BPER: Banca

PRESS RELEASE

Group's preliminary consolidated results for 2020 approved

Profit for the year of € 245.7 million, supported by good revenue growth and effective control of operating costs, despite the complexity of the current situation caused by the health emergency and the acquisition of the going concern from the Intesa Sanpaolo Group.

Cash dividend of € 4 cents per share proposed, which confirms attention to shareholders and, at the same time, full compliance with the ECB's guidelines.

The result has been affected by contributions to system funds of € 77.3 million[1], net non-recurring items for a total of € 59.3 million[2], costs of € 29.0 million relating to the project to acquire the going concern and positive taxes of € 67.0 million.

Cost of credit of 101 bps, including a precautionary estimate of the foreseeable impact on credit of the deterioration in the macroeconomic scenario as a result of the pandemic.

A further significant improvement in asset quality with gross and net NPE ratios of 7.8% and 4.0% respectively (from 8.8% and 4.7% in September and 11.1% and 5.8% at the end of 2019):
- **a reduction in the stock of gross and net non-performing exposures to € 4.3 billion and € 2.1 billion respectively (-29.1% and -29.0% since the end of 2019) also thanks to disposals for a gross book value of € 1.6 billion;**
- **the coverage ratios of non-performing exposures are improving on a quarterly basis in all categories;**
- **the default rate of 1.0% is down compared with 1.7% in 2019;**
- **the Texas ratio[3] stands at 55.4%, down by 23.7 p.p. since the end of last year.**

Net performing exposures are up by 0.9% since September and by 3.8% since the end of 2019, helped by the disbursement of loans guaranteed by the State for € 3.5 billion, mainly attributable to the retail and small business segments.

Total funding of € 185.2 billion is up by a further 4.5% since last September (+5.5% since the end of 2019) thanks to direct deposits, which rose by 5.6% (+8.8% since the end of 2019) and indirect deposits, back above the levels of the beginning of the year, with a strong increase of 4.1% on a quarterly basis. Bancassurance, which is included in the total funding figure, has continued to turn in excellent results reaching € 7.3 billion, an increase of 7.0% since the end of 2019. Total assets under management, including Bancassurance, exceed the € 50 billion threshold for the first time.

The Group's capitalisation is growing, even without the increase in capital for the acquisition of going concern from the Intesa Sanpaolo Group with a pro-forma Fully Loaded CET1 ratio[4] of 13.52%. Including the effects of the increase in capital, the pro-forma Fully Loaded CET1 ratio[5] comes to 15.90% and the pro-forma Phased In CET1 ratio[6] to 17.70%.

The safeguards designed to protect the health of customers and employees and ensure the operational continuity of business processes were further strengthened. Over 50% of employees were able to work on a remote basis.

Significant results in terms of sustainability: CDP ("Carbon Disclosure Project") included BPER Banca in the "A List", which acknowledges the commitment to fight climate change and the Standard Ethics Agency raised the Bank's rating from EE- to EE. Furthermore, confirming the strong value of its commitment to the environment, at the end of 2020 BPER Banca inaugurated at its Service Centre one of the largest photovoltaic parks in Emilia Romagna, which immediately had a positive impact on the reduction of emissions.

****

The Board of Directors of BPER Banca has examined and approved the separate results of the Bank and the consolidated results of the Group at 31 December 2020.

Alessandro Vandelli, Chief Executive Officer of BPER Banca, commented: *"The year just ended was a very difficult one, when we had to cope with the effects of the health crisis as best we could. In a situation of great complexity and uncertainty, we implemented numerous initiatives aimed at protecting the health of employees and customers, promoting support measures for households and businesses and ensuring the operational continuity of business processes. In this context, I cannot deny that I am extremely satisfied with the results that we have achieved, thanks to the extraordinary commitment of all of the Group's staff. Net profit for the year exceeds € 245 million, thanks to the resilience of revenues and despite having to recognise significant loan loss adjustments as the macroeconomic forecasts got worse. The capital position remains extremely solid with a pro-forma Fully Loaded CET1 ratio[7] of 15.90%; if we separate the impact of the increase in capital, the pro-forma Fully Loaded CET1 ratio[8] comes to 13.52%, rising considerably compared with the figure at 31 December 2019 (12.01%). The liquidity buffer grew significantly, reaching almost € 20.0 billion. It is worth pointing out that there has been another important step forward in improving credit quality, with a significant drop in the stock of gross and net non-performing exposures by 29.1% and 29.0% respectively since the end of 2019; at the same time, this has led to a significant decrease in the gross and net NPE ratio to 7.8% and 4.0% respectively, the lowest they have been for the last 12 years. In light of these elements, I would like to express my total confidence in the Group's growth prospects and emphasise, with rising conviction, the important strategic value, in terms of market share, new customers and contribution to the Group's profitability, of our purchase of the going concern from Intesa Sanpaolo, which is now nearing completion. We have proposed the distribution of a dividend of € 4 cents in full compliance with the ECB's prudent guidelines and we are convinced that we have laid the foundations for a significant increase in remuneration for our shareholders in the coming years. Lastly, I would like to highlight some important results achieved in the field of ESG, motivated by a growing attention to the environmental matters. In December, BPER Banca entered CDP's prestigious "A List" for combating climate change. Further recognition for our commitment to sustainability is the upgrade given by the Standard Ethics Agency which raised BPER Banca's rating from EE- to EE in January. Furthermore, at our Service Centre, we recently inaugurated a new Photovoltaic Park, one of the largest in Emilia-Romagna. We are firmly convinced that attention to sustainability issues is not just an important value, but nowadays also an indispensable competitive factor."*

****

E-MARKET SDIR CERTIFIED

Consolidated income statement: key figures

(Bear in mind that the income statement figures in the Group's preliminary consolidated results for 2020 are not comparable with those of the same period of 2019 due to the change in the scope of consolidation, which from 1 July 2019 includes Unipol Banca and Arca Holding, the former absorbed by the Parent Company BPER Banca on 25 November 2019, with effect for accounting purposes from 1 July 2019. The accounting figures for the fourth quarter of 2020, on the other hand, are comparable with those for the fourth quarter of 2019 as they are based on the same scope of consolidation).

Net interest income comes to € 1,238.9 million. The fourth quarter figure is € 295.1 million, down by 9.3% q/q from € 325.5 million in the previous quarter, mainly due to the accounting reclassification of commission income equal to € 23.1 million, previously accounted for in interest income[9]. The decrease in net interest income, net of these accounting effects, is 2.2% q/q.

Net commission income amounts to € 1,072.5 million. The figure for the fourth quarter was € 297.7 million, showing a marked increase of 13.6% q/q, mainly due to the accounting reclassification mentioned previously. The growth in commission income, net of these accounting effects, is 4.8% q/q. Compared with the third quarter of 2020, a good performance was recorded in the Bancassurance sector (+33.6% q/q), in the administration of indirect deposits (+14.2% q/q), in loans and guarantees (+3.3% q/q net of accounting effects) and in cards, collections and payments (+4.6% q/q).

Dividends for 2020 amount to € 18.5 million.

Net income from financial activities comes to € 138.2 million; the figure for the fourth quarter is € 42.6 million. It includes realised net gains on the sale of financial assets and loans of € 101.6 million, net gains on securities and derivatives of € 32.0 million and other revenues of € 4.6 million.

Operating income amounts to € 2,509.0 million. The figure for the fourth quarter amounts to € 645.5 million.

Operating costs for 2020 amount to € 1,638.3 million, consisting of personnel expenses of € 960.7 million, other administrative expenses of € 499.0 million and net adjustments to tangible and intangible assets of € 178.5 million. In the fourth quarter of the year, operating costs amounted to € 437.4 million: 1) staff costs amount to € 239.4 million, up by 10.5% q/q, due to the usual seasonal effect of the third quarter, but down compared with the first two quarters of the year, also thanks to the positive effects of the redundancy plan; 2) other administrative expenses amount to € 147.4 million, up by 22.7% q/q mainly due to expenses relating to the project to acquire the business unit from the Intesa Sanpaolo Group, amounting to € 21.1 million in the quarter; 3) net adjustments to property, plant, equipment and intangible assets amount to € 50.5 million, up by 17.5% q/q, mainly due to the impairment adjustment to properties.

Net operating income for the year amounts to € 870.7 million. The figure for the fourth quarter is € 208.1 million.

Net impairment losses for credit risk amount to € 544.4 million, almost entirely referable to net adjustments to financial assets at amortised cost (€ 541.9 million). Net adjustments to assets at amortised cost for credit risk in the fourth quarter amount to € 136.7 million, up compared with € 107.9 million in the third quarter (+26.7%). The **cost of credit for the year** is 101 bps (86 bps in 2019) and includes the impact of the items relating to the deterioration in the economic scenario due to the health crisis and the sale of the mezzanine and junior tranches of the bad loan securitisations.

Net provisions for risks and charges amount to € 32.5 million in the year.

Contributions to system funds recognised during the year total € 77.3[10] million (€ 60.7 million in 2019). More specifically: the BPER Group's ordinary contribution to the Single Resolution Fund (SRF) for 2020 of € 26.0 million, the additional contribution for 2018 of € 8.1 million (both accounted for in the first half); moreover, the ordinary contribution to the Deposit Guarantee Scheme (DGS) of € 43.2 million was paid (in the second half of the year). Note that, in the interests of clarity, these contributions are shown on a separate line in the reclassified income statement, whereas in the Bank of Italy's schedule they are included in caption 190 b) "Other administrative expenses".

Gains on equity investments and on disposal of investments in the year was negative for € 2.1 million and includes an impairment adjustment to equity investments for a total of € 8.2 million, which was recorded in the second quarter.

The profit from current operations before tax is € 203.6 million.

Income taxes for the year are positive for € 67.0 million, mainly due to the benefits provided for by art. 55 of Legislative Decree 18/2020 "Cura Italia" and the net effect of stepping up intangible assets (positive overall for € 86.9 million).

Profit for the year stands at € 270.7 million and includes a profit for the year pertaining to minority interests of € 25.0 million.

The profit pertaining to the Parent Company therefore comes to € 245.7 million.

Consolidated balance sheet: key figures

Direct deposits from customers (amounts due to customers, debt securities in issue and financial liabilities designated at fair value) amount to € 63.1 billion, an increase of 8.8% on the figure at the end of 2019. Ordinary customer deposits amount to € 59.5 billion, a significant increase on December 2019 (+8.9%), mainly including current accounts and demand deposits for € 55.1 billion (+15.5% since the end of 2019), time deposits and certificates of deposit for € 0.4 billion (-73.5% since the end of 2019) and bonds for € 0.8 billion (-54.7% since the end of the year). Institutional funding amounts to € 3.6 billion, up by 6.0% since the end of 2019 and made up mainly of bonds.

Indirect deposits from customers, valued at market prices, come to € 114.8 billion, up by 3.8% since the end of 2019. In particular, **assets under management** amount to € 42.7 billion, up by 2.4% since the end of the year, of which € 17.4 billion relating to Arca Holding, net of the portion of funds placed by the BPER Group network. **Assets under administration** amount to € 72.1 billion (+4.6% since the end of 2019, +4.2% from September 2020). The **portfolio of life insurance premiums**, not included in indirect deposits, amounts to € 7.3 billion, an increase of 7.0% on the end of 2019 and of 0.8% on September 2020.

Gross loans to customers amount to € 55.4 billion, up by 0.2% compared with the end of 2019. Gross performing exposures amount to € 51.1 billion, whereas gross non-performing exposures (bad, unlikely-to-pay and past due loans) amount to € 4.3 billion, a significant drop of 29.1% since the end of 2019, also as a result of the securitisations of two portfolios of bad loans for a gross book value at the disposal date of € 1.3 billion (the "Spring" and "Summer" operations), with an incidence of 7.8% on total gross loans (8.8% in September and 11.1% at the end of 2019). Looking at the various components, **gross bad loans** amount to € 2.1 billion (-39.8% since the end of 2019); **gross unlikely-to-pay loans** amount to € 2.1 billion (down by 14.3% compared with the end of 2019); **gross past due loans** amount to € 141.3 million (-27.5% on the end of 2019). The quality of performing exposures remains high, with 64.4% of low-risk ratings.

Net loans to customers amount to € 53.0 billion, up by 0.2% and 1.9% from last September and the end of 2019 respectively. Net performing exposures amount to € 50.9 billion, whereas net non-performing exposures (bad, unlikely-to-pay and past due loans) amount to € 2.1 billion, down by 29.0% from the end of 2019 also due to the above mentioned securitisations, with an incidence on total net loans of 4.0% (4.7% in September and 5.8% at the end of 2019) and a coverage ratio up to 51.0% from 49.3% in September. Looking at the various components, **net bad loans** amount to € 0.7 billion, with a coverage ratio of 65.0%; **net unlikely-to-pay loans** amount to € 1.3 billion, with coverage of 39.1%; **net past due loans** amount to € 109.6 million with coverage of 22.4%.

During the year, more than 100,000 moratoria were granted on loans to customers for a total of € 11 billion, equal to approximately 20% of total gross loans. At the end of 2020, the moratoria outstanding amount to € 7.2 billion. Defaults on loans for which the moratorium was not renewed are marginal to date.

The **net interbank position** is negative for € 10.3 billion and is the result of the imbalance between loans to banks of € 9.9 billion and loans from banks of € 20.2 billion. The BPER Group's total amount of refinancing with the European Central Bank (ECB) amounts to € 16.7 billion, entirely attributable to participation in TLTRO 3 operations with a three-year maturity. Financial instruments, which can be used as collateral for refinancing operations on the market, amount to € 28.1 billion, net of the haircut, of which € 10.0 billion is available, to which € 9.9 billion of deposits available at the ECB must be added.

Financial assets come to a total of € 24.7 billion (+6.2% from September and +30.1% from the end of 2019) and amount to 26.5% of total assets. Debt securities amount to € 23.6 billion and represent 95.8% of the total portfolio: of these, € 11.7 billion refer to government securities and other public entities, of which € 7.8 billion of Italian government securities.

Total shareholders' equity amounts to € 6.3 billion, with a portion pertaining to minority interests of € 0.1 billion. The **Group's consolidated shareholders' equity**, including the result for the year, amounts to € 6.2 billion. The increase in capital in support of the acquisition of a business unit from the Intesa Sanpaolo Group was successfully completed in October 2020.

At 31 December 2020, the **Liquidity Coverage Ratio** (LCR) comes to 200.1%, while the **Net Stable Funding Ratio** (NSFR) is put at over 100%.

Capital ratios

At 31 December 2020, the capital ratios, calculated taking into account the AIRB methodology for credit risk requirements, are:

- Pro-forma Phased In Common Equity Tier 1 (CET1) ratio[11] equals to 17.70% (14.61% at 30 September 2020 and 13.91% at 31 December 2019). This ratio calculated on a Fully Loaded pro-forma[12] basis comes to 15.90% (13.03% at 30 September 2020 and 12.01% at 31 December 2019). Net of the increase in capital the pro-forma Fully Loaded CET1 ratio[13] comes to 13.52%;

- Pro-forma Phased In Tier 1 ratio[14] equals to 18.15% (15.05% at 30 September 2020 and 14.35% at 31 December 2019);

- Pro-forma Phased In Total Capital ratio[15] equals to 21.18% (17.53% at 30 September 2020 and 16.82% at 31 December 2019).

Main structure data at 31 December 2020

The Group is present in nineteen Italian regions with 1,237 bank branches, 112 fewer than at the end of 2019, in addition to the Luxembourg office of BPER Bank Luxembourg S.A.

The Group employs 13,177 people (13,805 at the end of 2019).

****

The parent company BPER Banca

(Bear in mind that the income statement figures relating to BPER Banca's preliminary results for 2020 are not comparable with those of the previous year due to the mergers of Unipol Banca, absorbed by the Parent Company BPER Banca on 25 November 2019 with accounting effect from 1 July 2019, of Cassa di Risparmio di Bra, and of Cassa di Risparmio di Saluzzo, absorbed by BPER Banca on 27 July 2020 with accounting effect from 1 January 2020. The balance sheet figures for the preliminary separate results of BPER Banca for the year 2020 are not fully comparable with those of the previous year following the mergers of Cassa di Risparmio di Bra and Cassa di Risparmio di Saluzzo, which were absorbed by BPER Banca on 27 July 2020).

The financial statements of the Parent Company at 31 December 2020, approved by the Board of Directors at the same time on a preliminary basis, provide the balance sheet and income statement figures shown below.

Balance sheet:

- **direct deposits** of € 51.5 billion (€ 45.9 billion at 31 December 2019);
- **indirect deposits** of € 92.4 billion (€ 88.4 billion at 31 December 2019);
- **net loans to customers** amount to € 43.6 billion (€ 40.8 billion at 31 December 2019), including non-performing exposures of € 1.4 billion (€ 2.0 billion at 31 December 2019), which represent 3.3% of total net loans with coverage of 52.5%; the portion represented by bad loans amounts to € 0.4 billion, representing 1.0% of total net loans, with coverage of 68.0%;
- **shareholders' equity**, including the result for the year, is € 5.9 billion (€ 5.0 billion at 31 December 2019). The increase in capital in support of the acquisition of a business unit from the Intesa Sanpaolo Group was successfully completed in October 2020.

Income statement:

- **net interest income** of € 901.5 million (€ 786.7 million in 2019);
- **net commission income** amounts to € 754.3 million (€ 689.6 million in 2019);
- **net interest and other banking income** comes to € 1,793.7 million (€ 1,593.2 million in 2019);
- **net income from financial activities** comes to € 1,347.9 million (€ 1,303.3 million in 2019);
- **operating costs**, net of operating income, amount to € 1,316.9 million (€ 1,217.5 million in 2019);
- the **profit from current operations before tax** is € 28.5 million (€ 390.2 million in 2019);
- the **net result for the year**, which includes positive taxes for € 115.3 million, is a profit of € 143.9 million (€ 385.4 million in 2019).

Proposed allocation of BPER Banca's profit for the year

The Board has approved the proposal for the distribution of a cash dividend of € 4 cents per share for each of the 1,413,263,512 shares representing the share capital (net of those held in portfolio on the ex-coupon date: 455,458 at 31 December 2020, the same as today), for a maximum total amount of € 56,530,540.48.

Outlook for operations

The economic prospects are still affected by how the pandemic evolves and how this impacts the behaviour of households and businesses. In the fourth quarter, the second wave of infections caused a further contraction in the economy, after a strong recovery in the summer. The start of vaccination campaigns should however create the conditions for us to gradually overcome the emergency and, helped by the massive steps taken by governments and central banks to support the liquidity and incomes of families and businesses, this could generate a strong recovery in the Italian economy, especially from the second half of 2021.
In the coming months, the BPER Group will complete its purchase of the “Going Concern” from Intesa Sanpaolo, which will lead to a significant growth in size, an improvement in the competitive position in Italy and a significant increase in the customer base. This acquisition will provide important support to revenues in terms of both interest income and commission, especially in asset management and bancassurance; it will also accelerate the improvement in asset quality, despite the situation of high uncertainty, while at the same time reducing the Group's cost/income ratio. All these factors should provide support for the Group's profitability outlook for the current year, making it possible to maintain solid capital ratios and increase shareholders' remuneration appreciably in the future.

****

Approval of BPER's draft separate and consolidated financial statements for 2020 by the Board of Directors is scheduled for 16 March 2021.

****

Note that Deloitte & Touche S.p.A. still have to complete their audit, after which they will issue their audit report as required by law on the draft separate and consolidated financial statements for the year ended 31 December 2020, which are due to be approved by the Bank's Board of Directors scheduled for 16 March 2021.

To supplement the information provided in this press release, we attach:

- *the consolidated balance sheet and income statement (also quarterly and reclassified) at 31 December 2020, as well as a summary of the key financial indicators;*
- *a separate balance sheet and income statement of the Parent Company at 31 December 2020.*

Modena, 3 February 2021

The Chief Executive Officer
Alessandro Vandelli

****

The Manager responsible for preparing the Company's financial reports, Marco Bonfatti, declares, pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Finance Act), that the accounting information contained in this press release agrees with the supporting documentation, books of account and accounting entries.

Modena, 3 February 2021

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

****

A conference call will be held today, **3 February 2021 at 6.00 p.m. (CET)**, to explain the consolidated results of the BPER Group at 31 December 2020.
The conference call will be held in English and will be chaired by **Alessandro Vandelli, the Chief Executive Officer.**

To join the conference call, dial the following telephone number:

ITALY: +39 02 8020911
UK: +44 1212 818004
USA: +1 718 7058796

A set of slides to support the presentation will be available the same day, before the start of the presentation and the conference call, in the Investor Relations area of the Bank's website.

****

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
investor.relations@bper.it

Manager responsible for preparing the company's financial reports
staffdp@bper.it

External Relations and CSR
relest@bper.it

www.bper.it– https://istituzionale.bper.it/

Footnotes

[1] More specifically: ordinary contribution to the Single Resolution Fund (SRF) for 2020 of € 26.0 million, additional contribution for 2018 of € 8.1 million, ordinary contribution to the Deposit Guarantee Scheme (DGS) of € 43.2 million.

[2] The most significant non-recurring items for the year include the following: 1) impairment on properties, inventories and right of use for a total of € 12.6 million (spread over the four quarters from an accounting point of view); 2) profit sharing to recover prior-year tax losses to be paid to the Resolution Fund for € 11.5 million (provision of € 16.0 million made in the second quarter against a recovery of € 4.5 million in the first quarter); 3) impairment losses on equity investments for a total of € 8.2 million (accounted for in the second quarter); 4) costs of € 15.3 million (spread over the four quarters) relating to the deterioration in the macroeconomic context caused by the health emergency; 5) contribution to the SRF relating to previous years of € 10.9 million resulting from the settlement of irrevocable commitments previously guaranteed by cash collateral (accounted for in the second half of the year); 6) revaluation of an equity investment for € 20.6 million (accounted for in the fourth quarter); 7) loss on loan disposals of € 21.4 million (spread over the four quarters).

[3] The Texas ratio is defined as gross NPE/(tangible net equity + NPE loan loss provisions).

[4] The CET1 ratio Fully Loaded pro-forma has been estimated excluding the effects of the transitional provisions in force and taking into account the expected absorption of deferred tax assets relating to first-time adoption of IFRS9 and the result for the year, net of the pro-quota dividends, thus simulating, in advance, the effects of the authorisation issued by the ECB for the inclusion of these profits in Own Funds pursuant to art. 26, para. 2 of the CRR.

[5] See note 4.

[6] The Phased in capital ratios have been calculated according to the provisions of Regulation (EU) 2395/2017, which amends the Regulation (EU) 575/2013 (CRR) relating to "Transitional provisions to mitigate the impact of IFRS 9 on Own Funds". Regulation introduced the transitional arrangement (or so-called "Phased In") giving banks a chance to spread the effect on Own Funds over a period of 5 years (from March 2018 to December 2022), sterilizing the impact on CET1 by applying decreasing percentages over time. The BPER Banca Group chose to adopt the so-called "static approach" to be applied to the impact from comparing the IAS 39 adjustments at 31 December 2017 and the IFRS 9 adjustments at 1 January 2018. The “pro-forma” values of such ratios have been calculated including the result for the year, net of the pro-quota dividends, thus simulating, in advance, the effects of the authorisation issued by the ECB for the inclusion of these profits in Own Funds pursuant to art. 26, para. 2 of the CRR. It should also be noted that such ratios are equal to 15.14% for the CET1 Ratio Phased in pro-forma, 15.60% for the T1 Ratio Phased in pro-forma and 18.66% for the TC Ratio Phased in pro-forma if we separate the impact of the increase in capital for the acquisition of going concern from the Intesa Sanpaolo Group.

[7] See note 4.

[8] See note 4.

[9] For a more consistent representation of the Group's Accounting Policies, in the fourth quarter an amount of € 23.1 million, previously accounted for under interest income, was reclassified to commission income; this amount refers to a company that entered the scope of consolidation following the acquisition of Unipol Banca.

[10] In the reclassified income statement, the item "contributions to funds" also includes € 10.9 million for the settlement of irrevocable commitments previously guaranteed by cash collateral and relating to prior years (accounted for in the second half of the year) for a total of € 88.2 million.

[11] See note 6.

[12] See note 4.

[13] See note 4.

[14] See note 6.

[15] See note 6.

Reclassified financial statements as at 31 December 2020

For greater clarity in the presentation of the results for the year, the accounting schedules envisaged by the 6th update of Bank of Italy Circular no. 262/2005 have been reclassified as follows.

In the balance sheet:

- Debt securities valued at amortised cost (caption 40 *"Financial assets measured at amortised cost"*) have been reclassified under caption *"Financial assets"*;
- *"Other assets"* include captions 110 *"Tax assets"* and 130 "*Other assets*";
- "*Other liabilities"* include captions 60 "*Tax liabilities"*, 80 "*Other liabilities"*, 90 "*Employee termination indemnities"* and 100 "*Provisions for risks and charges*";
- assets and liabilities classified as held for sale (asset caption 120 *"Non-current assets and disposal groups classified as held for sale"* and liability caption 70 *"Liabilities associated with assets classified as held for sale*") are presented in their original portfolios in order to report the aggregates more clearly[1].

In the income statement:

- "*Net income from financial activities"* includes captions 80, 90, 100 and 110 in the standard reporting format;
- Indirect tax recoveries, allocated for accounting purposes to caption 230 *"Other operating expense/income"*, have been reclassified as a reduction in the related costs under *"Other administrative expenses"* (Euro 139,969 thousand at 31 December 2020 and Euro 137,269 thousand at 31 December 2019);
- *"Net provisions for risks and charges"* include Euro 11,452 thousand relating to the valuation of the profit-sharing clause in the contract for the acquisition of Nuova Carife, allocated to caption 230 *"Other operating charges/income"* in the accounting schedule;
- *"Net adjustments to property, plant, equipment and intangible assets"* include captions 210 and 220 in the standard reporting format;
- *"Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill"* include captions 250, 270 and 280 in the reporting format;
- *"Contributions to the DGS, SRF and IDPF-VS funds"* has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative costs" as a better reflection of the trend in the Group's operating costs. In particular, at 31 December 2020, this caption represents the component allocated for accounting purposes to administrative costs in relation to:
  - the 2020 contribution to the SRF (European Single Resolution Fund) for Euro 25,992 thousand;
  - additional contribution requested by the SRF (European Single Resolution Fund) for 2018 from Italian banks for Euro 8,149 thousand;
  - contribution to the SRF for the settlement of irrevocable commitments previously guaranteed by cash collateral for Euro 10,939 thousand;
  - the 2020 contribution to the DGS (Deposit Guarantee Schemes) for Euro 43,102 thousand.
- appropriate specification *("of which")* has been included in "*Net interest income*" caption in order to highlight the impacts of IFRS 9 application.

[1] *The balance sheet data include the amounts for 5 branches held for sale. These branches belong to the group of 10 Unipol Banca branches acquired by BPER Banca on 25 November 2019 and subsequently transferred to Banco di Sardegna. In that regard, the Italian competition authority (Autorità Garante della Concorrenza e del Mercato - AGCM) authorised the operation on condition that the 5 branches located in Sardinia would be sold subsequently. The disposal is intended to resolve the competition issue identified in the AGCM investigation, which found excessive concentration in the Municipalities of Sassari, Alghero, Iglesias, Nuoro and Terralba, which would create and/or strengthen a dominant position.*

BPER:
Gruppo

Reclassified consolidated balance sheet as at 31 December 2020

(in thousands)

Assets	31.12.2020	31.12.2019	Change	% Change
Cash and cash equivalents	482,192	566,930	(84,738)	-14.95
Financial assets	24,661,915	18,956,906	5,705,009	30.09
a) Financial assets held for trading	279,009	270,374	8,635	3.19
b) Financial assets designated at fair value	127,368	130,955	(3,587)	-2.74
c) Other financial assets mandatorily measured at fair value	765,917	692,995	72,922	10.52
d) Financial assets measured at fair value through other comprehensive income	6,269,818	6,556,202	(286,384)	-4.37
e) Debt securities measured at amortised cost	17,219,803	11,306,380	5,913,423	52.30
- banks	4,496,133	2,744,570	1,751,563	63.82
- customers	12,723,670	8,561,810	4,161,860	48.61
Loans	62,888,784	54,353,634	8,535,150	15.70
a) Loans to banks	9,856,598	2,321,809	7,534,789	324.52
b) Loans to customers	53,005,879	52,006,038	999,841	1.92
c) Financial assets measured at fair value	26,307	25,787	520	2.02
Hedging derivatives	57,776	82,185	(24,409)	-29.70
Equity investments	225,558	225,869	(311)	-0.14
Property, plant and equipment	1,352,690	1,369,724	(17,034)	-1.24
Intangible assets	702,723	669,847	32,876	4.91
- of which: goodwill	434,758	434,758	-	-
Other assets	2,679,200	2,808,403	(129,203)	-4.60
Total assets	**93,050,838**	**79,033,498**	**14,017,340**	**17.74**

(in thousands)

Liabilities and shareholders' equity	31.12.2020	31.12.2019	Change	% Change
Due to banks	20,180,999	12,213,133	7,967,866	65.24
Direct deposits	63,140,669	58,055,608	5,085,061	8.76
a) Due to customers	58,458,479	52,220,719	6,237,760	11.94
b) Debt securities issued	4,682,190	5,834,889	(1,152,699)	-19.76
Financial liabilities held for trading	170,094	165,970	4,124	2.48
Hedging derivatives	469,240	294,114	175,126	59.54
Other liabilities	2,759,082	3,013,126	(254,044)	-8.43
Minority interests	133,935	131,662	2,273	1.73
Shareholders' equity pertaining to the Parent Company	6,196,819	5,159,885	1,036,934	20.10
a) Valuation reserves	118,105	37,750	80,355	212.86
b) Reserves	2,348,691	2,035,205	313,486	15.40
c) Equity instruments	150,000	150,000	-	-
d) Share premium reserve	1,241,197	1,002,722	238,475	23.78
e) Share capital	2,100,435	1,561,884	538,551	34.48
f) Treasury shares	(7,259)	(7,259)	-	-
g) Profit (Loss) for the year	245,650	379,583	(133,933)	-35.28
Total liabilities and shareholders' equity	**93,050,838**	**79,033,498**	**14,017,340**	**17.74**

BPER:
Gruppo

Reclassified consolidated income statement as at 31 December 2020

(in thousands)

Captions		31.12.2020	31.12.2019	Change	% Change
10+20	Net interest income	1,238,876	1,164,539	74,337	6.38
	*of which IFRS 9 components**	*25,728*	*43,643*	*(17,915)*	*-41.05*
40+50	Net commission income	1,072,514	931,950	140,564	15.08
70	Dividends	18,492	14,101	4,391	31.14
80+90+100+110	Net income from financial activities	138,165	113,993	24,172	21.20
230	Other operating expense/income	40,974	51,079	(10,105)	-19.78
	Operating income	**2,509,021**	**2,275,662**	**233,359**	**10.25**
190 a)	Staff costs	(960,719)	(1,049,686)	88,967	-8.48
190 b)	Other administrative expenses	(499,040)	(451,830)	(47,210)	10.45
210+220	Net adjustments to property, plant and equipment and intangible assets	(178,518)	(185,076)	6,558	-3.54
	Operating costs	**(1,638,277)**	**(1,686,592)**	**48,315**	**-2.86**
	Net operating income	**870,744**	**589,070**	**281,674**	**47.82**
130 a)	Net impairment losses to financial assets at amortised cost	(541,877)	(447,547)	(94,330)	21.08
	- loans to customers	*(534,605)*	*(444,818)*	*(89,787)*	*20.19*
	- other financial assets	*(7,272)*	*(2,729)*	*(4,543)*	*166.47*
130 b)	Net impairment losses to financial assets at fair value	(362)	1,256	(1,618)	-128.82
140	Gains (Losses) from contractual modifications without	(2,141)	(2,979)	838	-28.13
	Net impairment losses for credit risk	**(544,380)**	**(449,270)**	**(95,110)**	**21.17**
200	Net provisions for risks and charges	(32,481)	(12,193)	(20,288)	166.39
###	Contributions to SRF, DGS, IDPF - VS	(88,182)	(60,681)	(27,501)	45.32
250+270+280	Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	(2,079)	6,611	(8,690)	-131.45
275	Gain on a bargain purchase	-	343,361	(343,361)	-100.00
290	**Profit (Loss) from current operations before tax**	**203,622**	**416,898**	**(213,276)**	**-51.16**
300	Income taxes on current operations for the year	67,045	(22,446)	89,491	-398.69
330	**Profit (Loss) for the year**	**270,667**	**394,452**	**(123,785)**	**-31.38**
340	Profit (Loss) for the year pertaining to minority interests	(25,017)	(14,869)	(10,148)	68.25
350	**Profit (Loss) for the year pertaining to the Parent Company**	**245,650**	**379,583**	**(133,933)**	**-35.28**

** The "of which IFRS 9 components" caption includes the time value of bad loans and the write-down of part of the interest charged on non-performing exposures.*

BPER:
Gruppo

E-MARKET SDIR CERTIFIED

Reclassified consolidated income statement by quarter as at 31 December 2020

(in thousands)

Captions		1st quarter 2020	2nd quarter 2020	3rd quarter 2020	4th quarter 2020	1st quarter 2019	2nd quarter 2019	3rd quarter 2019	4th quarter 2019
10+20	Net interest income	307,971	310,280	325,492	295,133	273,896	272,288	315,909	302,446
	*of which IFRS 9 components**	*9,414*	*7,945*	*5,185*	*3,184*	*13,352*	*15,083*	*11,748*	*3,460*
40+50	Net commission income	267,595	245,102	262,127	297,690	192,544	195,210	268,316	275,880
70	Dividends	809	12,034	4,550	1,099	539	9,687	3,424	451
80+90+100+110	Net income from financial activities	5,642	46,832	43,115	42,576	22,062	5,403	49,721	36,807
230	Other operating expense/income	14,607	9,724	7,638	9,005	6,337	8,923	19,511	16,308
	Operating income	**596,624**	**623,972**	**642,922**	**645,503**	**495,378**	**491,511**	**656,881**	**631,892**
190 a)	Staff costs	(255,576)	(249,088)	(216,638)	(239,417)	(213,631)	(213,109)	(230,936)	(392,010)
190 b)	Other administrative expenses	(114,546)	(116,917)	(120,137)	(147,440)	(90,930)	(96,204)	(118,223)	(146,473)
210+220	Net adjustments to property, plant and equipment and intangible assets	(40,957)	(44,051)	(42,995)	(50,515)	(33,172)	(35,380)	(40,189)	(76,335)
	Operating costs	**(411,079)**	**(410,056)**	**(379,770)**	**(437,372)**	**(337,733)**	**(344,693)**	**(389,348)**	**(614,818)**
	Net operating income	**185,545**	**213,916**	**263,152**	**208,131**	**157,645**	**146,818**	**267,533**	**17,074**
130 a)	Net impairment losses to financial assets at amortised cost	(139,553)	(157,769)	(107,870)	(136,685)	(72,485)	(74,551)	(160,985)	(139,526)
	- loans to customers	*(139,991)*	*(153,846)*	*(106,524)*	*(134,244)*	*(71,328)*	*(74,632)*	*(159,409)*	*(139,449)*
	- other financial assets	*438*	*(3,923)*	*(1,346)*	*(2,441)*	*(1,157)*	*81*	*(1,576)*	*(77)*
130 b)	Net impairment losses to financial assets at fair value	105	(963)	363	133	421	(392)	553	674
140	Gains (Losses) from contractual modifications without derecognition	(195)	(247)	(182)	(1,517)	(891)	(76)	(651)	(1,361)
	Net impairment losses for credit risk	**(139,643)**	**(158,979)**	**(107,689)**	**(138,069)**	**(72,955)**	**(75,019)**	**(161,083)**	**(140,213)**
200	Net provisions for risks and charges	2,276	(17,177)	(15,109)	(2,471)	(1,995)	(9,698)	2,491	(2,991)
###	Contributions to SRF, DGS, IDPF - VS	(31,978)	(2,185)	(30,490)	(23,529)	(23,184)	(9,459)	(25,771)	(2,267)
250+270+280	Gains (Losses) on equity investments, disposal investments and impairment losses on goodwill	321	(5,481)	1,140	1,941	3,809	4,586	415	(2,199)
275	Gain on a bargain purchase	-	-	-	-	-	-	353,805	(10,444)
290	**Profit (Loss) from current operations before tax**	**16,521**	**30,094**	**111,004**	**46,003**	**63,320**	**57,228**	**437,390**	**(141,040)**
300	Income taxes on current operations for the year	(6,119)	75,066	(6,585)	4,683	(12,266)	987	(8,666)	(2,501)
330	**Profit (Loss) for the year**	**10,402**	**105,160**	**104,419**	**50,686**	**51,054**	**58,215**	**428,724**	**(143,541)**
340	Profit (Loss) for the year pertaining to minority interests	(4,320)	(6,563)	(8,479)	(5,655)	(3,083)	(5,694)	(6,291)	199
350	**Profit (Loss) for the year pertaining to the Parent Company**	**6,082**	**98,597**	**95,940**	**45,031**	**47,971**	**52,521**	**422,433**	**(143,342)**

** The "of which IFRS 9 components" caption includes the time value of bad loans and the write-down of part of the interest charged on non-performing exposures.*

BPER:
Gruppo

Consolidated balance sheet as at 31 December 2020

(in thousands)

	Assets	31.12.2020	31.12.2019	Change	% Change
10.	Cash and cash equivalents	482,192	566,924	(84,732)	-14.95
20.	Financial assets measured at fair value through profit or loss	1,198,601	1,120,111	78,490	7.01
	a) financial assets held for trading	279,009	270,374	8,635	3.19
	b) financial assets designated at fair value	127,368	130,955	(3,587)	-2.74
	c) other financial assets mandatorily measured at fair value	792,224	718,782	73,442	10.22
30.	Financial assets measured at fair value through other comprehensive income	6,269,818	6,556,202	(286,384)	-4.37
40.	Financial assets measured at amortised cost	79,991,505	65,541,246	14,450,259	22.05
	a) loans to banks	14,352,731	5,066,379	9,286,352	183.29
	b) loans to customers	65,638,774	60,474,867	5,163,907	8.54
50.	Hedging derivatives	57,776	82,185	(24,409)	-29.70
70.	Equity investments	225,558	225,869	(311)	-0.14
90.	Property, plant and equipment	1,351,480	1,368,696	(17,216)	-1.26
100.	Intangible assets	702,723	669,847	32,876	4.91
	of which:				
	- goodwill	434,758	434,758	-	-
110.	Tax assets	2,007,073	2,024,579	(17,506)	-0.86
	a) current	418,174	466,312	(48,138)	-10.32
	b) deferred	1,588,899	1,558,267	30,632	1.97
120.	Non-current assets and disposal groups classified as held for sale	98,714	97,142	1,572	1.62
130.	Other assets	665,398	780,697	(115,299)	-14.77
	Total assets	**93,050,838**	**79,033,498**	**14,017,340**	**17.74**

(in thousands)

	Liabilities and shareholders' equity	31.12.2020	31.12.2019	Change	% Change
10.	Financial liabilities measured at amortised cost	83,177,191	70,135,262	13,041,929	18.60
	a) due to banks	20,180,999	12,213,133	7,967,866	65.24
	b) due to customers	58,314,002	52,087,240	6,226,762	11.95
	c) debt securities issued	4,682,190	5,834,889	(1,152,699)	-19.76
20.	Financial liabilities held for trading	170,094	165,970	4,124	2.48
40.	Hedging derivatives	469,240	294,114	175,126	59.54
60.	Tax liabilities	74,748	75,737	(989)	-1.31
	a) current	4,797	5,405	(608)	-11.25
	b) deferred	69,951	70,332	(381)	-0.54
70.	Liabilities associated with assets classified as held for sale	144,809	134,077	10,732	8.00
80.	Other liabilities	1,945,822	2,069,511	(123,689)	-5.98
90.	Employee termination indemnities	148,199	191,120	(42,921)	-22.46
100.	Provisions for risks and charges	589,981	676,160	(86,179)	-12.75
	a) commitments and guarantees granted	62,334	55,995	6,339	11.32
	b) pension and similar obligations	148,357	161,619	(13,262)	-8.21
	c) other provisions for risks and charges	379,290	458,546	(79,256)	-17.28
120.	Valuation reserves	118,105	37,750	80,355	212.86
140.	Equity instruments	150,000	150,000	-	-
150.	Reserves	2,348,691	2,035,205	313,486	15.40
160.	Share premium reserve	1,241,197	1,002,722	238,475	23.78
170.	Share capital	2,100,435	1,561,884	538,551	34.48
180.	Treasury shares (-)	(7,259)	(7,259)	-	-
190.	Minority interests (+/-)	133,935	131,662	2,273	1.73
200.	Profit (Loss) for the year (+/-)	245,650	379,583	(133,933)	-35.28
	Total liabilities and shareholders' equity	**93,050,838**	**79,033,498**	**14,017,340**	**17.74**

BPER:
Gruppo

Consolidated income statement as at 31 December 2020

(in thousands)

	Captions	31.12.2020	31.12.2019	Change	Change %
10.	Interest and similar income	1,431,109	1,419,767	11,342	0.80
	of which: interest income calculated using the effective interest method	1,422,351	1,395,908	26,443	1.89
20.	Interest and similar expense	(192,233)	(255,228)	62,995	-24.68
30.	**Net interest income**	**1,238,876**	**1,164,539**	**74,337**	**6.38**
40.	Commission income	1,246,875	1,043,000	203,875	19.55
50.	Commission expense	(174,361)	(111,050)	(63,311)	57.01
60.	**Net commission income**	**1,072,514**	**931,950**	**140,564**	**15.08**
70.	Dividends and similar income	18,492	14,101	4,391	31.14
80.	Net income from trading activities	(14,220)	180	(14,400)	--
90.	Net income from hedging activities	(653)	(1,546)	893	-57.76
100.	Gains (Losses) on disposal or repurchase of:	141,182	116,600	24,582	21.08
	a) financial assets measured at amortised cost	130,513	38,710	91,803	237.16
	b) financial assets measured at fair value through other comprehensive income	10,356	77,664	(67,308)	-86.67
	c) financial liabilities	313	226	87	38.50
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	11,856	(1,241)	13,097	--
	a) financial assets and liabilities designated at fair value	(3,683)	(8,436)	4,753	-56.34
	b) other financial assets mandatorily measured at fair value	15,539	7,195	8,344	115.97
120.	**Net interest and other banking income**	**2,468,047**	**2,224,583**	**243,464**	**10.94**
130.	Net impairment losses for credit risk relating to:	(542,239)	(446,291)	(95,948)	21.50
	a) financial assets measured at amortised cost	(541,877)	(447,547)	(94,330)	21.08
	b) financial assets measured at fair value through other comprehensive income	(362)	1,256	(1,618)	-128.82
140.	Gains (Losses) from contractual modifications without derecognition	(2,141)	(2,979)	838	-28.13
150.	**Net income from financial activities**	**1,923,667**	**1,775,313**	**148,354**	**8.36**
180.	**Net income from financial and insurance activities**	**1,923,667**	**1,775,313**	**148,354**	**8.36**
190.	Administrative expenses:	(1,687,910)	(1,699,466)	11,556	-0.68
	a) staff costs	(960,719)	(1,049,686)	88,967	-8.48
	b) other administrative expenses	(727,191)	(649,780)	(77,411)	11.91
200.	Net provisions for risks and charges	(21,029)	(12,193)	(8,836)	72.47
	a) commitments and guarantees granted	(6,329)	9,032	(15,361)	-170.07
	b) other net provisions	(14,700)	(21,225)	6,525	-30.74
210.	Net adjustments to property, plant and equipment	(118,816)	(125,524)	6,708	-5.34
220.	Net adjustments to intangible assets	(59,702)	(59,552)	(150)	0.25
230.	Other operating expense/income	169,491	188,348	(18,857)	-10.01
240.	**Operating costs**	**(1,717,966)**	**(1,708,387)**	**(9,579)**	**0.56**
250.	Gains (Losses) of equity investments	(2,945)	7,213	(10,158)	-140.83
275.	Gain on a bargain purchase	-	343,361	(343,361)	-100.00
280.	Gains (Losses) on disposal investments	866	(602)	1,468	-243.85
290.	**Profit (Loss) from current operations before tax**	**203,622**	**416,898**	**(213,276)**	**-51.16**
300.	Income taxes on current operations for the year	67,045	(22,446)	89,491	-398.69
310.	**Profit (Loss) from current operations after tax**	**270,667**	**394,452**	**(123,785)**	**-31.38**
330.	**Profit (Loss) for the year**	**270,667**	**394,452**	**(123,785)**	**-31.38**
340.	Profit (Loss) for the year pertaining to minority interests	(25,017)	(14,869)	(10,148)	68.25
350.	**Profit (Loss) for the year pertaining to the Parent Company**	**245,650**	**379,583**	**(133,933)**	**-35.28**

BPER: Gruppo

Performance ratios[2]

Financial ratios	31.12.2020	2019 (*)
Structural ratios		
Net loans to customers/total assets	56.96%	65.80%
Net loans to customers/direct deposits from customers	83.95%	89.58%
Financial assets/total assets	26.50%	23.99%
Gross non-performing loans/gross loans to customers	7.84%	11.07%
Net non-performing loans/net loans to customers	4.02%	5.77%
Texas ratio[3]	55.39%	79.04%
Profitability ratios		
ROE[4]	4.58%	8.66%
ROTE[5]	5.25%	9.92%
ROA[6]	0.29%	0.50%
Cost to income ratio[7]	65.30%	74.11%
Cost of credit risk[8]	1.01%	0.86%
Own Funds (Phased in)[9] *(in thousands of Euro)*		
Common Equity Tier 1 (CET1)	5,928,350	4,828,807
Own Funds	7,094,229	5,839,914
Risk-weighted assets (RWA)	33,501,647	34,721,277
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in pro-forma[10]	17.70%	13.91%
Tier 1 Ratio (T1 Ratio) - Phased in pro-forma[11]	18.15%	14.35%
Total Capital Ratio (TC Ratio) - Phased in pro-forma[12]	21.18%	16.82%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Loaded pro-forma[13]	15.90%	12.01%
Liquidity Coverage Ratio (LCR)	200.1%	158.9%
Net Stable Funding Ratio (NSFR)[14]	n.a.	114.0%

(*) The comparative ratios have been calculated on figures at 31 December 2019 as per the Consolidated financial statements as at 31 December 2019.

[2] To construct ratios, reference was made to the balance sheet and income statement figures of the reclassified statements prepared from a management point of view as per the present Press Release.

[3] The texas ratio is calculated as total gross non-performing loans on net tangible equity increased by impairment provisions for non-performing loans.

[4] ROE has been calculated as net profit for the year on average shareholders' equity of Group not including net profit.

[5] ROTE has been calculated as net profit for the year on average shareholders' equity of Group not including net profit and intangible assets.

[6] ROA has been calculated as net profit for the year (including net profit pertaining to minority interests) on total assets.

[7] The Cost to income ratio has been calculated on the basis of the layout of the reclassified income statement (operating costs/operating income); when calculated on the basis of the layout provided by the 6th update of Bank of Italy Circular no. 262, the Cost to income ratio is at 69.61% (76.80% at 31 December 2019 as per the Consolidated financial statements as at 31 December 2019).

[8] The Cost of credit risk has been calculated as net impairment losses to loans to customers on net loans to customers.

[9] Items have been calculated according to the provisions of Regulation (EU) 2395/2017, which amends the Regulation (EU) 575/2013 (CRR) relating to "Transitional provisions to mitigate the impact of IFRS 9 on Own Funds". Regulation introduced the transitional arrangement (or so-called "Phased In") giving banks a chance to spread the effect on Own Funds over a period of 5 years (from March 2018 to December 2022), sterilizing the impact on CET1 by applying decreasing percentages over time. The BPER Banca Group chose to adopt the so-called "static approach" to be applied to the impact from comparing the IAS 39 adjustments at 31 December 2017 and the IFRS 9 adjustments at 1 January 2018.

[10] The Phased in pro-forma capital ratios have been calculated including the result for the year, net of the pro-quota dividends, thus simulating, in advance, the effects of the authorisation issued by the ECB for the inclusion of these profits in Own Funds pursuant to art. 26, para. 2 of the CRR. It should also be noted that such ratios are equal to 15.14% for the CET1 Ratio Phased in pro-forma, 15.60% for the T1 Ratio Phased in pro-forma and 18.66% for the TC Ratio Phased in pro-forma if we separate the impact of the increase in capital for the acquisition of going concern from the Intesa Sanpaolo Group.

[11] See previous note.

[12] See previous note.

[13] The CET1 ratio Fully Loaded pro-forma has been estimated excluding the effects of the transitional provisions in force and taking into account the expected absorption of deferred tax assets relating to first-time adoption of IFRS9 and the result for the year, net of the pro-quota dividends, thus simulating, in advance, the effects of the authorisation issued by the ECB for the inclusion of these profits in Own Funds pursuant to art. 26, para. 2 of the CRR. It should also be noted that such ratio is equal to 13.52% if we separate the impact of the increase in capital for the acquisition of going concern from the Intesa Sanpaolo Group.

[14] The NSFR, not yet available, is in any case estimated to exceed 100% (120.6% as at 30 September 2020).

Balance sheet of the Parent Company as at 31 December 2020

(in thousands)

	Assets	31.12.2020	31.12.2019	Change	% Change
10.	Cash and cash equivalents	365,864	429,141	(63,277)	(14.75)
20.	Financial assets measured at fair value through profit or loss	983,756	939,799	43,957	4.68
	a) financial assets held for trading	310,818	311,681	(863)	(0.28)
	b) financial assets designated at fair value	123,370	126,947	(3,577)	(2.82)
	c) other financial assets mandatorily measured at fair value	549,568	501,171	48,397	9.66
30.	Financial assets measured at fair value through other comprehensive income	6,051,222	6,202,401	(151,179)	(2.44)
40.	Financial assets measured at amortised cost	71,340,689	56,133,805	15,206,884	27.09
	a) loans to banks	16,418,169	8,369,103	8,049,066	96.18
	b) loans to customers	54,922,520	47,764,702	7,157,818	14.99
50.	Hedging derivatives	57,695	81,869	(24,174)	(29.53)
70.	Equity investments	2,008,146	2,138,421	(130,275)	(6.09)
80.	Property, plant and equipment	806,384	802,101	4,283	0.53
90.	Intangible assets	480,782	438,239	42,543	9.71
	of which:				
	- goodwill	230,366	225,792	4,574	2.03
100.	Tax assets	1,689,110	1,644,103	45,007	2.74
	a) current	402,666	456,290	(53,624)	(11.75)
	b) deferred	1,286,444	1,187,813	98,631	8.30
110.	Non current assets and disposal groups classified as held for sale	3,194	3,128	66	2.11
120.	Other assets	444,330	534,741	(90,411)	(16.91)
	Total assets	**84,231,172**	**69,347,748**	**14,883,424**	**21.46**

(in thousands)

	Liabilities and shareholders' equity	31.12.2020	31.12.2019	Change	% Change
10.	Financial liabilities measured at amortised cost	75,566,875	61,608,916	13,957,959	22.66
	a) due to banks	24,095,097	15,749,542	8,345,555	52.99
	b) due to customers	46,793,064	40,300,602	6,492,462	16.11
	c) debt securities issued	4,678,714	5,558,772	(880,058)	(15.83)
20.	Financial liabilities held for trading	182,981	176,219	6,762	3.84
40.	Hedging derivatives	456,447	283,792	172,655	60.84
60.	Tax liabilities	47,136	43,633	3,503	8.03
	b) deferred	47,136	43,633	3,503	8.03
80.	Other liabilities	1,500,563	1,594,541	(93,978)	(5.89)
90.	Employee termination indemnities	107,416	123,302	(15,886)	(12.88)
100.	Provisions for risks and charges	454,186	520,564	(66,378)	(12.75)
	a) commitments and guarantees granted	49,251	46,068	3,183	6.91
	b) pension and similar obligations	147,829	159,720	(11,891)	(7.44)
	c) other provisions for risks and charges	257,106	314,776	(57,670)	(18.32)
110.	Valuation reserves	(54,799)	(135,730)	80,931	(59.63)
130.	Equity instruments	150,000	150,000	-	-
140.	Reserves	2,342,135	2,039,723	302,412	14.83
150.	Share premium reserve	1,241,197	1,002,722	238,475	23.78
160.	Share capital	2,100,435	1,561,884	538,551	34.48
170.	Treasury shares (-)	(7,253)	(7,253)	-	-
180.	Profit (Loss) for the year (+/-)	143,853	385,435	(241,582)	(62.68)
	Total liabilities and shareholders' equity	**84,231,172**	**69,347,748**	**14,883,424**	**21.46**

BPER: Gruppo

Income statement of the Parent Company as at 31 December 2020

(in thousands)

	Captions	31.12.2020	31.12.2019	Change	% Change
10.	Interest and similar income	1,096,963	1,040,034	56,929	5.47
	of which: interest income calculated using the effective interest method	1,088,007	1,017,060	70,947	6.98
20.	Interest and similar expense	(195,450)	(253,352)	57,902	(22.85)
30.	**Net interest income**	**901,513**	**786,682**	**114,831**	**14.60**
40.	Commission income	817,034	741,171	75,863	10.24
50.	Commission expense	(62,735)	(51,570)	(11,165)	21.65
60.	**Net commission income**	**754,299**	**689,601**	**64,698**	**9.38**
70.	Dividends and similar income	24,645	34,363	(9,718)	(28.28)
80.	Net income from trading activities	(14,884)	(2,899)	(11,985)	413.42
90.	Net income from hedging activities	(577)	(1,392)	815	(58.55)
100.	Gains (Losses) on disposal or repurchase of:	117,313	82,775	34,538	41.73
	a) financial assets measured at amortised cost	108,077	18,698	89,379	478.01
	b) financial assets measured at fair value through other comprehensive income	8,920	63,840	(54,920)	(86.03)
	c) financial liabilities	316	237	79	33.33
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	11,412	4,113	7,299	177.46
	a) financial assets and liabilities designated at fair value	(3,684)	(8,436)	4,752	(56.33)
	b) other financial assets mandatorily measured at fair value	15,096	12,549	2,547	20.30
120.	**Net interest and other banking income**	**1,793,721**	**1,593,243**	**200,478**	**12.58**
130.	Net impairment losses for credit risk relating to:	(443,781)	(288,004)	(155,777)	54.09
	a) financial assets measured at amortised cost	(443,433)	(288,945)	(154,488)	53.47
	b) financial assets measured at fair value through other comprehensive income	(348)	941	(1,289)	(136.98)
140.	Gains (Losses) from contractual modifications without derecognition	(2,076)	(1,981)	(95)	4.80
150.	**Net income from financial activities**	**1,347,864**	**1,303,258**	**44,606**	**3.42**
160.	Administrative expenses:	(1,326,776)	(1,269,401)	(57,375)	4.52
	a) staff costs	(751,764)	(763,894)	12,130	(1.59)
	b) other administrative expenses	(575,012)	(505,507)	(69,505)	13.75
170.	Net provisions for risks and charges	(13,061)	(8,071)	(4,990)	61.83
	a) commitments and guarantees granted	(3,036)	5,766	(8,802)	(152.65)
	b) other net provisions	(10,025)	(13,837)	3,812	(27.55)
180.	Net adjustments to property, plant and equipment	(99,116)	(85,467)	(13,649)	15.97
190.	Net adjustments to intangible assets	(54,446)	(49,532)	(4,914)	9.92
200.	Other operating expense/income	176,513	194,968	(18,455)	(9.47)
210.	**Operating costs**	**(1,316,886)**	**(1,217,503)**	**(99,383)**	**8.16**
220.	Gains (Losses) of equity investments	(3,269)	(25,979)	22,710	(87.42)
245.	Gain on a bargain purchase	-	329,433	(329,433)	(100.00)
250.	Gains (Losses) on disposal investments	817	1,028	(211)	(20.53)
260.	**Profit (Loss) from current operations before tax**	**28,526**	**390,237**	**(361,711)**	**(92.69)**
270.	Income taxes on current operations for the year	115,327	(4,802)	120,129	--
280.	**Profit (Loss) from current operations after tax**	**143,853**	**385,435**	**(241,582)**	**(62.68)**
300.	**Profit (Loss) for the year**	**143,853**	**385,435**	**(241,582)**	**(62.68)**