0.4% since Dec.16 with an increase of mortgage business by 8.4% vs 1Q16, with a remarkable contribution coming from residential mortgages (+47.7% vs 1Q16)
 - ✓ AuM and Bancassurance up by 4.5% since Dec.'16
- 1Q17 Net profit at 25.9 €/mn excluding a non-recurring impairment of Atlante Fund of 17.0 €/mn; stated 1Q17 net profit at 14.6 €/mn (31.0 €/mn in 1Q16). 1Q17 result includes the ordinary contribution to the Single Resolution Fund ("SRF") for 2017 of 18.1 €/mn (15.0 €/mn for the full 2016, accounted in 1Q16)
 - ✓ Net operating income at 191.3 €/mn up by 0.5% y/y better than both 4Q16 and 1Q16, thanks to the strong decrease of operating costs (-1.7% y/y) which more than offsets the slight decline of operating income (-0.9% y/y); NII up by 1.5% q/q on a pro-forma basis and considering calendar effect²

Agenda

1Q17 Results

☐ Executive summary

☒ Balance sheet structure

☐ Profit and loss

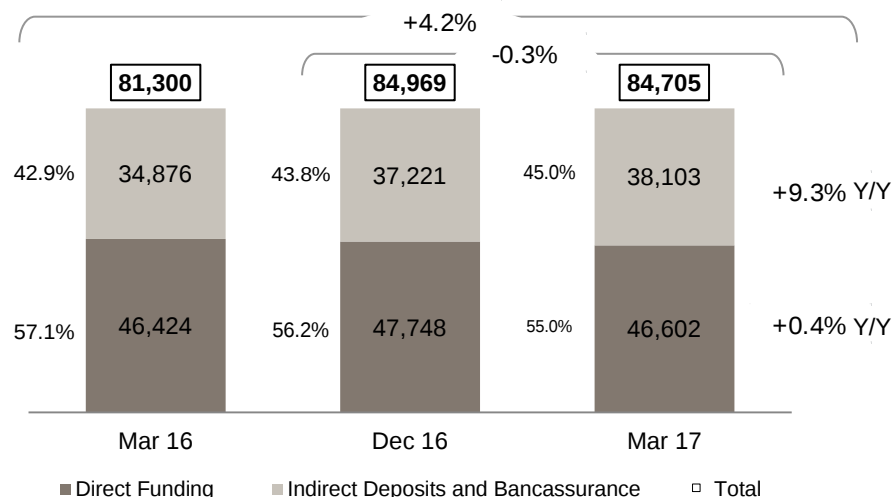
☐ Liquidity and capital adequacy

☐ Final remarks

Annexes

Funding (1/2)

Total Funding (€/mn)

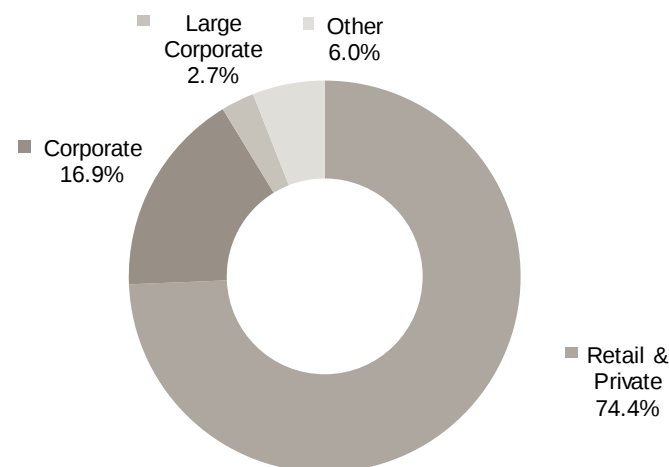


- Total funding at 84.7 €/bn substantially stable since Dec.'16 (-0.3%) and up by 4.2% y/y. Indirect funding weight on total funding further increasing at 45.0% (43.8% in Dec.'16 and 42.9% in 1Q16)
- Direct funding at 46.6 €/bn down by 2.4% since Dec.'16 and up by 0.3% y/y;
 - retail bonds decline -5.8% since Dec. 16 (no replacement of expired bonds)
 - current accounts and sight deposits down by 3.1% mainly due to the switch in favour of AuM and Bancassurance
- Decrease of expensive funding from customers both short term (time deposits -0.7% since Dec. '16) and mid-long term (retail bonds and CDs down respectively -10.3% and -4.6% since Dec. '16)
- Total wholesale funding and Covered bonds account for 2.7 €/bn in Mar.'17 (5.8% of the total direct funding). Wholesale bond maturities in the next 9 mths of 0.2 €/bn providing flexibility to the Group's funding strategy

Direct Funding breakdown (%)

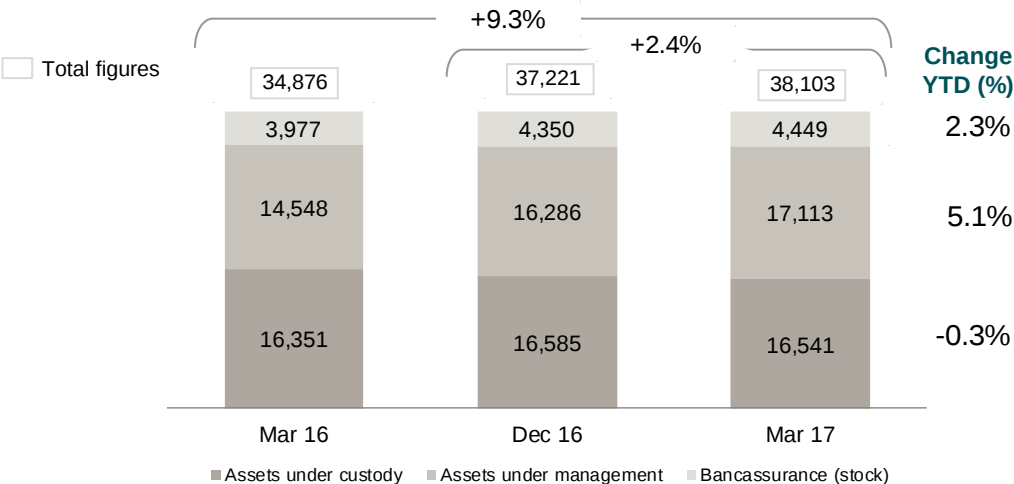
€/mn	Dec 16	Mar 17	Chg (%)
Current accounts and sight deposits	32,331	31,320	-3.1%
Time deposits	2,220	2,205	-0.7%
Repurchase agreements	1,780	2,180	+22.5%
Other short-term loans	2,582	2,545	-1.4%
Bonds	6,156	5,797	-5.8%
- subscribed by institutional customers	2,688	2,687	-0.0%
- subscribed by retail customers	3,468	3,110	-10.3%
Certificates	92	86	-6.5%
Certificates of deposit	2,588	2,467	-4.7%
Direct customer deposits	47,748	46,602	-2.4%

Direct Funding breakdown by customer segment (%)



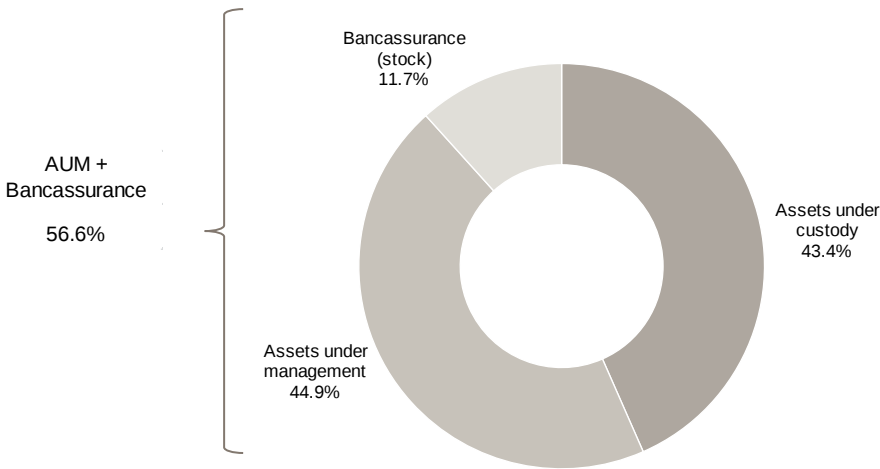
Funding (2/2)

Indirect Deposits and Bancassurance¹ (€/mn)

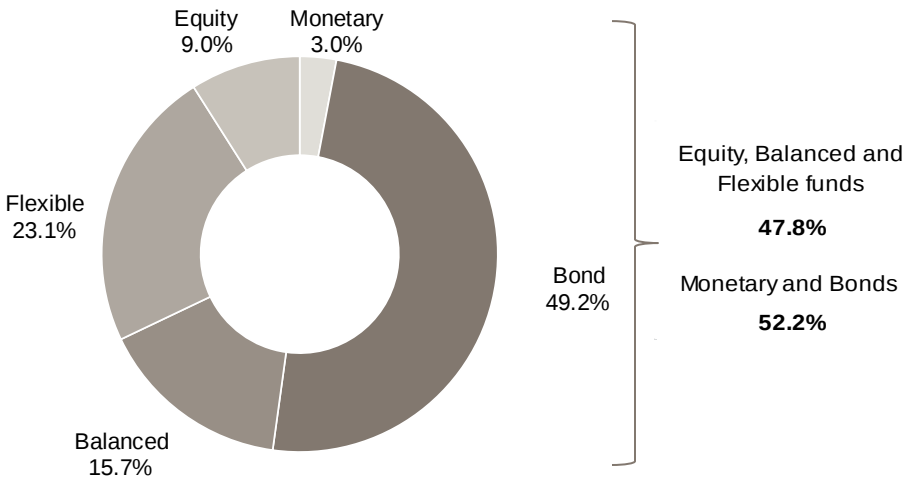


- Indirect deposits and Bancassurance up by 2.4% since Dec.'17 and up by 9.3% y/y:
 - AuM up by 5.1% since Dec.'16 and up by 17.6% y/y; positive net inflows (+571 €/mn) in 1Q17 vs -48 €/mn in 1Q16
 - positive growth in Bancassurance up by 2.3% since Dec.'16 and up by 11.9% y/y
 - AuC down by 0.3% since Dec.'16 and up by 1,2% y/y
 - AuM and Bancassurance weight at 56.6%
 - Monetary and Bonds funds weight at 52.2% of total AuM (down from 53.6% in Dec.'16), in consequence of positive performance of financial markets and re-mix in favour of more profitable products (Equity, Balanced, Flexible funds increase at 47.8% from 46.4% in Dec.'16)

Indirect Deposits and Bancassurance composition (%)

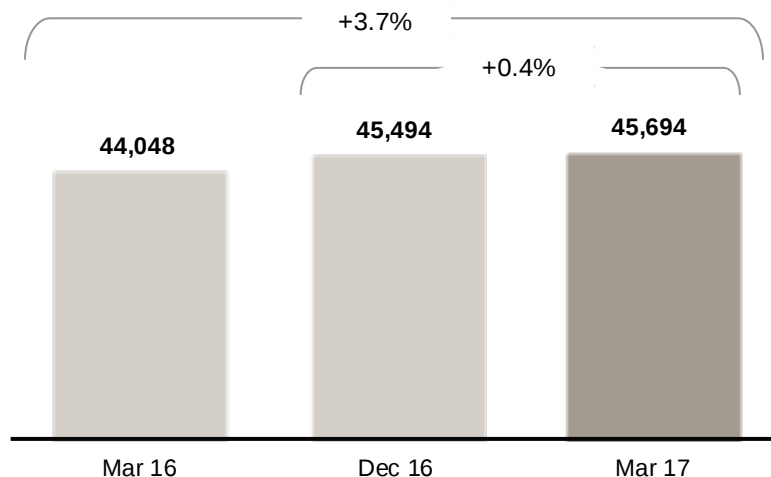


AUM composition² (%)



Customer loans

Customer loans (€/mn)

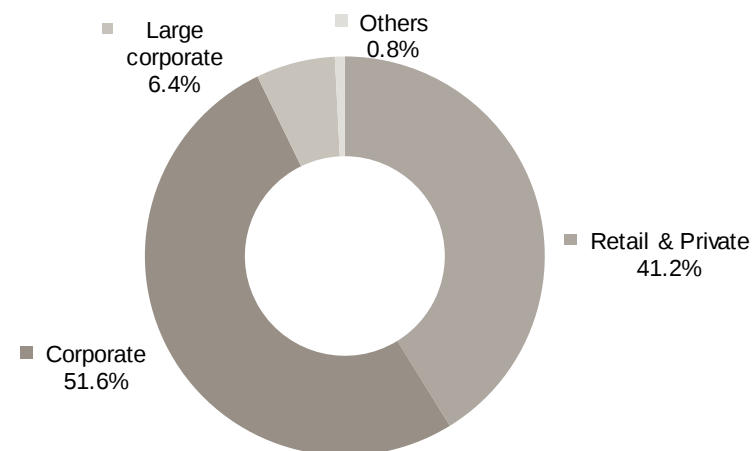


Customer loans breakdown (net figures; €/mn)

€/mn	Dec 16	Mar 17	Chg (%)
Current accounts	5,392	5,372	-0.4%
Mortgage loans	26,488	27,138	+2.5%
Leases and factoring	3,373	3,302	-2.1%
Debt securities	322	320	-0.6%
Other transactions	9,919	9,562	-3.6%
Net loans to customers	45,494	45,694	+0.4%
Gross loans to customers	50,654	50,902	+0.5%

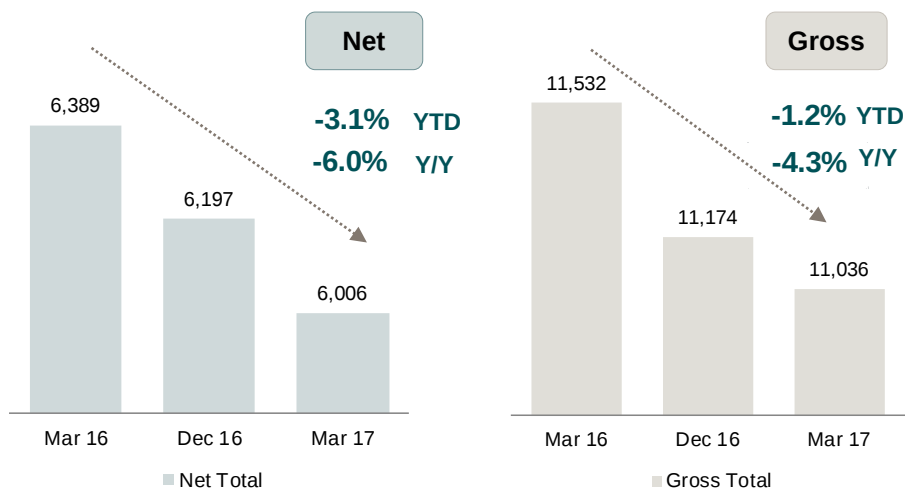
- Net customer loans up by 0.4% since Dec.'16 (gross +0.5% since Dec.'16) and up by 3.7% y/y (gross +3.1% y/y)
 - mortgages up by 2.5% since Dec.'16
 - mortgages production up by 8.4% vs 1Q16 confirming the positive trend recorded in 2016; residential mortgages production up by 47.7% vs 1Q16
- Corporate and retail loans account for 92.8% of the total loan book, highlighting Group's focus on commercial business

Customer loans breakdown by customer segment (%)

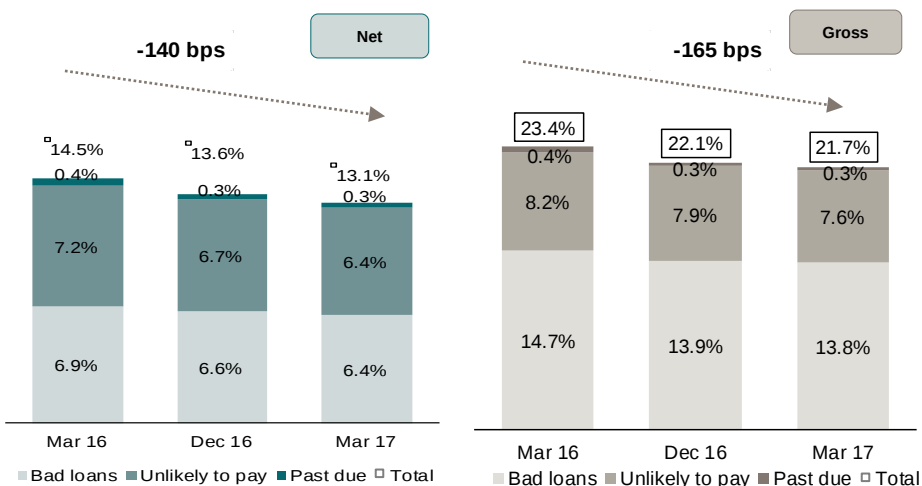


Non-performing exposures (1/2): breakdown and coverage ratios

NPEs breakdown (net and gross figures; €/mn)



NPEs breakdown (% on total net loans; % on total gross loans)



- Gross NPEs down by 1.2% since Dec.'16 and down by 4.3% y/y showing the effectiveness of the NPEs management strategy of the Group
- Gross and net bad loans ("Sofferenze") down: -0.2% and -2.3% since Dec.'16 and -3.5% and -3.4% y/y
- Gross and net unlikely to pay down: -3.0% and -3.9% since Dec.'16 and -4.7% and -7.3% y/y
- Gross and net past due down: -2.0% and -2.3% since Dec.'16 and -26.1% and -25.2% y/y
- Gross NPEs stock on total loans down to 21.7% from 22.1% in Dec.'16 and 23.4% in Mar.'16
- Cash coverage NPEs ratio further strengthening at 45.6% (44.5% in Dec.'16) and 50% including write-offs
- 88.5% of total net NPEs are collateralized (78.4% fully collateralized)

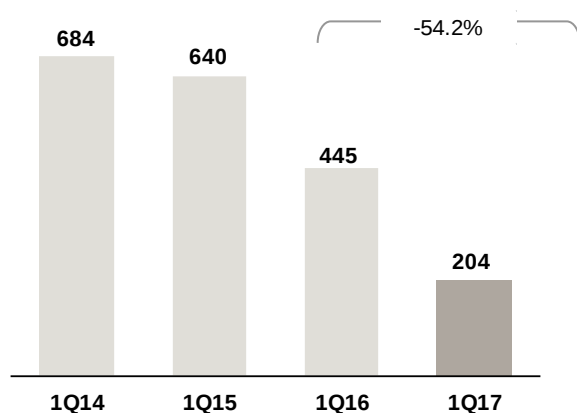
Cash coverage trend (%)

	Mar 16	Jun 16	Sept 16	Dec 16	Mar 17
Bad loans ("Sofferenze")	58.1%	58.5%	57.4%	57.3%	58.1%
<i>including write-off</i>	64.2%	64.3%	63.1%	62.9%	63.6%
Unlikely to pay	22.1%	22.1%	22.2%	23.5%	24.2%
Past due	9.1%	8.2%	8.6%	7.8%	8.0%
NPEs	44.6%	45.0%	43.7%	44.5%	45.6%
<i>including write-off</i>	50.0%	50.1%	48.6%	49.4%	50.3%
Performing exposures	0.5%	0.5%	0.5%	0.5%	0.4%
Total loans	10.8%	11.0%	10.5%	10.2%	10.2%

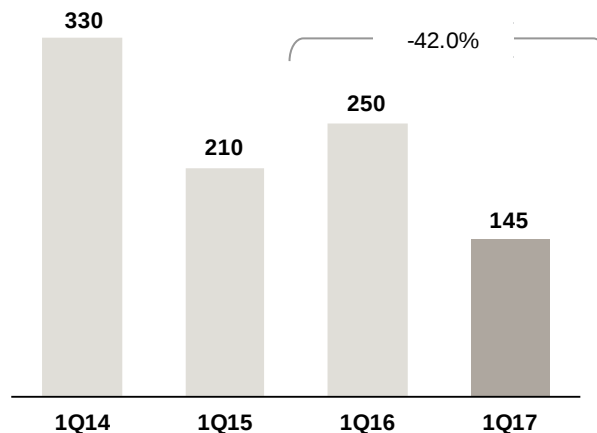
Non-performing exposures (2/2): inflows and coverage ratios

Inflows (gross figures)

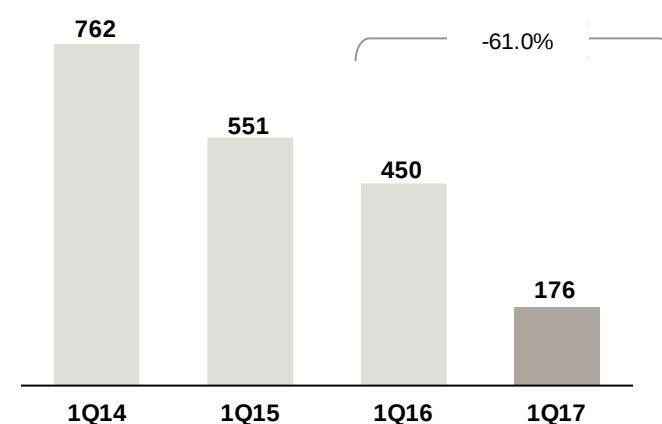
Gross NPEs inflows (€/mn)



Gross Bad Loans inflows (€/mn)

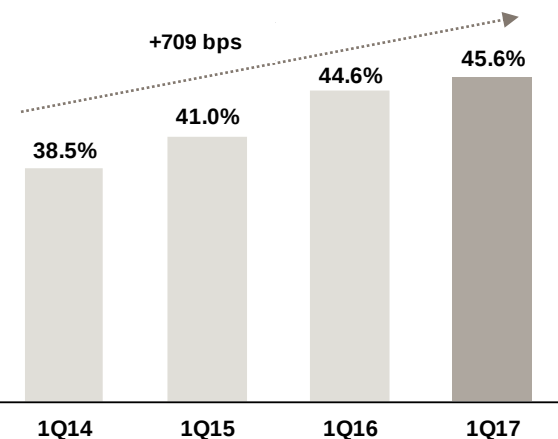


Gross Unlikely to pay inflows (€/mn)

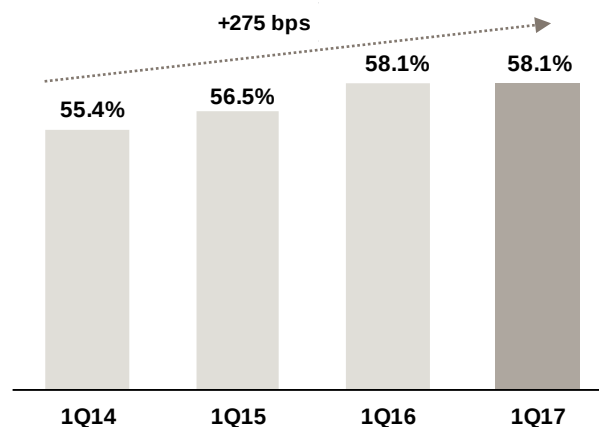


Coverage ratios

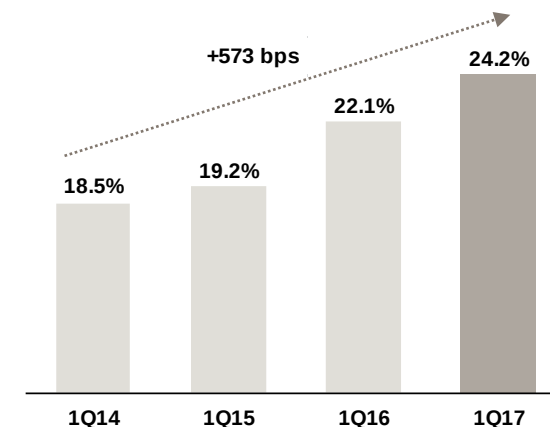
Cash NPEs coverage ratio (%)



Cash Bad Loans coverage ratio¹ (%)



Cash Unlikely to pay coverage ratio (%)



Financial Assets

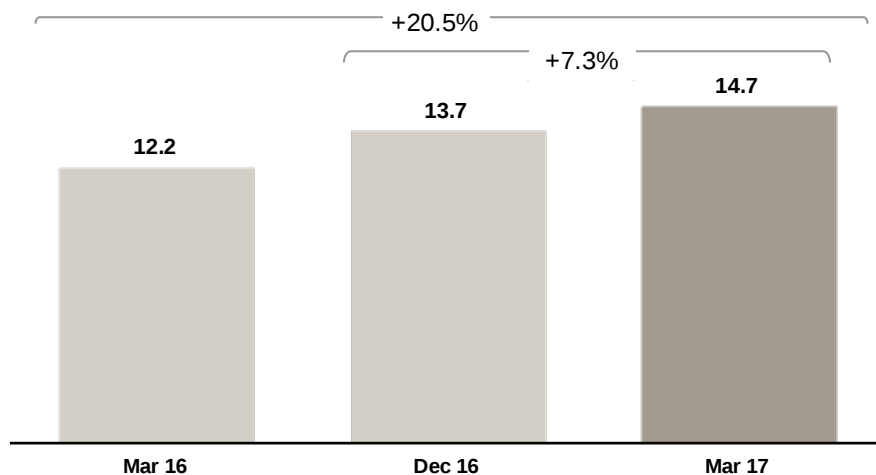
Financial Assets breakdown (€/mn; %)

€/mn	HFT	CFV	AFS	HTM	Total	% on total
Bonds	433	31	10,649	2,617	13,730	93.6%
Equity	79		304		384	2.6%
Funds and Sicav	73	53	255		381	2.6%
Other*	164		3		167	1.1%
Total	750	85	11,211	2,617	14,663	100.0%
Total as of 31.12.2016	677	84	10,433	2,516	13,710	
Chg YTD (%)	+10.8%	+0.3%	+7.5%	+4.0%	+7.0%	

* Derivatives for hedging purposes related to HFT portfolio

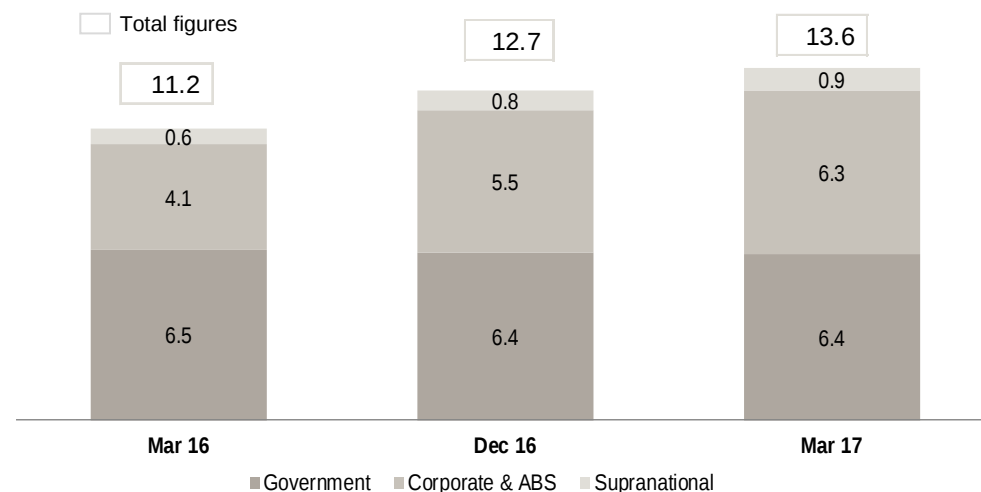
Note: 319.6 €/mn of Loans and Receivables (banks and customers) not included

Financial Assets (€/bn)



- Financial assets portfolio at 14.7 €/bn, up by 1 €/bn since Dec.'16
- Bond portfolio at 13.7 €/bn of which 5.7 €/bn of Italian Government bonds (5.9 €/bn in Dec.'16) with a duration of 2.8y (3.0y in Dec.'16)⁽¹⁾
 - Italian govies account for 39% of total securities portfolio
- Progressive diversification of the financial securities portfolio through increase of core European issuers (mainly government bonds, corporate bonds and Covered Bonds)
- Positive AFS reserves at 69.1 €/mn (net of taxes) in Mar.'17 (108.4 €/mn in Dec.'16)
- Implicit positive reserves of 100.0 €/mn in Mar.'17 on HTM portfolio (net of taxes) calculated as difference between the fair value and the book value

Bond portfolio by issuer (€/bn)



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1Q17 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☒ Profit and loss
- ☐ Liquidity and capital adequacy
- ☐ Final remarks

Annexes

2016 Reclassified consolidated Profit & Loss*

Captions	(€/mn)	Mar 16	Mar 17	Chg y/y (%)	2016				2017
					1Q16	2Q16	3Q16	4Q16	1Q17
10+20	Net interest income	296.8	288.1	-2.9%	296.8	293.6	285.7	294.3	288.1
40+50	Net commissions	177.1	177.4	+0.2%	177.1	181.0	174.8	179.8	177.4
	Core Income	473.9	465.5	-1.8%	473.9	474.6	460.5	474.1	465.5
70	Dividends	0.1	0.3	n.m.	0.1	8.7	0.3	0.7	0.3
80+90+100+110	Trading gains	15.7	24.7	+57.5%	15.7	49.1	25.5	29.8	24.7
220	Other costs / revenues ¹	15.5	10.3	-33.6%	15.5	16.4	13.6	8.7	10.3
	Operating Income	505.2	500.8	-0.9%	505.2	548.8	500.0	513.3	500.8
180 a)	Staff expenses	-196.6	-194.1	-1.3%	-196.6	-201.7	-176.2	-194.7	-194.1
180 b)	Administrative expenses ^{1,2}	-101.1	-96.6	-4.4%	-101.1	-102.8	-106.1	-107.3	-96.6
200+210	Depreciations & Amortizations	-17.1	-18.7	+9.4%	-17.1	-20.4	-17.9	-25.1	-18.7
	Operating costs	-314.8	-309.4	-1.7%	-314.8	-324.9	-300.2	-327.1	-309.4
	Net Operating Income	190.4	191.3	+0.5%	190.4	224.0	199.8	186.2	191.3
130 a)	Loan loss provisions	-114.2	-133.6	+17.0%	-114.2	-161.9	-124.6	-219.1	-133.6
130 b)+c)+d)	Other provisions	-7.3	-12.7	+73.4%	-7.3	11.4	-1.9	-41.5	-12.7
	Total provisions	-121.5	-146.3	+20.4%	-121.5	-150.6	-126.4	-260.6	-146.3
190	Net Provisions for Risks and Charges	-9.6	-5.7	-41.2%	-9.6	-12.5	-5.8	-4.7	-5.7
	Contribution to Funds (SRF, DGS, FITD-SV) ²	-15.0	-18.1	+20.4%	-15.0	-11.4	-17.6	-29.5	-18.1
240+260+270	Net other income	3.2	3.7	+16.0%	3.2	-4.1	2.5	-26.2	3.7
280	Profit (loss) before taxes	47.4	25.0	-47.3%	47.4	45.4	52.4	-134.7	25.0
290	Taxes	-14.1	-7.7	-45.1%	-14.1	-13.7	-12.8	45.9	-7.7
310	Net profit of assets under disp.	0.0	0.0		0.0	0.0	0.0	0.0	0.0
320	Net profit (loss)	33.3	17.3	-48.2%	33.3	31.7	39.6	-88.8	17.3
330	Minority Interests	-2.3	-2.7	+15.0%	-2.3	2.0	-3.2	1.9	-2.7
340	Profit (loss) for the period pertaining to the Parent Company	31.0	14.6	-53.0%	31.0	33.8	36.4	-86.9	14.6
	Profit excluding non recurring items³	31.0	25.9	-16.3%					
	cost / income	62.3%	61.8%		62.3%	59.2%	60.0%	63.7%	61.8%
	cost / (net interest income + net commissions)	66.4%	66.5%		66.4%	68.4%	65.2%	69.0%	66.5%
	cost of credit (bps)	26	29		26	37	29	48	29
	cost of credit on annual basis (bps)	136	117						117
	net profit / total income	6.6%	3.4%		6.6%	5.8%	7.9%	-17.3%	3.4%
	tax rate	29.7%	31.0%		29.7%	30.1%	24.5%	34.1%	31.0%

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

(*) List of all non-recurring and other items for 2016/2017 on page 27; other explanations on 1Q17 reclassified consolidated Profit & Loss on page 34

CR Saluzzo's P&L has been included in BPER Banca Group's consolidated P&L since 1 October 2016; up to 30.09.2016 the financial results of CR Saluzzo were accounted in the Profit (Loss) considering Bper's shareholding before the purchase of a controlling interest. See details on page 27.

(1) Caption exposed net of "Recovery of taxes" reallocated, for better representation, at caption 180 b) "Other administrative costs", where relative tax costs are accounted (30.0 €/mn in 1Q17 and 30.4 €/mn in 1Q17)

(2) See details on page 19 and 27

(3) Profit excluding impairment on Atlante Fund

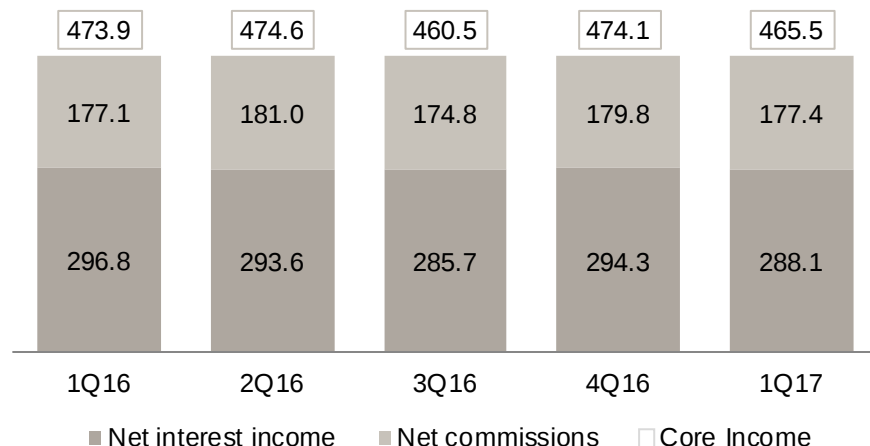
Core income

Core income (€/mn; %)

(€/mn)	Mar 16	Mar 17	Chg y/y	
			Abs	%
Net interest income	296.8	288.1	-8.7	-2.9%
Net commissions	177.1	177.4	0.3	+0.2%
Core Income	473.9	465.5	-8.4	-1.8%

- Core income down by 1.8% y/y (-8.4 €/mn)
- Net Interest Income (NII) down by 2.9% y/y still affected by the low/negative interest rates environment. Net commissions up by 0.2% y/y
- Progressive re-mix in favour of net commissions weighing 38.1% in Mar.'17 vs 37.4% in Mar.'16

Core income evolution (€/mn)

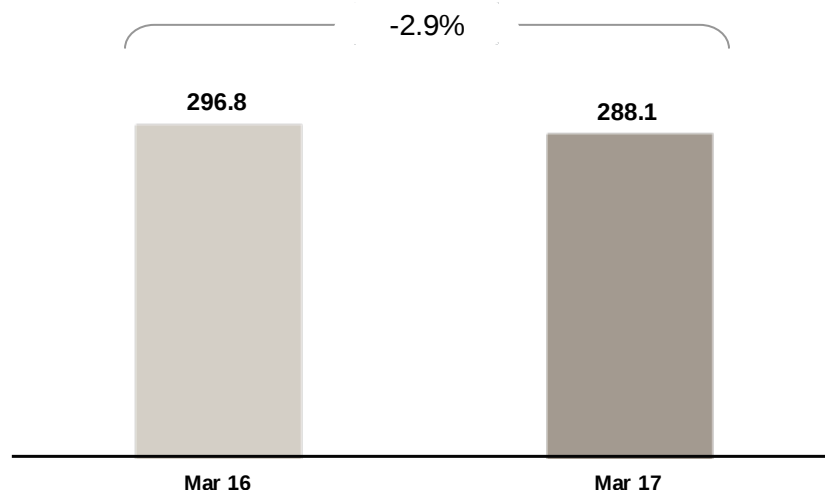


Core income breakdown (%)

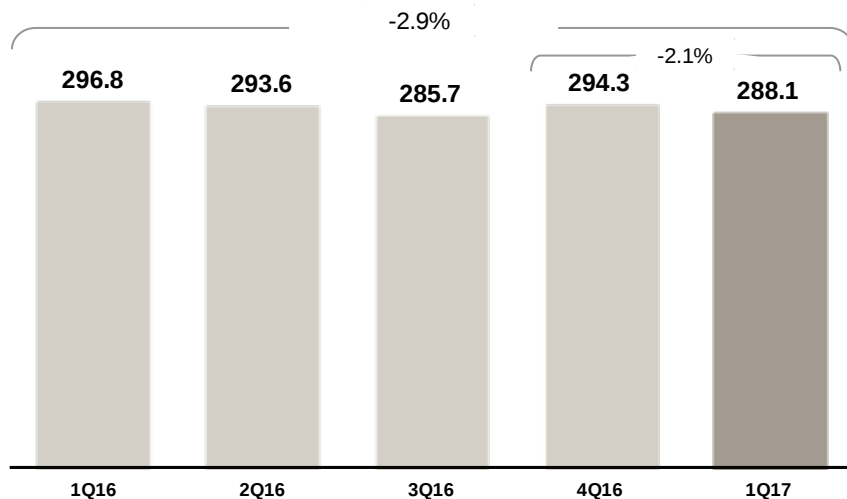
(%)	Mar 16	Mar 17
Net interest income	62.6%	61.9%
Net commissions	37.4%	38.1%
Core Income	100.0%	100.0%

Core income (1) : Net Interest Income

Net Interest Income (€/mn)

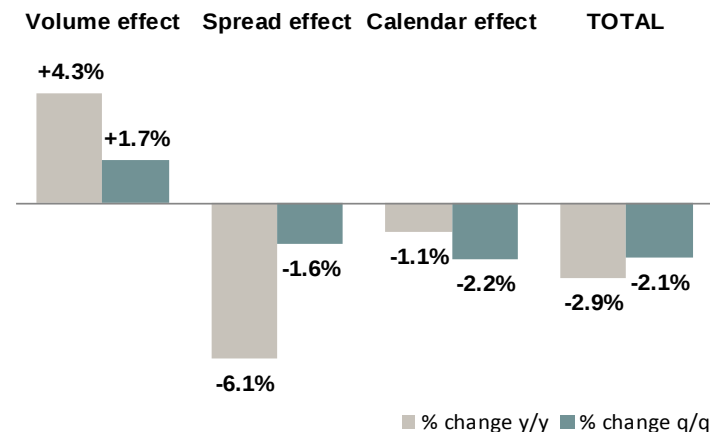


Net Interest Income evolution (€/mn)



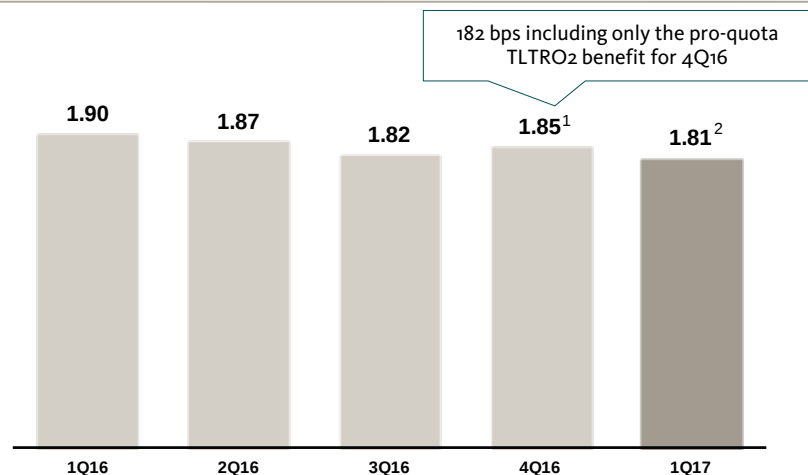
- NII down by 2.9% y/y mainly due to the effects of low/negative interest rates environment and down by 2.1% q/q
 - NII up by 1.5% q/q on a pro-forma basis and taking into account calendar effect¹, showing first signals of recovery
- Benefit from the ECB “sweetener” included in 1Q17 of 5.1 €/mn (4Q16 benefit of 4,2 €/mn; the full 2016 benefit of 8.3 €/mn was fully accounted in 4Q16)
- Spread at 181 bps, broadly stable q/q on a pro-forma basis
- Securities portfolio contribution to NII of 53.3 €/mn in 1Q17 (52.9 €/mn in 4Q16 and 49.9 €/mn in 1Q16) mainly due to the increase of portfolio volume

Net Interest Income contribution* (%)

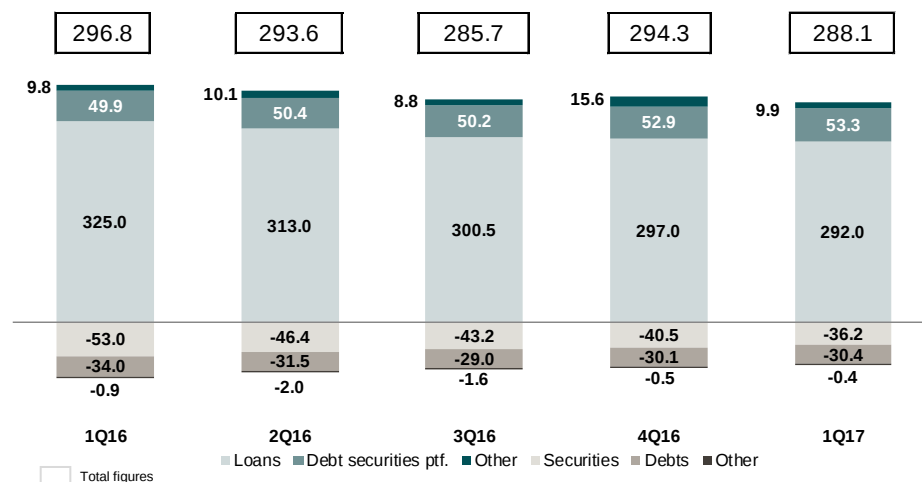


Core income (2): Net Interest Income - Spread evolution

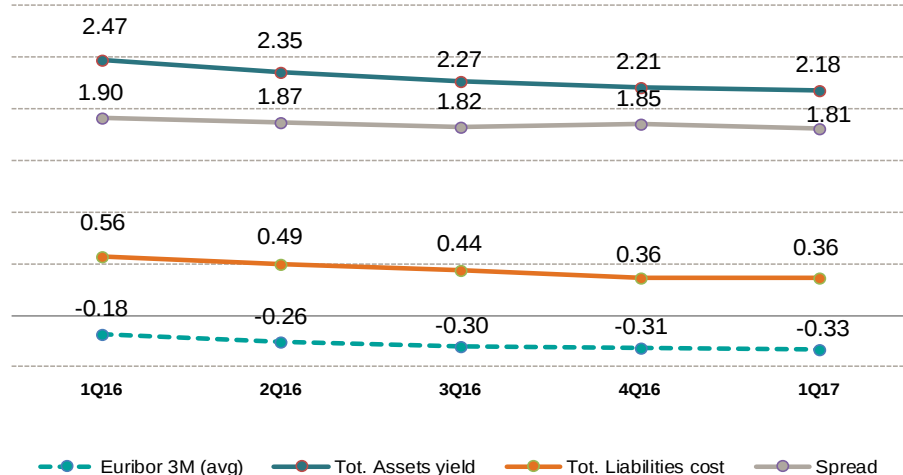
Spread (%)



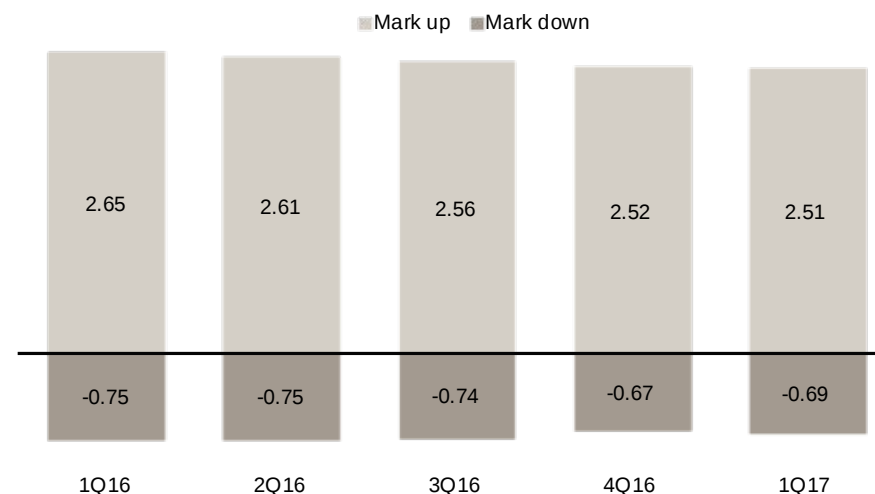
Net Interest Income contribution³(€/mn)



Spread contribution (%)

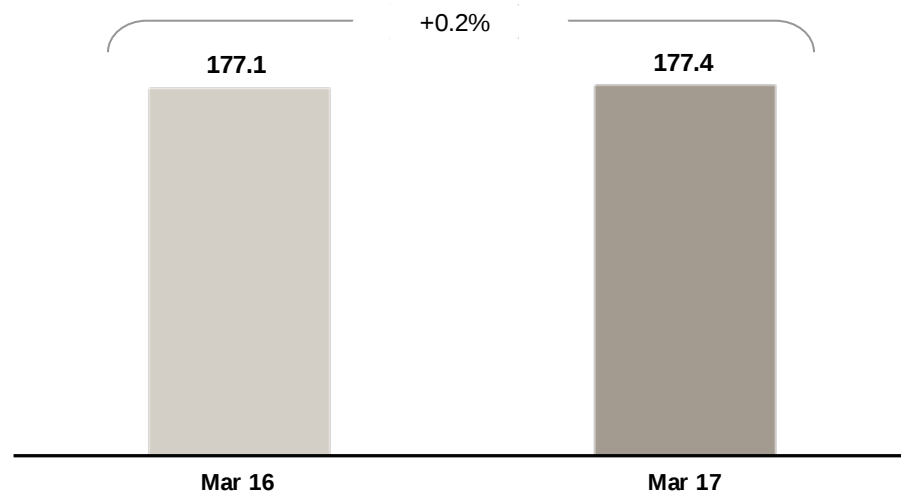


Mark up & mark down (%)



Core income (3): Net Commissions

Net Commissions (€/mn)



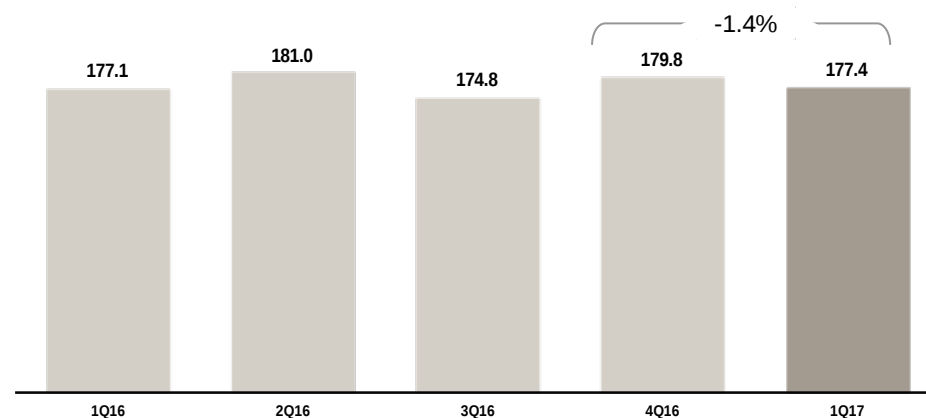
- Net commissions up by 0.2% y/y (+0.3 €/mn y/y), mainly driven by rise of fees income related to AuM and Bancassurance which more than offsets the decline of traditional business net commissions:
 - Indirect deposits and Bancassurance up by 10.1% y/y o/w:
 - AuM & Bancassurance +11.6% y/y;
 - AuC: -5.2% y/y
 - credit cards, collections and payments up by 0.8% y/y
 - loans and guarantees down by 4.4% y/y
- AuM up-front fees of 5.0 €/mn in 1Q17 (6.5 €/mn in 1Q16) weighing 2.8% on total net commissions

Net Commissions breakdown (€/mn; %)

	Mar 16	(%) on total	Mar 17	(%) on total	Chg y/y (%)
Indirect deposits and bancassurance	47.3	26.7%	52.1	29.3%	+10.1%
Assets under custody (AuC)	4.3		4.1		-5.2%
Assets under management (AuM)	35.3		38.9		+10.3%
Bancassurance	7.7		9.0		+17.4%
Credit cards, collections and payments	33.8	19.1%	34.0	19.2%	+0.8%
Loans and guarantees	84.7	47.8%	81.0	45.7%	-4.4%
Other commissions	11.3	6.4%	10.3	5.8%	-8.9%
Total	177.1	100.0%	177.4	100.0%	+0.2%

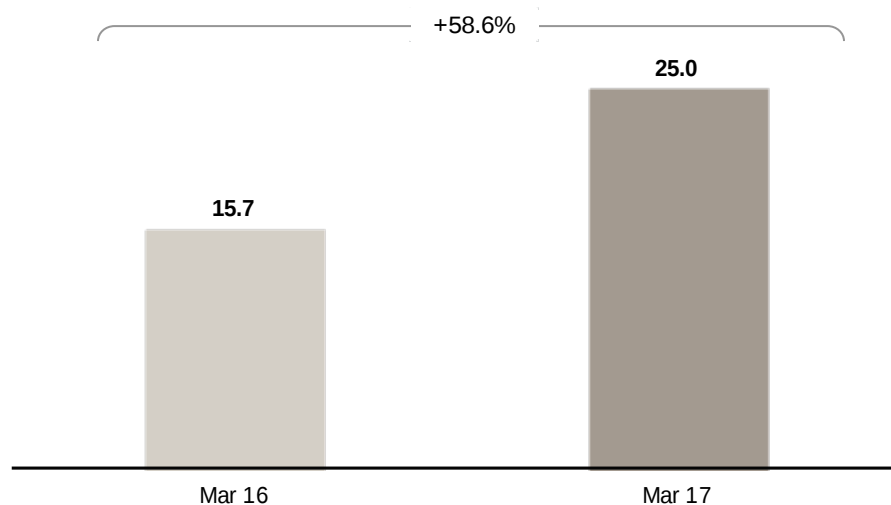
+11.6% y/y

Net Commissions evolution (€/mn)



Dividends and Trading income

Dividends and Trading income (€/mn)



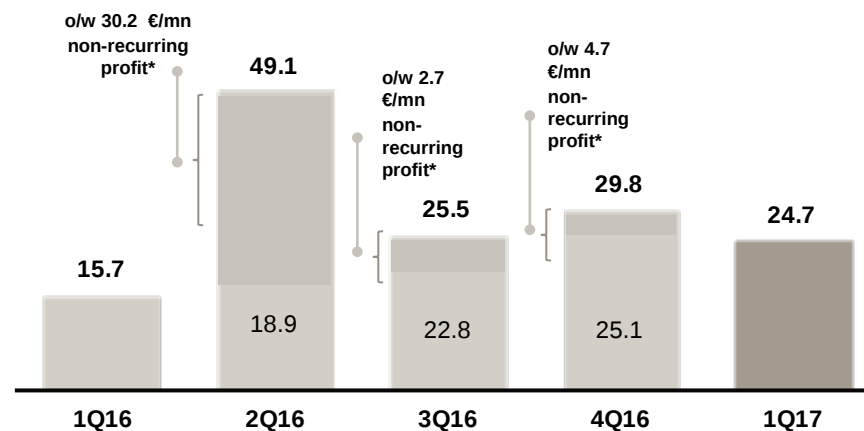
- Dividends and trading income at 25.0 €/mn up by 58.6% y/y
- Trading income at 24.7 €/mn
- Dividends: 0.3 €/mn in 1Q'17 (0.1 €/mn in 1Q'16)

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

	Mar 16	Mar 17	Chg y/y (%)
Dividends	0.1	0.3	n.m.
Trading income*	15.7	24.7	+57.5%
Realized gain/loss	26.9	11.8	-56.3%
Plus	3.4	20.4	n.m.
Minus	-19.4	-7.4	-61.9%
Others	4.8	-0.1	n.m.
Total	15.8	25.0	+58.1%

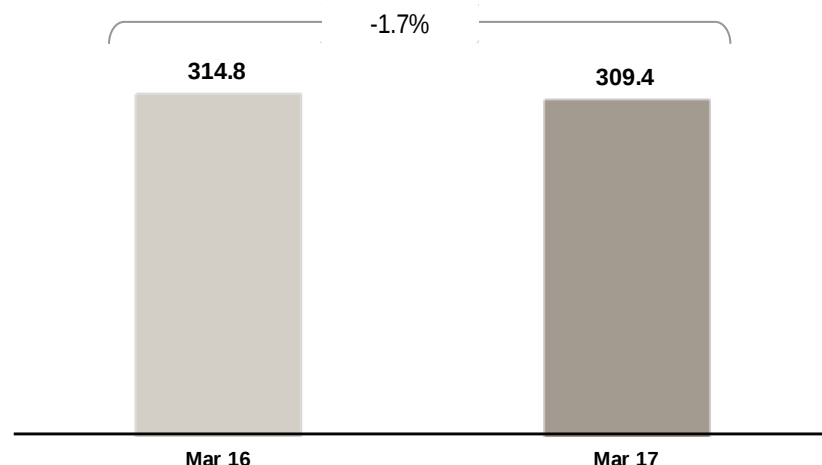
n.m.: Not meaningful

Trading gains* excluding dividends (€/mn)



Operating costs

Operating Costs (€/mn)



Operating costs breakdown (€/mn; %)

Operating costs (€/mn)	Mar 16	Mar 17	Chg y/y (%)
Staff expenses	196.6	194.1	-1.3%
Other administrative expenses	101.1	96.6	-4.4%
D&A	17.1	18.7	+9.4%
Operating costs	314.8	309.4	-1.7%
CR Saluzzo		5.0	
Operating costs on a like-for-like basis	314.8	304.5	-3.3%

- Operating costs strongly down by 1.7% y/y (-3.3% y/y on a like-for-like basis) benefiting from staff reduction plan and gradual completion of the projects of the Business Plan 2015-17. Operating costs significantly down by 5.4% q/q
- Staff costs down by 1.3% y/y (-2.9% y/y on a like-for-like basis)
- Administrative expenses down by 4.4% y/y (-3.6% y/y on a pro-forma and a like-for-like basis; see table below)
 - Business Plan projects expenses down by 44.8% y/y
- D&A up by 9.4% y/y

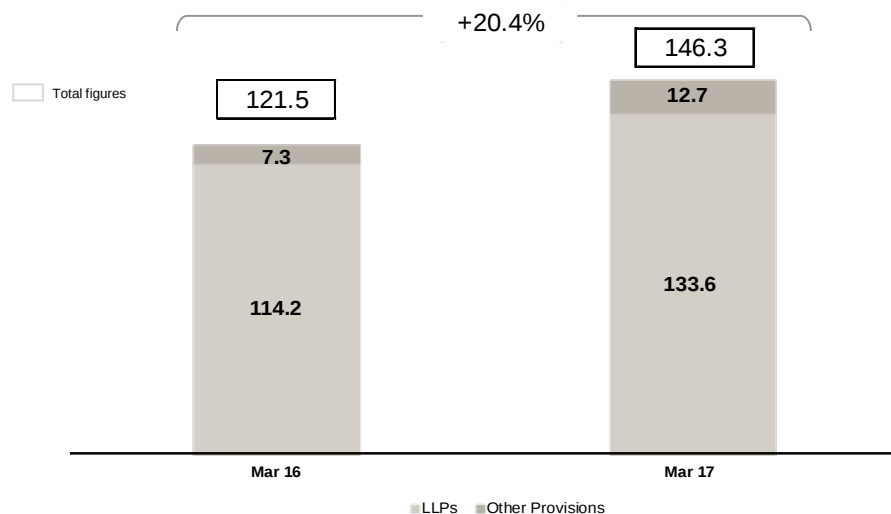
Operating costs breakdown (€/mn; %)

Staff expenses (€/mn)	Mar 16	Mar 17	Chg y/y (%)
Staff expenses	196.6	194.1	-1.3%
CR Saluzzo		3.3	
Staff expenses on a like-for-like basis	196.6	190.8	-2.9%

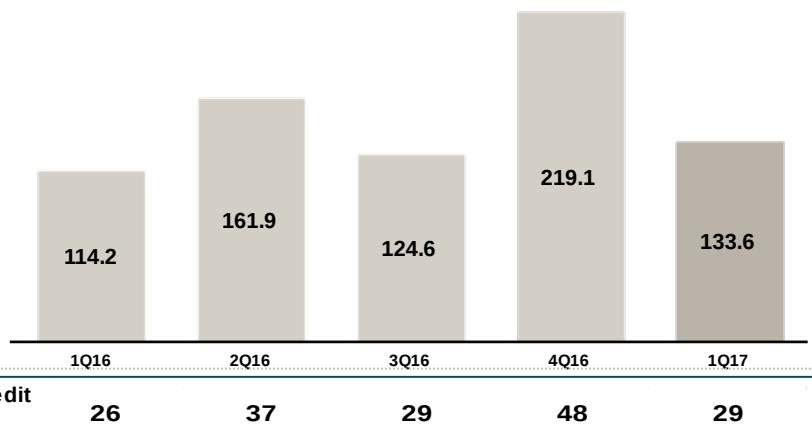
Other administrative expenses (€/mn)	Mar 16	Mar 17	Chg y/y (%)
Other administrative expenses	101.1	96.6	-4.4%
(o/w Business plan projects expenses)	7.0	3.9	-44.8%
Non recurring items ¹	2.5		
CR Saluzzo		1.6	
Other administrative expenses pro-forma and on a like-fo-like basis	98.6	95.0	-3.6%

Provisions, Net Provisions for Risks and Charges and Contribution to Funds

Provisions breakdown (€/mn)



Loan Loss Provisions evolution (€/mn)



- Total provisions up by 20.4% y/y (+24.8 €/mn):
 - Loan Loss Provisions up by 17.0% y/y (+19.4 €/mn)
 - Cost of credit at 29 bps in 1Q17 and 117 annualised (136 bps in 2016)
 - Other Provisions up by 73.4% y/y(+5.4 €/mn), including:
 - Net adjustments to financial AFS of 17.4 €/mn in 1Q17 include a non-recurring impairment of Atlante Fund of 17,0 €/mn
 - Net adjustments to other assets are positive for 4.6 €/mn (write-backs)

Net Provisions for Risks and Charges (€/mn)

	Mar 16	Mar 17	Chg y/y (%)
Net Provisions for Risks and Charges ¹	9.6	5.7	-41.2%

- Net provisions for Risks and Charges at 5.7 €/mn in Mar.'17 down by 41.2% y/y (-4.0 €/mn y/y)

Contribution to Funds (€/mn)

	Mar 16	Mar 17	Chg y/y (%)
Contribution to Funds o/w: ²	15.0	18.1	+20.4%
ordinary SRF	15.0	18.1	+20.4%

Agenda

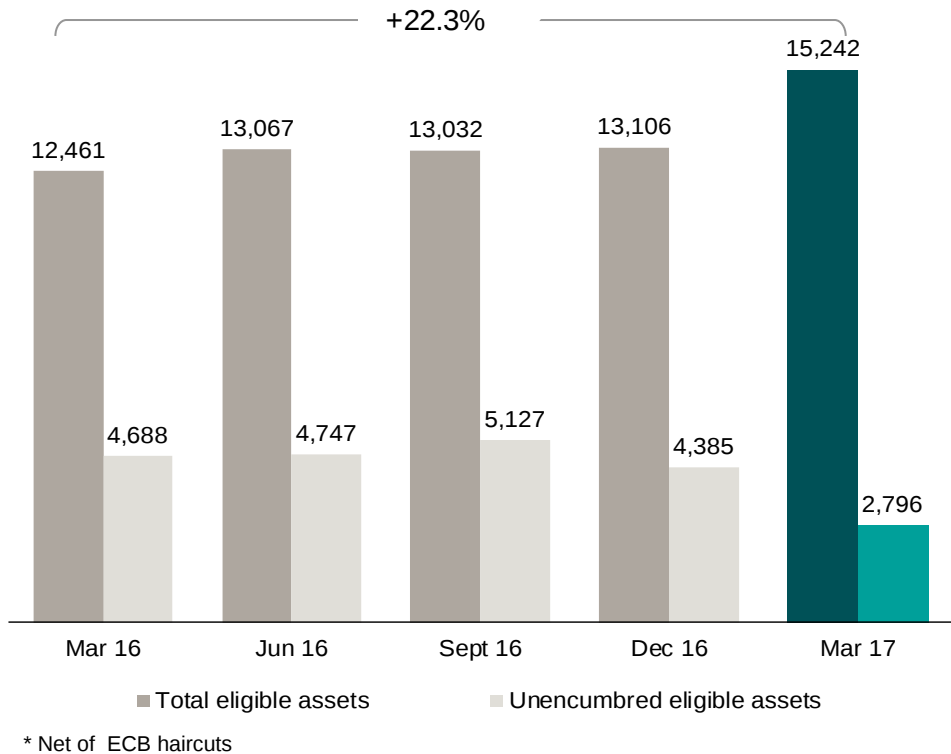
1Q17 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☒ Liquidity and capital adequacy
- ☐ Final remarks

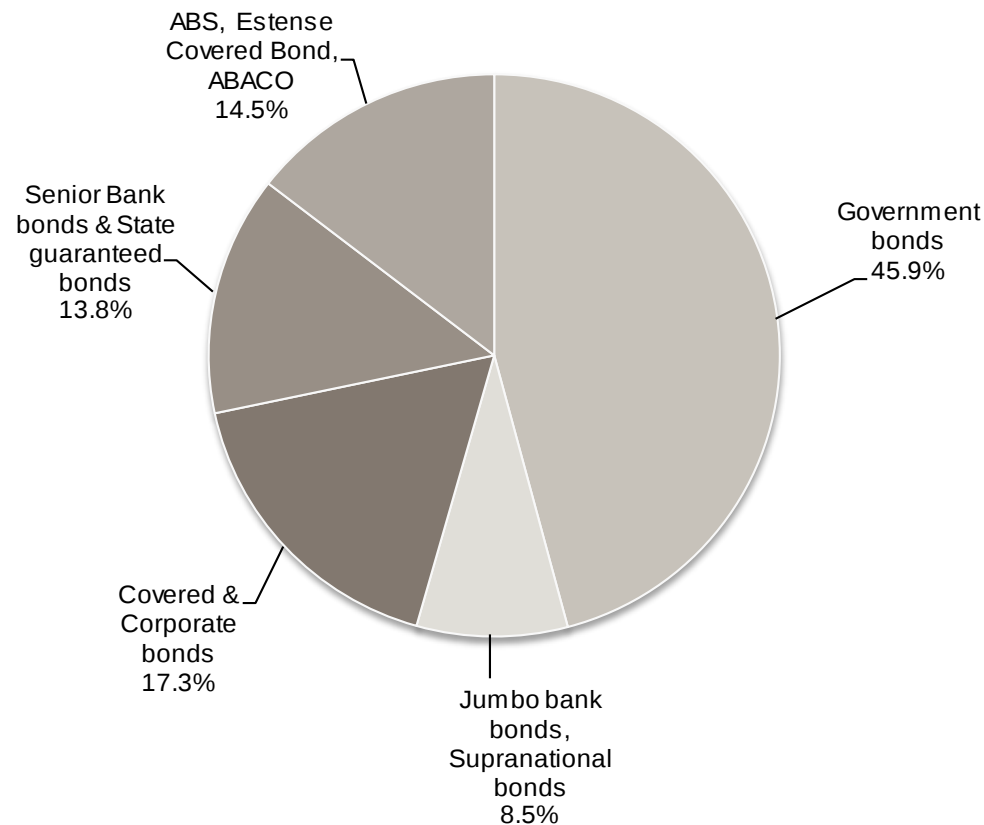
Annexes

Eligible assets and counterbalancing capacity

Total eligible Assets evolution* (€/mn)



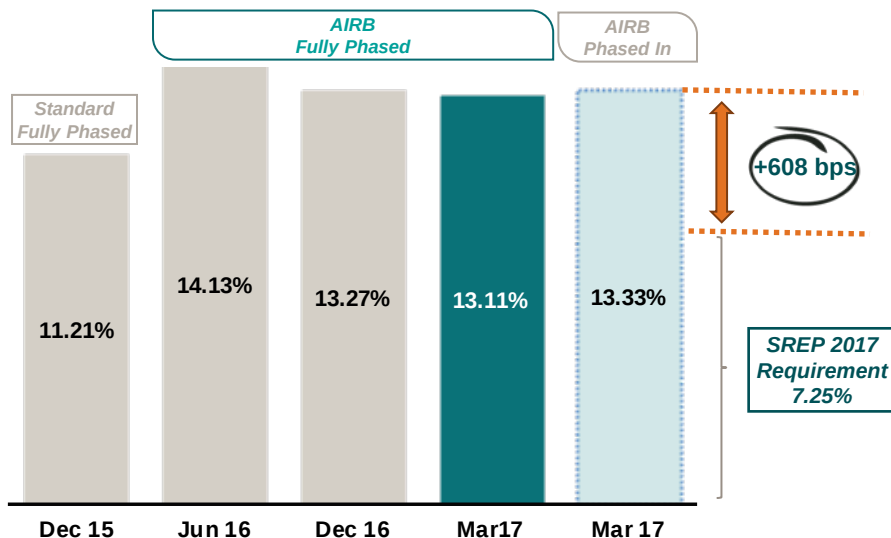
Eligible Assets Pool Composition (%)



- Counterbalancing capacity (“CBC”) at 15.2 €/bn in Mar.’17 of which 2.8 €/bn unencumbered
- ECB exposure of 9.3 €/bn in Mar.’17 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)

Basel 3 Phased in regulatory capital (AIRB)

B3 Common Equity Tier 1 Ratios (%) *



- Cet1 ratio Fully Phased at 13.11% (13.27% in Dec.'16) down by 16 bps since Dec.'16 mainly due to:

- ✓ AFS reserves decrease: -10 bps
- ✓ RWA increase mainly due to the downgrade of Republic of Italy sovereign rating by DBRS and to securities portfolio increase in 1Q17: -12 bps
 - ✓ Total RWA increased to 32.9 €/bn in Mar.'17 from 32.6 €/bn in Dec.'16 (+0.3 €/bn)
- ✓ Other: +6 bps (retained earnings, shortfall reduction and other items)

Regulatory capital & ratios

B3 Fully Phased

€/mn	Dec 15	Jun 16	Dec 16	Mar 17
	Standard	AIRB	AIRB	AIRB
Common Equity TIER 1	4,494	4,448	4,325	4,310
TIER 1	4,531	4,471	4,362	4,345
Own Funds	4,828	4,857	4,760	4,740
Total RWA	40,102	31,488	32,593	32,883
Common Equity TIER 1 Ratio	11.2%	14.1%	13.3%	13.1%
TIER 1 Ratio	11.3%	14.2%	13.4%	13.2%
Own Funds Ratio	12.0%	15.4%	14.6%	14.4%

Capital requirements

Requirements as of Mar.17	€/mn	%
Credit risk	2,198	83.6%
Credit Valuation Adjustment (CVA)	20	0.8%
Market risk	60	2.3%
Operating risks	276	10.5%
Other regulatory requirements	77	2.9%
Total	2,630.6	100.0%

Agenda

1Q17 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☐ Liquidity and capital adequacy

☒ Final remarks

Annexes

Final remarks

- NPEs management strategy effectiveness: strong commitment to reduce bad loans stock further and improve recoveries, while maintaining a high NPEs coverage
 - ✓ STOCKS: gross NPEs and bad loans significant decrease (-1.2% and -0.2% vs Dec.'16)
 - ✓ INFLOWS: NPEs inflows from performing loans down by 54.2 vs 1Q16; bad loans inflows down by 42.0 vs 1Q16
 - ✓ RATIO: gross NPEs ratio at 21.7% down by 40 bps vs 22.1% at Dec.'16 and down by 170 bps vs 23.4% at Mar.'16
 - ✓ COVERAGES: NPEs cash coverage ratio further increase at 45.6% (+110 bps vs Dec.'16); unlikely to pay coverage at 24.2% up by 71 bps vs Dec.'16
- Strong capital solidity, large extra-buffer and low leverage:
 - ✓ 13.11% CET1 Fully Phased (13.33% Phased in)¹, best in class vs peers in Italy
 - ✓ +608 bps (c. +2.0 €/bn) of excess capital above SREP 2017 requirement (7.25%)
 - ✓ 6.1% B3 leverage ratio Fully Phased one of the best vs peers
- 1Q17 Net profit at 25.9 €/mn excluding a non-recurring impairment of Atlante Fund of 17.0 €/mn:
 - 2017 ordinary contribution to the Single Resolution Fund ("SRF") of 18.1 €/mn (15.0 €/mn for 2016 in 1Q16)
 - ✓ Resilient net operating income at 191.3 €/mn up by 0.5% y/y better than both 4Q16 and 1Q16, thanks to the decrease of operating costs (-1.7% y/y) which more than offsets the decline of operating income (-0.9% y/y); NII up by 1.5% q/q on a pro-forma basis and considering calendar effect

Agenda

1Q17 Results

- ☐ Executive summary
- ☐ Balance sheet structure
- ☐ Profit and loss
- ☐ Liquidity and capital adequacy
- ☐ Final remarks

Annexes

Profit & Loss: main non-recurring and other items

Item	Caption (Bank of Italy Format; Circular n. 262/2005)	€/mn	Description
2017			
Non-recurring items			
1Q17			
	Net impairment adjust. to AFS (Cap. 130-b)	-17.0	Impairment Atlante Fund
Other items			
1Q17			
	Administrative expense (Caption 180-b)	-18.1	Ordinary contribution to the Single Resolution Fund ("SRF")
2016			
Non-recurring items			
2Q16	Trading (Caption 100-b)	+30.2	Total capital gain from VISA Europe disposal
3Q16	Trading (Caption 100-b)	+2.7	Capital gain from VISA Europe disposal
4Q16	Trading (Caption 100-b)	+4.7	Earn-out for the sale of ICBPI
	Net impairment adjust. to AFS (Cap. 130-b)	-28.3	Impairment Atlante Fund
	Net impairment adjust. to AFS (Cap. 130-b)	-2.5	Impairment C.R. Cesena ("FITD-SV")
	Adjustments to goodwill (Caption 260)	-32.9	Impairment on goodwill
	Administrative expense (Caption 180-b)	-34.9	Extraordinary contribution to the Single Resolution Fund ("SRF")
	Total Plus	+37.6	
	Total Minus	-98.6	
Other items			
1Q16	Administrative expense (Caption 180-b)	-15.0	Ordinary contribution to the Single Resolution Fund ("SRF")
2Q16	Administrative expense (Caption 180-b)	-0.1	Ordinary contribution to the Single Resolution Fund ("SRF")
3Q16	Administrative expense (Caption 180-b)	-17.6	Ordinary contribution to the Deposits Guarantee Schemes ("DGS")
4Q16	Administrative expense (Caption 180-b)	+0.7	Write-back from the Deposits Guarantee Schemes ("DGS")
	Provisions for risks and charges (Caption 190)	+4.0	Write-back from Solidarity Fund
	Other operating charges/income (Caption 220)	+0.8	Write-back from Interbank Deposit Guarantee Fund Voluntary Scheme ("FITD-SV") for the rescue of Banca Tercas
	Total Plus	+5.5	
	Total Minus	-32.7	

Note: CR Saluzzo's P&L has been included in BPER Banca Group's consolidated P&L since 1 October 2016 (4Q16); up to 30.09.2016 the financial results of CR Saluzzo were accounted in the Profit (Loss) considering Bper's shareholding before the purchase of a controlling interest (31.02%). The main items of CR Saluzzo's P&L of the 1Q17 are the following:

Profit & Loss - Net interest and other banking income 5.1 €/mn (o/w NNI 3.2 €/mn, net commission 1.9 €/mn); operating costs 5.1 €/mn (o/w staff expenses 3.3 €/mn and other administrative expenses 1.8 €/mn), loan loss provisions 0.5 €/mn, taxes + 0.1 €/mn, net loss 0.2 €/mn.

Assets & Liabilities - Direct funding 782 €/mn, Indirect deposits and Bancassurance 370 €/mn, Net customer loans 593 €/mn, NPEs gross loans for 133.1 €/mn, NPEs Net Loans for 68.2 €/mn.

Assets & Liabilities: reclassified balance sheet

Assets (€/mn)¹

€/mn	Mar 16	Jun 16	Sept 16	Dec 16	Mar 17	Chg vs Dec '16 (%)
Customer Loans	44,048	43,990	43,630	45,494	45,694	+0.4%
Securities Portfolio	12,158	13,014	13,370	13,710	14,663	+7.0%
<i>of which AFS</i>	8,657	9,511	10,009	10,433	11,211	+7.4%
Equity Investments, Properties & Intangibles	1,883	1,866	1,891	1,901	1,895	-0.3%
Other current assets	2,352	2,535	2,618	2,520	2,372	-5.9%
Total Assets	60,441	61,405	61,509	63,625	64,624	+1.6%

Liabilities & Shareholders' equity (€/mn)²

€/mn	Mar 16	Jun 16	Sept 16	Dec 16	Mar 17	Chg vs Dec '16 (%)
Customer Deposits	46,424	45,665	45,574	47,748	46,602	-2.4%
Net Interbank Position	5,531	7,041	7,229	8,131	9,628	+18.4%
Other Funds & Liabilities	2,782	3,037	2,988	2,190	2,858	+30.5%
Shareholders' equity	5,704	5,662	5,718	5,556	5,535	-0.4%
Total Liabilities	60,441	61,405	61,509	63,625	64,624	+1.6%

(1) Total Assets shown as net of loans to banks

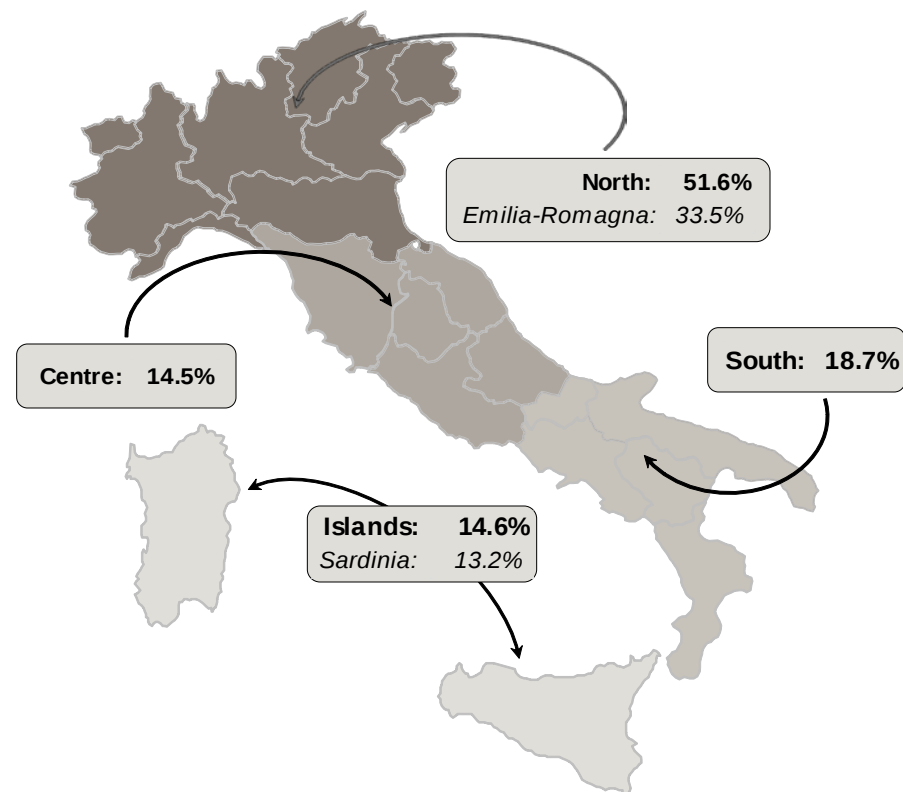
(2) Total Liabilities inclusive of "Net Interbank Position" (Due to banks - Loans to banks)

Customer loans: portfolio composition

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

Business sector	Mar 17	% on Total	Δ % vs Dec 16
Manufacturing	6,940	15.2%	-2.9%
Wholesale and retail services, recoveries and repairs	4,990	10.9%	-4.2%
Constructions	3,908	8.6%	+0.2%
Real Estate	3,416	7.5%	-0.2%
HORECA*	1,524	3.3%	-0.5%
Agriculture, forestry and fishing	1,355	3.0%	-1.5%
Other	5,951	13.0%	-3.5%
Total loans to resident non-financial businesses	28,077	61.4%	-2.3%
Non-resident, non-financial companies	155	0.3%	+9.7%
Total loans to non-financial businesses	28,232	61.8%	+1.6%
Households	11,732	25.7%	+1.8%
Total loans to financial businesses	5,730	12.5%	+12.7%
Total Customers Loans	45,694	100.0%	+0.4%

Customer loans breakdown by geographical distribution¹(%)



Asset quality breakdown

Gross exposures (€/mn)	Mar 16		Jun 16		Sept 16		Dec 16		Mar 17		Chg YTD	
	%		%		%		%		%		Abs. Chg (%)	
Non Performing Exposures (NPEs)	11,532	23.4%	11,625	23.5%	11,277	23.1%	11,174	22.1%	11,036	21.7%	-138	-1.2%
<i>Bad loans</i>	7,277	14.7%	7,398	15.0%	6,963	14.3%	7,039	13.9%	7,025	13.8%	-14	-0.2%
<i>Unlikely to pay loans</i>	4,046	8.2%	4,031	8.2%	4,103	8.4%	3,977	7.9%	3,856	7.6%	-121	-3.0%
<i>Past due loans</i>	209	0.4%	196	0.4%	211	0.4%	158	0.3%	154	0.3%	-3	-2.0%
Gross performing loans	37,855	76.6%	37,797	76.5%	37,459	76.9%	39,481	77.9%	39,866	78.3%	385	+1.0%
Total gross exposures	49,387	100.0%	49,422	100.0%	48,736	100.0%	50,655	100.0%	50,902	100.0%	248	+0.5%

Adjustments to loans (€/mn)	Mar 16		Jun 16		Sept 16		Dec 16		Mar 17		Chg YTD	
	coverage (%)		coverage (%)		coverage (%)		coverage (%)		coverage (%)		Abs. Chg (%)	
Adjustments to NPEs	5,143	44.6%	5,234	45.0%	4,926	43.7%	4,976	44.5%	5,030	45.6%	54	+1.1%
<i>Bad loans</i>	4,231	58.1%	4,327	58.5%	3,996	57.4%	4,030	57.2%	4,085	58.1%	55	+1.4%
<i>Unlikely to pay loans</i>	893	22.1%	891	22.1%	912	22.2%	934	23.5%	933	24.2%	-1	-0.1%
<i>Past due loans</i>	19	9.1%	16	8.2%	18	8.6%	12	7.8%	12	8.0%	0	+0.4%
Adjustments to performing loans	196	0.5%	198	0.5%	180	0.5%	184	0.5%	178	0.4%	-6	-3.1%
Total adjustments	5,339	10.8%	5,432	11.0%	5,106	10.5%	5,160	10.2%	5,208	10.2%	48	+0.9%

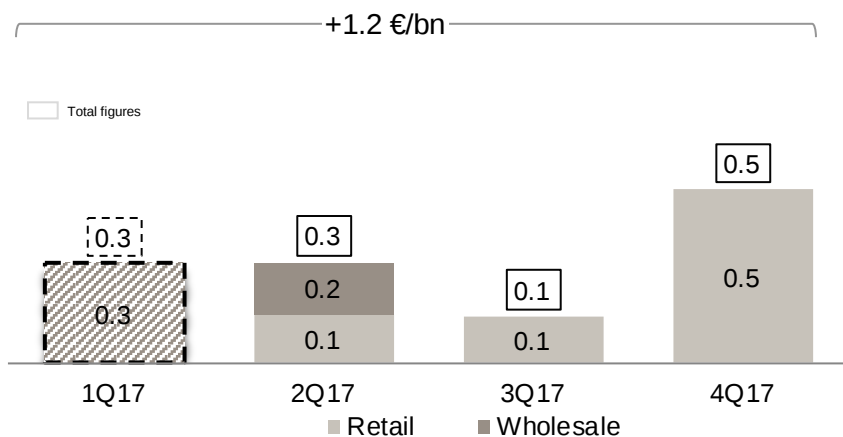
Net exposures (€/mn)	Mar 16		Jun 16		Sept 16		Dec 16		Mar 17		Chg YTD	
	%		%		%		%		%		Abs. Chg (%)	
Non Performing Exposures (NPEs)	6,389	14.5%	6,391	14.5%	6,351	14.6%	6,197	13.6%	6,006	13.1%	-191	-3.1%
<i>Bad loans</i>	3,046	6.9%	3,071	7.0%	2,967	6.8%	3,009	6.6%	2,941	6.4%	-68	-2.3%
<i>Unlikely to pay loans</i>	3,153	7.2%	3,140	7.1%	3,191	7.3%	3,043	6.7%	2,923	6.4%	-120	-3.9%
<i>Past due loans</i>	190	0.4%	180	0.4%	193	0.4%	145	0.3%	142	0.3%	-3	-2.3%
Net performing loans	37,659	85.5%	37,599	85.5%	37,279	85.4%	39,297	86.4%	39,688	86.9%	391	+1.0%
Total net exposures	44,048	100.0%	43,990	100.0%	43,630	100.0%	45,494	100.0%	45,694	100.0%	200	+0.4%

Bonds maturities and issues details

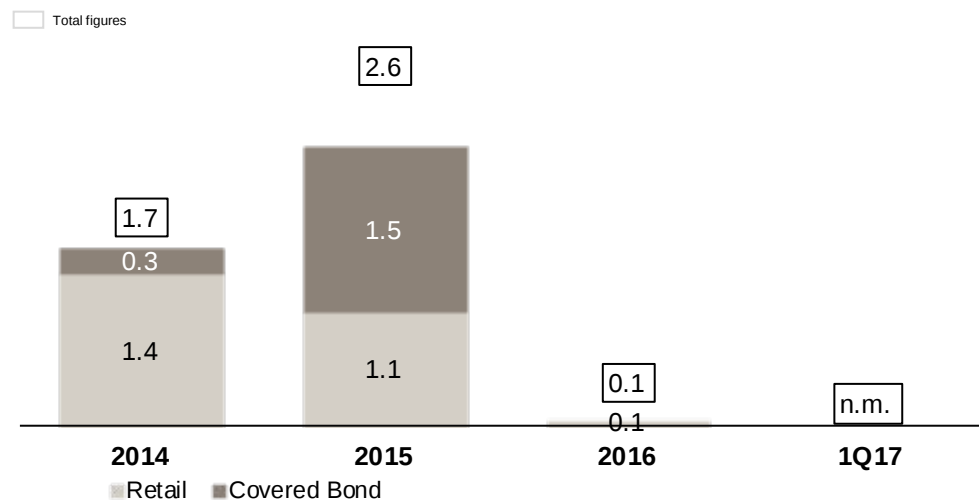
Bonds stock (€/bn)

	Mar 16	Dec 16	Mar 17	Chg YTD (%)	Chg Y/Y (%)
Wholesale bonds	2.7	2.7	2.7	+0.0%	+0.0%
<i>o/w covered bonds</i>	2.5	2.5	2.5	+0.0%	+0.0%
<i>o/w subordinated bonds</i>	0.2	0.2	0.2	+0.0%	+0.0%
Retail bonds	4.3	3.4	3.1	-8.8%	-41.3%
<i>o/w subordinated bonds</i>	0.5	0.5	0.3	-40.0%	-40.0%
Total bonds	7.0	6.1	5.8	-5.8%	-22.3%

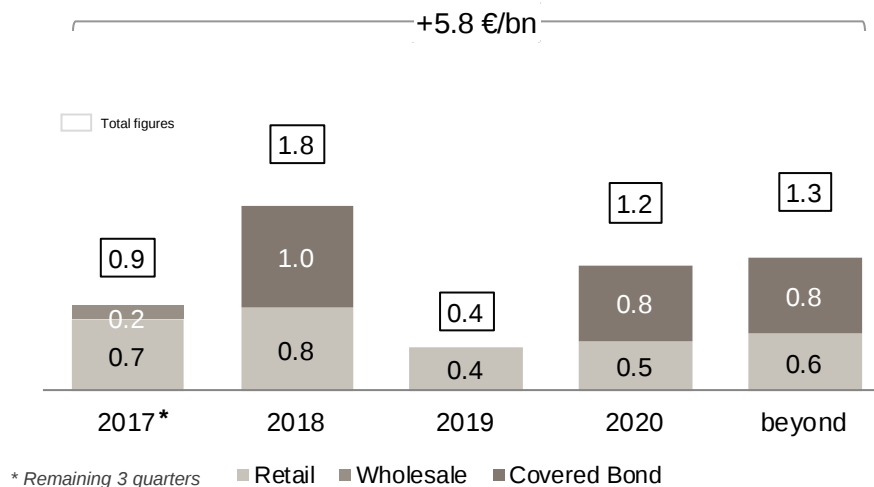
2017 Bonds maturities (€/bn)



Bonds issues (€/bn)



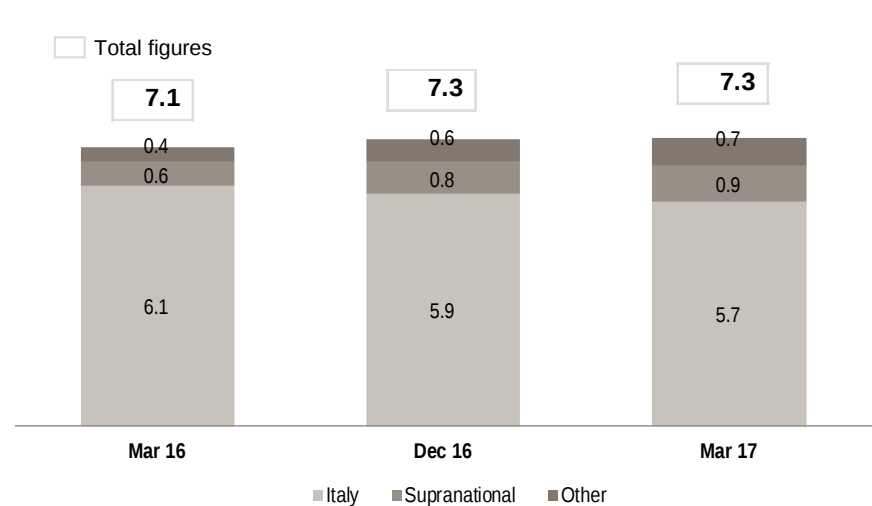
Bonds maturities breakdown (€/bn)



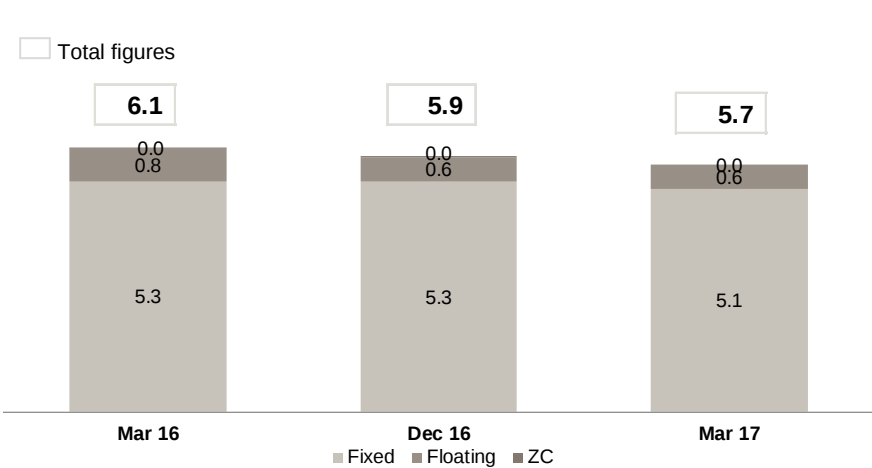
* Remaining 3 quarters

Financial Assets details

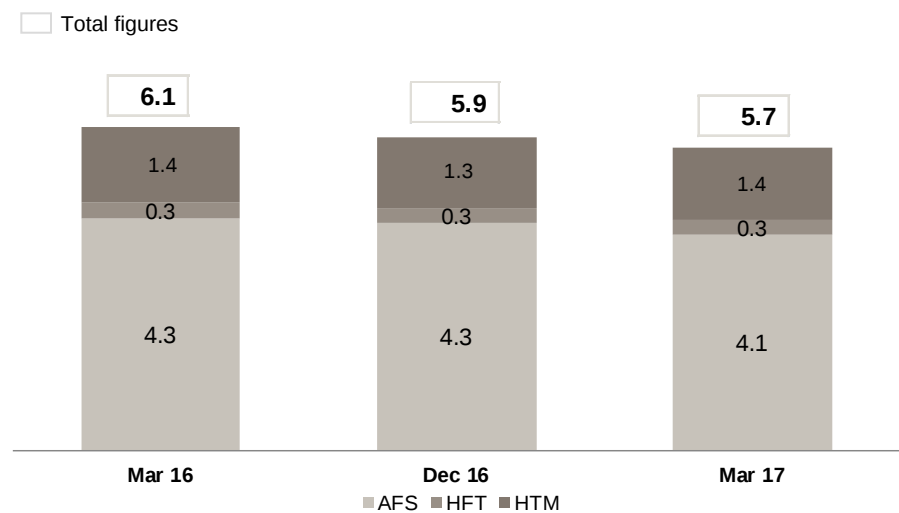
Govies & Supranational PTF by issuing country (€/bn)



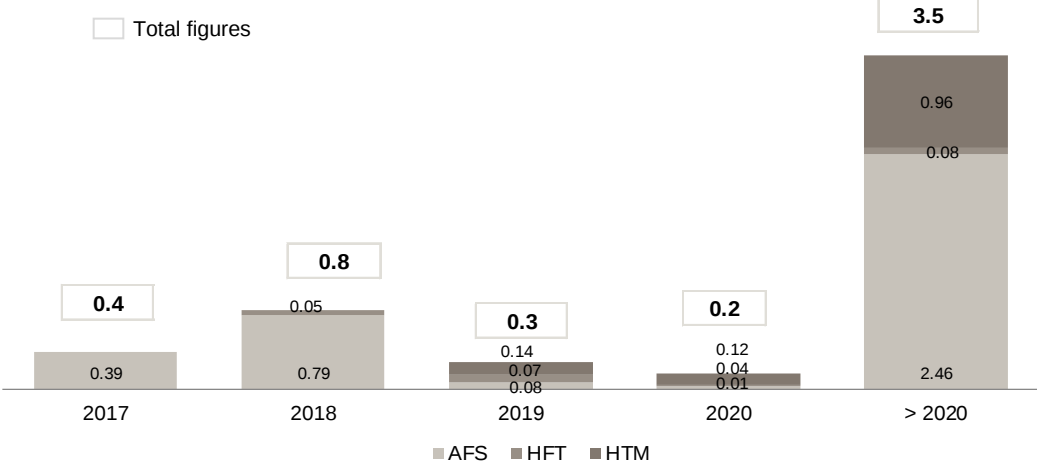
Italian Govies PTF by coupon (€/bn)



Italian Govies PTF by accounting valuation (€/bn)



Italian Govies PTF Maturities¹ (€/bn)



(1) Figures are shown as per nominal values

Performance ratios

<i>Financial ratios</i>	31.03.2017	2016 (*)
<i>Structural ratios (%)</i>		
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	2.92	2.72(1)
total tangible assets/tangible equity	13.41	12.79(2)
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
<i>Profitability ratios (%)</i>		
ROE	1.22%	0.30%
ROTE	1.36%	0.33%
ROA (net profit/total assets)	0.03%	0.05%
Cost/income ratio	61.79%	62.31%(3)
Net adjustments to loans/net loans to customers	0.29%	0.26%
Basic EPS	0.030	0.064
Diluted EPS	0.030	0.064
<i>Risk ratios (%)</i>		
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	109.78%	111.58%(4)

<i>Financial ratios</i>	31.03.2017	2016 (*)
<i>Own Funds (Phased in)</i>		
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
<i>Capital and liquidity ratios</i>		
Common Equity 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	6.2%	6.7%(5)
Leverage Ratio - Fully Phased	6.1%	6.5%(6)
Liquidity Coverage Ratio (LCR)	122.4%	102.0%
Net Stable Funding Ratio (NSFR)	n.a.	104.3%(7)
<i>Non-financial ratios</i>		
<i>Productivity ratios (in thousands of Euro)</i>		
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 per employee	41.58	41.42(8)
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.

(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); the figure at 31 March 2016 has been restated to take into account that the caption "Contributions to the SRF funds, DGS, FITD-SV" has been added to this scheme. 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 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.

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

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

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

Annex – 2017/2016 Reclassified consolidated Profit & Loss

Summary schedules

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 at 31 March 2016. The table showing the reclassified quarterly figures has also been adjusted to this approach.

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