PRESS RELEASE

Consolidated interim report on operations as at 31 March 2021 approved

INTEGRATION OF 587 UBI BANCA BRANCHES[1] COMPLETED WITH SUCCESS AND ON SCHEDULE, WITH A SIGNIFICANT IMPROVEMENT IN THE BANK'S COMPETITIVE POSITION IN THE MOST PRODUCTIVE AND DYNAMIC AREAS OF THE COUNTRY

NET PROFIT FOR THE QUARTER UP TO € 400 MILLION

PROFIT BEFORE TAX, EXCLUDING EXTRAORDINARY ITEMS[2], AMOUNTING TO € 105.5 MILLION

STRONG IMPROVEMENT IN ASSET QUALITY

The proforma[3] gross and net NPE ratios of 5.9% and 3.1% respectively are down significantly from 7.8% and 4.0% at the end of December 2020, the lowest levels since the financial crisis of 2007, thanks to the contribution of the business unit acquired and the effectiveness of the derisking measures finalized

- NPE coverage at 49.5% maintained at high levels and including the impact of the PPA on NPEs of the business unit acquired. More specifically: coverage of bad loans at 57.8% and UTP loans at 42.2%
- Annualised default rate of 0.7% further decreasing from 1.0% at the end of 2020
- Texas ratio[4] down to 54.7% (55.4% at the end of 2020)

Annualized cost of credit at 84 bps, net of additional loan loss provisions (about 220 bps stated)

CAPITAL SOLIDITY AND STRONG LIQUIDITY POSITION CONFIRMED

- Proforma Fully Phased CET1 ratio[5] at 13.4% (proforma Phased-In ratio[6] at 14.4%) which shows a large buffer compared with the current SREP requirement of 8.125%
- LCR exceeds 200%, more than double the minimum regulatory threshold of 100%

VOLUMES UP CONSIDERABLY THANKS TO THE ACQUISITION OF THE BUSINESS UNIT AND ALSO FOLLOWING AN EFFECTIVE COMMERCIAL ACTIVITY

- Total funding amounts to € 255.2 billion (+38% vs. end of 2020), in particular direct funding has risen to € 94.4 billion (+50% vs. end of 2020) and indirect funding to € 160.7 billion (+32% vs. end of 2020), of which € 78.1 billion of assets under management, including the bancassurance business, and € 82.6 billion of assets under custody
- Net loans to customers equal to € 75.4 billion (+42% vs. end of 2020)

THE BANK CONTINUES ITS COMMITMENT TO HELP CUSTOMERS AND LOCAL AREAS TO OVERCOME THE ECONOMIC IMPACTS OF THE PANDEMIC

- Total moratoria granted in terms of residual debt equal to € 16 billion (of which € 5 billion of the acquired business unit), of which € 8.1 billion still active
- State-guarantee loans amount to € 6.1 billion (of which € 1.9 billion of the business unit acquired) up from € 3.5 billion at the end of 2020

BPER Banca S.p.A., head office in Via San Carlo 8/20, Modena - Tax Code and Modena Companies Register no. 01153230360 – Company belonging to the BPER BANCA VAT GROUP, VAT no. 03830780361 – Share capital Euro 2,100,435,182.40 - ABI Code 5387.6 - Register of Banks no. 4932 - Member of the Interbank Deposit Guarantee Fund and of the National Guarantee Fund - Parent Company of the BPER Banca S.p.A. Banking Group - Register of Banking Groups no. 5387.6 - Tel. 059.2021111 - Telefax 059.2022033 - e-mail: servizio.clienti@bper.it - Certified e-mail (PEC): bper@pec.gruppobper.it - bper.it – istituzionale.bper.it

Modena - 7 May 2021. The Board of Directors of BPER Banca today examined and approved the individual and consolidated results of the Bank and of the Group as at 31 March 2021, which include the economic contribution pro rata temporis of the business unit acquired on a pro rata temporis basis since 22 February 2021.

The Chief Executive Officer Piero Luigi Montani comments: "*The quarter just ended represented a fundamental phase of BPER's growth strategy thanks to the integration of the 587 branches of UBI Banca, to which 33 branches of Intesa Sanpaolo will be added in June. The integration process took place on schedule and ensured full operational continuity of the new network. This thanks to the huge commitment on the part of all colleagues who worked on the project, in a particularly complex external context. This transfer deal involved approximately 1.4 million customers and makes BPER the third largest Italian banking group by total funding.*

The acquisition of the business allowed the Group to make a significant leap in size in terms of volumes, market shares and customers, at the same time improving its competitive position through an overall rebalancing throughout Italy, especially in geographical areas where BPER had a less significant presence.

Some of the benefits expected from the deal are already visible in the results, thanks to a further reduction in the gross and net NPL ratios, to 5.9% and 3.1% respectively, while maintaining a high capital position with a CET1 ratio well above 13%. The results take on even more value if they are put into relation with the external environment deeply conditioned by the effects of the pandemic.

As restrictions are gradually removed, completion of the acquisition will allow us to focus our energies on commercial development, in order to increase customer services and, at the same time, make our structure more efficient, maintaining a strong tension in the continuous process of improving asset quality.

I would like to take this opportunity to give my warmest welcome to the new colleagues who will join the Group in June, convinced that they will participate in the future of BPER, animated by our strong commitment to serve customers who have always distinguished them in their business activity".

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Consolidated income statement[7]: key figures

(Please note that the income statement figures referring to the consolidated results of the Group as at 31 March 2021 are not comparable with the previous periods due to the change in the size of the Group which, from 22 February 2021, includes the economic contribution as well as the assets and liabilities of the business unit acquired).

Net interest income stands at € 343.5 million, including € 291.7 million relating to commercial brokerage with customers, € 29.0 million deriving from the contribution of the securities portfolio and € 31.8 million relating to the contribution of the TLTRO-III funds, net of the interest paid on the excess liquidity deposited with the ECB.

Net commission income amounts to € 328.1 million, of which € 138.0 million referring to the indirect deposits and life insurance policies component and € 190.2 million related to the traditional business, in continuous recovery although still affected by the pandemic.

Dividends amount to € 1.7 million.

Net income from financial activities comes in at € 76.2 million, benefiting from the good performance of the financial markets. In particular, this figure includes realised net gains on sale of financial assets and loans of € 53.6 million, net gains on securities and derivatives of € 21.6 million and other positive elements of € 1.1 million.

Net operating income amounts to € 757.7 million.

Operating costs total € 546.5 million, of which € 92.3 million of non-recurring expense almost entirely attributable to integration of the business unit acquired. In detail, **staff costs** amount to € 302.1 million, including € 17.5 million of extraordinary costs for integration of the new resources. **Other administrative expenses** amount to € 189.9 million, of which € 65.9 million of non-recurring expenses mainly related to consulting, IT migration and rebranding of the branches being integrated. **Net impairment adjustments to property, plant, equipment and intangible assets** amount to € 54.5 million and include € 8.9 million of asset writedowns, partly due to the change in the method of valuing properties from cost to fair value (leading to higher depreciation).

Net operating income amounts to € 211.2 million. Net of non-recurring items, the figure stands at € 303.5 million.

Net impairment losses for credit risk amount to € 418.8 million and include € 260.0 million of additional loan loss provisions following an update in the valuation policies, which made it possible to reinforce the coverage of loans. The **annualised cost of credit for the quarter** is therefore equal to 222 bps (84 bps excluding additional loan loss provisions).

The **net provisions for risks and charges** amount to € 40.9 million, of which € 30.5 million non-recurring, most of which refer to the adjustment of the "profit sharing" quota to be paid to the Resolution Fund in execution of the agreements connected with the acquisition of Nuova Carife S.p.A.

The **contributions to systemic funds** relate to the ordinary payment for 2021 to the Single Resolution Fund (SRF) of € 31.1 million based on the Group's scope as at 31 December 2019. 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".

Badwill of € 1,077.9 million including:

- € 781.5 million relating to badwill resulting from the provisional Purchase Price Allocation (PPA) process required by IFRS 3 "Business combinations"[8] with respect to the acquisition of the business units of UBI Banca and UBISS carried out during the quarter. The difference between the equity pertaining to the business unit acquired and the purchase price generated an initial badwill (or "gain on a bargain purchase") of € 928.5 million. The PPA process between the assets and liabilities subject to acquisition measured at fair value involved the allocation of € 147.1 million. The main effects include a fair value that is lower than the acquired book value of non-performing loans by € 337.5 million and a fair value that is higher than the acquired book value of performing loans by € 220.1 million.

- € 296.4 million relating to the recovery of taxation on badwill as per contractual provisions with Intesa Sanpaolo.

The net balance of **gains (losses) on investments** is negative for € 250.7 million and mainly consists of € 230.4 million of goodwill impairment and € 22.5 million of write-downs due to the mentioned change in method of valuing properties from cost to fair value.

The **profit from current operations before tax** is € 547.6 million. Net of non-recurring items, the figure amounts to **€ 105.5 million**.

Income taxes amount to € 140.8 million and include the tax charge on badwill[9] of € 296.4 million.

Profit for the period stands at € 406.8 million and includes a profit for the period pertaining to minority interests of € 6.5 million.

The **profit for the period pertaining to the Parent Company** therefore amounts to € 400.3 million.

Consolidated balance sheet: key figures

Direct funding from customers (due to customers, debt securities in issue and financial liabilities designated at fair value) shows a sharp increase to € 94.4 billion, of which € 29.4 billion relates to the business unit acquired. On a like-for-like basis, funding increased by 2.5% compared with the end of 2020. Within the total aggregate, funding from ordinary customers amounted to € 90.3 billion, consisting mainly of current accounts and deposits for € 85.8 billion. Institutional funding, consisting almost entirely of bonds, amounts to € 4.1 billion, an increase compared with € 3.6 billion at the end of 2020 following the inaugural issue of a social bond for € 500 million.

Indirect funding from customers, valued at market prices, is equal to € 160.7 billion (of which € 37.8 billion relates to the business unit acquired), also showing significant growth. On a like-for-like basis, indirect funding increased by 0.7% compared with the end of 2020. Within the total aggregate, **assets under management** amount to € 60.4 billion, of which € 17.7 billion relating to Arca Holding, net of the portion of funds placed by the BPER Group network; The **portfolio of life insurance premiums** amounts to € 17.7 billion; **assets under custody** come in at € 82.6 billion.

Gross customer loans amount to € 78.1 billion, of which € 22.0 billion relate to the business unit acquired. On a like-for-like basis, they increased by 1.3% compared with the end of 2020. Within the total aggregate, gross performing loans amount to € 73.3 billion, while gross non-performing loans amount to € 4.8 billion with an incidence (gross NPE ratio) of 6.1% on total gross loans, down compared with 7.8% at the end of 2020, benefiting from the contribution of the business unit acquired and from the sales of non-performing loans completed during the quarter. Including the sales formally completed in April (€ 0.2 billion) in the aggregate, the gross NPE ratio drops further to 5.9%.

As regards the breakdown of gross loans, **bad loans** amount to € 2.4 billion; **unlikely-to-pay (UTP) loans** stand at € 2.3 billion; **past due loans** amount to € 129.6 million.

Net loans to customers amount to € 75.4 billion, of which € 21.8 billion relates to the business unit acquired. On a like-for-like basis, net loans have grown by 1.1% compared with the end of 2020. Within the total aggregate, net performing loans amount to € 73.0 billion, while net non-performing loans amount to € 2.4 billion, with an incidence (net NPE ratio) of 3.2% on total net loans (3.1% taking into account the UTPs sold last April), down from 4.0% at the end of 2020. The coverage ratio of total non-performing loans stands at 49.5%.

With reference to the individual components of NPLs, **net bad loans** amount to € 1.0 billion with coverage of 57.8%; **net UTP loans** amount to € 1.3 billion with coverage of 42.2%; **net past due loans** amount to € 95.9 million with coverage of 26.1%.

The coverage of performing loans has risen to 0.5% from 0.3% at the end of 2020.

As part of the support measures provided by the BPER Group (including the business unit acquired) for households and businesses to cope with the economic fallout of the pandemic, the moratoria granted amount to € 16 billion (of which € 5 billion relating to the business unit acquired) of which € 8.1 billion still active at the end of March 2021. State-guarantee loans amount to € 6.1 billion (of which € 1.9 billion relating to the business unit acquired), an increase compared with € 3.5 billion at the end of 2020.

The **net interbank position** is negative for € 1.5 billion and is the result of the imbalance between loans to banks of € 20.7 billion and loans from banks of € 22.3 billion. Refinancing operations with the European Central Bank (ECB) by the BPER Group, entirely composed of TLTRO III funds with a three-year maturity, come to a total of € 18.4 billion, an increase of € 1.7 billion compared with the end of December 2020 following further drawdowns of liquidity at the auction held last March. Financial instruments, which can be used as collateral for refinancing operations on the market, amount to € 29.2 billion, net of the haircut, of which € 9.7 billion is available, to which are to be added € 19.0 billion of deposits with the ECB.

Financial assets amount to € 26.4 billion, which is 20.5% of total assets. Within the aggregate, debt securities amount to € 25.3 billion (95.7% of the total portfolio) and include € 12.5 billion of government securities and other public entities, including € 8.0 billion of Italian government bonds.

Total shareholders' equity amounts to € 6.8 billion, with a portion pertaining to minority interests of € 0.1 billion. The **Group's consolidated shareholders' equity**, including the result for the period, amounts to € 6.7 billion.

At 31 March 2021, the **Liquidity Coverage Ratio** (LCR) exceeds 200%, while the **Net Stable Funding Ratio** (NSFR) is estimated at over 100%.

Capital ratios

At 31 March 2021, capital ratios, calculated taking into account the AIRB methodology for the credit risk requirements are:

- proforma Phased In Common Equity Tier 1 (CET1) ratio[10] of 14.4% (17.7% at 31 December 2020 or 15.1% net of the effect of the increase in share capital). The ratio calculated on a proforma "Fully Phased"[11] basis is equal to 13.4% (15.8% at 31 December 2020 and 13.2% net of the capital increase);
- proforma Phased In Tier 1 ratio[12] of 14.7% (18.1% at 31 December 2020);
- proforma Phased in Total Capital Ratio[13] of 17.0% (21.2% at 31 December 2020).

Main structure data at 31 March 2021

The Group was already present in nineteen Italian regions and has now increased its competitive position even more, thanks to the acquisition of the business unit.

The total number of branches now comes to 1,820 (as well as the Luxembourg office of BPER Bank Luxembourg SA) compared with 1,237 at the end of 2020, with a high concentration in Northern Italy.

Group employees total 17,808 compared with 13,177 at the end of 2020.

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Outlook for operations

Despite an improvement in the macro picture of the euro area supported by a recovery in demand and by the substantial fiscal stimulus measures, uncertainties about the future economic repercussions of the pandemic continue to weigh on short-term prospects, the evolution of which remains conditioned by progress in the vaccination campaigns and the spread of new Covid variants. Based on the latest indicators available[14], economic activity in Italy in the first few months of the year seems to have remained almost stable, characterised by a recovery in the industrial sector, but with a persistent weakness in the service sector due to the restrictive measures. Looking ahead, the progress of the vaccination campaigns currently underway, together with a gradual easing of containment measures, fuel expectations of a decisive recovery in economic activity during the course of 2021, which will also be supported by the continuous measures launched by the Government in favour of households and businesses.

In this context, the BPER Group will continue to focus on increasing profitability, further supported by the benefits from integrating the business unit acquired, which will provide an important contribution to revenue growth, both in commissions, particularly in the Asset Management and Bancassurance sector, and in net interest income. In terms of operating costs, the Bank will continue to implement measures to increase the efficiency of the operating structure and to rationalise the cost base, which together with the expected growth in revenue should reduce the Group's cost/income ratio.

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With reference to the regulatory provisions that were introduced with the amendment to Legislative Decree 25 of 15 February 2016, which followed the European Directive 2013/50/EU (Transparency II) and the subsequent Consob Resolution 19770 of 26 October 2016, it should be noted that BPER Banca decided on a voluntary basis, in continuity with the past, to publish the Group's consolidated interim report on operations at 31 March and 30 September of each year.

The document will soon be available at the Bank's head office, on the websites of the Bank and of the Group (www.bper.it and https://istituzionale.bper.it/), of Borsa Italiana S.p.A. and of the authorised storage system (www.1info.it).

To supplement the information provided in this press release, we attach the consolidated balance sheet and income statement (also quarterly and reclassified) at 31 March 2021, as well as a summary of the key financial indicators.

Modena, 7 May 2021

The Chief Executive Officer
Piero Luigi Montani

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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, 7 May 2021

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

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A conference call will be held today, **7 May 2021 at 6 p.m**. (CET), to explain the consolidated results of the BPER Group at 31 March 2021.
The conference call, in Italian with simultaneous translation into English, will be held by the Chief Executive Officer Piero Luigi Montani**.**

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

ITALY: +39 02 8058811
UK: +44 1212 818003
USA: +1 718 7058794

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 https://istituzionale.bper.it.

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The press release is also available in the 1INFO storage mechanism.

This is a translation into English of the original in Italian. The Italian text shall prevail over the English version.

Footnotes

[1] Business complex as identified pursuant to the agreement of 17 February 2020 and subsequent amendments, represented by three business units and made up of 486 Branches and 134 Operating Points. The two business units owned by UBI Banca and UBISS (hereinafter the "business unit"), consisting of 455 bank branches and 132 operating points were transferred to BPER Banca with effect from 22 February 2021, while Intesa Sanpaolo's business unit (consisting of 31 bank branches and 2 operating points) will be transferred on 21 June 2021.
[2] The following are the extraordinary items recorded in the first quarter of 2021:
- € +781.5 million attributable to the provisional badwill recognised following the acquisition of the business complex;
- € +296.4 million relating to the recovery of badwill taxation that will be received from Intesa Sanpaolo, as per contractual provisions. The figure was recognised in "Gain on a bargain purchase" while in "Income taxes on current operations for the period" has been recognised for the same amount but with a negative sign;
- € -260.0 million gross of additional loan loss provisions following an update of the Group's valuation policies;
- € -230.4 million gross for goodwill impairment (with a neutral impact on capital) recognised in the item "Gains (losses) on investments" of the reclassified P&L;
- € -83.4 million gross of costs related to the integration process;
- € -8.9 million gross of higher depreciation of tangible and intangible assets;
- € -30.5 million gross, most of which refers to the adjustment of the "profit sharing" quota to be paid to the Resolution Fund in execution of the agreements connected with the acquisition of Nuova Carife s.p.a", recognised in item "Net provisions for risks and charges" of the reclassified P&L;
- € -22.5 million gross relating to the impact of the change in the method of valuing properties recognised in the item "Gains (losses) on investments" of the reclassified P&L.

[3] The proforma ratios are calculated taking into account the sale of UTP loans called "Project Winter", which was concluded in April. The figure does not include the sale of "Back2Bonis" UTP loans of approximately € 52 million of GBV, currently in the process of being finalised.
[4] Texas ratio defined as the ratio between Gross NPEs/(tangible equity + NPE loan loss provisions).
[5] The proforma Fully Phased CET1 ratio is estimated by excluding the effects of the transitional provisions in force and including the result for the period net of the pro-quota dividends, i.e. simulating in advance the effects of the ECB's authorisation for the inclusion of these profits in Own Funds pursuant to art. 26, para. 2 of the CRR.
[6] The Phased in capital ratios are calculated in accordance with the provisions of Regulation (EU) 2395/2017, which amends Regulation (EU) 575/2013 (CRR) for the "Transitional provisions aimed at mitigating the impact of the introduction of IFRS 9 on Own Funds". The Regulation introduced the transitional regime (so-called Phased in) offering the possibility for banks to mitigate the impacts of IFRS 9 on Own Funds over a period of 5 years (from March 2018 to December 2022), sterilising the impact with the application of 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 proforma amounts of these ratios include the result for the period net of the pro-quota dividends in the calculation, i.e. simulating in advance the effects of the ECB's authorisation for the inclusion of these profits in Own Funds pursuant to art. 26, para. 2 of the CRR.
[7] The figures refer to the Group's new scope of consolidation, unless otherwise indicated.
[8] It should be noted that IFRS 3 allows a period of 12 months from the business combination to complete the Purchase Price Allocation activities.
[9] See Note 2.
[10] See Note 6.
[11] See Note 5.
[12] See Note 6.
[13] See Note 6.
[14] Economic Bulletin Bank of Italy No. 2 of 2021.

Reclassified financial statements as at 31 March 2021

For greater clarity in the presentation of the results for the period, the accounting schedules envisaged by the 6th update of Bank of Italy Circular no. 262/2005 have been reclassified 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"*;
- the caption *"Other assets"* includes captions 110 *"Tax assets"* and 130 "*Other assets*";
- the caption "*Other liabilities*" includes 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:

- the caption "*Net income from financial activities*" includes captions 80, 90, 100 and 110 of the accounting schedule;
- 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 54,698 thousand at 31 March 2021 and Euro 34,037 thousand at 31 March 2020);
- the caption *"Net adjustments to property, plant, equipment and intangible assets"* includes captions 210 and 220 of the accounting schedule;
- the caption *"Net provisions for risks and charges"* includes Euro 19,843 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"* of the accounting schedule;
- the caption *"Gains (Losses) on investments"* includes captions 250, 260, 270 and 280 of the accounting schedule;
- the caption *"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 March 2021, this caption represents the component allocated for accounting purposes to administrative costs in relation to the 2021 contribution to the SRF (European Single Resolution Fund) for Euro 31,055 thousand;
- appropriate specification *("of which")* has been included in the caption "*Net interest income*" in order to highlight the impacts of IFRS 9 application.

Comparable figures at 31 December 2020 and 31 March 2020 shown respectively in the following balance sheet and income statement schedules have been restated to show the effects of the retrospective application of change in accounting method used to measure property, plant and equipment held for investment. It should be noted that such effects have been exposed in apposite coloumn "of which: IAS 40 restatement".

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[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.*

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Reclassified consolidated balance sheet as at 31 March 2021

(in thousands)

Assets	31.03.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
Cash and cash equivalents	589,022	482,192		106,830	22.16
Financial assets	26,408,166	24,661,915		1,746,251	7.08
a) Financial assets held for trading	331,893	279,009		52,884	18.95
b) Financial assets designated at fair value	124,643	127,368		(2,725)	-2.14
c) Other financial assets mandatorily measured at fair value	798,403	765,917		32,486	4.24
d) Financial assets measured at fair value through other comprehensive income	6,332,524	6,269,818		62,706	1.00
e) Debt securities measured at amortised cost	18,820,703	17,219,803		1,600,900	9.30
- banks	5,162,565	4,496,133		666,432	14.82
- customers	13,658,138	12,723,670		934,468	7.34
Loans	96,140,767	62,888,784		33,251,983	52.87
a) Loans to banks	20,716,710	9,856,598		10,860,112	110.18
b) Loans to customers	75,367,414	53,005,879		22,361,535	42.19
c) Financial assets measured at fair value	56,643	26,307		30,336	115.32
Hedging derivatives	127,721	57,776		69,945	121.06
Equity investments	230,247	225,558		4,689	2.08
Property, plant and equipment	1,883,797	1,366,915	14,225	516,882	37.81
Intangible assets	465,852	702,723		(236,871)	-33.71
- of which: goodwill	204,392	434,758		(230,366)	-52.99
Other assets	3,153,327	2,675,920	(3,280)	477,407	17.84
Total assets	**128,998,899**	**93,061,783**	**10,945**	**35,937,116**	**38.62**

(in thousands)

Liabilities and shareholders' equity	31.03.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
Due to banks	22,258,572	20,180,999		2,077,573	10.29
Direct deposits	94,441,876	63,140,669		31,301,207	49.57
a) Due to customers	89,372,036	58,458,479		30,913,557	52.88
b) Debt securities issued	5,069,840	4,682,190		387,650	8.28
Financial liabilities held for trading	147,324	170,094		(22,770)	-13.39
Hedging derivatives	344,047	469,240		(125,193)	-26.68
Other liabilities	4,977,929	2,766,652	7,570	2,211,277	79.93
Minority interests	140,657	133,983	48	6,674	4.98
Shareholders' equity pertaining to the Parent Company	6,688,494	6,200,146	3,327	488,348	7.88
a) Valuation reserves	240,535	118,105		122,430	103.66
b) Reserves	2,563,320	2,360,743	12,052	202,577	8.58
c) Equity instruments	150,000	150,000		-	-
d) Share premium reserve	1,241,197	1,241,197		-	-
e) Share capital	2,100,435	2,100,435		-	-
f) Treasury shares	(7,259)	(7,259)		-	-
g) Profit (Loss) for the period	400,266	236,925	(8,725)	163,341	68.94
Total liabilities and shareholders' equity	**128,998,899**	**93,061,783**	**10,945**	**35,937,116**	**38.62**

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Reclassified consolidated income statement as at 31 March 2021

(in thousands)

Captions		31.03.2021	31.03.2020	of which: IAS 40 restatement	Change	% Change
10+20	Net interest income	343,513	307,971		35,542	11.54
	*of which IFRS 9 components**	*4,097*	*9,414*		*(5,317)*	*-56.48*
40+50	Net commission income	328,132	267,595		60,537	22.62
70	Dividends	1,678	809		869	107.42
80+90+100 +110	Net income from financial activities	76,241	5,642		70,599	--
230	Other operating expense/income	8,119	14,607		(6,488)	-44.42
	Operating income	**757,683**	**596,624**		**161,059**	**27.00**
190 a)	Staff costs	(302,142)	(255,576)		(46,566)	18.22
190 b)	Other administrative expenses	(189,880)	(114,546)		(75,334)	65.77
210+220	Net adjustments to property, plant and equipment and intangible assets	(54,454)	(39,905)	1,052	(14,549)	36.46
	Operating costs	**(546,476)**	**(410,027)**	**1,052**	**(136,449)**	**33.28**
	Net operating income	**211,207**	**186,597**	**1,052**	**24,610**	**13.19**
130 a)	Net impairment losses to financial assets at amortised cost	(419,004)	(139,553)		(279,451)	200.25
	- loans to customers	*(417,667)*	*(139,991)*		*(277,676)*	*198.35*
	- other financial assets	*(1,337)*	*438*		*(1,775)*	*-405.25*
130 b)	Net impairment losses to financial assets at fair value	773	105		668	636.19
140	Gains (Losses) from contractual modifications without derecognition	(602)	(195)		(407)	208.72
	Net impairment losses for credit risk	**(418,833)**	**(139,643)**		**(279,190)**	**199.93**
200	Net provisions for risks and charges	(40,914)	2,276		(43,190)	--
###	Contributions to SRF, DGS, IDPF - VS	(31,055)	(31,978)		923	-2.89
250+260+270 +280	Gains (Losses) on investments	(250,655)	64	(257)	(250,719)	--
275	Gain on a bargain purchase	1,077,869	-		1,077,869	n.s.
290	**Profit (Loss) from current operations before**	**547,619**	**17,316**	**795**	**530,303**	**--**
300	Income taxes on current operations for the period	(140,830)	(6,582)	(463)	(134,248)	--
330	**Profit (Loss) for the period**	**406,789**	**10,734**	**332**	**396,055**	**--**
340	Profit (Loss) for the period pertaining to minority interests	(6,523)	(4,325)	(5)	(2,198)	50.82
350	**Profit (Loss) for the period pertaining to the Parent Company**	**400,266**	**6,409**	**327**	**393,857**	**--**

** 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.*

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Reclassified consolidated income statement by quarter as at 31 March 2021

(in thousands)

Captions		1st quarter 2021	1st quarter 2020	2nd quarter 2020	3rd quarter 2020	4th quarter 2020
10+20	Net interest income	343,513	307,971	310,280	325,492	295,133
40+50	Net commission income	328,132	267,595	245,102	262,127	297,690
70	Dividends	1,678	809	12,034	4,550	1,099
80+90+100+110	Net income from financial activities	76,241	5,642	46,832	43,115	42,576
230	Other operating expense/income	8,119	14,607	9,724	7,638	9,005
	Operating income	**757,683**	**596,624**	**623,972**	**642,922**	**645,503**
190 a)	Staff costs	(302,142)	(255,576)	(249,088)	(216,638)	(239,417)
190 b)	Other administrative expenses	(189,880)	(114,546)	(116,917)	(120,137)	(147,440)
210+220	Net adjustments to property, plant and equipment and intangible assets	(54,454)	(39,905)	(41,448)	(40,786)	(45,282)
	Operating costs	**(546,476)**	**(410,027)**	**(407,453)**	**(377,561)**	**(432,139)**
	Net operating income	**211,207**	**186,597**	**216,519**	**265,361**	**213,364**
130 a)	Net impairment losses to financial assets at amortised cost	(419,004)	(139,553)	(157,769)	(107,870)	(136,685)
	- loans to customers	*(417,667)*	*(139,991)*	*(153,846)*	*(106,524)*	*(134,244)*
	- other financial assets	*(1,337)*	*438*	*(3,923)*	*(1,346)*	*(2,441)*
130 b)	Net impairment losses to financial assets at fair value	773	105	(963)	363	133
140	Gains (Losses) from contractual modifications without derecognition	(602)	(195)	(247)	(182)	(1,517)
	Net impairment losses for credit risk	**(418,833)**	**(139,643)**	**(158,979)**	**(107,689)**	**(138,069)**
200	Net provisions for risks and charges	(40,914)	2,276	(17,177)	(15,109)	(2,471)
###	Contributions to SRF, DGS, IDPF - VS	(31,055)	(31,978)	(2,185)	(30,490)	(23,529)
250+260+270 +280	Gains (Losses) on investments	(250,655)	64	(10,151)	62	(10,038)
275	Gain on a bargain purchase	1,077,869	-	-	-	-
290	**Profit (Loss) from current operations before tax**	**547,619**	**17,316**	**28,027**	**112,135**	**39,257**
300	Income taxes on current operations for the period	(140,830)	(6,582)	74,603	(7,049)	4,219
330	**Profit (Loss) for the period**	**406,789**	**10,734**	**102,630**	**105,086**	**43,476**
340	Profit (Loss) for the period pertaining to minority interests	(6,523)	(4,325)	(6,543)	(8,484)	(5,649)
350	**Profit (Loss) for the period pertaining to the Parent Company**	**400,266**	**6,409**	**96,087**	**96,602**	**37,827**

** 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.*

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Consolidated balance sheet as at 31 March 2021

(in thousands)

	Assets	31.03.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
10.	Cash and cash equivalents	589,022	482,192		106,830	22.16
20.	Financial assets measured at fair value through profit or loss	1,311,582	1,198,601		112,981	9.43
	a) financial assets held for trading	331,893	279,009		52,884	18.95
	b) financial assets designated at fair value	124,643	127,368		(2,725)	-2.14
	c) other financial assets mandatorily measured at fair value	855,046	792,224		62,822	7.93
30.	Financial assets measured at fair value through other comprehensive income	6,332,524	6,269,818		62,706	1.00
40.	Financial assets measured at amortised cost	114,813,605	79,991,505		34,822,100	43.53
	a) loans to banks	25,879,275	14,352,731		11,526,544	80.31
	b) loans to customers	88,934,330	65,638,774		23,295,556	35.49
50.	Hedging derivatives	127,721	57,776		69,945	121.06
70.	Equity investments	230,247	225,558		4,689	2.08
90.	Property, plant and equipment	1,882,586	1,365,705	14,225	516,881	37.85
100.	Attività immateriali	465,852	702,723		(236,871)	-33.71
	of which:					
	- goodwill	204,392	434,758		(230,366)	-52.99
110.	Tax assets	1,821,199	2,003,040	(4,033)	(181,841)	-9.08
	a) current	338,967	418,174		(79,207)	-18.94
	b) deferred	1,482,232	1,584,866	(4,033)	(102,634)	-6.48
120.	Non-current assets and disposal groups classified as held for sale	99,425	99,467	753	(42)	-0.04
130.	Other assets	1,325,136	665,398		659,738	99.15
	Totale assets	**128,998,899**	**93,061,783**	**10,945**	**35,937,116**	**38.62**

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Liabilities and shareholders' equity		31.03.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
						(in thousands)
10.	Financial liabilities measured at amortised cost	116,558,126	83,177,191		33,380,935	40.13
	a) due to banks	22,258,572	20,180,999		2,077,573	10.29
	b) due to customers	89,229,714	58,314,002		30,915,712	53.02
	c) debt securities issued	5,069,840	4,682,190		387,650	8.28
20.	Financial liabilities held for trading	147,324	170,094		(22,770)	-13.39
40.	Hedging derivatives	344,047	469,240		(125,193)	-26.68
60.	Tax liabilities	182,836	82,318	7,570	100,518	122.11
	a) current	97,569	4,797		92,772	--
	b) deferred	85,267	77,521	7,570	7,746	9.99
70.	Liabilities associated with assets classified as held for sale	142,631	144,809		(2,178)	-1.50
80.	Other liabilities	3,933,593	1,945,822		1,987,771	102.16
90.	Employee termination indemnities	207,285	148,199		59,086	39.87
100.	Provisions for risks and charges	653,906	589,981		63,925	10.84
	a) commitments and guarantees granted	80,571	62,334		18,237	29.26
	b) pension and similar obligations	139,502	148,357		(8,855)	-5.97
	c) other provisions for risks and charges	433,833	379,290		54,543	14.38
120.	Valuation reserves	240,535	118,105		122,430	103.66
140.	Equity instruments	150,000	150,000		-	-
150.	Reserves	2,563,320	2,360,743	12,052	202,577	8.58
160.	Share premium reserve	1,241,197	1,241,197		-	-
170.	Share capital	2,100,435	2,100,435		-	-
180.	Treasury shares (-)	(7,259)	(7,259)		-	-
190.	Minority interests (+/-)	140,657	133,983	48	6,674	4.98
200.	Profit (Loss) for the period (+/-)	400,266	236,925	(8,725)	163,341	68.94
	Total liabilities and shareholders' equity	**128,998,899**	**93,061,783**	**10,945**	**35,937,116**	**38.62**

BPER:
Gruppo

Consolidated income statement as at 31 March 2021

(in thousands)

	Captions	31.03.2021	31.03.2020	of which: IAS 40 restatement	Change	% Change
10.	Interest and similar income	398,172	359,864		38,308	10.65
	of which: interest income calculated using the effective interest method	396,152	357,791		38,361	10.72
20.	Interest and similar expense	(54,659)	(51,893)		(2,766)	5.33
30.	**Net interest income**	**343,513**	**307,971**		**35,542**	**11.54**
40.	Commission income	375,117	309,431		65,686	21.23
50.	Commission expense	(46,985)	(41,836)		(5,149)	12.31
60.	**Net commission income**	**328,132**	**267,595**		**60,537**	**22.62**
70.	Dividends and similar income	1,678	809		869	107.42
80.	Net income from trading activities	28,097	(21,287)		49,384	-231.99
90.	Net income from hedging activities	(1,172)	(8,567)		7,395	-86.32
100.	Gains (Losses) on disposal or repurchase of:	40,583	69,327		(28,744)	-41.46
	a) financial assets measured at amortised cost	35,867	68,468		(32,601)	-47.61
	b) financial assets measured at fair value through other comprehensive income	5,108	715		4,393	614.41
	c) financial liabilities	(392)	144		(536)	-372.22
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	8,733	(33,831)		42,564	-125.81
	a) financial assets and liabilities designated at fair value	459	(4,673)		5,132	-109.82
	b) other financial assets mandatorily measured at fair value	8,274	(29,158)		37,432	-128.38
120.	**Net interest and other banking income**	**749,564**	**582,017**		**167,547**	**28.79**
130.	Net impairment losses for credit risk relating to:	(418,231)	(139,448)		(278,783)	199.92
	a) financial assets measured at amortised cost	(419,004)	(139,553)		(279,451)	200.25
	b) financial assets measured at fair value through other comprehensive income	773	105		668	636.19
140.	Gains (Losses) from contractual modifications without derecognition	(602)	(195)		(407)	208.72
150.	**Net income from financial activities**	**330,731**	**442,374**		**(111,643)**	**-25.24**
180.	**Net income from financial and insurance activities**	**330,731**	**442,374**		**(111,643)**	**-25.24**
190.	Administrative expenses:	(577,775)	(436,137)		(141,638)	32.48
	a) staff costs	(302,142)	(255,576)		(46,566)	18.22
	b) other administrative expenses	(275,633)	(180,561)		(95,072)	52.65
200.	Net provisions for risks and charges	(21,071)	2,276		(23,347)	--
	a) commitments and guarantees granted	(1,082)	1,017		(2,099)	-206.39
	b) other net provisions	(19,989)	1,259		(21,248)	--
210.	Net adjustments to property, plant and equipment	(34,082)	(26,000)	1,052	(8,082)	31.08
220.	Net adjustments to intangible assets	(20,372)	(13,905)		(6,467)	46.51
230.	Other operating expense/income	42,974	48,644		(5,670)	-11.66
240.	**Operating costs**	**(610,326)**	**(425,122)**	**1,052**	**(185,204)**	**43.56**
250.	Gains (Losses) of equity investments	2,280	34		2,246	--
260.	Valuation differences on property, plant and equipment and intangible assets	(22,641)	-		(22,641)	n.s.
270.	Impairment losses on goodwill	(230,366)	-		(230,366)	n.s.
275.	Gain on a bargain purchase	1,077,869	-		1,077,869	n.s.
280.	Gains (Losses) on disposal of investments	72	30	(257)	42	140.00
290.	**Profit (Loss) from current operations before tax**	**547,619**	**17,316**	**795**	**530,303**	**--**
300.	Income taxes on current operations for the period	(140,830)	(6,582)	(463)	(134,248)	--
310.	**Profit (Loss) from current operations after tax**	**406,789**	**10,734**	**332**	**396,055**	**--**
330.	**Profit (Loss) for the period**	**406,789**	**10,734**	**332**	**396,055**	**--**
340.	Profit (Loss) for the period pertaining to minority interests	(6,523)	(4,325)	(5)	(2,198)	50.82
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**400,266**	**6,409**	**327**	**393,857**	**--**

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Performance ratios [2]

Financial ratios	31.03.2021	2020 (*)
Structural ratios		
Net loans to customers/total assets	58.42%	56.96%
Net loans to customers/direct deposits from customers	79.80%	83.95%
Financial assets/total assets	20.47%	26.50%
Gross non-performing loans/gross loans to customers	6.12%	7.84%
Net non-performing loans/net loans to customers	3.20%	4.02%
Texas ratio [3]	54.73%	55.37%
Profitability ratios		
ROE [4]	26.50%	4.41%
ROTE [5]	29.29%	5.06%
ROA [6]	1.28%	0.28%
Cost to income ratio [7]	72.12%	68.72%
Cost of credit risk [8]	0.55%	0.27%
Own Funds (Phased in)[9] (in thousands of Euro)		
Common Equity Tier 1 (CET1)	6,558,745	5,931,675
Own Funds	7,738,411	7,097,554
Risk-weighted assets (RWA)	45,519,474	33,487,963
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in pro-forma [10]	14.41%	17.71%
Tier 1 Ratio (T1 Ratio) - Phased in pro-forma [11]	14.74%	18.16%
Total Capital Ratio (TC Ratio) - Phased in pro-forma [12]	17.00%	21.19%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased pro-forma [13]	13.42%	15.81%
Liquidity Coverage Ratio (LCR)	201.7%	200.1%
Net Stable Funding Ratio (NSFR)	131.6%	123.7%

(*) The comparative patrimonial ratios, including ROE, ROTE and ROA, and the economical ones have been calculated respectively on figures at 31 December 2020 and 31 March 2020 which include the effects of the retrospective application of change in accounting method used to measure property, plant and equipment held for investment.

[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 period on average shareholders' equity of Group not including net profit.
[5] ROTE has been calculated as net profit for the period on average shareholders' equity of Group not including net profit and intangible assets.
[6] ROA has been calculated as net profit for the period (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 81.42% (73.04% at 31 March 2020 taking into account the effects of the retrospective application of change in accounting method used to measure property, plant and equipment held for investment.).
[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 pro-forma capital ratios have been calculated including the result for the period, 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.
[11] See previous note.
[12] See previous note.
[13] See previous note.