PRESS RELEASE

H1 2021 consolidated results approved
Communication concerning General Management

INTEGRATION OF ALL 620 BRANCHES OF THE BUSINESS UNIT ACQUIRED FROM THE INTESA SAN PAOLO GROUP SUCCESSFULLY COMPLETED[1]

1H21 RESULTS ARE REFLECTIVE OF VOLUME GROWTH, INCREASED PROFITABILITY, ASSET QUALITY IMPROVEMENT AND A STRONGER COMPETITIVE POSITION

EXCELLENT RETENTION OF COMMERCIAL RELATIONS WITH CUSTOMERS FROM THE BUSINESS UNIT ACQUIRED

PROFITABILITY ON THE RISE, WITH 1H21 NET PROFIT OF APPROXIMATELY € 502 MLN

Excluding one-offs[2], profit before tax amounts to approximately € 260 mln, with an operating income of € 1,590 mln, driven by growing revenues primarily from a pickup in net commission income boosted by a gradual recovery in traditional banking operations and the placement of asset management and bancassurance products

CONTINUOUS IMPROVEMENT IN ASSET QUALITY

Gross NPE ratio at 5.7% down further in Q2 from 6.1% as at 31 March 2021 (likewise down significantly from 7.8% at end 2020), thanks to the integration of the business unit acquired and the effectiveness of the derisking measures introduced

€ 3.2 bn total moratoria granted, down 60% from € 8.1 bn as at 31 March 2021, on the back of renewal applications for a considerably lower amount than the total outstanding balance due, confirming the improved economic environment

- NPE coverage up to 51.8%, remains high despite the NPE disposals More specifically: coverage of bad loans at 60.9% and UTP loans at 43.1%
- Annualised default rate of 0.8% as compared to 1.0% at end-2020, supported by improved credit quality and the economic measures introduced by the Government to mitigate the impact of the pandemic on households and businesses
- Texas ratio[3] down to 51.3% (55.4% at the end of 2020)
- Annualised cost of credit at 70 bps (net of € 310 mln in additional loan loss provisions)

CAPITAL STRENGTH AND ROBUST LIQUIDITY POSITION CONFIRMED

- Pro-forma fully phased CET1 ratio[4] of 13.5% (14.5% pro-forma phased-in[5]) up +10bps q/q. Large buffer vs. current SREP requirement of 8.125%
- LCR exceeds 200%, more than twice the minimum regulatory threshold of 100%

SHARP INCREASE IN VOLUMES DRIVEN BY POSITIVE COMMERCIAL INPUT
TOTAL FUNDING REACHES € 263.6 BN (+42.3% VS. END-2020)

- Indirect funding totals € 165.1 bn (+35.2% vs. end-2020), of which € 82.1 bn in AuM, inclusive of life bancassurance (+64.1% vs. end-2020) with its share of total funding up 49.7% from 41.0% as at the end of 2020 Net funding for the six-month period up considerably to € 1,181 mln, driven by commercial momentum
- Direct funding totals € 98.5 bn (+56.0% vs. end-2020)
- Net loans to customers amount to € 76.3 bn (+43.9% vs. end-2020)

MUTUALLY AGREED TERMINATION OF EMPLOYMENT OF GENERAL MANAGER ALESSANDRO VANDELLI
CEO PIERO LUIGI MONTANI APPOINTED GENERAL MANAGER

Modena - 4 August 2021. At its meeting today, the Board of Directors of BPER Banca examined and approved the Bank separate and Group consolidated results as at 30 June 2021, which are inclusive of the P&L contribution of the business unit acquired from Intesa Sanpaolo, consisting of 620 branches.

Bper's Chief Executive Officer Piero Luigi Montani commented: "*The first half of the year saw the completion of the major strategic project which has allowed the BPER Banca Group to make a significant leap in size thanks to the acquisition of 620 branches from Intesa Sanpaolo, whose integration process was successfully brought to a close. We have paid particular attention to the needs of our customers and the specificities of our footprint areas, as proven by the trust that new customers have continued to place in us since they joined our Group. Among other factors, the contribution of the acquired business unit enabled the Group to post very positive results for the period, which are reflective of an increase in core business profitability, driven primarily by the growth in commission income as a combined result of the recovery in transaction banking with customers and the placement of asset management and bancassurance products. The good operating performance also runs in parallel with a steadily improving credit quality, as reflected by the gross and net NPE ratios declining to 5.7% and 2.8% respectively. We are confident that our prudential approach to provisioning will enable us to benefit from a lower cost of credit in the future. As regards capital, results have confirmed the capital strength achieved by the Bank with the fully phased CET 1 ratio settling at 13.5%, comfortably in excess of the minimum SREP requirement. The integration has significantly strengthened the Group's competitive position and will now enable us to focus on a twofold objective: commercial growth, in response to increasingly higher expectations from customers, and actions to increase operational efficiency and rationalise the cost structure. These objectives will lie at the basis of our Business Plan for 2022-2024, which will outline the strategy for a new phase of growth for our Group, while at the same time contributing to sustaining the economic recovery of our country".*

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Consolidated income statement: key figures

(Please note that the income statement figures referring to the Group consolidated results as at 30 June 2021 are not comparable with prior periods due to the change in the size of the Group, which has been inclusive of the assets, liabilities and P&L contribution of the newly-acquired going concern, i.e. of the 587 former UBI branches since 22 February 2021 and of the 33 Intesa San Paolo branches since 21 June 2021).

Net interest income settled at € 728.3 mln, benefiting from a growing contribution from funding and lending with customers, totalling € 632.2 mln in the six-month period. Other key contributors to the first half results included the € 55.6 mln input from the securities portfolio and € 56.7 mln in TLTRO-III funds, net of the interest paid on excess liquidity deposited with the ECB.

Net commission income reached € 734.0 mln, driven by the good performance in indirect deposits and bancassurance, contributing a total of € 326.6 mln, and the ongoing recovery in traditional banking, contributing approximately € 407.4 mln.

Dividends amount to € 13.9 mln.

Net income from financial activities totalled € 119.7 mln, benefiting from gains on disposal of financial assets and good performance of the financial markets.

Operating income amounted to € 1,598.4 mln.

Operating costs amounted to € 1,111.5 mln and included € 97.8 mln in one-off charges (of which € 79.3 mln recognised in Q1 and € 18.5 mln in Q2), largely attributable to the integration process of the business unit acquired. More specifically, **staff costs** totalled € 657.2 mln and included € 18.4 mln in one-off costs (€ 7.8 mln recognised in Q1 and € 10.6 mln in Q2), primarily as a result of the activities put in place for new resources' alignment and the enhanced deployment of staff to commercial support for customers from the newly acquired business unit. **Other administrative expenses** amounted to € 347.3 mln, of which € 70.5mln in non-recurring charges (€ 62.6 mln recognised in Q1 and € 7.9 mln in Q2), related to consulting, IT migration and rebranding of the newly-integrated branches. **Net impairment adjustments to property, plant, equipment and intangible assets** amounted to € 107.0 mln and included € 8.9 mln worth of asset writedowns, partly due to the change in the properties measurement method from cost to fair value (resulting in higher depreciation).

Net operating income amounted to € 487.0 mln. Net of non-recurring items, the amount was € 576.5 mln.

Net impairment losses for credit risk amounted to € 576.4 mln and included € 310 mln of additional loan loss provisions also resulting from the Group's revised measurement policies, which made it possible to strengthen the coverage of loans. Accordingly, the **annualised cost of credit for the 6M period** was 151 bps (70 bps excluding additional loan loss provisions).

Net provisions for risks and charges amounted to € 50.5 mln, of which € 30.5 mln non-recurring, most of which traceable 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.

Contributions to the Banking System funds refer to the € 46.2 mln amount paid to the Single Resolution Fund (SRF) for 2021 (based on the Group's scope as at 31 December 2019), with € 34.9 mln paid as a regular contribution and € 11.3 mln as an additional contribution requested by the SRF. In the interests of clarity, please note that these contributions are shown in a separate line in the reclassified income statement, whereas they are included in caption 190 b) "Other administrative expenses" in the Bank of Italy's schedule.

Badwill of € 1,149.9 mln, including:

- € 833.7 mln relating to badwill resulting from the provisional Purchase Price Allocation (PPA) process required under IFRS 3 “Business combinations”[6] for the going concern acquisition (of which € 781.5 mln for the branches acquired from former UBI Banca and UBISS and € 52.2 mln for the branches acquired from Intesa Sanpaolo). The difference between the equity pertaining to the business unit acquired and the purchase price paid generated an initial badwill (or "gain on a bargain purchase") of € 966.9 mln. The PPA allocation process via the measurement at fair value of the assets and liabilities acquired as at the initial recognition date, resulted in € 133.2 mln worth of PPA adjustments. The main effects include a € 337.5 mln lower fair value than book value for the non-performing loans acquired and a € 234.1 mln higher fair value than book value for the performing loans acquired.

- € 316.2 million relating to the recovery of taxation on badwill as per contractual provisions with Intesa Sanpaolo.

Gains (losses) on investments amounted to a negative € 253.3 mln and were primarily inclusive of: € 230.4 mln in impairment losses on goodwill and € 27.3 mln in write-downs largely due to the afore-mentioned change in the investment properties measurement method from cost to fair value.

P**rofit before tax from continuing operations** totalled € 710.6 mln. Net of non-recurring items, the amount was approximately **€ 259.7 million**.

Income taxes amounted to € 191.7 mln and included the tax charge on badwill[7] of € 316.2 mln.

As a result, **profit for the period** totalled € 518.8 mln, inclusive of € 17.0 mln in profit for the period pertaining to minority interests.

The **profit for the period pertaining to the Parent Company** therefore amounted to € 501.8 mln.

Consolidated balance sheet: key figures

(Unless otherwise specified, percentage changes refer to figures as at 30/06/21 being compared with data as at 31/12/20)

Funding and lending volumes were up significantly following the integration of the going concern acquired and were additionally boosted by the positive commercial performance. More specifically:

Direct funding from customers (due to customers, debt securities in issue and financial liabilities measured at fair value) rose to € 98.5 bn (+56.0%). The key contributor to the aggregate amount (96.0%) was funding from retail/corporate customers, totalling € 94.6 bn (+59.0%) and consisting mainly of current accounts and deposits (€ 90.1 bn, +63.5%). Institutional funding (4.0% of total Group funding), almost entirely consisting of bonds, amounted to € 3.9 bn (+7.2%), an increase compared with € 3.6 bn at the end of 2020, following the Company’s € 500 mln inaugural social bond issuance in the first quarter of the year, which was partly offset by bonds coming to maturity in Q2.

Indirect funding from customers, likewise on a significant upturn (+35.2%), totalled € 165.1 bn. The aggregate includes **assets under management** rising to € 63.2 bn (+47.9%), of which € 18.2 bn (+6.5%) relating to Arca Holding, net of the funds quota placed by the BPER Group network. **Life insurance premiums** underwritten amounted to € 18.9 bn (+158.8%); **assets under custody** totalled € 83.0 bn (+15.2%).

Gross loans to customers amounted to € 79.1 bn, up 42.7%. As part of the aggregate, gross performing loans amounted to € 74.6 bn (+46.1%), while gross non-performing loans settled at € 4.5 bn (+2.9%) and account for 5.7% of total gross loans (gross NPE ratio), down significantly from 7.8% as at the end of March 2021 and declining further from 6.1% as at 31/03/21, as a combined result of the contribution from the business unit acquired and the disposals of non-performing loans completed during the six-month period.

As regards the breakdown of gross loans, **bad loans** amounted to € 2.3 bn (-1.2% Q/Q), **unlikely-to-pay (UTP) exposures** totalled € 2.0 bn (-12.5% Q/Q) and **past due loans** added up to € 134.8 mln (+4.0% Q/Q).

Net loans to customers amounted to € 76.3 bn, up 43.9%. As part of the aggregate, net performing loans amounted to € 74.1 bn (+45.7%), while net non-performing loans settled at € 2.2 bn (+1.1%) and account for 2.8% of total net loans (net NPE ratio), down from 4.0% as at the end of 2020 and 3.2% as at the end of March 2021. The coverage ratio of total non-performing loans stands at 51.8%, up from 49.5% in the previous quarter.

A breakdown of NPLs shows € 0.9 bn in **net bad loans** (-8.2% from 31/03/21), with a coverage of 60.9% (vs. 57.8% as at 31/03/2021), € 1.1 bn in **net UTP exposures** (-13.8% from 31/03/21) with a coverage of 43.1% (vs. 42.2% as at 31/03/2021); and € 101.2 mln in **net past due exposures** (+5.6% from 31/03/21) with a coverage of 24.9% (vs. 26.1% as at 31 march 2021).

The coverage of performing loans has risen to 0.6% from 0.3% as at the end of 2020 and 0.5% in the previous quarter.

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, loan payment moratoria were granted for an aggregate outstanding amount of € 16 bn, of which € 3.2 bn still active as at the end of the second quarter of 2021, down 60% from the previous quarter (€ 8.1 bn), on the back of renewal applications for a considerably lower amount than the total moratoria amount due as at the end of June 2021. State-guaranteed loans amount to € 6.5 bn, up 7% from € 6.1 bn for the previous quarter.

The € 1.7 bn positive **net interbank position** is the result of the difference between € 24.4 bn in loans to banks of € 22.7 bn in loans from banks. Refinancing operations of the BPER Group with the European Central Bank (ECB), entirely consisting in TLTRO III funds with a maturity of three years, were unchanged as compared to the amount as at end-March 2021 and totalled € 18.4 bn. Financial assets eligible as collateral for refinancing operations on the market amount to € 29.9 bn, net of haircut, including € 10.1 bn unencumbered, which come in addition to the € 22.8 bn worth of deposits with the ECB.

Financial assets, amounting to € 27.1 bn, account for 20.1% of total assets. As part of the aggregate, debt securities amount to € 26.0 bn (96.1% of the total portfolio) and include € 12.8 bn in securities issued by governments and other public entities, including € 8.3 bn worth of Italian government bonds.

Total shareholders' equity amounts to € 6.9 bn, with minority interests accounting for € 0.1 bn. The **Group's consolidated shareholders' equity**, including net profit for the period, amounts to € 6.7 bn.

As at 30 June 2021, the **Liquidity Coverage Ratio** (LCR) exceeds 200%, while the **Net Stable Funding Ratio** (NSFR) is estimated at over 100%.

Capital ratios

As at 30 June 2021, the capital ratios measured under the AIRB approach to credit risk were as follows:

- proforma Phased In Common Equity Tier 1 (CET1) ratio[8] of 14.5% (17.7% as at 31 December 2020 or 15.1% net of capital increase effect). Calculated on a pro-forma Fully Phased[9] basis, the ratio is 13.5% (15.8% as at 31 December 2020 and 13.2% net of capital increase effect);
- pro-forma Phased In Tier 1 ratio[10] of 14.9% (18.2% as at 31 December 2020);
- pro-forma Phased in Total Capital Ratio[11] of 17.2% (21.2% as at 31 December 2020).

Structure highlights as at 30 June 2021

Already present in nineteen Italian regions, the Group has now further increased its competitive position thanks to the going concern acquisition.

The total number of branches across the country has risen to 1,852 (in addition to the Luxembourg head office of BPER Bank Luxembourg SA) from 1,237 as at the end of 2020, with a high concentration in Northern Italy.

Group employees total 18,100 as compared to a headcount of 13,177 at year-end 2020.

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Outlook for operations

The euro area economy is starting to recover thanks to supportive monetary and fiscal policies and significant progress in vaccination campaigns. Based on the most recent economic indicators[12], Italy's GDP, after the modest improvement registered in the first quarter of the year, is expected to expand by more than 1% in the second quarter, thanks to industrial output growth and service sector recovery. Growing consumer spending and stronger demand, together with the sustenance of an accommodative stance by Central Banks, will be decisive in supporting recovery, whose short-term prospects continue to be conditioned by the uncertainty surrounding the course of the pandemic due to the spread of new more contagious variants.

Against this background, the BPER Banca Group will continue to show good margins in traditional revenues in the second part of the year, driven by the contribution from the business unit acquired, expected growth in lending and an estimated additional increase in net commission income particularly as a result of the growth in asset management and bancassurance, combined with the recovery in transaction banking services. Operating costs are expected to decrease due to the phase-out of the non-recurring charges attributable to the integration process incurred in the first half of the year, and as a result of the efficiency-boosting measures currently being implemented. Credit quality will continue to be the focus of attention, with the NPE ratio and the cost of credit expected to remain under control despite the extremely uncertain scenario. The capital position is expected to remain robust.

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Communication concerning General Management

BPER Banca informs that the employment relationship of General Manager Alessandro Vandelli was terminated by mutual consent today, effective 5 August 2021. Consensual termination took place by the signing of an agreement whose content was approved by the Board of Directors of the Bank, subject to the prior favourable reasoned opinion of the Remuneration Committee and the Related Parties Committee.

In accordance with the provisions of the remuneration policy most recently approved by the Bank's Shareholders' Meeting, the agreement provides for the:

a. award of a redundancy incentive of EUR 1,600,000, with one part (corresponding to the notice pay, amounting to EUR 420,000) to be paid within thirty days after termination of employment and the balance to be settled in accordance with the variable remuneration payment method and, therefore, partly to be paid up-front upon termination (40%), and the balance to be deferred in instalments over a five-year period (60%), partly in cash (45%), partly in shares (55%), subject to the application of the entry gates and *malus* and clawback clauses set out in the Bank's remuneration policy;

b. signing of a 12-month non-competition and non-solicitation agreement in relation to the Bank's main competitors against a consideration of EUR 600,000, to be paid in three instalments during the life of the agreement;

c. prorated retention, by Alessandro Vandelli, of the rights associated with the 2019-2021 Long-Term Incentive Plan, subject to the achievement of the performance objectives and terms and conditions set out in the plan;

d. retention of certain benefits (car, healthcare insurance) for a short time after termination.

The Board of Directors expresses its sincere gratitude to Alessandro Vandelli for the commitment, dedication and contribution he made to value creation over the years at the helm of the Bank and the Group, and wishes him all the best in his future professional endeavours.

The Board of Directors concurrently decided not to activate the process for the selection of potential candidates to serve as General Manager set forth in BPER's Succession Plan, as it deemed it appropriate to appoint the Bank's CEO, Piero Luigi Montani, to this position, after having verified - subject to the prior involvement and favourable opinion of the Nomination Committee and having consulted the Board of Statutory Auditors - that the CEO's requisites correspond to the ideal profile of General Manager defined in the Succession Plan.

The agreement governing this specific appointment, which falls within the exemptions from the rules of the Internal Related-Party Transaction Policy as it is a smaller amount transaction relating to the remuneration of executives with strategic responsibilities entered into in accordance with the remuneration policy in force, was submitted to the Remuneration Committee for the aspects under its remit. The Committee issued a favourable opinion on the subject.

Effective 5 August 2021, Piero Luigi Montani will accordingly hold the position of General Manager in addition to his role as Chief Executive Officer.

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The Half Year Report of the BPER Group as at 30 June 2021, inclusive of the Independent Auditors' Limited Review report, will be available at the Bank's head office, on the Bank's website *(www.bper.it and https://istituzionale.bper.it),* as well on the websites of Borsa Italiana S.p.A. and of the authorised storage platform *www.1info.it*), as required by law. *Note: the auditors have not yet completed their review.*

To supplement the information provided in this press release, attached please find the consolidated Balance Sheet and Income Statement (quarterly breakdown and reclassified) as at 30 June 2021, in addition to a summary of key financial indicators.

Modena, 4 August 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 Law on Finance), that the accounting information contained in this press release corresponds to the underlying documentary evidence, books and accounting records.

Modena, 4 August 2021

The Manager in charge of preparing
the company's financial reports
Marco Bonfatti

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A live conference call to discuss the BPER Banca Group consolidated results as at 30 June 2021 will be held today, **4 August 2021 at 6 p.m**. (CET).
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, please dial the following numbers:

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

A set of slides to support the presentation will be made available on the Bank's website https://istituzionale.bper.it in the Investor Relations section, Presentations page, shortly before the start of the conference call.

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This press release is also available on the authorised storage platform '1Info'.

Notes

[1] Going concern as identified pursuant to the agreement of 17 February 2020 as later amended, consisting in three business units organised into 486 Branches and 134 Points of Operation. The two business units owned by UBI Banca and UBISS, consisting of 455 bank branches and 132 Points of Operation were transferred to BPER Banca with effect from 22 February 2021, while Intesa Sanpaolo's business unit (consisting of 31 bank branches and 2 Points of Operation) was transferred on 21 June 2021.

[2] Summarised below are the extraordinary items recognised in the first half of 2021:

- + € 833.7 mln attributable to the provisional badwill recognised following the going concern acquisition;
- + € 316.2 mln in tax recovery on badwill from Intesa Sanpaolo, as contractually agreed. The figure was recognised in "Gain on a bargain purchase" with the tax charge on badwill being recognised for the same amount with a negative sign in "Income taxes for the period on continuing operations";
- - € 310.0 mln gross in additional loan loss provisions following the Group's revision of its provisioning policies;
- - € 230.4 mln gross in goodwill impairment (capital neutral) recognised as "Gains (losses) on investments" in the reclassified Income Statement;
- - € 88.9 mln gross in integration-related costs;
- - € 8.9 mln gross in value adjustments to property, plant, equipment and intangible assets;
- - € 30.5 mln gross, most of which referring 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 under "Net provisions for risks and charges" in the reclassified Income Statement;
- - € 22.5 mln gross relating to the impact of changes to the properties measurement method, recognised as "Gains (losses) on investments" in the reclassified Income Statement.
- + € 21.2 mln in one-off gains recognised as "Net income from financial activities"
- - € 13.0 mln in one-off charges recognised as "Other operating income and expenses"
- - € 11.3 mmln in additional contributions to the SRF recognised as "Contributions to the SRF, DGS and IDPF-VS funds"
- - € 4.8 mln relating to the impairment of equity investments recognised as "Gains (losses) on investments "

[3] Texas ratio defined as the ratio between Gross NPEs/(tangible equity + NPE loan loss provisions).

[4] The pro-forma Fully Phased CET1 ratio is estimated by excluding the effects of the transitional provisions in force and including profit (loss) for the period for the portion not allocated to 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.

[5] The Phased-in capital ratios are calculated in accordance with the provisions of Regulation (EU) 2017/2395, amending Regulation (EU) 575/2013 (CRR) as regards "Transitional arrangements for mitigating the impact of the introduction of IFRS 9 on Own Funds". The Regulation introduced the transitional (Phase-in) regime offering banks the option to mitigate the impacts of IFRS 9 on Own Funds over a period of 5 years (from March 2018 to December 2022), by neutralising the impact on CET1 with the application of decreasing add-back factors over time. The BPER Banca Group elected to apply the "static approach" to the impact arising from a reconciliation of impairment losses under IAS 39 as at 31 December 2017 to impairment losses under IFRS 9 as at 1 January 2018. Calculation of the pro-forma amounts of these ratios includes the profit (loss) for the period for the portion not allocated to 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] Under IFRS 3, Purchase Price Allocation adjustments can be made within a 12-month measurement period from the business combination date.

[7] See Note 2.

[8] See Note 5.

[9] See Note 4.

[10] See Note 5.

[11] See Note 5.

[12] Economic Bulletin Bank of Italy No. 3 of 2021.

This is an English translation of the Italian original. The Italian text shall prevail over the English version

Reclassified financial statements as at 30 June 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 113.0 million at 30 June 2021 and Euro 68.6 million at 30 June 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 19.8 million 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 Groups operating costs. In particular, at 30 June 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 34.9 milion;
  - additional contribution requested by the SRF (European Single Resolution Fund) for 2019 from Italian banks for Euro 11.3 million.
- 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 30 June 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".

[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.*

Reclassified consolidated balance sheet as at 30 June 2021

(in thousands)

Assets	30.06.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
Cash and cash equivalents	664,507	482,192		182,315	37.81
Financial assets	27,065,595	24,661,915		2,403,680	9.75
a) Financial assets held for trading	317,324	279,009		38,315	13.73
b) Financial assets designated at fair value	125,822	127,368		(1,546)	-1.21
c) Other financial assets mandatorily measured at fair value	671,899	765,917		(94,018)	-12.28
d) Financial assets measured at fair value through other comprehensive income	6,463,827	6,269,818		194,009	3.09
e) Debt securities measured at amortised cost	19,486,723	17,219,803		2,266,920	13.16
- banks	5,424,983	4,496,133		928,850	20.66
- customers	14,061,740	12,723,670		1,338,070	10.52
Loans	100,781,232	62,888,784		37,892,448	60.25
a) Loans to banks	24,433,936	9,856,598		14,577,338	147.89
b) Loans to customers	76,290,302	53,005,879		23,284,423	43.93
c) Financial assets measured at fair value	56,994	26,307		30,687	116.65
Hedging derivatives	121,425	57,776		63,649	110.17
Equity investments	228,451	225,558		2,893	1.28
Property, plant and equipment	2,064,470	1,366,915	14,225	697,555	51.03
Intangible assets	473,051	702,723		(229,672)	-32.68
- of which: goodwill	204,392	434,758		(230,366)	-52.99
Other assets	3,402,892	2,675,920	(3,280)	726,972	27.17
Total assets	**134,801,623**	**93,061,783**	**10,945**	**41,739,840**	**44.85**

(in thousands)

Liabilities and shareholders equity	30.06.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
Due to banks	22,710,245	20,180,999		2,529,246	12.53
Direct deposits	98,497,569	63,140,669		35,356,900	56.00
a) Due to customers	93,768,069	58,458,479		35,309,590	60.40
b) Debt securities issued	4,729,500	4,682,190		47,310	1.01
Financial liabilities held for trading	138,979	170,094		(31,115)	-18.29
Hedging derivatives	327,519	469,240		(141,721)	-30.20
Other liabilities	6,252,607	2,766,652	7,570	3,485,955	126.00
Minority interests	146,354	133,983	48	12,371	9.23
Shareholders equity pertaining to the Parent Company	6,728,350	6,200,146	3,327	528,204	8.52
a) Valuation reserves	234,009	118,105		115,904	98.14
b) Reserves	2,508,116	2,360,743	12,052	147,373	6.24
c) Equity instruments	150,000	150,000		-	-
d) Share premium reserve	1,240,871	1,241,197		(326)	-0.03
e) Share capital	2,100,435	2,100,435		-	-
f) Treasury shares	(6,889)	(7,259)		370	-5.10
g) Profit (Loss) for the period	501,808	236,925	(8,725)	264,883	111.80
Total liabilities and shareholders equity	**134,801,623**	**93,061,783**	**10,945**	**41,739,840**	**44.85**

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Reclassified consolidated income statement as at 30 June 2021

(in thousands)

Captions		30.06.2021	30.06.2020	of which: IAS 40 restatement	Change	% Change
10+20	Net interest income	728,322	618,251		110,071	17.80
	*of which IFRS 9 components**	*8,069*	*17,359*		*(9,290)*	*-53.52*
40+50	Net commission income	733,958	512,697		221,261	43.16
70	Dividends	13,947	12,843		1,104	8.60
80+90+100 +110	Net income from financial activities	119,712	52,474		67,238	128.14
230	Other operating expense/income	2,488	24,331		(21,843)	-89.77
	Operating income	**1,598,427**	**1,220,596**		**377,831**	**30.95**
190 a)	Staff costs	(657,203)	(504,664)		(152,539)	30.23
190 b)	Other administrative expenses	(347,283)	(231,463)		(115,820)	50.04
210+220	Net adjustments to property, plant and equipment and intangible assets	(106,964)	(81,353)	3,655	(25,611)	31.48
	Operating costs	**(1,111,450)**	**(817,480)**	**3,655**	**(293,970)**	**35.96**
	Net operating income	**486,977**	**403,116**	**3,655**	**83,861**	**20.80**
130 a)	Net impairment losses to financial assets at amortised cost	(576,295)	(297,322)		(278,973)	93.83
	- loans to customers	*(576,896)*	*(293,837)*		*(283,059)*	*96.33*
	- other financial assets	*601*	*(3,485)*		*4,086*	*-117.25*
130 b)	Net impairment losses to financial assets at fair value	1,686	(858)		2,544	-296.50
140	Gains (Losses) from contractual modifications without derecognition	(1,779)	(442)		(1,337)	302.49
	Net impairment losses for credit risk	**(576,388)**	**(298,622)**	**-**	**(277,766)**	**93.02**
200	Net provisions for risks and charges	(50,506)	(14,901)		(35,605)	238.94
###	Contributions to SRF, DGS, IDPF - VS	(46,161)	(34,163)		(11,998)	35.12
250+260+270 +280	Gains (Losses) on investments	(253,284)	(10,087)	(4,927)	(243,197)	--
275	Gain on a bargain purchase	1,149,922	-		1,149,922	n.s.
290	**Profit (Loss) from current operations before tax**	**710,560**	**45,343**	**(1,272)**	**665,217**	**--**
300	Income taxes on current operations for the period	(191,732)	68,021	(926)	(259,753)	-381.87
330	**Profit (Loss) for the period**	**518,828**	**113,364**	**(2,198)**	**405,464**	**357.67**
340	Profit (Loss) for the period pertaining to minority interests	(17,020)	(10,868)	15	(6,152)	56.61
350	**Profit (Loss) for the period pertaining to the Parent Company**	**501,808**	**102,496**	**(2,183)**	**399,312**	**389.59**

** 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 30 June 2021

(in thousands)

Captions		1st quarter 2021	2nd quarter 2021	1st quarter 2020	2nd quarter 2020	3rd quarter 2020	4th quarter 2020
10+20	Net interest income	343,513	384,809	307,971	310,280	325,492	295,133
	*of which IFRS 9 components**	*4,097*	*3,972*	*9,414*	*7,945*	*5,185*	*3,184*
40+50	Net commission income	328,132	405,826	267,595	245,102	262,127	297,690
70	Dividends	1,678	12,269	809	12,034	4,550	1,099
80+90+100+110	Net income from financial activities	76,241	43,471	5,642	46,832	43,115	42,576
230	Other operating expense/income	8,119	(5,631)	14,607	9,724	7,638	9,005
	Operating income	**757,683**	**840,744**	**596,624**	**623,972**	**642,922**	**645,503**
190 a)	Staff costs	(302,142)	(355,061)	(255,576)	(249,088)	(216,638)	(239,417)
190 b)	Other administrative expenses	(189,880)	(157,403)	(114,546)	(116,917)	(120,137)	(147,440)
210+220	Net adjustments to property, plant and equipment and intangible assets	(54,454)	(52,510)	(39,905)	(41,448)	(40,786)	(45,282)
	Operating costs	**(546,476)**	**(564,974)**	**(410,027)**	**(407,453)**	**(377,561)**	**(432,139)**
	Net operating income	**211,207**	**275,770**	**186,597**	**216,519**	**265,361**	**213,364**
130 a)	Net impairment losses to financial assets at amortised cost	(419,004)	(157,291)	(139,553)	(157,769)	(107,870)	(136,685)
	- loans to customers	*(417,667)*	*(159,229)*	*(139,991)*	*(153,846)*	*(106,524)*	*(134,244)*
	- other financial assets	*(1,337)*	*1,938*	*438*	*(3,923)*	*(1,346)*	*(2,441)*
130 b)	Net impairment losses to financial assets at fair value	773	913	105	(963)	363	133
140	Gains (Losses) from contractual modifications without derecognition	(602)	(1,177)	(195)	(247)	(182)	(1,517)
	Net impairment losses for credit risk	**(418,833)**	**(157,555)**	**(139,643)**	**(158,979)**	**(107,689)**	**(138,069)**
200	Net provisions for risks and charges	(40,914)	(9,592)	2,276	(17,177)	(15,109)	(2,471)
###	Contributions to SRF, DGS, IDPF - VS	(31,055)	(15,106)	(31,978)	(2,185)	(30,490)	(23,529)
250+260+270 +280	Gains (Losses) on investments	(250,655)	(2,629)	64	(10,151)	62	(10,038)
275	Gain on a bargain purchase	1,077,869	72,053	-	-	-	-
290	**Profit (Loss) from current operations before tax**	**547,619**	**162,941**	**17,316**	**28,027**	**112,135**	**39,257**
300	Income taxes on current operations for the period	(140,830)	(50,902)	(6,582)	74,603	(7,049)	4,219
330	**Profit (Loss) for the period**	**406,789**	**112,039**	**10,734**	**102,630**	**105,086**	**43,476**
340	Profit (Loss) for the period pertaining to minority interests	(6,523)	(10,497)	(4,325)	(6,543)	(8,484)	(5,649)
350	**Profit (Loss) for the period pertaining to the Parent Company**	**400,266**	**101,542**	**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 30 June 2021

(in thousands)

	Assets	30.06.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
10.	Cash and cash equivalents	664,507	482,192		182,315	37.81
20.	Financial assets measured at fair value through profit or loss	1,172,039	1,198,601		(26,562)	-2.22
	a) financial assets held for trading	317,324	279,009		38,315	13.73
	b) financial assets designated at fair value	125,822	127,368		(1,546)	-1.21
	c) other financial assets mandatorily measured at fair value	728,893	792,224		(63,331)	-7.99
30.	Financial assets measured at fair value through other comprehensive income	6,463,827	6,269,818		194,009	3.09
40.	Financial assets measured at amortised cost	120,120,146	79,991,505		40,128,641	50.17
	a) loans to banks	29,858,919	14,352,731		15,506,188	108.04
	b) loans to customers	90,261,227	65,638,774		24,622,453	37.51
50.	Hedging derivatives	121,425	57,776		63,649	110.17
70.	Equity investments	228,451	225,558		2,893	1.28
90.	Property, plant and equipment	2,063,260	1,365,705	14,225	697,555	51.08
100.	Intangible assets	473,051	702,723		(229,672)	-32.68
	of which:					
	- goodwill	204,392	434,758		(230,366)	-52.99
110.	Tax assets	1,734,135	2,003,040	(4,033)	(268,905)	-13.42
	a) current	277,732	418,174		(140,442)	-33.58
	b) deferred	1,456,403	1,584,866	(4,033)	(128,463)	-8.11
120.	Non-current assets and disposal groups classified as held for sale	99,527	99,467	753	60	0.06
130.	Other assets	1,661,255	665,398		995,857	149.66
	Totale assets	**134,801,623**	**93,061,783**	**10,945**	**41,739,840**	**44.85**

(in thousands)

	Liabilities and shareholders equity	30.06.2021	31.12.2020	of which: IAS 40 restatement	Change	% Change
10.	Financial liabilities measured at amortised cost	121,052,368	83,177,191		37,875,177	45.54
	a) due to banks	22,710,245	20,180,999		2,529,246	12.53
	b) due to customers	93,612,623	58,314,002		35,298,621	60.53
	c) debt securities issued	4,729,500	4,682,190		47,310	1.01
20.	Financial liabilities held for trading	138,979	170,094		(31,115)	-18.29
40.	Hedging derivatives	327,519	469,240		(141,721)	-30.20
60.	Tax liabilities	197,530	82,318	7,570	115,212	139.96
	a) current	116,092	4,797		111,295	--
	b) deferred	81,438	77,521	7,570	3,917	5.05
70.	Liabilities associated with assets classified as held for sale	161,932	144,809		17,123	11.82
80.	Other liabilities	5,218,004	1,945,822		3,272,182	168.16
90.	Employee termination indemnities	204,951	148,199		56,752	38.29
100.	Provisions for risks and charges	625,636	589,981		35,655	6.04
	a) commitments and guarantees granted	82,233	62,334		19,899	31.92
	b) pension and similar obligations	141,528	148,357		(6,829)	-4.60
	c) other provisions for risks and charges	401,875	379,290		22,585	5.95
120.	Valuation reserves	234,009	118,105		115,904	98.14
140.	Equity instruments	150,000	150,000		-	-
150.	Reserves	2,508,116	2,360,743	12,052	147,373	6.24
160.	Share premium reserve	1,240,871	1,241,197		(326)	-0.03
170.	Share capital	2,100,435	2,100,435		-	-
180.	Treasury shares (-)	(6,889)	(7,259)		370	-5.10
190.	Minority interests (+/-)	146,354	133,983	48	12,371	9.23
200.	Profit (Loss) for the period (+/-)	501,808	236,925	(8,725)	264,883	111.80
	Total liabilities and shareholders equity	**134,801,623**	**93,061,783**	**10,945**	**41,739,840**	**44.85**

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Consolidated income statement as at 30 June 2021

(in thousands)

	Captions	30.06.2021	30.06.2020	of which: IAS 40 restatement	Change	% Change
10.	Interest and similar income	850,808	716,346		134,462	18.77
	of which: interest income calculated using the effective interest method	846,561	712,516		134,045	18.81
20.	Interest and similar expense	(122,486)	(98,095)		(24,391)	24.86
30.	**Net interest income**	**728,322**	**618,251**		**110,071**	**17.80**
40.	Commission income	832,445	596,441		236,004	39.57
50.	Commission expense	(98,487)	(83,744)		(14,743)	17.60
60.	**Net commission income**	**733,958**	**512,697**		**221,261**	**43.16**
70.	Dividends and similar income	13,947	12,843		1,104	8.60
80.	Net income from trading activities	37,951	(16,385)		54,336	-331.62
90.	Net income from hedging activities	(1,221)	(5,012)		3,791	-75.64
100.	Gains (Losses) on disposal or repurchase of:	47,648	96,054		(48,406)	-50.39
	a) financial assets measured at amortised cost	38,415	90,656		(52,241)	-57.63
	b) financial assets measured at fair value through other comprehensive income	9,676	4,542		5,134	113.03
	c) financial liabilities	(443)	856		(1,299)	-151.75
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	35,334	(22,183)		57,517	-259.28
	a) financial assets and liabilities designated at fair value	771	(3,866)		4,637	-119.94
	b) other financial assets mandatorily measured at fair value	34,563	(18,317)		52,880	-288.69
120.	**Net interest and other banking income**	**1,595,939**	**1,196,265**		**399,674**	**33.41**
130.	Net impairment losses for credit risk relating to:	(574,609)	(298,180)		(276,429)	92.71
	a) financial assets measured at amortised cost	(576,295)	(297,322)		(278,973)	93.83
	b) financial assets measured at fair value through other comprehensive income	1,686	(858)		2,544	-296.50
140.	Gains (Losses) from contractual modifications without derecognition	(1,779)	(442)		(1,337)	302.49
150.	**Net income from financial activities**	**1,019,551**	**897,643**		**121,908**	**13.58**
180.	**Net income from financial and insurance activities**	**1,019,551**	**897,643**		**121,908**	**13.58**
190.	Administrative expenses:	(1,163,601)	(838,863)		(324,738)	38.71
	a) staff costs	(657,203)	(504,664)		(152,539)	30.23
	b) other administrative expenses	(506,398)	(334,199)		(172,199)	51.53
200.	Net provisions for risks and charges	(30,663)	(3,449)		(27,214)	789.04
	a) commitments and guarantees granted	(2,744)	(1,459)		(1,285)	88.07
	b) other net provisions	(27,919)	(1,990)		(25,929)	--
210.	Net adjustments to property, plant and equipment	(67,921)	(52,465)	3,655	(15,456)	29.46
220.	Net adjustments to intangible assets	(39,043)	(28,888)		(10,155)	35.15
230.	Other operating expense/income	95,599	81,452		14,147	17.37
240.	**Operating costs**	**(1,205,629)**	**(842,213)**	**3,655**	**(363,416)**	**43.15**
250.	Gains (Losses) of equity investments	515	(5,537)		6,052	-109.30
260.	Valuation differences on property, plant and equipment and intangible assets	(23,711)	(4,618)	(4,618)	(19,093)	413.45
270.	Impairment losses on goodwill	(230,366)	-		(230,366)	n.s.
275.	Gain on a bargain purchase	1,149,922	-		1,149,922	n.s.
280.	Gains (Losses) on disposal of investments	278	68	(309)	210	308.82
290.	**Profit (Loss) from current operations before tax**	**710,560**	**45,343**	**(1,272)**	**665,217**	**--**
300.	Income taxes on current operations for the period	(191,732)	68,021	(926)	(259,753)	-381.87
310.	**Profit (Loss) from current operations after tax**	**518,828**	**113,364**	**(2,198)**	**405,464**	**357.67**
330.	**Profit (Loss) for the period**	**518,828**	**113,364**	**(2,198)**	**405,464**	**357.67**
340.	Profit (Loss) for the period pertaining to minority interests	(17,020)	(10,868)	15	(6,152)	56.61
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**501,808**	**102,496**	**(2,183)**	**399,312**	**389.59**

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Performance ratios [2]

Financial ratios	30.06.2021	2020 (*)
Structural ratios		
Net loans to customers/total assets	56.59%	56.96%
Net loans to customers/direct deposits from customers	77.45%	83.95%
Financial assets/total assets	20.08%	26.50%
Gross non-performing loans/gross loans to customers	5.65%	7.84%
Net non-performing loans/net loans to customers	2.82%	4.02%
Texas ratio[3]	51.27%	55.37%
Profitability ratios		
ROE[4]	11.11%	4.41%
ROTE[5]	12.30%	5.06%
ROA[6]	0.53%	0.28%
Cost to income ratio[7]	69.53%	66.97%
Cost of credit risk[8]	0.76%	0.56%

Prudential supervision ratios	30.06.2021	2020 (*)
Own Funds (Phased in)[9] (in thousands of Euro)		
Common Equity Tier 1 (CET1)	6,625,653	5,931,675
Own Funds	7,837,843	7,097,554
Risk-weighted assets (RWA)	45,619,802	33,487,963
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in pro-forma[10]	14.52%	17.71%
Tier 1 Ratio (T1 Ratio) - Phased in pro-forma[11]	14.85%	18.16%
Total Capital Ratio (TC Ratio) - Phased in pro-forma[12]	17.18%	21.19%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased pro-forma[13]	13.52%	15.81%
Liquidity Coverage Ratio (LCR)	215.9%	200.1%
Net Stable Funding Ratio (NSFR)	n.a.	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 30 June 2020 which include the effects of the retrospective application of change in the 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 (annualized only for the ordinary items) on average shareholders' equity of Group not including net profit.
[5] ROTE has been calculated as net profit for the period (annualized only for the ordinary items) 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 (annualized only for the ordinary items) 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 75.54% (70.40% at 30 June 2020 taking into account t 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.