BPER: Banca

PRESS RELEASE

BPER Group's preliminary 2017 consolidated results approved

Net profit for the year of € 176.4 million compared to € 14.3 million in 2016. The 2017 result has been hit by the expected loss generated by Nuova Carife joining the group and non-recurring items for € 169.9 million, substantially offset by the recognition of badwill for € 190.9 million[1].

Proposal for a cash dividend of € 11 cents per share, significantly up on € 6 cents in 2016

Strong capital solidity confirmed with a Fully Phased CET1 ratio of 13.7%, among the best in the Italian banking system. Considerable excess capital of € 1.9 billion compared with the SREP requirement for 2018

The significant improvement in asset quality is continuing with a gross NPE ratio of 19.8%, down for the sixth quarter running from 23.5% in June 2016 thanks to the strategic measures taken in recent years to protect the Group's asset quality:

- **a default rate of 2.1% (4.2% in 2016) with transfers from performing to non-performing loans more or less halved (-46.2% y/y);**
- **a cure rate of 11.5% (8.3% in 2016) with a significant increase in the flows of NPEs back to performing (+32.9% y/y);**
- **a danger rate reduced to 16.1% (17.6% in 2016) with inflows to bad loans falling by 12.1% y/y;**
- **an NPE coverage ratio of 48.7%, a significant increase from 44.5% at the end of 2016;**
- **a Texas ratio[2] improving considerably to 101.9% from 111.6% in 2016, which is now close to falling below 100%**

Positive growth in commercial activity with loans to customers rising to € 47.8 billion, 5.1% up y/y and more than 2% up net of Nuova Carife. There have also been significant increases in total deposits, which including the Bancassurance segment exceed the threshold of € 90.0 billion, compared with € 85.0 billion in 2016, with a significant increase also net of Nuova Carife's deposits.

Profitability for the year just ended, as well as that of the previous year, was affected by changes in the Group's scope of consolidation (acquisition of Nuova Carife in 2017 and of CR Saluzzo in 2016); it has also been affected by significant non-recurring items[3]. Net of these items, operating profit showed a slight increase of 0.3% y/y, while there was an increase in operating costs of 2.5% y/y, strongly influenced by the change in the scope of consolidation. Net result from operations therefore comes to € 759.1 million compared with € 783.3 million in 2016. The cost of credit for the year comes to 112 bps, significantly lower than 136 bps in 2016

IMPORTANT METHODOLOGICAL NOTE: The consolidated income statement and balance sheet figures of the Group at 31 December 2017 are affected by the change in the scope of consolidation, following the acquisition of 100% of Nuova Carife on 30 June 2017, subsequently absorbed by BPER Banca on 20 November 2017. Given that Nuova Carife is not material for the Group as a whole, structured pro-forma figures have not been prepared; the 2017 and 2016 figures are not entirely comparable as a result. For information purposes, note that at 30 June 2017, Nuova Carife contributed to the Group's aggregates net loans to customers of € 1.3 billion (2.9% of consolidated net loans), direct deposits of € 2.0 billion (4.2% of consolidated direct deposits) and indirect deposits of € 1.4 billion (4.0% of consolidated indirect deposits); it should also be noted that Nuova Carife posted a loss of € 15.1 million in the third quarter of 2017. It should also be noted that the 2017 income statement includes the results of CR Saluzzo for the entire year, whereas in 2016 it was only consolidated for the fourth quarter. Moreover, CR Saluzzo is even less material than Nuova Carife.

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 December 2017.

At the end of the Board meeting, Alessandro Vandelli, CEO of BPER Banca, declared: *"The Board of Directors is of the opinion that the Group's performance over the last year was very positive, especially as regards three fundamental aspects: the considerable improvement in asset quality, the high level of capital and the satisfactory level of profitability. Net profit came to Euro 176.4 million, compared with Euro 14.3 million in 2016, accompanied by a high level of capital solidity at 13.7%, which ranks the BPER Group among the best of the Italian banking system. In light of these extremely positive results and confidence in the Group's growth prospects, the Board has approved the proposal to distribute a dividend of Euro 11 cents, which is significantly higher than the Euro 6 cents granted in 2016, confirming the attention that we pay to our shareholders. The improvement in asset quality also saw a rapid acceleration during the year: in fact, the stock of doubtful loans as a percentage of total loans fell for the sixth quarter running and is now below the threshold of 20%, a drop of more than 3.5 percentage points in eighteen months, demonstrating the effectiveness of the Group's credit management policies.*
The excellent results achieved so far constitute a solid starting point from which to face the coming year, which is expected to be particularly challenging considering the important projects planned by the Group; of these I would like to emphasize, above all, the strategic decision to give another strong boost to the reduction in doubtful loans thanks to the measures approved by the Board of Directors last November. Given that asset quality is improving faster than expected and the fact that the Group now has a very broad capital base, we are currently updating the NPE Plan with stock reduction targets that are even more ambitious than those announced in November. This update will be reflected in the new Business Plan, which is already at an advanced stage of completion with approval expected by the end of the summer.
We are aware that we will have to face an intense period of work, at a time when the economic and financial scenario is still complex and uncertain; at the same time, we want to take this huge opportunity to make our Group even more modern, efficient and competitive, ensuring that we are able to face new market challenges from a position of strength, so that we can create even greater value for shareholders, customers and employees and continue being a solid point of reference for the areas that we serve, further improving our competitive position in the Italian banking scene."

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Income statement: key figures (see Methodological Note on page 1)

Net interest income comes to € 1,124.5 million[4], (€ 1,170.4 million in 2016) mainly due to higher interest expense on the Tier 2 subordinated bond placed at the end of May and to a slight decline in asset returns, particularly on overdraft accounts and corporate loans.

Net commission income comes to € 740.6 million[5] (€ 712.7 million in 2016). In detail, net commission income on managed funds and bancassurance business strongly increased by 19.9% y/y, 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 € 12.4 million) amounts to € 115.6 million (€ 129.9 million in 2016, including dividends of € 9.9 million); net of non-recurring items in the two periods[6], this result shows an increase of 20.2% y/y. This comprises net profits realised on securities and derivatives for € 63.4 million, net gains on securities and derivatives for € 35.2 million and other positive elements for € 4.6 million.

Operating profit comes to € 2,038.8 million (€ 2,067 million in 2016), given a positive performance on the part of net commission income, the net result from financial activities and other revenues, offset by a lower contribution from net interest income; net of non-recurring items in the two periods[7], operating profit increased by 0.3% y/y.

Operating costs amount to € 1,296.5 million (€ 1,267.0 million in 2016), and net of non-recurring items in the two periods[8] show an increase of 2.5% y/y. These amounts have been considerably affected by the costs relating to the consolidation of Nuova Carife from 30 June 2017 (subsequently absorbed by BPER Banca on 20 November 2017) and of CR Saluzzo from the fourth quarter of 2016[9]. In the current year, payroll costs amount to € 783.5 million (€ 769.1 million in 2016), other administrative expenses to € 425.6 million (€ 417.2 million in 2016) and depreciation and amortisation on tangible and intangible assets to € 87.4 million (€ 80.6 million in 2016).

The **net result from operations** (operating profit, net of operating costs) comes to € 724.3 million (€ 800.3 million in 2016) and net of non-recurring items in the two periods[10] decreased by 3.1% y/y.

Net adjustments to loans and other financial assets amount to € 655.9 million, compared with € 670.0 million in 2016; these figures include significant non-recurring items of € 111.0 million and € 43.5 million, respectively[11]; without them, total net adjustments fell by 13.0% y/y. In detail, **net adjustments to loans** amount to € 536.0 million (€ 619.7 million in 2016), resulting in a cost of credit for the year of 112 bps (136 bps in 2016). **Net impairment adjustments to financial assets** and **net adjustments to other assets**, including non-recurring income in the two periods[12], amount to € 104.6 million (€ 51.8 million in 2016) and € 15.3 million (they were positive, i.e. writebacks, for € 1.5 million in 2016).

Net provisions for risks and charges come to € 30.6 million (€ 32.6 million in 2016).

The BPER Group's ordinary contribution to the Single Resolution Fund ("SRF") for 2017 amounted to € 15.9 million (€ 15.1 million in 2016). The estimated value of the ordinary contribution to the **Deposit Guarantee Scheme (DGS) for the year** amounted to € 21.8 million (€ 16.9 million in 2016). Note that in the reclassified income statement, these contributions are shown on a separate line in the interests of clarity, whereas in the Bank of Italy format they are included in caption 180 b) "Other administrative expenses".

Definitive accounting entries were made at 31 December 2017 to allocate the purchase price of Nuova Carife, in accordance with IFRS 3 "Business Combinations". The negative difference between the purchase price and the consolidated net equity attributable to the acquired group was € 156.0 million. The purchase price allocation ("PPA") process led to balance sheet adjustments for a total of € 15.6 million; at the same time, € 50.5 million of positive changes were booked mainly relating to the tax benefit on the recognition of deferred tax assets of the merged bank for € 40.7 million. The overall benefit of the acquisition therefore amounted to € 190.9 million, which in the interests of clarity was shown on a separate line of the reclassified income statement, whereas in the Bank of Italy's format they are included in caption 265 "Badwill".

The **profit from current activities before tax** comes to € 199.1 million on a profit of € 10.5 million in 2016; net of non-recurring items in the two years, gross profit comes to € 166.1 million, up 58.5% compared with the figure of € 104.8 million in 2016. **Income taxes** amount to € 22.2 million (positive for € 5.3 million in 2016).

Total net profit for the period comes to € 176.9 million (€ 15.8 million in 2016), including the net profit pertaining to minority interests of € 0.5 million (€ 1.5 million in 2016). **The profit pertaining to the Parent Company** therefore comes to € 176.4 million (€ 14.3 million in 2016).

Balance sheet: key figures (see Methodological Note on page 1)

Direct borrowing from customers (due to customers, debt securities in issue and financial liabilities designated at fair value through profit and loss) amounts to € 50.2 billion (€ 47.7 billion at the end of 2016), due to the policy of transforming it into indirect deposits. Of the various types of deposits, short-term deposits (current accounts and demand deposits, restricted deposits, repurchase agreements and other short-term loans) amounted to € 42.7 billion (€ 38.9 billion at the end of 2016), while long-term deposits (bonds, certificates of deposit and other certificates) amounted to € 7.6 billion (€ 8.8 billion at the end of 2016). Direct borrowing is made up principally of current accounts, demand deposits and short-term restricted deposits (70.2%) and bonds (10.7%).

Indirect customer deposits, marked to market, amount to € 35.9 billion (€ 32.9 billion at the end of 2016). In particular, **assets under management** amount to € 19.8 billion, with a positive net inflow for the period of around € 2.2 billion, almost double the figure of € 1.2 billion in 2016. **Assets under administration** amount to € 16.1 billion (€ 16.6 billion at the end of 2016), due to the elimination of institutional customers' low-margin assets. The **life insurance policy portfolio**, which is not included in indirect borrowing, comes to € 4.7 billion (€ 4.4 billion at the end of 2016).

Loans to customers, net of impairment adjustments, amount to € 47.8 billion (€ 45.5 billion at the end of 2016), an increase in mortgage loans of more than 23% compared with last year.

Net non-performing loans (bad, unlikely to pay and past due loans) amount to € 5.4 billion, significantly down by 12.8% since the end of 2016, with a total coverage ratio of 48.7% (44.5% at the end of 2016) and this does not take into consideration the write-offs of bad loans still outstanding (€ 0.9 billion), which take the coverage ratio to 52.6% (49.4% at the end of 2016). In detail, **net bad loans** amount to € 2.9 billion, a significant decrease on the end of 2016 (-3.9%) with coverage of 59.3% (57.2% at the end of 2016); in addition, taking into account the direct write-offs of bad loans still outstanding, coverage comes to 63.7% (62.9% at the end of 2016). **Net unlikely to pay loans** amount to € 2.4 billion, a strong decrease compared with the end of 2016 (-20.6%), with a level of coverage of 27.2%, an increase of 369 bps since the end of 2016; **net past due loans** amount to € 0.1 billion, down 35.9% from the end of last year with coverage of 10.6% (7.8% at the end of 2016).

The **net interbank position**, which is negative for € 10.0 billion compared with € 8.1 billion at the end of 2016, is the difference between the amounts due from banks of € 3.0 billion and the amounts due to banks of € 13.0 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; € 1.0 billion at the end of December 2016 and € 4.2 billion at the end of March 2017). Financial instruments, which can be used as collateral for refinancing operations on the market, amount to € 15.9 billion net of the haircut, of which € 3.3 billion available, to which approximately € 2.0 billion of deposits available at the European Central Bank are to be added.

Financial assets amount in total to € 15.5 billion (€ 13.7 billion at the end of 2016), representing 21.7% of total assets. Debt securities represent 94.2% of the total portfolio and amount to € 14.6 billion: of these, € 6.1 billion relate to government securities, of which € 5.3 billion represented by Italian government bonds.

Against assets available for sale (AFS) of € 12.1 billion, there are positive valuation reserves for a total of € 128.1 million, net of the related tax effect, which is the net result of positive reserves for debt securities, equities and UCITS of € 162.6 million, less negative reserves of € 34.5 million. The "AFS" reserve for government securities is showing gains (net of taxes) of € 28.5 million (€ 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 € 107.9 million.

Total equity ("own funds") at 31 December 2017 amounts to € 5.7 billion (+2.9% 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 € 5.1 billion, +3.7% since the end of 2016.

The phased in Basel 3 **leverage ratio** of 6.13% (6.04% 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 December 2017, the LCR ratio was equal to 113.7%, while the NSFR ratio was estimated at over 100% (compared with 104.9% at 30 September 2017 and 104.3% 31 December 2016).

Capital ratios

The capital ratios at 31 December 2017, calculated taking into account the AIRB methodology for the credit risk requirement, consider the value of Own Funds including the share of profit realised during the period and the dividend expected for the Parent Company BPER Banca:

- Common Equity Tier 1 Ratio (phased in) of 13.89% (14.03% at 30 September 2017 and 13.80% at 31 December 2016). This ratio calculated on a fully phased basis comes to 13.68% (13.81% at 30 September 2017 and 13.27% at 31 December 2016), including the effect of the ECB's approval (received in the third quarter 2017) to eliminate the add-ons to risk-weighted assets which the ECB requested at the time that BPER Banca's internal models were being validated in June 2016, on completion of the preparatory activities;

- Phased In Tier 1 ratio of 13.97% (14.11% at 30 September 2017 and 13.89% at 31 December 2016);

- Own Funds ratio (Phased In) of 16.69.% (16.89% at 30 September 2017 and 15.21% at 31 December 2016).

First application of the IFRS 9 accounting standard. Capital ratios remain high even considering the effects deriving from the first application of the IFRS 9 accounting standard, in force since 1 January 2018. The estimations currently available show that further to the first application of the Standard, at the first reporting date, 31 March 2018, the CET1 pro-forma ratio Fully Phased will be above 12% without considering the fiscal effect, while if calculated using the criteria in force for 2018 (Phased in), benefiting from the delayed/extended impact pursuant to EU Regulation 2395/2017, it will be above 15%, with respect to a SREP requirement for the year of 8,125%[13]. Both estimations include the impact of the extraordinary measure on provisions for a gross amount of around € 1,0 billion envisaged in the NPE Strategy for 2018-20 approved by the Board of Directors last November.

Key figures at 31 December 2017

The Group has a presence in eighteen Regions of Italy with 1,218 branches (1,200 in 2016), as well as the head office of BPER (Europe) International s.a. in Luxembourg.

The Group currently has 11,653 employees (12,014 at 30 June 2017, including the staff of Nuova Carife), compared with 11,635 on the books at the end of 2016.

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The Parent Company BPER Banca

The Bank's financial statements at 31 December 2017, which have been approved on a preliminary basis by the Board of Directors, show the financial and economic values reported below (including various kinds of extraordinary income and expenses).

Balance sheet:

direct deposits amount to € 36.9 billion (€ 34.8 billion at the end of 2016);

indirect deposits come to € 31.6 billion (€ 29.1 billion at the end of 2016);

net loans to customers amount to € 37.4 billion (€ 35.5 billion at the end of 2016), with non-performing loans of € 3.4 billion (€ 4.1 billion at the end of 2016), representing 9.2% of the total and coverage of 51.8%; bad loans amount to € 1.9 billion, which is 5.0% of total net loans, with coverage of 61.9%;

shareholders' equity, including the result for the year, comes to € 4.9 billion (€ 4.7 million in 2016).

Income statement:

net interest income comes to € 803.5 million (€ 853.3 million in 2016);

net commission income amounts to € 558.3 million (€ 536.2 million in 2016);

net interest and other banking income comes to € 1,476.7 million (€ 1,501.0 million in 2016);

net profit from financial activities comes to € 974.9 million (€ 943.4 million in 2016);

operating costs, including operating income, amount to € 938.6 million (€ 931.7 million in 2016);

result of current operations before income taxes for the year is positive for € 220.4 million (€ 1.4 million in 2016);

net result for the year, net of tax of € 11.6 million, is € 208.8 million (€ 18.7 million in 2016).

Proposed allocation of the net profit of BPER Banca

The Board approved the distribution of a cash dividend of Euro 0.11 for each of the 481,308,435 shares representing the share capital (net of those held in portfolio at the ex-dividend date: 455,458 at 31 December 2017 and as of today's date), for a total maximum amount of € 52,943,927.85.

Payment of the dividend, which will be submitted to the Shareholders' Meeting for approval, is scheduled from 23 May 2018 onwards, according to the calendar of Borsa Italiana S.p.A. As regards its market price, BPER's stock will go ex-coupon on Monday, 21 May 2018, while the record date is scheduled for Tuesday, 22 May 2018.

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Significant subsequent events

TLTRO2 – (Targeted Longer-Term Refinancing Operations Series 2)

The Eurosystem uses Targeted Longer-Term Refinancing Operations (TLTRO) to offers banks loans with maturities of up to four years. These operations are designed to improve the functioning of the mechanism for transmitting monetary policy by supporting the process of granting credit to the real economy. Two series of operations were carried out, the first of which, consisting of eight auctions (TLTRO1), was announced in June 2014; the second, made up of four operations (TLTRO2), in March 2016. In both series, the financing obtainable by each bank depended on the amount of loans granted to non-financial companies and households (with the exception of home purchase loans). Through the second series, banks obtained funds from the Eurosystem at particularly favourable conditions (at a rate potentially equal to the one applied to one-day deposits at the central bank), in order to ease the conditions for disbursing bank credit, thereby ensuring that the stimulus of monetary policy reached households and businesses in the Euro area.

In particular, for TLTRO2 transactions carried out between June 2016 and March 2017, the interest rate for the duration of the transaction (four years) is equal to the rate applied to the main refinancing operations on the settlement date of each TLTRO2. This rate can be reduced in relation to the trend compared with a certain benchmark of credit granted by the borrowing banks to the non-financial private or "eligible" sector during the period 1 February 2016 - 31 January 2018. If the benchmark is exceeded, the rate is reduced in correlation with the rate of deposits with the ECB ("deposit facility") applied on the settlement date of each TLTRO2.

The BPER Group took part in TLTRO2 refinancing operations with the ECB for a total of € 9.3 billion at a consolidated level. Note that on 31 January 2018, the BPER Group posted a higher level of "eligible" loans than the benchmark set by the ECB, so the rate applied to the refinancing operations throughout their term is equal to the rate of deposits with the ECB ("deposit facility") applied on the settlement date of each operation (-40 bps).

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Outlook for operations

At a global level, the economic situation is encouraging, with economic growth and international trade showing signs of strengthening. The European recovery is consolidating, driven above all by the good performance of the German economy. The figures for Italian growth are improving, with GDP that should come in at around +1.5%, with favourable prospects for capital investment and household consumption. The monetary policy adopted by the European Central Bank remains cautious: the ECB has already announced that if inflation does not rise towards the target of 2%, its expansionary policies could be extended over time.

In this favourable scenario, the pressure on net interest income due to the persistence of market rates at all-time lows should be offset by the expected increase in commercial volumes and the easing of competitive tensions on the yield on commercial assets following the closure - at the end of January 2018 - of the verification period for obtaining the benefit deriving from the ECB's TLTRO2 programme (the Group met all of its benchmark targets and can therefore benefit in full from the -0.40% interest rate applied to these operations). Important support for revenues is expected to come from commissions, particularly from the asset management and bancassurance sector, while the commercial banking business should remain substantially stable. Operating costs on a like-for-like basis are expected to continue falling gradually. A significant contribution to the Group's profitability is expected to come from the substantial reduction in the cost of credit that began in the first quarter of the year, as a result of the extraordinary intervention on provisions for a total of € 1 billion, as announced to the market last November, and the more rapid improvement in asset quality. All of these factors should contribute to support the Group's profitability prospects for the current year.

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Approval of the BPER's draft separate and consolidated financial statements for 2017 by the Board of Directors is scheduled for 8 March 2018.

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To complete the information provided, we attach the consolidated and separate balance sheets and income statements (split into quarters with comparative figures, the latter also in a reclassified format) at 31 December 2017, as well as a summary of the main indicators.

Deloitte & Touche S.p.A. is still doing its audit and will issue a report by the legal deadline on the draft separate and consolidated financial statements at 31 December 2017, due to be approved by the Board of Directors of the Bank on 8 March 2018, as mentioned previously.

Modena, 8 February 2018

Chief Executive Officer
Alessandro Vandelli

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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 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, 8 February 2018

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

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A conference call has been organised for **8 February 2018 at 6:00 p.m. (CET)** to explain the BPER Group's results at 31 December 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.

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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.

Contacts:

Investor Relations	Manager responsible for preparing the company's financial reports	External Relations
Gilberto Borghi	**Marco Bonfatti**	**Eugenio Tangerini**
Tel: 059/202 2194	Tel: 059/202 2713	Tel: 059/202 1330
gilberto.borghi@bper.it	marco.bonfatti@bper.it	eugenio.tangerini@bper.it

www.bper.it – www.gruppobper.it

Notes:

1 **Non-recurring income and expenses at 31 December 2017 (€/million)**

Income statement caption	Description			TOTAL
	Equity investments/goodwill	**Property**	**Other**	
265) Badwill	+190.9			
100 b) Gains on disposal or repurchase of AFS financial assets	+12.0			
Total non-recurring income	**202.9**			**202.9**
100 a) Losses on transfer of loans			-20.8	
200) Net adjustments to property, plant and equipment		-8.0		
130 b) and c) Net impairment adjustments to AFS financial assets	-93.6			
130 d) Net impairment adjustments to other financial assets	-17.4			
240) Loss from equity investments + 260) Adjustments to goodwill	-30.1			
Total non-recurring expenses	**-141.1**	**-8.0**	**-20.8**	**-169.9**
Grand total	**+61.8**	**-8.0**	**-20.8**	**+33.0**

Non-recurring income and expenses at 31 December 2016 (€/million)

Income statement caption	Description			TOTAL
	Equity investments/goodwill	**Property**	**Other**	
100 b) Gains on disposal or repurchase of AFS financial assets	+37.6			
Total non-recurring income	**+37.6**			**+37.6**
100 a) Losses on transfer of loans			-11.1	
200) Net adjustments to property, plant and equipment		-9.4		
130 b) and c) Net impairment adjustments to AFS financial assets	-43.5			
180 b) Other administrative expenses (Extraordinary contributions the Single Resolution Fund)			-34.9	
260) Adjustments to goodwill	-32.9			
Total non-recurring expenses	**-76.4**	**-9.4**	**-46.0**	**-131.9**
Grand total	**-38.8**	**-9.4**	**-46.0**	**-94.2**

In addition, the following is a list of the contributions made to the Resolution and Deposit Guarantee Funds for 2017 and 2016:

2017 (€/million)

Description	Income statement caption	1Q17	2Q17	3Q17	4Q17	Total 2017
Ordinary contributions to the Single Resolution Fund (SRF)	180 b) - Other administrative expenses	-18.0	+2.1			-15.9
Ordinary contributions to the Deposit Guarantee Scheme (DGS)	180 b) - Other administrative expenses			-20.2	-1.6	-21.8
Total expenses		**-18.0**	**+2.1**	**-20.2**	**-1.6**	**-37.7**

2016 (€/million)

Description	Income statement caption	1Q16	2Q16	3Q16	4Q16	Total 2016
Ordinary contributions to the Single Resolution Fund (SRF)	180 b) - Other administrative expenses	-15.0	-0.1			-15.1
Ordinary contributions to the Deposit Guarantee Scheme (DGS)	180 b) - Other administrative expenses			-17.6	+0.7	-16.9
Recovery for provision to the Solidarity Fund (Stability Law 2016)	160) Provisions for risks and charges				+4.0	+4.0
Recovery for provision to FITD Tercas 2015	220) Other operating income				+0.8	+0.8
Total expenses		**-15.0**		**-17.6**	**+5.5**	**-27.2**

2 The Texas ratio is gross NPE / (tangible equity + provisions)

3 See note 1.

4 Net interest income in 2017 includes the benefit of participating in emissions of TLTRO 2 - Targeted Longer Term Refinancing Operations-II for € 33.7 million (€ 10.0 million in Q4 2017, € 9.4 million in Q3 2017, € 9.3 million in Q2 2017 and € 5.1 million in Q1 2017). 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 5). Net interest income at 31 December 2017 includes € 13.7 million relating to CR Saluzzo which was consolidated in the fourth quarter of 2016 (Q4 2016: € 3.2 million). Note that Nuova Carife joined the BPER Group on 30 June 2017, contributing € 5.6 million to consolidated net interest income in the third quarter of 2017; Nuova Carife was then merged with BPER Banca on 20 November 2017.

5 Net commission income in 2017 includes € 7.8 million relating to CR Saluzzo which was consolidated in the fourth quarter of 2016 (Q4 2016: € 2.1 million). Note that Nuova Carife joined the BPER Group on 30 June 2017, contributing € 6.7 million to consolidated net commission income in the third quarter of 2017; Nuova Carife was then merged with BPER Banca on 20 November 2017.

6 See note 1.

7 See note 1.

8 See note 1.

9 Operating costs for 2017 include € 20.0 million relating to CR Saluzzo (Q4 2016: € 7.7 million). Note that Nuova Carife joined the BPER Group on 30 June 2017, contributing € 21.7 million to consolidated operating costs for the third quarter of 2017 (payroll costs of € 12.5 million, administrative expenses of € 8.5 million and depreciation and amortisation of € 0.7 million); Nuova Carife was then merged with BPER Banca on 20 November 2017.

10 See note 1.

11 See note 1

12 See note 1.

13 The estimations currently available show that further to the first application of the Standard, at the first reporting date, 31 March 2018, downward variations will occur on net credit and security amounts for a total of approximately 900 million euros; these, pursuant to the rules governing First Time Adoption, will indiscriminately be registered with a direct impact on Shareholders Equity. In summary, they are attributable to: - impairments on performing loans and debt securities, mainly connected to the allocation of loans in the Stage 2 category, for which expected loss is estimated with lifetime methodology, for approximately € 50 million; - impairments on non-performing loans for over € 1,0 billion, partly attributable to the already noted extra-provisioning and deriving from the probabilistic quantification of disposal scenarios, for a quota of around € 3,0 billion of bad loans and Unlikely-to-pay positions, in line with the NPE Strategy for 2018-2020; - positive effect, fair value assessment of financial instruments, further to the classification and measurement of the new IFRS 9 portfolios, for almost € 180 million.

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Consolidated balance sheet as at 31 December 2017

(in thousands of Euro)

Assets	31.12.2017	31.12.2016	Change	% Change
10. Cash and cash equivalents	420,299	364,879	55,420	15.19
20. Financial assets held for trading	663,134	676,844	(13,710)	-2.03
30. Financial assets designated at fair value through profit and loss	83,299	84,307	(1,008)	-1.20
40. Financial assets available for sale	12,076,053	10,433,222	1,642,831	15.75
50. Financial assets held to maturity	2,637,135	2,515,993	121,142	4.81
60. Due from banks	3,012,515	1,331,811	1,680,704	126.20
70. Loans to customers	47,814,808	45,494,179	2,320,629	5.10
80. Hedging derivatives	54,061	62,365	(8,304)	-13.32
100. Equity investments	454,367	413,923	40,444	9.77
120. Property, plant and equipment	1,063,483	969,470	94,013	9.70
130. Intangible assets (*)	506,627	520,829	(14,202)	-2.73
of which: goodwill (*)	327,084	355,441	(28,357)	-7.98
140. Tax assets	1,848,127	1,518,027	330,100	21.75
a) current	575,441	221,395	354,046	159.92
b) deferred	1,272,686	1,296,632	(23,946)	-1.85
b1) of which L. 214/2011	1,021,455	1,073,172	(51,717)	-4.82
160. Other assets	704,899	574,175	130,724	22.77
Total assets	**71,338,807**	**64,960,024**	**6,378,783**	**9.82**

(in thousands of Euro)

Liabilities and shareholders' equity	31.12.2017	31.12.2016	Change	% Change
10. Due to banks	12,984,226	9,462,678	3,521,548	37.22
20. Due to customers	42,694,078	38,912,714	3,781,364	9.72
30. Debt securities in issue	7,504,019	8,587,243	(1,083,224)	-12.61
40. Financial liabilities held for trading	169,459	226,837	(57,378)	-25.29
50. Financial liabilities designated at fair value through profit and loss	48,320	247,933	(199,613)	-80.51
60. Hedging derivatives	24,383	40,697	(16,314)	-40.09
80. Tax liabilities	106,218	100,992	5,226	5.17
a) current	2,258	1,715	543	31.66
b) deferred (*)	103,960	99,277	4,683	4.72
100.Other liabilities	1,463,452	1,197,062	266,390	22.25
110. Provision for termination indemnities	187,536	205,364	(17,828)	-8.68
120. Provisions for risks and charges	440,385	422,791	17,594	4.16
a) pensions and similar commitments	137,148	136,409	739	0.54
b) other provisions	303,237	286,382	16,855	5.89
140. Valuation reserves	110,558	89,951	20,607	22.91
170. Reserves	2,411,077	2,410,357	720	0.03
180. Share premium reserve	928,981	930,073	(1,092)	-0.12
190. Share capital	1,443,925	1,443,925	-	-
200. Treasury shares	(7,258)	(7,258)	-	-
210. Minority interests	653,010	674,366	(21,356)	-3.17
220. Profit (Loss) for the period	176,438	14,299	162,139	--
Total liabilities and shareholders' equity	**71,338,807**	**64,960,024**	**6,378,783**	**9.82**

(*) The Purchase Price Allocation (PPA) process of Cassa di Risparmio di Saluzzo was completed at 30 June 2017. Control over it was acquired in the fourth quarter of 2016 and the purchase price was allocated on a provisional basis at 31 December 2016; in accordance with paragraph 45 of IFRS 3, the conclusion of the process resulted in an adjustment of the figures at 31 December 2016 compared with those previously published, following the identification of intangible assets with a finite useful life for a total of Euro 9,061 thousand, recognition at the same time of deferred tax liabilities of Euro 2,996 thousand and therefore a reduction in the provisionally recorded goodwill of Euro 6,065 thousand.

Consolidated reclassified income statement as at 31 December 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 126,175 thousand at 31 December 2017 and Euro 118,704 thousand at 31 December 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, IDGF-VS” 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 December 2017, this caption represents the component allocated for accounting purposes to administrative costs in relation to:
    - the 2017 contribution to the SRF (European Single Resolution Fund) of Euro 15,870 thousand;
    - equalisation of the 2015 contribution to the SRF (European Single Resolution Fund) of Euro 61 thousand;
    - the 2017 contribution to the DGS (Deposit Guarantee Schemes) of Euro 21,790 thousand.

  Note that the comparative figures at 31 December 2016 have been restated compared with those included in the Consolidated financial statements at 31 December 2016, including the repayment received from FITD-SV for redefinition of the intervention in Banca Tercas (Euro 10,970 thousand), previously recorded under the caption “Net impairment adjustments for other financial transactions”.

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(in thousands of Euro)

Captions		31.12.2017	31.12.2016	Change	% Change
10+20	Net interest income	1,124,479	1,170,447	(45,968)	-3.93
40+50	Net commission income	740,628	712,722	27,906	3.92
70	Dividends	12,416	9,872	2,544	25.77
80+90+100+110	Net trading income	103,134	119,999	(16,865)	-14.05
220 (*) (**)	Other operating charges/income	58,190	54,238	3,952	7.29
	Operating income	**2,038,847**	**2,067,278**	**(28,431)**	**-1.38**
180 a)	Payroll	(783,478)	(769,149)	(14,329)	1.86
180 b) (*) (***)	Other administrative costs	(425,611)	(417,217)	(8,394)	2.01
200+210	Net adjustments to property, plant, equipment and intangible assets	(87,429)	(80,595)	(6,834)	8.48
	Operating costs	**(1,296,518)**	**(1,266,961)**	**(29,557)**	**2.33**
	Net operating income	**742,329**	**800,317**	**(57,988)**	**-7.25**
130 a)	Net impairment adjustments to loan	(535,975)	(619,750)	83,775	-13.52
130 b)+c)	Net impairment adjustments to financial assets available for sale and held to maturity	(104,628)	(51,811)	(52,817)	101.94
130 d) (****)	Net impairment adjustments to other financial assets	(15,313)	1,527	(16,840)	--
	Net impairment adjustments	**(655,916)**	**(670,034)**	**14,118**	**-2.11**
190	Net provisions for risks and charges	(30,578)	(32,648)	2,070	-6.34
###	Contribution to SRF, DGS, IDGF-VS	(37,721)	(62,508)	24,787	-39.65
240+260+270	Gains (Losses) from equity instruments, on disposal of investments and adjustment to goodwill	(9,886)	(24,583)	14,697	-59.79
265	Negative goodwill recognised in profit or loss	190,892	-	190,892	n.s.
280	**Profit (Loss) from current operations before tax**	**199,120**	**10,544**	**188,576**	--
290	Income taxes on current operations for the period	(22,238)	5,270	(27,508)	-521.97
320	**Net profit (loss) for the period**	**176,882**	**15,814**	**161,068**	--
330	Net profit (loss) pertaining to minority interests	(444)	(1,515)	1,071	-70.69
340	**Profit (Loss) for the period pertaining to the Parent Company**	**176,438**	**14,299**	**162,139**	--

	Caption net of:				
(*)	Recovery of indirect taxes	126,175	118,704	7,471	6.29
(**)	Accounting recovery of the guarantee expired as part of the Banca Tercas transaction	-	775	(775)	-100.00
(***)	Contribution to SRF, DGS, IDGF-VS	(37,721)	(78,233)	40,512	-51.78
(****)	Contribution to SRF, DGS, IDGF-VS	-	3,980	(3,980)	-100.00
(*****)	Repayment received from IDGF-VS for redefinition of the intervention in Banca Tercas	-	10,970	(10,970)	-100.00

Consolidated reclassified income statement by quarter as at 31 December 2017

(in thousands)

Captions		1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017	1st quarter 2016	2nd quarter 2016	3rd quarter 2016	4th quarter 2016
10+20	Net interest income	288,114	282,005	280,218	274,142	296,800	293,576	285,728	294,343
40+50	Net commission income	177,373	181,851	184,802	196,602	177,083	181,035	174,803	179,801
70	Dividends	312	10,812	507	785	86	8,732	338	716
80+90+100+110	Net trading income	24,664	25,869	20,489	32,112	15,662	49,064	25,518	29,755
220 (*) (**)	Other operating charges/income	10,310	14,298	23,565	10,017	15,538	16,430	13,605	8,665
	Operating income	**500,773**	**514,835**	**509,581**	**513,658**	**505,169**	**548,837**	**499,992**	**513,280**
180 a)	Payroll	(194,125)	(191,551)	(191,656)	(206,146)	(196,586)	(201,655)	(176,168)	(194,740)
180 b) (*) (***)	Other administrative costs	(96,628)	(104,864)	(107,465)	(116,654)	(101,125)	(102,758)	(106,098)	(107,236)
200+210	Net adjustments to property, plant and equipment and intangible assets	(18,685)	(22,012)	(20,653)	(26,079)	(17,084)	(20,443)	(17,943)	(25,125)
	Operating costs	**(309,438)**	**(318,427)**	**(319,774)**	**(348,879)**	**(314,795)**	**(324,856)**	**(300,209)**	**(327,101)**
	Net operating income	**191,335**	**196,408**	**189,807**	**164,779**	**190,374**	**223,981**	**199,783**	**186,179**
130 a)	Net impairment adjustments to loans	(133,573)	(189,659)	(89,722)	(123,021)	(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)	(54,236)	(29,383)	(3,628)	(3,678)	(3,524)	(4,948)	(39,661)
130 d) (*****)	Net impairment adjustments to other financial assets	4,647	1,787	6,446	(28,193)	(3,666)	3,918	3,097	(1,822)
	Net impairment adjustments	**(146,307)**	**(242,108)**	**(112,659)**	**(154,842)**	**(121,511)**	**(161,541)**	**(126,429)**	**(260,553)**
190 (****)	Net provisions for risks and charges	(5,661)	(5,941)	(9,268)	(9,708)	(9,621)	(12,504)	(5,791)	(4,732)
###	Contributions to SRF, DGS, IDGF-VS	(18,061)	2,114	(20,205)	(1,569)	(15,000)	(432)	(17,607)	(29,469)
240+260+270	Gains (Losses) on disposal of investments and adjustments to goodwill	3,705	2,843	4,885	(21,319)	3,193	(4,077)	2,462	(26,161)
265	Negative goodwill recognised in profit or loss		130,722		60,170	-	-	-	-
280	**Profit from current operations before income tax**	**25,011**	**84,038**	**52,560**	**37,511**	**47,435**	**45,427**	**52,418**	**(134,736)**
290	Income taxes on current operations	(7,743)	17,926	(23,696)	(8,725)	(14,104)	(13,689)	(12,838)	45,901
320	**Net profit (loss) for the period**	**17,268**	**101,964**	**28,864**	**28,786**	**33,331**	**31,738**	**39,580**	**(88,835)**
330	Net profit (loss) for the period pertaining to minority interests	(2,710)	2,540	1,032	(1,306)	(2,356)	2,029	(3,162)	1,974
340	**Profit (Loss) for the period pertaining to the Parent Company**	**14,558**	**104,504**	**29,896**	**27,480**	**30,975**	**33,767**	**36,418**	**(86,861)**
	Captions net of:								
(*)	Recovery of taxes	29,981	31,001	31,382	33,811	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, IDGF-VS	(18,061)	2,114	(20,205)	(1,569)	(15,000)	(11,402)	(17,607)	(34,224)
(****)	Contributions to SRF, DGS, IDGF-VS	-	-	-		-	-	-	3,980
(*****)	Repayment received from IDGF-VS for redefinition of the intervention in Banca Tercas	-	-	-		-	10,970	-	-

The benefit of the acquisition of Nuova Carife has been allocated in a specific caption of Income statement "265. Negative goodwill recognised to profit or loss". The figures of second quarter 2017 have been restated.

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Consolidated income statement as at 31 December 2017

(in thousands of Euro)

Captions	31.12.2017	31.12.2016	Change	% Change
10. Interest and similar income	1,416,396	1,483,051	(66,655)	-4.49
20. Interest and similar expense	(291,917)	(312,604)	20,687	-6.62
30. Net interest income	**1,124,479**	**1,170,447**	**(45,968)**	**-3.93**
40. Commission income	776,606	745,959	30,647	4.11
50. Commission expense	(35,978)	(33,237)	(2,741)	8.25
60. Net commission income	**740,628**	**712,722**	**27,906**	**3.92**
70. Dividends and similar income	12,416	9,872	2,544	25.77
80. Net trading income	38,015	7,944	30,071	378.54
90. Net hedging gains (losses)	(493)	(335)	(158)	47.16
100. Gains/losses on disposal or repurchase of:	64,374	107,662	(43,288)	-40.21
a) loans	(12,431)	(9,748)	(2,683)	27.52
b) financial assets available for sale	76,024	118,627	(42,603)	-35.91
c) financial assets held to maturity	316	-	316	n.s.
d) financial liabilities	465	(1,217)	1,682	-138.21
110. Net results on financial assets and liabilities designated at fair value	1,238	4,728	(3,490)	-73.82
120. Net interest and other banking income	**1,980,657**	**2,013,040**	**(32,383)**	**-1.61**
130. Net impairment adjustments to:	(655,916)	(659,064)	3,148	-0.48
a) loans	(535,975)	(619,750)	83,775	-13.52
b) financial assets available for sale	(104,628)	(51,811)	(52,817)	101.94
d) other financial assets	(15,313)	12,497	(27,810)	-222.53
140. Net profit from financial activities	**1,324,741**	**1,353,976**	**(29,235)**	**-2.16**
180. Administrative costs:	(1,372,985)	(1,383,303)	10,318	-0.75
a) payroll	(783,478)	(769,149)	(14,329)	1.86
b) other administrative costs	(589,507)	(614,154)	24,647	-4.01
190. Net provision for risks and charges	(30,578)	(28,668)	(1,910)	6.66
200. Net adjustments to property, plant and equipment	(46,124)	(45,709)	(415)	0.91
210. Net adjustments to intangible assets	(41,305)	(34,886)	(6,419)	18.40
220. Other operating charges/income	184,365	173,717	10,648	6.13
230. Operating costs	**(1,306,627)**	**(1,318,849)**	**12,222**	**-0.93**
240. Profit (Loss) from equity investments	18,483	8,491	9,992	117.68
260. Adjustments to goodwill	(28,357)	(32,854)	4,497	-13.69
265. Negative goodwill recognised in profit or loss	190,892	-	190,892	n.a.
270. Gains (Losses) on disposal of investments	(12)	(220)	208	-94.55
280. Profit (Loss) from current operations before tax	**199,120**	**10,544**	**188,576**	**--**
290. Income taxes on current operations for the period	(22,238)	5,270	(27,508)	-521.97
300. Profit (Loss) from current operations after tax	176,882	15,814	161,068	--
320. Profit (loss) for the period	**176,882**	**15,814**	**161,068**	**--**
330. Profit (Loss) for the period pertaining to minority interests	(444)	(1,515)	1,071	-70.69
340. Profit (Loss) for the period pertaining to the Parent Company	**176,438**	**14,299**	**162,139**	**--**

Consolidated income statement by quarter as at 31 December 2017

(in thousands of Euro)

Captions	1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017	1st quarter 2016	2nd quarter 2016	3rd quarter 2016	4th quarter 2016
10. Interest and similar income	355,137	351,464	358,537	351,258	384,670	373,463	359,459	365,459
20. Interest and similar expense	(67,023)	(69,459)	(78,319)	(77,116)	(87,870)	(79,887)	(73,731)	(71,116)
30. Net interest income	**288,114**	**282,005**	**280,218**	**274,142**	**296,800**	**293,576**	**285,728**	**294,343**
40. Commission income	185,947	190,680	194,303	205,676	185,186	189,189	183,068	188,516
50. Commission expense	(8,574)	(8,829)	(9,501)	(9,074)	(8,103)	(8,154)	(8,265)	(8,715)
60. Net commission income	**177,373**	**181,851**	**184,802**	**196,602**	**177,083**	**181,035**	**174,803**	**179,801**
70. Dividends and similar income	312	10,812	507	785	86	8,732	338	716
80. Net trading income	10,920	9,069	13,286	4,740	(25,801)	(3,956)	12,051	25,650
90. Net hedging gains (losses)	(300)	41	31	(265)	120	(82)	(129)	(244)
100. Gains/losses on disposal or repurchase of:	13,630	16,756	6,986	27,002	37,346	55,129	11,199	3,988
a) loans	1,253	(9,105)	(5,170)	591	7	1,027	(4,495)	(6,287)
b) financial assets available for sale	12,378	25,466	12,027	26,153	38,237	54,210	15,833	10,347
c) financial assets held to maturity	-	316	-	-	-	-	-	-
d) financial liabilities	(1)	79	129	258	(898)	(108)	(139)	(72)
110. Net results on financial assets and liabilities designated at fair value	414	3	186	635	3,997	(2,027)	2,397	361
120. Net interest and other banking income	**490,463**	**500,537**	**486,016**	**503,641**	**489,631**	**532,407**	**486,387**	**504,615**
130. Net impairment adjustments to:	(146,307)	(242,108)	(112,659)	(154,842)	(121,511)	(150,571)	(126,429)	(260,553)
a) loans	(133,573)	(189,659)	(89,722)	(123,021)	(114,167)	(161,935)	(124,578)	(219,070)
b) financial assets available for sale	(17,381)	(54,236)	(29,383)	(3,628)	(3,678)	(3,524)	(4,948)	(39,661)
d) other financial assets	4,647	1,787	6,446	(28,193)	(3,666)	14,888	3,097	(1,822)
140. Net profit from financial activities	**344,156**	**258,429**	**373,357**	**348,799**	**368,120**	**381,836**	**359,958**	**244,062**
180. Administrative costs:	(338,795)	(325,302)	(350,708)	(358,180)	(343,116)	(344,714)	(329,258)	(366,215)
a) payroll	(194,125)	(191,551)	(191,656)	(206,146)	(196,586)	(201,655)	(176,168)	(194,740)
b) other administrative costs	(144,670)	(133,751)	(159,052)	(152,034)	(146,530)	(143,059)	(153,090)	(171,475)
190. Net provision for risks and charges	(5,661)	(5,941)	(9,268)	(9,708)	(9,621)	(12,504)	(5,791)	(752)
200. Net adjustments to property, plant and equipment	(9,076)	(12,048)	(9,771)	(15,229)	(8,983)	(12,104)	(9,150)	(15,472)
210. Net adjustments to intangible assets	(9,609)	(9,964)	(10,882)	(10,850)	(8,101)	(8,339)	(8,793)	(9,653)
220. Other operating charges/income	40,291	45,299	54,947	43,828	45,943	45,329	42,990	39,455
230. Operating costs	**(322,850)**	**(307,956)**	**(325,682)**	**(350,139)**	**(323,878)**	**(332,332)**	**(310,002)**	**(352,637)**
240. Profit (Loss) from equity investments	3,675	2,857	4,872	7,079	3,143	(406)	2,344	3,410
260. Adjustments to goodwill	-	-	-	(28,357)	-	(3,254)	-	(29,600)
265. Negative goodwill recognised in profit or loss	-	130,722	-	60,170	-	-	-	-
270. Gains (Losses) on disposal of investments	30	(14)	13	(41)	50	(417)	118	29
280. Profit (Loss) from current operations before tax	**25,011**	**84,038**	**52,560**	**37,511**	**47,435**	**45,427**	**52,418**	**(134,736)**
290. Income taxes on current operations for the period	(7,743)	17,926	(23,696)	(8,725)	(14,104)	(13,689)	(12,838)	45,901
300. Profit (Loss) from current operations after tax	**17,268**	**101,964**	**28,864**	**28,786**	**33,331**	**31,738**	**39,580**	**(88,835)**
320. Net profit (Loss) for the period	**17,268**	**101,964**	**28,864**	**28,786**	**33,331**	**31,738**	**39,580**	**(88,835)**
330. Profit (Loss) for the period pertaining to minority interests	(2,710)	2,540	1,032	(1,306)	(2,356)	2,029	(3,162)	1,974
340. Profit (Loss) for the period pertaining to the Parent Company	**14,558**	**104,504**	**29,896**	**27,480**	**30,975**	**33,767**	**36,418**	**(86,861)**

The benefit of the acquisition of Nuova Carife has been allocated in a specific caption of Income statement "265. Negative goodwill recognised to profit or loss". The figures of second quarter 2017 have been restated.

Performance ratios as at 31 December 2017

Financial ratios	31.12.2017	31.12.2016 (*)
Structural ratios (%)		
net loans to customers/total assets	67.02%	70.03%
net loans and advances to customers/direct deposits from customers	95.16%	95.28%
financial assets/total assets	21.67%	21.11%
fixed assets/total assets	2.13%	2.13%
goodwill/total assets	0.46%	0.55%
direct deposits/total assets	88.63%	88.07%
deposits under management/indirect deposits	55.08%	49.55%
financial assets/tangible equity[1]	2.97	2.72
total tangible assets[2]/tangible equity	13.60	12.80
net interbank lending/borrowing (in thousands of Euro)	(9,971,711)	(8,130,867)
number of employees	11,653	11,635
number of national bank branches	1,218	1,200
Profitability ratios (%)		
ROE	3.62%	0.30%
ROTE	4.04%	0.33%
ROA (net profit/total assets)	0.25%	0.02%
Cost/income ratio[3]	63.59%	61.29%
Net adjustments to loans/net loans to customers	1.12%	1.36%
Basic EPS	0.367	0.030
Diluted EPS	0.367	0.030
Risk ratios (%)		
non-performing exposures/net loans to customers	11.30%	13.62%
net bad loans/net loans to customers	6.05%	6.61%
net unlikely to pay loans/net loans to customers	5.05%	6.69%
net past due loans/net loans to customers	0.19%	0.32%
adjustments to non-performing exposures/gross non-performing exposures	48.70%	44.54%
adjustments to bad loans/gross bad loans	59.30%	57.25%
adjustments to unlikely to pay loans/gross unlikely to pay loans	27.18%	23.49%
adjustments to past due loans/gross past due loans	10.60%	7.80%
adjustments to performing exposures/gross performing exposures	0.53%	0.47%
texas ratio[4]	101.86%	111.61%

(*) Following the completion of the Purchase Price Allocation process consequent to the acquisition of Cassa di Risparmio di Saluzzo, certain balance sheet figures have been modified pursuant to par.45 of IFRS 3 and, as a consequence, some performance indicator as at 31 December 2016 have been recalculated.

[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 65.97% (65.52% as at 31 December 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	31.12.2017	31.12.2016
Own Funds (Phased in)10		
Common Equity Tier 1 (CET1)	4,522,957	4,497,645
Own Funds	5,436,831	4,958,045
Risk-weighted assets (RWA)	32,573,002	32,593,235
Capital and liquidity ratios11		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	13.89%	13.80%
Tier 1 Ratio (T1 Ratio) - Phased in	13.97%	13.89%
Total Capital Ratio (TC Ratio) - Phased in	16.69%	15.21%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	13.68%	13.27%
Leverage Ratio - Phased in[5]	6.1%	6.7%
Leverage Ratio - Fully Phased[6]	6.0%	6.5%
Liquidity Coverage Ratio (LCR)	113.7%	102.0%
Net Stable Funding Ratio (NSFR)[7]	n.a.	104.3%

Non-financial ratios	31.12.2017	31.12.2016
Productivity ratios (in thousands of Euro)		
direct deposits per employee	4,311.89	4,103.82
loans and advances to customers per employee	4,103.22	3,910.11
assets managed per employee	1,695.21	1,399.75
assets administered per employee	1,382.51	1,425.44
core revenues[8] per employee	160.05	161.85
net interest and other banking income per employee	169.97	173.02
operating costs per employee	112.13	113.35

[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% (104.9% as at 30 September 2017).*

[8] *Core revenues = net interest income + net commission income.*

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Balance sheet of the Parent Company as at 31 December 2017

(in thousands of Euro)

Assets		31.12.2017	31.12.2016	Change	% Change
10.	Cash and cash equivalents	301,076	255,934	45,142	17.64
20.	Financial assets held for trading	684,649	702,293	(17,644)	-2.51
30.	Financial assets designated at fair value through profit and loss	38,005	38,643	(638)	-1.65
40.	Financial assets available for sale	10,684,259	8,575,832	2,108,427	24.59
50.	Financial assets held to maturity	2,637,135	2,515,993	121,142	4.81
60.	Due from banks	3,909,712	2,155,637	1,754,075	81.37
70.	Loans to customers	37,390,988	35,478,258	1,912,730	5.39
80.	Hedging derivatives	52,825	59,767	(6,942)	-11.62
100.	Equity investments	1,686,979	1,619,457	67,522	4.17
110.	Property, plant and equipment	460,055	426,715	33,340	7.81
120.	Intangible assets	295,036	296,923	(1,887)	-0.64
	of which: goodwill	*280,236*	*280,236*	-	-
130.	Tax assets	1,571,957	1,233,837	338,120	27.40
	a) current	555,528	202,317	353,211	174.58
	b) deferred	1,016,429	1,031,520	(15,091)	-1.46
	b1) of which L. 214/2011	*817,687*	*862,068*	*(44,381)*	*-5.15*
150.	Other assets	467,510	375,787	91,723	24.41
	Total assets	**60,180,186**	**53,735,076**	**6,445,110**	**11.99**

(in thousands of Euro)

Liabilities and shareholders' equity		31.12.2017	31.12.2016	Change	% Change
10.	Due to banks	16,541,840	12,539,337	4,002,503	31.92
20.	Due to customers	30,386,711	27,383,757	3,002,954	10.97
30.	Debt securities in issue	6,450,292	7,208,172	(757,880)	-10.51
40.	Financial liabilities held for trading	173,434	232,098	(58,664)	-25.28
50.	Financial liabilities designated at fair value through profit and loss	48,320	247,933	(199,613)	-80.51
60.	Hedging derivatives	21,176	36,860	(15,684)	-42.55
80.	Tax liabilities:	74,009	63,233	10,776	17.04
	b) deferred	74,009	63,233	10,776	17.04
100.	Other liabilities	1,119,335	891,096	228,239	25.61
110.	Provision for termination indemnities	116,670	122,008	(5,338)	-4.38
120.	Provisions for risks and charges:	361,568	328,888	32,680	9.94
	a) pensions and similar commitments	135,674	134,691	983	0.73
	b) other provisions	225,894	194,197	31,697	16.32
130.	Valuation reserves	14,430	(11,747)	26,177	-222.84
160.	Reserves	2,297,904	2,307,997	(10,093)	-0.44
170.	Share premium reserve	928,981	930,073	(1,092)	(0.12)
180.	Share capital	1,443,925	1,443,925	-	-
190.	Treasury shares	(7,253)	(7,253)	-	-
200.	Profit (loss) for the period	208,844	18,699	190,145	--
	Total liabilities and shareholders' equity	**60,180,186**	**53,735,076**	**6,445,110**	**11.99**

BPER:
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Income statement of the Parent Company as at 31 December 2017

(in thousands of Euro)

	Captions	31.12.2017	31.12.2016	Change	% Change
10.	Interest and similar income	1,067,225	1,124,288	(57,063)	-5.08
20.	Interest and similar expense	(263,753)	(270,978)	7,225	-2.67
30.	**Net interest income**	**803,472**	**853,310**	**(49,838)**	**-5.84**
40.	Commission income	590,707	565,223	25,484	4.51
50.	Commission expense	(32,402)	(29,053)	(3,349)	11.53
60.	**Net commission income**	**558,305**	**536,170**	**22,135**	**4.13**
70.	Dividends and similar income	39,393	19,961	19,432	97.35
80.	Net trading income	36,061	6,867	29,194	425.13
90.	Net hedging gains (losses)	(494)	(297)	(197)	66.33
100.	Gains (losses) on disposal or repurchase of:	40,194	80,874	(40,680)	-50.30
	a) loans	(8,606)	(9,130)	524	-5.74
	b) financial assets available for sale	47,933	90,001	(42,068)	-46.74
	c) financial assets held to maturity	316	-	316	n.s.
	d) financial liabilities	551	3	548	--
110.	Net results on financial assets and liabilities designated at fair value	(234)	4,138	(4,372)	-105.65
120.	**Net interest and other banking income**	**1,476,697**	**1,501,023**	**(24,326)**	**-1.62**
130.	Net impairment adjustments to:	(501,757)	(557,594)	55,837	-10.01
	a) loans	(395,549)	(516,606)	121,057	-23.43
	b) financial assets available for sale	(91,390)	(48,988)	(42,402)	86.56
	d) other financial assets	(14,818)	8,000	(22,818)	-285.23
140.	**Net profit from financial activities**	**974,940**	**943,429**	**31,511**	**3.34**
150.	Administrative costs:	(1,037,071)	(1,027,400)	(9,671)	0.94
	a) payroll	(504,505)	(481,800)	(22,705)	4.71
	b) other administrative costs	(532,566)	(545,600)	13,034	-2.39
160.	Net provisions for risks and charges	(24,451)	(20,832)	(3,619)	17.37
170.	Net adjustments to property, plant and equipment	(23,349)	(22,684)	(665)	2.93
180.	Net adjustments to intangible assets	(2,616)	(2,509)	(107)	4.26
190.	Other operating charges/income	148,930	141,694	7,236	5.11
200.	**Operating costs**	**(938,557)**	**(931,731)**	**(6,826)**	**0.73**
210.	Profit (loss) from equity investments	(6,878)	(10,045)	3,167	-31.53
235.	Negative goodwill	190,892	-	190,892	n.s.
240.	Gains (losses) on disposal of investments	50	(212)	262	-123.58
250.	**Profit (loss) from current operations before tax**	**220,447**	**1,441**	**219,006**	**--**
260.	Income taxes on current operations for the period	(11,603)	17,258	(28,861)	-167.23
270.	**Profit (loss) from current operations after tax**	**208,844**	**18,699**	**190,145**	**--**
290.	**Net profit (loss) for the period**	**208,844**	**18,699**	**190,145**	**--**