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Oggetto : GRUPPO BIPIEMME RESULTS AS AT 30
SEPTEMBER 2016 APPROVED

Testo del comunicato

Vedi allegato.



BANCA POPOLARE DI MILANO

GRUPPO BIPIEMME RESULTS AS AT 30 SEPTEMBER 2016 APPROVED

- ✓ **IN THE FIRST 9 MONTHS OF 2016 BPM FINALISED THE FIRST IMPORTANT MERGER BETWEEN ITALIAN “POPOLARI” BANKS, IN SO DOING ESTABLISHING THE THIRD LARGEST ITALIAN BANKING GROUP**

- ✓ **AT THE SAME TIME - AND DESPITE THE PROFUSE COMMITMENT IN THE MERGER PROJECT, THE CHALLENGING SITUATION WITH INTEREST RATES AT THEIR ALL-TIME LOWS AND THE SLOW ECONOMIC RECOVERY - BPM HAS CONTINUED TO:**
 - **SUPPORT HOUSEHOLDS AND CORPORATES (HOUSEHOLD LOANS +1.6%, CORPORATE LOANS +1.5% SINCE DECEMBER 15)¹**
 - **ATTRACT SAVINGS (SIGHT DEPOSITS +8.6% VS DECEMBER 15) AND NEW CUSTOMERS (+1.1% YTD)**
 - **KEEP CREDIT MANAGEMENT WELL UNDER CONTROL (COST OF RISK 89 BPS, -9 BPS Y/Y)**
 - **BOOK A POSITIVE NET RESULT FOR THE PERIOD OF €88.1 MILLION**

- ✓ **NET PROFIT FOR THE FIRST 9 MONTHS OF 2016: €184.4 MILLION NET OF NON-RECURRING ITEMS, INCLUDING, MAINLY, THE COST FOR THE NEW EARLY RETIREMENT PLAN, SO CALLED “FONDO DI SOLIDARIETA” (€165 MILLION), CONSISTENT WITH THE INTEGRATION COSTS PROVIDED FOR IN THE MERGER PROJECT.**

¹ Source: Internal management data at the end of the period .

SPECIFICALLY:

- ✓ **A GOOD TREND IN VOLUMES:**
 - **CUSTOMER LOANS: +0.4% VS. DECEMBER 2015, -0.6% Q/Q;**
 - **SIGHT DEPOSITS: +8.6% VS. DECEMBER 2015, +1.9% Q/Q;**
 - **AUM: +3.6% VS. DECEMBER 2015, +1.9% Q/Q;**

- ✓ **A DECREASE IN NET NPEs (-2.6% Y/Y), BASICALLY STABLE FOR FOUR QUARTERS;**

- ✓ **HIGH COVERAGE LEVEL OF NPEs: 40.7%, (+120 BPS VS. FIRST NINE MONTHS OF 2015) WHICH INCREASES TO 45.3% INCLUDING CANCELLATIONS;**

- ✓ **CAPITAL RATIOS WELL ABOVE REGULATORY REQUIREMENTS (SREP 9%):**
 - ✓ **COMMON EQUITY TIER1 RATIO² 11.59%**
 - ✓ **COMMON EQUITY TIER1 RATIO FULLY PHASED 12.02%**

- ✓ **STRONG LIQUIDITY POSITION, BOTH SHORT AND MID-TERM;**

- ✓ **NET INTEREST INCOME: €595.4 MILLION (-1.9% Y/Y; -2.2% Q/Q);**

- ✓ **NET FEES AND COMMISSION: €441.7 MILLION (-2.2% Y/Y; -9.0% Q/Q);**

- ✓ **OPERATING COSTS: €900.9 MILLION, WHICH INCLUDE THE FOREGOING NON-RECURRING ITEMS. LIKE-FOR-LIKE³, OPERATING COSTS WERE €702.4 MILLION (+1.5% Y/Y AND -10.3% Q/Q);**

- ✓ **NORMALISED NET PROFIT⁴ FOR THE FIRST 9 MONTHS OF 2016: €184.4 MILLION VS. €222.9 MILLION FOR THE FIRST NINE MONTHS OF 2015.**

² Includes the amount of the profit as at 30.09.2016 calculated in compliance with current laws.

³ Figures are net of €171.5 million non-recurring items (o/w €165 million for the 2016 *Fondo di solidarietà*, €0.7 million for the 2012 *Fondo di solidarietà* and €5.8 million merger and transformation costs) and the €12.4mln contribution to the DGS/SRF for the first nine months of 9M 2015 and €27million for the first nine months of 2016.

⁴ Net of non-recurring items.

Milan, 8 November 2016 - In today's meeting, the Management Board of Banca Popolare di Milano examined and approved BPM Group's results as at 30 September 2016.

The Italian economy is still showing signs of weakness: the GDP estimate for 2016 is +0.8% (Source: IMF) and interest rates – in the wake of the ECB's Quantitative Easing programme – are still negative with the average Euribor 3M as low as -0.30% as at 30 September 2016.

Along with the negative economic situation there is a great deal of uncertainty over the outcome of the US presidential elections and the constitutional referendum in Italy, in addition to the concerns over the UK's decision to leave the European Union. All these factors have fanned the fears over a possible slowdown in EU economic growth and the consequent market volatility recorded in the first nine months of 2016.

Given this backdrop, Bipiemme Group's core operating trends in the first nine months of 2016 were as follows:

- **P&L Results:** the positive normalised result of €184.4 million, despite the negative interest rates and the ongoing weak economic recovery;
- **Balance-sheet Results:**
 - the positive trend in customer loans, up Y/Y (+2.8%) and YTD (+0.4%);
 - the good trend in AUM (+€760 million vs. December 2015 and +€409 million Q/Q);
 - the increase in sight deposits (+€1.9 billion vs. December 2015; +€446 million Q/Q);
- **the group's sound liquidity position**, as highlighted by the significant increase in unencumbered eligible securities (€6.0 billion) and the spot net liquidity balance of approx. 12% of total assets⁵;
- **the excellent capital ratios:** at the end of September 2016 the bank's "Own Funds" totalled €4.9 billion and the Common Equity Tier 1 ratio was 11.59%.

BALANCE-SHEET RESULTS AS AT 30 SEPTEMBER 2016

Direct customer funding and securities issued

Direct customer funding (amounts due to customers, debt securities issued and financial liabilities at fair value) totalled €36,529 million, slightly down compared with the results as at both 30 June 2016 (-0.7%) and at the end of 2015 (-2.9%). This trend was mainly due to the decrease in Repos owing to lower funding needs, while the trend in sight deposits was still positive.

Specifically, "**amounts due to customers**" (€29,447 million) increased by 2.9% vs. December 2015 thanks to the increase in "current accounts and savings deposits" (+8.6%) and, in particular, to sight deposits (+8.6%) and time deposits (+9.1%). Repos decreased (-€1.3 billion) due to the fewer transactions on the "MTS Repo" market as the bank had fewer funding needs.

Debt securities issued totalled €6,985 million, down (-€1.9 billion) vs. the end of 2015. The decrease was caused by:

⁵ Weekly liquidity report as at 3 November 2016.

- the decrease in Repos on repurchased "own securities" (-€893 million) following the expiry of related transactions;
- the redemption of an approx. €1 billion EMTN at the end of January 2016;
- the issue of a €750 million Covered Bond in June 2016;
- the decision of subscribers of retail bonds (-€690 million) to change their investment strategy mainly to AUM products and sight deposits.

The bank's share of the funding market at the end of August 2016 was 1.70%, compared to the 1.66% at the end of December 2015.

Indirect customer funding

Indirect customer funding for the first nine months of 2016 totalled €32,517 million, slightly higher than at the end of June 2016 (+0.5%) but less than at the end of December 2015 (-4.5%).

Specifically, **AUM** totalled €21,661 million, i.e. 67% of the total amount of indirect funding, higher than both June 2016 (+1.9%) and the end of December 2015 (+3.6%), thanks to the net positive inflow of €844 million in the first nine months of the year.

As at 30 September 2016, **AUC** totalled €10,855 million, lower than at the end of December 2015 (-17.5%) and June 2016 (-2.3%) due mainly to investors' preference for AUM products and to the trend in financial markets.

Customer loans

Customer loans as at 30 September totalled €34,323 million, up on December 2015 (+0.4%) and slightly down on June 2016 (-0.6%). However, the average management figure underlines an increase for both compared periods (+1.6% YTD; +0.7% Q/Q). The increase in the first nine months of 2016 was mainly due to the increase in mid-to-long term loans.

The trend in customer loans was driven by the recovery in new mortgages and loans for a total of €3.5 billion in the first nine months of 2016. In particular, the bank issued new mortgages in the period for a total of €1,450 million (+4.6% Y/Y), mostly retail mortgages (+10.7%). New loans also increased (+9.4%), mainly thanks to the growth in the corporate sector and Profamily.

The customer trend by segment⁶ shows that the trend in commercial loans was driven by the increase in retail loans (+1.6%) and corporate loans (+1.5%).

The group's market share of loans in August 2016 was 2.0%, higher than at the end of December 2015 (1.96%).

As at 30 September 2016, the group's net NPEs totalled €3,618 million. We point out the significant decrease in net NPEs (-2.6% Y/Y) and the fact that they have been basically stable for four quarters.

Credit quality: despite the uncertainty surrounding the macroeconomic situation, credit quality is showing some signs of improvement. Nationwide sector data (source ABI – data updated as at August 2016) highlight that net bad loans on total loans was 4.8%, less than the 4.9% recorded in December 2015. Bipiemme Group's figures

⁶ Management data by customer segment, calculated using average monthly balances per segment

are better than the average for the entire Italian banking sector (4.6% in September 2016).

The group's **gross NPEs** as at 30 September 2016 totalled € 6,100 million (-0.6% Y/Y, +0.5% Q/Q), whereas the **net NPEs** (€3,618 million) decreased by 2.6% Y/Y and were stable Q/Q for four quarters. This trend reflects the slowdown in the formation of NPEs and the group's careful provisioning policy.

On examining each item we notice the following:

- net bad loans: +1.6% Q/Q;
- unlikely to pay: -1.6% Q/Q;
- past-due: +20.4% Q/Q.

The total coverage rate on NPEs is now 40.7% (+20 bps Q/Q); this increases to 45.3%, if we include the cancellations already made on single positions.

More in detail, the coverage rate for single segments reached a significant level, and shows the following trends:

- bad loans: 54.1%, which becomes 60.1% when we include the cancellations;
- unlikely to pay: 23.8%;
- past-due: 9.2%;
- total loans: 7.2%.

The coverage rate on performing loans is 0.53%, stable Q/Q.

The **group's net equity** as at 30 September 2016 was €4,475 million.

The Common Equity Tier 1 ratio⁷ was 11.59% and the Common Equity Tier 1 Basel 3 fully phased was 12.02%.

Risk weighted assets totalled €35.3 billion.

P&L RESULTS

Total Income

Bipiemme Group's **total income** as at 30 September 2016 was €1,204.6 million, up by 0.5% Y/Y.

The **net interest income** was €595.4 million, down by 1.9% Y/Y. Specifically, we point out the decrease in commercial interest income (-2.8%) – the joint effect of the reduction in the difference between lending rates and deposit rates (-18 bps), which was not totally offset by the growth in volumes - and the lower contribution from BPM's government-bond portfolio, which was offset by the lower cost of wholesale and interbank funding.

Non-net interest income (€609.3 million) increased by 2.9% Y/Y. The **net result from financial activities** was good (€122.0 million, +49.4% Y/Y) thanks also to the higher profit from government bonds (+€32 million) and the profit from the disposal of equity securities (+€20 million), which included the earnout from the disposal of the 4% stake in ICBPI in 2015 (€7.4 million).

⁷ Includes the amount of the profit as at 30.09.2015 calculated in compliance with current laws.

The good trend in the net result from financial activities more than offsets the decrease in **net fees and commission** (€441.7 million, -2.2% Y/Y) – mainly due to fewer fees and commission from management, brokerage and advisory services – the profit/loss from investments valued at net equity (-€ 6.4 million) and the other operating income/expenses (-€ 6.9 million).

Operating costs

Operating costs in the first nine months of 2016 totalled €900.9 million.

This increase was mainly due to **payroll** (€621.0 million) which, as at 30 September, included a non-recurring cost (€165 million) for the new early retirement plan *Fondo di Solidarietà* which will allow a maximum of 585 of Bipiemme Group's employees to take early retirement. These non-recurring charges are in line with the actions set forth in the Business Plan of the merger project.

Net of the cost for the *Fondo di Solidarietà 2016* and the adjustments made for the previous *fondo di solidarietà*, the payroll increased by much less (+1.6%).

Other administrative costs totalled €221.5 million. The increase was mostly due to the higher contributions to the Single Resolution Fund (SRF) and the Deposit Guarantee Scheme (DGS), for a total of €27 million compared to the €12.4 million in September 2015.

Net of the contributions to the SRF and the DGS, as well as the amount of the extraordinary costs booked in the quarter for the transformation and merger (€5.8 million), other administrative costs decreased (-2.2%).

Net adjustments on tangible and intangible assets totalled €58.4 million, up €7.7 million Y/Y following the increase in investments made so far in financial year 2016.

Profit from equity and other investments

"Profit from equity and other investments" totalled €32.0 million, compared to the €37.5 million booked at the end of September 2015, which included the higher value of SelmaBipiemme Leasing's net equity following its merger with Palladio Leasing, a company BPM has a stake in.

The September 2016 figure includes:

- a further adjustment to the net equity value of SelmaBipiemme Leasing (€ 21.6 million) after it merged with Teleleasing;
- profit from the disposal of a 2.18% stake in Anima Holding (€9.7 million);
- profit from the disposal of a 5% stake in Etica SGR (approx. €1 million).

Provisions, adjustments and other items

Net adjustments on impaired loans and other operations as at 30 September 2016 totalled €230.1 million, down by €16.2 million compared to the first nine months of 2015.

The cost of risk was 89 bps (vs. 98 bps at the end of September 2015).

Net adjustments on impaired loans and other transactions in Q3 totalled €74.3 million, down versus €89.7 million less than in Q2 2016. The annualised quarterly cost of risk was 87 bps (-17 bps Q/Q).

Net Result

After booking about €11.2 million for taxes, the group's net profit was €88.1 million. Net of the non-recurring items, the group's profit was €184.4 million which, on a like-for-like basis, compares with the €222.9 million booked in September 2015.

Prospects for the current financial year

Political uncertainty in the European Union and in the USA increased during the summer, even though the Brexit referendum in the UK has not caused, for the moment, any significant consequences from the economic point of view.

Over the coming months, factors like what direction the negotiations will take on the UK's exit from the European Union, the relaunch of a common policy for growth and immigration in Europe, the constitutional referendum in Italy and the presidential elections in the USA this month will condition how the scenario plays out.

According to the IMF's most recent outlook, GDP in the euro area in 2016 ought to grow by 1.7%, whereas the US economy ought to grow by 1.6%. As far as Italy is concerned, the IMF estimates GDP will increase by 0.8%, i.e. 0.1 percentage points less than the IMF's July outlook.

In Europe, the ECB's expansionary monetary policy will continue to be one of the main drivers of economic growth, while the Fed, in its September meeting, opened the way for a likely interest rate hike before the end of the year.

The Italian banking sector will continue along its path to recover sustainable profitability in the mid-term.

The net interest income will continue to come under pressure, while non-net interest income will contribute more to the formation of operating income, though growth rates will probably slow down.

Much more attention will be placed on reducing operating costs, by rationalising and improving operating efficiency, along with the disposal of the stock of NPEs which, for some time now, both the market and the regulatory authorities have sought.

In this context, Bipiemme Group's efforts in the fourth quarter 2016 will mainly be focused on finalising the merger with Banco Popolare, which should be fully effective as of 1 January 2017.

The trend in the group's commercial business ought to confirm recent trends, with margins still likely to be conditioned by the effects of monetary policy, the high competitive pressure, especially on customers with the highest credit standing, and commission and fees from management, brokerage and advisory services, which will suffer from the uncertainty on financial markets.

The operating costs and the cost of risk will move in line with the dynamics outlined in the new group's 2016-2019 Strategic Plan also in the last quarter of 2016.

Parent bank

The key profit and loss and balance sheet figures for the parent bank, Banca Popolare di Milano S.c.a r.l., are as follows:

Direct funding	35,315 million euros (-2.4% vs. 31.12.2015)
Customer loans	33,837 million euros (+1.1%)
Indirect funding	30,612 million euros (-3.8%)
Total income	1,125.9 million euros (+1.1% vs. 30.09.2015)
Operating costs	841.1 million euros (+28.9%)
Operating profit	284.8 million euros (-38.3%)
Net profit	73.7 million euros (-€ 88.9 million)

Mr Angelo Zanzi, as the manager responsible for preparing the bank's accounts, hereby states, pursuant to Article 154 *bis*, paragraph 2 of the *Testo Unico della Finanza* (the Consolidated Finance Act), that the accounting information contained in this press release corresponds to the documentary evidence, corporate books and accounting records.

Following the amendments to the *Testo Unico della Finanza* (TUF) by way of Legislative Decree No. 25 dated 15 February 2016, which brought the Transparency II Directive into Italian law, the Management Board of Banca Popolare di Milano has resolved not to publish an "Interim Management Report as at 30 September 2016" as a separate and additional document to the interim financial information contained in this Press Release and in the document "Gruppo BPM – Risultati 3T 2016". The P&L and balance sheet results as at 30 September 2016 contained in this Press Release were approved in today's Management Board Meeting of Banca Popolare di Milano and will be sent to the ECB by way of the FINREP and COREP regulatory solutions.

The Board of Directors of the new bank (Banco BPM S.p.A.), that will be the outcome of the merger finalisation, will decide the content of the quarterly financial results for financial year 2017 and thereafter and how it will be released, with due regard to the amendments to the Issuer Regulation published on 3 November 2016 and which will come into force on 2 January 2017.

Bipiemme Group's results as at 30 September 2016 will be presented to the financial community at a conference call set for today 8 November 2016 at 6:00 p.m. (C.E.T.). The instructions to connect to the event can be found under Investor Relations on the home page of the bank's website www.gruppobpm.it.

Milan, 8 November 2016

For the purpose of providing more complete data on Bipiemme Group's Third Quarter 2016 results, the consolidated reclassified balance sheet and income statement, as approved by the Management Board, are herewith attached. For management reporting purposes, the results have been presented in a reclassified balance sheet and income statement, in which line items have

been aggregated and reclassified in keeping with market practices in such a way as to provide a clearer interpretation of trends and performances.

Please note that the original version of this press release is in Italian. In case of misunderstandings the Italian version shall prevail

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Bipiemme Group - Reclassified Balance Sheet

(euro/000)

Assets	30.09.2016	30.06.2016	31.12.2015	30.09.2015	Change A-B		Change A-C	
	A	B	C	D	amount	%	amount	%
Cash and equivalents	206,699	206,240	300,714	226,822	459	0.2	-94,015	-31.3
Financial assets at fair value and hedging derivatives:	11,185,266	10,425,227	11,416,540	11,965,118	760,039	7.3	-231,274	-2.0
- Financial assets held for trading	2,001,963	1,858,106	1,797,874	1,832,200	143,857	7.7	204,089	11.4
- Financial assets designed at fair value	23,974	33,367	75,543	80,854	-9,393	-28.2	-51,569	-68.3
- Financial assets available for sale	9,036,135	8,413,727	9,491,248	9,947,242	622,408	7.4	-455,113	-4.8
- Hedging derivatives	111,134	107,758	40,638	91,173	3,376	3.1	70,496	173.5
- Changes in fair value of hedged items (+ / -)	12,060	12,269	11,237	13,649	-209	-1.7	823	7.3
Loans and advances to bank	2,128,135	1,812,384	1,224,717	1,287,592	315,751	17.4	903,418	73.8
Loans and advances to customers	34,322,837	34,520,420	34,186,837	33,401,500	-197,583	-0.6	136,000	0.4
Fixed assets	1,212,797	1,209,490	1,199,459	1,167,942	3,307	0.3	13,338	1.1
Non recurrent assets and disposal groups held for sale	0	0	0	6,118	0	n.a.	0	n.a.
Other assets	1,566,020	1,523,965	1,875,033	1,459,941	42,055	2.8	-309,013	-16.5
Total assets	50,621,754	49,697,726	50,203,300	49,515,033	924,028	1.9	418,454	0.8

Liabilities and Shareholders Equities	30.09.2016	30.06.2016	31.12.2015	30.09.2015	Change A-B		Change A-C	
	A	B	C	D	amount	%	amount	%
Due to banks	6,160,654	4,728,161	4,839,439	4,550,638	1,432,493	30.3	1,321,215	27.3
Due to customers	29,446,529	29,616,683	28,622,852	28,577,221	-170,154	-0.6	823,677	2.9
Debt securities in issue	6,985,336	7,070,866	8,849,290	8,281,217	-85,530	-1.2	-1,863,954	-21.1
Financial liabilities and hedging derivatives:	1,564,067	1,633,559	1,379,948	1,450,858	-69,492	-4.3	184,119	13.3
- Financial liabilities held for trading	1,384,979	1,433,077	1,183,557	1,256,371	-48,098	-3.4	201,422	17.0
- Financial liabilities designed at fair value	97,496	102,099	129,627	132,536	-4,603	-4.5	-32,131	-24.8
- Hedging derivatives	54,995	71,194	48,678	43,438	-16,199	-22.8	6,317	13.0
- Changes in fair value of hedged items (+ / -)	26,597	27,189	18,086	18,513	-592	-2.2	8,511	47.1
Other liabilities	1,411,712	1,647,236	1,429,895	1,568,866	-235,524	-14.3	-18,183	-1.3
Provision for specific use	569,986	409,908	434,555	459,406	160,078	39.1	135,431	31.2
Share capital and reserve	4,386,947	4,413,071	4,338,440	4,404,959	-26,124	-0.6	48,507	1.1
Minority interests (+ / -)	8,430	20,107	19,974	19,816	-11,677	-58.1	-11,544	-57.8
Net profit (loss) for the period (+ / -)	88,093	158,135	288,907	202,052	-70,042	n.s.	-200,814	n.s.
Total liabilities and Shareholders Equities	50,621,754	49,697,726	50,203,300	49,515,033	924,028	1.9	418,454	0.8

Bipiemme Group - Balance Sheet Reclassified - quarterly evolution

(euro/000)

Assets	2016			2015			
	30.9	30.6	31.3	31.12	30.9	30.6	31.3
Cash and equivalents	206,699	206,240	249,899	300,714	226,822	224,184	209,129
Financial assets at fair value and hedging derivatives:	11,185,266	10,425,227	12,478,732	11,416,540	11,965,118	11,715,087	12,780,251
- Financial assets held for trading	2,001,963	1,858,106	1,876,692	1,797,874	1,832,200	1,824,944	2,284,325
- Financial assets designed at fair value	23,974	33,367	32,803	75,543	80,854	81,410	105,443
- Financial assets available for sale	9,036,135	8,413,727	10,469,201	9,491,248	9,947,242	9,632,210	10,208,114
- Hedging derivatives	111,134	107,758	87,336	40,638	91,173	161,979	160,497
- Changes in fair value of hedged items (+ / -)	12,060	12,269	12,700	11,237	13,649	14,544	21,872
Loans and advances to bank	2,128,135	1,812,384	1,831,511	1,224,717	1,287,592	1,162,731	1,050,829
Loans and advances to customers	34,322,837	34,520,420	34,181,648	34,186,837	33,401,500	33,483,029	32,600,377
Fixed assets	1,212,797	1,209,490	1,215,900	1,199,459	1,167,942	1,156,028	1,127,543
Non recurrent assets and disposal groups held for sale	0	0	0	0	6,118	6,118	0
Other assets	1,566,020	1,523,965	1,583,741	1,875,033	1,459,941	1,561,095	1,541,504
Total assets	50,621,754	49,697,726	51,541,431	50,203,300	49,515,033	49,308,272	49,309,633

Liabilities and Shareholders Equity	2016			2015			
	30.9	30.6	31.3	31.12	30.9	30.6	31.3
Due to banks	6,160,654	4,728,161	6,098,843	4,839,439	4,550,638	4,494,906	4,171,724
Due to customers	29,446,529	29,616,683	30,896,392	28,622,852	28,577,221	28,777,043	27,589,895
Debt securities in issue	6,985,336	7,070,866	6,280,400	8,849,290	8,281,217	7,867,754	8,677,218
Financial liabilities and hedging derivatives:	1,564,067	1,633,559	1,619,043	1,379,948	1,450,858	1,543,437	1,981,271
- Financial liabilities held for trading	1,384,979	1,433,077	1,376,168	1,183,557	1,256,371	1,326,834	1,746,892
- Financial liabilities designed at fair value	97,496	102,099	132,454	129,627	132,536	157,702	161,759
- Hedging derivatives	54,995	71,194	85,526	48,678	43,438	44,092	58,053
- Changes in fair value of hedged items (+ / -)	26,597	27,189	24,895	18,086	18,513	14,809	14,567
Other liabilities	1,411,712	1,647,236	1,538,829	1,429,895	1,568,866	1,650,859	1,686,438
Provision for specific use	569,986	409,908	413,444	434,555	459,406	467,674	502,403
Share capital and reserve	4,386,947	4,413,071	4,626,198	4,338,440	4,404,959	4,333,508	4,613,588
Minority interests (+ / -)	8,430	20,107	19,972	19,974	19,816	19,038	19,493
Net profit (loss) for the period (+ / -)	88,093	158,135	48,310	288,907	202,052	154,053	67,603
Total liabilities and Shareholders Equity	50,621,754	49,697,726	51,541,431	50,203,300	49,515,033	49,308,272	49,309,633

Bipiemme Group - Consolidated Reclassified Income Statement

(euro/000)

	9M 2016	9M 2015	Change	
			Amount	%
Net interest income	595,375	606,816	(11,441)	(1.9)
Non-interest income	609,262	592,150	17,112	2.9
- Net fees and commission income	441,671	451,639	(9,968)	(2.2)
- Other operating income:	167,591	140,511	27,080	19.3
- <i>Share of profit (loss) on investments valued under the equity method</i>	17,991	24,352	(6,361)	(26.1)
- <i>Net income (loss) from financial activities</i>	122,006	81,647	40,359	49.4
- <i>Other operating income/expenses</i>	27,594	34,512	(6,918)	(20.0)
Operating income	1,204,637	1,198,966	5,671	0.5
Administrative expenses:	(842,477)	(657,256)	(185,221)	(28.2)
<i>a) personnel expenses</i>	(621,026)	(452,043)	(168,983)	(37.4)
<i>b) other administrative expense</i>	(221,451)	(205,213)	(16,238)	(7.9)
Depreciation and amortisation	(58,413)	(50,706)	(7,707)	(15.2)
Operating costs	(900,890)	(707,962)	(192,928)	(27.3)
Operating profit	303,747	491,004	(187,257)	(38.1)
Net adjustments to loans and other operations	(230,126)	(246,311)	16,185	6.6
Net provisions for risk and charges	(6,089)	(3,880)	(2,209)	(56.9)
Profit (loss) from equity and other other investments and adjustments to goodwill and intangible assets	31,986	37,452	(5,466)	(14.6)
Profit (loss) before tax from continuing operations	99,518	278,265	(178,747)	(64.2)
Tax on income from continuing operations	(11,173)	(75,450)	64,277	85.2
Net profit (loss) for the period	88,345	202,815	(114,470)	(56.4)
Minority interests	(252)	(763)	511	67.0
Net profit	88,093	202,052	(113,959)	(56.4)

Bipiemme Group - Consolidated Reclassified Income Statement: quarterly evolution

(euro/000)

	2016			2015			
	30.9	30.6	31.3	31.12	30.9	30.6	31.3
Net interest income	192,298	196,575	206,502	199,930	203,936	206,759	196,121
Non-interest income	173,211	253,454	182,597	268,321	171,497	191,007	229,646
- Net fees and commission income	138,327	152,049	151,295	154,357	144,886	158,461	148,292
- Other operating income:	34,884	101,405	31,302	113,964	26,611	32,546	81,354
- <i>Share of profit (loss) on investments valued under the equity method</i>	4,121	5,238	8,632	8,225	5,269	7,574	11,509
- <i>Net income (loss) from financial activities</i>	22,439	86,112	13,455	100,077	10,820	12,434	58,393
- <i>Other operating income/expenses</i>	8,324	10,055	9,215	5,662	10,522	12,538	11,452
Operating income	365,509	450,029	389,099	468,251	375,433	397,766	425,767
Administrative expenses:	(382,638)	(225,954)	(233,885)	(287,722)	(209,007)	(220,251)	(227,998)
<i>a) personnel expenses</i>	(306,174)	(159,827)	(155,025)	(160,339)	(148,678)	(148,632)	(154,733)
<i>b) other administrative expense</i>	(76,464)	(66,127)	(78,860)	(127,383)	(60,329)	(71,619)	(73,265)
Depreciation and amortisation	(20,641)	(19,305)	(18,467)	(24,067)	(17,582)	(16,629)	(16,495)
Operating costs	(403,279)	(245,259)	(252,352)	(311,789)	(226,589)	(236,880)	(244,493)
Operating profit	(37,770)	204,770	136,747	156,462	148,844	160,886	181,274
Net adjustments to loans and other operations	(74,284)	(89,737)	(66,105)	(95,925)	(77,972)	(94,029)	(74,310)
Net provisions for risk and charges	(10,876)	4,498	289	14,638	(4,972)	2,364	(1,272)
Profit (loss) from equity and other other investments and adjustments to goodwill and intangible assets	(185)	30,298	1,873	(19)	(1)	37,453	0
Profit (loss) before tax from continuing operations	(123,115)	149,829	72,804	75,156	65,899	106,674	105,692
Tax on income from continuing operations	52,827	(39,778)	(24,222)	11,938	(17,306)	(20,339)	(37,805)
Net profit (loss) for the period	(70,288)	110,051	48,582	87,094	48,593	86,335	67,887
Minority interests	246	(226)	(272)	(239)	(594)	115	(284)
Net profit	(70,042)	109,825	48,310	86,855	47,999	86,450	67,603

Bipiemme Group - Reclassified Income Statement (net of non recurring items)

(euro/000)

As requested by Consob on its communication number DEM/6064293 dated 28.07.2006 we indicated the weight of the non recurring items on the net result for the period. Compared to the stated data in 9M 2015 interim results, we point out that - in line with what was stated in FY2015 Financial Report - the non recurrent component related to adjustment made on the subordinated security BPEL has been reclassified.

	9M 2016			9M 2015			Change		Change	
	A = B + C	B	C	D = E + F	E	F	A - D		C - F	
	Net Result	Net income from non recurring operations	Net income from recurring operations	Net Result	Net income from non recurring operations	Net income from recurring operations	amount	%	amount	%
Net interest income	595,375	0	595,375	606,816	0	606,816	(11,441)	-1.9	(11,441)	-1.9
Non-interest income	609,262	7,400	601,862	592,150	(23,897)	616,047	17,112	2.9	(14,185)	-2.3
- Net fees and commission income	441,671	0	441,671	451,639	0	451,639	(9,968)	-2.2	(9,968)	-2.2
- Other operating income:	167,591	7,400	160,191	140,511	(23,897)	164,408	27,080	19.3	(4,217)	-2.6
- Share of profit (loss) on investments valued under the equity method	17,991	0	17,991	24,352	0	24,352	(6,361)	-26.1	(6,361)	-26.1
- Net income (loss) from financial activities	122,006	7,400	114,606	81,647	(23,897)	105,544	40,359	49.4	9,062	8.6
- Other operating income/expenses	27,594	0	27,594	34,512	0	34,512	(6,918)	-20.0	(6,918)	-20.0
Operating income	1,204,637	7,400	1,197,237	1,198,966	(23,897)	1,222,863	5,671	0.5	(25,626)	-2.1
Administrative expenses:	(842,477)	(171,456)	(671,021)	(657,256)	(3,797)	(653,459)	(185,221)	-28.2	(17,562)	-2.7
a) personnel expenses	(621,026)	(165,668)	(455,358)	(452,043)	(3,797)	(448,246)	(168,983)	-37.4	(7,112)	-1.6
b) other administrative expense	(221,451)	(5,788)	(215,663)	(205,213)	0	(205,213)	(16,238)	-7.9	(10,450)	-5.1
Depreciation and amortisation	(58,413)	0	(58,413)	(50,706)	0	(50,706)	(7,707)	-15.2	(7,707)	-15.2
Operating costs	(900,890)	(171,456)	(729,434)	(707,962)	(3,797)	(704,165)	(192,928)	-27.3	(25,269)	-3.6
Operating profit	303,747	(164,056)	467,803	491,004	(27,694)	518,698	(187,257)	-38.1	(50,895)	-9.8
Net adjustments to loans and other operations	(230,126)	0	(230,126)	(246,311)	0	(246,311)	16,185	6.6	16,185	6.6
Net provisions for risk and charges	(6,089)	0	(6,089)	(3,880)	0	(3,880)	(2,209)	-56.9	(2,209)	-56.9
Profit (loss) from equity and other other investments and adjustments to goodwill and intangible assets	31,986	12,208	19,778	37,452	(1,398)	38,850	(5,466)	-14.6	(19,072)	-49.1
Profit (loss) before tax from continuing operations	99,518	(151,848)	251,366	278,265	(29,092)	307,357	(178,747)	-64.2	(55,991)	-18.2
Tax on income from continuing operations	(11,173)	55,582	(66,755)	(75,450)	8,256	(83,706)	64,277	85.2	16,951	20.3
Net profit (loss) for the period	88,345	(96,266)	184,611	202,815	(20,836)	223,651	(114,470)	-56.4	(39,040)	-17.5
Minority interests	(252)	0	(252)	(763)	14	(777)	511	67.0	525	67.5
Net profit	88,093	(96,266)	184,359	202,052	(20,822)	222,874	(113,959)	-56.4	(38,515)	-17.3

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