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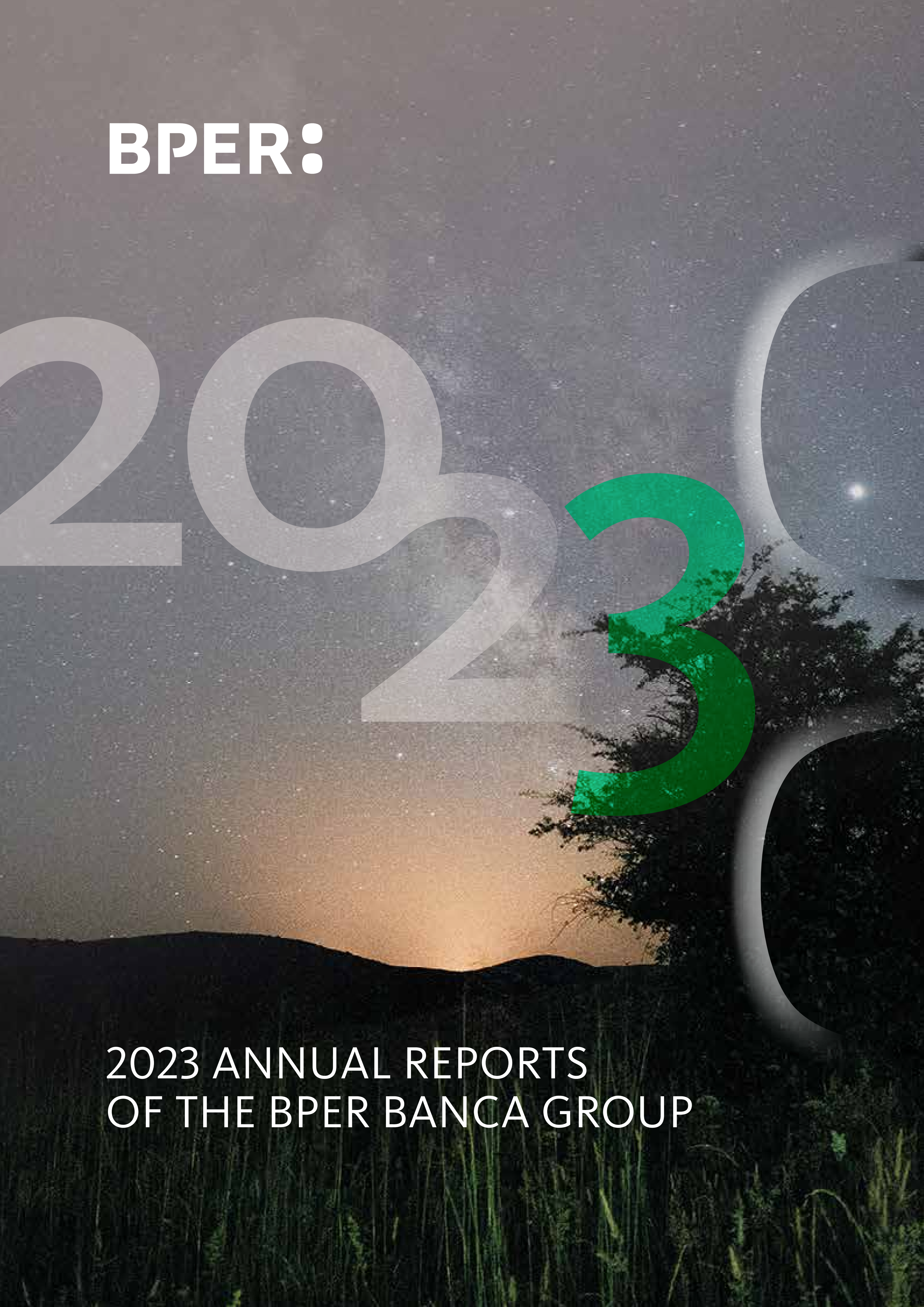


2023 ANNUAL REPORTS OF THE BPER BANCA GROUP

BPER:

2023 ANNUAL REPORTS OF THE BPER BANCA GROUP

The present document is the English translation of the Italian Financial Reports (Consolidated and Separate), prepared for and used in Italy, and has been translated only for the convenience of international readers. The Financial Reports were prepared using International Financial Reporting Standards (IAS/IFRS); therefore they are not intended to present the financial position and results of operations and cash flows according to accounting principles and practices other than IAS/IFRS.

This document, prepared in PDF format to make the Financial Reports (Consolidated and Separate) as at 31 December 2023 easier to read, does not constitute compliance with the requirements set out in Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 (the "European Single Electronic Format (ESEF) Regulation"). For these purposes, an XHTML format has been developed and is available on the corporate website BPER Banca https://istituzionale.bper.it

As at 31 December 2023, the BPER Banca Group has chosen to publish a report for 2023 that consists of the

- Integrated Report and Consolidated financial report of the BPER Banca Group as at 31 December 2023, in turn structured into:
  - Directors' Report on Group Operations, which includes the Consolidated Non-Financial Statement (CNFS) drawn up pursuant to Legislative Decree 254/2016, prepared in compliance with the GRI Sustainability Reporting Standards of the Global Reporting Initiative (GRI), including the reconciliation table and the Methodological note of the CNFS, to which reference is made. Information on sustainability has been presented in Part 2 of the Directors' Report on Group Operations; Part 1 describes the strategic profile and financial results of the BPER Banca Group;
  - Consolidated Financial Report including the Consolidated Financial Statements and the Consolidated explanatory notes;
  - Annexes, certifications and other reports;
- Report and Financial Report of BPER Banca S.p.A. as at 31 December 2023, which in turn consists of:
  - 2023 Separate Financial Report including the Financial Statements of the Parent Company and the Explanatory notes;
  - Annexes, certifications and other reports.

The choice of the BPER Banca Group comes ahead of the requirements of the Corporate Sustainability Reporting Directive, the new European directive on sustainability reporting that will come into force on 1 January 2024 and that will gradually require companies to publish sustainability disclosures within the Report on Operations. With this obligation, the European Union aims to make the links between financial and sustainability information more explicit, while improving the availability, accessibility and reliability of this information.

BPER Banca S.p.A.
Head office in Via San Carlo 8/20, Modena, Italy
Tel. +39 059/2021111 – Fax +39 059/2022033
Register of Banks no. 4932
Parent Company of the BPER Banca S.p.A. Banking Group
Registered in the Register of Banking Groups with ABI code 5387.6
http://www.bper.it – https://istituzionale.bper.it
E-mail: servizio.clienti@gruppobper.it – Certified e-mail (PEC): bper@pec.gruppobper.it
Company belonging to the BPER Banca VAT Group, VAT no. 03830780361
Tax Code and Modena Companies Register no. 01153230360
C.C.I.A.A. Modena Chamber of Commerce 222528 Share capital Euro 2,104,315,691.40
Member of the Interbank Deposit Protection Fund and of the National Guarantee Fund
Ordinary shares listed on the regulated Euronext Milan market

Shareholders’ Meeting

Modena, 19 April 2024

Agenda

In the ordinary session:

1. 2023 Financial Report:
   a) Approval of the separate financial report as at 31 December 2023; presentation of the Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors, as well as of the Integrated Report and the consolidated financial report as at 31 December 2023, containing the 2023 consolidated non-financial statement;
   b) Allocation of profit for financial year 2023 and dividend payout.
2. Appointment of the Board of Directors for the 2024-2026 three-year period.
3. Determination of the remuneration of Directors for the 2024-2026 three-year period.
4. Appointment of the Board of Statutory Auditors for the 2024-2026 three-year period.
5. Determination of the remuneration of Statutory Auditors for the 2024-2026 three-year period.
6. Engagement of the independent auditors for financial years 2026-2034 and determination of their fees, in addition to any criteria for fee adjustments during their term of office.
7. Remuneration:
   a) Report on Remuneration Policy and Compensation Paid, comprising:
      a1) remuneration policies of the BPER Banca S.p.A. Group for 2024 (binding resolution);
      a2) compensation paid in 2023 (non-binding resolution).
   b) Incentive plan based on financial instruments pursuant to art. 114-bis of Legislative Decree no. 58 of 24 February 1998;
   c) Authorisation to purchase and dispose of treasury shares to service the 2024 MBO incentive scheme, the 2022-2025 Long-Term Incentive (LTI) Plan, in addition to any severance payments due.

In the extraordinary session:

1. Proposal for vesting the Board of Directors with the mandate to supplement, pursuant to art. 2420-ter of the Italian Civil Code, the share capital increase resolved upon in July 2019 to service the conversion of the *Additional Tier 1* convertible bond loan issued on 25 July 2019, via the issuance, in one or more tranches, of maximum 30,000,000 additional ordinary shares to service the conversion of the afore-mentioned *Additional Tier 1* convertible bond loan for the purpose of conversion price adjustments. Amendment to art. 5 of the Articles of Association. Related and ensuing resolutions.

CONTENTS

2023 Financial Report

DIRECTORS AND OFFICERS OF THE PARENT COMPANY AT THE DATE OF APPROVAL OF THE FINANCIAL REPORT

Board of Directors

Chair:	Flavia Mazzarella
Deputy chair:	Riccardo Barbieri
Chief Executive Officer:	Piero Luigi Montani
Directors (*):	Elena Beccalli Monica Cacciapuoti (**) Silvia Elisabetta Candini Maria Elena Cappello Cristiano Cincotti Alessandro Robin Foti Roberto Giay Gianni Franco Papa Marisa Pappalardo Monica Pilloni Elisa Valeriani

(*) Gianfranco Farre, Non-Executive Director of the Company and member of the Control and Risk Committee, tendered his resignation from office on 1 June 2023, with immediate effect and was not replaced.

(**) Monica Cacciapuoti was appointed as a member of the Board of Directors by the Ordinary Shareholders' Meeting of BPER Banca held on 5 November 2022, replacing Director Gian Luca Santi, who resigned previously effective from 8 September 2022. Monica Cacciapuoti will remain in office, similarly to the other members of the Board of Directors, until the Shareholders' Meeting called to approve the financial report for the year 2023.

Board of Statutory Auditors

Chair:	Daniela Travella
Standing Auditors:	Patrizia Tettamanzi Carlo Appetiti (***)
Alternate Auditors:	Sonia Peron Andrea Scianca

General Management

General Manager:	Piero Luigi Montani
Deputy General Managers (****):	Gian Luca Santi Elvio Sonnino

Manager responsible for preparing the Company's financial reports

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

Independent Auditors

Deloitte & Touche S.p.A.

(***) Carlo Appetiti was appointed as Standing auditor by the Ordinary Shareholders' Meeting of BPER Banca held on 27 July 2022, replacing the auditor Paolo De Mitri, who resigned previously effective from 6 June 2022. On 18 January 2024, the Statutory Auditor Carlo Appetiti resigned from office, with effect from 1 February 2024. The full composition of the Board of Statutory Auditors will be restored at the Ordinary Shareholders' Meeting for the approval of the 2023 financial report, scheduled for 19 April 2024.

(****) Gian Luca Santi was appointed as Deputy General Manager effective from 1 October 2022. In particular, Gian Luca Santi was a member of the Company's Board of Directors, a role he stepped down effective from 8 September 2022.

MESSAGE FROM THE CHAIR TO THE SHAREHOLDERS' MEETING

Shareholders,

the approval of BPER's 2023 Financial Report is an opportunity to review the key milestones in the journey embarked upon three years ago by the Board of Directors, which I have the honour of chairing, and to examine the results of our work and the evolution of the Group during a period characterised by significant economic, social and, more generally, contextual changes.

The Bank's lines of action were set out in the 2022-2025 Business Plan, whose guidelines and projects are aimed at achieving the announced profound digital and technological transformation and consolidating the Group's relevance at national level, with the usual focus the Bank places on human capital. These factors will enable the Group to increase its competitiveness and profitability, while continuing its ongoing efforts to integrate environmental, social and governance issues into its business processes in order to create shared and sustainable long-term value.

We are now a major national player in terms of size, customer base, profitability and widespread presence in the most productive and dynamic areas of the country.

The corporate streamlining continued during the year with initiatives to simplify the corporate structure and improve operational efficiency and cost structures across the Group.

Over the past three years, we have invested significant human and financial resources in the technological infrastructure and internal procedures that will enable us to deliver innovative services to our customers and position us among the best in the industry. The adoption of new technologies has enabled us to improve the customer experience, optimise internal procedures and ensure the security of financial transactions. Through an in-depth internal reorganisation involving several business areas, we have strengthened our teams, focused on people working together and concentrated resources where they can have the greatest impact, which resulted in improved operational efficiency for the benefit of our customers.

The effectiveness of the strategic measures adopted over the three-year period and the early implementation of the activities envisaged in the plan, despite the difficult economic and market conditions, have enabled the Bank's profitability and soundness to improve significantly, particularly in the financial year just ended.

The strong economic results were accompanied by de-risking and an improvement in asset quality; the positive results achieved by the Bank are the result of a conservative approach to risk-taking, as well as prudent and forward-looking liquidity and capital management.

In pursuing these goals, we have always maintained our commitment to human capital. In fact, we believe that the success of a business is related to the skills and commitment of all the people who are part of it. And if today we have become a reference Bank in our country, it is undoubtedly due to the dedication and professionalism of all our employees.

The integration of environmental, social and governance (ESG) issues has become an integral part of our business strategy. We recognise the growing importance of a responsible and sustainable approach to business and are committed to promoting ethical and sustainable business practices.

Our commitment to the younger generation remains strong: over the course of the 2022-2025 Business Plan, more than 400 thousand young people will be involved in financial literacy initiatives and ambitious nationwide projects. These include "B-education: idee che valgono" [ideas that count], an initiative launched at the end of 2022 and completed last December for the benefit of our young university students, which aims to spread financial education and sustainability as citizenship skills throughout the curriculum.

Finally, I am pleased to mention the "2023-2025 Three-Year Operational Plan for the Enhancement of Gender Diversity" to raise awareness of diversity, equality and inclusion in the business community, which includes concrete, measurable and reportable actions and initiatives.

In 2023, the Bank was close to the areas affected by the natural disasters and wanted to be recognised as a pillar of support for the communities: in difficult times, we are committed to offering help and resources to contribute to the recovery and reconstruction of the territories.

We will continue to integrate environmental, social and governance (ESG) issues into our business processes, with the aim of contributing to the creation of shared and sustainable long-term value, and of being not only a financial leader but also a positive agent in promoting a concrete impact on the communities and the environment in which we operate.

We look to the future with confidence, ready to meet the challenges that lie ahead, to bring our Bank ever closer to the customers and communities it serves, and to be owned by all its stakeholders.

Our commitment to excellence and sustainability remains strong and we will continue to work with all of you to build a solid and prosperous future.

Thank you very much for your attention.

Flavia Mazzarella
Chair

INTEGRATED REPORT AND CONSOLIDATED FINANCIAL REPORT OF THE BPER BANCA GROUP AS AT 31 DECEMBER 2023

DIRECTORS' REPORT ON GROUP OPERATIONS

Part 1

PROFILE, STRATEGY AND FINANCIAL RESULTS OF THE BPER BANCA GROUP

CONTENTS

1. THE MACROECONOMIC CONTEXT

1.1 Background

In 2023, the international economic framework was characterised by decreased global demand, heightened uncertainty in the geopolitical context, and less favourable financial conditions for households and businesses. Therefore, the global economy highlighted various areas of weakness, reflected in the overall slowdown of the economic cycle, but the phase of economic contraction feared by various economists at the beginning of the reporting period did not materialise. Geographically, there was increasing fragmentation: among the advanced economies, the US showed greater resilience as consumption and investment remained robust, while the Eurozone experienced a prolonged period of stagnation. A number of emerging market economies also proved to be quite resilient, with the exception of China, which continued to face growing obstacles stemming from a crisis in the real estate sector and the weakening of domestic demand. The slowdown in economic growth, the fall in energy prices and the normalisation of supply chains were the main factors behind the easing of inflationary pressures and consequently favoured the change in direction of the major Central Banks, whose monetary policy shifted from “restrictive” to “neutral” in the second half of the year. Regarding the growth rate of the global economy, the October update of the International Monetary Fund’s World Economic Outlook predicts a 3% y/y increase in global GDP in 2023, down from 3.5% y/y in 2022.

Analysing the main areas, the Eurozone was the macro-region that showed the greatest difficulties from the outset, with a rate of change in Gross Domestic Product (GDP) that has been consistently close to zero on a quarterly basis. This is against a backdrop of general stagnation which, according to consensus estimates, will culminate in only a slightly positive y/y change in Eurozone GDP. The weakness in European economic activity largely reflected the difficulties observed in Germany, the Old Continent’s leading economy, and stemmed from the steady contraction in manufacturing activity, which – in the second half of the year – was compounded by a similar loss of momentum in service-related activities. On the other hand, a partial positive contribution to economic activity came from the sharp drop in European natural gas prices, which reduced fears of an energy crisis and helped to ease consumer price pressures. The trend in inflation, although not always linear, continued the slowdown phase that began in the last months of 2022, with the consumer price index for the Eurozone as a whole registering +2.9% y/y in December. A similar slowdown, albeit to a lesser extent, was also observed in core inflation, which strips out the more volatile components, prompting the ECB to change its monetary policy stance in favour of greater caution: after raising the cost of money by a total of 200 bps in the first nine months of the year (bringing the main refinancing rate to 4.50% and the deposit rate to 4%), the European Central Bank stopped its monetary tightening in the last quarter. President Lagarde stressed that there was no discussion in the Governing Council about a possible expansionary turn, but reiterated the importance of maintaining high interest rates for a sufficiently long period. Therefore, the overall monetary policy stance remains cautious, as confirmed, inter alia, by the decision on the Pandemic Emergency Purchase Programme (PEPP) - the purchase plan launched by the ECB during the pandemic – which will be phased out from mid-2024. Broadening our view to the whole of Europe, the change of attitude adopted by the ECB was also mirrored by the other major central institutions in Europe, from the Swiss SNB to the UK’s Bank of England, both of which decided – in the last part of the year - to suspend their respective cycles of monetary restriction.

In Italy, the economy was particularly volatile in the first half of the year, but in recent quarters it has converged with the stagnant growth rates observed in the rest of the Eurozone. The economic cycle was slowed by the effects of the restrictive monetary policies on domestic demand and the loss of impetus injected by building incentives, elements that were only partially offset by the positive impact of the implementation of the measures contained in the National Recovery and Resilience Plan (NRRP). As in the rest of the Eurozone, economic activity in Italy was also characterised by a steady deterioration in the tertiary sector, which gradually caught up with the weakness in manufacturing. In terms of consumer prices, the dynamics observed in Italy were also similar to those in the Eurozone as a whole: in fact, the rate of inflation slowed down, decelerating more markedly in the last quarter of the year and rising by 0.6% y/y in December.

In the United States, the economic cycle confirmed that it had withstood the path of monetary tightening initiated by the Fed without too much disruption during the year. GDP has remained at a significant level of expansion, peaking in the third quarter, thanks to the contribution of several elements. These included private consumption, which continued to benefit, especially in the first half of the year, from the excess savings accumulated during the pandemic phase; a labour market that remained unexpectedly robust (the unemployment rate was a modest 3.7% y/y in December); and a generally expansionary tax policy. Furthermore, contrary to the trend recorded in the eurozone, service-related activities – measured by the PMI and ISM indicators – remained in expansion territory, despite the growth rate visibly slowing compared to previous quarters. The US economic cycle entered one of its most critical phases of the year in the second quarter, in parallel with the difficulties experienced by many of the country’s regional banks; credit conditions temporarily deteriorated, but the authorities’ prompt intervention helped to safeguard the entire banking system and prevent the emergence of dangerous financial crises. In terms of prices, the pace of inflation slowed steadily in the first half of the year before stabilising in the second half (3.4% y/y in December). Similar trends were observed in the core inflation component, which nevertheless remained at a higher level, rising by 3.9% y/y in December. The reduction in inflationary pressures facilitated a progressively more balanced approach to monetary policy, leading the Fed – after raising the cost of money by a total of 100 bps in January-July – to decide to leave the benchmark interest rates unchanged in the range of 5.25-5.50% until the end of the year. Governor Powell emphasised on several occasions that the pause in the monetary tightening cycle does not rule out the possibility of further hikes, should the need arise; however, at the last meeting of the year in December, the Fed's number one himself adopted a much more accommodating rhetoric, confirming that the US central bank is indeed ready to discuss when to start cutting rates.

Lastly, an analysis of emerging countries shows that economic growth has been more resilient, on average, than in developed countries. In this regard, a critical factor has been China's decision at the end of 2022 to remove all anti-Covid measures in place, fully reopening its economy. Although China's recovery gradually lost momentum as the quarters went by, held back by weak domestic demand and real estate issues, the positive shock at the beginning of 2023 contributed - decisively - to growth in other developing countries, particularly in the Asian region, that have trade relations with Beijing. The greater robustness of the economic cycle in emerging countries was reflected in the PMI index leading indicators, which remained expansionary throughout the year in both the manufacturing and the tertiary sectors. Another aspect that has characterised the emerging bloc, albeit with all the relevant differences due to the high degree of dissimilarity of the category under review, has been the approach to inflation. Indeed, some emerging Central Banks, which had been proactive about raising interest rates as early as 2021 (well ahead of their counterparts in developed countries), were able to take their first expansionary steps in the second half of the year, thanks to price dynamics showing clear signs of moderation. The fall in the cost of money affected all the major emerging macro areas, from Latin America (Brazil and Chile) to Eastern Europe (Poland and Hungary) and Asia (China).

1.2 Public finance[1]

In 2023, the performance of the Italian economy was increasingly affected by the weakening of the global cyclical picture. The services sector, which had shown a marked upturn until the first few months of the year, slowed down and was no longer able to compensate for the contraction in the industrial sector that began in the second half of 2022. The expansionary phase of domestic demand, and investment in particular, has come to a halt, albeit temporarily. The final part of the year should coincide with a slight recovery, supported by the stimulus to private investment provided by the NRRP and the return of inflation to the ECB's statutory target. In the new trend scenario presented in the Update Note to the 2023 Economic and Financial Document (EFD) and confirmed in this document, real GDP growth is projected to be 0.8% in 2023 and 1.0% in 2024.

The debt/GDP ratio is expected to further decrease to 140.2% in 2023 from 141.7% in 2022. In 2024 and 2025, the debt-to-GDP ratio is expected to decline slightly to 139.6%, also thanks to the partial use of the Treasury's liquid assets and the launch of a plan for the disposal of government equity investments.

Finally, the net indebtedness of Public Administrations is 5.3% of GDP in 2023, while the new programme process sets future targets at 4.3% in 2024, 3.6% in 2025 and 2.9% in 2026. The economic policy of the Government is in line with the guidelines of the European Commission, which focus on the need to continue to mitigate the impact of higher energy prices on households and economic activity in a temporary and targeted manner. In the absence of new shocks, the support measures will be gradually phased out by 2024, while maintaining a prudent tax policy, also in the light of the deactivation of the general safeguard clause of the Stability and Growth Pact scheduled for the end of this year.

Public finance balance (% of GDP)	**2023e**	**2024f**	**2025f**
Net borrowing	(5.3)	(4.3)	(3.6)
Loans	140.2	139.9	139.6

Key s = e=estimate f=forecast
Source: “2024 Budgetary Planning Document” presented in October 2023 by the Minister of Economy and Finance, Giancarlo Giorgetti.

1 The scenario presented below has been taken from the 2024 Budgetary Planning Document sent to the EU Commission in November 2023.

1.3 The financial market and interest rates

2023 proved to be a particularly favourable year for financial markets, with positive changes in both major asset classes, equities and bonds. The balance for commodities was more contrasting, while in terms of currency the euro had a mixed performance. The markets were positively influenced, among other things, by two main factors: the improvement in the general economic environment, with the possibility of a recessionary scenario gradually receding against a backdrop of easing inflationary pressures, and the consequent change in direction by the major central banks, which halted their respective monetary tightening stances and adopted more neutral and balanced strategies. On the first point, important support for growth came from China, where the authorities decided at the beginning of the year to lift the antiCOVID-19 restrictions. Although China's recovery lost momentum as the months went by, investors focused on the positive aspects of this decision in terms of boosting global growth and the gradual normalisation of supply chains. In the Euro area, a positive contribution was also made by the sharp decrease in the price of natural gas registered mostly in the first half of the year, which eased fears of an energy crisis, and prompted an upward revision in the region's growth prospects. On the other hand, although the United States has had its share of critical periods (notably those related to the crisis in the regional banks), an expansionary tax policy and a surprisingly resilient consumer and labour market have prevented an all too obvious slowdown. In terms of prices, average inflation data showed a decelerating trend, albeit at a moderate pace, although the core (bottom) part – the part stripped of the most volatile items – continued to show greater persistence, largely related to the prices of services. In this context, the main Central Banks have gradually shifted their stance from a markedly restrictive to a more cautious and wait-and-see approach, implicitly suggesting that they have reached the end of their respective rate hiking paths. In the United States, the Federal Reserve, which had raised the cost of money by 100 basis points to a range of 5.25-5.50% in the first half of the year, was even prepared to discuss a possible first rate cut in December. More cautious was the approach of the ECB, which, after raising all three main rates by 200 basis points in the first nine months of the year, also opted for a more neutral strategy, interrupting the cycle of hikes but maintaining a less accommodative rhetoric than that used by the Fed. The ECB also continued the process of reducing the size of its balance sheet by announcing it intends to gradually discontinue reinvestments under the Pandemic Emergency Purchase Programme (PEPP) – launched during the pandemic – with the PEPP portfolio being reduced by Euro 7.5 billion per month from mid-2024.

As mentioned earlier, the financial markets have been particularly generous.

The MSCI AC World equity index ended the year up about 20%, driven primarily by the strong performance of its largest contributor: the US stock market. In the United States, stocks of the highest capitalisation companies, mainly in the Technology and Consumer Discretionary sectors, shone brightly on the back of better-than-expected financial statement results on average, and especially the buzz around the topic of AI (Artificial Intelligence). The run of the "Magnificent Seven", as Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla have been dubbed, allowed the US Nasdaq Composite technology index to close 2023 up by more than 40%. European stock markets also posted double-digit gains, with the German Dax reaching an all-time high. However, the Italian Ftse Mib index stood out positively in Europe, thanks mainly to the strength of the banking sector. On the other hand, London closed only modestly higher, penalised by the large number of stocks in commodity-related sectors. Geographically, we should also mention the excellent performance of Japanese equities, boosted by the openly expansionary stance maintained by the Bank of Japan throughout the year. In emerging countries, however, the MSCI Emerging Markets Index closed 2023 with a more modest gain (+7%) than its global counterpart, held back in particular by the weakness in Chinese equities.

Positive results also for bond markets, which were mainly driven by the (actual and expected) monetary policies of Central Banks. In the first half of the year, markets rose and the negative slope of the main yield curves increased: initially, the continuation of restrictive monetary policies pushed up short-term yields, while signs of economic weakness supported longer-term yields. In the third quarter, the trend reversed and the curves flattened (although they remained negative), leading to losses across the fixed income sector. The theme of "high interest rates for an extended period of time", repeatedly reiterated by central bankers, encouraged selling across all sections of the curve, with medium- to long-term securities also paying for the greater resilience of the economic cycle, especially in the US. In the last part of the year, bond markets resumed their upward trend, making much of the year's gains in just two months. The turnaround was initially driven by risk aversion related to geopolitical developments in the Middle East, but later bets on an imminent end to restrictive monetary policies increased. Finally, towards the end of the year, the Bank of Japan (BoJ) provided a further boost to the global bond market, leaving its expansionary measures unchanged and signalling no imminent change in strategy. In general, year on year performance was less marked in the United States, intermittently impacted by the extensive issuance programme – needed to finance the high federal deficit – implemented by the US Treasury. European markets, on the other hand, were more buoyant, with the government bonds of Eurozone countries standing out. This was partly due to the prevailing climate of risk appetite and partly to the opinions of the rating agencies, which not only did not come up with any negative surprises but often revised their ratings positively. Spread markets also performed very well, outperforming government bond indices on average.

In terms of currency, compared to the other main currencies, the Euro showed a contrasting performance. The single European currency strengthened in particular against the yen, which was penalised by the Bank of Japan's very expansionary policy, and also, albeit to a lesser extent, against the US dollar, which struggled, especially in the second half of the year, in the wake of the Fed's accommodative rhetoric. The euro also strengthened against the major commodity currencies, while losing ground against the British pound sterling and the Swiss franc.

Finally, with regard to commodities, 2023 was negative for industrial metals and energy, classic cyclical components that were already penalised in the first half of the year by China's lower-than-expected growth. With the exception of the third quarter, the supply/demand balance for oil was generally unfavourable: US production rose to record levels, while internal disagreements within Opec+, the cartel of producer countries, prevented the implementation of a credible production cut plan. The European natural gas price likewise registered a net decrease, thanks to the mild temperatures recorded in Europe in the winter months and replenishment of storage levels that, as a result, remained at maximum stock levels for the season. Precious metals, on the other hand, shone (gold even reached new all-time highs towards the end of the year), helped by falling US real yields and a weakening dollar.

1.4 The banking system and domestic interest rates[2]

In 2023, the international economic framework was characterised by declining global demand, heightened uncertainty in the geopolitical context, and less favourable financial conditions. Therefore, the global economy highlighted various areas of weakness, reflected in the overall slowdown of the economic cycle, but the phase of economic contraction feared by various economists at the beginning of the reporting period did not materialise. Although inflationary pressures have gradually eased, leading to a change in the stance of the main Central Banks (from restrictive to neutral), the effects of the ECB's restrictive monetary policy have also been felt in the Italian banking market.

Deposits

According to the initial ABI estimates made in December 2023, deposits from customers from all the banks operating in Italy, including deposits from residents and bonds (net of those repurchased by banks), was -1.5% lower than in the previous year. More specifically, deposits from resident customers declined at a headline rate of -3.8%, with an annual decrease in absolute value of Euro 71 billion.

The average interest rate paid on customer funds (comprising the yield on Euro deposits, bonds and repurchase agreements paid to households and non-financial companies) was 1.16% in December 2023. In particular:
- the rate on Euro deposits paid to households and non-financial companies was 0.96%;
- the yield on bonds was 2.72%;
- that on current account deposits was 0.53%.

Loans

In December 2023, total loans to residents in Italy (private sector plus public administrations, net of repos with central counterparties) amounted to Euro 1,669.6 billion, with an annual change of -3.9%. Loans to Italian residents in the private sector amounted to Euro 1,428 billion, a decrease of -3.2% compared to previous year, of which Euro 1,296 billion was to households and non-financial companies.

According to the latest quarterly bank credit survey, bidding criteria on business loans tightened in the last months of 2023, which can be attributed to increased risk perception and lower risk appetite. These factors also contributed to a tightening of the general terms and conditions of such loans, which was partly mitigated by the reduction in margins applied by banks, especially on less risky loans, as a result of increased competitive pressure. Demand for loans from businesses continued to decline, reflecting in particular the rise in interest rates, the decline in the need for capital expenditure and the increased use of self-financing. Lending criteria for loans to households for buying a home remained unchanged, while those for consumer loans were tightened. Conditions were tightened for both categories of loans, despite increased competitive pressure. Household demand for loans fell, both for buying a home and for consumption; In both cases, higher interest rates and deteriorating confidence continued to have a negative impact.

The macroeconomic environment led to a slight deterioration in the credit quality of Italian banks. Bad loans, net of the write-downs and provisions already made by banks using their own resources, totalled Euro 17.7 billion in November 2023, up from Euro 16.3 billion a year earlier. The ratio of net bad loans to total loans settled at 1.05% in November 2023 (vs. 0.92% in the previous year).

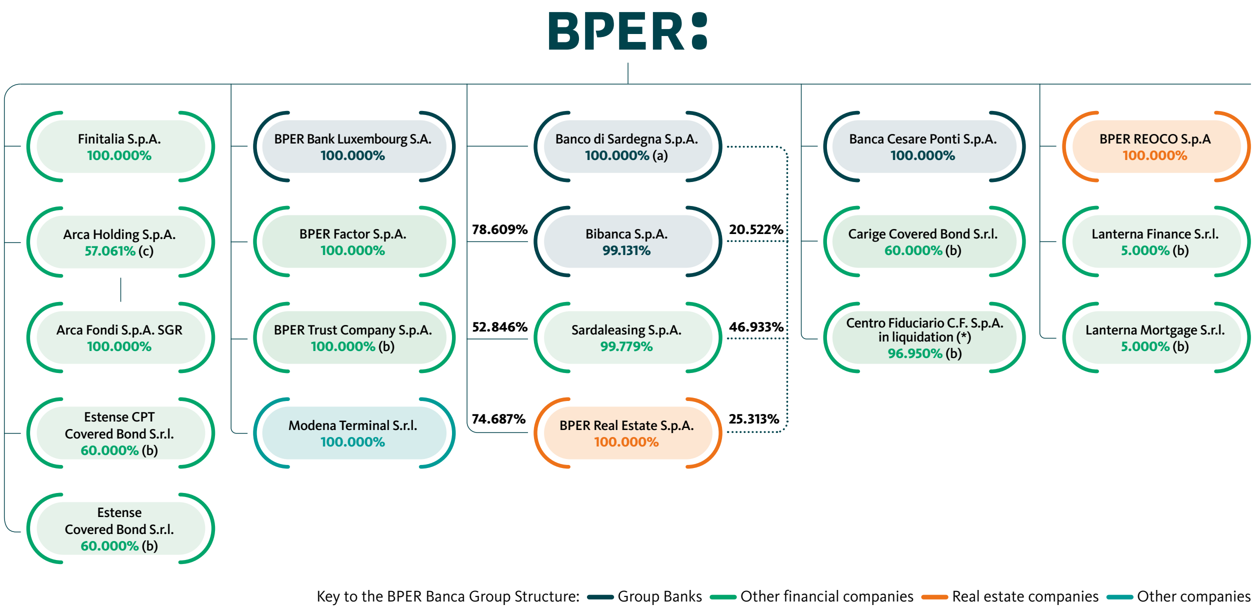
2 Source: ABI Monthly Outlook (summary), January 2024.

ABI reports that the rate on Euro-denominated home purchase loans to households – average of fixed and floating rates – came to 4.42% in December 2023 (3.09% in December 2022). About 62% of new mortgage loans are arranged at a fixed rate. The average rate on new Euro-denominated loans to non-financial companies has increased to 5.69% (3.44% in December 2022). Lastly, the weighted average interest rate on all loans to households and non-financial companies was 4.76% at the end of December 2023 (3.22% in December 2022).

For banks, the spread between the average rate on loans and the average rate on deposits from households and non-financial companies was down: in December 2023 it was 220 basis points (bps), from 260 bps at the end of 2022.

2. HIGHLIGHTS

2.1 BPER Banca Group structure as at 31 December 2023



(a) Equivalent to 99.461% of the entire Share Capital consisting of ordinary and preference.

(b) Subsidiaries consolidated under the equity method.

(c) Subsidiary company which is not included in the Banking Group since it does not contribute directly to its activities.

St. Anna Gestione Golf Società Sportiva Dilettantistica s.r.l., a subsidiary of BPER REOCO through St. Anna Golf s.r.l., was excluded from the scope of consolidation as it was considered non-significant.

(*) On 6 March 2024, the company was cancelled from the Companies Register

The scope of consolidation also includes the following subsidiaries which are not included in the Banking Group, since they do not contribute directly to its activities. These companies are consolidated under the equity method.

Subsidiaries of the Parent Company:
- Adras S.p.A. (100%);
- Commerciale Piccapietra S.r.l. (100%);
- Bridge Servicing S.p.A (100%).

Indirect subsidiares of BPER Banca, through Bper Reoco S.p.A.:
- Annia S.r.l. (100%);
- Sant'Anna Golf S.r.l. (100%).

2.2 The BPER Banca Group today

The BPER Group was established in 1992 through an initiative by BPER Banca[3] (then named Banca Popolare dell'Emilia - Romagna). The underlying objective was to create a reality in which each bank belonging to the Group could capitalise on the synergies of a large Group, while maintaining its operating autonomy and deep roots in the local areas.

Today, it is the country's third largest listed banking group in terms of global funding and number of branches and, through its investee companies, it is active in all major segments of the banking and investment services market:

- Corporate & Investment Banking;
- Private Banking & Wealth Management;
- Bancassurance[4];
- Leasing;
- Factoring;
- Lending to retail customers.

The BPER Group is present in all Italian regions, with a network of 1,635 branches nationwide as at 31 December 2023, in addition to a branch in the Grand Duchy of Luxembourg of subsidiary BPER Bank of Luxembourg S.A.[5]

Strengthened by three commercial banks (BPER Banca, Banco di Sardegna and Banca Cesare Ponti), the Group is able to offer its customers qualified assistance in all the major international markets, thanks to a solid network of shareholdings and partnerships.

The BPER Banca's distribution structure across the country is organised into 10 Regional Departments:

- North-West Regional Department based in Turin;
- West Lombardy Regional Department based in Milan;
- East Lombardy – Triveneto Regional Department based in Brescia;
- West Emilia Regional Department with headquarters in Modena;
- East Emilia – Romagna Regional Department based in Bologna;
- Liguria Regional Department based in Genoa;
- East Centre Regional Department based in Ancona;
- West Centre Regional Department based in Rome;
- Campania – Puglia – Basilicata Territorial Department based in Avellino;
- Calabria-Sicily Regional Department with headquarters in Crotone.

3rd
largest national banking group*

1
national Bank:
BPER Banca

1
regional commercial Bank:
Banco di Sardegna

1
specialist Private Bank:
Banca Cesare Ponti

1
foreign Bank:
BPER Bank of Luxembourg

Over **5 million**
customers

1,635 branches**

ca. **21 thousand** employees

* by number of branches and total funding
** 1,635 branches in Italy and Luxembourg

The Group includes multiple product factories operating in:
Leasing • Factoring • Consumer finance • Asset Management

3 BPER Banca S.p.A. with Head office in Via San Carlo 8/20, Modena, Italy; Parent Company of the BPER Banca banking Group, Registered in the Register of Banking Groups with ABI code 5387.6 www.bper.it - https://istituzionale.bper.it/

4 Mainly through the placement of third-party products.

5 Please refer to the financial statement annex on the Group's Geographical organisation

Main banks and companies of the BPER Group[6]

Arca Holding S.p.A. and Arca Fondi SGR S.p.A.

Arca Fondi SGR was established from the history and experience of Arca SGR S.p.A. (today Arca Holding S.p.A.), founded in October 1983.
It is one of the main players in the field of asset management in Italy: around 100 placement agents operate with over 8 thousand branches and financial advisers to guarantee the highest level of service and assistance to its customers.

Banca Cesare Ponti S.p.A.

Banca Cesare Ponti was established in 1871 as a general partnership for currency exchange. In 1881, the historic Milan headquarters was inaugurated in Piazza Duomo. In 1906, with Cesare Ponti, the bank was established as a joint-stock company. In 2005, the bank became part of the Banca Carige Group and in 2022, of the BPER Banca Group. Private banking is the main business whose values include reliability, competence, professionalism and listening skills. Following the merger by absorption of Optima S.p.A. As the “BPER Banca Group’s Single Investment Centre”, it provides portfolio management services on behalf of the Group’s banks, offers customised solutions for the management of the assets of the Group’s customers and manages certain sub-funds of the BPER International Sicav and the Luxembourg Selection Fund. As at 31 December 2023, the total portfolios managed, by proxy or on its own, reached Euro 5.8 billion and the assets on which it supports the financial advisory service stand at Euro 97 billion.

Banco di Sardegna S.p.A.

Banco di Sardegna has always been the leading bank on the island. It has a total of 286 branches (280 in Sardinia, in 253 municipalities) serving around 620 thousand customers. In addition to its sound financial position and the quality of its balance sheet, the Bank combines the strong sense of belonging of its employees, its constant closeness to the territory and its proactive listening, which allow it to be a benchmark for businesses and families and to promote a sustainable growth style based on values of simplicity, transparency, professionalism and efficiency.

Bibanca S.p.A.

A BPER Group company specialising in payments and consumer credit, it offers its services throughout the country through the branch network of the BPER Group banks and that of its agents. Today Bibanca has a payment card portfolio of over 4.7 million including credit, debit and prepaid cards and manages a stock of assets of over Euro 3.4 billion.

BPER Bank Luxembourg S.A.

BPER Bank Luxembourg is the Luxembourg subsidiary of the BPER Group. It was established in 1996 and has dealt with the management of Private, Personal and “Corporate” customers since then. It also manages the treasury for retail and institutional customers and loans both locally and internationally, mainly for “Corporate” customers.

BPER Factor S.p.A.

The predominant activity is the purchase of trade receivables and the disbursement of loans. in addition to the residual activity of leasing. The company operates predominantly on the national market, although it also has dealings with other European countries.

BPER Real Estate S.p.A.

Real estate companies whose business consists of the acquisition, administration, enhancement, management and leasing of real estate assets mainly for functional use by the BPER Group companies.

BPER Reoco S.p.A.

A real estate company whose activities consist of acquiring assets from non-performing loans held by the BPER Group. These assets have a “value add” profile in which Reoco operates with a deep appreciation in order to sell the assets at the best market conditions.

Finitalia S.p.A.

Finitalia is a company established in 1972 operating in the consumer credit sector which has been part of the BPER Group since July 2019. It specialises in both financing premiums and any products and services related to insurance policies, through the issue of virtual revolving credit cards on a private circuit or by granting special purpose loans, and in financing by granting personal loans.

Modena Terminal S.r.l.

Since 1983, the company has been strongly committed to the provision of custody, storage, logistics and handling services for domestic, EU and foreign goods. Modena Terminal is authorised to operate under the General Warehouse system and may therefore issue deposit slips and pledge notes on the goods deposited.

Sardaleasing S.p.A.

The company’s purpose is the leasing of assets (mainly immovable assets, capital goods and registered personal property) as well as the granting of loans, provided that they are connected to leasing operations.

6 In the rest of the document, banks and companies belonging to the BPER Group are also referred to as “Banks and Companies”.

2.3 Summary of results

As at 31 December 2023, consolidated net profit amounted to Euro 1,519.5 million, after having expensed Euro 161.2 million in contributions to the banking system funds.

Net Interest Income totalled Euro 3,251.8 million (+78.1% on 31 December 2022), on the rise primarily on the back of a higher commercial spread stemming from a supportive interest rate environment, well managed deposit pass-through and the positive contribution from the investment portfolio.

Net commission income, amounting to Euro 2,010.4 million, was 3.5% higher than at 31 December 2022. The trend is particularly reflective of the sizeable contribution from traditional banking fees (+2.0% compared to 31 December 2022); likewise positive was the input of fees and commissions on indirect funding (+4.9% compared to 31 December 2022) and bancassurance (+7.5% compared to 31 December 2022).

Net loans to customers amounted to Euro 88.2 billion (Euro 90.0 billion gross), down 3.2% since end-2022. The reduction in loans to businesses and households is primarily reflective of the slowdown in demand due to increased interest rates and the increased perception of uncertainty in the evolution of the macroeconomic scenario.

The disciplined approach to non-performing loan management and the de-risking actions implemented have enabled the Group to achieve sound asset quality ratios: the share of gross non-performing loans to customers (gross NPE ratio) is 2.4%, down on end-2022 (3.2%), whereas the share of net non-performing loans to customers (net NPE ratio) is 1.2%, down on end-2022 (1.4%).

The Bank's capital and liquidity profiles remain strong thanks to the organic generation of capital which drives the CET1 ratio to 14.5%. The same applies to the Bank's liquidity position, with regulatory ratios being broadly in excess of the minimum thresholds required (LCR equal to 160.9%, NSFR to 128.4%).

For further details on the results achieved by the BPER Banca Group in 2023, please refer to chapter "The BPER Banca Group's results of operations" in this Integrated Report and Consolidated Financial Report.

2.4 Performance ratios[7]

Financial ratios

Financial ratios	31.12.2023	2022 (*)
Structural ratios		
Net loans to customers/total assets	62.07%	59.86%
Net loans to customers/direct deposits from customers	74.28%	79.40%
Financial assets/total assets	20.12%	20.13%
Gross non-performing loans/gross loans to customers	2.44%	3.20%
Net non-performing loans/net loans to customers	1.18%	1.41%
Texas Ratio	21.82%	32.29%
Profitability ratios		
ROE	24.15%	7.94%
ROTE	23.94%	8.30%
ROA	1.24%	0.35%
Cost to income ratio	56.01%	65.47%
Cost of credit	0.48%	0.64%

(*) The comparative ratios have been calculated on figures at 31 December 2022 as per the Consolidated financial report as at 31 December 2022.

The Texas ratio is calculated as total gross non-performing loans on net tangible equity (Group and minority interests) plus impairment provisions for non-performing loans.
ROE has been calculated as net profit for the year (only recurring component of Euro 1,731.1 million) on average shareholders' equity of Group not including net profit.
ROTE is calculated as the ratio between the net profit for the year (solely the recurring component amounting to Euro 1,731.1 million) and the Group's average shareholders' equity i) including net profit for the year (solely the recurring component amounting to Euro 1,731.1 million) stripped of the portion allocated to dividends and ii) excluding intangible assets and equity instruments.
ROA has been calculated as net profit for the year including net profit pertaining to minority interests (only recurring component of Euro 1,763.6 million) on total assets.
The Cost to income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income); when calculated on the basis of the schedules provided by the 8th update of Bank of Italy Circular no. 262, the Cost to income ratio is at 59.34% (73.17% at 31 December 2022 as per the Consolidated Financial Report for the year ending 31 December 2022).
The Cost of credit has been calculated as net impairment losses to loans to customers on net loans to customers as at 31 December 2023.

7 The information provided is consistent with the ESMA document of 5 October 2015 "Guidelines on Alternative performance measures", aimed at promoting the usefulness and transparency of Alternative Performance Measures included in prospectuses or regulated information. To construct ratios, reference was made to the balance sheet and income statement items of the reclassified statements providing an operational management view and commented on in chapter "The BPER Banca Group's results of operations" of these Integrated and Consolidated Financial Reports.

Prudential supervisory ratios

Prudential supervisory ratios	31.12.2023	2022 (*)
Own Funds (Fully Phased) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	7,736,303	6,379,995
Total Own Funds	9,663,855	8,292,408
Risk-weighted assets (RWA)	53,501,799	52,989,278
Fully Phased capital ratios and liquidity ratios		
Common Equity Tier 1 Ratio (CET1)	14.46%	12.04%
Tier 1 Ratio (T1 Ratio)	14.74%	12.32%
Total Capital Ratio (TC Ratio)	18.06%	15.65%
Leverage ratio	5.5%	4.3%
Liquidity Coverage Ratio (LCR)	160.9%	195.3%
Net Stable Funding Ratio (NSFR)	128.4%	127.3%

(*) The comparative ratios have been calculated on figures at 31 December 2022 as per the Consolidated financial report as at 31 December 2022.

The Leverage Ratio has been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by Commission Delegated Regulation (EU) 62/2015.

Non-financial indicators

Non-financial indicators	31.12.2023	31.12.2022
Environmental		
GAR (Stock - Turnover weighting)	1.5%	N/A
Electricity consumption from renewable sources	100%	99%
Emission intensity by employee (tCO2e/no. of employees)	0.65	0.56
Social		
Employees on permanent contracts	99%	99%
Percentage of women over total employees	47%	47%
Training hours per employee	53	45
Economic & Governance		
Total economic value generated (euro billions)	5.4	3.9
% economic value distributed	64%	81%
% Women in BoD	57%	53%

(*) The value was rounded up.

The GAR (or Green Asset Ratio) is the ratio of the bank's assets that finance or are invested in economic activities aligned with the taxonomy to the total assets covered. The indicator shown above is calculated on the basis of exposures to counterparties subject to the Non-Financial Reporting Directive weighted by their adjusted turnover as at 31 December 2023.
The percentage of electricity consumption from renewable sources is the ratio of electricity purchased and self-consumed in the year from renewable sources to the total electricity consumed in the year. In 2023, the value of 99.55% was rounded up.
The emission intensity per employee is calculated as the emissions in tCO2e produced in the year over the total number of employees of the fully consolidated Banks and Companies as at 31 December 2023. The Market-Based calculation method is used in the calculation.
The social indicators are calculated on the basis of the total number of employees of the fully consolidated Banks and Companies as at 31 December 2023. Per capita hours of training are calculated by dividing the total number of training hours provided on the basis of the total number of employees of the fully consolidated Companies as at 31 December 2023.
For further information on the economic value generated and distributed, please refer to Section 1.4.2 Economic Value Generated and Distributed of Part 2 - Consolidated Non-Financial Statement of this Directors' Report on Group Operations.

3. SIGNIFICANT EVENTS AND STRATEGIC TRANSACTIONS

3.1 2022-2025 “BPER e-volution” Business Plan

In June 2022, BPER Banca approved its 2022-2025 Business Plan – “BPER e-volution”; the Plan lays down two major lines of growth:
- extraordinary corporate transactions;
- organic growth levers.

Extraordinary corporate transactions

The extraordinary transactions in the Plan are designed to further strengthen the BPER Banca Group’s competitive position in the national arena and ensure a closer focus on its core activities, including via the disposal of non-strategic assets, which make it possible to free up capital to be leveraged for core business growth.

The main transactions included:
- *Acquisition of the Carige Group*.
  The integration process was completed on 28 November 2022, with the merger by absorption of Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A. into BPER Banca. The acquisition of control and subsequent integration enabled the BPER Banca Group to expand its presence throughout the country.
- *Disposal of the merchant acquiring business*
  The transaction was finalised in December 2022 and was realised through the transfer of the merchant acquiring and POS management business unit; it enabled the BPER Banca Group to enter into a long-term partnership with the selected counterparty, Nexi s.p.a.
- *Branch Sale Agreement*.
  The transaction, completed on 17 February 2023, saw the sale to Banco Desio e della Brianza s.p.a. of 48 branches, in order to avoid the emergence of potentially significant antitrust issues following the change of control of the Carige Group.
- *Deconsolidation of long-term rental company – SIFA’.*
  The transaction was completed in 2023 through the integration of Sifà into UnipolRental s.p.a., one of the leading players in the long-term rental sector.
- *Creation of a Wealth Management & Asset Management hub.*
  During 2023 and the first months of 2024, the project for the value enhancement of Banca Cesare Ponti s.p.a. was implemented. as a specialised vehicle and centre of excellence for the direct management of Private banking customers. This project will maximise synergies between the distribution networks and the product companies of Asset Management and Life Bancassurance.
- *Disposal of the internal bad loan and UTP debt collection platform and implementation of the outsourced NPE servicing agreement.*
  The transaction is part of the broader de-risking strategy that the BPER Banca Group has pursued in recent years and involves the sale of the in-house platform for the recovery of bad loans and UTPs, with the parallel disposal of part of the portfolio of non-performing exposures to a servicer specialised in the collection of impaired positions. In said area, on 28 November 2022, BPER Banca’s Board of Directors approved the establishment of a new strategic partnership between the BPER Banca Group and the Gardant Group for the management of its impaired loans which combines the professional, industrial, IT and management skills of the two partners.
- *Deconsolidation of Sardaleasing.*
  The disposal of the subsidiary, aimed at simplifying the BPER Banca Group’s oversight of the leasing proposition, is currently being reconsidered.

The above allows the BPER Banca Group to consider that the objectives of the plan, represented by the extraordinary transactions, have been substantially achieved, two years ahead of schedule.

Organic growth levers

The Business Plan is structured into 5 project tracks that make it possible to achieve a significant increase in profitability together with an improvement in efficiency and productivity:

- enhancement of the national-scale multi-specialist bank model;
- transformation into a fee-based revenue model;
- strengthening of the IT and business partnership;
- transformation into a "simple, digital bank";
- keeping "people at the centre".

The project works mentioned above will be supported by 3 cross-cutting levers: i) de-risking and credit control, ii) new innovation model and iii) ESG infusion.

3.2 Targets achieved in 2023[8]

Disposal to Banco Desio of a business unit consisting of bank branches

As part of the process of integration of the Banca Carige Group, on 3 June 2022 BPER Banca signed with Banco di Desio e della Brianza s.p.a. ("Banco Desio") an agreement for the sale to the latter of two separate business units consisting of 8 bank branches owned by Banco di Sardegna and 40 branches owned by Banca Carige (respectively, the "BdS business unit" and the "Carige business unit" and jointly the "Business Units"). The disposal of the Business Units to Banco Desio was designed to prevent the emergence of antitrust issues. Both Business Units include their respective legal relationships and assets and liabilities, including relationships and contracts with customers and employees belonging to each of the two Business Units.

The BdS Business Unit also includes the 5 branches that were the subject of the authorisation procedure of the Italian Competition Authority (AGCM) relating to the acquisition of Unipol Banca in 2019. The procedure was positively closed on 19 July 2022: the Authority acknowledged that, considered as a whole, the elements that had emerged during the investigation do not constitute a case of non-compliance. Furthermore, taking into account the transfer of these branches to Banco Desio, the Authority did not deem it necessary to impose new measures in addition to or in place of those envisaged by previous Provision.

The total consideration to be paid under the Disposal Agreement is subject to adjustments based on the trend of the gross banking product of said Business Units until closing.

Following up on the agreements with Banco Desio, notarial deeds were signed on 17 February 2023 for the transfer of the aforementioned business units, effective from 20 February 2023 for legal purposes.

Strategic commercial partnership entered into with UnipolSai in Long -Term Rental

On 28 March 2023, BPER Banca S.p.A. and UnipolSai Assicurazioni S.p.A. (hereinafter "UnipolSai") signed an agreement to launch a strategic commercial partnership in the Long-Term Rental sector, to be achieved through, among other things, the merger by absorption of Società Italiana Flotte Aziendali S.p.A., a company wholly owned by BPER Banca, into UnipolRental S.p.A. ("UnipolRental"), a company controlled by UnipolSai.

The merger took place on 1 July 2023, once the conditions precedent were fulfilled and the relevant corporate obligations were completed. Therefore, BPER Banca has become the owner of a significant interest in the share capital of UnipolRental, with which it has entered into a long-term commercial agreement for the referral of customers, through the Bank's branch network and, more generally, through the commercial channels of the BPER Banca Group (excluding Bibanca S.p.A.) to UnipolRental for LTR products and services related to LTR contracts.

8 For the objectives laid out in the Business Plan achieved in 2022, please refer to the 2022 Reports of the BPER Banca Group.

Concentration of the Wealth & Asset Management segments of the BPER Banca Group in Banca Cesare Ponti

On 29 and 25 May 2023, respectively, the Boards of Directors of Banca Cesare Ponti and Optima, both wholly-owned subsidiaries of BPER Banca, approved the project for the merger by absorption of Optima into BCP (in simplified form), subject to authorisation by the ECB, received on 20 September 2023.

On 9 October 2023, the extraordinary shareholders' meetings of BCP and Optima approved the merger by absorption of Optima into BCP. The deed of merger by absorption was later entered into with legal effect as of 13 November 2023 and with accounting and tax effect backdated to 1 October 2023.

The merger falls within the scope of the initiatives to rationalise and streamline the structure of the BPER Banca Group set out in the 2022-2025 Business Plan.

Again, as part of the initiatives to rationalise and streamline the structure of the BPER Banca Group set out in the 2022-2025 Business Plan, preliminary activities got under way in 2023 in preparation for BPER Banca's transfer of the business line relating to the Wealth & Asset Management segment to BCP, based on a share capital increase of Banca Cesare Ponti, to be fully subscribed by BPER Banca. This second transaction had also been completed as at the date of these Integrated Report and Consolidated Financial Report, having become effective on 19 February 2024.

De-risking and credit control - Framework Agreement with Gardant and AMCO for the creation of a strategic partnership for the management of NPE portfolios

Continuing its de-risking and credit monitoring activities, the BPER Banca Group has completed the following UTP loan disposals.

- On 27 April 2023, further to the agreements entered into with the Gardant Group as a purchaser, the BPER Banca Group finalised the disposal of a portfolio of UTP exposures originated by BPER Banca and its subsidiary Banco di Sardegna for a total claimed amount of Euro 470 million. The transaction was finalised via the disposal of the loan portfolio to the securitisation vehicle "Loira SPV Srl", established under Law no. 130/99; the senior notes and 5% of the mezzanine and junior notes were subscribed for by BPER Banca, while the remaining securities were subscribed for by companies controlled by funds of Elliott.
- On 18 May 2023, further to the agreements entered into with AMCO – Asset Management Company S.p.A., in its capacity of buyer, the BPER Banca Group finalised, pursuant to and for the purposes of the provisions of art. 58 of Legislative Decree no. 385/1993 (the 'Consolidated Law on Banking'), of a non-recourse transfer against consideration of a portfolio of Unlikely to Pay ("UTP") exposures of BPER Banca and its subsidiary Banco di Sardegna as a pool for a claimed amount of approximately Euro 430 million to AMCO.

As already highlighted in the paragraph presenting the Business Plan, the strategic development lines of the "BPER evolution" Plan identify "de-risking and credit monitoring" as one of the three cross-cutting levers of the Plan itself, also having a significant impact on the SREP Process; on 15 January 2024, a transaction was finalised to establish a strategic partnership between the BPER Banca Group and the Gardant Group, for the management of non-performing loans owned by BPER Banca and Banco di Sardegna.

The partnership between the BPER Banca Group and the Gardant Group is characterised by the creation of a servicing platform owned 70% by Gardant Bridge s.p.a., a company of the Gardant Group, and 30% by BPER Banca, and the signing of two servicing agreements relating to the management and recovery of loans classified as unlikely to pay and bad loans owned by BPER Banca and its subsidiary Banco di Sardegna.

Moreover, the banks and companies of the BPER Group completed further sales of non-performing loans in 2023: the Parent company BPER Banca finalised disposals of "single name" bad loans and UTPs for a gross value of approximately Euro 11.6 million and Euro 175.6 million, respectively; the subsidiary Banco di Sardegna completed disposals of bad loans for a gross value of approximately Euro 125.1 million; the subsidiary Sardaleasing finalised disposals of bad loans for a gross book value of approximately Euro 37.5 million and UTPs of approximately Euro 39.6 million.

Higher operational management efficiency

a) Workforce optimisation effort

In 2023, the Parent Company BPER Banca pursued and substantially achieved a further component of the initiatives envisaged in the 2022-2025 Business Plan aimed at generational and professional turnover, combined with a reduction of the workforce. The workforce optimisation effort, based on the exit of 1,000 resources, including through recourse to the Banking Industry's Solidarity Fund, culminated in the signing of a specific agreement with the trade unions on 23 December 2023.

In response to the exits, the Agreement envisages 500 new hires and the fixed-term stabilisation of 200 temporary employment contracts, focusing on the areas where the BPER Banca Group is present.

The agreed headcount reduction is to be considered jointly with the maximisation of innovative, digital solutions and the streamlining and automation of processes in addition to professional retraining and specialisation of human resources, with the consequent need to plan further interventions aimed at maintaining the expected workforce level, both in terms of quantity and quality. In this context, two additional agreements were reached with the Trade Unions regarding the initiatives undertaken by the Group to continue the process of its transformation through the evolution of the Business Area operating model, while maintaining adequate and consistent territorial coverage.

The signing of the agreement with the trade unions also allowed the economic accrual basis for the estimated cost of supporting the incentive plan to be defined, resulting in a total charge of Euro 294.5 million in 2023.

b) Internal reorganisation of the BPER Banca Group

Merger by absorption of Italia Valorizzazioni Immobili into BPER REOCO

As part of the initiatives targeted at rationalising and simplifying the real estate portfolio of the BPER Banca Group, as early as in December 2022, the Boards of Directors of the wholly-owned real estate companies Carige REOCO and Italiana Valorizzazioni Immobiliari (IVI) approved the plan for the merger by absorption of IVI into Carige REOCO, with said company subsequently being renamed BPER REOCO.

The plan was drafted in simplified form, pursuant to art. 2505 of the Italian Civil Code and was filed in the Register of Companies of Milan Monza Brianza and Genoa on 15 December 2022.

The merger resolutions were passed by the shareholders' meetings of IVI and Carige REOCO on 13 January 2023, while the merger deed was stipulated on 24 March 2023, effective from 1 April 2023 for legal purposes, with accounting and tax effectiveness being backdated to 1 January 2023.

Merger by absorption of BPER Credit Management into BPER Banca

On 6 February 2023, the plan for the merger by absorption of BPER Credit Management (BCM) into BPER Banca was filed in the Register of Companies of Modena, having obtained the necessary authorisations from the Supervisory Authorities.

The Merger fits within the framework of the initiatives for the rationalisation and simplification of the BPER Banca Group structure, including with a view to restructuring and improving non-performing loan management as part of an elaborate, broad project that also envisages the value enhancement and deconsolidation of the unlikely-to-pay ("UTP") and bad loan recovery platforms.

The merger resolutions were passed by the Boards of Directors of BCM and BPER Banca on 2 March 2023 and 11 March 2023 respectively. The merger deed was stipulated on 29 March 2023; the transaction has been effective since 31 March 2023 for legal purposes while accounting and tax effectiveness were backdated to 1 January 2023.

3.3 European Single Supervisory Mechanism (SSM)

BPER Banca and its banking Group are among Europe's significant institutions directly supervised by the ECB and the Bank has been recognised as a systemically important institution since 1 January 2024.

Consistent with the European Single Supervisory Mechanism (SSM), BPER Banca has organised a process of ongoing dialogue and alignment with the ECB that includes the provision of detailed periodic information flows in response to requests from the Joint Supervisory Team (JST).

As announced on 1 December 2023, after completing the annual SREP prudential review and evaluation process, the BPER Banca Group received notification from the ECB of the latest prudential requirements to be met on a consolidated basis pursuant to art. 16 of Regulation (EU) 1024/2013.

The capital requirements[9] for 2024 are shown below:
- Common Equity Tier 1 Ratio: of 8.54%, being the sum of Pillar 1 minimum regulatory requirement pursuant to art. 92 of Regulation (EU) 575/2013 (4.50%), plus the additional Pillar 2 requirement in accordance with art. 16 of Regulation (EU) 1024/2013 (P2R component of 1.38%[10]), plus the combined buffer requirement in accordance with art. 129-131 of Directive 2013/36/EU as transposed into national law (2.66%[11]);
- Tier 1 Ratio: of 10.50%, being the sum of the minimum requirement pursuant to art. 92 of Regulation (EU) 575/2013 (6.00%), plus the additional Pillar 2 requirement in accordance with art. 16 of Regulation (EU) 1024/2013 (P2R component of 1.84%[12]), plus the combined buffer requirement in accordance with art. 129-131 of Directive 2013/36/EU as transposed into national law (2.66%);
- Total Capital Ratio: of 13.11%, being the sum of the minimum requirement pursuant to art. 92 of Regulation (EU) 575/2013 (8.00%), plus the additional Pillar 2 requirement in accordance with art. 16 of Regulation (EU) 1024/2013 (P2R component of 2.45%), plus the combined buffer requirement in accordance with art. 129-131 of Directive 2013/36/EU as transposed into national law (2.66%).

In accordance with regulations for the prudential supervision of banks, failure to comply with the CET1 Ratio and Total Capital Ratio minimum requirements would lead to limitations on the distribution of earnings and the need to adopt a plan for the conservation of capital.

These quantitative capital targets are accompanied by qualitative requirements for reporting to the ECB, including the management of Non-Performing Exposures (NPEs)[13].

On 27 March 2023, the 2023-2025 NPE Strategy and the associated operating plan were presented and approved, against the backdrop of a macroeconomic scenario that takes account of inflationary tensions and the rise in interest rates, by defining the non-performing exposure targets. The 2023-2025 NPE Strategy incorporated the transfer of the internal platform for the recovery of bad loans and UTP loans with the subsequent activation of NPE servicing that -as already pointed out-together with the sale of additional portfolios of NPEs and improvement in management and workout activities, helped to confirm a gross NPE ratio at low levels and in line with the targets of the 2022-2025 Business Plan.

In relation to the internal rating system, through the Final Decision issued as a result of its latest Internal Model Investigation in February 2023, the ECB issued its authorisation of material model changes to the internal models and the extension of the IRB models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures. The new internal rating system has been in use since the supervisory reports of 31 March 2023 and for management purposes since May 2023.

In addition, for the Supervisory Reports as at 30 June 2023, the new IRB models were extended to former Unipol Banca exposures, with the ECB having confirmed, on said date, the fulfilment of Condition 1 set forth in the aforementioned Final Decision and authorised said extension.

9 For the capital requirements of the BPER Banca Group, please refer to section 5.2 "Own funds and capital ratios".

10 The additional Pillar 2 requirement communicated by the ECB to BPER shall be 2.45%, to be held in the form of 56.25% of CET1 capital as a minimum.

11 The Combined Buffer Requirement is made up of the Capital Conservation Buffer (2.50%), the O-SII Buffer (0,125%) and the Countercyclical Capital Buffer (038% as at 30/9/2023).

12 The additional Pillar 2 requirement communicated by the ECB to BPER shall be 2.45%, to be held in the form of 75% of Tier 1 capital as a minimum.

13 The ECB recommended that BPER Banca should implement, only for Pillar 2 regulatory purposes, a linear adjustment of its coverage levels for the stock of non-performing loans outstanding at 31 March 2018 until full coverage is achieved, with the following objectives:
- for secured NPEs older than 7 years, achieve 90% coverage by year end 2024, with a linear adjustment path to full coverage by year end 2025;
- for unsecured NPEs older than 2 years, achieve 100% coverage by year end 2024, with a linear adjustment path.

On 28 July 2023, the European Banking Authority (EBA), in cooperation with the European Central Bank (ECB), and the European Systemic Risk Board (ESRB) announced the outcome of the 2023 EU-wide stress test. The following is a summary of its characteristics:

- the scope of the test is related to the capital, covering in particular credit, interest rate, market and operational risks, as well as other income statement and capital items;
- the forward-looking analysis was characterised by the use of two three-year scenarios (2023-2025), one baseline and one adverse;
- there are no minimum thresholds for the financial year. The test, however, is an important source of information for the purposes of the Supervisory Review and Evaluation Process (SREP). The results assisted competent Authorities in assessing the intermediaries' ability to meet applicable prudential requirements under stressed scenarios.

BPER notes the announcements made about the EU-wide stress test results and acknowledges the outcomes of the exercise, which confirmed the Group's financial strength.

3.4 Other significant events

Evolution of BPER Real Estate: increase in share capital

On 8 February 2023, BPER Banca's Board of Directors resolved upon the transaction involving the paid and indivisible share capital increase of BPER Real Estate, with the exclusion of the option right, pursuant to art. 2441, paragraph 4, of the Italian Civil Code. to be reserved for subscription for the Parent Company BPER Banca, through the issue of new ordinary shares to be paid in kind through the transfer of some real estate units.

On 27 March 2023, the Extraordinary Shareholders' Meeting of the company BPER Real Estate S.p.A. was held, which resolved to increase its share capital from Euro 138,694,095 to Euro 159,233,925. The new ownership structure of the company after the share capital increase is as follows: BPER Banca owns 1,366,972 shares representing 74.6867% of the share capital and Banco di Sardegna owns 463,303 shares representing 25.3133% of the share capital.

These changes have been effective since 29 March 2023, when the notarial deed was registered with the Modena Companies Register.

Senior Non-Preferred Bond issuance

On 4 September 2023 (settlement date on 11 September 2023), BPER Banca successfully placed a Senior Non-Preferred Bond issuance for an amount of EUR 500 million with 6-year maturity and a call after year 5, targeting institutional investors.

The market confirmed its strong interest in BPER Banca. Orders were gathered from roughly 130 investors for a total of over Euro 1.3 billion.

Due to the strong and well-diversified demand, the initial guidance of 285 bps over the 5-year mid-swap rate was revised and set at 260 bps, resulting in an annual coupon of 5.750%, with an issue/re-offer price of 99.695%.

The geographical distribution sees participation from foreign investors (including 28% from Germany, Austria and Switzerland, 19% from the UK and Ireland, 8% from France and 6% from the USA and Canada) and Italian investors (32%).

The issuance once again confirms investors' interest and BPER's ability to access capital markets in different formats.

The issuance is part of the Euro 6 billion worth EMTN (Euro Medium Term Notes) programme centralised in dematerialised form at Euronext Securities Milan. The Notes are expected to be rated: Ba1 (Moody's)/ BB+ (Fitch)/ BBB (low) (DBRS).

The bond is listed on the Luxembourg Stock Exchange.

The transaction is consistent with the Bank's three-year Funding Plan (2023-2025), as communicated to the market during the presentation of the strategic plan.

Fixed-rate covered bond issue

On 21 November 2023, BPER Banca has successfully placed a fixed rate Covered Bond issuance for an amount of Euro 750 million with 5-year maturity, targeting institutional investors.

The bonds qualify as BPER Banca's first European Covered Bond (Premium) issuance, in compliance with the new European directive transposed into the Italian legal framework on 30 March 2023.

Confirming the strong market interest in BPER Banca, investor demand for the issuance was among the highest in the Italian banking system and gathered orders from around 70 investors for twice the amount issued.

Due to the strong, well-diversified demand, the initial guidance of 80 bps over the mid-swap rate was revised downwards by 5 bps and set at 75 bps, with an annual fixed coupon of 3.750% and an issue/re-offer price of 99.690%.

The final allocation was primarily in favour of banks (40%), funds (34%) and institutions (25%). The geographical distribution sees participation from foreign investors (including 21% from Germany and Austria, 17% from Nordics, 8% from Benelux, 8% from UK and Ireland, 2% from France) and Italian investors (41%).

The issuance is part of BPER Banca's Euro 7 billion first Covered Bond Programme (Estense Covered Bond), centralised in dematerialised form at Euronext Securities Milan. The bonds are expected to be rated Aa3 by Moody's.

3.5 Events after the reporting period as at 31 December 2023

The start of the strategic partnership with the Gardant Group for the management of the recovery of bad and UTP loans of BPER Banca and Banco di Sardegna, already mentioned in the previous paragraphs as an extraordinary transaction, took the form of the sale of a controlling interest (equal to 70%) in the company Gardant Bridge Servicing s.p.a. (formerly Bridge servicing s.p.a., 100% owned by BPER Banca) to companies of the Gardant Group. This sale, settled in cash on 15 January 2024, resulted in a capital gain of Euro 150 million for the BPER Banca Group, to be accrued for 2024.

In addition to this transaction, the following events occurred after the reporting period and before the approval and authorisation of the financial statements.

Additional Tier 1 bond issuance

On 9 January 2024, BPER Banca successfully placed an Additional Tier 1 perpetual bond issuance, callable from year 5, for a total principal amount of Euro 500 million.

The Notes, reserved for institutional investors, were issued at par, with a fixed coupon of 8.375% until 16 July 2029, payable semi-annually; if not called by the Bank, the coupon will be redetermined by adding a reset spread of 595 bps to the 5-year mid swap rate in Euro as at the reset date and would remain fixed for the following 5 years (until the next recalculation date).

The Additional Tier 1 issuance was oversubscribed with orders exceeding Euro 3.2 billion after books opening, which made it possible to revise the initial guidance from 9.00% to 8.375% and reach the target sizing of Euro 500 million.

The final allocation was primarily in favour of investment funds (80%) and private banking (15%).

The geographical distribution sees participation from foreign investors (including 50% from the UK, 11% from Germany, 8% from France) and Italian investors (18%).

The Additional Tier 1 Issuance additionally provide for the temporary principal write-down mechanism of the nominal value, should the CET1 ratio of the Bank and/or the Group fall below 5.125%.

First senior preferred green bond issuance

On 13 February 2024, BPER Banca has successfully placed its first Senior Preferred Bond issuance qualifying as green in accordance with the Group's Green, Social and Sustainability (GSS) Bond Framework, targeting institutional investors. The issuance, with 6-year maturity and a call after year 5, was allocated for an amount of Euro 500 million.

Confirming the strong interest in BPER Banca, orders in excess of Euro 3.4 billion were raised for the issuance. The extensive, well-diversified demand made it possible to lower the initial spread guidance of 200 bps over the 5-year mid-swap rate up to 160 bps resulting in an annual coupon of 4.250%, with an issue/re-offer price of 99.753%.

The geographical distribution sees participation from foreign investors (including 20% from the UK, 13% from Germany, Austria and Switzerland, 9% from France) and Italian investors (42%).

The final allocation was primarily in favour of investment funds (51%) and private banking (30%). The issuance, whose proceeds will be used to finance and/or refinance Eligible Green Assets, complements BPER's ESG strategy and represents the concrete achievement of environmental sustainability objectives.

4. SCOPE OF CONSOLIDATION OF THE BPER BANCA GROUP

4.1 Composition of the Group as at 31 December 2023

The BPER Banca Group has been registered since 7 August 1992 with code no. 5387.6 in the Register of Banking Groups referred to in art. 64 of Legislative Decree 385 of 1 September 1993.

The following is a list of the Banks and Companies included in the scope of consolidation at 31 December 2023, distinguishing between Banks and Companies consolidated on a line-by-line basis and Banks and Companies, whether or not belonging to the Group, consolidated under the equity method.

The BPER Banca Group has decided to align the scope of consolidation used for accounting purposes with that required for prudential reporting purposes. This is discussed further in the consolidated Explanatory Notes to this Consolidated Report.

The scope of consolidated companies has changed compared to 31 December 2022 as:
- on 6 February 2023, the company Annia s.r.l. was incorporated, wholly-owned by BPER REOCO s.p.a. The company was incorporated in execution of the resolutions passed by the Parent Company to better manage the recovery of non-performing exposures;
- on 29 March 2023, the deed for the merger by absorption of BPER Credit Management s.cons.p.a. into BPER Banca was stipulated. The legal and statutory effects have applied since 31 March 2023, while the accounting and tax effects have run since1 January 2023;
- on 1 April 2023, the company Italiana Valorizzazioni Immobiliari was merged into BPER REOCO s.p.a. (effective 1 January 2023 for accounting and tax purposes);
- on 28 April 2023, the company Bridge Servicing s.p.a. was incorporated, wholly-owned by BPER Banca. The company was incorporated to support the BPER Banca Group to manage NPLs collection in the BPER Banca Group;
- on 1 July 2023, the company Sifà (wholly-owned subsidiary) was merged into Unipolrental S.p.A., the latter consolidated from 30 September 2023 under the equity method, having identified the elements that suggest that a significant influence exists, despite holding 19.987% of the share capital;
- on 6 November 2023, the deed of merger by absorption of Optima SIM s.p.a. into Banca Cesare Ponti s.p.a. was signed; as resolved by the Shareholders' Meetings of the two companies held on 9 October 2023. The merger took legal and civil law effect as from 13 November 2023 and accounting and tax effect as from 1 October 2023.

For further details, please refer to chapter "*Significant events and strategic transactions*" of this Report.

Reported below are the percentages held by the Group[14] in each company, with further specific information provided, where necessary, by means of footnotes.

a) Banking Group companies consolidated on a line-by-line basis:
- BPER Banca s.p.a., based in Modena (Parent Company);
- BPER Bank Luxembourg s.a., based in the Grand Duchy of Luxembourg (100%);
- Banco di Sardegna s.p.a., based in Cagliari, which is held as follows: 100% of the ordinary shares and 96.408% of the privileged shares, representing 99.461% of total capital;
- Bibanca s.p.a., based in Sassari (99.131%)[15];
- BPER Real Estate, based in Modena, real estate company (100%)[16];
- Modena Terminal s.r.l., based in Campogalliano (Modena), the activities of which are the storage of goods, the storage and ageing of cheeses and the cold storage of meat and perishable products (100%);
- BPER Factor s.p.a., based in Bologna, a factoring company (100%);
- Sardaleasing s.p.a., based in Sassari, leasing company (99.779%)[17];
- Arca Holding s.p.a.[18] based in Milan (57.061%);
- Arca Fondi SGR s.p.a. based in Milan, asset management company wholly owned by Arca Holding s.p.a.;

14 Unless otherwise specified, the percentage shown refers to the Parent Company.

15 Held by: the Parent Company (78.609%) and Banco di Sardegna s.p.a. (20.522%).

16 Held by: the Parent Company (74.687%) and Banco di Sardegna s.p.a. (25.313%).

17 Held by: the Parent Company (52.846%) and Banco di Sardegna s.p.a. (46.933%).

18 The company is not a member of the Banking Group.

- Finitalia s.p.a. based in Milan, company that specialises in consumer lending (100%);
- Banca Cesare Ponti s.p.a., based in Milan (100%);
- BPER REOCO s.p.a., based in Milan, construction company (100%);

b) Other subsidiaries consolidated under the equity method[19]:
- Estense Covered Bond s.r.l. based in Conegliano (Treviso), a vehicle for the issue of Covered Bonds under art. 7 bis of Law 130/99 (60%);
- BPER Trust Company s.p.a., based in Modena, with the role of trustee for trusts established by customers, as well as providing advice on trust matters (100%);
- Estense CPT Covered Bond s.r.l., based in Conegliano (TV), a vehicle for the issue of Covered Bonds under art. 7 bis of Law 130/99 (60%).
- Carige Covered Bond s.r.l. based in Genoa, a vehicle for the issue of Covered Bonds under art. 7 bis of Law 130/99 (60%);
- Lanterna Finance s.r.l., based in Genoa, special vehicle company pursuant to Law no. 130/99 (5%);
- Lanterna Mortgage s.r.l., based in Genoa, special vehicle company pursuant to Law no. 130/99 (5%);
- Centro Fiduciario C.F. s.p.a. - in liquidation, based in Genoa, trust company (96.95%)[20].

The following companies (which were consolidated under the at equity method) were removed from the Register of Companies on 28 December 2023:
- Argo Mortgage 2 s.r.l. in liquidation;
- Carige Covered Bond 2 s.r.l. in liquidation;
- Lanterna Lease s.r.l. in liquidation.

In addition to the above companies that belong to the Banking Group, the following direct and indirect subsidiaries are including in this cluster at 31 December 2023, even though they are not included in the Group since they do not contribute to its banking activities[21]:
- Adras s.p.a. (100%);
- Bridge Servicing s.p.a.(100%);
- St. Anna Golf s.r.l., 100% wholly-owned by BPER REOCO;
- Commerciale Piccapietra s.r.l. (100%);
- Annia s.r.l., wholly-owned by BPER REOCO.

St. Anna Gestione Golf Società Sportiva Dilettantistica s.r.l., a subsidiary of BPER REOCO through St. Anna Golf s.r.l., was excluded from the scope of consolidation as it was considered non-significant.

c) Associated companies consolidated under the equity method:
- Cassa di Risparmio di Fossano s.p.a., based in Fossano (Cuneo) (23.077%);
- Cassa di Risparmio di Savigliano s.p.a., based in Savigliano (Cuneo) (31.006%);
- Alba Leasing s.p.a., based in Milan (33.498%);
- Resiban s.p.a., based in Modena (20%);
- Unione Fiduciaria s.p.a., based in Milan (24%);
- Atriké s.p.a. in liquidation, based in Modena (45%);
- Sarda Factoring s.p.a., based in Cagliari (21.484%)[22];
- Lanciano Fiera - Polo fieristico d'Abruzzo - consortium based in Lanciano (33.333%);
- Immobiliare Oasi nel Parco s.r.l.[23], based in Milan (36.80%);
- Autostrada dei Fiori s.p.a., based in Imperia (GE) (20.620%);
- Nuova Erzelli s.r.l., based in Genoa (40%);
- UnipolRental s.p.a., based in Reggio Emilia (19.987%);
- Gility s.r.l. SB, based in Milan (49.084%).

With regard to companies over which a significant influence is exercised, it should be noted that:
- on 26 October 2023, the cancellation procedure of Sofipo s.a. was completed;
- on 29 November 2023, the equity investment held in CAT Progetto Impresa Modena s.c.r.l. was sold.

19 Following alignment of the scope of consolidation for accounting purposes with that used for supervisory purposes.
20 On 6 March 2024, the company was removed from the Register of Companies.
21 Following alignment of the scope of consolidation for accounting purposes with that used for supervisory purposes.
22 Held by: Banco di Sardegna s.p.a. (13.401%) and the Parent Company (8.083%).
23 On 23 February 2024, the deed of transfer of the company was finalised.

5. THE BPER BANCA GROUP'S RESULTS OF OPERATIONS

5.1 Balance sheet aggregates

The most important balance sheet aggregates and items at 31 December 2023 are presented below on a comparative basis with 31 December 2022, in thousands of Euro, indicating the changes between periods in absolute and percentage terms.

For greater clarity in the presentation of the results, the accounting schedules envisaged by the 8th update of Bank of Italy Circular no. 262/2005 are presented below on a reclassified basis[24]; in particular:

- debt securities measured at amortised cost (under item 40 "Financial assets measured at amortised cost") have been reclassified to item "Financial assets";
- loans mandatorily measured at fair value (included in item 20 c) "Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value") have been reclassified to the item "Loans";
- "Other assets" includes items 110 "Tax assets", 120 "Non-current assets and disposal groups classified as held for sale" and 130 "Other assets";
- "Other liabilities" includes items 60 "Tax liabilities", 70 "Liabilities associated with assets classified as held for sale", 80 "Other liabilities", 90 "Employee termination indemnities" and 100 "Provisions for risks and charges".

Assets

(in thousands)

Assets	31.12.2023	31.12.2022	Changes	% Change
Cash and cash equivalents	10,085,595	13,997,441	(3,911,846)	-27.95
Financial assets	28,600,425	30,665,767	(2,065,342)	-6.74
a) Financial assets held for trading	672,598	707,498	(34,900)	-4.93
b) Financial assets designated at fair value	1,991	2,381	(390)	-16.38
c) Other financial assets mandatorily measured at fair value	762,059	742,099	19,960	2.69
d) Financial assets measured at fair value through other comprehensive income	6,859,241	7,962,910	(1,103,669)	-13.86
e) Debt securities measured at amortised cost	20,304,536	21,250,879	(946,343)	-4.45
- banks	6,721,529	6,596,865	124,664	1.89
- customers	13,583,007	14,654,014	(1,071,007)	-7.31
Loans	89,993,197	94,193,207	(4,200,010)	-4.46
a) Loans to banks	1,661,081	2,885,583	(1,224,502)	-42.44
b) Loans to customers	88,224,354	91,174,835	(2,950,481)	-3.24
c) Loans mandatorily measured at fair value	107,762	132,789	(25,027)	-18.85
Hedging derivatives	1,122,566	1,808,515	(685,949)	-37.93
Equity investments	422,046	376,158	45,888	12.20
Property, plant and equipment	2,456,850	2,546,295	(89,445)	-3.51
Intangible assets	648,981	563,502	85,479	15.17
- of which: goodwill	170,018	204,392	(34,374)	-16.82
Other assets	8,798,699	8,151,909	646,790	7.93
Total assets	**142,128,359**	**152,302,794**	**(10,174,435)**	**-6.68**

24 Further details of how the Reclassified Balance Sheet has been prepared can be found in the "Reconciliation between the financial statements and the Reclassified financial statements as at 31 December 2023", which is included as an Annex to these Integrated Report and Consolidated Financial Report.

Loans to customers

Net loans to customers are made up solely of the loans allocated to asset item 40 b) "Financial assets measured at amortised cost – loans to customers" in the assets section of the balance sheet.

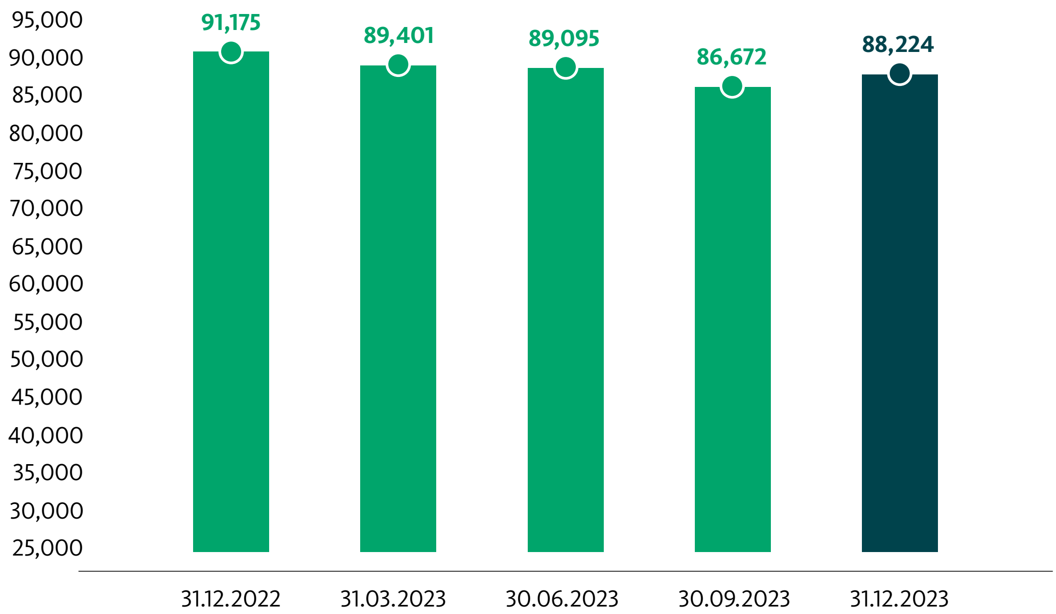
(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Current accounts	5,453,933	5,482,779	(28,846)	-0.53
Mortgage loans	62,120,911	62,952,434	(831,523)	-1.32
Repurchase agreements	-	4,254	(4,254)	-100.00
Leases and factoring	5,134,789	5,051,671	83,118	1.65
Other transactions	15,514,721	17,683,697	(2,168,976)	-12.27
Net loans to customers	**88,224,354**	**91,174,835**	**(2,950,481)**	**-3.24**

Loans to customers, net of adjustments, totalled Euro 88,224.4 million (Euro 91,174.8 million at 31 December 2022), down by Euro 2,950.5 million compared to 31 December 2022. In terms of the various technical forms, the reduction of mortgages totalled Euro -831.5 million (-1.32%), Euro -28.8 million (-0.53%) on current accounts and Euro -2,169.0 million (-12.27%) on other transactions, the latter due primarily to the reduction of stage one and stage two Other loans of BPER Banca attributable primarily to subject to collection advances, deposits at Cassa Depositi e Prestiti, in addition to other subsidies totalling Euro 2,041.3 million. The reduction in loans to businesses and households is primarily reflective of the slowdown in demand due to increased interest rates and the increased perception of uncertainty in the evolution of the macroeconomic scenario.

NET LOANS TO CUSTOMERS

(amounts in millions)



(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Gross non-performing exposures	**2,197,089**	**2,991,445**	**(794,356)**	**-26.55**
Bad loans	632,013	961,093	(329,080)	-34.24
Unlikely-To-Pay loans	1,353,554	1,871,880	(518,326)	-27.69
Past due loans	211,522	158,472	53,050	33.48
Gross performing exposures	**87,834,438**	**90,589,650**	**(2,755,212)**	**-3.04**
Total gross exposure	**90,031,527**	**93,581,095**	**(3,549,568)**	**-3.79**
Impairment losses on non-performing exposures	1,153,879	1,706,790	(552,911)	-32.39
Bad loans	457,424	740,176	(282,752)	-38.20
Unlikely-To-Pay loans	638,689	916,779	(278,090)	-30.33
Past due loans	57,766	49,835	7,931	15.91
Impairment losses on performing exposures	**653,294**	**699,470**	**(46,176)**	**-6.60**
Total impairment losses	**1,807,173**	**2,406,260**	**(599,087)**	**-24.90**
Net non-performing exposures	1,043,210	1,284,655	(241,445)	-18.79
Bad loans	174,589	220,917	(46,328)	-20.97
Unlikely-To-Pay loans	714,865	955,101	(240,236)	-25.15
Past due loans	153,756	108,637	45,119	41.53
Net performing exposures	**87,181,144**	**89,890,180**	**(2,709,036)**	**-3.01**
Total net exposure	**88,224,354**	**91,174,835**	**(2,950,481)**	**-3.24**

At 31 December 2023, the provisions relating to non-performing loans amounted to Euro 1,153.9 million (Euro 1,706.8 million at 31 December 2022; -32.39%), for a coverage ratio of 52.52% (57.06% at 31 December 2022), while the provisions for performing loans amounted to Euro 653.3 million (Euro 699.5 million at 31 December 2022; -6.60%) and give a coverage ratio of to 0.74% (0.77% at 31 December 2022).
Therefore, the overall level of credit coverage came to 2.01%, down compared to 2.57% as at 31 December 2022 as a result of the measures taken on the non-performing portfolio, as described in more detail below.

(in thousands)

Loans to customers	31.12.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	78,414,497	77,018,983	82,120,863	80,376,740	-4.51	-4.18	1.78
2. BPER Bank Luxembourg s.a.	320,045	313,955	212,805	207,092	50.39	51.60	1.90
3. Bibanca s.p.a.	3,476,750	3,431,929	3,100,919	3,053,192	12.12	12.40	1.29
4. Banco di Sardegna s.p.a.	7,013,795	6,907,025	7,317,602	7,021,175	-4.15	-1.63	1.52
5. Banca Cesare Ponti s.p.a.	39,932	39,678	43,128	42,900	-7.41	-7.51	0.64
Total banks	**89,265,019**	**87,711,570**	**92,795,317**	**90,701,099**	**-3.80**	**-3.30**	**1.74**
6. Sardaleasing s.p.a.	3,365,546	3,150,041	3,659,519	3,385,856	-8.03	-6.96	6.40
7. BPER Factor s.p.a.	2,190,128	2,160,582	1,948,903	1,922,148	12.38	12.40	1.35
8. Finitalia s.p.a.	470,076	461,403	653,101	641,477	-28.02	-28.07	1.85
9. BPER Real Estate s.p.a.	271	271	263	263	3.04	3.04	-
Other companies and consolidation adjustments	(5,259,513)	(5,259,513)	(5,476,008)	(5,476,008)	-3.95	-3.95	-
Balance sheet total	**90,031,527**	**88,224,354**	**93,581,095**	**91,174,835**	**-3.79**	**-3.24**	**2.01**

(in thousands)

Non-performing loans	31.12.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,695,781	854,646	2,179,899	1,017,486	-22.21	-16.00	49.60
2. BPER Bank Luxembourg s.a.	7,910	2,583	9,540	4,402	-17.09	-41.32	67.35
3. Bibanca s.p.a.	65,018	36,363	58,166	28,853	11.78	26.03	44.07
4. Banco di Sardegna s.p.a.	128,821	65,352	328,032	86,098	-60.73	-24.10	49.27
5. Banca Cesare Ponti s.p.a.	626	455	567	407	10.41	11.79	27.32
Total banks	**1,898,156**	**959,399**	**2,576,204**	**1,137,246**	**-26.32**	**-15.64**	**49.46**
6. Sardaleasing s.p.a.	247,152	61,743	363,043	123,902	-31.92	-50.17	75.02
7. BPER Factor s.p.a.	44,835	19,522	42,474	20,036	5.56	-2.57	56.46
8. Finitalia s.p.a.	6,946	2,546	9,724	3,471	-28.57	-26.65	63.35
Balance sheet total	**2,197,089**	**1,043,210**	**2,991,445**	**1,284,655**	**-26.55**	**-18.79**	**52.52**
Non-performing loans (balance sheet total)/Loans to customers	**2.44%**	**1.18%**	**3.20%**	**1.41%**			

Net non-performing loans amount to Euro 1,043.2 million (-18.79% on 31 December 2022), equal to 1.18% of total net loans to customers (1.41% at 31 December 2022), whereas, on a gross basis, the ratio of non-performing loans to loans to customers is 2.44% (3.20% at 31 December 2022).
The coverage of non-performing loans of 52.52% has decreased compared with 31 December 2022 (57.06%). As stated, the decrease in the average coverage of non-performing loans is mainly due to the disposals made during the year (notably UTPs) and the partial write-off of Euro 335 million of bad loans.

(in thousands)

Bad loans	31.12.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	404,839	138,964	453,215	120,126	-10.67	15.68	65.67
2. BPER Bank Luxembourg s.a.	1,683	13	430	-	291.40	n.s.	99.23
3. Bibanca s.p.a.	6,023	1,654	15,445	2,773	-61.00	-40.35	72.54
4. Banco di Sardegna s.p.a.	25,258	7,455	210,965	35,961	-88.03	-79.27	70.48
5. Banca Cesare Ponti s.p.a.	9	3	163	81	-94.48	-96.30	66.67
Total banks	**437,812**	**148,089**	**680,218**	**158,941**	**-35.64**	**-6.83**	**66.18**
6. Sardaleasing s.p.a.	167,158	22,443	252,746	56,907	-33.86	-60.56	86.57
7. BPER Factor s.p.a.	24,267	3,289	23,632	3,834	2.69	-14.21	86.45
8. Finitalia s.p.a.	2,776	768	4,497	1,235	-38.27	-37.81	72.33
Balance sheet total	**632,013**	**174,589**	**961,093**	**220,917**	**-34.24**	**-20.97**	**72.38**
Bad loans (Balance sheet total)/ Loans to customers	**0.70%**	**0.20%**	**1.03%**	**0.24%**			

Net bad loans amount to Euro 174.6 million (-20.97% compared with 31 December 2022), accounting for 0.20% of total net loans to customers (0.24% at 31 December 2022), whereas, on a gross basis, the bad loans on total loans to customers ratio comes to 0.70% (1.03% at 31 December 2022).
The level of coverage of bad loans is 72.38% (77.01% at 31 December 2022). In addition to the partial write-offs already outlined (made by BPER Banca, Banco di Sardegna and Bibanca), the reduction in bad loans of the subsidiaries Banco di Sardegna and Sardaleasing is mainly attributable to disposals on the market, amounting to Euro 125.1 million and Euro 37.5 million, respectively,

(in thousands)

Unlikely-To-Pay loans	31.12.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,171,617	623,658	1,629,038	830,228	-28.08	-24.88	46.77
2. BPER Bank Luxembourg s.a.	5,837	2,287	7,445	3,223	-21.60	-29.04	60.82
3. Bibanca s.p.a.	28,406	15,803	13,243	8,274	114.50	91.00	44.37
4. Banco di Sardegna s.p.a.	83,072	42,740	99,489	37,152	-16.50	15.04	48.55
5. Banca Cesare Ponti s.p.a.	450	317	404	326	11.39	-2.76	29.56
Total banks	**1,289,382**	**684,805**	**1,749,619**	**879,203**	**-26.30**	**-22.11**	**46.89**
6. Sardaleasing s.p.a.	54,487	25,732	100,363	58,951	-45.71	-56.35	52.77
7. BPER Factor s.p.a.	6,741	3,212	18,182	15,581	-62.92	-79.39	52.35
8. Finitalia s.p.a.	2,944	1,116	3,716	1,366	-20.78	-18.30	62.09
Balance sheet total	**1,353,554**	**714,865**	**1,871,880**	**955,101**	**-27.69**	**-25.15**	**47.19**
Unlikely to pay loans/Loans to customers	**1.50%**	**0.81%**	**2.00%**	**1.05%**			

Net unlikely-to-pay loans total Euro 714.9 million (-25.15% compared with 31 December 2022), representing 0.81% of total net loans to customers (1.05% at 31 December 2022), while on a gross basis the ratio is 1.50% (2.00% at 31 December 2022).
The coverage of unlikely-to-pay loans decreased to 47.19%, compared with 48.98% as at 31 December 2022, due to the disposals completed during the year. In addition to the disposals related to the framework agreement entered into with Gardant and AMCO (Euro 900 million), BPER Banca disposed of single name UTPs of Euro 175.6 million, while the subsidiary Sardaleasing made disposals of Euro 39.6 million.

(in thousands)

Past due loans	31.12.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	119,325	92,024	97,646	67,132	22.20	37.08	22.88
2. BPER Bank Luxembourg s.a.	390	283	1,665	1,179	-76.58	-76.00	27.44
3. Bibanca s.p.a.	30,589	18,906	29,478	17,806	3.77	6.18	38.19
4. Banco di Sardegna s.p.a.	20,491	15,157	17,578	12,985	16.57	16.73	26.03
5. Banca Cesare Ponti s.p.a.	167	135	-	-	n.s.	n.s.	19.16
Total banks	**170,962**	**126,505**	**146,367**	**99,102**	**16.80**	**27.65**	**26.00**
5. Sardaleasing s.p.a.	25,507	13,568	9,934	8,044	156.76	68.67	46.81
6. BPER Factor s.p.a.	13,827	13,021	660	621	--	--	5.83
7. Finitalia s.p.a.	1,226	662	1,511	870	-18.86	-23.91	46.00
Balance sheet total	**211,522**	**153,756**	**158,472**	**108,637**	**33.48**	**41.53**	**27.31**
Past due loans/Loans to customers	**0.23%**	**0.17%**	**0.17%**	**0.12%**			

The net amount of past due loans of Euro 153.8 million (+41.53% compared with 31 December 2022) represents 0.17% of total net loans to customers (0.12% at 31 December 2022), whereas on a gross basis the ratio of past due loans to total loans to customers is 0.23% (0.17% at 31 December 2022).
The coverage of past due loans is 27.31% (31.45% at 31 December 2022).

The breakdown of loans to non-financial corporates is reported below by the respective ATECO codes of economic activity:

(in thousands)

Distribution of loans	31.12.2023	%
A. Agriculture, forestry and fishing	1,008,449	1.14
B. Mining and quarrying	70,913	0.08
C. Manufacturing	13,075,134	14.82
D. Provision of electricity, gas, steam and air-conditioning	1,020,379	1.16
E. Provision of water, sewerage, waste management and rehabilitation	788,773	0.89
F. Construction	2,981,804	3.38
G. Wholesaling and retailing, car and motorcycle repairs	7,145,301	8.10
H. Transport and storage	1,445,828	1.64
I. Hotel and restaurants	1,690,069	1.92
J. Information and communication	1,108,040	1.26
K. Financial and insurance activities	223,827	0.25
L. Real estate	3,871,542	4.39
M. Professional, scientific and technical activities	2,608,378	2.96
N. Rentals, travel agencies, business support services	1,261,397	1.43
P. Education	51,730	0.06
Q. Health and welfare	583,681	0.66
R. Arts, sport and entertainment	193,290	0.22
S. Other services	805,117	0.90
Total loans to non-financial corporates	**39,933,652**	**45.26**
Individuals and other not included above	41,454,207	46.99
Financial companies	4,021,084	4.56
Insurance	97,349	0.11
Governments and other public entities	2,718,062	3.08
Total loans	**88,224,354**	**100.00**

Financial assets and equity investments

Among financial assets, debt securities measured at amortised cost solely consist of bonds allocated to balance sheet (assets) items 40 a) and b) “Financial assets measured at amortised cost – loans to banks and loans to customers”.

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Financial assets measured at fair value through profit or loss	1,436,648	1,451,978	(15,330)	-1.06
- of which derivatives	601,685	593,323	8,362	1.41
Financial assets measured at fair value through other comprehensive income	6,859,241	7,962,910	(1,103,669)	-13.86
Debt securities measured at amortised cost	20,304,536	21,250,879	(946,343)	-4.45
a) banks	6,721,529	6,596,865	124,664	1.89
b) customers	13,583,007	14,654,014	(1,071,007)	-7.31
Total financial assets	**28,600,425**	**30,665,767**	**(2,065,342)**	**-6.74**

Financial assets amount to Euro 28,600.4 million, including Euro 26,673.2 million of debt securities (93.26% of the total). Of these, Euro 13,510.8 million relates to sovereign States and Central Banks (down by 10.27% compared with 31 December 2022) and Euro 9,208.8 million to Banks (-2.94% on 31 December 2022).
Equity instruments come to Euro 632.4 million (2.21% of total), inclusive of Euro 550.9 million of stable equity investments classified in the FVOCI portfolio, Euro 64.0 million in securities held for trading (FVTPL) and Euro 17.4 million in other equity instruments (SICAV and UCITS), mandatorily measured at FVTPL.
“Financial assets held for trading” include derivatives of Euro 601.7 million (+1.41% compared with 31 December 2022), consisting of interest rate, currency, indices and commodity derivatives traded with customers, derivatives relating to securitisation transactions, and forward currency trading (with customers and/or used in the management of the foreign exchange position).

(in thousands)

Financial assets	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	26,253,073	28,495,795	(2,242,722)	-7.87
2. BPER Bank Luxembourg s.a.	170,353	144,797	25,556	17.65
3. Bibanca s.p.a.	15,130	12,495	2,635	21.09
4. Banco di Sardegna s.p.a.	1,956,025	1,835,866	120,159	6.55
5. Banca Cesare Ponti s.p.a.	207,871	141,155	66,716	47.26
Total banks	**28,602,452**	**30,630,108**	**(2,027,656)**	**-6.62**
Other companies and consolidation adjustments	(2,027)	35,659	(37,686)	-105.68
Total	**28,600,425**	**30,665,767**	**(2,065,342)**	**-6.74**

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Equity investments	422,046	376,158	45,888	12.20
of which subsidiaries	9,862	34,108	(24,246)	-71.09
of which associates	412,184	342,050	70,134	20.50

Following alignment of the scope of consolidation with that used for prudential reporting purposes, as discussed in detail in the Explanatory Notes, this item comprises significant investments (non-Group companies subject to significant influence, usually being investments in which the equity interest is greater than or equal to 20%), subsidiaries that are not part of the Banking Group since they do not contribute to its banking activities, and Group companies not meeting the requirements of art. 19 of Regulation (EU) 575/2013 that are consolidated under the equity method.
The main change in the period relates to the merger by absorption of SIFA' – Società Italiana Flotte Aziendali into Unipol Rental, effective from 1 July 2023, which impacted both the reduction of the balance of equity investments in subsidiaries (derecognition of the equity investment in Sifà), and the increase in equity investments in associated companies, having classified in this category the new shares representing UnipolRental's capital (Euro 50 million).

Intangible assets

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Intangible assets	648,981	563,502	85,479	15.17
of which goodwill	170,018	204,392	(34,374)	-16.82

The goodwill shown in "Intangible assets" amounts to Euro 170.0 million, down by 16.82% compared with 31 December 2022 due to the complete write-down of the goodwill allocated to the Banco di Sardegna (Euro 27.6 million) and BPER Factor (Euro 6.8 million) CGUs.

The breakdown of "Goodwill" at 31 December 2023 is provided below:

(in thousands)

Goodwill	31.12.2023	31.12.2022
Banks/Other companies	170,018	204,392
- Arca Holding s.p.a.	170,018	170,018
- Banco di Sardegna s.p.a.	-	27,606
- BPER Factor s.p.a.	-	6,768
Total	**170,018**	**204,392**

The impairment test carried out during the year, in accordance with IAS 36, revealed the need to write down the goodwill previously recognised in the financial report allocated to the CGUs Banco di Sardegna (Euro 27.6 million) and BPER Factor (Euro 6.8 million). For more details, please refer to Part B of the Explanatory Notes.

Interbank and liquidity position

The values of loans to banks only include the component of "Loans" allocated to item 40 a) "Financial assets measured at amortised cost – loans to banks" and "Current accounts and demand deposits" allocated to item 10 "Cash and cash equivalents" in the assets section of the balance sheet.

(in thousands)

Net interbank position	31.12.2023	31.12.2022	Changes	% Change
A. Loans to banks	**10,938,266**	**16,058,404**	**(5,120,138)**	**-31.88**
- Loans	**1,661,081**	**2,885,583**	**(1,224,502)**	**-42.44**
1. Current accounts and deposits	76,611	234,376	(157,765)	-67.31
2. Repurchase agreements	302,711	358,702	(55,991)	-15.61
3. Compulsory reserve	1,036,703	1,347,747	(311,044)	-23.08
4. Other	245,056	944,758	(699,702)	-74.06
- Current accounts and demand deposits	**9,277,185**	**13,172,821**	**(3,895,636)**	**-29.57**
1. with Central Banks	8,155,778	12,706,014	(4,550,236)	-35.81
2. with Banks	1,121,407	466,807	654,600	140.23
B. Due to banks	**7,754,450**	**22,000,489**	**(14,246,039)**	**-64.75**
Total (A-B)	**3,183,816**	**(5,942,085)**	**9,125,901**	**-153.58**

The net interbank position as at 31 December 2023 improved by Euro 9,125.9 million compared to 31 December 2022. As at 31 December 2023, investments decreased in "overnight" deposits at Central Banks which, as at 31 December 2023, amounted to Euro 8,155.8 million (-35.81% compared to 31 December 2022) due to lower cash and cash equivalents to be invested as a result of repayments at maturity of three tranches of TLTRO.

The following table gives full details of the operations in place with the ECB.

(in millions)

Refinancing operations with the European Central Bank	Currency	Principal	Maturity
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	eur	1,670	27.03.2024
Total		**1,670**	

As at 31 December 2023, the BPER Group had TLTRO III loans outstanding for an amount of Euro 1,670 million.
On 29 March 2023, the auction with value date 25 March 2020 came to maturity, for a nominal amount of Euro 800 million.
On 28 June 2023, the auction with value date 24 June 2020 came to maturity, for a nominal amount of Euro 9,700 million.
On 27 September 2023, the auction with value date 30 September 2020 came to maturity, for a nominal amount of Euro 3,710 million.

(in millions)

Counterbalancing Capacity	Guarantee value	Encumbered portion	Unencumbered portion
Eligible securities and loans	30,100	8,587	21,513
- of which Securities and loans transferred to the Pooling Account	8,430	1,705	6,725

At 31 December 2023, the Central Treasury held significant resources relating to securities eligible for refinancing at the European Central Bank of an overall amount, net of margin calls, of Euro 30,100 million (Euro 33,512 million at 30 September 2023). The unencumbered portion amounts to Euro 21,513 million (Euro 22,659 million at 30 September 2023). Of the amount held in the Treasury, as at 31 December 2023, a total of Euro 8,430 million, refinanced for Euro 1,705 million, therefore with Euro 6,725 million still available, is attributable to the Pooling account (as at 30 September 2023 securities eligible for refinancing totalling Euro 11,227 million were held in the Pooling Account, refinanced for Euro 1,688 million, therefore with Euro 9,539 million still available).

Liabilities and shareholders' equity

(in thousands)

Liabilities and shareholders' equity	31.12.2023	31.12.2022	Changes	% Change
Due to banks	7,754,450	22,000,489	(14,246,039)	-64.75
Direct deposits	118,766,662	114,831,032	3,935,630	3.43
a) Due to customers	104,854,552	107,414,943	(2,560,391)	-2.38
b) Debt securities issued	11,902,469	6,536,891	5,365,578	82.08
c) Financial liabilities designated at fair value	2,009,641	879,198	1,130,443	128.58
Financial liabilities held for trading	300,955	471,598	(170,643)	-36.18
Hedging	111,374	231,689	(120,315)	-51.93
a) Hedging derivatives	266,558	512,981	(246,423)	-48.04
b) Change in value of macro-hedged financial liabilities (+/-)	(155,184)	(281,292)	126,108	-44.83
Other liabilities	5,629,441	6,647,457	(1,018,016)	-15.31
Minority interests	199,328	180,356	18,972	10.52
Shareholders' equity pertaining to the Parent Company	9,366,149	7,940,173	1,425,976	17.96
a) Valuation reserves	151,396	60,681	90,715	149.49
b) Reserves	4,206,666	2,944,603	1,262,063	42.86
c) Equity instruments	150,000	150,000	-	-
d) Share premium reserve	1,236,525	1,237,276	(751)	-0.06
e) Share capital	2,104,316	2,104,316	-	-
f) Treasury shares	(2,250)	(5,678)	3,428	-60.37
g) Profit (Loss) for the year	1,519,496	1,448,975	70,521	4.87
Total liabilities and shareholders' equity	**142,128,359**	**152,302,794**	**(10,174,435)**	**-6.68**

Deposits

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Current accounts and demand deposits	94,485,148	102,489,461	(8,004,313)	-7.81
Time deposits	3,342,264	1,221,563	2,120,701	173.61
Repurchase agreements	2,087,467	-	2,087,467	n.s.
Lease liabilities	313,188	349,651	(36,463)	-10.43
Other short-term loans	4,626,485	3,354,268	1,272,217	37.93
Bonds	11,163,577	6,307,775	4,855,802	76.98
- subscribed for by institutional customers	10,528,372	5,983,336	4,545,036	75.96
- subscribed for by ordinary customers	635,205	324,439	310,766	95.79
Certificates	2,009,641	879,198	1,130,443	128.58
Certificates of deposit	738,892	229,116	509,776	222.50
Direct deposits from customers	**118,766,662**	**114,831,032**	**3,935,630**	**3.43**
Indirect deposits (off-balance sheet figure)	**149,021,241**	**138,875,198**	**10,146,043**	**7.31**
- of which under management	65,244,865	60,597,120	4,647,745	7.67
- of which under administration	83,776,376	78,278,078	5,498,298	7.02
Customer funds under administration	**267,787,903**	**253,706,230**	**14,081,673**	**5.55**
Deposits from banks	7,754,450	22,000,489	(14,246,039)	-64.75
Funds under administration or management	**275,542,353**	**275,706,719**	**(164,366)**	**-0.06**

Direct deposits from customers of Euro 118,766.7 million have increased by 3.43% since 31 December 2022.
Among the various technical forms, the main item to record a negative balance change was current accounts and demand deposits, with Euro -8,004.3 million (-7.81%), which was more than offset by the increase in fixed-term forms of funding: time deposits of Euro 2,120.7 million, repurchase agreements of Euro 2,087.5 million, bonds of Euro 4,855.8 million (+76.98%), the latter as a result of new BPER Banca 2023 bond issues for institutional customers, and certificates for an amount of Euro 1,130.4 (+128.58%).
Indirect deposits, marked to market, amount to Euro 149,021.2 million, up by Euro 10,146.0 million (7.31%) compared to 31 December 2022, given the positive effect on market prices.
Total funds under administration or management by the Group, including deposits from banks (Euro 7,754.5 million) amount to Euro 275,542.4 million.

(in thousands)

Direct deposits	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	106,131,423	102,208,104	3,923,319	3.84
2. BPER Bank Luxembourg s.a.	422,804	603,465	(180,661)	-29.94
3. Bibanca s.p.a.	264,124	262,666	1,458	0.56
4. Banco di Sardegna s.p.a.	11,964,113	11,741,914	222,199	1.89
5. Banca Cesare Ponti s.p.a.	257,834	289,381	(31,547)	-10.90
Total banks	**119,040,298**	**115,105,530**	**3,934,768**	**3.42**
Other companies and consolidation adjustments	(273,636)	(274,498)	862	-0.31
Total	**118,766,662**	**114,831,032**	**3,935,630**	**3.43**

Direct funding includes subordinated liabilities:

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Non-convertible subordinated liabilities	1,681,160	1,646,723	34,437	2.09
Total Subordinated liabilities	**1,681,160**	**1,646,723**	**34,437**	**2.09**

The subordinated loans outstanding, with a book value of Euro 1,681.2 million, have increased by 2.09% compared with 31 December 2022. As was the case in December 2022, there are no convertible subordinated liabilities at 31 December 2023.

(in thousands)

Indirect deposits	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	127,758,364	120,395,078	7,363,286	6.12
2. BPER Bank Luxembourg s.a.	1,589,947	1,623,374	(33,427)	-2.06
3. Banco di Sardegna s.p.a.	5,385,331	4,444,970	940,361	21.16
4. Banca Cesare Ponti s.p.a.	1,023,505	915,096	108,409	11.85
Total banks	**135,757,147**	**127,378,518**	**8,378,629**	**6.58**
5. Arca Fondi SGR s.p.a.	36,930,675	31,804,032	5,126,643	16.12
Other companies and consolidation adjustments	(23,666,581)	(20,307,352)	(3,359,229)	16.54
Total	**149,021,241**	**138,875,198**	**10,146,043**	**7.31**

The chart shows the dynamics of direct and indirect deposits in the last five quarters:

DEPOSITS

(amounts in millions)

Indirect deposits reported above do not include the amount arising from placement of insurance policies.

(in thousands)

Bancassurance	31.12.2023	31.12.2022	Changes	% Change
Insurance premiums portfolio	**21,390,296**	**24,515,939**	**(3,125,643)**	**-12.75**
- of which life	21,093,626	24,279,279	(3,185,653)	-13.12
- of which non-life	296,670	236,660	60,010	25.36

The stock of customer assets invested in insurance products has decreased by 12.75% since 31 December 2022; this reduction is a natural consequence of the management of customer assets acquired from third-party banks and invested in products not affiliated with the BPER Group.

If life insurance premiums are added to indirect deposits, the total comes to Euro 86,338.5 million, which accounts for 50.75% of the overall total of indirect deposits (assets under administration and assets under management) and life insurance premiums (Euro 170,114.9 million).

Shareholders' equity

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Shareholders' equity pertaining to the Parent Company	**9,366,149**	**7,940,173**	**1,425,976**	**17.96**
- of which profit (loss) for the period	1,519,496	1,448,975	70,521	4.87
- of which shareholders' equity excluding profit (loss) for the period	7,846,653	6,491,198	1,355,455	20.88

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Minority interests	**199,328**	**180,356**	**18,972**	**10.52**
- of which profit (loss) for the year pertaining to minority interests	32,273	24,905	7,368	29.58
- of which shareholders' equity pertaining to minority interests excluding their share of profit (loss) for the year	167,055	155,451	11,604	7.46

(in thousands)

Shareholders' equity	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	7,414,788	6,214,593	1,200,195	19.31
2. BPER Bank Luxembourg s.a.	66,179	60,776	5,403	8.89
3. Bibanca s.p.a.	307,281	297,895	9,386	3.15
4. Banco di Sardegna s.p.a.	915,796	885,863	29,933	3.38
5. Banca Cesare Ponti s.p.a.	99,763	26,137	73,626	281.69
Total banks	**8,803,807**	**7,485,264**	**1,318,543**	**17.62**
Other companies and consolidation adjustments	(790,099)	(838,615)	48,516	-5.79
Total	8,013,708	6,646,649	1,367,059	20.57
Profit (Loss) for the year pertaining to the Parent Company	1,519,496	1,448,975	70,521	4.87
Profit (Loss) for the year pertaining to minority interests	32,273	24,905	7,368	29.58
Total shareholders' equity	**9,565,477**	**8,120,529**	**1,444,948**	**17.79**

This figure is made up of liability items 120, 140, 150, 160, 170, 180, 190 and 200.

5.2 Own funds and capital ratios

The harmonised rules for banks and investment companies contained in Regulation (EU) 575/2013 (CRR) and in the 2013/36/EU Directive (CRD IV) approved on 26 June 2013 and published in the Official Journal of the European Union the next day, entered into force on 1 January 2014.

These rules were later amended by Regulation (EU) 2019/876 of the European Parliament and of the Council ("CRR2") and Directive 2019/878/EU of the European Parliament and of the Council (CRDV) of 20 May 2019, published in the Official Journal of the European Union on 7 June 2019. Subject to certain exceptions, the CRR2 Regulation applies from 28 June 2021.

This regulatory framework, which is the only set of rules that seeks to harmonise prudential regulations of the Member States of the European Community, was made applicable in Italy by the Bank of Italy's Circular 285, published on 17 December 2013 and subsequent updates.

The scope of consolidation for accounting purposes is the same as that used for prudential reporting purposes: companies excluded are treated in the same way as the Banks and Companies subject to significant influence and consolidated under the equity method.

As at 31 December 2023, the BPER Banca Group has internal models in use for measuring the capital requirements relating to the credit risk represented by both business and retail customers. The perimeter includes:
- BPER Banca, Banco di Sardegna and Bibanca (ECB authorisation of 24 June 2016);
- Banca Carige and subsidiaries (approved by the Board of Directors of the Parent Company on 7 July 2022 and subsequently transmitted to the ECB);
- former Cassa di risparmio di Saluzzo, former UBI Banca and former Unipol Banca (ECB authorisation of 16 February 2023 and of 29 June 2023)[25].

In relation to the Internal Rating System, through the Final Decision issued as a result of its latest Internal Model Investigation in February 2023, the ECB issued its authorisation of material model changes to the internal models and the extension of the IRB models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures.

The new internal rating system has been in use since the supervisory reports as at 31 March 2023 and for management purposes since May 2023; as for former Unipol Banca exposures, it has been in use since the supervisory reports as at 30 June 2023.

The other BPER Banca Group companies and asset classes not included in the roll-out plan will continue to use the Standardised Approach.

On 24 January 2022, after completion of the annual Supervisory Review and Evaluation Process for 2021, BPER Banca received its SREP Letter from the ECB. On 31 August 2022, in light of the acquisition of Banca Carige, the European Central Bank notified BPER Banca of its updated decision on the prudential requirements to be complied with on a consolidated basis, pursuant to art. 16 of Regulation (EU) n. 1024/2013.

Finally, on 9 December 2022, as a result of the "pragmatic approach for SREP 2022" adopted by the ECB following the acquisition of the Carige Group, BPER Banca received an additional letter which confirmed the validity of the content of the SREP Letter of 24 January 2022 (and the associated amendment of 31 August 2022), in particular with reference to the minimum capital requirements to be complied with.
As at 31 December 2023, BPER Banca had to maintain a minimum consolidated capital ratio in terms of Common Equity Tier 1 of 8.38%, consisting of the sum of the minimum regulatory Pillar 1 requirement of 4.5%, the additional Pillar 2 requirement of 1.38% [26]and the Capital Conservation Buffer of 2.5%.

This requirement is also influenced by the additional Countercyclical Capital Buffer requirement specified for the BPER Banca Group of 0.0385% at 31 December 2023, for an overall minimum requirement to be complied with of 8.42%.

With respect to said limit, the amount of available equity (Fully Phased-in CET1) as at 31 December 2023 is quantified at Euro 3,233 million (roughly 604 b.p. of CET1).

25 The former Cassa di Risparmio di Saluzzo and former UBI Banca exposures fall under the new system starting from the Supervisory Reports as of 31 March 2023; the former Unipol exposures fall under the Supervisory Reports of 30 June 2023.

26 The Pillar 2 additional own funds requirement is 2.45% (including NPE P2R add-on equal to 0.20%) to be held in the form of 56.25% of CET1 capital and 75% of Tier 1 capital, as a minimum.

With regard to the above, the amount calculated for CET1 at 31 December 2023 includes the portion of profit for the period allocable to equity, Euro 1,094.7 million, as determined in accordance with the process envisaged in art. 3 of ECB Decision (EU) 656/2015 dated 4 February 2015 and art. 26, para. 2 of Regulation (EU) 575/2013 (CRR) for its inclusion.

It should further be noted that the results of the BPER Group as at 31 December 2023 are not affected by any charges related to the "Extraordinary tax on the increase in net interest income", as provided for by Legislative Decree No. 104/2023, converted with amendments into Law No. 136 of 9 October 2023. In accordance with the provisions of the law, the Board of Directors of BPER Banca resolved to preliminarily exercise the option under Article 26, paragraph 5-bis of the Decree and, therefore, to submit a proposal to the Shareholders' Meeting called to approve the financial report as at 31 December 2023 to book part of the 2023 profit, for an amount of Euro 289.2 million, to a non-distributable reserve. At the behest of the Parent Company, a similar position was adopted by the subsidiary banks concerned by the provision (Banco di Sardegna, Bibanca and Banca Cesare Ponti), with the subsequent allocation of Euro 315.4 million to a non-distributable reserve at BPER Banca Group level, corresponding to 2.5 times the amount of the tax of Euro 126.2 million. Only in the event that this reserve is used for distribution to shareholders, will the extraordinary tax under article 26, plus interest per annum for an amount equal to the annual interest rate on deposits with the European Central Bank, become payable by the Group.

The following table shows the BPER Banca Group's capital ratios and the minimum capital adequacy requirements for regulatory purposes as at 31 December 2023.

(in thousands)

	31.12.2023 Fully Phased	31.12 Fully Phased	Change	% Change
Common Equity Tier 1 capital - CET1	7,736,303	6,379,995	1,356,308	21.26
Additional Tier 1 capital (AT1)	150,352	150,435	(83)	-0.06
Tier 1 capital (Tier 1)	**7,886,655**	**6,530,430**	**1,356,225**	**20.77**
Tier 2 capital (Tier 2 - T2)	1,777,200	1,761,978	15,222	0.86
Total Own Funds	**9,663,855**	**8,292,408**	**1,371,447**	**16.54**
Total Risk-weighted assets (RWA)	**53,501,799**	**52,989,278**	**512,521**	**0.97**
CET1 Ratio (CET1/RWA)	**14.46%**	**12.04%**	**+242 bps**	
Tier 1 Ratio (Tier 1/RWA)	**14.74%**	**12.32%**	**+242 bps**	
Total Capital Ratio (Total Own Funds/RWA)	**18.06%**	**15.65%**	**+241 bps**	
RWA/Total assets	**37.64%**	**34.79%**	**+285 bps**	

The capital ratios are as follows:
- Common Equity Tier 1 Ratio (Fully Phased) of 14.46% (12.04% as at 31 December 2022);
- Tier 1 Ratio (Fully Phased) of 14.74% (12.32% as at 31 December 2022);
- Total Capital Ratio (Fully Phased) of 18.06% (15.65% as at 31 December 2022).

Note that the BPER Banca Group uses different methods for calculating risk-weighted assets, which are summarised below:
- credit risk: for Group entities represented by BPER Banca, Banco di Sardegna and Bibanca, credit risk measurement is performed using the AIRB approach. For Banks and other Companies that are not in the scope of validation and for other risk assets not included in the validated models, the standardised approach has been maintained;
- credit adjustment risk - the standardised approach is used;
- market risk - the standardised approach is used for assessing market risk (general and specific risk on equities, general risk on debt securities and positioning risk for units in investment funds) to determine the related separate and consolidated capital requirement;
- operational risk - operational risk measurement uses the standardised approach (TSA).

5.3 Reconciliation of consolidated net profit/shareholders' equity

Consolidated net profit comprises, on a shareholding basis, the sum of profits (losses) at 31 December 2023 of the following Banks and Companies of the Group included in the line-by-line scope of consolidation.

(in thousands)

Reconciliation of consolidated profit (loss) for the year	31.12.2023
BPER Banca s.p.a.	**1,361,392**
Other Group companies:	**253,444**
Banco di Sardegna s.p.a.	*139,749*
Bibanca s.p.a.	*56,936*
BPER Bank Luxembourg s.a.	*9,456*
Banca Cesare Ponti s.p.a.	*2,882*
Arca Holding s.p.a. (consolidated figure)	*40,777*
Sardaleasing s.p.a.	*3,279*
BPER Factor s.p.a.	*6,040*
Finitalia s.p.a.	*17,419*
Optima S.p.A. SIM	*5,521*
BPER Real Estate s.p.a.	*(20,753)*
BPER REOCO s.p.a.	*(8,426)*
Modena Terminal s.r.l.	*564*
Total profit (loss) of the Group	**1,614,836**
Consolidation adjustments	*(95,340)*
Consolidated profit (loss) for the year	**1,519,496**

As required by current regulations, the following is presented with regard to the position at 31 December 2023:

Reconciliation of the shareholders' equity and results of the Parent Company with the related consolidated amounts

(in thousands)

	Increase (decrease)	
	Profit (Loss) for the year	**Shareholders' equity**
Amounts relating to the Parent Company	1,361,392	8,776,179
DIFFERENCES between the shareholders' equity of companies consolidated on a line-by-line basis (net of minority interests) and the book value of the related equity investments held by their parent companies	258,107	532,843
DIVIDENDS collected from companies consolidated on a line-by-line basis or measured under the equity method	(108,855)	28
DIFFERENCE between the interest in shareholders' equity (including results for the year) and the book value of companies consolidated under the equity method	8,852	57,099
Profit (Loss) for the year and shareholders' equity of the Parent Company as at 31.12.2023	**1,519,496**	**9,366,149**
Profit (Loss) for the year and shareholders' equity of minority interests	**32,273**	**199,328**
Total consolidated Profit (Loss) for the year and shareholders' equity as at 31.12.2023	**1,551,769**	**9,565,477**
Total consolidated Profit (Loss) for the year and shareholders' equity as at 31.12.2022	**1,473,880**	**8,120,529**

5.4 Income statement aggregates

Summary data from the consolidated income statement at 31 December 2023 is presented below in thousands of Euro, appropriately compared with the amounts at 31 December 2022 and highlighting the changes in absolute and percentage terms. Note that this comparison is influenced by the increase in size of the Group resulting from the acquisition of control over the former Banca Carige Group in the second half of the previous year.

The accounting schedules envisaged by the 8th update of Bank of Italy Circular no. 262/2005 are presented below on a reclassified [27]basis. The principal reclassifications relate to the following items:

- "Net commission income" includes placement fees for Certificates, allocated to item 110 "Net income on other financial assets and liabilities measured at fair value through profit or loss" of the accounting statement (Euro 23.9 million as at 31 December 2023 and Euro 20.3 million as at 31 December 2022);
- "Net income from financial activities" includes items 80, 90, 100 and 110 in the accounting statement, net of the Certificates placement fees under the item above;
- indirect tax recoveries, allocated for accounting purposes to item 230 "Other operating expense/income", have been reclassified as a reduction in the related costs under "Other administrative expenses" (Euro 277.0 million at 31 December 2023 and Euro 250.5 million at 31 December 2022);
- "Net adjustments to property, plant, equipment and intangible assets" include items 210 and 220 of the accounting schedule;
- "Gains (Losses) on investments" include items 250, 260, 270 and 280 of the accounting schedule;
- "Income taxes on current operations for the year" includes, in the comparative figure as at 31 December 2022, the commission for the conversion of the tax losses of Banca Carige into DTAs (Euro 111.5 million), allocated in the accounts to item 190b) "Other administrative expenses";
- "Contributions to the SRF, DGS, and FITD-SV funds" have been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative expenses" as a better reflection of the trend in the Group's operating costs. In particular, at 31 December 2023, this item represents the component allocated for accounting purposes to administrative costs in relation to:
  - the 2023 regular contribution to the SRF (European Single Resolution Fund) of Euro 49.5 million;
  - the 2023 contribution to the DGS (Deposit Guarantee Schemes) for Euro 111.8 million.

Consolidated Income Statement

(in thousands)

Items		31.12.2023	31.12.2022	Changes	% Change
10+20	Net interest income	3,251,817	1,825,893	1,425,924	78.09
40+50	Net commission income	2,010,426	1,942,080	68,346	3.52
70	Dividends	30,884	22,124	8,760	39.60
80+90+100+110	Net income from financial activities	100,042	139,722	(39,680)	-28.40
230	Other operating expense/income	100,737	328,532	(227,795)	-69.34
	Operating income	**5,493,906**	**4,258,351**	**1,235,555**	**29.01**
190 a)	Staff costs	(1,980,567)	(1,682,286)	(298,281)	17.73
190 b)	Other administrative expenses	(833,193)	(877,808)	44,615	-5.08
210+220	Net adjustments to property, plant and equipment and intangible assets	(263,564)	(227,672)	(35,892)	15.76
	Operating costs	**(3,077,324)**	**(2,787,766)**	**(289,558)**	**10.39**
	Net operating income	**2,416,582**	**1,470,585**	**945,997**	**64.33**
130 a)	Net impairment losses to financial assets at amortised cost	(436,261)	(606,059)	169,798	-28.02
	- loans to customers	*(425,583)*	*(582,815)*	*157,232*	*-26.98*
	- other financial assets	*(10,678)*	*(23,244)*	*12,566*	*-54.06*
130 b)	Net impairment losses to financial assets at fair value	(57)	(442)	385	-87.10
140	**Gains (Losses) from contractual modifications without derecognition**	**3,006**	**(139)**	**3,145**	**-**
	Net impairment losses for credit risk	(433,312)	(606,640)	173,328	-28.57
200	Net provisions for risks and charges	(62,481)	(132,256)	69,775	-52.76
###	Contributions to SRF, DGS, IDPF - VS	(161,241)	(172,423)	11,182	-6.49
250+260+270+280	Gains (Losses) on investments	(34,905)	(7,745)	(27,160)	350.68
275	Gain on a bargain purchase	-	948,123	(948,123)	-100.00
290	**Profit (Loss) from current operations before tax**	**1,724,643**	**1,499,644**	**224,999**	**15.00**
300	Income taxes on current operations for the year	(172,874)	(25,764)	(147,110)	570.99
330	**Profit (Loss) for the year**	**1,551,769**	**1,473,880**	**77,889**	**5.28**
340	Profit (Loss) for the year pertaining to minority interests	(32,273)	(24,905)	(7,368)	29.58
350	**Profit (Loss) for the year pertaining to the Parent Company**	**1,519,496**	**1,448,975**	**70,521**	**4.87**

27 For further details on how the Reclassified Income Statement was prepared, see the Annex to these Integrated Report and Consolidated Financial Report, dedicated to "Reconciliation of Reclassified Financial Statements as at 31 December 2023".

Consolidated income statement by quarter as at 31 December 2023

(in thousands)

Items	1st quarter 2023	2nd quarter 2023	3rd quarter 2023	4th quarter 2023	1st quarter 2022	2nd quarter 2022	3rd quarter 2022	4th quarter 2022
Net interest income	725,989	818,980	836,548	870,300	376,429	409,020	474,981	565,463
Net commission income	506,098	489,531	485,757	529,040	450,559	463,410	504,045	524,066
Dividends	2,223	22,912	4,810	939	286	15,597	3,309	2,932
Net income from financial activities	50,882	3,066	41,627	4,467	58,939	25,457	32,351	22,975
Other operating expense/income	33,220	(581)	4,984	63,114	(2,470)	(10,276)	12,417	328,861
Operating income	**1,318,412**	**1,333,908**	**1,373,726**	**1,467,860**	**883,743**	**903,208**	**1,027,103**	**1,444,297**
Staff costs	(423,227)	(425,947)	(382,252)	(749,141)	(352,154)	(359,388)	(360,943)	(609,801)
Other administrative expenses	(195,402)	(200,345)	(194,305)	(243,141)	(160,690)	(181,965)	(232,641)	(302,512)
Net adjustments to property, plant and equipment and intangible assets	(57,161)	(57,856)	(59,039)	(89,508)	(45,584)	(48,498)	(60,664)	(72,926)
Operating costs	**(675,790)**	**(684,148)**	**(635,596)**	**(1,081,790)**	**(558,428)**	**(589,851)**	**(654,248)**	**(985,239)**
Net operating income	**642,622**	**649,760**	**738,130**	**386,070**	**325,315**	**313,357**	**372,855**	**459,058**
Net impairment losses to financial assets at amortised cost	(142,411)	(126,919)	(95,351)	(71,580)	(111,925)	(103,692)	(118,982)	(271,460)
- loans to customers	*(141,199)*	*(130,026)*	*(82,577)*	*(71,781)*	*(96,109)*	*(97,604)*	*(115,171)*	*(273,931)*
- other financial assets	*(1,212)*	*3,107*	*(12,774)*	*201*	*(15,816)*	*(6,088)*	*(3,811)*	*2,471*
Net impairment losses to financial assets at fair value	(31)	529	(817)	262	(16)	(230)	-	(196)
Gains (Losses) from contractual modifications without derecognition	1,905	991	424	(314)	(1,225)	27	573	486
Net impairment losses for credit risk	**(140,537)**	**(125,399)**	**(95,744)**	**(71,632)**	**(113,166)**	**(103,895)**	**(118,409)**	**(271,170)**
Net provisions for risks and charges	(57,088)	(8,298)	(4,093)	6,998	(12,200)	(28,839)	(11,785)	(79,432)
Contributions to SRF, DGS, IDPF - VS	(69,530)	20,046	(125,753)	13,996	(45,666)	(55)	(123,280)	(3,422)
Gains (Losses) on investments	12,124	(2,793)	23,727	(67,963)	4,026	2,988	6,337	(21,096)
Gain on a bargain purchase	-	-	-	-	-	1,188,433	(17,111)	(223,199)
Profit (Loss) from current operations before tax	**387,591**	**533,316**	**536,267**	**267,469**	**158,309**	**1,371,989**	**108,607**	**(139,261)**
Income taxes on current operations for the year	(88,249)	(113,147)	(145,968)	174,490	(39,579)	(95,745)	(22,046)	131,606
Profit (Loss) for the year	**299,342**	**420,169**	**390,299**	**441,959**	**118,730**	**1,276,244**	**86,561**	**(7,655)**
Profit (Loss) for the year pertaining to minority interests	(8,667)	(6,293)	(7,780)	(9,533)	(6,058)	(4,108)	(4,993)	(9,746)
Net profit (loss) for the year attributable to the parent company	**290,675**	**413,876**	**382,519**	**432,426**	**112,672**	**1,272,136**	**81,568**	**(17,401)**

Net interest income

"Net interest income" amounted to Euro 3,251.8 million, an increase with respect to 31 December 2022 (Euro 1,825.9 million); the positive change was impacted not only by the increased size of the Group, but by the rise in market interest rates which led to an increase in both the commercial spread on the customer operations (loans and direct deposits) and the average yield of the portfolio of owned securities.

The result includes the upside attributable to participation in the TLTRO-III issues, including sums deposited with the ECB, for Euro 230.3 million.

In addition to recalling the dynamics of loans and interest-bearing deposits, already highlighted in paragraph 5.1 "Balance sheet aggregates", an indication of the trend in average lending/funding rates is given below for a better understanding of the trend in net interest income:

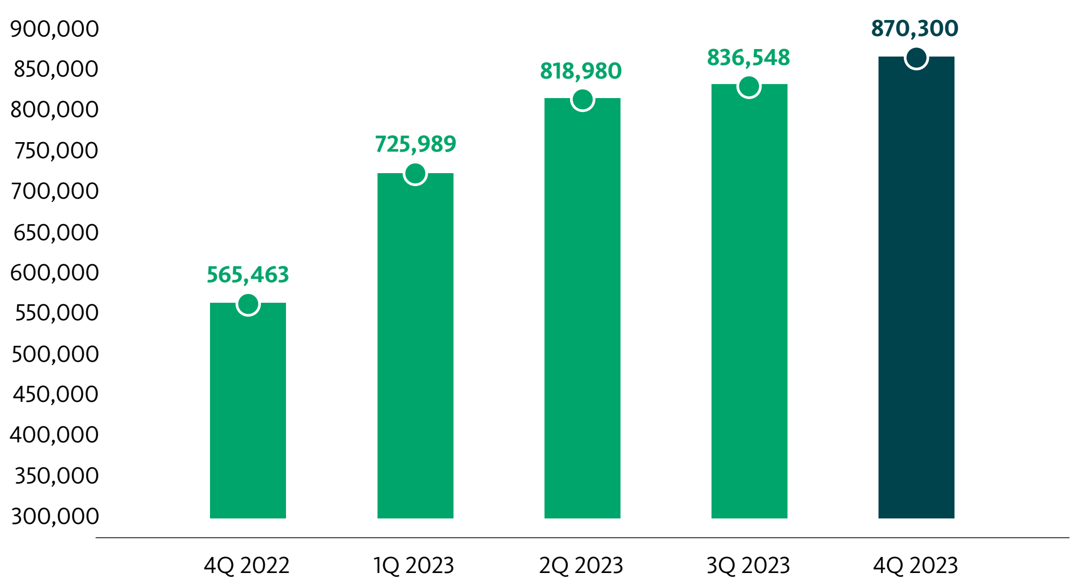
- the average interest rate for the year, based on Group lending rates to customers was 4.09%, an increase of about 183 bps compared with the previous year's average rate (2.26%);
- the average yield on the securities portfolio is 2.57%, up by 191 bps compared to the previous year;
- the average cost of direct deposits from customers was 0.89%, up by about 62 bps compared to 2022 (0.27%);
- the average cost of interest-bearing liabilities was 1.16% (vs. 0.26% as at 31 December 2022);
- the spread between loan and deposit rates of Group relationships with customers came to 3.21% (2.00% at 31 December 2022);
- the overall gap between the average annual rate of return on interest-bearing assets and the average annual cost of interest-bearing liabilities amounts to 2.50%, up on last year (it was 1.32% at 31 December 2022).

(in thousands)

Net interest income	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	2,668,638	1,409,057	1,259,581	89.39
2. BPER Bank Luxembourg s.a.	14,189	5,769	8,420	145.95
3. Bibanca s.p.a.	108,042	89,987	18,055	20.06
4. Banco di Sardegna s.p.a.	304,501	190,660	113,841	59.71
5. Banca Cesare Ponti s.p.a.	8,784	3,482	5,302	152.27
Total banks	**3,104,154**	**1,698,955**	**1,405,199**	**82.71**
Other companies and consolidation adjustments	147,663	126,938	20,725	16.33
Total	**3,251,817**	**1,825,893**	**1,425,924**	**78.09**

In terms of quarterly trend of Net Interest Income, as shown in the following graph, the increase in the spread on commercial relationships in the fourth quarter highlighted a q/q improvement in Net Interest Income from customers of Euro 41 million, the owned securities portfolio recorded a greater contribution to Net Interest Income of Euro 10.2 million, the management of liquidity from and to the ECB showed a lower contribution of Euro 6.2 million, whereas institutional funding witnessed an incremental cost of Euro 23.5 million.

NET INTEREST INCOME *(amounts in thousands)*



Net commission income

Net commission income, amounting to Euro 2,010.4 million, was +3.52% higher than at 31 December 2022 (Euro 1,942.1 million).

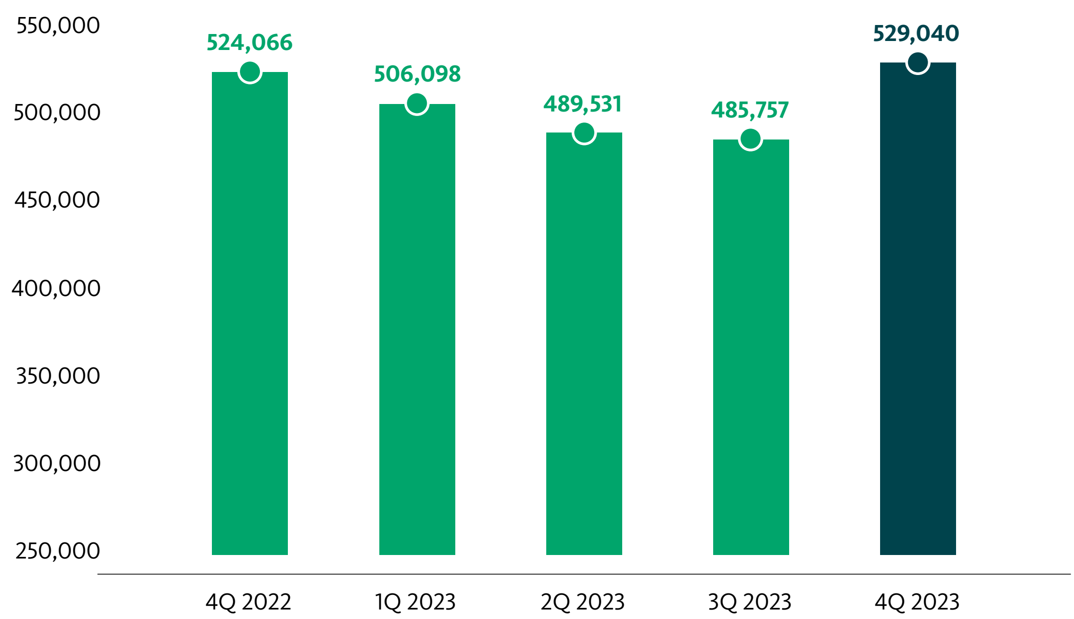
(in thousands)

Net commission income	31.12.2023	31.12.2022	Changes	% Change
Trading in currency/financial instruments	18,589	14,044	4,545	32.36
Indirect deposits and insurance policies	861,659	815,734	45,925	5.63
Collection and payment services	694,549	681,015	13,534	1.99
Loans and guarantees	339,271	323,381	15,890	4.91
Other commissions	96,358	107,906	(11,548)	-10.70
Total net commissions	**2,010,426**	**1,942,080**	**68,346**	**3.52**

Compared to the quarterly trend in Net commission income shown in the chart, the results of the fourth quarter were positively influenced by the commission contribution of Bancassurance products (Euro 22.7 million in additional commissions were recorded against the achievement of the commercial targets set for 2023), as well as by collection and payment services and the placement of securities.

NET COMMISSION INCOME

(amounts in thousands)



Net income from financial activities

Net income from financial activities (including dividends of Euro 30.9 million) amounted to a positive Euro 130.9 million (Euro 161.8 million as at 31 December 2022).

The result was brought about in particular by:
- net profits deriving from the disposal of securities for an amount of Euro 56.9 million;
- net profit from disposal of loans for an amount of Euro 15.2 million;
- net income on financial assets and liabilities measured at fair value through profit or loss (trading, FVO, FVTPLM) of Euro 5.6 million;
- net income from hedging for Euro 22.4 million (of which Euro 26.9 million resulting from the early repayment of a hedged loan (FV hedge) in the third quarter).

(in thousands)

Net income from financial activities (including dividends)	31.12.2023	31.12.2022	Changes	% Change
Dividends	30,884	22,124	8,760	39.60
Trading activities	152,200	78,246	73,954	94.51
Hedging	22,386	(691)	23,077	--
Proceeds from disposals	72,082	76,815	(4,733)	-6.16
- of which securities	56,925	43,877	13,048	29.74
- of which loans	15,157	32,938	(17,781)	-53.98
Other financial assets/liabilities measured at fair value	(146,626)	(14,648)	(131,978)	901.00
Total	**130,926**	**161,846**	**(30,920)**	**-19.10**

Other operating expense/income

The item Other operating expense/income, amounting to Euro 100.7 million (Euro 328.5 million as at 31 December 2022, a result influenced by the capital gain of Euro 308.3 million arising from the sale of the merchant acquiring and POS management business unit to Nexi), includes several significant components that impacted the result for the year:
- net contingent liabilities from the settlement of early terminations of former Carige commercial agreements, for Euro 17.5 million;
- contingent assets in relation to the settlement of lawsuits against the bank, for a total of Euro 13.4 million;
- the recognition of charges for an amount of Euro 5.1 million for the refund of fast-track loan approval process fees (CIV) to customers;
- other net income not attributable to a specific item (e.g. Fast-track facility fee and rental income) totalling Euro 40.1 million.
- the fair value measurement of tax receivables in the portfolio that are expected to be recovered through sale to third parties resulted in a revaluation of Euro 11.4 million;
- contingent assets arising from the settlement of past business combinations for an amount of Euro 13.5 million.

As a result of the dynamics illustrated above, Operating income amounted to Euro 5,493.9 million (+29.01% compared to the previous year).

Operating costs

Operating costs amount to Euro 3,077.3 million, an increase of 10.39% compared with 31 December 2022, mainly reflecting the increased size of the Group.

The main components of operating costs are reported below.

Staff costs totalled Euro 1,980.6 million, up from the previous year (+17.73%); in addition to the increase in the size of the Group, non-recurring costs of Euro 294.5 million were set aside in connection with the workforce optimisation manoeuvre, as envisaged in the Business Plan, owing to the agreement signed with the Trade Unions on 23 December 2023.

Other administrative expenses, shown net of indirect taxes recovered (Euro 277.0 million) and of the contributions paid to the Single Resolution Fund (Euro 161.2 million), amount to Euro 833.2 million, down 5.08% on the previous year.

Net adjustments to property, plant, equipment and intangible assets totalled Euro 263.6 million (Euro 227.7 million at 31 December 2022).

Depreciation of assets owned amounted to Euro 173.3 million (Euro 141.1 million as at 31 December 2022); net write-downs were recorded on assets owned, mainly on real estate classified as inventory in accordance with IAS 2, for an amount of Euro 11.4 million (as at 31 December 2022, the amount was Euro 11.8 million, of which Euro 7.0 million related to software), in addition to net reversals of previous impairment losses for an amount of Euro 2.7 million (vs. Euro 3.1 million as at 31 December 2022).

The depreciation of rights of use related to leased assets amounted to Euro 76.2 million (Euro 74.1 million at 31 December 2022), while adjustments due to early termination of contracts totalled Euro 5.4 million (Euro 3,7 million at 31 December 2022).

(in thousands)

Operating costs	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	2,653,809	2,380,474	273,335	11.48
2. BPER Bank Luxembourg s.a.	7,147	5,884	1,263	21.46
3. Bibanca s.p.a.	65,041	62,075	2,966	4.78
4. Banco di Sardegna s.p.a.	278,445	280,826	(2,381)	-0.85
5. Banca Cesare Ponti s.p.a.	11,688	4,173	7,515	180.09
Total banks	**3,016,130**	**2,733,432**	**282,698**	**10.34**
Other companies and consolidation adjustments	61,194	54,334	6,860	12.63
Total	**3,077,324**	**2,787,766**	**289,558**	**10.39**

Net operating income therefore amounts to Euro 2,416.6 million (Euro 1,470.6 million at 31 December 2022).

Net impairment losses for credit risk

Net impairment losses for credit risk amounted to Euro 433.3 million (Euro 606.6 million at 31 December 2022). Adjustments related to financial assets measured at amortised cost in the amount of Euro 436.3 million (Euro 606.1 million as at 31 December 2022), mainly related to loans to customers, are detailed in the table below:

(in thousands)

Net impairment losses for credit risk on loans to customers	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	330,711	436,634	(105,923)	-24.26
2. BPER Bank Luxembourg s.a.	1,778	2,070	(292)	-14.11
3. Bibanca s.p.a.	11,913	24,111	(12,198)	-50.59
4. Banco di Sardegna s.p.a.	39,549	86,777	(47,228)	-54.42
5. Banca Cesare Ponti s.p.a.	69	17	52	305.88
Total banks	384,020	549,609	(165,589)	-30.13
Other companies and consolidation adjustments	41,563	33,206	8,357	25.17
Total	**425,583**	**582,815**	**(157,232)**	**-26.98**

The overall cost of credit at 31 December 2023, calculated only on loans to customers, was 48 bps (64 bps at 31 December 2022). With regard to the various components of this aggregate, the majority of the annual cost is attributable to the non-performing portfolio as a result of an increase in the expected loss from both the workout scenario and the disposal component (as noted above, the disposals made in 2023 relate mainly to the UTP category for a total gross claimed value of over Euro 1 billion). The expected losses on the performing portfolio, as a result of the update of the overall risk models ("ordinary" models and the "overlay" component), led to a net write-back, against the improved perceived quality of the Group's portfolio. Among the components that moved in the opposite direction, we highlight the adjustment due to the assessment of climate risk which, transitioning from being a management overlay to an in-model adjustment, resulted in Euro 25 million worth of higher adjustments.

Net provisions for risks and charges

Net provisions for risks and charges total Euro 62.5 million (Euro 132.3 million at 31 December 2022). Net reversals on guarantees and commitments were recognised for an amount of Euro 30.6 million, whereas "Other provisions for risks and charges" amount to Euro 93.1 million and mainly refer to:

- ordinary allocations for disputes of Euro 47.6 million, relating in particular to compound interest/usury and bankruptcy clawbacks;
- the allocation of Euro 19.6 million, estimated with respect to operational/compliance risk connected with the tax credits acquired from customers during the period.

Contributions to SRF, DGS, IDPF - VS

The total amount of contributions paid during the year was Euro 161.2 million (Euro 172.4 million at 31 December 2022). This amount comprises the ordinary contribution for 2023 paid to the SRF (Single Resolution Fund), equal to Euro 49.5 million (Euro 45.7 million at 31 December 2022) and the ordinary contribution paid to the DGS (Deposit Guarantee Scheme) equal to Euro 111.8 million (Euro 126.7 million at 31 December 2022).

Gains (Losses) on investments

This item shows a negative balance of Euro 34.9 million (Euro 7.7 million negative at 31 December 2022), mainly deriving from:

- Euro 47.7 million in write-downs due to the fair value measurement of properties;
- full write-down of goodwill related to the Banco di Sardegna CGUs for an amount of Euro 27.6 million and BPER Factor for an amount of Euro 6.8 million;
- a positive result from companies measured at equity of Euro 46.8 million, including the profit arising from the deconsolidation of SIFA (Società Italiana Flotte Aziendali), merged into UnipolRental, against the recognition of the shareholding in the latter (Euro 23.4 million).

Net profit

Profit from current operations before tax amounted to Euro 1,724.6 million (Euro 1,499.6 million at 31 December 2022).

“Income taxes for the year”, amounting to Euro -172.9 million, were determined by applying the regulations in force as at 31 December 2023, including the provisions contained in article 1, paragraphs 233 et seq. of Law no. 178 of 30 December 2020 which, in the case of business combinations carried out through mergers, demergers and business transfers that took place between approved independent parties or resolved upon between 1 January 2021 and 30 June 2022, enable the entity resulting from the merger or the merging entity, beneficiary and the transferee, to arrange for the conversion into tax credits of the DTAs relating to tax losses and surplus ACE (Allowance for Corporate Equity) accrued until the tax period prior to the one in progress at the date of legal effectiveness of the transaction.

In particular, BPER exercised the conversion option following the business combination concluded with the merger by absorption of Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A. completed on 28 November 2022. Due to said option, in 2023, DTAs amounting to Euro 334.6 million were converted into tax credits, equal to three quarter of the total amount convertible (the residual share was converted in 2022); therefore, the item ‘taxes’ was negatively impacted by the cancellation of the DTAs converted and positively by the recognition of the tax credit.

The tax item was positively impacted, for approximately Euro 380 million, by the recognition of deferred tax assets on tax losses and ACE surplus following the probability test, for Euro 27 million by the recognition in the income statement of the income for the use in the tax consolidation of previous tax losses and surplus ACE accrued by the Parent company for which no deferred tax assets had been recognised, and was negatively impacted, for approximately Euro 39.7 million, by the taxes paid and set aside by the Parent Company in 2023, respectively, for the settlement of the pending litigation for the years from 2013 to 2016 and for similar disputes formulated for the period from 2017 to 2021 relating to the conversion of the DTAs posted in relation to the goodwill recognised in the 2012 Separate Financial Report of the Merged Banca Carige.

No deferred tax assets have been recognised on temporary differences due to recovery after the five-year time horizon considered for the probability test (2024-2028) or on tax losses for an overall amount of Euro 154.8 million.

The profit for the year after tax amounted to Euro 1,551.8 million (Euro 1,473.9 million at 31 December 2022). The profit pertaining to minority interests totalled Euro 32.3 million (Euro 24.9 million at 31 December 2022).

The profit pertaining to the Parent Company amounted to Euro 1,519.5 million (Euro 1,449.0 million at 31 December 2022).

(in thousands)

Net profit	31.12.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	1,361,392	1,293,880	67,512	5.22
2. BPER Bank Luxembourg s.a.	9,456	1,731	7,725	446.27
3. Bibanca s.p.a.	57,499	28,459	29,040	102.04
4. Banco di Sardegna s.p.a.	140,506	76,840	63,666	82.86
5. Banca Cesare Ponti s.p.a.	2,882	4,558	(1,676)	-36.77
Total banks	**1,571,735**	**1,405,468**	**166,267**	**11.83**
Other companies and consolidation adjustments	(52,239)	43,507	(95,746)	-220.07
Total	**1,519,496**	**1,448,975**	**70,521**	**4.87**

5.5 Employees

Employees	31.12.2023	31.12.2022	Changes
1. BPER Banca s.p.a.	17,622	18,302	(680)
2. BPER Bank Luxembourg s.a.	29	28	1
3. Bibanca s.p.a.	217	199	18
4. Banco di Sardegna s.p.a.	1,931	2,071	(140)
5. Banca Cesare Ponti s.p.a.	76	32	44
Total banks	**19,875**	**20,632**	**(757)**
Subsidiaries consolidated line-by-line	349	427	(78)
Balance sheet total	**20,224**	**21,059**	**(835)**

Figures refer to the point-in-time number of employees at 31 December 2023.
Group employment at 31 December 2023 includes 330 persons seconded with Group companies (496 at 31 December 2022).

5.6 Geographical organisation

Branches	31.12.2023	31.12.2022	Changes
1. BPER Banca s.p.a.	1,347	1,603	(256)
2. Banco di Sardegna s.p.a.	286	308	(22)
3. Banca Cesare Ponti s.p.a.	2	2	-
Total Italian banks	**1,635**	**1,913**	**(278)**
4. BPER Bank Luxembourg s.a.	1	1	-
Total	**1,636**	**1,914**	**(278)**

The change during the year is mainly due to the rationalisation of branches as part of the Business Plan.
Please refer to the “Other attachments” of these Integrated Report and the consolidated financial report as at 31 December 2023 for details of the Group’s local presence throughout the country.

6. MAIN RISKS AND UNCERTAINTIES

6.1 Identification of risks, underlying uncertainties and the approach to manage them

The BPER Banca Group identifies the Risk Appetite Framework (RAF) as a tool for overseeing the risk profile that the Group intends to take in the implementation of its business strategies, considering it as an essential element to ensure that the risk governance policy and process by which risks are managed comply with the principles of sound and prudent business management. The RAF provides the frame of reference that, in line with the maximum acceptable risk, defines the business model and strategic plan, risk appetite, tolerance thresholds, risk limits, risk management policies and the key processes needed to define and implement them.

The key principles of the RAF are formalised and approved by the Parent Company, which periodically reviews them, ensuring that they are in line with the strategic guidelines, business model and regulatory requirements in force at any given time. The RAF is a coordinated set of methodologies, processes, policies, controls and systems that make it possible to establish, communicate and monitor the Group's risk appetite. In line with the regulatory guidelines[28], the Group adopts mechanisms aimed at allowing effective integration of the risk appetite with management activities. In particular, the Group consistently reconciles its RAF, business model, strategic plan, Capital, Funding and NPE Plan, ICAAP, ILAAP and budget.

The Group periodically monitors the overall RAF metrics, in order to control on a timely basis any overruns of the tolerance thresholds identified and/or risk limits and, if appropriate, triggers the escalation processes by addressing the necessary communications to the Corporate Bodies and subsequent remedial actions.

The BPER Group defines as risk propensity the values of the risk objectives (Risk Appetite), of any Early Warning thresholds, of the tolerance thresholds (Risk Tolerance) and of the exposure limits (Risk Limits) set in order to ensure, in any case, that the Group has sufficient margins to operate, including under stress conditions, within the maximum risk than can be assumed (Risk Capacity).

RAF management includes the following activities:
- identification of the risks to be evaluated that may have significant impacts on the economic, financial and equity equilibrium of the Group (Group Risk Map);
- identification of the elements through which the Group expresses its risk appetite level to achieve its strategic objectives (areas of analysis, metrics and risks for which it is considered appropriate to define qualitative guidelines to oversee their monitoring);
- definition of threshold calibration and quantification rules;
- formalisation of decisions taken in the RAF (Risk Appetite Statement) domain;
- checking the trends in the actual RAF parameters (risk profile) at Group level with respect to the established risk appetite;
- preparation of periodic reporting aimed at providing, on a quarterly basis, a summary overview of the evolution of the actual risk values with respect to the thresholds defined.

For further details, see Part E - Information on risks and related hedging policy of the Consolidated financial report as at 31 December 2023.

To ensure the implementation and in compliance with prudential supervisory regulations (Bank of Italy Circular 285 of 17 December 2013 and subsequent updates), the BPER Banca Group periodically performs an accurate identification of the risks to which it is or could be exposed by taking account of its operations and reference markets.
This activity is the result of an integrated and ongoing recognition process carried out centrally by the Parent Company, which also envisages (if deemed necessary in relation to any developments and/or changes in the business model) the involvement of the individual legal entities included in the Group's scope of consolidation, in order to enhance their role in relation to individual and specific operational features. In this regard, the Group Risk Map is viewed as having management and risk governance purposes, making it the cornerstone of the Internal Control System.

28 See Bank of Italy n° 285/2013.

The risk identification process involves periodic updating of the "Map of Group Risks", which illustrates the relative position of the Bank with respect to Pillar 1 and 2 risks[29], with a point-in-time and forward-looking perspective, in order to foresee any risks capable of impacting the operations of the Group or of its legal entities. The purpose of this update is to define the scope of significant risks/entities through the application of appropriate criteria of applicability and materiality, which make it possible to differentiate between risks that are material or immaterial for the Group.

The scope of "material risks" is made up of all Pillar 1 risks, mandatory regulatory risks and Pillar 2 risks deemed material for the Group (credit, counterparty, market, operational, liquidity, interest rate in the banking book, strategic/business, reputation, equity investments).

They are classified into risk sub-categories, based on the specific nature of the main risk, the reference regulations and/or the specific operations of the Group, with the aim of pursuing a complete monitoring of the various types of risk, also in line with national and international regulatory developments[30].

In order to strengthen said monitoring, in the 2023 Risk Map, an analysis of the macroeconomic context and of the 2023-25 Supervisory Priorities identified by the Regulator was carried out, and the benchmarking analysis was updated.

The main changes introduced in the 2023 Risk Map refer to the extension of the materiality analysis for all risks, except for those that are mandatory by law, incorporated in the business model or introduced following specific requests, further methodological fine tunings relating to the materiality analysis, as well as to the updating of the taxonomy regarding the IT risk subcategory of operational risks to reflect the extension of the risk assessment framework and its updated definition (ICT and Security risk). In addition, continuing with the approach introduced in previous years, ESG risk factors continued to be fine-tuned and, in particular, quantitative indicators were strengthened for the materiality analysis of credit risk deriving from climate and environmental factors, the introduction of quantitative analysis for ESG sub-category within operational risks, and the introduction of ESG risk factors to the materiality analysis of market, reputational and strategic/business risks. Within the risk map, the complete tree diagramme of ESG Risk was also introduced that takes into consideration its various components and sub-components and the current positioning of the BPER Group compared to this tree diagram, with particular reference to the risk identification framework.

Identification of these risks also considered their inherent uncertainties, understood as possible events whose potential impact cannot be certainly determined at present, therefore it cannot be quantified precisely.

More specifically, the Italian and global macroeconomic scenario, which has a decisive impact on the Group's business outlook, is still subject to considerable uncertainty caused by the geopolitical tensions that have spread to the Middle East following the outbreak of the Russia-Ukraine conflict and the international sanctions that followed; there is also a growing international awareness of climate risk and the measures being taken to address it. The context is, moreover, affected by the persistence of the inflationary pressure and the subsequent increase in market interest rates. These circumstances may trigger additional general economic consequences and specific impacts on the economic, financial and capital profile of the BPER Banca Group. In particular, in this context, the economic slowdown might significantly increase the levels of credit risk and market risk faced by the Group.

In line with the RAF defined by the Parent Company, for risks identified as significant, the Board of Directors of BPER Banca sets, with a special policy, the risk objectives, the related risk exposure and operational limits and the process of risk assumption and management.

In line with the relevant regulations, the Corporate Bodies have a central role in the process of risk governance, providing for certain responsibilities with regard to the design, implementation, evaluation and external communication, as part of the development of the Group's system of internal controls.

The Parent Company's Board of Directors therefore performs the strategic supervision function at Group level, intervening in all phases envisaged by the model and, by means of strategic directives, involving the Boards of Directors of the individual Group Banks and Companies for the activities that are their responsibility, i.e.:
- it gives the CEO adequate powers and resources to implement the strategic guidelines, the RAF and risk governance policies defined by the Board of Directors of the Parent Company in the design of the internal control system and is responsible for taking all the necessary steps to ensure that the organisation and its internal control system comply with the principles and requirements laid down in regulatory provisions, monitoring compliance on an ongoing basis;
- receives, either directly or through the CEO, the information flows required to gain full awareness of the various risk factors and the ability to govern them, so as to plan and implement interventions to ensure the compliance and adequacy of the Internal Control System.

29 See Bank of Italy Circular no. 285/2013, Title III - Chapter 1 - Attachment D.

30 EBA Guidelines on SREP, ECB guidelines on ICAAP and ILAAP.

For said purpose, the Chief Executive Officer, in relation to the Group as a whole and its members, with the help of the competent structures, implements the necessary initiatives and activities to continuously guarantee the completeness, adequacy, functionality and reliability of the internal control system.

The Boards of Statutory Auditors[31] of the Parent Company and of the Group companies, each to the extent of its own responsibilities, perform their assignments as foreseen by the law and the articles of association and have the responsibility of ensuring the completeness, suitability and functionality of the internal control system and of the RAF. The results are brought to the attention of the respective Boards of Directors.

The Board of Directors of each Group Company assigns a mandate to its own corporate structures to implement, in its own corporate set-up, the decisions taken by the Parent Company.

Internal board committees and other internal committees set up by the Boards of Directors of the Parent Company and of the Group Companies are also involved in the overall Internal Control System, whose composition and functioning are defined in the relevant regulation approved by the Board itself.

The internal board committees are dedicated to the in-depth analysis of specialist topics and have inquiry, advisory and proposal-making duties in support of the Board of Directors, while the Internal Committees provide advice and support to the Management Body.

In particular, the Risks Committee, a body with consultative powers, assists the Chief Executive Officer in the determination and implementation of the Risk Appetite Framework, of risk governance policies and of the capital and liquidity adequacy process for the Group and Group companies.

To this effect, the Committee is responsible for examining the following issues:
- risk capacity, risk appetite, risk tolerance, risk profile and risk limits under both normal and stressed conditions and the activities included in the escalation mechanisms in case of breaches of RAF thresholds;
- consistency and reconciliation among the business model, the strategic plan, the RAF, ICAAP and ILAAP processes, the budget, business administration and the internal control system;
- the risk management process indicates the series of rules, procedures, methodologies and models, resources (human, technological and organisational) and control activities to identify, measure or assess, monitor, prevent or mitigate and to communicate, by means of a specific reporting process, all risks assumed or assumable by the Group.

The Risks Committee is also responsible for the examination of methodologies, tools, reporting and internal regulations falling within the responsibility of the Risk Management, Compliance, Anti-Money Laundering, Validation functions and the Manager responsible for preparing the company's financial reports (hereinafter "Manager responsible").

Decentralised at the individual Group companies there are people who act as "Contacts" for all of the second level control functions, in addition to the Manager Responsible for Preparing the Company's Financial Reports, for the following purposes:
- overseeing operations in line with the Parent Company's duties of guidance and coordination, taking into account specific local aspects and the type of business carried on by individual Group companies;
- ensuring effective operational links between the Parent Company and each Group company;
- all communication flows to corporate bodies.

With respect to reporting, the Group has prepared a comprehensive set of periodic reports to ensure the provision of adequate information to the Corporate Bodies of the Parent Company and the Group Banks and Companies about their risk exposure. The analyses contained in these reports are discussed in the various committees and are the basis of the assessment of capital adequacy, subsequently brought to the attention of the Parent Company's Board of Directors.

To ensure the achievement of strategic and operational objectives, the BPER Banca Group defines its Internal Control System (governed by the "Group Policy - Internal Control System")[32], in line with Bank of Italy Circular 285 of 17 December 2013 – Supervisory instructions for banks.

The "Group's Internal control system" is the set of rules, functions, structures, resources, procedures and processes aimed at ensuring that the activities carried out by the company are compliant with the pre-defined internal standards and practices.

31 Bank of Italy Circular no. 285 of 2013; first part, Title IV, Chapter 3 "The body with control function is responsible for monitoring the completeness, adequacy, functionality and reliability of the internal control system and the RAF".

32 Approved by Board of Directors on 28 April 2022.

At Group level, this system is structured in order to allow the Parent Company to carry out the following, also as part of its management and coordination activities:
- strategic control of both the trend in the activities carried out by the Group companies and the acquisition and disposal policies employed by the latter
- management control aimed at ensuring the maintenance of conditions of economic, financial, capital balance for both the individual group companies, and the Group as a whole.
- technical-operational control targeted at evaluating the risk profiles caused to the Group by the individual subsidiaries and the general risks of the Group.

The BPER Banca Group's internal control system involves corporate bodies, control functions and line structures and is designed to take account of the business specifics of each Group Company and to comply with the following principles:
- proportionality in the application of rules according to size and operations;
- gradual and progressive transfer to more advanced methodologies and processes for measuring risk and the capital that is available as a result;
- unity in the definition of the approaches used by the various functions foreseen in the Group's organisational system;
- effectiveness and efficiency of risk control.

Each Group Company has a corporate Internal Control System that is consistent with the Group's strategy and policy on risks and controls, without prejudice to compliance with any applicable regulations on an individual basis: any additions that may be necessary for the adaptation of the Company's Internal Control System to specific regulatory and/or Supervisory Authority requirements, must be approved in advance by the Parent Company.

For more information and details on the overall control system implemented at the Banking Group level and on the tasks assigned to each control body or function identified, please refer to the information provided in the Explanatory Notes, Part E - Information on risks and related hedging policies (particularly the "Introduction" to the qualitative and quantitative information), to the Consolidated Financial Report as at 31 December 2023, the Pillar 3 Public Disclosures as at 31 December 2023, as well as to the Report on Corporate Governance and Ownership Structure as at 31 December 2023, which are available on the company's website (https://istituzionale.bper.it).

Credit risk

With regard to credit risk, the metrics of the internal rating system are used for management reporting purposes. More specifically:
- a Credit Risk Report is prepared for management every quarter and the results are included in the quarterly risk report, which is then sent to Top Management and the various Corporate Bodies of the Parent Company and of Group Banks and Companies. The information is discussed by the Risks Committee and presented by the Chief Risk Officer to the Control and Risk Committee and the Board of Directors of the Parent Company;
- a summary report is prepared for the Top Management of the Parent Company and of Group Banks and Companies on a monthly basis, including the monitoring of supervisory thresholds set for credit and concentration risk;
- a network reporting tool is prepared, characterised by different views of the loan portfolio, with different levels of data aggregation (Branch, Regional Division, General Management, Bank and Group) and hierarchical visibility cones.

For a description of the advanced credit risk measurement methodologies based on internal ratings, please refer to part E of the Explanatory Notes to this Consolidated financial report as at 31 December 2023, in the chapter "2.2 Systems for managing, measuring and monitoring".

Financial risk

With regard to financial risk management, an analytical system is used to measure, monitor and report on market, counterparty, liquidity and interest-rate risks. The Group's policy for managing the securities portfolio, market risk, interest rate risk (ALM) and liquidity and funding risk is defined by the Finance Committee. Operational reports are prepared on the risks profiles, with frequencies varying from daily to monthly, depending on the characteristics of each risk that is monitored. Every quarter, an overall report on financial risks is presented to the Risks Committee, the Risk Control Committee, the Board of Directors of the Parent Company and, for the areas within their remit, to the Boards of Directors of the Group companies.

For more information on financial risk and related controls, please refer to the Explanatory Notes to this Report, Part E, Section 2, para. 1.2 – Market risk, para. 1.3 Derivative instruments and hedging policies, para. 1.4 Liquidity risk of the Consolidated financial report as at 31 December 2023.

Operational risk

As regards the governance of operational risk, the BPER Banca Group applies the Traditional Standardised Approach (TSA) to calculate the capital requirement for operational risk[33].

The Own Funds requirement is calculated by determining the three-year average of the sum of the annual Own Funds requirement for the lines of business in which the relevant indicator was classified[34].

The model of operational risk governance and management adopted by the BPER Banca Group, designed to identify, assess, monitor, mitigate and report operational risks to the appropriate hierarchical levels, is formalised in specific internal rules. It provides for the centralised management at the Parent Company by the Operational, ICT & Reputational Risk service, which relies on the support from a Contact of the Risk Function in place at all Group banks and companies.

The operational risk management and measurement system adopted by the BPER Banca Group is ensured by:
- Loss Data Collection: system for collecting and filing the loss events that derive from operational risks, supported by dedicated IT tools under constant development that ensure the completeness, accuracy and quality of the data gathered;
- measurement of operating risks via the Risk Self-Assessment, in order to determine over a one-year time horizon the prospective level of exposure to operating risks and assess the adequacy of processes and line controls;
- measurement of risk by determining the level of capital absorption by operating risk from both a regulatory (own funds) and an operational standpoint (Economic capital);
- system of reporting and communication to the Board of Directors and Senior Management, together with procedures to undertake appropriate mitigation actions based on the information flows sent.

Together, the analysis of loss data collection and the measurement of operational risks make it possible to identify areas of vulnerability in which operating losses are more concentrated, in order to understand the underlying causes and highlight the opportunity for corrective actions, including insurance cover (external transfer of risk).

The BPER Banca Group has adopted an analytical framework for IT risk, with the aim of identifying the exposure to IT risk and the corrective actions needed to avoid exceeding the established risk appetite threshold. A specific analysis is carried out in relation to operational and security risk related to payment services.

Reputational risk

The BPER Banca Group has implemented a framework for the management of reputational risk in order to monitor, manage, mitigate and periodically present in an organised manner the position of the Group in relation to this risk, together with the corrective actions needed to mitigate any vulnerabilities identified[35].

The principal elements comprising the framework for the management of reputational risk are described and formalised in the "Policy on the governance of reputational risk". This document centralises the management of this activity within the Risk Management Function of the Parent Company, and specifies the responsibilities of the Organisational Units within the Parent Company and the Group companies concerned, both under normal operating conditions and should any "critical reputational events" occur.

The system of reputational risk management adopted by the BPER Group has the following components:
- identification and assessment of risk based on Reputational Data Collection and Reputational Self-Assessment;
- monitoring of the Group's exposure to reputational risk using a series of specific Key Risk Indicators;
- management of critical reputational events (escalation): management of particularly critical reputational events, by means of a functional escalation process and the determination of short and long term responses and mitigation;
- reporting: preparation of suitable reports, based on the various processes/sub-processes comprising the framework, in order to present in summary form the outcome of the risk management activities to all bodies and functions concerned.

For more qualitative information on operational risk and reputational risk and related controls, please refer to the Explanatory Notes to this Report, Part E, Section 2, para. 1.5 Operational risks of the Consolidated financial report as at 31 December 2023.

33 This choice was made starting from reporting of data as at 31 December 2013.

34 See CRR – Part three, Title III, Chapter 3, art. 317.

35 This choice was made with effect from the 2017 financial year.

6.2 Other evidence of risk

Business Continuity

In 2023, the annual activities aimed at the "Ordinary Management" of Business Continuity were resumed and aimed at updating the Business Continuity Plan of the Parent Company and of the Group's Banks and Companies.

In particular, Business Impact Analyses (BIAs) were carried out during the year to identify potential risks and failure points of business processes, business continuity solutions were updated to ensure effective recovery in the event of an emergency, and scheduled business continuity and disaster recovery tests were carried out to check the effectiveness of the Plan and to ensure continuous improvement.

The elements that characterised the financial year 2023 concerned:
- the extension of the Business Continuity model to the new companies that have joined the Group (Banca Cesare Ponti);
- the review of the Business Continuity framework following the 40th update of Bank of Italy Circular no. 285/2013;
- the launch of the "Everbridge" application in the IT production environment, a mass notification tool for crisis/emergency communications in out-of-band mode, i.e. even when the bank's information systems are inaccessible;
- activities for maintenance of certification ISO 22301, held by the Group through the company Numera, transferred at the end of 2022;
- solutions to mitigate the risk of electricity network unavailability were further developed, with a particular focus on the most critical sites;
- the monitoring of critical suppliers continued by checking existing contracts, continuity testing and the gathering of appropriate information to fully assess the quality of the planned continuity measures;
- an in-depth analysis of the impact of the seismic and bradyseismic risk on the Campi Flegrei area was carried out with an update of the specific emergency plan (pursuant to Law Decree 140/2023).

As part of the ESG Risk projects, physical risk mapping was further developed to monitor the degree of exposure to natural hazards (seismic risk) and climatic and environmental hazards (hydrogeological risk, landslide risk) of the buildings on which the critical processes are located.

Lastly, the Business Continuity Office coordinated various activities targeted at restoring compromised services. The most significant emergency situation was the flooding in Emilia-Romagna that occurred between 15 and 23 May. No process or central office suffered operational interruptions, the data centres were operational and the ECB, CoDiSe[36] and the Bank of Italy were constantly informed.

The focus on operational resilience and the dissemination of a culture of business continuity within the Group, with a view to continuous improvement, continued through:
- training activities for the roles involved in business continuity, disaster recovery and crisis management within the Group companies;
- awareness initiatives through "information snippets" and the publication of articles in the company magazine.

Climate Change

Transition to a circular, low-carbon economy and its integration and management in the regulatory and prudential supervisory framework entails both risks and opportunities for the entire economic system and for financial institutions, while the physical damage caused by climate change and environmental degradation can have a significant impact on the real economy and the financial sector.

The European Central Bank identified climate and environmental risks among the main risk factors to be proactively managed under the supervisory priorities of the Single Supervisory Mechanism (SSM) for the banking sector, and starting in 2021, undertook activities aimed at verifying banks' positioning with respect to the provisions of the guidelines that the ECB issued on the subject (ECB Guide on climate-related and environmental risk).

Against this backdrop, the BPER Banca Group has structured its own sustainability process through the adoption of an integrated strategy, capable of combining business growth and financial strength with social and environmental sustainability, thereby creating long-term shared value. The sustainability perspective has been fully integrated in the 2022-2025 Business Plan.

For further details on ESG risks, please refer to Part 2 - Consolidated Non-Financial Statement of this Report on Operations.

36 Working Group for operational crisis management coordination in the Italian financial maketplace, chaired by the Bank of Italy.

6.3 Disclosure of exposures to sovereign debt held by listed companies

As required by CONSOB Communication DEM/11070007 of 5 August 2011 (and in the letter sent to listed Banking Issuers dated 31 October 2018), details are provided below about the holdings of bonds issued by Central and Local Governments and by Government entities, as well as about the loans granted to them.

Debt securities

Issuer	Rating	Cat	Nominal value	Book Value	Fair Value	OCI Reserves	%
Governments(*):			**13,528,142**	**13,132,581**	**12,471,788**	**(31,953)**	**97.20%**
Italy	BBB		9,038,083	8,989,090	8,605,082	(24,635)	66.53%
		FVTPLT	155	175	175	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	1,797,428	1,804,048	1,804,048	(24,635)	
		AC	7,240,500	7,184,867	6,800,859	#	
Spain	A-		**1,189,400**	**1,164,859**	**1,100,394**	**(1,005)**	**8.62%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	18,500	17,626	17,626	(1,005)	
		AC	1,170,900	1,147,233	1,082,768	#	
Germany	AAA		**964,501**	**912,842**	**844,809**	**(2,134)**	**6.76%**
		FVTPLT	1	2	2	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	20,000	17,105	17,105	(2,134)	
		AC	944,500	895,735	827,702	#	
U.S.A.	AA+		**890,000**	**793,771**	**660,235**	**-**	**5.88%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	890,000	793,771	660,235	#	
European Stability Fund	AA		**316,000**	**291,791**	**286,553**	**(581)**	**2.16%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	95,000	84,809	84,809	(581)	
		AC	221,000	206,982	201,744	#	

(continued)

Issuer	Rating	Cat	Nominal value	Book Value	Fair Value	OCI Reserves	%
Belgium	AA-		246,400	223,333	219,627	-	1.65%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	246,400	223,333	219,627	#	
Other	-		**883,758**	**756,895**	**755,088**	**(3,598)**	**5.60%**
		FVTPLT	58	5	5	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	44,000	40,033	40,033	(3,598)	
		AC	839,700	716,857	715,050	#	
Other public entities:			**419,101**	**378,229**	**365,853**	**(2,815)**	**2.80%**
France	-		**356,400**	**317,856**	**305,508**	**(2,874)**	**2.35%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	77,000	68,014	68,014	(2,874)	
		AC	279,400	249,842	237,494	#	
Italy	-		**14,677**	**13,746**	**13,716**	**-**	**0.10%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	14,677	13,746	13,716	#	
Other:	-		**48,024**	**46,627**	**46,629**	**59**	**0.35%**
		FVTPLT	24	7	7	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	48,000	46,621	46,621	59	
		AC	-	(1)	1	#	
Total as at al 31.12.2023			**13,947,243**	**13,510,810**	**12,837,641**	**(34,768)**	**100.00%**

(*) The individual percentages, calculated on book value, shown in the above table may not agree with the total because of roundings. Figures are expressed in thousands of Euro. The ratings indicated are those of Fitch Ratings at 31 December 2023.

Loans

Issuer	Rating	Cat	Nominal value	Book Value	Fair value	OCI Reserves	%
Governments (*):			**2.110.283**	**2.110.283**	**2.173.540**	**-**	**77,64%**
Italy	BBB+		**2,110,283**	**2,110,283**	**2,173,540**	**-**	**77.64%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	2,110,283	2,110,283	2,173,540	#	
Other public entities:		**607,779**	**607,779**	**635,433**	**-**	**22.36%**	
Italy	-		**606,351**	**606,351**	**634,005**	**-**	**22.31%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	606,351	606,351	634,005	#	
Algeria	-		**1,428**	**1,428**	**1,428**	**-**	**0.05%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	1,428	1,428	1,428	#	
Total loans as at 31.12.2023		**2,718,062**	**2,718,062**	**2,808,973**	**-**	**100.00%**	

(*) The individual percentages, calculated on book value, shown in the above table may not agree with the total because of roundings. Figures are expressed in thousands of Euro. The ratings indicated are those of Scope Ratings at 31 December 2023.

Based on their book value, repayment of these exposures is broken down as follows:

	on demand	up to 1 year	1 to 5 years	> 5 years	Total
Debt securities	-	1,107,575	5,343,567	7,059,668	13,510,810
Loans	276,870	46,319	58,361	2,336,512	2,718,062
Total	**276,870**	**1,153,894**	**5,401,928**	**9,396,180**	**16,228,872**

Control over the risks inherent in the portfolio is maintained by the directors who monitor the effects on profitability, liquidity and the Group's capital base, also through sensitivity analyses. No critical elements have been identified on the basis of these analyses.

6.4 Contributions to the Single Resolution Fund and the Deposit Guarantee Fund and developments in the Interbank Deposit Guarantee Fund: Voluntary scheme and Solidarity Fund

In 2023, the BPER Banca Group contributed to the mechanisms to safeguard the soundness of the banking system, established in 2015 at European and Italian level.

- in May 2023, the BPER Banca Group received a request for regular contribution to the Single Resolution Fund (SRF) for 2023, for a total amount of Euro 49.5 million (Euro 45.7 million in 2022).
- in December 2023, the BPER Group received a request for regular contribution to the Deposit Guarantee Scheme (DGS) for 2023, based on the level of protected funding at 30 September 2023, for a total of Euro 111.8 million (in the previous year, the amount paid was Euro 126.7 million).

7. OTHER INFORMATION

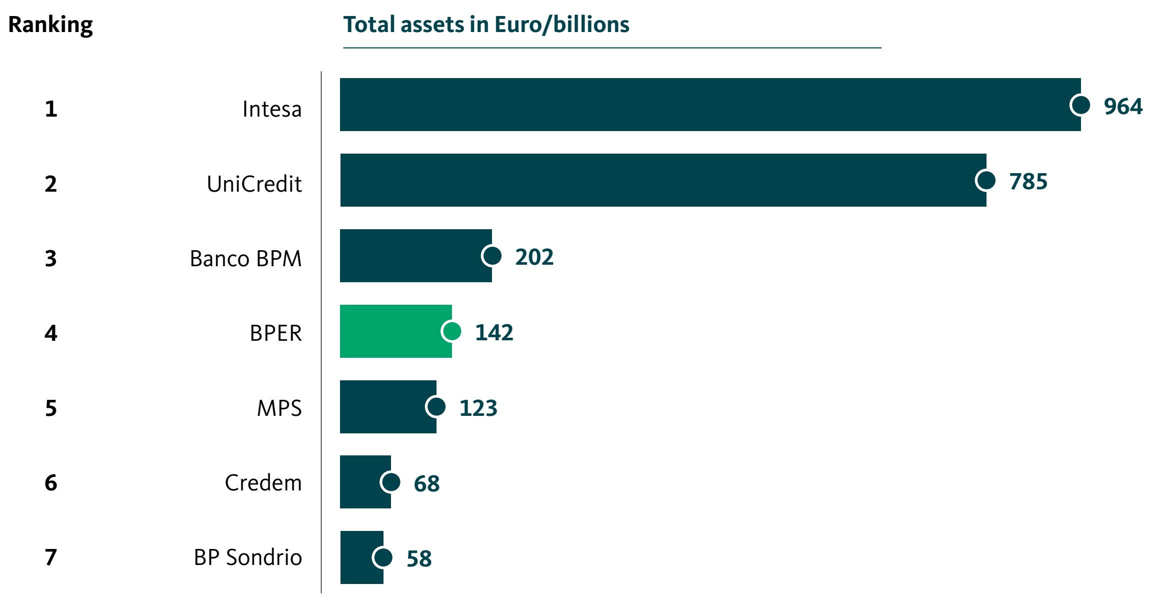
7.1 Market positioning

The BPER Banca Group operates mainly in the traditional banking sector, i.e. loans and deposits and providing credit to customers, who are mainly represented by households and small and medium-sized corporates.

The Parent Company BPER Banca operates throughout the country, except for the Sardinia Region which is overseen by Banco di Sardegna.

At 31 December 2023, the Group's network consists of 1,635 branches located in all Italian regions and one branch office in the Grand Duchy of Luxembourg, with a domestic market share, updated to 30 November 2023, of 8.62%. On the Italian banking scene, the BPER Banca Group ranks fourth by total assets and loans.

POSITIONING WITH RESPECT TO COMPETITORS



Source: Management reporting and benchmarking of Banking Groups' financial reports at 31.12.2023.

Within the domestic banking system, the BPER Banca Group's market share of loans to customers, excluding bad loans, was 5.10% at 31 December 2023, while its market share of deposits was 5.30%.

	Loans		Deposits	
	December 2022	December 2023	December 2022	December 2023
Producer households	8.75%	8.86%	9.56%	9.60%
Consumer households	5.79%	5.83%	5.02%	4.80%
Corporates	6.04%	5.84%	6.54%	6.31%
Total customers	**5.20%**	**5.10%**	**5.54%**	**5.30%**

7.2 Lending policies

The BPER Banca Group is operating in a context, the main dynamics of which have been illustrated in Chapter 1 of this Report. The reference scenario is characterised by an economic slowdown in 2023 due to the end of the post-covid expansionary cycle. This trend was accompanied by high, albeit gradually declining, inflation, which weighed on real income and household consumption. The sharp rise in interest rates also had a strong impact, affecting the demand for credit and loans for investment and housing projects.

In this regard, the increase in the costs of servicing debt exposes households and businesses to an additional financial increase.

In particular, in the face of the constantly evolving context, in 2023 the Group carried out a targeted partial review of its Credit Policy guidelines, with the aim of strengthening the supervision and support of the specific industrial micro-sectors considered most impacted by the macroeconomic effects (i.e. commercial channels, procurement of raw materials, increase in production costs and interest rates).
Initiatives were also launched to reduce the burden of instalments on households, by switching loans from a floating rate to a fixed rate or with suspensions or term extensions. Combined with this are BPER Group guidelines for attaching priority to the promotion of "green" financing and "technological innovation", cross-cutting all sectors of the economy and capable of ensuring greater competitiveness for recipient companies. The operations connected with the achievement of the objectives defined under the National Recovery and Resilience Plan (NRRP) also add to the above.

7.3 Management and development of the Information System

Given the banking nature of the BPER Banca Group, research, development and innovation activities are mainly aimed at studying the possible application of technological innovations in customer relations, to improve and expand the range of products and services offered, and in internal company processes, to simplify them and make them more efficient.

Information Technology Area

The CIO area is continuing to work on its projects according to the main strategic guidelines identified for Information Technology, in the following areas:
- *Application modernisation*: The implementation of the strategies for the technological and architectural modernisation of the Core Banking applications, aimed at accelerating the production of digital services, continued: the release of new products and services to customers was completed during the period.
- *Enterprise Architecture and IT Services*: Evolution and redefinition of IT enterprise architecture, IT data architecture and verticals to support the IT software cycle (Design Factory and Test Factory): in this area, the activities planned for 2023 to review processes and tools in the areas of Architecture management, Software development management, asset management and IT service configuration, and IT application management were completed.
- *Digital Factory and channel upgrades*: Work continued on the design, set-up and adoption of a new Modern Delivery model.
- *Hybrid Cloud Infrastructure*: Following completion of the consolidation of the Sardinian hub, the activities to reduce the technological gap, the initiatives to reduce MIPS consumption, and the activities for the installation and configuration of machines to replace end-of-support equipment related to the CED network are continuing.
- *Centralised and agile IT governance*: In the area of financial management and vendor IT governance, the second phase of the enhancement of IT cost monitoring tools was completed. With regard to the ICT framework, improvement actions have been implemented on processes and tools, with further evolutionary actions planned by the fourth quarter of 2024. In the area of IT human resources development, the activation and development of the "IT Technological Observatory" platform for the development and enhancement of IT skills was completed, and the self-assessment of technological skills across the C.I.O. (*IT Skill Assessment 2023*) was updated at the end of 2023; to support the development and maintenance of IT skills, a dedicated "*Tech Around You*" training course was completed during the year, with webinars and masterclasses on technology and innovation topics.

IT Security Area

In 2023, the BPER Banca Group implemented projects in line with the contents of the 2022-2025 Strategic Security Plan, details of which are provided below:
- preparation and approval of the 2023-2024 Operating Security Plan and related Action Plans, in line with the 2022-2025 Strategic Security Plan and the Business Plan;

- raising employee awareness on cybersecurity issues, through the mandatory attendance of specific training courses and regular simulated phishing campaigns; a dedicated Board Induction session on Cybersecurity was also held to raise awareness of evolving cyber threats among the members of the board with strategic oversight functions. As a continuation of the work carried out in 2023, the "Information Security Awareness and Training Plan" for 2024 was also prepared and approved;
- achievement of ISO 27001/2013 certification (Information Security Management System) in the Public Administration (e.g.: Public Administration Treasury, PagoPA Public Administration's e-payment system);
- updating of processes and related roles and responsibilities, pertaining to the Security Management Macro-Process, in terms of logical, IT and physical security;
- strengthening the security architecture component, both operationally, by setting up specific projects, and methodologically, by formalising and applying a security by design approach. In particular, the following deserve special mention:
  - Review of firewall rules: Analysis and introduction of tools for the harmonisation of firewall rules and definition of the related «maintenance» process
  - Network Access Control: Extending the perimeter and functionality of the Network Access Control (NAC) solution
  - End-point protection: Identification and adoption of a new client-server perimeter endpoint protection platform, encryption, EDR (End-point Detection and Response)
- security by design and risk-based evolution of security events logging within the IT security incident reporting and management platform;
- improving protection against denial of service attacks;
- definition and implementation of push notifications for BPERCard Debit Cards;
- Ransomware Strategic Review to assess existing IT security oversight mechanisms in response to a ransomware scenario;
- adaptation to the regulatory updates introduced by the 40th update of Bank of Italy Circular 285/2013;
- carrying out a gap analysis of the requirements introduced by the Digital Operational Resilience Act (DORA) regulation, which will come into force on 17 January 2025, and formalising a roadmap for the implementation of the planned measures.

Data & Analytics

In order to support the management and enhancement of data as a reliable engine to support business, customer and investor decisions in an ethical and sustainable manner, always in compliance with regulatory requirements, the CDO & Analytics Service has launched and plans to launch numerous initiatives as part of the strategic plan, with the following objectives: to improve, promote and disseminate the Data Governance, Data Quality and Artificial Intelligence Framework, with initiatives to ensure a common mindset and standard across the Bank.

National and international regulatory requirements continue to be at the heart of the development of data governance models, such as the BCBS-239 programme, for which Phase II of the programme was completed in September 2023, with the identification of Perdarr Relevant reports in the risk area and the drafting of specific operating instructions and methodologies. Phase III of the programme, which is still underway and focuses on the Management Report for supervisory reporting, was also launched and has so far completed the mapping of the fast-closing process, the design of data and process flow diagrams, and the design of the resubmission process.

In order to implement the updates to Bank of Italy Circular no. 285 of 2013 and related updates, the data governance model was adapted and the Regulation governing the Data Governance and Management Macroprocess was updated accordingly. With an eye on new technologies and adaptation to the AI ACT, the Regulation on Ethics and Governance of Artificial Intelligence Systems was issued.

In line with the regulator's request in the Guide on effective risk data aggregation and risk reporting, the extension of the scope of coverage to the group's Legal Entities was initiated to ensure a high level of quality and certified use of data.

In order to have a sustainable data architecture capable of responding to the Bank's constant changes and challenges, and to better understand the Bper Data Platform, the Data Governance Framework was applied to strategic projects.

In order to improve the management and monitoring of the Bank's information assets, work continued on the implementation of specific modules for the collection of metadata, the collection of technical and business controls and the results of the Metadata Hub tool, which is currently in production and open to the first pilot group of users.

In 2023, under the AI Excellence programme 10 Laboratories were activated in the different Areas of the Bank, involving more than 100 colleagues who are actively involved in the implementation of AI models, both in the requesting Business structures and in the IT, Security and Control supporting functions.

7.4 Real estate sector

Within the BPER Banca Group, the Real Estate Department, operating in the Chief Financial Officer Area, provides its services to ensure the strategic and unitary management of the Group's direct and indirect real estate assets, promotes the development of strategic real estate activities in synergy with the Bank's business and fills management roles in the real estate vehicles held by the Group, in addition to managing and coordinating the Building & Facility Management activities for the properties of the Parent Company and the Group Companies. It also includes the Real Estate Budgeting & Reporting Office and the Safety Office.

At 31 December 2023, the BPER Banca Group had the following real estate companies:
- BPER Real Estate S.p.A. (BPER RE), based in Modena and invested in by BPER Banca S.p.A. that has controlling ownership in the company and Banco di Sardegna, which manages and enhances the value of the Group's property assets, some of which are in use in the banking activities;
- Adras S.p.A. based in Milan and wholly controlled by BPER Banca, owner of a single asset (Centro Commerciale Tanit, in Sassari);
- BPER REOCO S.p.A. (REOCO), with registered office in Milan and wholly-owned by BPER Banca S.p.A., took over the company Italiana Valorizzazioni Immobiliari s.r.l. during the first quarter. (IVI), active in the management and value enhancement of real estate assets arising from non-performing exposures of the BPER Banca Group;
- Sant'Anna Golf s.r.l., wholly owned by REOCO, with registered office in Genoa, owner of the "Sant'Anna Golf Club" property complex, and active in the golf club management and development;
- Annia s.r.l. with registered office in Milan, incorporated on 6 February 2023 and wholly-owned by REOCO, which on 20 February 2023 completed the purchase of the business unit from the company Immobiliare Turistica PB Srl;
- Commerciale Piccapietra s.r.l., wholly owned by BPER Banca, with registered office in Genoa, owner of a commercial licence.

During 2023, the main activities to be highlighted in relation to management of the real estate segment were as follows:
- Internal restructuring of the real estate portfolio, transferring properties from BPER Banca to BPER RE for a total of Euro 31.4 million;
- acquisition of the business unit from the company Immobiliare Turistica PB s.r.l. by the company Annia s.r.l. The acquired business unit consists of the Portogruaro (VE) shopping centre, together with the receivables and payables related thereto;
- Museum project in Ferrara – Palazzo Koch – and l'Aquila - Palazzo Farinosi-Branconio, two main museum offices of BPER's "La Galleria", which will display the Group's artistic heritage. In Ferrara, the executive design was completed and the municipal and superintendency authorisations were obtained. A tender was launched in December 2023 to identify the partner whom the site construction works will be awarded to, which are expected to start in the first quarter of 2024. The work will take approximately 22 months. In relation to the Farinosi building, post-earthquake reinforcement and renovation works are continuing and they will likewise last around 18 months;
- Several projects have been initiated through the subsidiary BPER Real Estate:
  - Project involving the renovation of the Modena Management Centre: the project covers the three buildings and will involve three separate redevelopment phases. At the end of the works, the complex will provide 1,266 workstations for a total workforce of approximately 1,500 people. The site, consistently with the process of certification to the LEED GOLD and WELL standards, will meet the highest standards of sustainability and personal comfort. To date, the strip-out works of one of the three buildings have been carried out, the tender has been launched to identify the partner whom the works for the renovation of the building itself will be awarded, which is expected to start in the first quarter of 2024, and the preliminary design of the second building has started. The executive design and tender for the renovation and expansion of the Bank's two Data Processing Centres was completed;
  - Project for the restructuring of the Regional Head Offices in Ancona and Naples: the executive designs are being finalised for the redevelopment of the buildings and subsequent consolidation in owned buildings making it possible to release the leased offices. Activities started in the second half of 2023 and will last around 15 months; Both projects will be LEED certified;
  - Project for renovation of the building in Rome - Via Bissolati, to be used as the Parent Company's main headquarters in the capital city: the preliminary design is being finalised. Works are set to get underway in the 1st quarter of 2024; the Rome project will be LEED certified;
  - Renovation project in Sassari – Via Padre Zirano: renovation works have commenced with a change of use from management to accommodation. Works are expected to be completed in the first quarter of 2024, in conjunction with the effectiveness of the lease with B&B Hotel (18-year contract already signed without the possibility of withdrawal, at a minimum guaranteed rent of Euro 195,000 per annum);
  - participation in the Tender published by the Università Federico II of Naples, aimed at finding a property for educational/laboratory use in the Municipality of Ercolano, in order to increase the value of the property complex owned by the company BPER RE, located in the Municipality of Ercolano (NA), in a semi-central zone, currently under construction and to be used for "university/research centre" purposes.
  - participation in the market research for the lease, lease to sell or sale of buildings to be used as premises for the needs of the Offices of the Judiciary in Sassari by adopting two of the options provided: «lease» and «sale»;

- the Business Plan of the Subsidiary BPER REOCO S.p.A. was approved, as wasthe capitalisation of the subsidiary of Euro 40 million, to be carried out by means of payment for a future capital increase;

The Parent Company, through BPER Banca, decided to increase the share capital of the Commercial Subsidiary Piccapietra s.r.l. by Euro 11.6 million through the contribution in kind of the business premises located at Via Vernazza in Genoa, and to authorise renovation works of Euro 13.8 million; subsequently, the Subsidiary signed a Preliminary lease of business Agreementfwith PRIMARK Italy S.r.l..

7.5 Treasury shares held in the portfolio

On 19 January 2023, an application was submitted to the European Central Bank (ECB) for authorisation to purchase and dispose of treasury shares in order to provide the funding needed to:

- to the payment of bonuses deriving from the application of short-term incentive systems (Management by Objectives - MBO 2023);
- to guarantee the additional supply of shares needed to cover the adjustment of the duration of the Long-Term Incentive (LTI) Plan to that of the 2022-2025 Business Plan in force. In this regard, it should be noted that, in order to ensure full consistency between the duration of the vesting period of the instrument and the Group's multi-year strategic planning, this has been increased from 3 to 4 years with payout remaining the same;
- to allow for payment of any Severance due that may require the use of equity instruments.

Purchase of treasury shares is expected to be carried out within the limits of distributable profits and available reserves, as reported in the latest financial report (Annual Report) available upon purchase.

After submission of the application, the BPER Banca Group obtained authorisation from the ECB to purchase and dispose of treasury shares on 17 April 2023.

During the period, treasury shares were also granted free of charge to employees, in line with the provisions of the Remuneration Policies (e.g. for short-term and long-term incentive and/or severance schemes).

No quotas or shares in Group companies are held through trust companies or other third parties.

The carrying amount of the Group's interest in the treasury shares held by consolidated companies, classified as a deduction from shareholders' equity item 180, is Euro 2,250 thousand, of which Euro 2,244 thousand relates to BPER Banca shares held by the Parent Company.

Shares of BPER Banca S.p.A.	Number of shares	Total par value
Total as at al 31.12.2023	**678,397**	**2,243,974**
Total as at al 31.12.2022	**1,714,504**	**5,671,809**

There are also 62,250 shares relating to -and held by- Bibanca s.p.a., for a total of Euro 6 thousand.

7.6 Share price performance

2023 was characterised by increased volatility in both the equity and bond markets. The main drivers of this trend were uncertainty over the direction of central banks' monetary policies guided by the inflationary trend, compounded by the significant geo-political tensions resulting from the conflict in Ukraine.

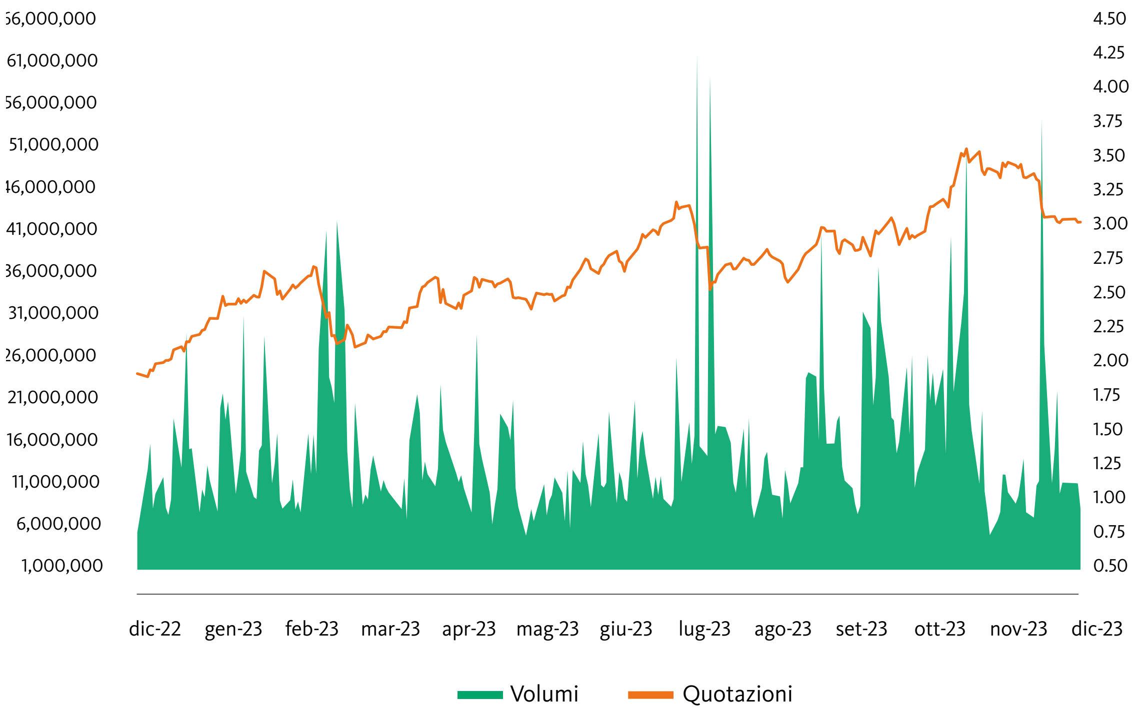
Since the start of the year in the United States, the US S&P500 index has risen by 19.2%, while in Europe the Euro Stoxx 50 was up 24.2%. During the same period, the Italian FTSE MIB index was up 28.0%. In particular, the financial sector was one of the top performers, with the FTSE Italia All-Share Banks Index up 42.3%.

In this context, the official price of the BPER Banca stock went from Euro 1.9185 at 30 December 2022 to Euro 3.026 at 29 December 2023 (+57.7%).

The trading volumes of BPER Banca shares have stabilised at a daily average of about Euro 15.6 million shares during the year.

It is pointed out that the BPER Banca share is part of the new MIB40 ESG index launched in October 2021.

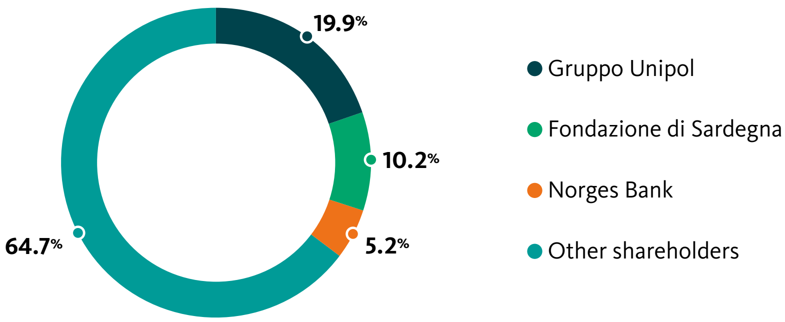
BPER SHARE PRICE AND VOLUMES



7.7 Breakdown of ownership structure

Share capital, fully subscribed and paid in, amounts to Euro 2,104,315,691.40 and is represented by 1,415,850,518 registered ordinary shares. The main shareholders of BPER Banca are: Gruppo Unipol (19.9%), Fondazione di Sardegna (10.2%), Norges Bank (5.2%).

SHAREHOLDERS: BREAKDOWN



7.8 Ratings as at 31 December 2023

Financial ratings

The rating assigned to a bank is an assessment of its trustworthiness and, more specifically, its ability to repay a loan over a given period of time. It is therefore a summary assessment of its credit risk profile, summarising the available quantitative and qualitative information.

Fitch Ratings

During the fourth quarter of 2023, the Agency Fitch Ratings did not carry out any update on the issuer BPER.

International Rating Agency	Latest review date	Long Term	Short Term	Outlook	Viability Rating	Subordinated debt	Senior Unsecured Debt	Senior non-preferred debt	LT Deposits
Fitch Ratings	05.04.2023	BBB -	F3	Stable	bbb-	BB	BBB -	BB+	BBB

Key:
Short Term (Issuer Default Rating): Debt repayment capacity in the short term (less than 13 months) (F1: best rating – D: default).
Long Term (Issuer Default Rating): Ability to meet financial commitments in a timely manner regardless of the maturity of the individual bonds. This rating is an indicator of the issuer's probability of default (AAA: best rating – D: default).
Viability Rating: Evaluation of the bank's intrinsic financial strength, seen on the assumption that it cannot rely on extraordinary forms of external support (aaa: best rating – f: default).
Long Term Deposit: Ability to repay deposits in local currency in the long term (original maturity equal to or greater than 1 year) (AAA: best rating – D: default).
Subordinated debt: Opinion on the issuer's ability to honour subordinated debt. Fitch adds "+" or "-" to report the relative position with respect to the category.
Senior Preferred Debt: this is a measurement of the probability of default of Senior Preferred bonds expressed on a scale from AAA to D.
Senior Non-Preferred Debt: this is a measurement of the probability of default of Senior Non-Preferred bonds expressed on a scale from AAA to D.
Outlook: indicates the possible future evolution of the rating, which can be "positive", "stable" or "negative".

Moody's

On 21 November 2023, as part of various rating actions on Italian financial institutions, rating agency Moody's affirmed the Bank's ratings and revised its outlook to positive from negative. This action followed Moody's upgrade of Italy's sovereign rating outlook.

International Rating Agency	Latest review date	Short Term Deposit	Long Term Deposit	Outlook (Long Term Deposit)	Long Term Issuer	Outlook (Long Term Issuer)	Baseline Credit Assessment ("BCA")	Subordinated debt	Senior non-Preferred debt
Moody's	21.11.2023	P-2	Baa2	Positive	Ba1	Positive	ba1	Ba2	Ba1

Key:
Short Term Deposit: Ability to repay deposits in local currency in the short term (original maturity equal to or less than 13 months) (Prime-1: highest quality – Not Prime: not classifiable among the Prime categories).
Long Term Deposit: Ability to repay deposits in local currency in the long term (original maturity equal to or greater than 1 year) (Aaa: best rating – C: default).
Outlook: indicates the possible future evolution of the rating, which can be "positive", "stable", "negative" or "developing".
Long Term Issuer: Opinion on the issuer's ability to honour senior debt and bonds (Aaa: best rating – C: default).
Baseline Credit Assessment (BCA): The BCA is not a rating but an opinion on the intrinsic financial strength of the bank in the absence of external support (aaa: best rating – c: default).
Subordinated debt: Opinion on the issuer's ability to honour subordinated debt. Moody's adds 1, 2, and 3 to each generic class; 3 indicates that the issuer is positioned in the lower part of the category (Aaa: best rating – C: default).
Senior Non-Preferred Debt: this is a measurement of the probability of default of Senior Non-Preferred bonds expressed on a scale from AAA to C (Aaa: best rating – C: default).

DBRS Morningstar

On 18 July 2023, DBRS Morningstar confirmed all the Group's ratings, maintaining the trend 'Stable'. The confirmation of the ratings reflects the Bank's competitive position and geographical diversification across the country. The rating action also considers the successful management of the integrations following the recent acquisitions and the continued progress in asset quality.

The capital, liquidity and funding positions were deemed adequate.

International Rating Agency	Latest review date	Long-Term Issuer Rating	Short-Term Issuer Rating	Long-Term Senior Debt	Short-Term Debt	Long-Term Deposits	Short-Term Deposits	Senior Non-Preferred Debt	Subordinated Debt
DBRS Morningstar	18.07.2023	BBB	R-2 (high)	BBB	R-2 (high)	BBB (high)	R-1 (low)	BBB (low)	BB (high)

Key:
Short-Term Issuer Rating: measures the capacity of the rated organisation to repay its short-term financial obligations. The measurement scale comprises six levels (R-1; R-2; R-3; R-4; R-5 and D).
Long-Term Issuer Rating: This is a measurement of the probability of default and expresses the bank's capacity to repay medium/long-term financial obligations. It is expressed on a scale from AAA to D.
Long-Term Deposits: this is a measurement that expresses the vulnerability to default of uninsured medium/long-term deposits. It is expressed on a similar scale to the one used for the long-term rating (from AAA to D).
Short-Term Deposits: this is a measurement that expresses the vulnerability to default of uninsured short-term deposits. It is expressed on a similar scale to the one used for the short-term rating (R-1; R-2; R-3; R-4; R-5 and D).
Long-term Senior Debt: this is a measurement of the probability of default of Senior Preferred bonds expressed on a scale from AAA to D.
Short-term Debt: this is a measurement of the probability of default of short-term bonds expressed on a scale from R-1 to D.
Senior Non-Preferred Debt: this is a measurement of the probability of default of Non-Senior Preferred bonds expressed on a scale from AAA to D.
Subordinated Debt: this is a measurement of the probability of default of Subordinated Tier 2 bonds expressed on a scale from AAA to D.
Trend: indicates a forward-looking assessment on the possible evolution of the long-term rating assigned over a period of 1-2 years.

ESG rating

The ESG rating (or sustainability rating) is a synthetic evaluation that certifies the soundness of an issuer, a security or a fund in terms of environmental, social and governance performance.

As proof of the Group's commitment and ongoing improvement in this area, the 2023 ratings of BPER Banca are provided below.

For further information: https://istituzionale.bper.it/rating-esg

S&P Global Sustainable1

The S&P Global Corporate Sustainability Assessment (CSA) is aimed at companies seeking to obtain an independent assessment of their performance, through a wide range of sector-specific economic, environmental and social criteria. In 2023, BPER Banca scored 60 points in the CSA, an improvement of 7 points compared to 2022. Finally, BPER was selected by S&P as Sustainability Yearbook Member and included in the prestigious S&P Global Sustainability Yearbook 2024. The yearbook lists companies in the top 15 per cent of their sector by score and in the top 30 per cent of the best performing companies.

International Rating Agency	Score	Scale (from lowest to highest score)
S&P Global Sustainable1	60	From 1 to 100 years

CDP

The CDP (former Carbon Disclosure Project) is an international non-profit organisation that allows companies to declare and report on their risks linked to climate change and communicate their environmental performance to stakeholders.

In 2023, BPER Banca was assigned a rating upgrade to “A-” for the management of climate change issues.

International Rating Agency	Score	Scale (from lowest to highest score)
CDP	A-	From D to A

Standard Ethics Rating

Standard Ethics is an independent rating agency active since 2004, promoting the standard principles of sustainability and governance issued by the EU, the OECD and the United Nations. In 2023, the agency confirmed BPER Banca’s “EE+” rating. The Bank is a component of the Standard Ethics Italian Banks Index and the Standard Ethics Italian Index.

International Rating Agency	Score	Scale (from lowest to highest score)
Standard Ethics Rating	EE+	From F to EEE

MSCI ESG Ratings

MSCI ESG Research provides an ESG rating to global public companies and some private companies based on their exposure to sector-specific ESG risks and their ability to manage these risks compared to competitors. BPER Banca received an “AA” rating in 2023.

International Rating Agency	Score	Scale (from lowest to highest score)
MSCI ESG Ratings	AA	From CCC to AAA

S&P Global Ratings

The S&P Global Ratings ESG Evaluation provides a long-term opinion of how companies prepare for and manage ESG risks and opportunities. In 2023, the rating agency confirmed the BPER Banca’s “Adequate” rating.

International Rating Agency	Score	Scale (from lowest to highest score)
S&P Global Ratings	Adequate	Da Low a Best in class

ISS ESG

The Institutional Shareholder Services (ISS) group of companies supports investors and companies in building long-term sustainable growth by providing high-quality data, analysis and insights. In 2023, BPER Banca’s ISS ESG Corporate rating is “C-”.

International Rating Agency	Score	Scale (from lowest to highest score)
ISS ESG	C-	From D- to A+

Moody's Analytics

Moody's Analytics provides reliable and transparent data and perspectives in many credit risk areas; on climate; on environmental, social and governance (ESG) issues - to help market operators identify opportunities and manage evolving business-related risks. In 2023, MA's assessment of BPER Banca confirmed its "Robust" rating.

International Rating Agency	Score	Scale (from lowest to highest score)
Moody's Analytics	Robust	From Weak to Advanced

Sustainable Fitch

Sustainable Fitch's ESG ratings provide a qualitative and quantitative assessment of an entity's impact on environmental, social and governance issues, according to principles and guidelines published by third parties. In 2023, BPER Banca confirmed its rating of 3.

International Rating Agency	Score	Scale (from lowest to highest score)
Sustainable Fitch	3	From 5 to 1

Morningstar Sustainalytics[37]

Morningstar Sustainalytics is a leading ESG research, rating and data company that helps investors around the world develop and implement responsible investment strategies. In November 2023, BPER Banca received an ESG risk rating of 14.7, i.e. at the "low risk" level with regard to any significant financial impact arising from ESG factors.

International Rating Agency	Score	Scale (from lowest to highest score)
Morningstar Sustainalytics	Low	From Negl to Severe

7.9 Inspections and audits

Note that the disclosure provided below is for information purposes only with regards to the checks carried out as part of the ordinary supervisory activity to which the BPER Banca Group is subject, as it operates in a highly regulated sector. As indicated in the Explanatory Notes to this Integrated Report and the consolidated financial report as at 31 December 2023, the directors are of the opinion that the findings that emerged in the various inspection areas do not entail significant impacts in terms of income, assets and cash flows of the BPER Banca Group. In any case, the Group always prepares suitable action plans to implement the Supervisory Authority's recommendations as quickly as possible.

Information is provided below on the main inspections performed on the BPER Banca Group, by the Supervisory Authority.

European Central bank – ECB

Inspection (2021)

From 25 October 2021 to 11 February 2022, the BPER Banca Group was subject to an on-site inspection by the ECB regarding credit and counterparty risk, with the objective of performing a Credit Quality Review on selected portfolios and evaluating the credit risk governance and management processes.

On 28 October 2022, a follow-up letter was received summarising the findings and recommendations established by the Supervisory Authority.

To acknowledge the recommendations formulated by the Supervisory Authority, on 25 November 2022, BPER Banca sent the ECB an Action Plan containing the remedial actions, which centre primarily on the following aspects: governance of risks and data quality, second and third level controls, IFRS 9 methodology, ratings framework, and risk identification, monitoring and reporting.

37 Under no circumstances should the ESG risk rating be construed as investment advice or an expert opinion under applicable law. Copyright©2023 Morningstar Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

From 8 November 2021 to 4 March 2022, the BPER Banca Group was subject to an on-site inspection (*Internal Model Investigation*) by the ECB with the objective of evaluating internal credit risk models. The Bank received the ECB's Follow-up letter on 16 February 2023, containing the authorisation for the release into production of the new models. In response to the recommendations made, on 16 March 2023 BPER Banca submitted an Action Plan containing the remedial actions currently being implemented.

Inspection (2022)

From 10 October 2022 to 3 February 2023, BPER Banca was subject to an on-site inspection regarding credit and counterparty risk with the aim of assessing compliance with and the implementation of the IFRS9 accounting standard, as well as carrying out a Credit Quality Review on selected portfolios and assessing the credit risk processes. The Final Follow up Letter summarising the findings and their recommendations and deadlines was received on 9 January 2024. In response to the recommendations made, on 08 February 2024 BPER Banca submitted an Action Plan containing the remedial actions currently being implemented.

Inspection (2023)

From 20 March 2023 until 16 June 2023, BPER Banca was subject to an on-site inspection regarding the business model and profitability, with the objective of reviewing the corporate governance and strategy management process. On 13 October 2023, the Final Report was received regarding the outcomes of the inspection and the relevant findings.

Bank of Italy - BI

Sardaleasing - Inspection (2022)

From 27 September 2022 to 28 December 2022, Sardaleasing was subject to on-site inspections in the context of anti-money laundering by the Bank of Italy's Financial Disclosure Unit (FDU). A meeting was held on 12 April 2023 with some representatives from the Anti-money laundering Supervision and Regulation Unit and officers from the Financial Intelligence Unit of the Bank of Italy responsible for inspections, which conducted the assessment in question, regarding the outcomes of the inspection carried out on the Company. During said meeting, it was announced that the inspection had concluded with a positive outcome, which means that no formal notification will be issued by the Bank of Italy's Financial Disclosure Unit. In said context, certain areas of improvement were nonetheless identified regarding the internal regulations and relevant training of agents involved in financial activities, as well as the need for strengthening the procedure of monitoring potential suspicious or irregular transactions,

In response to the recommendations formulated by the Supervisory Authority, a descriptive communication was sent by BPER Banca to the Bank of Italy on 5 May 2023, detailing the measures already adopted, or to be adopted, and the relevant implementation time schedule.

Inspection (2023)

From 25 September 2023 to 17 November 2023, BPER Banca was the subject of an on-site inspection targeted at verifying, in relation to consumer credit and real estate credit to consumers, the adequacy of the organisational and control structures, and policies and procedures on responsible lending, for protecting consumers in difficulty and preventing the risk of over-indebtedness. On 7 February 2024, the inspection report was received regarding the outcomes of the inspection and the relevant findings. On 7 March 2024, BPER Banca will send to the Bank of Italy its considerations on the findings made by the Supervisory Authority, together with an indication of the measures already taken, or to be taken, to resolve the findings and the related implementation timeframe.

Inspection (2024)

Since 19 February 2024, BPER Banca has been subject to on-site inspections by the Bank of Italy to verify the adequacy of the Group's Anti-Money Laundering Function and the system of second-level anti-money laundering controls.

CONSOB - the Italian Securities and Exchange Commission

Inspection (2020)

From 9 October 2020 to 19 May 2021, BPER Banca was subject to an inspection by CONSOB to ascertain the state of compliance with the new MiFID II regulation following the transposition of Directive 2014/65/EU into Italian law.

On 15 November 2021, the Technical Note was received in which the results of the inspection and the observations regarding the areas inspected were reported, namely:
- the procedural arrangements defined in the field of product governance, also in relation to the definition of commercial policies;
- the procedures for assessing the suitability of client transactions.

To address the areas of attention identified, on 25 February 2022, BPER Banca sent CONSOB a detailed document in response to the observations formulated by the Supervisory Authority. On 29 September 2023, at the request of CONSOB, further information was provided on the actions taken to address the shortcomings identified.

CSSF - Commission de Surveillance du Secteur Financier

Inspections (2022)

From 2 May 2022, BPER Bank Luxembourg was the subject of an on-site inspection by the Commission de Surveillance du Secteur Financier (CSSF), aimed at ascertaining the state of compliance with the MiFID II regulation. On 26 July 2023, the inspection report was received summarising the outcomes of the on-site inspection. The Action Plan prepared by the Bank was completed on 26 October 2023, by the deadline set by the Supervisory Authority.

From 30 November 2022 to 7 November 2023, BPER Bank Luxembourg has been the subject of an on-site anti-money laundering inspection by the Commission de Surveillance du Secteur Financier (CSSF). The Bank is waiting to learn the final decisions of the Supervisory Authority.

7.10 Information on intercompany and related-party transactions

Relations with the Companies included in the scope of consolidation and with significant investee companies and their related parties, pursuant to IAS 24, as well as Article 2497-bis of the Italian Civil Code and CONSOB Communication DEM 6064293 of 28 July 2006, are disclosed in Part H of the Consolidated Explanatory Notes.

For details, as required by art. 2497 bis of the Italian Civil Code and by CONSOB Communication DEM 6064293 of 28 july 2006, reference should be made to Part H of the consolidated Explanatory Notes.

In accordance with the Regulation on transactions with related parties adopted by CONSOB with resolution n. 17221/2010 (and subsequent amendments), the BPER Banca Group has adopted specific internal rules to ensure transparency and substantive and procedural correctness of transactions with related parties.

In this context, the Parent Company BPER Banca adopted the “Group policy for the governance of non-compliance risk concerning conflicts of interest with related parties and risk activities with associated persons”, which was also implemented by the other Group banks and companies. This Policy also complies with the Bank of Italy’s requirements in terms of “Risk activities and conflict of interest with associated persons” as contained in Circular 285 dated 17 December 2013 - 34th update made on 22 September 2020.

The document is published on BPER Banca’s website (https://istituzionale.bper.it, in the Governance > Documents section) and on the websites of the other Group banks.

Without prejudice to the disclosure requirements of IAS 24 (explained in the aforementioned Part H of the consolidated Notes, in relation to the scope of application of the international accounting standard), the following is a summary of transactions with related parties, for which information is provided under CONSOB Regulation 17221/2010.

At 31 December 2023, the only company belonging to the BPER Banca Group issuing listed shares is BPER Banca.

a) most significant individual transactions concluded during the reporting period

No.	Company that initiated the transaction	Name of the counterparty	Nature of the relationship with the counterparty	Object of the transaction	Consideration for each transaction completed (Euro/000)	Other information
1	BPER Banca S.p.A.	Alba Leasing S.p.A.	Directly associated company	Credit line	645,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221/2010
2	BPER Banca S.p.A.	Unipolsai Assicurazioni S.p.A.	Significant shareholder	Merger by absorption of Sifà S.p.A., previously a wholly-owned subsidiary of BPER and operating in the long-term rental sector, into UnipolRental S.p.A., previously a wholly-owned subsidiary of UnipolSai Assicurazioni, likewise operating in the long-term rental sector. As a result of this transaction, BPER Banca holds 19.987%, while the remaining 80.013% is held by UnipolSai Assicurazioni. As part of the merger, an agreement was also signed to establish a strategic commercial partnership between the BPER Group and the Unipol Group in the long-term rental sector.	1,000,000	Information Document pursuant to art. 5 of Reg. Consob 17221/2010
3	BPER Banca S.p.A.	BiBanca S.p.A.	Direct subsidiary	Credit line	500,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
4	BPER Banca S.p.A.	BiBanca S.p.A.	Direct subsidiary	Credit line	3,000,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
5	BPER Banca S.p.A.	Finitalia S.p.A.	Direct subsidiary	Credit line	619,800	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
6	BPER Banca S.p.A.	BPER Factor S.p.A.	Direct subsidiary	Credit line	2,000,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
7	BPER Banca S.p.A.	Sardaleasing S.p.A.	Direct subsidiary	Credit line	1,200,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
8	BPER Banca S.p.A.	Banco di Sardegna S.p.A.	Direct subsidiary	Treasury transaction	935,187	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
9	BPER Banca S.p.A.	Alba Leasing S.p.A.	Directly associated company	Credit line	645,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
10	BPER Banca S.p.A.	Banco di Sardegna S.p.A.	Direct subsidiary	Treasury transaction	500,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
11	BPER Banca S.p.A.	BPER Factor S.p.A.	Direct subsidiary	Credit line	2,250,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221

With reference to the transaction completed by BPER Banca S.p.A. with UnipolSai Assicurazioni S.p.A., more details can be found in the specific Information Document drafted in accordance with the aforementioned CONSOB Regulation 17221/2010 and published on 30 March 2023.

Pursuant to said regulation, the transaction was approved by BPER Banca's Board of Directors, based on the prior favourable opinion of the Related Parties Committee on the existence of the Bank's interest in concluding said transaction and the convenience and substantive fairness of the relevant terms and conditions.

The Committee - which for the activities within its competence, availed itself of the support of independent experts appointed by the latter, both for their legal and strategic-financial profiles - was promptly involved in the negotiations and preliminary phase by receiving a complete and updated flow of information with the right to ask for information and to make observations to the delegated Bodies and to those in charge of carrying out the negotiations.

The Transaction's value was estimated at roughly Euro 1 billion, by calculating its various economic components.

Please refer to the chapter in this Report entitled "Significant events and strategic transactions" for further details;

b) other individual transactions with related parties, entered into in the reporting period, that have materially impacted the financial position and results of the company

As required by CONSOB Regulation 17221/2010 with regard to other transactions with related parties, it is confirmed that no transactions have had a significant effect on the balance sheet or results of the Bank.

c) changes or developments in related-party transactions disclosed in the last Annual report that have had a material effect on the financial position or results of the companies during the period

During the period, there have been no changes or developments in the related-party transactions described in the last annual report that would have an effect on the financial position or results of the Company.

7.11 Information on atypical, unusual or non-recurring transactions

In the course of 2023 there were no atypical or unusual transactions, as defined by CONSOB Communication DEM 6064293 dated 28 July 2006.

It should also be noted that there were no transactions defined as non-recurring during the year.

7.12 Remuneration policies

As required by current legislation, remuneration policies have been prepared covering the entire BPER Banca Group. In particular, in an increasingly sophisticated regulatory environment, the Group adjusts its policies to the new rules on staff remuneration.

In confirming and consolidating the pillars of its policy, the Group has followed the evolution of the remuneration systems to ensure consistency with the Company's strategies and priorities in both the short and long term, also with reference to 2023.

Pursuant to art. 123-ter of Legislative Decree 58/1998 and art. 84-quater of CONSOB Issuers' Regulation, for detailed information, please refer to the document "2024 Report on remuneration policy and compensation paid", published on the Bank's website www.bper.it – Homepage > Governance > Documents.

7.13 Corporate events involving the Parent Company BPER Banca

Shareholders' Meeting of 26 April 2023

On 9 March 2023, the Board of Directors of BPER Banca S.p.A. resolved to call the company's ordinary shareholders' meeting for 26 April 2023 to discuss and resolve on the following agenda:

- 2022 Financial Report:
  - Separate financial report as at 31 December 2022, Reports of the Board of Directors, of the Board of Statutory Auditors and of the Independent Auditors; related and ensuing resolutions. Presentation of the consolidated financial statements as at 31 December 2022 and the 2022 consolidated non-financial statement;
  - Allocation of 2022 profit and dividend payout; related and ensuing resolutions.
- Supplementary fees paid to Deloitte & Touche s.p.a., the company responsible for auditing the accounts for the period 2017-2025, based on a reasoned proposal by the Board of Statutory Auditors; related and ensuing resolutions.
- Remuneration:
  - Report on Remuneration Policy and Compensation Paid, comprising:
    - remuneration policies of the BPER Banca Group for 2023; related and ensuing resolutions (binding);
    - compensation paid in 2022; related and ensuing resolutions (not binding).
  - Incentive plan based on financial instruments pursuant to art. 114-bis of Legislative Decree no. 58 of 24 February 1998; related ad ensuing resolutions;
  - Authorisation to purchase and dispose of treasury shares to service the 2023 MBO incentive scheme, the 2022-2025 Long-Term Incentive (LTI) Plan (as last approved by the Shareholders' Meeting of 5 November 2022), in addition to any severance payments due; related and ensuing resolutions.

    In relation to the manner in which the above-mentioned Meeting is held, pursuant to Decree no. 198 dated 29 December 2022, enacted by Law no. 14 of 24 February 2023, extending until 31 July 2023 the provisions set forth in art. 106, para. 4, of Law Decree no.18 of 17 March 2020, as enacted by Law no. 27 of 24 April 2020, as later amended, and art. 3, para. 1, of Law Decree no. 228 of 30 December 2021 enacted by Law no. 15 of 25 February 2022, the Company has decided to make use of the option to establish that parties entitled to attend the Shareholders' Meeting and vote may participate exclusively via the Designated Representative (identified in Computershare s.p.a.) pursuant to art. 135-undecies of Legislative Decree 58/1998.

The ordinary shareholders' meeting, in one call, chaired by Flavia Mazzarella, passed the following resolutions:

- approval of the statutory financial report for 2022, the proposal for the allocation of profit and the proposed distribution of a cash dividend of Euro 0.12 per share for each of the 1,415,850,518 ordinary shares representing the share capital, for a maximum total amount of Euro 169,902,062.16 (net of those which will be held in the portfolio on the ex-date, on which no dividend will be paid);
- Approval of the integration, on the reasoned proposal of the Board of Statutory Auditors, of the fees of Deloitte & Touche s.p.a., appointed as independent auditors for the period 2017-2025.
- approval of the 2023 Report on the Remuneration Policy and Compensation Paid, pursuant to art. 123-ter of Legislative Decree no. 58 of 24 February 1998, including the section on remuneration policies of the BPER Banca Group for 2023 and the section on compensation paid in 2022;
- approval of the short-term incentive plan based on financial instruments pursuant to art. 114-bis of the Consolidated Law on Finance;
- authorisation of the purchase and the disposal of up to 6,700,000 BPER Banca S.p.A. ordinary shares (not exceeding a total value of Euro 13 million), with no par value, to service the 2023 MBO Incentive scheme and the 2022-2025 Long-Term Incentive (LTI) Plan (as last approved by the Shareholders' Meeting of 5 November 2022), in addition to any severance payments due.

Exclusively through the Designated Representative, a total of 566 Shareholders with voting rights attended the Shareholders' Meeting representing a total of no. 831,920,870 ordinary shares, equal to 58.757677% of the total share capital. BPER Banca's Board of Directors, which met on 27 April 2023, ratified the outcomes of the shareholders' meeting. The dividend will be paid as of 24 May 2023, with date of detachment of coupon on Monday, 22 May 2023 and date of entitlement to payment under art. 83-terdecies of the Consolidated Law on Finance (record date) on Tuesday, 23 May 2023.

8. OUTLOOK FOR OPERATIONS

8.1 Outlook for operations

Stagnation in the euro area continued in the final months of 2023 and GDP was down 0.1% q/q in the summer months. The expansion of household consumption was countered by stagnating fixed investment and the negative contribution to growth from destocking. As regards supply, manufacturing and -to a lesser extent- construction value added continued to decline while services value added increased, particularly in the information, communications and, to a lesser extent, the real estate sector. GDP was essentially at zero growth in all major countries except Spain, where it continued to increase driven by consumption expansion. The most recent economic indicators point to a level of GDP for the Euro area in the fourth quarter that is almost unchanged compared to the prior period. In its October and December meetings, the ECB Governing Council decided to keep the key interest rates unchanged. Past increases in key interest rates continue to be vigorously transmitted to the economy. Tighter lending conditions are dampening demand and contributing to the fall in inflation. According to the ECB projections[38] published in December, GDP growth is expected to recover to 0.8% in 2024 (from an estimated 0.6% in 2023), before stabilising at 1.5% in 2025 and 2026. Compared with last September, projections have been revised downwards for 2023 and 2024 on account of the slowdown in the international economic cycle and tighter financing conditions for households and businesses.

With regard to the economic activity in Italy, growth remained close to zero in the final months of 2023, dampened by tighter credit conditions and by the persistence of high energy prices. Consumption stagnated and investment contracted. Economic activity turned downwards again in manufacturing, while holding stable in services. It grew in construction, which continued to benefit from tax incentives. According to the Bank of Italy's latest projections[39], prepared as part of the Eurosystem's coordinated exercise, GDP will grow by 0.6% in 2024 (compared with an estimated 0.7% in 2023) and by 1.1% in each of the following two years.

In this scenario, the Bank's profitability will continue to be underpinned by net interest income, net commissions, and actions to offset the impact of inflationary dynamics on costs. The capital position is expected to remain robust.

For financial year 2024, a guidance[40] is assumed for a slight decrease in net interest income arising from a potentially narrower banking spread in relation to a less restrictive monetary policy, positive dynamics in net commission income on the back of growing revenues from asset management and advisory services, operating costs in line with 2023, with additional consideration of the full effect from the renewal of the national labour agreement (CCNL) for the Financial Sector. On the asset quality front, the expectation is to maintain sound coverage levels and a conservative provisioning approach with a stable cost of credit with respect to 2023. Recurring net profit is expected to be in line with 2023, net of Euro 380 million in DTAs on tax losses. The Bank's capital strength will be confirmed and strengthened.

Modena, 6 March 2024

The Board of Directors
The Chair
Flavia Mazzarella

38 ECB – ECB Eurosystem staff macroeconomic projections for the euro area countries, December 2023.

39 Bank of Italy, Economic Bulletin no. 1, 19 January 2024.

40 Guidance is understood as based on recurring figures, hence not including any potential non-recurring items.

Part 2

CONSOLIDATED NON-FINANCIAL STATEMENT - ITALIAN LEGISLATIVE DECREE NO. 254/2016

CONTENTS

LETTER TO STAKEHOLDERS

We are pleased to present the results that, over the course of the last year, the BPER Banca Group has achieved in Environmental, Social and Governance (ESG) areas.

In a period marked by a particularly challenging macroeconomic context, the progress made and the efforts undertaken by the Group to contrast climate change and the growing social and economic inequality are of particular significance. This is further enhanced by having consolidated the strategic objectives included in the 2022-2025 BPER e-volution Business Plan during 2023.

The climate crisis has highlighted the no longer postponable need to adopt tangible measures to reduce environmental impacts and to fight the extreme weather events that have hit various regions in our country: Emilia-Romagna and Tuscany sadly bear witness to these catastrophic events. By the same token we believe that the worsening of economic and social inequalities is a phenomenon which deserves attention and to which one must apply one's most concerted efforts, by providing our own contribution to reducing it.

The 2023 Report on the Sustainable Development Alliance (ASviS) continues to stress how certain sustainability goals for the millennium - the reduction of poverty, the fight against climate change and the promotion of gender equality - are still very challenging goals and require a tangible commitment by all players: the institutions, civil society and economic forces.

In this context, an increasingly widespread attention is now being paid to ESG issues and the stimulus provided by European legislation has made it mandatory for all economic operators to commit to sustainability policies.

The 2023 Consolidated Non Financial Statement of the BPER Banca Group is a considerable development on this front: by pushing forward by a year the requirements of the Corporate Sustainability Reporting Directive (CSRD), this document, for the first time, is included in the Directors' Report on Group Operations. A step that highlights how ESG factors are now inextricably linked to our Group's growth strategy.

In 2023 we have put in place a series of initiatives aimed at mitigating the BPER Banca Group's contribution to climate altering gas emissions and we have undertaken projects for the benefit of civil society, among which we would like to highlight:

- the expansion of ESG products in portfolio available to customers to start out on the path towards a low carbon economy with a positive social impact;
- the approval of the first goals set in order to de-carbonise the portfolio, in line with the Net-Zero Banking Alliance, which we have joined since 2022 alongside the financial inclusion ones, as required by the Responsible Banking Principles, which we have been complying with since 2021;
- the issuance, in February 2024, of our first green bond;
- the constant and staunch commitment on the issues of Diversity & Inclusion as proven by our having achieved the first objectives of the three-year D&I project ahead of schedule;
- the fundraising campaigns for important social causes: above all would like to mention the project worth Euro 5 million undertaken with the Italian Red Cross (Euro 1 million for the earthquake in Turkey and Euro 4 million for the floods in Emilia Romagna), the initiative promoted with D.i.Re (Women's Network Against Violence) worth Euro 250,000 and another Euro 110,000 for the WWF.
- "B-education: idee che valgono" [ideas that count] is an important and innovative national financial and sustainability education project conceived by BPER Banca that involved more than 1,900 students and 60 Italian universities.

Lastly we have improved our ESG rating, including the CDP (Carbon Disclosure Project), that has promoted us to the Leadership (A-) level and S&P, that has included us among the best 25 Italian companies in the S&P Global Sustainability Yearbook 2024.

These projects and targets bear witness to the Bank's capacity to generate shared value and benefits for all our stakeholders.

We wish to thank the people have made all this possible: their unflagging and conscious efforts have certainly gone beyond sharing our goals by managing to translate them into concrete actions so that our ESG commitment has now become a positive feature of BPER's identity.

We will keep looking to the future with hope and without backing down from our commitment because we believe that all together we can produce the spark that can lead to a brighter future for everyone.

Thank you and good reading.

Flavia Mazzarella
Chair

Piero Luigi Montani
Chief Executive Officer (CEO)

METHODOLOGICAL NOTE

This document is the seventh edition of the Consolidated Non-Financial Statement (henceforth and in the rest of the document also "CNFS") of the BPER Banca Group (henceforth also "Group" or "BPER Group") for the 2023 financial year, as well as the first edition presented in a special section of the Directors' Report on Group Operations in the Integrated Report and Consolidated Financial Report of the BPER Banca Group as at 31 December 2023.

The objective of the document is to respond to stakeholder expectations, highlighting, in a transparent manner and according to regulations and international guidelines, the work undertaken to improve the sustainability performance of the BPER Banca Group.

The BPER Banca Group's CNFS has been prepared to the extent necessary to ensure an understanding of the Group's activities, performance, results and impacts generated in the social and environmental context in which it operates. The document covers the topics considered relevant, as established in Art. 3 of Italian Legislative Decree No. 254/2016, and refers to the period from 1 January to 31 December 2023, in line with the reporting period of the Group's Consolidated Financial Report for the 2023 financial year. The definition of the significant aspects (also referred to as "materials") for the BPER Banca Group and for its stakeholders took place through a structured process compliant with the accounting standards and in consideration of what is requested by the aforementioned Italian Legislative Decree no. 254/2016. Specifically, with regard to the information envisaged under art. 3 paragraph 2, it should be noted that water consumption and other polluting emissions into the atmosphere other than greenhouse gas emissions, in consideration of the business sector, were not deemed significant for the purposes of ensuring an understanding of the business activities. With particular reference to water consumption, it should be noted that for the year 2023, the Group has in any case proceeded to come up with an estimate of the same. On this point, reference should be made to paragraph "6.2 Environmental protection" of this document.

This document has been drawn up in compliance with the "Global Reporting Initiative Sustainability Reporting Standards" comprising the "Financial Services Sector Disclosures", defined by the GRI - Global Reporting Initiative, according to the "In accordance" option. In drawing up the document, the "Linee guida sull'applicazione in banca degli Standards GRI (Global Reporting Initiative) in materia ambientale" published by ABI Lab in the 14 December 2023 version were also taken into consideration, in addition to the guidelines of the European Commission contained in Communication 2017/C 215/01 "Guidelines on the disclosure of non-financial information".

Moreover, in continuity with the commitments taken on in 2021, including membership in the Task Force on Climate-related Financial Disclosure (TCFD) and the Principles for Responsible Banking (PRB) promoted by the United Nations, in March 2022 BPER Banca (hereinafter also "BPER", "Bank", "Parent Company", "Institution") joined the Net-Zero Banking Alliance (NZBA), initiating a path to align its loan and investment portfolio with the goal of achieving net zero emissions by 2050. The Group continued its efforts to integrate its analyses and reporting models with respect to the impact generated and experienced in terms of climate change, also based on the development of the relevant legislation and the requests of the regulatory authorities of the sector.

The Group reports the details of its performance and progress on climate-related initiatives and the Principles for Responsible Banking in dedicated reports: TCFD Report and Principles for Responsible Banking Report (or "PRB Report").

BPER has joined the United Nation's Global Compact since 2017. During the course of 2023, in compliance with the "Policy on Communication on Progress" (effective 2023), BPER Banca has reiterated its commitment to the Ten Principles by filing the Communication on Progress, which was considered as voluntary in 2023. This document requires the underwriting of the "CEO statement of continued support" and the compilation of a questionnaire on five theme areas, including the four related to the Ten Principles of the UN Global Compact.

The reporting perimeter of the economic data coincides with that of the BPER Banca Group in the Consolidated Financial Report. As regards the qualitative information and quantitative data of the social and environmental aspects, BPER Banca s.p.a. and its subsidiaries fully consolidated into the Consolidated Financial Report of the BPER Banca Group were included in the scope of reporting[1]. The scope of this information does not include subsidiaries not enrolled in the Group as they are subsidiaries whose activities do not contribute to its bank operations, consolidated under the equity method, as, following the analysis performed, they have not been considered relevant with regard to social and environmental aspects and therefore not relevant in order to guarantee, pursuant to Italian Legislative Decree no. 254/2016, the understanding of the Group's activities, their progress, its results and the impacts generated on the social and environmental context in which it operates. Any changes in said scope have been appropriately noted in the document.

1 For the list of fully consolidated Legal Entities, see Part A, Section 3 - Scope of consolidation and methodology of the Explanatory Notes to the Consolidated Financial Report of the BPER Banca Group.

In 2023 there were no significant changes in terms of dimension and scope of consolidation; for the main events reference should be made to the Directors' Report on Group Operations in section "3. Significant events and strategic transactions." Compared to the previous period we would only like to point out the exit from the scope of reporting of the Numera Sistemi e Informatica s.p.a. company[2]. There were no significant changes to report with regard to the Group's ownership structure and supply chain.

To enable the comparability of data over time, the comparison with data relating to 2022 was introduced.

The restatement of previously published comparative data are indicated as such. To guarantee reliability of the data, the use of estimates was limited as much as possible and, where present, such estimates were appropriately indicated in the document.

The ESG Strategy Service handled data collection and the drafting of the CNFS, involving the relative departments of the BPER Banca Legal Entities included in the aforementioned perimeter in each phase.

This document, including its annexes, was submitted to the Control and Risks Committee, the Sustainability Committee and the Board of Statutory Auditors on 5 March 2024, before being approved by the Board of Directors on 6 March 2024.

The CNFS was also subject to a limited examination (limited assurance engagement, according to the criteria indicated by the ISAE 3000 Revised principle) by Deloitte & Touche s.p.a.

The process of drafting the 2023 CNFS, in line with the disclosures for 2022, was audited by the Financial & Sustainability Reporting Supervision Service, a control structure hierarchically dependent on the Manager responsible for preparing the Company's financial report. In 2021, the Service began gradually adjusting to the Control Model on Financial Disclosures, which, in 2022, made it possible to activate a series of controls also concerning the process of preparing the CNFS, with reference to a selection of information that may have an impact on economic and financial disclosure. In 2023, we have continued down the same path by extending the control activities further, even as a result of the Bank's decision to include, as of its 2023 Financial Report, the Sustainability Report within the Directors' Report on Group Operations. Furthermore, regarding the growing number of ESG disclosure obligations, the broadening reach and pervasiveness throughout the company's organisation as well as the high degree of interconnection between the obligations in question, will entail that in 2024 the overall supervision and control functions of the Service will have to be strengthened.

The objective of the controls is to ensure the adequacy and effective application of the processes and procedures used for preparing corporate accounting documents and all other financial and non-financial communications deemed relevant.

These activities undertaken during the course of the recent years meet the aim of gradually enabling the internal control system for sustainability reporting to reach a level in line with that of financial information, as outlined by the best practices in the sector and the prospective reference legislation (CSRD– Corporate Sustainability Reporting Directive). This CNFS was therefore subject to special audits by the Financial & Sustainability Reporting Supervision Service on a limited set of data/information contained therein.

With regard to the CSRD, that Group, during the coming months, expects to embark on a process with a view to complying with the new reporting regulations that shall apply starting from the end of the financial year as at 31 December 2024.

The BPER Banca Group is required to include in its CNFS the information required for the disclosure based on the prescriptions of the Delegated Deed pursuant to article 8 of the EU Taxonomy Regulation (EU Reg. 852/2020), for all publications made after 1 January 2022. For further information please refer to the chapter "EU Taxonomy of environmentally sustainable activities".

It should be noted on this point that the limited assessment found in this Consolidated Non-Financial Statement performed by the Deloitte & Touche s.p.a. auditors does not include such a disclosure.

2 On 1 June 2022, BPER Banca s.p.a. and Banco di Sardegna s.p.a. signed the deeds of transfer to the Nexi Group of their respective business units involved in merchant acquiring and POS management activities, and with regard to Banco di Sardegna, the deed of transfer of the entire share capital of Numera Sistemi e Informatica s.p.a. The transaction had an effective date of 31 December 2022, thus initiating, effective 1 January 2023, the long-term strategic partnership agreement with the Nexi Group in merchant acquiring. It should be noted that the qualitative and quantitative information of Numera Sistemi e Informatica s.p.a. is also considered within the reporting scope of this document with reference to the information as at 31 December 2022.

Anti-corruption and anti-bribery

The issue of active and passive measures to fight corruption has already been governed for some time as part of the Organisation Model 231/01 adopted by the Parent Company and its subsidiaries[3]. It should also be noted that the Group has prepared the "Anti-Bribery and Corruption Policy" or "ABC Policy", the latest version of which was updated and approved on 7 November 2022 by the Board of Directors, with the aim of promoting and disseminating a sufficient degree of risk awareness and internal controls within the Group in relation to anti-corruption. Lastly, the "ESG Policy" drafted in 2022 and approved by the Board of Directors on 24 November 2022 makes the principle of "Integrity and Transparency" explicit.

Social and personnel issues

Personnel issues are primarily governed by Group guidelines that outline the general principles through which to pursue a common logic of management and development of human resources and specific policies on recruitment, management and development of personnel. Furthermore, with particular reference to Diversity & Inclusion, the Group has adopted a "Policy on diversity, equity and inclusion in the Corporate Bodies and in the company population of the BPER Banca Group" of the BPER Banca Group, which was approved by the BoD on 28 April 2022.

Lines of action concerning the protection and welfare of personnel have been included in the 2022-2025 Group Business Plan. On the one hand, the definition of a Diversity & Inclusion project is planned to highlight the Bank's unified vision on DE&I (Diversity, Equity and Inclusion) issues, with an impact on the Board of Directors, Board of Statutory Auditors, Top Management, employees and subsidiaries, for the definition of concrete objectives in terms of gender diversity and equal pay.

Customer-related issues are also well covered: the BPER Banca Group has a "Regulation on the process of handling ABF and ACF complaints and appeals", a "Regulation on the product governance process", both updated to 2023, and a "Personal data protection Policy". In addition, Modena Terminal s.r.l. has obtained the ISO 9001:2015 quality certification.

With respect to the development of an ethical and sustainable portfolio, the Group has a policy on weapons and carries out numerous initiatives and projects to fight compulsive gambling.

Lastly, BPER's "ESG Policy" among its five guiding principles, includes: "Company development", "Good business practices and customer protection" and "Protection of employees, diversity and equal opportunities".

Human Rights

It should be noted that this topic is already covered in the Code of Ethics, in the "ESG Policy" and within the scope of the Organisation Model 231/01, and is binding for the members of Corporate Bodies, Top Management, employees, including managers, as well as all those who, even if not part of BPER, operate directly or indirectly on the Company's behalf[4]. The BPER Banca Group, in line with the activities already undertaken in the previous years, has also updated its 2023 assessment, related to Human Rights. The assessment was carried out by identifying the fundamental human rights protection principles connected to the BPER Banca Group's activities and the analysis of potential human rights violations connected to the Group's value chain (for further deep-dives see chapter "3. Group stakeholders and materiality analysis").

Environment

The Group adopts a number of internal practices and policies aimed at reducing its environmental footprint and promoting environmentally friendly behaviour. In particular, within the internal regulations "BPER Group's Commitments to the Environment" approved by the Board of Directors in January 2019, BPER Banca identifies environmental commitments aimed at reducing the direct and indirect impacts generated by the Group, both with reference to the management of resources (e.g., in terms of energy consumption and waste) and to the management of aspects related to climate change (e.g., in terms of mitigation actions). The commitment to the environment is further emphasised within the "ESG Policy" through the principle of "integration of sustainability in value creation and environmental protection".

Moreover, ESG issues are an integral part of the 2022-2025 Group's Business Plan, which also summarises the development lines in the environment sphere, envisaging both internal objectives to improve environmental performance and commitments in a "green" perspective towards the outside world. In fact, the commitment to support the ecological transition of companies

3 BPER Banca, Banco di Sardegna, Bibanca, Banca Cesare Ponti, BPER Reoco, BPER Real Estate, Sardaleasing, BPER Factor, Finitalia and Arca Fondi SGR.

4 In its role as Parent Company, BPER Banca requires that none of the companies belonging to the Group carry out behaviours or make decisions that are prejudicial to the integrity and reputation of the Group or its components. Therefore, Legal Entities are required to include in their Code of Ethics the same values expressed in the Code of Ethics of the Parent Company, adapting their behaviours to it, in accordance with the current laws and with any regulations in force.

and households is declared in the Plan through the definition of a ceiling of more than Euro 7 billion for green loans (including sectors/industries, NRRP, 110% superbonus, green mortgages). At the same time, the Group is committed to reducing its direct CO_2 emissions in line with the Paris Agreement (more specifically, 50.2% by 2030). The target refers to total direct Scope 1 emissions, with reference to the 2021 baseline. Continuing on with the commitments undertaken in 2021, in March 2022 BPER Banca joined the Net-Zero Banking Alliance, and in 2023 set two intermediate reduction targets (to 2030) for Scope 3 emissions linked to its loan portfolio, with specific reference to a few priority sectors:

- "Power Generation" sector: reduction of 36% in the weighted emission intensity of the counterparties in the portfolio, from a baseline of 256 kilograms of CO_2 equivalent per megawatt-hour (256 kg CO_2e/MWh) by 2022 to an average value of 165 kilograms of CO_2 equivalent per megawatt-hour (165 kg CO_2e/MWh) by 2030. The target set refers to financed emissions of 143 thousand tonnes of CO_2 equivalent (143 thousand tCO_2e) regarding power generation activities and considers Scope 1 emissions for the companies in the referenced sector.
- "Oil & Gas" sector: 29% reduction in emissions financed by BPER Banca by 2030, starting from a baseline of 464 thousand tonnes of CO_2 equivalent (464 thousand tCO_2e) in 2022. The target includes extraction, refining and distribution of oil, gas and their derivatives and covers Scope 1, 2 and 3 emissions of counterparties.

The targets were set based on the results of the scenario analysis in combination with other factors, the main ones being: the relevance of the financed emissions compared to other sectors, the availability of methodologies and statistics from reliable and robust data, the priority assigned by the other participants in the NZBA and the assessment of a few strategic factors to ensure that the targets selected can be achieved by BPER Banca with a balanced effort. For more information, please refer to the 2023 TCFD Report.

In addition to this, during the course of 2023, the BPER group has underwritten specific contracts with its suppliers to achieve the objective of 100% of its electrical energy consumption from renewable sources[5]. Moreover, in relation to the risks arising from Climate Change, the Group has carried out specific scenario analyses since 2020 as an investigative tool to determine how climate change will impact the national and global economy in terms of both physical risks and transition risks, as well as to assess the direct impact of transition risks on its own Corporate portfolio.

Lastly, in 2023 the first pilot analysis was performed on Nature-related risks by mapping the loan exposures of the corporate portfolio. This disclosure has been included in the volume of the 2023 TCFD Report as an addition the same, as it is not an integral part of it.

The 2023 CNFS, as an integral part of the Directors' Report on Group Operations within the Integrated Report and Consolidated Financial Report of the BPER Banca Group as at 31 December 2023 and the TCDF and PRB Report are available to the public on the BPER Banca institutional website.

Clarifications and information can be requested from the ESG Strategy Office at the following email address: sostenibilita@bper.it

5 It should be noted that the value of electrical energy consumption from renewable sources during 2023 was rounded up as it was equal to 99.55% of the total. This percentage takes into account both the electrical energy purchased and used from renewable sources and electrical energy produced independently by its own photovoltaic systems and consumed by the Group.

1. GOVERNANCE AND BUSINESS

1.1 Purpose and positioning

The purpose is the objective that guides the Bank's strategy, the value that it can express and transmit to people, companies and territories. The purpose of BPER is to work alongside people, businesses and communities to connect them together and help them generate new opportunities to shape the sustainable future of our country.

The purpose determines the positioning, how BPER intends to succeed on the market and how it wants to express its value in a distinctive and memorable way. The positioning of BPER is that of a large domestic bank, empathic, sustainable and evolved; made up of responsible people who share the same missions: standing beside the customers, shareholders and the community to help them develop their ideas, protect them and find ways of shaping a different future for everyone. Every action aims to generate positive impacts to create new value. A value which, as it spreads, promotes everyone's development.

The image that symbolically represents the ambition described in the positioning is the spark: BPER wants to be a spark that can trigger everyone's potential to contribute, together, to a fairer, more evolved and sustainable Country.

Along with the positioning, even the Bank's guiding values were reviewed: in addition to "responsibility" and "tangibility", new principles have been introduced which reflect the BPER approach, meaning "client culture", "sustainability" and "inclusiveness".

1.2. The BPER Group's Commitments

1.2.1 Membership of International Initiatives

Global Compact: the Ten Principles of the United Nations

The United Nations Global Compact is the largest strategic corporate citizenship initiative in the world. It was founded with the aim of promoting a sustainable global economy respectful of human and labour rights, environmental protection and the fight against corruption. It is a voluntary initiative to adhere to a set of principles that promote the values of sustainability.

In 2017, BPER joined the UN Global Compact and via the Communication on Progress and within its CNFS it annually reports on the activities carried out to promote the 10 Principles, in accordance with the commitments undertaken (Please refer to the "GRI Content Index" at the end of the document).

Principles for Responsible Banking (PRB)

On 14 July 2021, BPER Banca signed the Principles for Responsible Banking launched in 2019 by UNEP's Financial Initiative with the aim of supporting interventions to foster sustainability in the financial sector. The PRB set out the roles and responsibilities of banking institutions in aligning with the UN Sustainable Development Goals (SDGs) and the 2015 Paris Agreement, and drive sustainability across all business areas to identify actions that can generate positive impact and create shared value with stakeholders over time. The principles also provide a framework for banks to fully understand the risks and seize the opportunities arising from the transition to more sustainable economies. Signatory institutions thereby become part of the largest global banking community focused on sustainable finance, sharing best practices for the benefit of the industry.

The second PRB report was drafted in 2023. For further details, reference should be made to the BPER institutional site › Sustainability› Partecipation in international initiatives.

Principles for Responsible Investment (PRI)

BPER Legal Entity Arca Fondi SGR joined the Principles for Responsible Investment in 2019, a United Nations initiative created to understand the investment implications of environmental, social and governance (ESG) factors, supporting an international network of signatory investors. There are six principles which call for integrating ESG issues into analysis and decision-making processes as well as investment policies, to engage in appropriate communication of ESG concerns of companies receiving investments, to work together to improve effectiveness in applying the principles, and to communicate activities and progress.

Net-Zero Banking Alliance (NZBA)

On 9 March 2022, BPER Banca joined the Net-Zero Banking Alliance, the United Nations-sponsored industry alliance mobilising banks around the world in a commitment to align their lending and investment portfolios to the goal of net zero emissions by 2050, thus reinforcing the goals set by the Paris Climate Agreement.

In 2023 the BPER Group set the first two de-carbonisation targets for its own portfolios for a few priority sectors, in line with the Group's ambition to support a sustainable transition. For further details, reference should be made to the BPER institutional site > Sustainability > Partecipation in international initiatives.

Task Force on Climate-related Financial Disclosures (TCFD)

Through its Parent Company BPER Banca, in 2021 the BPER Group joined the Task Force on Climate-related Financial Disclosures in order to carry out an initial alignment of its strategies to the recommendations on climate-related risks and opportunities and to improve its reporting on climate-related issues.

The TCFD was established in 2015 by the Financial Stability Board (FSB) to address and quantify the risks generated by climate change on the stability of the global financial system. In 2017, the TCFD developed 11 recommendations to promote greater transparency on financial risks related to climate change and to guide companies in reporting the information that investors and financial markets need for assessing climate-related risks and opportunities.

The TCDF report was also published in 2023. For further details, reference should be made to the BPER institutional site > Sustainability > Partecipation in international initiatives.

Commitment to Sustainable Development Goals (SDGs)

The Global Agenda for Sustainable Development (2030 UN Agenda), approved by the United Nations in September 2015, identified 17 Goals and 169 Targets as the path to sustainability for countries and organisations around the world.

The implementation of the 2030 Agenda involves not only states, but all parts of society, starting with businesses, which are considered key players in achieving sustainable development.

It is in this respect that the BPER Group, in line with what is indicated in its "ESG Policy"[6], also intends to base ESG reporting within this international framework, thereby highlighting the strong relationship that exists between the pursuit of business objectives and sustainability objectives.

A description of the SDGs and the relative targets that BPER is focusing its strategy on, in accordance with the above mentioned Policy, linked to the material issues and the chapters which provide descriptions of the projects in the pipeline is provided on the following page.

6 For more deep-dives reference should be made to the BPER institutional site > Sustainability > Policies and Code of Ethics.

Sustainable Development Goal (SDG)	Material topics	Chapter
Goal 1: “End poverty in all its forms everywhere” Target 1.2, 1.4	Financial inclusion Support to the community	• Chap. 4 Customers and ESG Offer • Chap. 7 Relationship with the community
Goal 4: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. Target 4.4, 4.7	Financial inclusion Support to the community	• Chap. 4 Customers and ESG Offer • Chap. 7 Relationship with the community
Goal 5: “Achieve gender equality and empower all women and girls” Target 5.5	Enhancing diversity	• Chap. 5 People
Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all” Target 7.2, 7.3	Fighting climate change	• Chap. 6 Environment and Climate Change
Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” Target 8.1, 8.2, 8.3, 8.4, 8.5, 8.10	Solidity and performance Support for entrepreneurship Protection and well-being of workers Growth and involvement of employees Innovation and digitalisation	• Chap. 4 Customers and ESG Offer • Chap. 5 People
Goal 9: “Build resilient infrastructure, promote inclusive, fair and sustainable industrialisation and foster innovation” Target 9.4, 9.5	Innovation and digitalisation	• Chap. 4 Customers and ESG Offer
Goal 11: “Make cities and human settlements inclusive, safe, resilient and sustainable” Target 11.4, 11.6	Support to the community	• Chap. 7 Relationship with the community
Goal 12: “Ensure sustainable consumption and production patterns” Target 12.2, 12.5	Protection of the environment and ecosystems	• Chap. 6 Environment and Climate Change
Goal 13: “Take urgent action to combat climate change and its impacts” Target 13.2	Fighting climate change	• Chap. 6 Environment and Climate Change
Goal 15: “Protect, restore and promote sustainable use of terrestrial ecosystems” Target 15.1, 15.2, 15.a	Protection of the environment and ecosystems	• Chap. 6 Environment and Climate Change
Goal 16: "Peace, justice and strong institutions" Target 16.5, 16.6	Integrity in conduct Governance and decision-making processes	• Chap. 1 Governance and Business • Chap. 2 Ethics and Integrity

1.2.2 Membership of networks and associations

BPER Banca has joined many networks and associations The main ones are listed below:

- ABI (Italian Banking Association) is a voluntary not-for profit association of banks and financial brokers that works to promote the knowledge and awareness of social values and conduct inspired by principles of healthy and correct entrepreneurship, as well as the creation of a free and competitive market;
- The Forum for Sustainable Finance is a not-for profit organisation first set up in 2001 with the aim of encouraging the inclusion of environmental, social and governance criteria (ESG) into financial products and processes. The associative base is multi-stakeholder: the subscribers are financial operators and other organisations interested in the environmental and social impact of investments;
- OIBR (Italian Business Reporting Organism) is engaged in drafting, issuing and disseminating studies, research, principles, standards and guidelines of a technical and practical nature in the field of business reporting, the non-financial statement (CNFS), the sustainability report and integrated with the indications of the TCFD, directed at the Italian context, by organising work groups dedicated to issues identified as being of interest to stakeholders, while also providing a place where all Italian stakeholders can meet and a our country's unified voice within the international debate;
- FEduF (Financial Education and Savings Foundation) set up by the Italian Banking Association, is a private legal entity, no-profit, that pursues socially useful purposes by promoting Financial Education, within the broader scope of Education for aware and active Economic Citizenship, to develop and disseminate financial and economic knowledge;
- Fondazione Sodalitas was first set up in 1995 by Assolombarda and a group of volunteer companies and managers, and can rightly claim to be the first organisation in Italy to support corporate sustainability. It promotes the development of initiatives planned in collaboration between companies and the most relevant stakeholders: institutions, Third Sector, schools, universities and research centres and international networks;
- Impronta Etica is a not-for-profit association set up in 2001 to promote and develop sustainability and Corporate Social Responsibility (CSR). The association aims to promote processes geared towards sustainability in Italy and Europe, acting as a stimulus for companies engaged in translating their own innovative tension towards sustainable competition leadership experiences. The primary objective is to develop a network of its members and to promote active participation in national and international networks that address sustainability and CSR;
- Sustainability Makers is the Italian association that brings together the professional profiles engaged in defining and implementing sustainability strategies and projects within companies and other organisations. First set up in 2006 as the CSR Manager Network, in 2021 it changed its name into "Sustainability Makers - the professional network". It represents Italy in the World Business Council for Sustainable Development (WBCSD) Global Network;
- Associazione per la RSI is an active group that strongly believes that Corporate Social Responsibility is the driver of all change and has made the 17 goals of the UN 2030 Agenda its own. The numerous different entities that have joined it, directly or through its associates, employ approximately more than 30,000 operators throughout the Italian territory.
- Valore D, first set up in 2009, was the first association of companies to promote gender balance and an inclusive culture for the growth of companies and the country. Today the association counts over 350 companies which employ over 2 million employees and an aggregate turnover of more than Euro 500 billion.

In 2023, the association membership contributions amounted to almost Euro 11 million. It should be noted that no contributions were disbursed for lobbying activities or local, regional or national political campaigns, nor directed to political organisations or candidates.

1.3 Governance and Organisation Model

BPER Banca s.p.a. is a listed, joint-stock company and Parent Company of the banking group of the same name, over which it exercises - pursuant to the provisions of Art. 2497 of the Italian Civil Code and Art. 61 of Italian Legislative Decree 385 of 1 September 1993 - management and coordination functions, further providing provisions to the members of the BPER Group for the execution of the guidelines set forth by the European Central Bank, the Bank of Italy and by other Supervisory Authorities in the interest of the Group's stability[7].

In its role as Parent Company and in compliance with its Code of Ethics, BPER Banca requires that all Legal Entities refrain from carrying out behaviours or making decisions that are prejudicial to the integrity and reputation of the Group or its components. The Group's Legal Entities[8] include within their Code of Ethics the same values expressed by the Parent Company, adapting their behaviours to it, in accordance with the current laws and with any regulations in force. Among the values expressed in the Code of Ethics, accountability (Art. 11) especially stands out, which is also expressed in the commitment to achieve social and economic growth in the territories where the Bank has its roots.

At 31 December 2023, the Bank is not controlled, *de jure* or *de facto*, by any party, nor is it subject to management and coordination activities.

BPER also conducts management and coordination activities, pursuant to Articles 2497 *et seq*. of the Italian Civil Code, with regard to the Subsidiaries that do not belong to the Banking Group (since they do not meet the required instrumental requirements), but are included in the scope of consolidation using the equity method.

BPER Banca's Governance Model

BPER Banca's corporate governance model is traditional, consisting of a Board of Directors (BoD) vested with all powers for the ordinary and extraordinary administration of the company, the exception of those reserved by law or by the Articles of Association for the Shareholders' Meeting, and a Board of Statutory Auditors.

Pursuant to Article 17 of the Articles of Association, the Board of Directors consists of 15 (fifteen) Directors and is appointed by the Shareholders' Meeting for a term of three years, expiring at the Shareholders' Meeting called to approve the financial report for the last year of office. Directors may be re-elected.

The Board of Directors must have the minimum number of independent members in accordance with current provisions. In this respect, pursuant to the aforementioned Article 17(4) of the Articles of Association, the Directors who meet the independence requirements established by Article 148(3) of the TUF, by the implementing rules of Article 26 of the TUB (i.e. Italian Decree No. 169 of the Ministry of Economy and Finance of 23 November 2020, “Ministerial Decree 169/2020”) and the Corporate Governance Code.

Pursuant to art. 22 of the Articles of Association, the Board of Directors is usually convened, once a month; exceptionally, a Board meeting can be called whenever deemed necessary by the Chair, or when at least one third of the directors file a written request to this end, or by the Chief Executive Officer (CEO).

During the 2023 financial year, the Board of Directors met 18 times, more than the minimum number of meetings envisaged by the Articles of Association and the Operational Rules of the Body (at least once a month). The Directors' attendance level to all the meetings actually held was 97%. The average meeting duration was three and a half hours. Without prejudice to the above, Directors are not specifically required to attend a minimum number of meetings of the Board of Directors.

For details on the remuneration of the members of these corporate bodies, please refer to the 2023 Remuneration Policies of the BPER Group, approved by the Shareholders' Meeting of 26 April 2023. These Policies are published on BPER's institutional website, in the sections dedicated to the aforementioned Shareholders' Meeting.

7 Reference in this case should be made to the "BPER Banca Group structure as at 31 December 2023" included under Chapter "2. Highlights" in the Directors' Report on Group Operations regarding the information on the companies, which, despite not belonging to the Banking Group, are nevertheless subject to management and coordination by BPER Banca.

8 Excluding companies without an Organisation and Management Model pursuant to Italian Legislative Decree no. 231/2001.

The Chair and Deputy Chair of the Board of Directors, The Chief Executive Officer (CEO) and General Manager

Pursuant to Article 21 of the Articles of Association, the Board of Directors elects the Chair and one or two Deputy Chairs. According to the provisions of Article 26 of the Articles of Association, the Chair carries out the functions required by current regulations, facilitating corporate governance and promoting the effective and balanced functioning of the powers allocated to the various corporate bodies, as well as acting as point of reference for the Board of Statutory Auditors, for the heads of the internal control functions and for internal committees. The Deputy Chair replaces the absent or unavailable Chair in all his/her functions.

The Board of Directors in office for the 2021-2023 three-year period appointed only one Deputy Chair.

Pursuant to Article 29 of the Articles of Association, the Board of Directors appoints a Chief Executive Officer from among its members who is responsible, among other things, for the powers established in the Articles of Association. In particular, the Chief Executive Officer (CEO):

- supervises the management of the company, in accordance with the general planning and strategic guidelines determined by the Board of Directors;
- oversees the execution of the resolutions of the Board of Directors and, and of the Executive Committee (if established);
- ensures that the organizational, administrative and accounting structure and the internal control system are adequate for the nature and size of the company and can accurately represent performance;
- has the right to make proposals, within its approved remit, on resolutions of the Board of Directors and the Executive Committee (if established);
- exercises the additional powers assigned by the Board of Directors.

Pursuant to Article 35 of the Articles of Association, the Board of Directors may also appoint a General Manager and one or more Deputy General Managers who, if appointed, constitute the General Management. The Board of Directors determines the attributions and powers of each member of General Management, in line with the structure of delegated powers in force at the time.

In BPER, the role of General Manager is currently attributed to the Chief Executive Officer.

The Executive Committee and Other Internal Board Committees

In accordance with Art. 28 of the Articles of Association, the Board sets up committees comprised of board members that have specialist knowledge of the matters and perform the functions laid down by current legislation and the Provisions of the Bank of Italy and other Supervisory Authorities, determining their composition, powers and operating procedures, as well the additional committees deemed useful.

No Executive Committee was appointed during the present Board term. At the date of approval of this report, BPER has five Internal Board Committees: the Appointments and Corporate Governance Committee, the Remuneration Committee, the Related Parties Committee, the Control and Risks Committee and the Sustainability Committee (the latter Internal Board Committee works alongside the ESG Managerial Committee).

The composition of these Committees was determined by the Board, taking into account the competence and experience of its members and avoiding the concentration of offices.

The composition, powers and operating procedures (including the procedures for recording minutes of meetings and the procedures for managing disclosures to the Directors who are members of them) of each of these Committees are governed by specific Operational Rules approved by the Board of Directors.

In particular, it should be noted that the Sustainability Committee performs support functions for the activities of the Board of Directors in the field of sustainability, with an impact on all the processes, branches and corporate controls through which the Bank guarantees the pursuit of sustainable development, with particular reference to environmental, social and governance issues, in compliance with Article 1, Principle I, of Borsa Italiana's Corporate Governance Code and the principles drawn up by the competent international bodies.

In order to carry out its functions, the Committee: cooperates with the other internal Committees of the Board of Directors; is assisted by the competent Corporate Functions; has the right of access, through its Chair, to the necessary corporate information; has adequate resources at its disposal according to the decisions of the Board of Directors; may leverage the collaboration of experts, including external ones.

During 2023, inter alia, the Sustainability Committee examined and discussed:

- the 2023 incentive plans, with particular regard to the composition of the ESG metric contained in the Strategic Personnel Sheet;
- the unsolicited and solicited ESG ratings;
- the implementation of the sustainability targets related to ESG issues, based on the 2022-2025 Business Plan;
- the Consolidated non-financial statement;
- the three-year Operational Plan for the enhancement of gender diversity;
- the information to the Sustainability Committee relating to the updating of the Group Company disclosures pursuant to Regulation No. 2088/2019 on transparency on the sustainability of financial services;
- periodic monitoring of exchanges with the Supervisory Authority in relation to ESG issues;
- proposals for the adaptation of internal regulations on sustainability;
- definition of the decarbonisation targets pursuant to the Net-Zero Banking Alliance;
- periodic monitoring of the "ESG Compliance Program";
- methods for integration of ESG factors into the Bank's processes;
- Financial Inclusion objectives pursuant to the Report Principles for Responsible Banking;
- the materiality analysis relating to the year 2023.

Diversity within the BPER Banca Board of Directors

With regard to gender diversity, the Articles of Association require that, within the Board of Directors, the presence of a number of Directors of the less represented gender must be ensured to be at least equal to the minimum extent required by law.

In this regard, it should be noted that (i) on the one hand, Article 147-*ter*, paragraph 1-*ter*, of the Consolidated Law on Finance (TUF) provides that at least 2/5 of the members of the Board of Directors belong to the less represented gender (with rounding up to the next highest number in the case of a fractional number; this provision applies for six consecutive terms); (ii) on the other hand, Circular 285/2013 establishes that in bodies with strategic supervision and control functions, the number of members of the less represented gender must be at least 33% of the members of the body (if this ratio is not a whole number, the lower integer is approximated if the first decimal is 5 or less; otherwise the higher integer is approximated).

Compliance with these provisions is ensured by statutory provisions governing the composition of the lists of candidates and the election of officers, inclusive of the application of a sliding mechanism.

In addition to the above, the composition of BPER's Board of Directors is in line with the provisions of Italian Ministerial Decree 169 of 2020 ("Regulation on requirements and eligibility criteria for corporate officers of banks, financial intermediaries, co-operative trusts, electronic money institutions, payment institutions and depositor guarantee schemes") and with the current EBA-ESMA Guidelines (EBA/GL/2021/06, par. 102) on the subject of the diversity of management bodies, being sufficiently diversified, not only in terms of independence and gender, but also in terms of age, role, geographical origin (within Italy), educational and professional background and skills.

In particular, the Directors, overall, have a broad and diversified range of experience, and can thus help to identify and pursue appropriate strategies and guarantee an effective governance of the risks across all of the Bank's department.

To this end, it is worth noting that, within the Board of Directors there are non-executive Directors who, given their education and professional training path, have developed proven competence in the management of operational and financial risk. These in particular are the Directors Flavia Mazzarella, Elena Beccalli and Maria Elena Cappello.

Therefore, the composition of BPER's Board of Directors, as shown in the table below, is in line with current regulatory and self-regulatory provisions, as well as with the guidelines issued by national and European authorities.

Position	Members (surname name)	In office since	Executives	Presence in Committees (P=Chair) (M=member)	Indep. by TUF	Indep. by TUB	Indep. by CG	Gender	Age
Chair	Mazzarella Flavia	21.04.2021		P Sustainability Committee	X	X	X	F	65
Chief Executive Officer (CEO)	Montani Piero Luigi	21.04.2021	X					M	69
Deputy Chair	Barbieri Riccardo	21.04.2021		M Sustainability Committee	X			M	59
Director	Beccalli Elena	21.04.2021		P Related Parties Committee M Control and Risk Committee	X	X	X	F	50
Director	Cacciapuoti Monica	05.11.2022		M Remuneration Committee	X			F	55
Director	Candini Silvia Elisabetta	21.04.2021		P Appointments and Corporate Governance Committee	X	X	X	F	53
Director	Cappello Maria Elena	21.04.2021		P Remuneration Committee	X	X	X	F	55
Director	Cincotti Cristiano	21.04.2021		M Remuneration Committee	X	X	X	M	48
Director	Foti Alessandro Robin	21.04.2021		M Control and Risk Committee	X	X	X	M	60
Director	Giay Roberto	21.04.2021		M Appointments and Corporate Governance Committee	X			M	58
Director	Papa Gianni Franco	21.04.2021		M Control and Risk Committee	X			M	67
Director	Pappalardo Marisa	21.04.2021		M Related Parties Committee	X	X	X	F	63
Director	Pilloni Monica	21.04.2021		P Control and Risks Committee M Related Parties Committee	X	X	X	F	60
Director	Valeriani Elisa	23.06.2021		M Appointments and Corporate Governance Committee M Sustainability Committee	X	X	X	F	51

BoD composition by gender, age group and educational qualification

	31.12.2023		31.12.2022	
	no.	%	no.	%
Men	6	43	7	47
Women	8	57	8	53
High school diploma	1	7	2	13
University degree	13	93	13	87
<30	-	-	-	-
30-50	2	14	3	20
>50	12	86	12	80

With regard to the last year, it should be noted that on 1 June 2023 Gianfranco Farre, Non-Executive Director of the Company and member of the Control and Risk Committee, tendered his resignation from office with immediate effect. At the reference date of these CNFS the Board of Directors is comprised of 14 members overall.

Given the above, in order to ensure full compliance with the principles of diversity and inclusion within the BPER Group and to ensure adequate diversification of the Corporate Bodies, the Bank has a "Policy on Diversity, Equity and Inclusion in the Corporate Bodies and in the Corporate Workforce of the BPER Banca Group", which defines the Principles and commitments that the Group intends to accept to promote inclusion and equal opportunities within its own organisation, including the Corporate Bodies, the Subsidiaries and all company personnel.

BPER has also adopted the "General guidelines for the composition, appointment and remuneration of the members of the Corporate Bodies of the subsidiaries of BPER Banca s.p.a.". It contains provisions aimed at ensuring adequate diversification in the aforesaid Corporate Bodies, also in terms of gender balance, establishing that at least 20% of the members must belong to the least represented gender (rounded off according to the arithmetic criterion).

The Self-Assessment Process of the Corporate Bodies

The Corporate Bodies of the Group Banks undergo periodic self-assessment processes, in compliance with applicable laws and regulations, concerning aspects relating to the composition and functioning of the bodies.

At the end of each self-assessment process, if any areas for improvement are identified, the body concerned identifies the appropriate corrective measures.

For further details on the self-assessment process carried out in 2023 by BPER Banca's Corporate Bodies, please refer to the Report on Corporate Governance and Ownership Structure.

ESG Training and Professional Updating

Even during 2023 particular attention was paid to the professional training and updating of BPER Representatives; among other things, two training sessions were in actual fact held, one on the issues of evolution of Corporate reporting, the principles for the preparation and content of the NFS and the other concerning the risks, opportunities and management of the ESG transition. Both training sessions lasted 2 and half hours.

Management of Conflicts of Interest

In terms of management of conflicts of interest, the Bank has adopted the following internal regulations:

- Group Policy for governing the compliance risk in terms of conflict of interest with regard to related parties and risk activities with regard to associated parties", published on BPER's institutional website › Governance › Documents;
- “Group Regulations on the process of managing Significant Interests of Corporate Officers";
- "Rules for verification of the independence requirement of directors" of BPER Banca, also endorsed by the Board of Statutory Auditors;
- "Policy for the governance of compliance risk as regards the Provision of Investment and Ancillary Services";
- "Internal Governance Code of the BPER Group";
- "Regulation of the Internal Dealing Process", published on the BPER's institutional website › Governance › Documents › Internal dealing;

In addition, the Bank has a Related Parties Committee which operates in accordance with the laws, regulations and other legislation in force at any given time concerning related parties and associated persons.

For more detailed information on intercompany relations and transactions with related parties during the 2023 financial year, please refer to the relevant section of the Directors' Report on Group Operations and to the specific section of BPER's Institutional website › Governance › Related Party Transactions.

1.3.1 ESG Governance

In recent years, the BPER Group has structured a path of sustainability through the adoption of an integrated strategy, i.e., capable of combining business growth and financial solidity with social and environmental sustainability.

Firstly, in October 2021, the Board of Directors set up an internal Sustainability Committee. This committee was assigned was assigned a support role in the Board's sustainability activities and, therefore, in tackling Climate Change, with reverberations on all processes, structures and company controls through which the Bank guarantees the pursuit of sustainable development, with particular reference to environmental, social and governance issues, in compliance with Principle I of the Corporate Governance Code and the principles drawn up by the competent international bodies.

As at today's date, the Sustainability Committee consists of the Chair of BPER Banca, Flavia Mazzarella, who acts as Chair of the Committee, and the directors Riccardo Barbieri (non-executive director) and Elisa Valeriani (non-executive and independent director). The Committee meets at least every two months.

The aforementioned internal Committee is an addition to the ESG Management Committee that has been operational since 2020. This Committee is chaired by the Chief Financial Officer (CFO) and is comprised of all the Chiefs of the Parent Company, the Manager responsible for preparing the Company’s financial report, the Head of Management and Planning & Control and the Head of the ESG Strategy Service. The latter, together with the CFO, coordinates the activities and meetings of the Committee, which normally meets on a quarterly basis. The Chief Executive Officer (CEO) is a permanent guest.

Furthermore, in November 2022 by the Board of Directors of BPER Banca approved the "ESG Policy"[9] which further strengthened the Governance of ESG issues in the pursuit of sustainable success.

The Policy calls for the appointment of key ESG Managers, defined within the departments that handle ESG issues and within which they represent pivotal figures, as they are responsible for the following functions:
- coordination and monitoring of the activities defined to achieve the objectives;
- analysis of the impacts of ESG issues in the department in which they operate, with regard to the issues within their competence, identifying inherent risks and opportunities;
- coordination of relations with the stakeholders they come into contact with on behalf of their structure of operation.

The ESG Managers are coordinated by the ESG Strategy Service, table meetings and assist the same Department in the implementation of Sustainability projects. There are about 35 ESG Managers, also present in the Legal Entities of Optima, Sardaleasing, Bibanca, Banco di Sardegna, Finitalia and BPER Factor.

The ESG Strategy Service is active at the main national and European meetings: the Head of the Service represents BPER Banca within various working groups on sustainability (ABI, Global Compact, Impronta Etica, Sustainable Finance Forum), is a member of the Board of Directors of FEduF (Fondazione per l'educazione finanziaria e il risparmio - Foundation for Financial Education and Savings), and lastly is a member of the EBF Chief Sustainability Officer Roundtable.

A summary of the ESG roles and responsibilities based on the current governance structure is shown below[10]:
- The Board of Directors: defines Group guidelines and strategies with regard to ESG issues, and approves the Consolidated Non-Financial Statement, Business Plan, Risk Appetite Framework and Risk Governance Policies;
- Chief Executive Officer (CEO): implements, within the scope of his/her delegated powers, the strategic guidelines and the Plan and oversees the operational activities, actions to be implemented and monitored related to sustainability with the support of the ESG Strategy Office and the ESG Management Committee;
- Sustainability Committee: performs support functions for the Board of Directors' ESG activities, reviews the ESG Policy and the CNFS, evaluates the Bank's positioning with regard to sustainability benchmarks, monitors relevant initiatives and assesses scenarios and macro trends;
- ESG Management Committee: facilitates the coordination of corporate functions and supports the Chief Executive Officer (CEO) in the management of ESG issues, monitors the positioning of the BPER Group with respect to sustainability and the 17 UN Goals (SDGs) and lastly promotes and manages the ESG strategy and sustainability issues;
- Chief Financial Officer (CFO): manages the implementation of the strategic guidelines and the Sustainability Plan approved by the Board of Directors and the sustainability-related operational activities of the ESG Strategy Service;
- ESG Strategy Service: has the priority tasks of drawing up the CNFS, defining the relevant issues and sustainability indicators to be disclosed, contributing to the drafting of the Business Plan with regard to projects impacting ESG and climate change issues. The Service also supports the Sustainability Committee in promoting and managing the strategy on ESG issues and the Management Committee in the operational management of ESG and climate change issues. To do so, the ESG Strategy Service assesses the ESG impacts of the Group's initiatives, including through stakeholder engagement activities, and manages energy and mobility management activities. The Service is also responsible for managing the relationship with ESG rating agencies and relations with the ECB with regard to climate and environmental risk issues within its remit (e.g. disclosure, organisational structures, ESG Strategy), coordinating the cross-sectoral ESG exercises initiated by supervisory bodies (e.g., ECB Climate and Environmental Risk questionnaires).

The CNFS drafting activity is governed by an Internal Regulation and its related Operational Instructions. Also, the attention paid to the management of sustainability/Climate Change issues is confirmed by the appointment of an Energy Manager and a Mobility Manager, both of whom work for the ESG Strategy Service.

Lastly, at Group level, it is important to highlight that all the companies included in the consolidated scope have a CSR Contact Person who collaborates with the ESG Strategy Service in the preparation of the Group CNFS and in the management of activities on sustainability/Climate Change issues.

9 For more deep-dives reference should be made to the BPER institutional site › Sustainability › Policies and Code of Ethics.

10 For further details, please refer to the "ESG Policy" and the "Report on Corporate Governance and Ownership Structure 2023".

1.3.2 Remuneration Policies

The Group's remuneration policy is aligned with the short and long-term strategic objectives aimed at creating value for shareholders, employees, customers and all Group stakeholders. The overall remuneration policy was defined with the aim of ensuring the correlation and consistency between remuneration, the results achieved, the development guidelines, the sustainability of the initiatives undertaken and sound and prudent risk management, as well as compliance with regulatory requirements.

The remuneration policies proceed along the lines of the 2022-2025 Business Plan and continue on along the path set during the previous years to strengthen the "Pay for Sustainable Performance", paying attention to sustainability and gender equality. Furthermore, the enhancement of people and the creation of value for the entire ecosystem in which the BPER Group operates are the cornerstone of the Group's ESG strategy and, therefore, of the systems designed to incentivise the achievement of short-term and long-term results. This is made possible thanks to:

- the four year "Long-term Incentive Plan" (LTI) linked to the 2022-2025 Business Plan and based on BPER Banca shares, designed to support the alignment of Management interests in the creation of long-term value for shareholders and stakeholders;
- the adoption of an MBO (Management By Objectives) system aimed at promoting the achievement of objectives consistent with the strategic guidelines detailed in the Plan.

Launched in 2022, the LTI Plan is based on the assessment of the company's results (KPIs) at the end of the four-year vesting period in 2025 (the period of time during which the beneficiary of the incentive plan gradually matures the right to his/her share) and, in addition to the Chief Executive Officer (CEO) rand the General Manager, also involves the Group's other Top Management personnel and the resources that are key to fulfilling the Strategic Plan's guidelines. The LTI Plan objectives sheet includes profitability, operational efficiency, credit quality and sustainability objectives.

The following KPIs have been defined for the LTI Plan (each with an equivalent weighting) within the ESG metric which overall carries a weight of 15% on the entire objectives sheet:

- sustainable Finance Objective Area: Green Finance Ceiling (weight 25%);
- energy Transition objective area: CO_2 Emission reduction (weight 25%);
- diversity and Inclusion Objective Area: Gender Gaps - less represented gender between Middle Managers and Managers (weight 25%);
- "Futuro" Project Objective: –Increase of financial education programmes and rollout of a youth inclusion project (weight 25%).

With regard to the short term incentive system (MBO 2023), the Strategic Sheet assigned to the Chief Executive Officer (CEO) and Managing Director on which the so called "Material Risk Takers" (henceforth also MRTs[11]) are based, includes a quota of ESG objectives that account for 20% of the total. The metric is made up of six objectives considered strategic in the short term attributable to areas of the Business Plan[12]:

- assets under management: increase in ESG investments;
- Green Loans: loans specifically dedicated to investments in the area of sustainability (ESG);
- implementation of BEMS (Building Energy Management System): increase in solutions designed to monitor and optimise the energy performance of buildings and carried by Bank branches;
- Net Zero Banking Alliance: calculation of the carbon footprint of loan and investment portfolios; decarbonisation target setting for 2030 and 2050 for "high" emission sectors; implementation of monitoring tools for indirect emissions generated by the company's value chain (so called "Scope 3");
- Diversity, Fairness and Inclusion: early achievement of the intermediate objectives set in the Business Plan for Managers and Executives.
- ESG Ratings: retention of the current Moody's ESG Solution, S&P ESG Evaluation and CDP ratings.

The short term incentive system (MBO 2023) calls for the allocation of ESG incentives to essentially all relevant personnel (MRT) with different methods depending on whether they are C-Level Managers or less with a weighting of between 10% and 15% possibly in combination with specific ESG objectives attributable to their areas of responsibility of with the objectives of the so called "Managerial Assessment".

At 31 December 2023, all ESG targets contained in the MBO have been met.

11 The "MRTs" are resources that can have a substantial impact on the risk profile of the entity on the basis of the criteria foreseen by current legislation. For further information: "2023 Report on Remuneration Policy and Compensation Paid" (section I) paragraph 7.3.

12 Further details on the ceilings and payout curves of these objectives can be found in the "2023 Report on Remuneration Policy and Compensation paid".

Governance of Remuneration Policies

The BPER Group has established a governance process to regulate the definition, implementation and management of its remuneration policies. This process will involve various Control Bodies and Business Functions at different levels and depending on their areas of responsibility. These bodies are:

- Shareholders' Meeting, Board of Directors, Remuneration Committee, Control and Risks Committee, Sustainability Committee, Appointment and Corporate Governance Committee (Corporate Bodies)[13];
- CHRO - Human Resources Planning and Control CRO - Risk Management CCO - Compliance, CAO - Internal Audit (Corporate Functions).

The remuneration of the Corporate Bodies is determined at the Shareholders' Meeting of BPER Banca, which fixes the total compensation of the members of the Board of Directors in compliance with the law and relevant regulations.

The Shareholders' Meeting also fixes the annual remuneration of the members of the Board of Statutory Auditors for the entire duration of its mandate.

The Board of Directors and the Remuneration Committee play a particularly relevant role where remuneration issues are concerned. After all, in performing its role as a body with strategic supervisory powers, the Board of Directors is responsible for the Group's remuneration policies and the regular revision of the Group's Remuneration Policies, with the support of the Remuneration Committee and the relevant corporate functions. In the context of guiding and coordinating the activities of subsidiaries, the Board of Directors of BPER Banca, in its role as the management body of the Parent Company, ensures the consistency of the remuneration and incentive systems implemented within the Banking Group, while recognising the specific characteristics of the sectors served by each Group company, as well as their organisational structures and the regulations applicable to them, based on the nature of their businesses and their geographical locations.

In compliance with the principles laid down by the Supervisory Provisions and the Code of Corporate Governance, the Remuneration Committee performs advisory, investigative and proposal-making functions to support the activities of the Board of Directors and, to the extent of its sphere of competence, those of the Executive Committee (where established), without prejudice to the autonomy of decision-making and the responsibility of these bodies to pass motions within their respective spheres of competence. The Remuneration Committee is composed of three non-executive Directors, the majority of whom meet the independence requirements set forth in the Articles of Association and in the primary and secondary regulatory and self-regulatory sources referred to therein. Committee members must have, individually and collectively, adequate knowledge, skills and competence regarding remuneration policies and practices and risk management and control activities, in particular with regard to the mechanism for aligning the remuneration structure with risk, capital and liquidity profiles. Within the Committee, at least one member must have adequate knowledge and experience in financial matters or remuneration policies, assessed by the Board of Directors at the time of appointment.

Remuneration of the members of the Board of Directors

The remuneration of the Directors of BPER Banca is determined in order to adequately remunerate and reward the skills applied and responsibilities shouldered in the performance of their duties. For all Directors of the Parent Company, with the exception of the Chief Executive Officer, the remuneration is set entirely on a fixed basis, without any variable component of remuneration.

The Directors who participate in the Committees established within the Board of Directors receive a fixed remuneration commensurate with the commitment requested and determined, in continuity with the previous year, for the residual duration of the Board's current mandate. The remuneration of Committee Members is established by the Board of Directors with support from the Remuneration Committee, taking into account the total amount resolved by the shareholders' meeting, if any.

Pursuant to Article 11, para. 2, of the Articles of Association, the additional remuneration due to the Directors assigned special duties (to be more specific: the Chair, Deputy Chair and Chief Executive Officer (CEO)/General Manager), is established by the Board of Directors with support from the Remuneration Committee, having received the opinion of the Board of Statutory Auditors, pursuant to Article 2389, par. 3, of the Italian Civil Code.

Pursuant to art. 11, paragraph 2 of the Articles of Association and art. 2389, paragraph 3, of the Italian Civil Code, the additional remuneration due to the Chief Executive Officer (CEO) is established by the Board of Directors, with support from the Remuneration Committee and having consulted the Board of Statutory Auditors, and comprises a fixed portion and a variable portion (consisting of both short and long-term elements).

13 Regarding remuneration, the Control and Risks Committee, the Sustainability Committee and the Appointments and Corporate Governance Committee perform tasks outlined in each instance in the relevant operation rules approved by the Board of Directors.

The remuneration for the General Manager position is established by the Board of Directors with support from the Remuneration Committee. The remuneration for the roles of Chief Executive Officer (CEO) and General Manager, held by the same person, was established by the Board of directors also having regard for the practices adopted by a comparable peer group.

As an executive director, the Chief Executive Officer (CEO) and General Manager is also a recipient of the short- and long-term incentive plans approved for key personnel.

Shareholder support for the Remuneration Policy

Within the framework of a robust and transparent governance that characterises the Group's remuneration and incentive policy and systems, BPER launched a constructive and continuous dialogue with investors and proxy advisors, holding targeted meetings and discussions also on remuneration issues, with the objective of improving and ensuring effective disclosure regarding alignment with the Group's long-term strategy.

This approach, combining continuous alignment with best practices and the connection with company strategies, in the interest of all stakeholders, has made it possible to achieve the high consensus rate seen in last year's Remuneration Policies.

In defining the Remuneration Policy for 2023, the BPER Group took into account the outcome of the vote cast by the Shareholders' Meeting in 2022 on the first and second Sections which was broadly approved by the proxy advisors and the shareholders. Starting from this vote, various deep-dives were carried out with reference to the market and the changes in the regulatory framework. This resulted in the amendments and improvements to the 2023 Remuneration Policy reported in the Remuneration Policy and remuneration paid.

Payments during the employment termination stage

The Provisions of the Bank of Italy on the subject of remuneration provide that, when the early termination of the employment relationship or the early termination of the office is foreseen, the definition of any agreements for the recognition of payments or other benefits to key personnel (the golden parachute, i.e. additional compensation) are subject to special regulations. It is the Shareholders' meeting that approves the criteria for calculating any special remuneration to be awarded in the event of early termination of employment or stepping down ahead of schedule, including the limits set on such remuneration in terms of the number of years of the fixed portion of remuneration and the maximum amount that can be paid when applying these criteria.

The BPER Remuneration Policy, therefore, offers the possibility to grant indemnities linked to early termination of the employment relationship (in addition to what is envisaged in collective contracts) or of the office. The policy governing such remuneration also provides for maximum payments and constraints, in line with current regulations, on the manner and timing of payment (deferral, types of instruments, etc.).

If there are, or are expected to be, cases of termination of employment on the initiative and/or in the interests of the Group, whether in a unilateral or an agreed form, additional agreements may be reached on "additional compensation" as a pre-retirement leaving incentive or in order to avoid the risks associated with legal proceedings and court rulings (assuming that said compensation is designed to settle a current or potential dispute).

These additional amounts of remuneration are subject to the deferral mechanisms and use of financial instruments envisaged for the payment of variable remuneration to MRTs and are subject to the same claw-back (and related malus clauses, that also apply to the deferred quotas).

The Supervisory Provisions of the Bank of Italy on remuneration also provide for the possibility of using a predefined formula, contained in the bank's Remuneration Policy to which reference should be made, which defines the amount to be paid for early termination of office or early termination of the employment relationship, as part of an agreement between the Bank and the staff, whatever the context of said agreement, for the settlement of a current or potential dispute. The additional fees determined by applying this formula are not included in the calculation of the aforementioned maximum limit of incidence of the variable component compared to the fixed component. The formula does not apply in the event of negligent or fraudulent conduct identified in the last five calendar years from the date of termination.

Similar agreements may be envisaged for managers not deemed to be MRTs, within the limits established in the national labour contract for specific mediation proceedings.

There is no provision for discretionary pension benefits for anyone in the company for the early termination of employment or office. In the event of an exceptional assignment, the rules provided for under current legislation will be applied.

Use of external consultants

In carrying out all the activities necessary to ensure the competitiveness and effectiveness of its pay systems, the Group, in 2023, has been supported by external, independent consultancy firms with considerable expertise in this area. In particular, the Group now collaborates with an international consultancy: Willis Towers Watson (WTW), which helped to revise the incentive schemes and the remuneration policy as well as Mercer, which provided support for the benchmarking of salaries at various levels within the company workforce.

1.3.3 Internal Control System

The BPER Group's Internal control system, a key element of the overall governance set-up, is the set of rules, functions, structures, resources, procedures and processes aimed at ensuring that the activities carried out by the company are compliant with the pre-defined internal standards and practices.

The system involves the Corporate Bodies, the Control Bodies, as well as the line management structure and is designed in compliance with the following criteria:

- proportionality in the application of rules according to size and operations;
- gradual and progressive transfer to more advanced methodologies and processes for measuring risk and the capital that is available as a result;
- unity in the definition of the approaches used by the various functions foreseen in the Group's organisational system;
- effectiveness and efficiency in risk management.

The Internal control system of the BPER Group defines the following lines of control[14]:

- Third-level controls:
  - Internal Audit.
- Second-level controls "Risk and compliance controls":
  - Anti-Money Laundering;
  - Compliance;
  - Risk management;
  - Ratification.
- First-level controls:
  - line controls included in the Group's processes and organisational units.

In addition to the levels of control foreseen by the Supervisory Authority, the legal system and self-regulatory sources also assign oversight roles to specific structures - other than the Corporate Control Functions - or to committees within the Administrative Body, whose activities should be consistently regulated within the Internal Control System.

In this context, the Group includes the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001, if established, and the Manager responsible for preparing the Company's financial report (henceforth also FRE), set up according to the dispositions of Law no. 262/2005, who, for the performance of his/her tasks, relies on the Financial & Sustainability Reporting Supervision Service (henceforth also FSRS Service). The FRE and the FSRS Service are therefore part of the Group's internal control System.

The FSRS Service manages the risk of unintentional errors or fraud in financial disclosures, which includes the set of rules, procedures and resources designed to identify, measure or assess, monitor, mitigate and communicate this risk to the appropriate levels. Within the ESG context, the management also provides for verification activities of both a selection of information that can have an impact on economic and financial disclosures and on the process of compiling said information once it has been included in the Directors' Report on Group Operations in Part 2 - Consolidated Non-Financial Statement - Italian Legislative Decree no. 254/2016. As a result of major regulatory changes and the high degree of interconnection between ESG obligations, in 2024 a strengthening of the overall monitoring and controls falling within the remit of the FSRS Service on sustainability issues is to be expected. This path will entail an update of the "Financial Disclosure Control Model" framework regarding sustainability information consistent with the level of assurance required by external regulations (CSRD) and any additional responsibilities assigned to the Manager responsible for preparing the Company's financial report. Lastly, it is also worth mentioning the role of the Control and Risks Committee, the Internal Board Committee set up within the Parent Company and in the Legal Entities that have one.

14 Bank of Italy Circular 285/13 classifies the Internal Audit, Anti-Money Laundering, Compliance, Risk Management and Validation Functions as "Corporate Control Functions".

Generally speaking the "Group Internal Control System" prescribes that the second and third level Corporate Control Functions headed by companies incorporated under Italian Law be centralised within the Parent Company, without prejudice to the responsibilities for which the individual Companies are still accountable based on current legal provisions.

With reference to the third level controls, the Internal Audit Function carries out an independent and objective assurance and consulting activity aimed at increasing and protecting the value of BPER Legal Entities by providing, through a systematic and structured professional approach, objective services designed to promote:

- the effectiveness and efficiency of processes and controls;
- balanced and conscientious risk management.

On the basis of the results of its controls, it:

- identifies the possible improvements - with specific reference to the RAF, the risk management process and their measurement and control tools - bringing them to the attention of the Corporate bodies;
- formulates specific recommendations to be submitted to a formal monitoring procedure in order to guarantee (and report about) their effectiveness and timely implementation.

The Internal Audit contributes to the dissemination of risk & control awareness and the key principles that underpin the BPER Group's operations.

The Function carries out its activities:

- under the management and coordination of the Parent Company, *vis-a-vis* Banks and Group Legal Entities;
- by virtue of specific outsourcing contracts, for the companies that have outsourced Internal Audit to the Parent Company, i.e., all Italian companies with Internal Audits, with the exception of Arca Fondi.

The Internal Audit activity is assessed, by a primary certification Company, as "Generally Compliant" with the International Standards of the profession.

The Function has established, with a view to promoting constant improvement and in line with the Standards, an internal assessment process - Quality Assurance and Improvement Program (QAIP) - the results of which are annually brought to the attention of the Parent Company's Board of Directors.

In 2024 an external assessment of the internal audit activity has been foreseen in order to reassess its compliance with the Standards, taking into account the strategic/transformative evolution that the Function is currently engaged in.

Where ESG issues are concerned, in 2023 the Internal Audit Function carried out a monitoring and assessment activity on the initiatives (included or not in the Business Plan) undertaken by the BPER Group with a view, among other things, to integrating ESG Factors in the Group's business model and risk management.

In 2023 the Internal Audit included ESG issues in its risk assessment and began the activities required to define a methodological framework to integrate ESG factors in the audit life cycle.

1.3.4 Risk management

The BPER Group identifies the Risk Appetite Framework (RAF) as a tool for overseeing the risk profile that the Group intends to take in the implementation of its business strategies, considering it as an essential element to ensure that the risk management policy and process by which risks are handled comply with the principles of sound and prudent business management.

The key principles of the RAF are formalised and approved by the Parent Company, which periodically reviews them, ensuring that they are in line with the strategic guidelines, business model and regulatory requirements in force at the time. Among other strategic objectives within the Risk Appetite Statement (RAS), these principles include support for sustainable development through careful and responsible corporate management towards ESG issues in order to foster value creation for the Group and its stakeholders.

The BPER Group identified action lines in the climate-related and environmental area to strengthen strategy, business, risk governance and regulatory compliance. With this in mind, an activity/intervention plan was defined and approved by the Parent Company's Board of Directors and sent to the European Central Bank. During 2023, the activities undertaken following the ECB's Thematic Review exercise were continued with a view to assessing compliance of the ECB's Guidelines on the issue, in order further strengthen the governance practices on the climate-environmental component.

During 2023, in line with what had been planned and communicated to the Supervisory Authority, the integration of ESG issues within the entire Group Risk Management set-up continued, including the strengthening of the materiality analysis of these risk factors within the context of the risk identification process, the evolution of the Risk Appetite Framework (RAF and of the ICAAP by identifying specific Key Risk Indicators and the introduction of special analyses, the updating of risk management processes and the integration of risk reporting.

Furthermore, within the integration of the above contexts, the connections and relations with the various corporate processes impacted as well as the Group's commitments on this issuer (for example the Net-Zero Banking Alliance) were taken into consideration.

All of this confirms the strategic importance that the BPER Group attaches to sustainability issues, the management of which translates into consistent and concrete commitments both at governance level and in the day-to-day operations of all of Corporate Functions.

An enabling factor to be able to initiate the integration of ESG issues within the entire Group Risk Management framework is the expansion of the ESG databases. For further details, reference should be made to the BPER Data Platform issue described in section "4.7.3 Other Products and services linked to ESG goals".

Risk identification

In line with the prudential supervisory regulations[15], the BPER Group periodically carries out an accurate identification of the risks to which it is or could be exposed, taking into account its operations and reference markets. The risk identification process results in the periodic updating of the "Group Risk Map" ("Risk Map") by the Risk Management Department, which illustrates the relative position of the individual Legal Entities with respect to Pillar 1 and Pillar 2 risks[16], in both a current and prospective view. This activity is carried out centrally by the Parent Company, and the Risk Map is recognised as the base for risk management and governance, making it the cornerstone of the Internal Control System.

In addition, continuing with the approach introduced in previous years, ESG risk factors continued to be fine-tuned and, in particular, quantitative indicators were strengthened for the materiality analysis of credit risk deriving from climate factors, the introduction of a quantitative analysis for the materiality assessment, for the sub-category of ESG Risk within operational risks and the introduction of ESG risk factors in the materiality/relevance analysis of market, reputational and strategic/business risks. Within the Group Risk Map, a further complete tree diagram of ESG Risk was introduced that took into consideration its various components and sub-components and provided evidence of the current positioning of the BPER Group compared to this tree diagram, with particular reference to the risk identification framework. For further details on current developments in the field of climate/environmental risk identification and management, please refer to the 2023 TCFD Report.

Risk Assessment and Management

Downstream of the risk identification process and the definition of the Risk Appetite Framework, the Group defines specific Risk Governance Policies aimed at controlling the risks to which the Group is exposed. The policies regulate risk taking and risk management, including specific risk indicators subject to thresholds that are an integral part of the RAF and subject to periodic reporting to Corporate Bodies and Top and Senior Management.

The assessments carried out on individual risk verticals contribute to the main Risk Governance processes such as ICAAP and ILAAP, as well as contributing to the development and definition of risk forecasting and stress testing techniques aimed at, among other things, identifying the Group's potential areas of vulnerability.

The integration of ESG factors, with a specific focus on the (E) component, into the overall Risk Management framework and the evolutions which the Group is committed to for 2023 and beyond is described in the 2023 TCFD Report.

Lastly, it should be noted that the BPER Group, over the course of the coming years, will continue to assess additional areas of intervention to further evolve the risk management framework with a view to further appreciate the specific characteristics of these risk factors as well as regulatory developments.

With particular reference to Social and Governance components, the operational risk and reputational risk management frameworks, within which the ESG risk factors have been integrated, are shown below.

Operational risk

BPER applies the management frameworks for operational risks, in line with the regulations and reference best practices, to ensure the kind of governance and continuous monitoring that might successfully highlight any anomalies.

15 Bank of Italy Circular no. 285/13 Title III, Chapter 1 (and subsequent updates).

16 Bank of Italy Circular no. 285/13, Title III - Chapter 1 - Annex D.

Where operational risk is concerned, the principles, objectives, methods and responsibility for governance of operational risk have been described in a specific policy ("Operational Risk Governance Policy").

The management framework consists of the following components:
- risk identification, which includes the definition and updating of methodological models for classifying operational risks;
- detection and assessment of risk, in relation to the loss data collection and retention processes (Loss Data Collection) and assessment of exposure to operational risks (in particular, Risk Self Assessment);
- measurement of risk for regulatory purposes (calculation of operational risk) and management purposes (internal measurement model);
- risk management, in relation to the acceptance and mitigation/transfer of the same;
- risk monitoring and reporting, with reference to the periodic analysis of the risk profile as well as the system for preparing and disseminating information flows.

The overall operational risk management framework has been integrated in order to monitor environmental, social and governance risk. In particular, as part of the operational risk identification process, the transmission channels that define how ESG risk factors can lead to operational losses for the Group have been identified and this has led to the updating of the "Operational Risk Map" by also introducing additional classification labels, with a view to identifying the affected ESG factor (whether Environmental, Social or Governance). Furthermore, the types of operational loss events attributable to ESG factors have been collected thanks to the Loss Data Collection process and monitored using specific risk indicators. Where the assessment of operational risk is concerned, a specific Risk Self Assessment activity is performed on the ESG operational risk scenarios designed to estimate the potential impacts in terms of the exposure to operational losses resulting from ESG risk factors and the identification of areas of improvement that might mitigate said risks. Furthermore, a quantitative and qualitative analysis has been introduced that also supports the forward-looking assessment, with the aim of providing a synthetic outline of the level of exposure to climate and environmental risk linked to the Group's real estate properties and to the main counterparties that provide services for the same.

Reputational risk

Reputational risk is defined as the risk, current or future, of a decline in profits or capital arising from a negative perception of the Bank's image by customers, counterparties, shareholders, investors or the Supervisory Authorities.

The main elements that make up the reputational risk management framework are described and formalised in a specific policy ("Policy Reputational Risk Management"), which envisages centralised governance of said risk within the Parent Company, with a decentralised assumption of risk across the individual Legal Entities, detailing the responsibilities of the Business Units of the Parent Company and of the Legal Entities involved, under normal operating conditions as well as in the presence of so-called "critical reputational events".

The reputational risk management system adopted by the BPER Group is implemented through the following components:
- identification and assessment of risk based on "Reputational Data Collection" and "Reputational Self-Assessment";
- monitoring of the Group's exposure to reputational risk by monitoring a series of specific Key Risk Indicators (KRIs);
- management of critical reputational events by activating a functional escalation process and defining response and mitigation activities over the short and long term;
- preparation of adequate reports.

Within the context of reputational risk, the overall management framework for this risk has been integrated in order to monitor environmental, social and governance risk factors in relation to the Group or its counterparties direct or indirect exposure. This activity essentially entails the updating of the "Reputational scenario catalogue" and the listing of the monitoring indicators connected to ESG risk factors.

The management of reputational risk related to ESG issues calls for the assessment and monitoring of a range of scenarios including, for example:
- critical issues arising from disclosure activities;
- monitoring ESG ratings;
- management of loans and investments in controversial sectors;
- human resources management;
- management and maintenance of Group properties;
- compliance with the international standards to which the Bank has subscribed to (PRB, TCFD, Global Compact).

Risk Governance processes

The main activities undertaken during 2023 to integrate ESG factors into the Group's main risk governance processes are detailed below.

RAF

During the course of the year, the gradual integration process of specific KRIs into the risk scenario risk governance policies has been strengthened. With particular reference to the "Credit Risk Policy", four indicators have been integrated to assess the exposure to sectors subject to high transition risk, subjects excluded from the Paris agreement, the relevance of the exposures with subjects with a high physical risk and the quota of residential loans towards counterparties with high physical risk real estate collateral.

These indicators are included in the Risk Appetite Framework among Level 3 metrics.

The alert indicators related to the Group's positioning in terms of MSCI ESG Rating and Standard Ethics Rating (SER), are still included in the fourth level RAF metrics, as they were the previous year.

Second level controls

The second level Credit Control Service has integrated the ESG the risk factors into the control process especially with regard to climate risk. The framework was implemented in both the "Single File Review" and the "Collateral File Review" analysis methodology.

The results of the analyses carried out are included in the regular reporting on control activities of management reporting.

Management Risk Reporting

In addition to the components related to the Group's ESG rating positioning, the Group has integrated the ESG developments (both credit risk and operational and reputational risk) into its quarterly risk management reporting in order to provide adequate disclosure to the Corporate Bodies and Top and Senior Management.

In particular, a section dedicated to climate risk factors has been introduced within the credit risk in order to represent the exposure of the Bank's corporate loans and mortgage loans subject to high physical risk to climate risks (to be understood as the financial impact of climate change, including the most frequent extreme weather events and gradual changes of climate conditions).

IFRS9 Impairment

In 2023, the Group completed its plans designed to define the actions to be undertaken on the internal models to assess the credit risk in order to incorporate C&E (Climate and Environmental) components. In particular, as part of the IFRS9 accounting calculation for December 2023, a first step towards the inclusion of climate-environmental elements into the PD (Probability of Default) IFRS9 risk parameters was taken (a step that replaces the previous management overlay). The activity will continue during 2024 with further production releases within the rating allocation process. For further details reference should be made to Part A of the consolidated Notes on the Financial Report - 23. Method for determining the extent of loss of value (impairment).

Risk Forecasting and Stress Testing

The Group is progressively integrating baseline and adverse climate components into the simulation toolkit with the aim of including the effects of physical and transitional risk factors in both the short- and long-term perspective. In this context, the simulation toolkit was used by the Group within its main Risk Governance processes including the 2023 ICAAP, which now includes the definition of the scenarios adopted to assess capital adequacy and the possible impacts of a transition towards a green economy on the macro-economic variables and the counterparties/sectors most exposed to climate and environmental risks and preparing forward-looking analysis with a view to assessing possible impacts of the climate transaction dynamics and physical risk not just in the short but also in the long term.

For further details on current developments in the field of climate/environmental risk identification and management, please refer to the 2023 TCFD Report.

Most Significant Transactions

The BPER Group, in line with the request made by the Supervisory Authority,[17] requires that the Chief risk Officer (CRO) carry out specific assessments of the most significant Transactions (including substantial changes or extraordinary transactions) in order to express a preliminary assessment (Risk Opinion). The most significant transactions are those that can have significant, impacts on the Group's risk profile or strategy and that may relate to transactions having extraordinary, or at least not ordinary, significant characteristics due to their complexity, or business transactions and/or transactions of some other kind. For these reasons, the assessment may concern a consistency with RAF or consider additional relevant aspects including the ESG profiles of counterparties. The assessment, depending on the type of transaction, may also contain the opinion of other Control Functions be coordinated by the CRO.

1.4 Strategy and Corporate Performance

The BPER Group has organised a pathway to sustainability by adopting an integrated strategy that can combine the growth of the business and financial solidity with social and environmental sustainability, creating long-term shared values. As a confirmation of this, the Group has always shown great attention to ESG issues, and over the course of the years it has been preparing Sustainability Plans and Business Plans with sustainability-related objectives. The latter has been fully integrated into the new 2022-2025 BPER e-volution Business Plan.

To consolidate this process, in January 2024 the Regulations governing the Business Plan, Annual Budget and Funding Plan were updated in order to integrate the climate-related KPIs, thus enabling a complete integration of ESG factors into the company's strategy.

1.4.1 The 2022-2025 BPER e-volution Business Plan

The Business Plan envisages an evolution towards a multi-specialist and capital-light business model capable of enhancing the Group's national scale, its product Companies and specialised distribution channels, also thanks to a profound technological and digital transformation.

The Plan consists of the following five project areas and three cross-cutting levers that will achieve a significant increase in profitability, together with an improvement in efficiency and productivity in line with market best practices.

The five project areas:
- multi-specialist on a national scale;
- Transformation of the revenue model within a "fee-based" perspective;
- partnership between IT and Business for transformation and growth;
- Simple, digital bank;
- People at the centre.

Three cross-cutting levers:
- de-risking and credit monitoring;
- new Innovation model;
- "ESG infusion."

One of these cross-cutting levers, as previously indicated, is "ESG Infusion", for which concrete actions have been identified to be implemented on all lines of action, with precise targets in terms of reducing environmental impacts, supporting customers in the ecological transition, and finally focusing on inclusion, diversity management and the weaker fringes of society, with the aim of creating shared value.

The new Plan effectively outlines the Group's ESG development line with the aim of creating long-term shared value by strengthening sustainability issues within the company's Business Model. Building on the strength of its international commitments (joining the Principles for Responsible Banking and the United Nations' Net-Zero Banking Alliance), the Group effectively intends to improve its leadership on ESG issues in order to become more efficient, competitive and be a credible as well as reliable partner for its customers in creating a more sustainable, fair and inclusive society.

17 Bank of Italy Circular no. 285/2013 and EBA Internal Governance Guidelines.

Thus, the main actions and objectives of the Plan are outlined below:

- Environmental:
  - external transition: support for the environmental transition of companies and households by allocating a ceiling of over Euro 7 billion for green loans (includes sectors/supply chains, NRRP, 110% superbonus, green mortgages);
  - internal transition: emission reduction goal (Scope 1) science based aligned with the Paris Agreement (-50% by 2030) equal to -23% by 2025.
- Social:
  - Strong community focus: allocation of Euro 15 million to sustain activities that support communities and local development;
  - initiatives for young people: financial literacy and ambitious national-level projects that will involve more than 400,000 people over the duration of the Plan. There is also an advanced training project for the most deserving young people of the Università Cattolica del Sacro Cuore (so called "honour loan");
  - Strengthen the service model for Non-Profit Organisations with dedicated products and increase lending;
  - definition of a Diversity & Inclusion project: a shared vision by the Bank on DE&I (Diversity, Equity and Inclusion) issues that impacts the BoD, Board of Statutory Auditors, Top Management, employees and subsidiaries with concrete objectives in terms of gender diversity and equal pay, to be measured annually and reported in the CNFS;
  - dissemination of the ESG culture and specific training activities: awareness-raising and involvement of the entire corporate workforce in sustainability issues as well as upskilling and reskilling actions for over 50% of employees.
  - initiatives in support of culture and promotion of art and museum heritage;
  - interventions to promote agile work and the home-work balance also thanks to a different management of workplaces (new workplace).
- Governance:
  - incorporating ESG targets in Management's long-term incentive system with KPIs weighing 15% of the total;
  - redesigning the internal Organisational Model to define roles and responsibilities in ESG.
- Cross-Cutting ESGs:
  - integration of ESG factors into risk, credit and investment processes;
  - 25% expansion of the offering of ESG investment products and 25% increase in ESG-related assets under management compared to 31 December 2021 (Euro 12.7 billion);
  - incorporating ESG criteria in the Bank’s procurement choices (through supplier ESG assessment).

The Business Plan is monitored on a regular basis. Specifically, projects with ESG impact (ESG Infusion lever) are monitored quarterly and submitted to the Sustainability Committee. The state of progress of these projects is in line with planned time frames.

For more information see the BPER institutional website > Investor Relations > Business plan 2022-2025.

1.4.2 Economic Value Generated and Distributed

The BPER Group operates on the market to create sustainable wealth over the long term for its stakeholders and for the entire territory. The objective of this chapter is to describe how the economic value generated by the Group, which in 2023 surpassed Euro 5.3 billion, was largely redistributed to stakeholders.

Statement of economic value generated and distributed

	31.12.2023		31.12.2022	
	Thousands of Euro	%	Thousands of Euro	%
Total economic value generated directly	**5,366,513**	**100**	**3,909,879**	**100**
Economic value distributed to suppliers	(775,661)	14	(831,293)	21
Economic value distributed to employees and external personnel	(1,985,233)	37	(1,686,639)	43
Economic value attributed to third parties	(32,273)	1	(24,905)	1
Economic value distributed to shareholders	(424,755)	8	(169,902)	4
Economic value distributed to central and local public administration	(191,057)	4	(451,434)	12
Economic value distributed to the community	(11,014)	0.2	(7,798)	0.2
Total economic value distributed	**(3,419,993)**	**64**	**(3,171,971)**	**81**
Total economic value retained	**(1,946,520)**	**36**	**(737,908)**	**19**

The economic value generated in 2023 has shown an increase compared to the figure for 2022 (+37.3%), mainly influenced by the increase in the interest margin due to a rise in interest rates. This has also impacted on the total retained value, amounting to Euro 1,946.5 million (it was Euro 737.9 million at 31 December 2022).

The Shareholders' Meeting of 26 April 2023 approved the Board of Directors' proposal to distribute a dividend of 12 cents per share to shareholders. Lastly, the Board of Directors of 7 February 2024 approved the proposal to distribute a dividend to shareholders of 30 cents per share.

For further details on the economic performance of the Group see Chapter "5. The BPER Banca Group's results of operations" in the Directors' Report on Group Operations.

1.5 Relations with Suppliers

The Procurement Function governs the procurement cycle for Legal Entities, in accordance with contents of the "Regulations for the purchasing process and payables cycle", whose last update was approved in January 2024, which governs the roles and responsibilities of the various functions involved. The Regulations also detail the principles underlying the purchasing process, defining the behaviours to be respected with regard to conflict of interest, confidentiality, fair competition, transparency, gifts and invitations. The mission of the service is to ensure that internal customers benefit from the availability of products and services that best satisfy their requirements, selecting suppliers that guarantee the best balance between price and quality of service, as well as those able to satisfy the Company's expectations regarding social and environmental responsibility.

The risks relative to the supply chain are carefully governed through preliminary analysis and document requests that enable each supplier to be assessed as extensively as possible. The reputational risks in this area are mapped together with the designated office and monitored periodically. The Procurement Function has recently engaged in a project aimed at revising the tools used during the various stages of the procurement process, for which a dedicated platform has been implemented. In this context, new supplier and supply assessment criteria have been introduced which also take into account ESG elements. In particular, these criteria are applied in the following application forms:

- Tender forms: Minimum Environmental Criteria (MECs) have been introduced for each goods sector that are required for supply tenders for the procurement of goods and services;
- Vendor Management Form: the new BPER supply register approval process involves the compilation of a questionnaire with a section dedicated to ESG elements, where data and certifications are provided that contribute to the overall evaluation of the supplier;
- Contract Management Form: The process of creating, formalizing, executing and managing the contracts with a view to maximizing operational and financial performances of a company by means of a correct and transparent formalisation of relations with the supplier.

The overall level of expected risk is currently classified as "low". The main product categories supplied are indicated below:

- information systems, with reference to the IT area (HW and SW), including e-money systems;
- professional services, consulting and various professional services (information services and surveys, financial information);
- property management related to maintenance, energy, cleaning and leasing costs;
- security, including transport, value reduction and surveillance;
- office supplies and transport, specifically also postage, telephone and gifts.

Several estimates must generally be obtained from different suppliers in order to ensure efficiency and cost-effectiveness. The supplier selection methods may differ based on the type of purchase and product (tender, comparison of offers, direct negotiation, framework agreements). Once the supply is completed, its qualitative outcome and respect of the criteria defined during the tender phase are assessed, together with the internal customer.

Geographical distribution of purchases[18][19]

Geographical area	31.12.2023		31.12.2022	
	Expenditure (Euro)	Expenditure (%)	Expenditure (Euro)	Expenditure (%)
Italy - North	1,062,664,819	67	907,179,817	70
Italy - Centre	400,147,822	25	271,723,319	21
Italy - South and Islands	68,062,416	4	67,871,950	5
Outside Italy	51,226,611	3	42,009,493	3
Total	**1,582,101,668**	**100**	**1,288,784,578**	**100**

In 2023, spending on local suppliers[20] accounted for 97% of total purchases by companies of the BPER Legal Entities, a figure in line with that of 2022.

As it has well-known Italian suppliers, the Group believes there are no problems with regard to the violation of human rights. In any case, suppliers are required to fully respect the regulations on the protection of workers and, in particular, the national collective bargaining agreements for the category in question, the provisions on social security, accident prevention and insurance, as well as the specific regulations on health and safety in the workplace. Upon stipulation of a contract, they are required to accept and commit to complying with the principles outlined in the Code of Ethics.

Relationship longevity

	31.12.2023		31.12.2022	
	no.	%	no.	%
2 years or less	2,300	32	2,337	32
Between 3 and 5 years	1,445	20	1,362	18
More than 5 years	3,488	48	3,692	50
Total	**7,233**	**100**	**7,391**	**100**

Of the 7,233 suppliers as at 31 December 2023, as many as 48% have a relationship longevity of more than five years, a sign of having built solid, long-lasting relationships. The figure refers to BPER Banca, Banco di Sardegna, Bibanca, BPER Real Estate, Banca Cesare Ponti and BPER Reoco.

18 The reported data refer to the value of spending before VAT and net of intercompany values. The geographical areas refer to the registered office of suppliers. The areas are defined as follows: "North" includes Liguria, Lombardy, Piedmont, Valle d'Aosta, Emilia-Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige, Veneto; "Centre" includes Lazio, Marche, Tuscany and Umbria; "South and Islands" includes Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sicily, Sardinia.

19 The percentages have been shown without decimal places. For this reason, the sum of the individual percentage items may not add up to exactly 100%.

20 "Local suppliers" are those with registered office in the country in which each individual Company operates.

2. ETHICS AND INTEGRITY

The BPER Group and its stakeholders consider integrity in corporate conduct to be a fundamental value on which they base all of the transactions and decisions of their companies. The topic was identified as being among the most relevant in the 2023 materiality analysis.

2.1 Code of Ethics and 231 Model

The Code of Ethics was last updated on 22 June 2023 to provide increasingly complete and effective control, in keeping with the company's approach.

The Parent Company and the other BPER Legal Entities that have adopted a Code of Ethics intend to:

- communicate the Company's rights, duties and responsibilities to all parties with whom it forges relations (customers, employees and/or external staff, shareholders, suppliers, public authorities, supervisory bodies and institutions);
- indicate the ethical standards and the rules of conducts on which all its decisions are based;
- request that management and employees adopt conduct that is consistent with the company's ethical principles;
- contribute to implementing the Social Responsibility policy of the BPER Group, minimising the risk of external rules being infringed and reputational issues.

The aforementioned Code, which is supported by the "Internal Governance Code" of Group employees, conforms to the principles indicated in the "Guidelines of the Italian Banking Association (ABI) for the adoption of Organisational Models on the administrative liability of banks", adopted in February 2004 and subsequent updates, and is inspired by the principles of sustainability indicated by international Bodies and Institutions such as the European Union, the Organisation for Economic Co-operation and Development and the United Nations, undertaking to promote and respect universally recognised human rights, as set out in the Universal Declaration of Human Rights.

The document is binding for shareholders, the members of Corporate Bodies, Top Management, employees, including managers, as well as all of those who, even if not part of the company, operate directly or indirectly for the Group (by way of non-limiting example, financial agents, financial advisors, collaborators in any capacity, consultants, suppliers).

In addition to being sent to each director, statutory auditor, employee or collaborator upon appointment, employment or the start of the relationship, respectively, the Code of Ethics is normally published on the company's website and can also be downloaded from its corporate intranet, with the aim of making it easily accessible to all its (internal and external) recipients, so that the values and principles contained therein are known and applied.

To promote its full application, the Code of Ethics can be the subject of specific dissemination campaigns to customers and other stakeholders, and there is a specific course within the annual training plan for employees.

Italian Legislative Decree 231 of 8 June 2001 aimed to bring Italian legislation in line with international conventions, introducing a system of administrative liability for legal persons into Italian law - essentially comparable to criminal liability - under which the Body is liable for offences committed in its interest or to its advantage by a senior or subordinate person.

As at 31 December 2023, the following Legal Entities of the BPER Group have their own Organisation and Management Model (OMM) pursuant to Italian Legislative Decree no. 231/01: BPER Banca, Banco di Sardegna, Bibanca, Banca Cesare Ponti, BPER Reoco, BPER Real Estate, Sardaleasing, BPER Factor, Finitalia, and Arca Fondi SGR.

The implementation of an OMM is not a legal obligation; however, several BPER Legal Entities, at the instigation of the Parent Company, decided to proceed with the adoption of the Model, with a view to establishing correctness and transparency in the conduct of business and corporate activities to protect their own image and that of Partners and Shareholders.

Adoption of the Model pursues the following fundamental objectives:

- to inform the addressees of the Model itself and to make the same aware of the correct conduct required and the need to comply with internal and external regulations
- to effectively prevent the commission of the offences referred to in Italian Legislative Decree 231/01
- to concretely implement the values declared in the respective Code of Ethics, which represents the first and most important prevention protocol against the commission of any offence.

Consequently, from an organisational perspective, said Companies believe that adopting the Model can also contribute to boosting the effectiveness and efficiency of corporate transactions in achieving the Company's strategies, improving competitiveness in the domestic and international market, as well as the internal work environment.

The Model and the provisions contained or referred to therein must be complied with, within the limits of their specific competence and the relations entertained with the company of reference, and are binding for shareholders, members of Corporate Bodies, Top Management, employees, including managers, as well as for all those who, although external to the company, work directly or indirectly for it (e.g., agents in financial activities, financial promoters, collaborators in any capacity, consultants, suppliers).

The companies that have adopted the OMM have also appointed their own Supervisory Body (pursuant to arts. 6 and 7 of Italian Legislative Decree 231/01), with the aim of continuously monitoring the suitability and effectiveness of the Model and its compliance, as well as proposing its amendment and updating, where necessary; this Body is endowed with autonomy and independence in the exercise of its functions, as well as adequate competence and professionalism, and operates in accordance with its own charter, which forms an integral part of the OMM.

In order to involve employees in the constant updating of the Organisation and Management Model and collect any proposals for changes and implementation of the contents thereof, BPER Banca and the main Legal Entities have developed an internal IT procedure through which the business units are called upon to collaborate in a proactive manner and report any organisational changes involving them, as well as any new, potentially sensitive areas pursuant to Italian Legislative Decree no. 231/01 and any amendments and supplements to be made to relevant prevention protocols. This interrelation achieves highly satisfactory results and sees the active involvement - with reference to BPER Banca - of more than 90% of the business units that are recipients of the specific content of the Model.

Recipients of the Group's Organisation and Management Models are required to report to the Supervisory Board any violations of the OMM or Code of Ethics or, more in general, the provisions of Italian Legislative Decree no. 231/01 of which they become aware, according to the reporting channels prepared for this purpose by the individual Legal Entity.

Whistleblowing procedure

The BPER Group promotes a corporate culture based on the values of integrity and transparency. In line with said principles and the applicable regulatory dispositions, it has adopted a system for reporting breaches (so called Whistleblowing) to encourage "reports" of unlawful conducts, by providing specific channels that guarantee the confidentiality and protection against any acts of retaliation by all subjects involved in the process. These channels provide for reports being filed in the Italian language.

The reporting methods are communicated to employees by means of a specific internal regulation available on the company intranet.

The Bank is aligned with the regulatory disposition of Italian Legislative Decree no. 24/2023 that implements the EU Directive on the protection of people who file reports of breaches. This regulation has expended the range of reporting subjects to all persons who work or collaborate with the Group (for example: employees, candidates, works on trial and former employees, freelancers, collaborators, freelance professionals, consultants, volunteers and interns, whether paid or not, shareholders, members and people engaged in administrative, management, control and supervision or representative functions, even if performed in a merely perfunctory role.

The Decree has also extended the reference scope of regulations of the events to be reported including, among others, the illicit conducts detailed under Italian Legislative Decree no. 231/01 and the breaches of the Organisation, Management and Control models established in the same decree.

The person appointed to act as Head of the Internal Reporting System - that applies to all the Banks and recipient Companies - is the Head of Internal Auditing. This centralisation includes a specific exception for Arca Fondi SGR, which has retained the management of its own Whistleblowing system.

In 2023 the Parent Company received 4 reports, investigation of which enabled the verification of the truthfulness of the elements promptly reported to the competent Company Functions. They were subsequently managed and the reporting subjects were provided with appropriate feedback.

2.2 Fight against Corruption

The Group carries out its activities with a view to providing banking and financial services to its customers in compliance with the value of integrity, which in turn is based on the principles of professionalism, diligence, honesty, fairness and responsibility.

The activities and organisational structures are subject to checks related to the implementation of Model 231/2001, while the Supervisory Body reports to the Corporate Bodies on its adoption and effective implementation, on the supervision of its functioning and on its update.

The Group's "Anti-Bribery and Corruption Policy", updated in 2022, establishes the controls introduced to mitigate the risk of corruption and the implementation of monitoring and control tools. In particular, the Policy has assigned its oversight to the organisational model, which calls for the presence of a Group Anti-Corruption Officer, identified in the Head of the Market Integrity Service of the Compliance Department, a local Anti-Corruption Officer, which unless otherwise specified coincides with the Compliance contact person - for each Legal Entity that has outsourced Compliance Function to the Parent Company - and a local Anti-Corruption Officer for each domestic and/or foreign Legal Entity that has not outsourced the Compliance Function to the Parent Company. Further measures have also been envisaged to combat both active and passive corruption.

Within the context of the 2023 "Compliance Plan", following the update of the "Anti-Bribery and Corruption Policy" steps have been taken to draft a detailed internal regulatory document that is designed to complete the Anti-corruption Control Model, meaning the anti-corruption programme designed to support Legal Entities in drafting and implementing processes and verifications for every risk area, which enables corporate behaviour to be systematically geared towards an ethical approach to the performance of its activities.

The anti-corruption prevention and contrast measures put in place in 2023 have also concerned training exercises designed to consolidate and/or reinforce the level of risk culture within the Group (so called 2 "learning pills" for the entire staff of the BPER Group) and the integration of the standard "Ethics in BPER" course, in order to spread a corporate culture based on the principles of correctness and regulatory compliance.

More in general, the Group, in accordance with the values and provisions contained in the Code of Ethics, in the OMM 231/01 and in the Anti-Corruption Policy, does not tolerate:

- any type of corruption, in whatever form, manner or jurisdiction it occurs;
- any conduct involving the offer or acceptance, whether direct or, of money or other benefits, for the purpose of inducing or rewarding the performance of a function/activity or the omission thereof.

Such conduct is not tolerated even if it refers to the payment of small amounts to speed up, facilitate or ensure the performance of routine activities or activities that are part of the recipients' duties (Facilitation Payments).

In particular, the Group has identified a number of areas in which the risk of corrupt conduct is higher: gifts and hospitality/entertainment expenses; charitable donations, sponsorships and other donations; relations with third parties (suppliers, agents, consultants, other professionals who collaborate with the group to pursue its activities); relations with Public Officials or with persons connected to Public Officials; facilitation payments; purchase, management and disposal of shareholdings and other assets; mergers, acquisitions and significant investments; management, selection, recruitment and career advancement of personnel; purchase, management and disposal of real estate; and lastly, management of disputes and complaints. In these areas, in order to ensure implementation of the general principle of “zero tolerance” of corruption, all Group companies respect the general rules in the management of their operating processes and adopt the organisational and control regulations, as well as the appropriate guidelines.

Group personnel who are involved in an act of corruption or favour such conduct, or act in a manner that is not in keeping with internal or external regulatory provisions, are subject to disciplinary measures in accordance with the law and with the contractual provisions governing their employment relationship.

Similarly, with reference to external parties, the Group terminates any relationship with third parties that, in their dealings with the Legal Entities, breach the law on the fight against corruption, including the "Anti-Corruption Policy and Programme", as required by the specific clauses included in the contracts.

With regard to dealings with the Institutions, the BPER Group governs the channels of communication with Public Administration at all levels; in this respect, it has identified the relevant specific authorised Company Functions which may take on commitments with regard to Public Administrations, performing their duties with integrity, independence, fairness and transparency.

In order not to hinder their institutional activities, relations between BPER Banca and Public Administration are based on the utmost collaboration, so as to preserve the proper scopes of mutual independence, avoiding any action or attitude that might be interpreted as an attempt to improperly influence decisions. Particular attention is paid to the collaboration with the Legal Authorities and the relative authorised bodies, in the event of inquiries against the Bank or its clientele.

Specifically, the following are prohibited:

- exercising pressure of any kind on the person called upon to make statements before the Legal Authorities, in order to convince said person not to make statements or to make false statements;
- helping those who have committed a criminal office to evade inquiries by the authorities or to evade investigations.

The recipients of the Code of Ethics are prohibited from promising or offering payments, gifts or other benefits to Public Officials, Public Service Employees and, in general, to all employees of Public Administration in order to promote or favour the interests of Group Companies when undertaking commitments and/or managing any type of relationship with Public Administration (for example, in the stipulation and disbursement of contracts, awarding and management of authorisations, inspection and control activities or in the context of legal proceedings).

The relevant Corporate Functions are required to verify that the disbursements, contributions or subsidised loans in favour of the Bank are used to carry out the activities for which they were granted.

During 2023, through application of the Anti-corruption Programme, the Compliance Function for the Prevention of Corruption (CFPC) assessed all invitations received/offered by the Parent Company and the other Legal Entities of the Group.

It also engaged in a risk assessment activity that assessed the organisational and procedural measures adopted, by the Parent Company and the other Legal Entities of Group under observation, to guarantee compliance with Anti-corruption legislation.

2.3 Unfair Competition

The Group has defined the areas relating to unfair commercial practices among the risk profiles set out in a specific "Antitrust Policy": the document summarises the principles of conduct that must be followed to prevent this risk. Regulations on unfair commercial practices - which are divided into misleading practices (For example, related to comparative advertising and/or actions) and aggressive practices (for example, the use of unfair terms) - are specifically aimed at protecting consumers from any commercial action, omission, conduct, statement or communication unfairly carried out by a professional in relation to the promotion, sale or supply of products or services. A commercial practice is considered to be unfair and is therefore prohibited if it is likely to alter the consumer’s ability to make an informed decision, causing him/her to make a commercial decision that he/she would otherwise not have made.

The Group has defined a number of organisational and regulatory controls to ensure that consumer clients are able to make informed decisions without any restrictions concerning:

- the convenience or otherwise of purchasing a product;
- the terms and conditions of the promotion, sale or supply of products or services;
- partial or full payment;
- the advisability of keeping a product or eliminating it;
- the advisability of exercising a contractual right related to it.

Commercial practices are prohibited if they do not comply with professional diligence requirements and if they seek to significantly alter the economic conduct - in relation to the product - of average consumers or of a group of consumers to whom they are addressed.

Moreover, principles of conduct are defined to prevent unfair commercial practices which include, among other things: the ban on performing any type of action, omission, conduct, statement or commercial communication including advertising and marketing which may significantly distort the customer's economic behaviour; the need to avoid behaviour that does not comply with the requirements of professional diligence in dealings with customers, in addition to any action that with a reasonable degree of likelihood might distort the economic behaviour of the average customer; the prohibition of adopting product marketing practices, including comparative advertising, that generate confusion with products, brands, company names and other distinctive signs of a competitor.

2.4 Anti-Money Laundering

Based on the combined provisions of Italian Legislative Decree no. 231/07 and the Banca d'Italia provision of 26 March 2019, the Legal Entities of the Group currently subject to anti-money laundering regulations are: the four Italian-law Banks (the Parent Company BPER Banca and its subsidiaries Banco di Sardegna, Bibanca and Banca Cesare Ponti) and the five Italian-law non-banking Companies (Arca SGR, BPER Trust Company, BPER Factor, Finitalia and Sardaleasing). The Bank incorporated under Luxembourg law (BPER Bank Luxembourg)**,** although not a recipient of Italian regulations, is nevertheless indirectly affected by the application of the provisions focused on the Parent Company, aimed at standardising the system of controls, coordination and management by the Parent Company.

The Group's implementation of Anti-money laundering activities is assigned to the Anti-Money Laundering function of the Parent Company which also acquires the related Group coordination activities.

The Group's Head of Anti-Money Laundering is the Chief AML Officer (CAMLO) of the Parent Company, who is also assigned the following roles, required by the legislation, with reference to the active collaboration obligations that pertain to the recipients: SOS (Suspicious Transaction Reporting) Delegate for the Group and Group Head of SOS.

An exception to the centralised model – without prejudice to the powers/duties of management, control and coordination of the Parent Company - is the presence of an independent Anti-Money Laundering and Terrorism Financing Risk control function at the subsidiary Arca Fondi SGR, in light of the specific nature of the business carried out (management of mutual funds, management of pension funds, portfolio management, investment advice and management of alternative investment funds). The management and coordination activity carried out by the Parent Company for Arca Fondi SGR therefore takes the form of the definition of general standards on customer due diligence, data retention and the reporting of suspicious transactions.

Following the implementation of extraordinary operations to strengthen the commercial network, the function was expanded and now counts no. 74 resources.

The anti-money laundering and anti-terrorist financing monitoring and compliance activities are based on the following activities:

- constant updating of the internal regulatory framework;
- evaluations of the suitability of the procedures adopted and the proper performance of the tasks envisaged under the system of controls;
- support for the development and implementation of appropriate IT procedures for risk management;
- storage of data and information relating to the customer due diligence process, relationships and transactions;
- identification of potentially suspicious transactions, monitoring of transactions from/to risk countries;
- implementation of the process of freezing of funds and economic resources against persons or entities affected by sanctions resulting from applicable legislation;
- availability of training courses on anti-money laundering and anti-terrorism for all employees.

As required by the legislation in force, the Institution draws up an annual Report on the Anti-Money Laundering Function, which contains the self-assessment of money laundering and terrorism financing risk. The document illustrates the activities implemented by the Anti-Money Laundering Function and the planning of future operations, defined based on any dysfunctions identified. The report also highlights the training objectives of the Group, defined by the Anti-Money Laundering Function in collaboration with the Learning, Development & Talent Department.

The annual Report is submitted for examination by the Board of Directors of the Parent Company and of the relevant Group companies, which view it and approve its contents.

As part of the corporate management process, and in accordance with the provisions of the regulations in effect, BPER Banca prevents and combats, on an ongoing basis, the risk of money laundering and terrorism financing, understood as "the risk arising from the violation of legal, regulatory and self-regulatory provisions functional to the prevention of use of the financial system for the purposes of money laundering, terrorist financing or financing of programmes for the development of weapons of mass destruction, as well as the risk of involvement in episodes of money laundering, terrorist financing or financing of programmes for the development of weapons of mass destruction".

To ensure efficacy of the anti-money laundering measures, the Bank has developed a number of appropriate IT procedures and instruments, such as: the "Gianos" application for customer profiling and risk management, with identification/reporting of potentially suspicious transactions; an Electronic Questionnaire for compliance with the customer assessment and monitoring measures; the NAUI (Nuovo Archivio Unico Informatico - New Single Electronic Archive) to record and store information; and lastly internally developed software dedicated to the remote control of cash flows carried out by clientele. The risk of money laundering and terrorist financing is also monitored by checking, in real time, the names included in the Bank's databases or involved in payment/transfer transactions in order to exclude their inclusion in so called "black lists"; further checks are carried out in real time to detect any political exposure of customers.

In 2023, the BPER Group continued its strategic programme for the evolution and strengthening of the ICT Risk Management and Cyber Security framework and launched a series of projects, included in the 2022-2025 Business Plan, aimed at supporting the management of compliance with internal regulations by employees, to streamline the reporting activities to the Authorities carried out by the Anti-Money Laundering Department and to enable the collection of relevant information for anti-money laundering purposes through the internet.

Lastly, with regard to the disciplinary proceedings that became final during the three-year period 2021-2023, only one sanction[21] should be mentioned which refers to events that occurred in the period 2008/2010 and which had been imposed by the Ministry of Economy and Finance for failure to report suspicious transactions pursuant to Art. 41 of Italian Legislative Decree no. 231/2007 as amended and supplemented.

The following anti-money laundering training courses were provided in 2023.

Training hours by type

Type	Hours
Synchronous (Webinar)	10,438
Asynchronous	78,381
Total	**88,819**

The data in the table refer to BPER Banca, Banca Cesare Ponti, Banco di Sardegna and Bibanca.

2.5 Fiscal Transparency

BPER is included in the list of companies admitted to the collaborative compliance regime envisaged by Italian Legislative Decree no. 128 of 5 August 2015 and published on the institutional website of the Tax Authority.

During 2023, the IT platform was put online (termed "Fiscal Risks Map") developed for use by the Tax Service during the course of the previous year, as part of the 2022-2025 Business Plan, with a view to managing activities and fulfilments related to the proper operation of the Bank's tax risk management.

The new platform guarantees the traceability of information, the integrity of the data and the traceability of the choices made in order to adequately manage the relationship with the Tax Authorities, according to the transparency principles.

The release took place at the start of the year just ended and, as of March 2023, following the appropriate training procedures, the platform was explained to the Service resources and replaced the previous operational practices.

The Tax Service, during 2023, continued its active participation in process involving the purchase and management of tax credits from customers.

In this context it's worth reporting that the total credits purchased by the BPER Group during the 2023 financial year amounted to Euro 3,598.5 million (for an overall consistency equal to Euro 6,277 million).

Also during 2023, the process of transferring tax credits purchased from customers was approved by the Board of Directors during the meeting held on 25 May 2023. At this juncture, the "Regulation governing the transfer of tax credits purchased from customers" was drafted alongside the development of the related IT platform.

As at 31 December 2023 sales have been made totalling approx. 50 million euros and sales framework agreements have been underwritten worth Euro 1,730 million (from 2023 to 2026).

In 2023, as during the previous year, several meetings were also held with Revenue Agency officials aimed at discussing specific issues that were the subject of dialogue with the same Revenue Agency for the extraordinary transactions carried out by the BPER Group.

21 The figure refers to sanctions imposed on and paid by the Bank for a significant amount, namely over Euro 10,000.

In the same period, the Annual Report on Governance of Tax Risk referring to fiscal year 2021 drafted pursuant to Article 4 paragraph 2 of Italian Legislative Decree no. 128 of 5 August 2015 was also finalised (approved by the Board of Directors of BPER Banca at the meeting of 25 May 2023 and transmitted to the Collaborative Compliance Office of the Revenue Agency Office together with the Board resolution dated 22 June 2023).

Within the BPER Group, the only company with a tax jurisdiction outside Italy is BPER Bank Luxembourg S.A. Information relating to the Country by Country reporting of the fiscal year 2022 is given below.

	Italian scope	Foreign scope
Employees (no.)[22]	16,174	26
Revenues from sales to third parties (Euro)	4,195,632,815	14,298,683
Revenues from intra-group transactions with other tax jurisdictions (Euro)	376,668,220	2,462,198
Profit/loss before tax (Euro)	1,385,755,947	2,338,400
Tangible assets other than cash and cash equivalents (Euro)	2,545,627,776	667,106
Income taxes of companies paid in cash (Euro)	16,358,337	999,941
Corporate income tax accrued on profits/losses (Euro)	92,170,105	(1,441,086)

The difference between accrued taxes and taxes paid is mainly ascribable to the detection of a tax credit for the conversion of advance tax payments on tax losses.

2.6 Responsibility in Controversial Sectors

As part of the ethical management of controversial sectors, the activities implemented by the BPER Group to reduce negative impacts and enhance initiatives with a positive social impact are described below.

Fight against Compulsive Gambling (GAP)

Starting in 2013, the BPER Group, in consideration of its Corporate Social Responsibility towards the communities served, has implemented initiatives to inform, prevent and implement measures against the practice of compulsive gambling, aiming to:

- protect the social welfare of their customers and their families, prevent addiction from leading to the eventual loss of employment and source of income;
- combat organisations that promote illegal gambling or those that illicitly provide financially support for compulsive gamblers by involving them in usury rings;
- inform young people on the most correct ways to manage their money with the aim of seeing a generation grow up more aware and less exposed to the risk of addiction.

The Parent Company has instructed its branches to carefully assess the operations of each customer, promptly communicating to the branch head any situations that may be attributable to the compulsive conduct in question. Information campaigns for the Group's employees and customers have been implemented, describing the reports on a number of banking transactions that could reveal an addiction to gambling, and useful instructions and tips on how branches can approach a gambling addicted customer in order to take action to protect both the customer and their family.

From an operational point of view the use of credit cards and prepaid business BPERCards for payment transactions at businesses (for example: betting shops) or on internet websites have been classified as pertaining to the "gambling" goods category (except consumer prepaid cards and black credit cards.)

Special attention is paid to minors: the PAYUP TEEN prepaid cards have usage blocks for certain categories of expenditure that could be considered risky, such as gaming and betting (but also including telephone and postal sales, door-to-door sales, alcohol and tobacco, drugs and political organisations). If a minor has a prepaid card that is not PAYUP TEEN, they are in any case subject to checks and, in the event of use in gambling, the payment card is blocked and notifications are sent to parents/guardians. The marketing and promotion to customers of "Scratch & Win" tickets is also avoided.

In 2022, the "ESG-linked Loan Origination Policy" was approved, which lists the actions taken to counter compulsive gambling. With this document, BPER is committed to not finance:

- projects for the acquisition, construction, development and expansion of gaming halls;
- the purchase and production of machines that promote gambling (for example, slot machines);

22 The figure for the number of employees has been provided according to full-time equivalent and not according to headcount.

- the development, dissemination, printed or digital publication and marketing activities linked to the promotion of gambling.

The Bank has for a few years now produced a "Compulsive Gamblers and Banking Services" handbook with the aim of supporting the family members of compulsive gamblers, suggesting some simple monitoring and intervention actions related to the use of banking services. The aim of this activity is to protect the family's standard of living, while complying with banking regulations and protecting confidentiality. Subsequently, in collaboration with Avviso Pubblico, BPER has produced an "Online Gaming Handbook" with a view to disseminating information and knowledge tools on the main critical aspects linked to the widespread offer of gambling (both legal and illicit) online, to make people aware of the dangers and pitfalls and point readers towards acquiring in-depth knowledge by providing an extensive documentation. The handbooks mentioned above are available on the BPER Banca website (BPER.it/perche-sceglierci/responsabilita-sociale/comunita/lotta-al-gioco-d-azzardo-patologico).

BPER's commitment to fighting compulsive gambling has been further established by its development of a number of local initiatives over the course of the years: in particular, in 2023, BPER, in collaboration with Avviso Pubblico, undertook the project "The Gambling Trap" which involved the organisation of a series of awareness meetings held in six Italian cities: Rome, Turin, Genoa, Naples, Palermo and Modena. The purpose of these initiatives was to develop a greater awareness on the issue of compulsive gambling and the risks associated with its addiction, as well as the potential impacts on the financial position, social relations and health of subjects involved, with particular attention paid to the new generations.

The events have led to the organisation of twelve training and awareness opportunities with both students and teachers (in the morning) and citizens and local institutions (in the afternoon), as part of an entire day dedicated to the issues of the lawfulness and correct information related to gambling.

For further deep-dives regarding the assessment of the social impact generated by the "Gambling trap" project see paragraph "7.5 Monitoring territorial impact".

Armaments Policy

The relationship between banks and companies involved in the production of and trade in armament material has long been the subject of attention by the Italian civil society, particularly by associations whose aim is to prevent Italy and its companies from becoming involved in the production, purchase and sale of so-called "controversial" weapons, especially where the counterparties are located in countries that are subject to international sanctions.

For this reason, and in line with the principles of the Code of Ethics, as of 2012, the Group initially adopted Guidelines and, subsequently, introduced a specific "Policy governing the relations of the BPER Group Banks and Companies with defence operators, weapons manufacturers and dealers", updated in 2023. With this Policy, the Group sought to adopt a form of self-governance which regulates, in a stricter and more transparent way than the current legal regulations, its presence in this sector.

In defining the Policy, the Group sought to appropriately balance certain general values, such as:
- promotion of human rights and peace;
- respect for peoples' and nations' right to defence and security;
- respect for freedom of enterprise and economic initiative (including of arms manufacturers) within the framework of the rules of the law.

In full compliance with regulatory dispositions, the Group's Banks and Financial Companies may therefore appear in the Annual Reports drafted by the Chairman of the Board pursuant to Law No. 185/90 which, it should be recalled, exclusively regulates the export, import and transit of armaments.

However, the Policy regulates a broader field of application that includes the BPER Banca and its subsidiaries' direct investments, its loans of any kind, its management of deposits and investments, its collection services with limitations based on the final user country. The Parent Company publishes an annual statement highlighting the activities that the BPER Group has carried out with companies that operate in the defence sector, including financing relations. This annual report is published, together with the Policy, on the BPER institutional website BPER > Sustainability > Responsibilities in the controversial markets > Policy on arms.

Lastly, it should be noted that BPER Banca has adopted appropriate procedural safeguards to avoid the risk of financing landmine producers, as required by Italian Law 220 of 9 December 2021.

Transactions in Physical Gold

Gold trade is among the services the Bank offers customers. BPER Banca only markets gold ingots produced by refineries that have international certifications attesting compliance with due diligence practices with their suppliers and registered on the London Good Delivery list, internationally recognised as the market standard.

This ensures that the metal sold is Conflict Free and complies with the regulations and codes of conduct prepared by the main associations in the sector (LBMA, RJC) and international bodies (OECD); it also ensures that the suppliers have the tools to control and evaluate the gold purchasing chains, in order to combat possible forms of crime both of a geopolitical-financial nature (anti-money laundering, corruption, terrorist financing) and related to the abuse of human rights, genocide, the exploitation of child labour or crimes against the environment.

3. GROUP STAKEHOLDERS AND MATERIALITY ANALYSIS

3.1 Stakeholders

Every organisation that is economically active exists within a complex system of relationships that constitute a fundamental element for the performance and legitimisation of its activities. The concept of stakeholders is intended to identify those individuals or groups of individuals who can reasonably be expected to be significantly affected by the organisation's activities, products and services, or whose actions can reasonably be expected to affect the same organisation's ability to successfully implement its strategies and achieve its objectives.

There are different categories of stakeholders, which can be classified based on the degree of influence and dependence between the stakeholder and the company. Depending on the levels of influence and dependence, "priority" stakeholders can be identified, which are indispensable for the survival of an organisation and for which constant coverage is required (e.g., customers, employees and shareholders), and those which, although relevant, have lower levels of influence.

The BPER Group has a map of its stakeholders that it monitors and periodically updates; this map makes it possible to define the most appropriate methods of interaction and to identify the categories that require constant monitoring and whose needs must be handled with greater attention and timeliness than others. The map of stakeholders includes the following categories: customers, employees, financial market, shareholders, suppliers, territory and community, environment and Public Administration.

The Group defines its strategies around the needs and expectations of the various stakeholders; to this end, BPER implements a structured stakeholder engagement process with the aim of intercepting their needs, understanding their expectations with regard to the Group's operations and anticipating any risks so as to transform them into opportunities. This process is based on a stakeholder analysis and segmentation activity that brings together multiple and differentiated interests (economic, social, environmental), considering that a stakeholder can also simultaneously belong to several categories (e.g., an employee who is also a customer and shareholder).

Therefore, various listening paths have been set up over the years which, thanks to a variety of tools and channels of dialogue with the various stakeholders, have been able to summarise different demands.

Among the various engagement activities of 2023, the one carried out for the purpose of updating the impact materiality was of paramount importance. On this occasion, BPER actually involved its employees and multi-stakeholder groups in order to understand their assessment of the Group's capacity to generate impacts (positive and/or negative) on society, people and the environment. The outcome of this listening process is discussed in more detail in the following section, "3.2 Materiality Analysis".

3.2 Materiality Analysis

Evolution of the concept of "materiality"

The materiality analysis defines the relevant, "material" aspects for an organisation. The material topics for the BPER Banca Group and its stakeholders are defined annually based on a structured process that complies with the reference standards and in consideration of the requirements of Italian Legislative Decree no. 254/2016.

During 2023, the Group updated its materiality analysis in order to also start including the assessment of the financial effects of risks and opportunities linked to ESG issues (so called Financial Materiality), in the process of defining material topics. The materiality analysis found in the CNFS is therefore conducted taking into consideration both perspectives; the impacts generated by the organisation on the economic, environmental and social context in which it operates (so called Impact Materiality), alongside the financial effects of the same within the Financial Materiality perspective mentioned above.

Every stage of the materiality analysis process was carried out under the supervision and coordination of the ESG Strategy Service, which was responsible for the final consistency check of the analysis and the validation of the results.

Impact Materiality

The first stage, which continued on with the work carried out in 2022, involved the updating of the impacts generated by the BPER Group, starting with the analysis of emerging trends and a benchmark on peer and competitor sustainability issues, as well as the analysis of the company's pertinent documentation (strategic and development plans, policies, statements of sustainability commitments and other ESG policies).

Subsequently, two stakeholder engagement activities were organised, which contributed to the updating of the assessment of generated impacts:

- "ESG Week", for employees, that hinged on "impact lab" activities. In particular, during the activity, sixty or so employees were presented with a questionnaire in which they were asked to assess the significance of BPER's material topics (scale 1 - 5) based on the capacity to generate impacts, either positive or negative, impacts on the outside world;
- 3 Local Focus Groups, in geographical areas where the BPER Group is well-established (Modena, Brescia and Ancona/other areas of the Marche Region). The organisation of these events required the involvement of the local offices, as holders of relations with the stakeholders. Each meeting was attended by representatives of the various categories of significant stakeholders for the group such as representatives of the local institutions, customers, associations and other community components, with a total of 29 people involved. The participants were called on to voice their opinion on issues of specific interest linked to Climate Change, the support of the community and financial inclusion, selected by the ESG Strategy Service. During the workshops, the attendees assess the Group's capacity to generate impacts on the set topics and to what extent the BPER Group was believed to be monitoring said topics.

At the same time a process involving 18 Corporate Management representatives was undertaken with a view to assessing the possible impacts generated. In close collaboration with the ESG Strategy Service, the figures were identified with the departments and offices that were sent a specific enquiry that might help assess the likelihood and significance of the specifically assigned impacts; the outcome of the assessment was compared to available data, in order to introduce possible corrections to the assessments.

For the purpose of assessing the main negative impacts that may entail a breach of human rights, the assessment of said breaches was duly updated. The specific paragraph below provides details of the main methods and results obtained.

The final result of the Impact Materiality analysis also takes into account the results of the materiality analysis obtained in the previous year, as well as the final verification of the consistency of the results obtained in the previous assessments performed by the ESG Strategy Service.

Financial Materiality

During 2023, based on the conversations begun during the previous year, the BPER Group conducted the assessment of the Financial Materiality to identify ESG risks and opportunities, in order to produce a first "double materiality" analysis.

To this end, the activities performed have actively involved the Risk Management Department during all assessment stages. In detail, the risk of the Enterprise Risk Management (ERM) system linked to ESG events[23] have been correlated to material topics historically identified by the BPER Group and essentially confirmed even in the 2023 CNFS. Subsequently, steps were taken to introduce a materiality score for each risk, according to the assessments already carried out within the ERM during the Group Risk Map updating process.

With the aim of including the expectations of the financial community, the assessment of the ESG ratings and indexes (MSCI, Moody's, CDP, S&P Global) and the analysis of the most significant risks identified by the World Economic Forum in the "Global Risk Report 2023" document for two time horizons (2 years - short term - and 10 years - long term) were also taken into consideration.

Lastly, where the opportunity assessment is concerned, the ESG Strategy Service has identified the opportunities attributable to each of the material topics, based on analysis of the targets and related initiatives planned by the Group.

The financial materiality score assigned to the topics represents the summary of the analysis contributions described above.

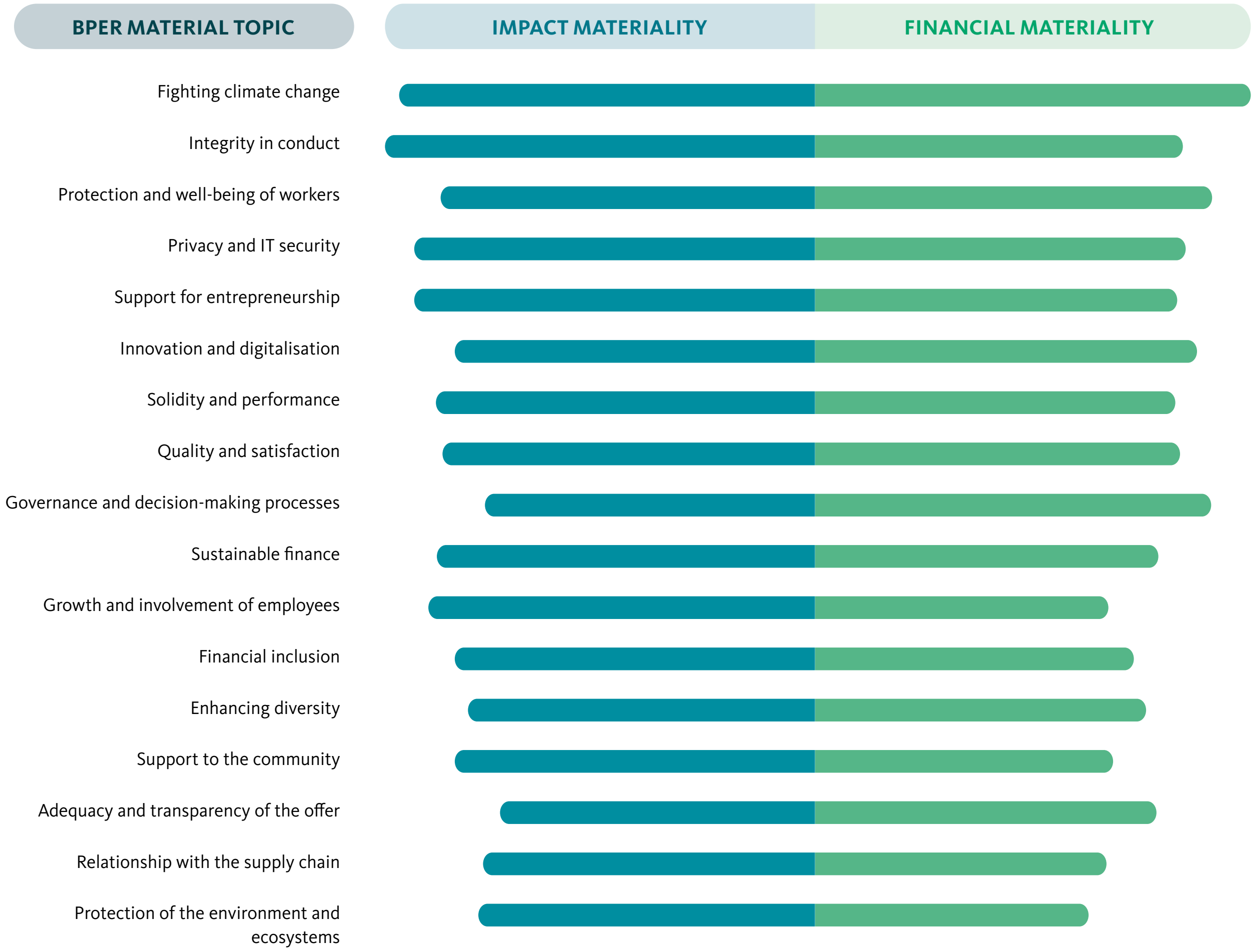
23 The types of risks identified are operational, reputational, credit, liquidity, strategic and market risks.

The outcome of the "double materiality" analysis

The results of the Impact and Financial Materiality has led to a raking of the material topics of the BPER Group.

The outcome of the "double materiality" analysis was presented to the Sustainability Committee on 14 December 2023, to the Control and Risks Committee on 18 December 2023 and to the Board of Statutory Auditors on the same date and then approved by the Board of Directors on 20 December 2023.

A graph that illustrates the list of material topics and the result of the" double materiality" analysis process carried out on impacts, risks and opportunities as detailed above, is provided below.



With reference to the Impact Materiality alone, from a comparison of the results of the analysis performed in 2022, the importance of the "Integrity in conduct" topic is conformed, as a guarantee of correct company management and respect of the relations with stakeholders and the market. Similarly, the attention paid to the "Fighting climate change" topic is confirmed, consist with Group stakeholders' awareness of the topic and regulatory developments. In 2023, the topics "Support for entrepreneurship" and "Support to the community" stood out as critical success factors for the sustainable development of areas where the Group operates and the reference community for the Group.

It should be noted that in 2023 we have taken steps to rename the topic "Environmental protection" which now reads "Protection of environment and ecosystems", in line with the monitoring requests imposed by legislation and the Supervisory Authorities, and consistent with the emerging trends of the reference sector.

Table of main impacts, risks and opportunities

The table shows the main results of the IRO (Impact, Risk, Opportunity) analysis. In particular, the relevant impacts, the "most significant risk" associated with the topic based on the Financial Materiality analysis described earlier and the relative opportunities linked to the BPER Group's development strategy are indicated for each material topic. Whenever there are two or more risks that have been awarded the same score they are all shown in the table.

The oversight and the risk management methods introduced in order to fulfil the dispositions of Italian Legislative Decree no. 254 of 30 December 2016 are also included.

<table>
<tr><th>Material Topic</th><th>Materiality scale</th><th>IRO</th><th>IRO Description</th><th>Main oversight</th></tr>
<tr><td rowspan="6">Fighting climate change</td><td>Impact Materiality</td><td>Impact generated [-]</td><td>Generation of direct and indirect energy GHG emissions (Scope 1 and Scope 2)</td><td rowspan="6">• ESG-linked Loan Origination Policy
• Environmental, Social and Governance (ESG) Investment Policy for the Management of the Group's proprietary portfolio
• ESG policy
• Commitments by the BPER Group towards the environment
• Policy for operational risk
• Policy for the governance of credit risk
• Group Policy for governing the risk of non-compliance in relation to sustainability in the provision of investment services
• Policy for reputational risk governance
• Definition and implementation of the Energy Plan
• Support for the energy transition of the customer portfolio</td></tr>
<tr><td>Impact Materiality</td><td>Impact generated [-]</td><td>Generation of indirect GHG emissions (Scope 3) related to the securities and loans, corporate travel and purchases of goods and services</td></tr>
<tr><td>Impact Materiality</td><td>Impact generated [+]</td><td>Contribution to climate change targets through energy efficiency initiatives and the increased use of energy from renewable sources</td></tr>
<tr><td>Financial Materiality</td><td>Operational Risk</td><td>Operational losses due to damage to the bank's infrastructure caused by natural events (for example earthquakes, floods, etc.)</td></tr>
<tr><td>Financial Materiality</td><td>Operational Risk</td><td>Operational losses due to damage to the Bank's infrastructure/paper documentation caused by natural events (for example earthquakes, floods, etc.) and resulting interruption of operations</td></tr>
<tr><td>Financial Materiality</td><td>Opportunities</td><td>Improvement of the position thanks to an effective pursuit of the climate strategy</td></tr>
<tr><td rowspan="5">Integrity in conduct</td><td>Impact Materiality</td><td>Impact generated [+]</td><td>Spreading a culture of fairness and ethics</td><td rowspan="5">• Code of Ethics
• Internal Governance Code of the BPER Banca Group
• Company Policy for the governance of tax compliance risk
• OMM 231
• Internal system for reporting violations (whistleblowing)
• Group policy for governing compliance risk related to anti-money laundering and anti-terrorism
• ESG policy
• Anti-Bribery and Corruption Policy
• Antitrust Policy
• Policy for operational risk
• Policy for reputational risk governance</td></tr>
<tr><td>Impact Materiality</td><td>Impact generated [-]</td><td>Unethical business conduct with consequences for people and economic systems</td></tr>
<tr><td>Impact Materiality</td><td>Impact generated [-]</td><td>Non-compliance with applicable laws, regulations, external standards and codes of business conduct</td></tr>
<tr><td>Financial Materiality</td><td>Operational Risk</td><td>Operational loss risk attributable to refunds for Bank civil liabilities towards third parties (for example Bank customers) and workers resulting from falls, injuries, unintentional personal injuries and manslaughter.</td></tr>
<tr><td>Financial Materiality</td><td>Opportunities</td><td>Brand image improvement thanks the strengthening of the compliance profile of the ESG governance model</td></tr>
<tr><td rowspan="5">Protection and well-being of workers</td><td>Impact Materiality</td><td>Impact generated [+]</td><td>Satisfaction and the mental and physical well-being of employees, including through the development of tools to ensure work-life balance, the guarantee of adequate working conditions and the provision of benefits</td><td rowspan="5">• Group Guidelines for Human Resources management
• ESG policy
• Internal system for reporting violations (whistleblowing)
• Group Policy for governing the compliance risk with occupational health and safety regulations
• Policy for reputational risk governance
• Policy for operational risk
• Preventing and combating robberies
• Assessment of work-related stress
• The Welfare Plan</td></tr>
<tr><td>Impact Materiality</td><td>Impact generated [-]</td><td>Occupational accidents and illnesses resulting from ineffective application of procedures and preventive actions</td></tr>
<tr><td>Impact Materiality</td><td>Impact generated [-]</td><td>Conflicts with trade unions and failure to respect the right to free association</td></tr>
<tr><td>Financial Materiality</td><td>Operational Risk</td><td>Operational risk losses attributable to disputes filed by personnel related to issues concerning remuneration, indemnities and employment relations (dismissals, unfair transfers, death, illness, etc.)</td></tr>
<tr><td>Financial Materiality</td><td>Opportunities</td><td>Improvement of the attraction and retention of personnel owing to the effectiveness of the personnel management and support system</td></tr>
</table>

Material Topic	Materiality scale	IRO	IRO Description	Main oversight
Privacy and IT security	Impact Materiality	Impact generated [-]	Loss of data, confidential business information and violation of the privacy of customers and third parties	• Personal Data Protection Policy • IT Policy • Regulation governing the "Safety Management" macro-process • ICT and Safety Governance Policy • Regulation of the Governance and Data Management macro-process • Regulation of the "Management of Data Breach event" process • Regulation on the Business Continuity management process • Policy for operational risk • Reputational risk management policy
	Impact Materiality	Impact generated [+]	Improved data protection and IT security skills through training courses for employees	
	Financial Materiality	Operational Risk	Operational loss risk due to unauthorised access to customer data (data breach) by personnel external to the Bank / Company	
	Financial Materiality	Operational Risk	Operational loss risk attributable to inadequate management and/or protection of customers' / potential customers' personal data within the context of the transactions performed by the Bank / Company (for example current account management, credit granting, finance)	
	Financial Materiality	Opportunities	Reputational improvement thanks to the improved efficiency of corporate oversight in terms of privacy and data security	
Support for entrepreneurship	Impact Materiality	Impact generated [+]	Development of the country's entrepreneurship, with a focus on SMEs and female entrepreneurship, also through the development of credit policies that are attentive to the needs of value chains at national level	• ESG-linked Loan Origination Policy • Policy for reputational risk governance • Ad hoc initiatives for SMEs
	Financial Materiality	Reputational Risk	Detection of particularly critical areas on specific issues related to loans (for example the management of guarantees, loan recovery management, ESG issue, etc.) with potential reputational impacts	
	Financial Materiality	Opportunities	Expansion/diversification of the customer portfolio thanks to initiatives supporting entrepreneurship	
Innovation and digitalisation	Impact Materiality	Impact generated [+]	Continuous product and process innovation with positive effects on people and economic systems	• Regulation of the Ethics and Governance process of Artificial Intelligence Systems • Regulation on the Business Continuity management process • Policy for reputational risk governance
	Impact Materiality	Impact generated [+]	Promotion of new management and service models	
	Impact Materiality	Impact generated [-]	Unfair access and use of technologies due to the increased digitalisation of the offer of products and services	
	Financial Materiality	Reputational Risk	Relevant critical areas in the management of innovative transactions (for example partnerships with major companies and/ or start-ups, planning/management of the Corporate innovation plan, cutting-edge issues, etc.)	
	Financial Materiality	Opportunities	Expansion of market shares and improvement of retention thanks to the implementation of solutions, products and digital/innovative services	
Solidity and performance	Impact Materiality	Impact generated [+]	Generation and distribution of economic value to the Group's stakeholders	• Code of Ethics • Internal Governance Code of the BPER Banca Group • Business Plan • Regulation of the Business Plan process • Regulation of the process to define and manage the Funding Plan • Regulation of the Budget definition process • Group Regulation on the Risk Appetite Framework (RAF) Management Macro-process • Policy for reputational risk governance
	Impact Materiality	Impact generated [+]	Contribution to the increase of the country's GDP	
	Financial Materiality	Reputational Risk	Expression of denigrating/negative content towards the BPER Group (media) or related to competitors on news that could have an impact on the Group	
	Financial Materiality	Reputational Risk	Events connected to special company strategies (for example Merger by incorporation of Banks in the Parent Company, closing of branches, collective dismissal pursuant to Law no. 223/1991, mass transfers, mass staff reduction, mass demotion, etc.)	
	Financial Materiality	Opportunities	Greater attention paid to investments thanks to positive assessments obtained through ratings	

Material Topic	Materiality scale	IRO	IRO Description	Main oversight
Quality and satisfaction	Impact Materiality	Impact generated [+]	Customer satisfaction in terms of needs, expectations, benefits, adequate service and timely responses	• Regulation on the Business Continuity management process • Group Policy for governing the risk of non-compliance with occupational health and safety regulations • Policy for reputational risk governance • Policy for operational risk • Net Promoter Score
	Impact Materiality	Impact generated [-]	Potential deterioration of the health or safety of customers due to the lack of appropriate levels of safety in the environments	
	Financial Materiality	Reputational Risk	Complaints of a particularly critical nature received via e-mail, telephone or other channels (WhatsApp, chat, etc.) due to erroneous conduct by Contact Centre operators	
	Financial Materiality	Reputational Risk	Receipt of particularly critical complaints/ claims as a result of branch rationalisation (for example on newspapers, websites, etc.)	
	Financial Materiality	Operational Risk	Operational loss risk due to dissatisfaction among customers following an incorrect behavioural management by the contact centre staff	
	Financial Materiality	Opportunities	Expansion of the customer portfolio as a result of the quality and service of the products offered	
Governance and decision-making processes	Impact Materiality	Impact generated [-]	Inefficiencies arising from overly complex and/ or non-transparent governance processes, as well as inadequate criteria for selecting governance structures	• Governance policies of the BPER Group • Corporate Governance Code of the BPER Group • ESG policy • Regulation of the sub-process Definition and management of personnel remuneration and incentive policies • Regulation of the Business Plan process • Regulation of the process to define and manage the Funding Plan • Regulation of the Budget definition process • Policy for operational risk • Policy for reputational risk governance
	Financial Materiality	Operational Risk	Operational loss risk due to the adoption of inappropriate operational or market practices that may lead to controversies related to the interests held by the Bank as a result of decisions taken by Corporate Bodies	
	Financial Materiality	Opportunities	Consolidation of market position by reinforcing the ESG governance model	
Sustainable finance	Impact Materiality	Impact generated [+]	Contribution to the transition to a climate-neutral economy, also through the evolution of credit and investment processes with the integration of ESG criteria	• ESG policy • Business Plan • Regulation of the Business Plan process • ESG-linked Loan Origination Policy • Policy governing the relations of the BPER Group Banks and Companies with defence operators, weapons manufacturers and dealers • Policy for reputational risk governance • Policy for the governance of credit risk • Policy for governing the risk of non-compliance in relation to sustainability in the provision of investment services • Ethical/ESG funds range
	Impact Materiality	Impact generated [-]	Deterioration of the economic-financial value of less virtuous companies and sectors or those less capable of innovation in ESG terms	
	Financial Materiality	Reputational Risk	Report of criticisms / complaints on the publication of the "Non-Financial statement" of indirect impact data above attention levels (for example green loans / investments)	
	Financial Materiality	Reputational Risk	Critical areas related to loans or company shareholdings with a high environmental impact (energy intensive, carbon intensive, etc.)	
	Financial Materiality	Opportunities	Support for the development of a sustainable growth model using ESG loan and investment products consistent with regulatory developments and market trends	
Growth and involvement of employees	Impact Materiality	Impact generated [+]	Growth of personnel skills and abilities through training and professional development activities, also linked to personalised growth and evaluation objectives	• Policy on diversity, equity and inclusion in the Corporate Bodies and in the Corporate Workforce of the BPER Banca Group • ESG policy • Group Regulation on the training management process • Regulation of the sub-process "Definition and management of personnel remuneration and incentive policies"
	Impact Materiality	Impact generated [+]	Contribution to improving the national employment rate	
	Financial Materiality	Opportunities	Improvement of staff retention thanks to the implementation of effective personnel development programmes	
	Financial Materiality	Opportunities	Improvement of productivity thanks to the introduction of an adequate training catalogue	

Material Topic	Materiality scale	IRO	IRO Description	Main oversight
Financial inclusion	Impact Materiality	Impact generated [+]	Socio-economic development of the territory, including through financial inclusion tools (for example micro-credit, financial education) that can strengthen the economic capacities of specific target customers	• Business Plan • The Group Regulations on the process of institutional promotion and donations • Policy for reputational risk governance
	Financial Materiality	Reputational Risk	Reports of particularly critical areas regarding the average times or the economic benefits related to subsidized loans	
	Financial Materiality	Opportunities	Reputational improvement thanks to the effectiveness of financial education initiatives	
	Financial Materiality	Opportunities	Improvement of relations / consolidation of positions within local reference areas and communities thanks to financial inclusion initiatives for the weaker sections of society and initiatives supporting the third sector	
Enhancing diversity	Impact Materiality	Impact generated [+]	Contribution to a better quality of life for employees through higher levels of inclusiveness and meritocracy in the workplace	• Policy on diversity, equity and inclusion in the Corporate Bodies and in the Corporate Workforce of the BPER Banca Group • Three-year Operational Plan for the enhancement of gender diversity • Policy for operational risk • Policy for reputational risk governance
	Impact Materiality	Impact generated [-]	Discrimination in remuneration between men and women and non-inclusive workplace practices that fail to consider diversity and minority groups	
	Financial Materiality	Reputational Risk	Detection of particular critical issues in the field of equal opportunities or other potential discrimination against employees	
	Financial Materiality	Opportunities	Improvement of the attraction and retention of talent, engagement and productivity thanks the enhancement of all resources, guaranteeing inclusion in HR processes	
Support to the community	Impact Materiality	Impact generated [-]	Widespread social, economic and cultural development in the territories where the Group is present, including through investments and donations	• The Group Regulations on the process of institutional promotion and donations • ESG policy • Policy for reputational risk governance
	Financial Materiality	Reputational Risk	Publication of the data regarding donations and sponsorships granted below the level of attention set and/or receipt of disputes related to the management of donations	
	Financial Materiality	Opportunities	Improvement in reputation and relations with reference communities thanks to local donations and sponsorships	
Adequacy and transparency of the offer	Impact Materiality	Impact generated [-]	Partial and/or non-transparent information and communication about the products and services offered by the Group	• Regulation of the Product Governance Process • Regulation of the Marketing Campaign Management Process • Group Policy for governing the risk of non-compliance in relation to sustainability in the provision of investment services • Group Policy for governing the compliance risk with regulations on the correctness of relations with customers • Policy for operational risk • Policy for reputational risk governance
	Financial Materiality	Operational Risk	Risk of damage refunds to customers as a result of omissions, inadequacies, breaches in the information supplied to the customer when drafting the prospectuses for the issue of its own financial instruments with reference to financial instruments with ESG characteristics	
	Financial Materiality	Operational Risk	Operational risk losses attributable to the failure to indicate in pre-contractual documents the sustainability characteristics of financial products that do not enable the client to make informed investment decisions within the context of financial products with ESG characteristics (for example disputes regarding the adequacy, appropriateness and/or inadequacy of the disclosure on the levels of sustainability of ESG financial instruments within the context of the consultancy contract)	
	Financial Materiality	Opportunities	Improvement of relations with clients and shareholders thanks to clear and transparent communication	

Material Topic	Materiality scale	IRO	IRO Description	Main oversight
Relationship with the supply chain	Impact Materiality	Impact generated [+]	Contribution to the improvement of suppliers' ESG performance, including through the Bank's procurement practices (for example, ESG rating project for suppliers)	• Code of Ethics • OMM 231 • Regulation on the purchasing process and accounts payable cycle • System for reporting violations (whistleblowing) • Policy for operational risk • Policy for reputational risk governance
	Impact Materiality	Impact generated [+]	Economic development of business partners with whom the Group has a relationship, including by sharing best practices	
	Impact Materiality	Impact generated [-]	Loss of economic value for some suppliers due to the exclusion of less ESG-friendly companies	
	Impact Materiality	Impact generated [-]	Violation of human rights along the value chain and within the Group (for example right to freedom of association and collective bargaining, child labour, forced or compulsory labour, etc.)	
	Financial Materiality	Reputational Risk	Supplier conduct that does not comply with the Bank's ethical principles	
	Financial Materiality	Reputational Risk	Failure by the suppliers to comply with subcontract obligations (for example failure to pay subcontractors, etc.)	
	Financial Materiality	Reputational Risk	Involvement of suppliers in disputes with the Supervisory Authorities (for example criminal sanctions, etc.)	
	Financial Materiality	Opportunities	Improvement of the quality of purchased products and services thanks to a more sustainable supply chain and certified products (inclusion of minimum environmental criteria)	
Protection of the environment and ecosystems	Impact Materiality	Impact generated [-]	Consumption of resources and raw materials (for example paper and toner) for the Group's activities	• Commitments of the BPER Group with respect to the environment • OMM 231 • ESG policy • ESG-linked Loan Origination Policy • Environmental, Social and Governance (ESG) Investment Policy for the Management of the Group's proprietary portfolio • Regulation on the purchasing process and accounts payable cycle • Business Plan • Regulation of the Business Plan process • Group Policy for governing the risk of non-compliance with occupational health and safety regulations • Policy for operational risk • Policy for reputational risk governance
	Impact Materiality	Impact generated [-]	Loss of ecosystem biodiversity due to the activities performed by the Group	
	Impact Materiality	Impact generated [-]	Generation of hazardous and non-hazardous waste for the Group's activities	
	Financial Materiality	Operational Risk	Risk of operational losses attributable to sanctions or damage reimbursements to customers for breaches of Italian Legislative Decree no. 231/2001 with reference to "environmental offences" (for example soil pollution, underground pollution, water pollution, waste disposal, noise pollution, etc.)	
	Financial Materiality	Opportunities	Economic saving as a result of the implementation of best practices linked to reuse, recycling and dematerialisation	

Human Rights Assessment

The UN Guiding Principles on Business and Human Rights endorsed in 2011 are the global reference standard on safeguarding human rights in the context of business activities, and specify the appropriate conduct of governments and businesses in order to prevent and address the impact of business activities on human rights. While the duty of the state is to protect human rights, conversely, companies have a duty to respect them and must strengthen access to appropriate and effective remedies for victims of abuse. The principles state that through their activities, companies can generate a range of human rights impacts: positive, such as offering innovative services that improve people's quality of life; or negative, such as the exploitation of workers or the forced displacement of people or entire communities. In addition, companies may be indirectly involved in violations committed by other companies or states.

As proof of the attention paid with regard to social impacts, it is worth noting the proposal of the "Corporate Sustainability Due Diligence Directive (CSDDD)" of the European Union, currently being assessed.

The BPER Group monitors the topic of human rights within its Code of Ethics and within the scope of the Organisation Model 231/01, that is binding for the members of corporate bodies, Top Management, employees, including managers, as well as all those who, even if not part of BPER, operate directly or indirectly on the Company's behalf.

The Group is formally committed to promoting and respecting universally recognised human rights, as set out in the Universal Declaration of Human Rights, through the adoption of an "ESG Policy", approved on 24 November 2022.

During the 2023 financial year, continuing on with the activities undertaken in the previous year, BPER has proceeded to update the assessment related to human rights.

The assessment was carried out by identifying the fundamental principles of protection of human rights connected to the BPER Group's activities and by analysing potential human rights violations connected to the Group's value chain by both mapping the corporate controls in place and involving the Group's corporate departments in order to assess the associated risk level.

During the course of 2023, the BPER Group's framework placed greater attention on the strategy adopted by BPER on the one hand, in the management of areas where violations of human rights might take place and on the other, on the Bank's human rights initiatives. To this end, informative elements such as policies, internal codes, monitoring activities, regulations and partnerships were considered and examined.

Below is the table linking the material topics, the areas of investigation covered by the assessment and the reference to the sections of the CNFS in which the policies and practices that BPER adopts in order to monitor these areas can be found.

Area	Reference principles on human rights	Connected material topics	Reference to the section outlining the main policies, procedures and initiatives to protect human rights
Work practices	Fair and favourable working conditions	Quality and satisfaction	4.2 Quality and Satisfaction; 5.5.2 Health and Safety
		Protection and well-being of workers	5.5 Protection and Welfare
		Relationship with the supply chain	1.5 Relationship with Suppliers; 5.5.2 Health and Safety
	Elimination of forced labour and abolition of child labour	Sustainable finance	4.7 ESG Products and Sustainable Finance
	Freedom of association	Relationship with the supply chain	1.5 Relations with Suppliers
		Protection and well-being of workers	5.5 Protection and Welfare
	Freedom of opinion and expression	Protection and well-being of workers	2.1 Code of Ethics and 231 Model; 5.5 Protection and Welfare
	Respect for diversity and inclusion	Enhancing diversity	5.2 Enhancing Diversity
		Relationship with the supply chain	1.5 Relations with Suppliers
	Protection against sexual harassment and physical and psychological oppression	Protection and well-being of workers	2.1 Code of Ethics and 231 Model; 5.2 Enhancing Diversity; 5.5 Protection and Welfare
Transparency and privacy	Transparency and non-discrimination in communication	Adequacy and transparency of the offer	4.1 Adequacy and Transparency of the Offer; 4.3 Brand & Marketing Communication
	Protection of privacy	Privacy and IT security	4.4 Privacy and IT Security
Environment	Right to a clean, healthy and sustainable environment	Protection of the environment and ecosystem	6.1 Energy Consumption and emissions; 6.2 Environmental Protection
		Sustainable finance	4.7 ESG Products and Sustainable Finance
		Relationship with the supply chain	1.5 Relations with Suppliers

Lastly, the material topics-GRI aspect-perimeter table pursuant to Italian Legislative Decree no. 254/16 is provided below.

Material Topic	GRI Aspect	Scope of impact	Involvement of the BPER Group
Fighting climate change	GRI 201: Economic Performance (2016) GRI 302: Energy (2016) GRI 305: Emissions (2016)	BPER Group Corporate and Retail Counterparties Paper suppliers Transport service providers Energy suppliers	Caused by the BPER Group and to which the Group contributes indirectly and correlated to the BPER Group through its commercial relations
Integrity in conduct	GRI 205: Anti-Corruption (2016) GRI 206: Anti-competitive behavior (2016) GRI 207: Tax (2019) GRI 415: Public Policy (2016)	BPER Group	Caused by the BPER Group
Protection and well-being of workers	GRI 201: Economic Performance (2016) GRI 401: Employment (2016) GRI 402: Labor/Management Relations (2016) GRI 403: Occupational Health and Safety (2018)	Group employees External workers[24]	Caused by the BPER Group
Privacy and IT security	GRI 418: Customer Privacy (2016)	BPER Group	Caused by the BPER Group
Support for entrepreneurship	GRI-G4 Financial Services Sector Disclosures: Products portfolio	Group Banks	Caused by the BPER Group
Innovation and digitalisation	N.A.	Group Banks	Caused by the BPER Group
Solidity and performance	GRI 201: Economic Performance (2016)	BPER Group	Caused by the BPER Group
Quality and satisfaction	N.A.	BPER Group	Caused by the BPER Group
Governance and decision-making processes	N.A.	Parent Company	Caused by the BPER Group
Sustainable finance	GRI-G4 Financial Services Sector Disclosures: Products portfolio	Group Banks	Caused by the BPER Group
Growth and involvement of employees	GRI 404: Training and Education (2016)	Group employees	Caused by the BPER Group
Financial inclusion	GRI-G4 Financial Services Sector Disclosures: Products portfolio	Group Banks	Caused by the BPER Group
Enhancing diversity	GRI 405: Diversity and Equal Opportunity (2016) GRI 202: Market Presence (2016)	Group employees	Caused by the BPER Group
Support to the community	GRI 413: Local Communities (2016)	BPER Group	Caused by the BPER Group
Adequacy and transparency of the offer	GRI 417: Marketing and Labeling (2016) GRI-G4 Financial Services Sector Disclosures: Products portfolio	BPER Group	Caused by the BPER Group
Relationship with the supply chain	GRI 204: Procurement Practices (2016) GRI 407: Freedom of Association and Collective Bargaining (2016) GRI 408: Child Labor (2016) GRI 409: Forced or Compulsory Labor (2016)	BPER Group	Caused by the Group BPER
Protection of the environment and ecosystems	GRI 301: Materials (2016) GRI 306: Waste (2020)	BPER Group	Caused by the BPER Group and directly correlated to the BPER Group through its commercial relations

24 The scope extended to external personnel only refers to the aspects of Employment and Occupational Health and Safety. The data on Health and Safety of external personnel only include the category of Temporary workers and not other types of external personnel working at BPER Group locations and/or under the control of the BPER Group, given their significance and the availability of such data, over which the BPER Group does not exercise direct control.

4. CUSTOMERS AND ESG OFFER

Our Customers

The BPER Group bases its success on the relationship of trust established with its clientele, characterised by fairness and transparency. In the company's philosophy, the customer is first and foremost a person with their own dreams, plans and needs. Our mission is to help customers achieve their goals and overcome their difficulties. Even in a complex context such as that of recent years, the Group's customers know that they can count on professionalism, reliability and expertise, distinctive characteristics which contribute in providing satisfaction for customers, more than 60% of which have maintained a relationship with the Group for over ten years.

It should be noted that, within the chapter, customer and product data are based on management information, unlike Pillar III and Financial Report reporting which is based on accounting data.

In 2023 our customers numbered approximately 4.8 million, of which 86% fall within the "natural person" category (over 4.1 million) and 14% in the "legal entity" category (approx. 680,000). Where the first category is concerned, 49% belong to the female gender (approx. 2 million).

The distribution by age range of the natural person category is provided below:

Distribution of customers by age group (no.)[25]

	31.12.2023	31.12.2022
From 14 to 25 years	302,242	305,007
From 26 to 30 years	188,764	186,030
From 31 to 35 years	220,168	218,891
From 36 to 45 years	529,276	551,257
From 46 to 55 years	781,602	824,693
From 56 to 65 years	833,259	854,239
Over 65 years	1,307,902	1,350,998

Where legal entities are concerned, in 2023, 92% of customers belong to the POE (Small Market Players) and Small Business (approx. 629,000) while the remaining part belongs to the Corporate, Large Corporate and Other categories.

The distribution in terms of seniority of the relationship with the bank for all customers is provided below:

Distribution of customers by seniority (no.)[26]

	31.12.2023	31.12.2022
Up to 1 year	192,219	187,396
From 1 to 5 years	703,208	796,419
From 6 to 10 years	902,288	889,079
From 11 to 20 years	1,348,981	1,422,391
From 21 to 30 years	910,596	924,964
Over 30 years	786,945	773,604

Furthermore, in 2023, the analysis of the data shows a higher concentration in Northern Italy, equivalent to 51% (approx. 2.5 million customers), while the remaining quota is subdivided between the South of Italy and the Islands (31%) and Central Italy (18%).

As for the subdivision of the economic/equity data by activity and customer see the sections "Segment reporting", "Geographical organisation of the Group" and "Loans to customers" of the "Integrated Report and Consolidated Financial Report of the BPER Banca Group as at 31 December 2023". To consult the data indicated in the previous method, please consult the 2022 Sustainability Report.

25 The data on the number of customers in 2023 refer to the Italian banking perimeter: BPER Banca, Banco di Sardegna and Banca Cesare Ponti.

26 With reference to 2022, for the customers from the acquisition of Banca Carige, the retention data previously recorded by Carige was taken into account.

4.1 Adequacy and Transparency of the Offer

In terms of offer adequacy, in addition to initiatives that encourage correct behaviour and good rules, the Group adopts and maintains an internal organisation and a system of controls suited to the activities carried out as a whole, as well as effective governance that specifically concerns the following profiles:

- security, i.e., operational continuity, IT systems, physical security in the branches and areas dedicated to customer relations, protection of personal data;
- products and services, i.e., fairness in the relationship with customers and in the information provided, transparency, development and management of the product catalogue, communication and marketing, management of inducements, as well as respect for the customer's interests in commercial and marketing practices;
- compliance with laws and regulations, in addition to voluntary codes of conduct, with regard to the sale of products and use of services, including investment.

The system is based on three main pillars:

- organisational controls, which for management activities and first-level controls are carried out by the business and loan functions for the products within their remit, while for second and third-level controls they are carried out by the Chief Risk Officer, Chief Compliance Officer and Chief Audit Officer;
- regulatory controls, such as policies, process regulations, organisational procedures and internal provisions relating to the aspects mentioned above, where the principles, responsibilities and activities of the various organisational units are identified;
- technical controls, such as platforms dedicated to commercial activities and customer relations, security tools and protection of information and data, analysis of customer satisfaction and quality of the relationship.

The provisions of the Supervisory Authorities on the transparency of banking and financial transactions and services define, among other things, general standards for the preparation of information documents for customers (structure of documents, essential information, lexical choices, standardisation) and for the marketing of traditional banking services, also regulating obligations of an organisational nature and control for compliance with the rules of transparency and fairness in relations with customers. These rules on transparency are in addition to those provided for the provision of investment services, governed by the Testo Unico della Finanza (TUF) insurance products or the provisions contained in the Consumer Code. The Bank guarantees constant improvements even within the context of ESGs and the related updates performed by the Supervisory Authority.

With regard to the development of the commercial offer, the Group has a specific Product Governance policy that defines the rules and responsibilities for the development and distribution of new products and for the management of the relative catalogue. The specific process of governing the commercial offer involves several organisational structures that ensure the correct and effective performance of the same, so as to pursue quality objectives and compliance with regulations in line with the Group's mission, strategies and business objectives, while respecting the needs of customers. Therefore, processes and procedures for definition of the following have been envisaged, in line with the principles and guidelines of this policy, in order to:

- define the role held, as producer or distributor;
- the involvement of the Product and Pricing Governance Committee which guarantees a greater involvement of the Bank's Top Management;
- the prior involvement of control functions (Compliance) to support and guarantee the compliance with the requirements from the first stages of the product/service analysis;
- definition of the methods for identification of the target market;
- definition of the distribution channels suited to the relevant information to be provided to consumers (product characteristics, risks, price);
- definition of the activities and controls to evaluate the impact of the new product on the target market, with a multitude of scenarios (pre-marketing activities);
- definition of the monitoring activities aimed at verifying ongoing consistency of the products with the target market;
- definition of the corrective measures to remedy any critical aspects identified in the products.

Relationship with Customers and the Internal Code of Conduct

The relationship is based on a bond of trust that goes beyond the mere regulations governing the relationship between Bank and customer. The "Internal Code of Conduct of the BPER Group" defines in particular the rules of conduct for employees, external collaborators and financial advisers and contains guidelines on relations with customers and investors. The provisions contained in the Code are considered a reference for defining proper operating conduct in providing investment services, also in the absence of detailed internal guidelines, manuals and/or circulars.

The BPER Group has resources and procedures, including internal control, suitable to ensure the efficient performance of services and activities. For example, in fulfilment of the obligations envisaged by the Supervisory Provisions, the Parent Company implemented its own Whistleblowing system, structured in a way that guarantees the transmission of reports of any illegitimate behaviour involving violation of the regulations governing financial activities.

The current version of the "Internal Code of Conduct of the BPER Group" was issued during the month of February 2023; the regulations governing Personal Transactions has been removed and has been included in the "Policy on Personal Transactions".

Fairness and transparency with respect to customers also depend on clear, accurate and easily understandable information. The BPER Group draws up the documents following the main guidelines provided by the regulations, as already described, but also paying attention to the criteria on the structure and layout of the documents, syntactic simplicity and lexical clarity, adjusted to the level of financial expertise of the target customers and using the most appropriate communication channel, in order to enable the customer to understand the characteristics and costs of the service, to easily compare products and make well-thought out and informed decisions.

The information provided is not based on the mere promotion of products and services, but focuses on the provision of clear information of significant use for customers. In this respect, even branch personnel carry out an important role; they must:

- have in-depth knowledge of the characteristics and particular features of the products offered;
- examine and comprehend the true financial requirements of customers, in order to direct them to the appropriate products and services suitable to satisfy their needs;
- use the transparency documentation envisaged for the various types of transactions and services offered, in order to enable the customer to understand the characteristics, costs and risks of the products offered;
- ascertain that the customer, prior to signing the contract, has had the opportunity to evaluate the documentation provided and is in a condition to make an informed decision consistent with their requirements.

By focusing on both people as well as companies, the BPER Group constantly strives towards expanding the offer of services in order to satisfy the requirements of the market.

4.2 Quality and Satisfaction

Listening to customers

Customer Satisfaction is one of the main levers of the system for planning and monitoring the quality of services, as well as a strategic competitive factor on the market. This principle has led to the creation of the perceived quality monitoring system, which aims to cover all customer segments and all of the various phases of the bank-customer relationship. Since 2019, the BPER Group has implemented a new listening system for its customers, which calls for a continuous monitoring system of the entire customer base: the metric chosen is the Net Promoter Score ("NPS"), an indicator that measures the difference between the percentage of "promoters" (customers who would recommend the Bank) and the percentage of "detractors". The main contact channel is e-mail, in order to collect feedback from the greatest number of customers possible with the least effort in terms of costs and time. In 2023, the findings that emerged from previous years referring to BPER Banca and Banco di Sardegna were confirmed: the level of customer satisfaction is substantially aligned between the Family and Personal segments, while it is lower, although still positive, for POE customers (Small Economic Operators). Furthermore, in 2022 the NPS score was also introduced for Small Business Customers (formerly Business SMEs): in 2023 a good level of satisfaction among this specific customer bracket has been reported. As of the month of March 2023, customers acquired following the "Lanterna" extraordinary transaction of November 2022 have been included in the sample of respondents. These customers were previously with Banca Carige and Banca del Monte di Lucca: during the course of the year the satisfaction of this specific customer bracket has gradually improved, and reached positive levels already by the end of 2023, especially with regard to private customers.

Customer Satisfaction Survey

Segment	31.12.2023	31.12.2022
Family	18.9	15.9
Personal	17.4	12.7
Small Market Players (POE)	2.3	5.8
Small business	13.3	14.7
Total NPS	**16.8**	**14.4**

The "Voice of Customer" listening project also includes "on the spot" customer experience detection processes, activated following specific incidents. To date, the active ones concern the subscription of six products (current accounts, payment cards, insurance policies, mortgages, loans and instalment products) and interaction with five channels of the Bank (Branch, ATM, Self-service cash desk, Smart Web and Online Branch). Since 2023 the Private Banking customer segment has also been included in the sample of respondents, especially in the listening surveys that concern the interaction with three Bank channels: Branches, Smart Web and Online Branch.

Customer satisfaction surveys are conducted every year on specific corporate and private banking customers in two waves: the first in June and the second in November. With regard to Corporate customers, although the level of customer satisfaction is still considered high, a slight worsening compared to 2022 was recorded, both for BPER Banca and Banco di Sardegna. Where the Private Banking customers are concerned the satisfaction is improving, especially towards the Private Banker Manager. In 2023 it is worth reporting a corporate giving initiative associated with the answers to the NPS survey as detailed under paragraph "7.1 Donations".

The branded online community "La Piazza" has also been since 2017, with the aim of having an active listening solution to give voice to the suggestions and ideas of its customers and thus build an increasingly customer-centric relationship. "La Piazza" consists of 5,700 "active" customers (4,000 long-term BPER customers and 1,700 from ISP and UBI), mainly Family customers and a lesser amount of Personal customers. The users are encouraged to take part in the community and provide feedback on initiatives of various kinds: tests of the use and appreciation of new products and services, more effective marketing campaigns or the identification of contact opportunities between the bank and the customer and the study of the best possible management.

The response of the community to the various interventions administered is quick and efficient, and the level of participant engagement is also quite high, with an average redemption per survey of around 25%. In 2023, "La Piazza" was used to test the development and operation of the Smartweb and the client's preparedness to purchase or invest in new products, all contexts that are cross-cutting and useful for the entire bank.

Management of Claims

The effective, proactive and timely handling of claims and complaints is a tool of fundamental importance to preserve customer relations.

Indeed, their careful analysis can highlight potential areas for improvement in the products and services offered, providing opportunities for recovering dissatisfied customers and regaining their trust.

On the websites of all Legal Entities[27], accessible and inclusive even for differently abled people, in the "Transparency" section the following documents can be found:

- The "Complaints Guide" which provides simple and immediate suggestions on how to file a complaint, on management criteria and response times;
- The "Form for filing of complaints";
- the annual reports on the management of complaints.

Advanced Advisory Model

The Advanced Advisory service reserved for Private Banking customers, Key Clients, Institutional customers, Corporate customers and Financial Consultants can define the best strategies to plan the future of customers and their families thanks to an integrated overview. The Bank has developed an advanced platform for analysing customer needs with regard to total assets. The tool serves the client through a team of specialists, who are able to formulate tailor-made investment and planning solutions.

27 BPER Banca, Banco di Sardegna, Bibanca, Banca Cesare Ponti, BPER Factor, Sardaleasing, Finitalia.

4.3 Brand & Marketing Communication

The new brand positioning

In recent years, BPER has lived through major changes that have enabled it to become one of Italy's main banks.

In 2023 it ratified this growth and development process by defining a new Purpose, a new positioning and new objectives; elements that constitute the foundation of the Bank's strategy and are developed by listening to customers and to its own people.

The Purpose is the reason that guides the Bank's strategy, the value that it can express and transmit to people, companies and territories.

From the Purpose comes the positioning, meaning how BPER intends to succeed on the market and how it wishes to express its value in a distinctive and memorable way.

One of the pillars underpinning BPER's new positioning is undoubtedly sustainability: ESG values are integrated in the BPER strategy and permeate its tangible actions, with a view to guaranteeing a constant positive impact for the country and for people.

The image chosen as a distinctive sign of this new positioning is the "spark", an energy impulse that is capable of encouraging an idea, complete a project, accelerate. BPER Banca wants to be the spark that can support entrepreneurial dreams, accompany the growth of families and territories, and act as a beacon for the search for solutions to real needs.

Having redefined the positioning, it was also important for the payoff to evolve alongside the Bank. This led to a new signature that sets the tone for the path begun in 2023 and which speaks of transformation, possibility and fresh starts: "Where it all starts to happen".

This important gear change has been forcefully and boldly communicated even to the outside world in a multi-channel institutional communication campaign featuring a television advert broadcast by all national networks, posted on billboards in the main urban centres, a digital and social communication plan, press releases, radio adverts and the support of the company's own channels.

2023 Communication Campaigns

Besides being the year of the launch of the new positioning, 2023 also featured a number of communication campaigns not only focused on the products, but also on relevant topics that BPER is increasingly promoting: sustainability, financial education and inclusion. Sustainability in particular was the focus of a special initiative which, during World Earth Day, saw the Bank in the front line alongside WWF Italia and its customers. In 2023 the "Present4Future" project was launched, in collaboration with the Gruppo Abele Foundation, which set its foundations already during the course of 2022, with the main goal of supporting the social inclusion of young people, through inter-generational dialogue and by taking charge of territorial projects designed to look after and develop the common good.

The "B-education: ideas that count" project also continued throughout the year: a national project for university students, conceived by BPER Banca and developed in conjunction with CivicaMente, FEduF and ASviS, with the collaboration of Officine Italia, the Ministry for Universities and Research (MUR) and the ADEIMF (Association of Lectures in the Economy of Brokers and Financial Markets and Corporate Finance).

The second edition of the project "Insieme per le donne" (Together for women) also took place in 2023, in collaboration with D.i.Re (Women's network against violence), which continues to establish the BPER's position against all forms of violence against women.

To make even more significant inroads on the digitalisation strategy, the F/youture programme is continuing which aims at instilling a digital element into commercial culture to position BPER as a modern Bank with state-of-the-art digital services.

4.4 Privacy and IT Security

Privacy and Data Protection

Throughout 2023, the BPER Group maintained its commitment to protecting and safeguarding personal data, whether in relation to its customers, employees or any other type of data subject.

The BPER Group's Banks and Companies have appointed the Data Protection Officer in compliance with arts. 37 and following of the GDPR (General Data Protection Regulation).

In order to ensure the protection and safeguarding of personal data, the BPER Group has adopted the "Group Policy on the protection of personal data", the updated version of which was approved by the Parent Company's Board of Directors in November 2022. The rationalisation and integration of internal regulation activities continued in 2023 with the issue of the Regulations on the processes of "Management and processing and related fulfilments", "Management of the requests of data subjects to exercise their rights", "Tracing of banking transactions pursuant to the Privacy Guarantor's Privacy Provision no. 192/2011", "Management of Data Breach events" and "Management of the database acquisition process".

The Policy and the Regulations detailed above govern the aspects concerning the processing and protection of personal data for the entire BPER Banca Group, including the persons authorised and the third parties that process personal data on behalf of Group companies.

In particular, the BPER group complies with the principles "applicable to the processing" which includes privacy by design and by default: the products and services offered and distributed by the BPER Group are assessed "ex ante" from the planning stages, so that the control measures introduced to comply with regulations are constantly identified.

The BPER Group's Banks and Companies have appointed the people who process the personal data as "persons authorised to process"; furthermore, the external suppliers are appointed as "data processors" pursuant to art. 28 of the GDPR by an appointment agreement.

The BPER Group's Banks and Companies issue the privacy disclosure to data subjects. This concerns the information required by the regulation (arts 13 and 14 of the GDPR) such as, for example, the nature of the data collected, the use and purpose of the collected data, the possibility of voluntarily providing consent for marketing and profiling purposes, as well as the option to revoke them at any time. The aforementioned statement is also published on the institutional website of the BPER Group's Banks and Companies.

In 2023 a new Privacy Statement was drafted which also involved the Legal Entities. This Statement, which will come into force as of February 2024, has taken into account the changed market requirements, digital innovations and ESG concerns.

During the second half of 2023 a verification was undertaken by the Internal Audit function concerning the "Analysis of the management process for privacy fulfilment purposes", which was completed by the end of the year with a final judgement of a "low" residual risk that takes into account the effectiveness of the measures implemented and the overall project progress.

In 2023 no fines were imposed by the Guarantor.

As confirmation of the high degree of attention that the Group pays to these issues, in 2023 new privacy training courses were provided, developed internally with the consultancy of the Group Data Protection Office in order to match the content to the needs of the users.

With reference to 2023, approximately 30 privacy complaints were received and managed directly by the Complaints Office of the Legal Function, 14 of which were received from third parties and checked by the organisation and 1 from the control authority. The BPER Group has adopted measures to manage these complaints.

Lastly, in 2023, 13 instances of data breaches were notified to the Guarantor.

IT Security

BPER Banca has a specific, qualified structure (Security & Business Continuity Service - CISO), whose mission is to govern the IT, logical and physical security of the Bank, defining the strategic objectives and methods necessary to achieve them, and to ensure the confidentiality, integrity and availability of the entire information assets of the Institution and its customers.

The contact person for this structure is the CISO (Chief Information Security Officer).

Security management is carried out in line with external regulations (such as Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market - PSD2, and the European Regulation 2016/679 - GDPR), and international best practices in the field of cybersecurity (for example ISO27001, NIST).

On this point, during 2023, the 27001/2013 (Security Information Management system) certification was obtained with regard to the Public Administration (Public Entity Treasury, PagoPA, etc.).

Security is ensured through:

- processes, inasmuch as the Bank has adopted a regulatory framework for the definition of policies and procedures based on what is indicated by the Regulator and by industry best practices; this framework, which includes the "Security Management Macro-Process Regulations" and the individual operating instructions detailing the activities of the relevant processes, is continuously reassessed and analysed and periodically updated.
  In line with the 40th updates of the Circular no. 285/2013 of the Bank of Italy and consistent with internal dictates, in 2023 steps have been taken to reassess the IT security processes, including the process to manage IT security incidents, the vulnerability management process, the security patch management process along with the subsequent updates. In December 2023, the Board of Directors then proceeded to approve the new "Group Regulation of the Security Management Macro-process";
- people, because since the structure's inception, BPER Banca has been constantly strengthening it both quantitatively, in terms of increasing the number of personnel, and qualitatively, through investments in specific professional training activities;
- tools, as the Institution has equipped itself with IT tools and technological platforms designed to make the security measures taken to protect the company's assets more efficient and improve them. In this regard, the strengthening projects of the security architecture component have been completed and the security by design principle has been formalised. It is also worth noting the constant improvement, with a security by design and risk-based perspective, of the filing of safety events within the IT security incident reporting and management platform. Lastly, a further fine-tuning was carried out in the security governance area, both from a methodological and operational standpoint.

Across-the-board user training is equally fundamental in order to ensure security. The internal "BSecurity" community is constantly updated through the publication of in-depth articles and training, in order to spread the culture and awareness of security at all levels of the company and to make personnel aware of the risks posed by security threats.

As proof of the high level of attention paid to the issue, the Bank updated its catalogue of IT security courses, making attendance compulsory for all employees. These courses concern for example the management of passwords, basic elements related to malware and ransomware attacks, how to identify whether the company e-mail is compromised, phishing and social engineering. A series of phishing campaigns were also simulated for all employees in order to further raise awareness on this kind of threat.

A specific Board induction session on cybersecurity was also held to raise awareness of the constantly evolving IT threats, even among the Body responsible for strategic supervision.

The IT security management system is subjected to constant monitoring and assessment by the internal auditor and independent third parties. These assessments concern the sustainability of the process both at the IT system security level (for example Vulnerability Assessment/Penetration Testing sessions). To this end, assessments on the assets and the infrastructure are performed on a regular basis to identify possible vulnerabilities and take action in advance to take the appropriate remedial actions.

With reference to the Security strategy, in line with the Bank’s Business Plan, BPER prepares the Strategic Security Plan on a three-yearly basis,, which is designed to reinforce the security measures against cyber threats. The plan covers 6 areas:

- Group Governance & Third Party Security: evolution of the Group's security governance and risk management models;
- Cyber Culture & Resilience: strengthening of the Security Culture and evolution of the Business Continuity process within an Operational Resilience perspective;
- Next Generation Cybersecurity & Anti-fraud: technological and operational evolution of Cyber and Anti-fraud controls to ensure their efficient, effective and synergistic operation;
- Data Protection: technological and operational evolution of Cyber and Anti-fraud controls to ensure their efficient, effective and synergistic operation;
- Cloud Security: evolution of the security architecture in order to use cloud services;
- Physical security: reinforcement and efficiency of the physical security governance and monitoring model;

  and from two cross-cutting dimensions:
- People & Organization: evolution of the organisation models and reinforcement of the personnel both in terms of capacity and upskilling;
- Technology & Innovation: expansion of the investments and use of innovative technologies.

In order to provide guidance for the strategic goals foreseen by the areas, operational plans are devised on an annual basis which include project initiatives designed to mitigate the main cyber threats identified and increase the level of maturity of the existing security controls.

4.5 Innovation and Digitalisation

The BPER Banca Innovation Process

To grow in a quickly transforming context, BPER Banca has built a process of innovation that involves both traditional business as well as the development of new business models. To render this approach more structured and pervasive, an ad hoc structure was established to support the entire organisation in preparing for the development of the socio-economic context, preparing the Institution for change, acquiring new ideas and allowing the development of new business capacities. The pillars of innovation at BPER Banca are:

- design of future scenarios by using instruments to envisage and visualise the possible futures, comprehend the risks and opportunities and consequently steer the decisions of the present. Anticipating the future is a field of research that focuses on how to detect advance signs of possible futures based on current consumer behaviour, reaching decisions is such a volatile, complex and ambiguous time as the present therefore entails looking beyond short term scenarios and projecting oneself towards long-term ones. The efforts in terms of forecasting and anticipating the future are focused on customers and non-customers in the Retail area and future generations of consumers;
- creating an ecosystem outside of the Institution by setting up a network of relationships with other companies that deal with innovation, with observatories, research centres and universities with which to share experiences and expertise, which may lead to the formation of strategic agreements or partnerships, and by seeking out innovative start-ups to partner with on specific projects or to be accepted as suppliers of new solutions;
- experimenting with innovative solutions by adopting the Lean Start-up approach: BPER customers and involved in experimenting new products and services, and qualitative interviews allow to understand the real needs of customers and to build possible solutions together;
- studies and research related to tenders and subsidies that might apply to all the Bank's innovation projects;
- training on the most relevant innovations issues with project goals (for example Metaverso, Asset Digitali, Fintech, AI, etc.).

Digitalisation

The scenario each of us moves in is in constant and increasingly rapid evolution. To continue to offer its services with reliability and quality, the BPER Banca Group is constantly committed to analysing the needs of customers to propose innovative solutions able to satisfy them. The main additions to service innovation are the initiatives listed below, which simultaneously represent projects that can contribute to the reduction of the Group's direct environmental impacts by reducing the use of paper and print and favouring fully online processes:

- Smart Desk: the new service for the underwriting of contracts and documents with a digital signature directly via an app, enables sales and processes to be completed very quickly. The service has been conceived to provide a simple and intuitive experience: the signing of documents can be done with just few steps directly on the app, without the customer having to previously underwrite a signature certificate of a third party provider or having to acquire specific devices. And this all comes with high security levels both for the Bank and for the customer and a document management in paperless mode (no longer any need to print the sheet out);
- BPER On Demand online: launched in September 2023, it is the first online BPER Banca Group account that can be opened entirely online. The customer, acquired through digital channels, is always connected to a branch of his/her choice during the opening of the account, which enables him/her to develop a relationship that can be managed through all available channels. The human component is always centre stage thanks to the presence of consultants at the branch and online ad the customer's disposal. The online account is the solution to reach a more digital clientele: the acquisition channels increase and the relationship with the customer is strengthened by exploiting all the ways and opportunities available to access banking services;
- PagaPoi: this is an innovative credit product on the market, conceived in order to subdivide the expenses incurred during the current or previous month into small instalments. Launched in July 2023 on digital channels, it can be activated independently by the customer to enable a flexible cash management based on the customer's needs. The customer can open new instalment plans autonomously (up to the maximum agreed ceiling), monitor the instalment plan and proceed to close it directly using the digital channels;
- Digital Loans: thanks to the remote digital subscription process for loans, customers may take out a loan in two ways:
  - Self: the customer may stipulate a personal loan independently, conducting a loan simulation via Smart Web or Smart Mobile app (choosing the most suitable type and signing the contract directly on Smart Web via Digital Signature);

- Online Branch: the private customer may stipulate a personal loan based on a proposal presented by an Online Branch (through dedicated sales campaigns or upon customer request) and complete the loan procedure by signing the proposal via Smart Web and the Smart Desk digital signature process;
- Updating the ID: with a view to simplifying the customer's experience of his/her relationship with the Bank, during the course of 2023 new functions were made available to enable a range of fulfilments to be managed by exploiting digital channels directly from home. If an ID document is about to expire or has expired, customer can independently proceed to updated it on digital channels, simply by taking a photo of the new document with a smartphone;
- MiFID Questionnaire: since December 2023 customers can fill in or update even the MiFID questionnaire even on the App. A useful tool for the customer that guarantees easy access to the most suitable financial instruments for their investment goals and requirements;
- Card management: in 2023 a rationalisation of the digital channels was set in motion to enable customers to manage their cards from a single app, by incorporating the functions previously contained in the BPER Card app such as the visualisation of the PIN, the card block and the management of the Key6 security code. New functions have also been introduced to activate and renew a card collected at a branch or sent to one's home; visualise the sensitive card details (card number, CVV, expiry date); authorise online payments; temporary suspend the card; set a expense limit by sum or by category, add a card to the wallet (Apple/Google/Samsung) from the app;
- Card sales: as of November debit or prepaid card can be requested directly from the app, which will be received and can be activated directly at home;
- Documentation digitalisation: a programme to digitalise all banking information is underway, with the customer able to opt to do away with the paper format altogether. Starting with the dematerialisation of the pin envelope for the management of the first access to digital channels and moving on to digital accounting of card and investment reports; the programme will continue during 2024 in order to make all documentation and bank-customer communications available entirely in electronic form.

F/Youture Programme and ESG implications

The BPER digital transformation plan is one of the features of the 2022-2025 Business Plan.

In order to achieve the objectives set out in the Plan, the Group's planned investments in the transformation of the technological infrastructure with implications for ESG programmes, among others, are of fundamental importance. In fact, a new digital and sustainable business model enables the BPER Group to respond more effectively to its customers' needs through customised and multi-channel services, and to embark on a more virtuous and sustainable path.

Along this innovation pathway, the evolution of the Smart Banking app is strategic.

The growth of the app is a constant and gradual process based on active listening to customers and colleagues. The latter, for example, are invited to browse on the App in advance compared to the market launch, and thus contribute with their suggestions to the optimisation of the new features in line with the customer requirements and requests.

Considering the optimisation goals of the physical presence in local branches, outlined in the 2022-2025 Business Plan, it is as strategic as ever to invest in the development of a model of interaction with the customer by focusing on the creation of an omni-channel approach and by developing the self and remote assisted digital channel. In order to bring the distribution model and all the investments that are being made within the F/youture programme to full fruition, the new behaviour of both customers and the sales network must be guided in order to foster the creation of the necessary prerequisites for a gradual increase in use of digital channels.

Therefore, during 2023 the action plan related to training and network and semi-central engagement designed to foster the development and consolidation of the Bank's digital culture has been strengthened.

The potential of digital channels have been exploited as an important vehicle to stimulate virtuous behaviour with a view fort example to supporting charity projects and initiatives.

Even in 2023, for the International Day for the Elimination of Violence against Women, which is celebrated every year on 25 November, BPER Banca set up the "Together for Women" fundraising event through digital channels to favour the Autonomy Fund set up by the D.i.Re Association - Women online against violence, which specifically supports women lacking economic and housing autonomy who are trying to leave a violent situation. The overall sum collected, including the donations and contribution made by BPER, amounted to Euro 250,000.

Also, in 2023, other fund collections have been activated via digital channels to mark the Earth Day and the Ocean Day, in collaboration with WWF to support the communities that have suffered natural disasters such as the floods in Emilia Romagna and the earthquake in Turkey and Syria. For details see section "7.1 Donations".

Again with an ESG perspective, the new strategy of the BPER Group's card division envisages a substantial renewal of the products offered and of the processes at the disposal of customers, with a view to improving the efficiency of the entire compartment while also addressing ESG issues. The actions taken to achieve these goals focus on a strong transformation towards digitalisation, both of products and processes, leading to a clear reduction in operating costs and CO_2 emissions, in line with the company's mission. The gradual introduction of instant digital card issue is a clear example of the actions taken to reduce the production of plastic and the impacts associated with sending and delivering the product to the customer's home.

During 2023, the card offer has been renewed with the introduction of new debit and credit products, both for Consumer customers (Plus debit card and Prime and Premium credit cards) as well for the Business sector (Business debit cards). The cards and the packaging have been designed paying attention to sustainability and environmental impact and are made out of recycled materials in order to reduce CO_2 emissions. As part of the evolution of our offer there's been a strong focus on people's needs by introducing exclusive insurance coverages and health services in collaboration with strategic partners such as UnipolSai and SiSalute. The cards have been conceived to guarantee a greater accessibility for the visually impaired thanks to the use of initial of the type card printed in Braille.

Online Branch

The Online Branch is the customer's remote contact point, working alongside the physical network in managing the customer's needs. It is also increasingly being transformed from a facility mainly dedicated to providing customer assistance to a centre for commercial relations, working alongside the physical branch and the digital channel as a commercial driver with the aim of increasing interactions with customers and developing new sales opportunities.

With a view to offering customers various possibilities to get in touch with the bank, several remote contact channels are active, both traditional, such as the telephone, and more digital such as chat and WhatsApp. Since August 2023 the Online Branch is present with 8 sites throughout the country, with a service accessible in an extended time slot from Monday to Sunday or 24 hours a day for specific urgent needs related to the security of payment instruments.

Artificial Intelligence (AI) Governance

Artificial Intelligence (AI) makes it possible to streamline processes, offering customers targeted responses to their needs and increasingly personalised and effective service experiences. As part of the 2022-2025 Business Plan, BPER has set in motion an ambitious programme to introduce artificial Intelligence models in the different business and governance areas of the company. In addition, Group Policies have been released to regulate the development and monitoring of artificial intelligence systems and application systems have been implemented to provide centralised and distributed monitoring of AI system performance.

A significant number of qualitative and quantitative performance metrics have been defined to govern artificial Intelligence models throughout their life cycle. These metrics allow the performance of each model to be measured and monitored along four dimensions: business, economic, ethical and technical. In particular, the ethical performance is aimed at enhancing aspects of responsibility, fairness, transparency and efficiency towards customers and preventing any form of distortion or discrimination that may result from algorithms.

4.6 Accessibility

To demonstrate the Bank's growing commitment towards making its instruments more easily accessible and ensuring financial inclusion, the BPER Group has introduced procedures for participation in the Protocol signed by ABI, the National Council of Notaries (CNN - Consiglio Nazionale del Notariato) and the Italian Union of the Blind and Visually Impaired (UICI - Unione Italiana dei Ciechi e degli Ipovedenti) on accessibility, with the objective of identifying solutions to simplify the methods to access and use documentation, particularly for the pre-contractual phase of the mortgage loans. The initiative is in line with the provisions of the European Commission Directive proposal regarding the “European Accessibility Act” which defines - for certain fundamental products and services, including banking services, ATMs, web sites, applications for mobile devices used for the banking services - common accessibility requirements.

The Group's Banks have engaged in a digital evolution pathway that involves various channels of the Bank, obviously including the App and the restricted area on the Web used for internet banking purposes. During the course of the year work has been done on the implementation of the voice reader on the App with a view to making all fields and labels of the transaction authorisation process and page consultation easily understandable. The native access instruments present on the main operating systems (iOS and Android) are not capable of reading a higher range of content that before and can describe them using voice synthesis. With the issue of a new version of the App and web internet banking service a mapping of the various non compliance contexts (also indicated on the website in the self-declaration document) still present has also been undertaken regarding which the Bank has imposed a 2024-2025 gradual evolution plan on itself to address these issues.

Furthermore, as of June 2019, the BPER Group was the first banking group in Italy to issue payment cards with Braille, useful for recognising the different types of cards: credit cards (marked by the letter "C"), debit cards (marked by the letter "D") and prepaid cards (marked by the letter "P").

The BPER Banca website continues to be accessible and inclusive for people with disability.

The Bank's website continues to be increasingly accessible in 2023, allowing the content to be used even by people with physical or cognitive disabilities.

This development is part of a structured strategy to foster diversity and inclusion, through which the Bank has long been committed to addressing all forms of distinction, creating the proper conditions for everyone to feel respected and comfortable. An accessible site allows everyone to benefit from basic services. The new feature is recognisable by the orange icon in the shape of a stylised man that appears at the bottom left of the site's screen, in both the desktop and mobile versions, from which customisations can be set to make the pages more accessible. Blind or visually impaired persons can set the option that analyses and interprets each element of the online page. Fonts and text spacing can also be enlarged and, if necessary, flashing animations and videos potentially dangerous to photosensitive people can be removed.

Benvenuto in banca

BPER Banca again confirmed its commitment to the ABI project “Benvenuto in banca” (Welcome to the Bank) in 2023: an initiative that aims to improve the social inclusion of the weakest groups.

In the Transparency section of the Group's banks' websites, the ABI Guide on the main banking products and services aimed at the weakest groups and migrants is published, available in ten languages.

The significant increase in options from which customers may choose, alongside the growing complexity of financial instruments, have highlighted and underlined the importance of a multi-lingual financial literacy plan. Making this simple support tool available is just one of the many activities put in place to pursue the goals of financial education and inclusion.

4.7 ESG Products and Sustainable Finance

Within the new Business Plan, the lines of development in the ESG area were outlined with a view to creating shared value, with concrete actions and objectives for all the Plan's lines of action.

In particular, a ceiling of over Euro 7 billion has been set aside for green loans to support the ecological transition of companies and households.

During 2023, Euro 6.5 billion have been disbursed in ESG products[28], of which approx. 61% were designed for the Retail sector, with the remaining earmarked for the Commercial and Corporate sectors.

4.7.1 Products and Services with Social Purposes

Products and services with social purposes (value disbursed in Euro millions)[29 30]

	31.12.2023	31.12.2022
Retail banking	731.2	767.6
Commercial and Corporate	1,052.3	1,374.0
Total	**1,783.5**	**2,141.6**

The disbursed value of products and services with social purposes in 2023 amounted to approx. Euro 1.8 billion down from the previous year due to an additional incidence of Covid-19-related products. It should be noted that approx. Euro 787 million were disbursed to SMEs[31].

The percentage of products and services with social purposes in the Commercial and Corporate Area represent 59% of the total disbursed value.

The Group's attention is focused on the development of products which, in addition to allowing true accessibility with a view to financial inclusion, also have a strongly innovative nature. There are a number of products with significant social impacts. The main products are described in the following paragraphs.

Mortgages for young people under 36

The Sostegni Legislative Decree Bis no. 73 "Urgent measures related to the Covid-19 emergency, for businesses, work, young people and territorial services", converted into Italian Law 106 of 23 July 2021, envisaged under Article 64, among other measures, provisions regarding a Guarantee Fund for first home purchases. In particular, the guarantee that can be granted by Consap has been increased to 80% of the principal amount if certain conditions are met, in relation to applications submitted up to 31 December 2023 and the tax benefits introduced by the Sostegni Decree bis.

In line with the provisions of the decree, the BPER Group has expanded its offer with mortgage lines dedicated to customers under 36 years of age for the purchase of their first home with a Consap guarantee, at subsidised conditions, on which they can benefit from the tax benefits governed by Italian Legislative Decree Sostegni bis no. 73, art. 64, Italian Law 106 of 23 July 2021.

The Bank has adhered to the extensions provided by the government for the year 2023, with favourable conditions for young people and priority subjects. A communication campaign and a dedicated section on the BPER website have also been prepared to support this offer.

28 The value takes into account the sum of the value disbursed in 2023 for products with Social, Environmental and ESG purposes.

29 The data refer to BPER Banca and Banco di Sardegna products.

30 The BPER Group identified a single definition for all Legal Entities of "ethical product with social purposes", which took into consideration the definition in the Guidelines of the GRI G4 Financial Services Sector Disclosures, defined by the Global Reporting Initiative in 2013. In 2023, ethical products with social purposes for the retail banking area and Commercial and Corporate banking area respectively accounted for 0.83% and 1.19% of the Group's total.

31 If environmental, ESG and Governance products are also taken into consideration, the total disbursed to SMEs amounts to approx. Euro 1.3 billion.

Budget law

As suggested by the 2023 Budget Law, the BPER Group, up to 31 December 2023, offered people who have taken out variable interest rate residential loans the possibility of renegotiating their loans without additional costs, according to the following procedures:

- obtain from the Bank a change to a fixed interest rate, with the application of the interest rate established by the legislation in question;
- request an extension of the loan for a maximum of 5 years within an overall duration of up to 25 years.

Microcredit

Microcredit is the financial instrument that meets the requirements of financial inclusion for those with difficulty in accessing traditional credit. In this perspective, the Group banks have stipulated an important agreement with *Ente Nazionale per il Microcredito* to provide interested customers (guaranteed by the Central Guarantee Fund for SMEs) with the auxiliary services required by law. In this type of financing, credit institutions disbursing the Microcredit are required by the current legislation to provide, when analysing the application and during the repayment period, at least two auxiliary assistance and monitoring services to the borrowers, which must be compulsorily selected by the applicant.

The agreement entered into with the *Ente Nazionale per il Microcredito* (ENM) guarantees management and correct delivery of the following auxiliary services:

- support in defining the development strategy of the financed project and in analysing solutions to improve the performance of the activity;
- training in business administration techniques, in terms of accounting, financial and personnel management;
- training on the use of the most advanced technologies to increase the business productivity;
- support in defining price and sales strategies, through market studies;
- help to resolve legal, fiscal and administrative issues, and information on the relevant services available on the market;
- support for the identification and diagnosis of any critical aspects of implementation of the financed project.

The BPER Group has provided a credit line of Euro 175 million to promote the activity. The target comprises micro-enterprises and freelancers with VAT number, and the purpose for the loan is the purchase of goods and services related to the business, training costs and remuneration of new employees or partners.

A "Referral and collaboration agreement" has also been activated in collaboration with PerMicro s.p.a., a professional operator in Italy dedicated to Microcredit: small companies of families that are Group customers can requests access to Microcredit; in this case the branch puts them in contact with the nearest PerMicro office, which will assesses the applicant's application.

Retail Microcredit Disbursed (in Euro millions)[32]

	31.12.2023		31.12.2022	
	no. of transactions	Disbursed amount	no. of transactions	Disbursed amount
Microcredit	553	18.31	386	12.84

In 2023, an increase was recorded of approx. 43% in terms of disbursed volumes linked to this type of loan.

Social impact credit in partnership

Agreements with anti-usury foundations and disbursing Foundations

The Bank has signed up to the Framework Agreement for the prevention and fighting of usury by expressing its will to support weak brackets of its clientele with credit transactions with a social impact.

In the presence of a national agreement and, where present, of the single protocols signed at a local level, the Bank proceeds to underwrite the appropriate conventions with the individual Foundations with a view to expanding the range of the actions put in place to fight usury. Subsequently, the Bank has committed to assessing the transactions reported by the approved Foundations that the Foundations had previously verified.

Besides the conventions with the Anti-usury Foundation, the Bank has set in motion a number of partnerships with the Diocese and other Foundations to guarantee broad access to forms of credit with social impact to categories of economically fragile

32 The data refer to BPER Banca and Banco di Sardegna.

subjects, such as for example the "Avere credito" project initiated by the Fondazione Casa del Volontariato (Volunteer Home Foundation) in Carpi (MO) for people who do not have access to standard bank loans.

Honour loan Liguria Region/FI.L.S.E. s.p.a.

The Bank has also signed up to the Liguria Region convention, to support families and people suffering from temporary distress through an Honour Loan - in the form of a private unsecured loan - with a 100% guarantee provided by FI.L.S.E. s.p.a., an in house company of the Region.

This regional measure addresses situations of serious and temporary economic distress brought about as a result of abnormal events (support is not foreseen for commercial and/or production activities), and it is designed for specific subjects that meet the requirements at the time of filing the request (Regional Government Decision no. 378 of 26 April 2004 as amended and supplemented).

Corporate - professional loan - "Fin job"

Loan aimed at supporting and facilitating companies which, as part of their development plans and taking advantage of the regulations of the "Poletti Decree", have planned to hire new employees.

Special Credit

This is a loan aimed at freelancers, artisans, sole proprietorships and companies that aims to finance the advance payment of taxes, contributions and thirteenth months' pay, in the amount of 80%.

Basic Account

The characteristics of the account were defined by the Agreement between the MEF, Bank of Italy, the Italian Banking Association (ABI), Poste Italiane and Associazione Italiana Payment and Electronic Money Institutes. It is reserved for new customers without bank accounts or with limited operational requirements. Specifically, it is intended for consumer customers residing in Italy or in the European Union, regardless of their place of residence (also including consumers without a fixed address and asylum seekers); it meets the purpose of financial inclusion with limited operation and has a simple, transparent and easily comparable cost structure.

The Bank has the right to make the appropriate banking checks on the potential client in accordance with the regulatory provisions in effect.

The offer is broken down into the following solutions:

- Basic Account, granted to all consumers legally residing in the European Union;
- Basic Account - ISEE < Euro 11,600, granted to consumers legally residing in the European Union and with a valid ISEE of less than Euro 11,600;
- Seniors' Basic Account up to Euro 18,000 annual gross, designated for consumers legally residing in the European Union and receiving a pension equal to a gross annual amount equal to or less than Euro 18,000.

Specific products for minors and youths

TEEN account

Account for minors aged 13-17 in combination with TEEN! CARD, Bancomat/VPay debit card with contactless functionality, easy to use and with a limited monthly ceiling. It has a marked educational function because it introduces the minor to the use of payment instruments connected to it within the strictly set limitation.

Diverti TEEN: new subscribers of the Teen Account, dedicated to girls and boys between the ages of 13 and 17, are gifted 2 vouchers to be spent for Talent and Sport lessons.

GRANDE! Savings account

For children up to the age of 12 it is possible to open a Savings account in their name where they can start collecting their savings. Agreements have been arranged for the holders of this product so they can access theme parks, learning farms and swimming pools for free.

BPER Card Pay Up Teen

This is a prepaid, rechargeable and named card designed for customers under 18. It is ideal for online purchases and can be used anywhere in the world. It should be noted that this instrument cannot be used for certain types of purchases: gaming and gambling, telephone and postal sales, door-to-door sales, alcohol and tobacco, drugs and political organisations.

Honour loan for study purposes

Investing in a young person's training and post-graduate specialisation is an investment for a more sustainable future and can help the country's economic and social growth. The Bank offers a range of solutions in partnership with private and public institutions to guarantee the right to study.

Futuro Garantito

This is a product intended for young students - in the form of an unsecured loan to private individuals - with a 70% guarantee from the Youth Credit Fund (Study Fund), set up in synergy with ABI thanks to the inter-ministerial decree of 19 November 2010 issued by the then-Minister of Youth in agreement with the Minister of the Economy and Finance. Applicants between 18 and 40 years of age who are eligible may apply for funding to enrol at university, to attend postgraduate specialisation courses or to further their knowledge of foreign languages, as well as PhDs, also abroad. Managed by Consap s.p.a., the Fund guarantees the loan will be granted to a student who meets the requirements, without necessarily having a pay slip, income or specific guarantee.

Cattolica University of Milan Honour Loan

The project was launched in 2022 as a partnership between the Istituto G. Toniolo for higher education (a founding body of the Cattolica University of Milan) and BPER Banca. The aim of the initiative is to provide access to programmes of excellence for particularly deserving students who do not have the necessary financial resources. The loan, which covers part or all of the university fees and/or travel and accommodation costs, is granted by BPER Banca on subsidised terms subject to Istituto Toniolo providing a guarantee equal to 40% of the amount disbursed (for applications filed in 2023).

Other products

Senza Barriere Loan

This is a low-interest loan dedicated to disabled customers in order to finance requirements linked to their disability. In accordance with said objectives, the loan may also be disbursed to family members of the individual in question.

The loan is complementary to what is already covered free of charge by the National Health Service (wheelchairs, prostheses and anything else that may fall within the health area) or recognised by any regional laws. For example, the loan finances technical aids for mobility (crutches, lifts, stabilisers, etc.), therapeutic, physio-therapeutic and rehabilitative treatments (massage therapy, postural rehabilitation, ultra-sound therapy, etc.), aids for everyday life (special tools for the house, specific equipment for hobbies and sports, etc.), personal care items, computer aids (voice recognition, ad hoc keyboards, educational software, etc.), aids for environmental accessibility (installation of a home automation system, sensors, automatic sliding doors, etc.), purchase of cars with steering wheel controls, purchase of vehicles with wheelchair lifts for people with reduced mobility, and communication devices (alphabetical, symbolic, other).

Mini Family Support Loan

This loan, launched in the Bibanca catalogue in December 2022 and running until 21 April 2023, concerns a zero interest loan designed to support households with "high bills, HOA expenses and family expenses".

Salary-backed loans

The BPER Group has subscribed to the Memorandum of Understanding signed between Assofin and Consumer Associations, to promote good practices in granting salary-backed loans/assignment of pension and payment authorisations. The Memorandum was defined with the objective of encouraging greater transparency in customer relations to increase consumer protection and prevent over-indebtedness. The Protocol provides for certain activities to be carried out in the assessment of customer credit risk and reliability, aimed at preventing and avoiding over-indebtedness by guaranteeing the disbursement of loans only if the customer's financial sustainability conditions are met. To ensure that customers fully understand the terms of the loan, the memorandum provides for setting out separately in the price three items at most: application processing costs, including tax costs, corresponding to the costs actually incurred in processing the application, network brokerage commissions, charged to the customer, and annual nominal rate. The BPER Group has adopted the "all TAN" pricing model since June 2020, which guarantees the greatest possible transparency for the customer: in fact, the TAN represents all the costs that the customer incurs in order to obtain a salary-backed loan with the BPER Group.

Quicash

The month of January 2023 saw the start of testing of Quicash, an innovative product that was introduced in Banca d'Italia's first Fintech regulatory Sandbox, exclusively earmarked for employees of major affiliated companies who, independently and without the need for any documentation, can obtain a spending ceiling linked to their net monthly wage, that they can use at any time depending on their actual needs.

Quicash was awarded the National Innovation prize, "*Premio dei premi*" and the ABI prize for the customer retail innovation segment which analysed projects which, with a view to promoting and simplifying services and products for families and the new generations, promote a greater financial inclusion in terms of both access to loans and saving management, making the bank feel closer to a person's needs and easier to collaborate with.

Resto al Sud

This is a government project that provides incentives to support the creation of new entrepreneurial activities started by individuals (aged between 18 and 55) in the regions of Southern Italy (Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily).

Loans to companies

To establish a local foothold, the bank also cooperates with local, national and EU institutions and bodies, including trade associations and their credit guarantee consortia (Confidi), the Guarantee Fund for SMEs and the European Investment Bank (EIB) and the European Investment Fund (EIF). These partnerships permit the Group's banks to offer companies specific solutions to facilitate their financial inclusion and economic strengthening.

Fin PMI

An unsecured loan backed by a direct guarantee from the Central Guarantee Fund for small and medium-sized enterprises, aimed at facilitating access to financial sources and accompanying them in their development and investments for business growth.

Fin PMI Female Entrepreneurship

An unsecured loan backed by direct guarantee from the Guarantee Fund for small and medium-sized enterprises, to facilitate access to financial resources by SMEs with a predominantly female component.

Fin PMI Crisis

A medium- and short-term unsecured loan with a direct guarantee from the Central Guarantee Fund for SMEs, structured to support companies following Russia's attack on Ukraine.

Fin PMI Start UP – Start Up Innovative

An unsecured loan backed by direct guarantee from the Guarantee Fund for small and medium-sized enterprises, to facilitate access to financial resources by traditional and innovative start-ups.

Mortgage with EIB funds

This is a medium and long-term loan in support of investment programmes of small and medium-sized enterprises and Midcaps engaged in industrial and service sectors and in agro-industry. The loan can cover 100% of the project cost.

Thanks to an agreement with EIB and the Emilia-Romagna region, BPER Banca has allocated a ceiling of Euro 15 million, with advantageous economic conditions, with a view to supporting the cash and investment needs of local companies that have suffered direct and indirect damages linked to the flood events that took place as of May 2023.

Fin Sabatini

Defined by the agreement between ABI-Ministry of Economic Development and Cassa Depositi e Prestiti s.p.a. for the implementation of the "Beni Strumentali Decree" (Decree Law 69/2013), it is a loan for small and medium-sized enterprises to support the purchase of new machinery, plants and equipment, hardware, software and digital technologies.

SACE Supportitalia

A SACE-guaranteed loan on the basis of Italian Legislative decree no. 50 of 17 May 2022 granted to companies based in Italy that suffered negative economic repercussions from the Russian military aggression of the Ukrainian Republic.

Fin Cultural

This is an unsecured or mortgage loan aimed to support loan access for companies operating on cultural and creative sectors. It is guaranteed by the European Investment Fund and the guarantee is issued within the folds of the Invest EU measures.

NRRP "Social" Calls: Funding to Promote inclusion and diversity in Italian Companies in the Context of the NRRP

BPER Banca has always been committed to promoting a social context in which everyone has the same opportunities and dignity; it therefore seized the opportunities arising from the National Recovery and Resilience Plan "NRRP" in order to promote social inclusion in Italian companies. As part of the "Next Generation EU" programme approved by Italy in 2021, the NRRP aims to pursue several missions, including social inclusion and cohesion. In this context, BPER Banca has focused on investments with a "social" footprint, thereby supporting female empowerment and the employment prospects of young people. One of the calls that BPER Banca is focusing on is the "Fondo Impresa Femminile" (Women's Enterprise Fund), which concerns investment projects in a variety of sectors to remodel the current support systems for female entrepreneurs and facilitate the implementation of new related projects. Another call selected is "Smart&Start" for the implementation of projects concerning technological innovation and the economic valorisation of the results of public and private research in start-ups (among others), as well as "Beyond New Zero-rate Enterprises" to support the creation and development of new enterprises with predominantly or totally young or female participants. In order to facilitate the companies benefiting from the targeted calls for tenders in the realisation of their projects, BPER Banca has prepared the Fin Business 4 Young & Women product, as well as Fin PMI Imprenditoria Femminile (Female Entrepreneurship) and Fin PMI Start Up Innovative e Incubatori Certificati (Innovative Start-Ups and Certified Incubators).

Social Financing Project

The Project Financing project with a social purpose refer to the health/hospital sector where BPER has acted alongside senior roles in the structuring operations with mainly institutional sponsors to support the growth and financial optimisation with a social purpose connected with the type of assets funded. Almost Euro 20 million were disbursed in 2023. The progress achieved in 2023 has consolidated a positioning that had already been achieved especially in 2022 in the health/hospital sector.

Customer insurance policies

The offer of insurance solutions by BPER Banca focuses on the consultancy aspect and, therefore, in collaboration with its partners Arca Vita/Arca Assicurazioni and UniSalute, it has developed an innovative application, Arca Meet You (AMY). This application, which is being constantly updated, is integrated in an issue system and enables the assessment of insurance needs and requirements in order to provide customers with tangible support in order to make choices that are consistent with the customer's profile.

TPL Vehicles and Boats

The placement of Auto Assicurazioni "Tutto Tondo" (All-inclusive) car insurance policies has continued throughout the year, even in the upgraded version that includes the Arca Motor Box device. This is a technological device that broadens the compulsory TPL coverage and the ancillary guarantees with additional innovative services, designed to provide clients with more protection and safety when at the wheel of their vehicle, such as 24/7 assistance, vehicle localisation in the event of theft, and much more.

The year 2023 also saw the placement of the Arca Assicurazioni TPL policy for boats, to enable customers, both natural persons and companies, to underwrite compulsory TPL insurance coverage pursuant to art. 123 of the Insurance Code, to insure:

- motor driven pleasure craft;
- gross tonnage vessels not exceeding twenty-five tons for private use of public transportation of people;
- removable engines (regardless of the craft they are applied to).

And lastly, as confirmation of its vocation to support families and business, both within the civil liability and non-marine segments, Arca Assicurazioni and Arca Vita, in coordination with BPER Banca, have approved many actions in support of insured parties residing in areas that had suffered catastrophic events, such as the postponement of the payment of Vehicle TPL and non-marine segment premiums, the suspension of the recovery of excesses and the possibility of self-certifying the family status.

P&C policies

2023 featured important events on the catalogue with a view to making the Bank's offer more aligned with its customer's evolving needs, especially where real estate protection policies are concerned. This has led to the introduction of a new range of product termed "Ama&Proteggi" (Love&Protect) by Arca Assicurazioni. In January the "Ama&Proteggi Benvenuto a casa" (Love&Protect Welcome Home) product first reached the market, a fire and explosion absolute first loss insurance for the protection of the home, which also includes guarantees against social, political and weather events, which covers many years and with premiums paid in a single instalment. Also, since the end of May the "Ama&Proteggi Casa a modo tuo" (Love&Protect Home as you like) policy is being marketed. This is a multi-guarantee policy that covers the home and TPL for the entire family. The main innovative elements of the product can be found in the presence of new coverages, including guarantees against Floods, and the high modular nature of the policy, that includes guarantee customisation packages to allow for the different lifestyles of green customers, carefree, with 4 legged friends and digitally connected.

Health policies

On 1 of January 2023 a new distribution agreement came into effect with UniSalute, a Unipol Group company and market leader in the health segment, that enables the Bank to considerably improve its offer to customers. Additionally, besides retaining the "ACuore" and "ACuore XL" policies on its catalogue, a major product development plan is now underway. During the course of the year, a new module of the ACuore policy has been launched, termed light, designed for customers with a lower expenditure capacity and the "UniSalute Studente" policies, for the under 30 target and "UniSalute Sorriso" policy, which covers expenses linked to dental and orthodontic medical treatments even in the event of accidents, and which can taken out directly online. The evolution will continue during the next year, for which new products are being devised with an increasing level of specialisation in terms of coverage that will also mean that they are better tailored to meet people's needs. This will include "UniSalute Argento", a product designed for the over 70's, and a "Pet" policy to protect domestic pets.

Protection policies

In 2023 saw the launch of two new Arca Vita products "Salva Sogni Per te" (Save Dreams For you) and "Salva sogni per chi ami" (Save Dreams for your loved ones", a temporary policy in the event of death (TCM) and a Long Term Care (LTC), which can only be taken out together, to protect against negative events that can make it difficult to service the debt and guaranteeing services in the event of early death or the loss of autonomy by the insured party. A few improvements have also been made to the existing rage, such, for example, the increase of the maximum expiry age and of the insurable capital on a few products, in order to make them even more attuned to the clientèle's needs.

BPER Bene Comune. A common goal, everyone's well-being.

BPER Bene Comune is a set of initiatives, financial and loan services devised for the Public Administration and Third Sector entities. During the course of 2023, the Bank has strengthened its positioning for these targets by creating an organisational unit capable of providing skills, services and specific relations for social entities and institutions. With its offer, BPER Bene Comune intends to support the not-for-profit and public sector in meeting the primary needs of the territory and of its citizens, by providing proximity services according to the principles of the Civil Economy and shared welfare.

To this end, BPER Bene Comune has established important relations with entities that have been working for some time to achieve these goals, such as, for example, the Third Sector Forum, by supporting the Cantieri ViceVersa project which acts as a facilitator of dialogue and interaction between the not-for-profit organisations and the financial-insurance world. An important development is also the constant exchange set in motion with CSVNet at a national level and with the Service Centres for local volunteers, as well as Diocese and the most significant networks of associations representatives.

BPER Bene Comune for the Third Sector

The main products and services mainly designed for the Third Sector are listed below:

- a wide range of current accounts specifically for different types of non-profit organisations and divided into two profiles, Small and Large, which differ according to the operations of each organisation in terms of monthly fee and number of transactions included;
- management of the daily operations of collections and payments through online banking channels;
- forms of subsidized and guaranteed loans, including advances on the 5x1000 and 8x1000 tax donations and public and private tenders;
- important partnerships to meet the need for protection of volunteer work, a key driver of civil society, via dedicated insurance policies;
- solutions for the management of termination indemnities through the supplementary pension fund;
- range of fundraising proposals;
- a specific proposition for volunteers, employees and members of non-profit organisations.

Accounts for the Third Sector:

- "Third Sector Current Account" for Third Sector Entities listed in the National Single Register of the Third Sector ("Registro Unico Nazionale del Terzo Settore - RUNTS")
- "Religious Body current account", dedicated to religious entities such as parishes, dioceses, CARITAS groups, confraternities, diocesan foundations, various worship associations, etc.;
- "Current account for Social enterprises", dedicated to non-profit organisations registered as companies, listed or not listed in the RUNTS Register, such as social cooperatives, social enterprises, mutual aid societies. This current account is also targeted at Benefit corporations and B-corps, in light of their commitment in social impact reporting;
- "Non-profit current account", dedicated to non-profit organisations other than companies and not registered with RUNTS (various associations, whether recognised or not, foundations, NGOs, sports associations, Pro Locos, trade unions, political parties, etc.).

Company Business BPER Card for the Third Sector

This is a specific credit card for the Third Sector that can be issued with a stamp exemption for those entitled to it.

Non-Profit Loan

This is short-term financing to support the liquidity and investment needs of non-profit organisations.

Advance on Funds for the Not-for-profit sector

In order to support the organisations in their public and private fundraising and management activities, advance credit lines have been created designed for entities that have a temporary need of cash while they are waiting to receive 5x1000 tax donations or funds awarded through public or private tenders they have yet to receive.

This is a fixed term credit line activated on a specific advance account, designed for not-for-profit concerns:

- beneficiaries of the 5x1000 donations according to the list published by the Tax Revenue Office;
- successful bidders for public tenders promoted by Ministries, Regions, Councils or other Entities that operate through agreements with the Public Administration;
- successful bidders of private tenders of banking Foundations or other philanthropic Entities and disbursing Foundations.

Loans in agreement with Cooperfidi Italia

Loans in agreement with Cooperfidi Italia allow Third Sector organisations to benefit from conditions reserved specifically for them and to make use of the guarantee issued by the Confidi to facilitate access to credit.

Fundraising solutions

To promote concrete actions by the third sector, a series of instruments and initiatives centred around fundraising have been prepared to enable the increase of funds collected for social projects, such as for example the charity bank transfer, fundraising campaigns promoted as a partnership, sponsorship of the Fundraising Festival and the event "più Fundraising, più Cultura" (more Fundraising, more Culture), crowdfunding and donations.

BPER Bene Comune and Public Administrations

BPER Bene Comune implements its actions for the benefit of the community by providing instruments and support for Public Administrations in the digitalisation of its processes and optimisation of its payment systems, thus achieving positive outcomes and impacts for citizens. A great deal of attention is paid to the public sector in terms of financial advances that enable the implementation of local social programmes.

4.7.2 Products and Services for Environmental Purposes

Products and services with environmental purposes (value disbursed in Euro millions)[33 34]

	31.12.2023	31.12.2022
Retail banking	3,274.6	1,396.3
Commercial and Corporate	548.4	475.5
Total	**3,823.0**	**1,871.8**

Compared to the previous year, there was a very high increase in the value of products and services with environmental purpose in both Retail Banking area (86% of the total disbursed) and Commercial and Corporate banking area. The ecobonus accounts for over 70% of the disbursed total.

The growth stems in particular from the creation of new products with a positive environmental impact and from the increase in the value of green loans disbursed for the Retail Banking area (especially Ecobonus and Green Mortgages), while in relation to the Commercial and Corporate banking area, there was an increase in the value of project finance disbursed and the new disbursement of pooled loans.

A description of the main products is provided below.

33 It should be noted that in 2019, the BPER Group identified a single definition for all Legal Entities of "ethical product with environmental purposes", which took into consideration the definition in the Guidelines of the GRI G4 Financial Services Sector Disclosures, defined by the Global Reporting Initiative in 2013. In 2023, ethical products for environmental purposes for the retail banking area and commercial and corporate banking area respectively accounted for 3.71% and 0.62% of the Group's total loans to its clientele.

34 The data refer to BPER Banca, Banco di Sardegna.

Environmental Project Finance

Project Financing with environmental purposes	**31.12.2023**	
	no. of transactions	**Disbursed value (in Euro millions)**
Photovoltaic	12	143.9
Hydroelectric	1	5.8
Infrastructures	8	117.9
Wind	2	11.8
Biomasses	3	12.4
Total	**26**	**291.7**

Project finance is part of the products with environmental purposes and refers to the financing of projects aimed at the realisation of systems for the production of energy from renewable sources (wind, photovoltaic, hydroelectric, biomass, etc.) or for infrastructural initiatives under concession (ports, hospitals, parking lots, various infrastructures, gas distribution systems, etc.).

The distinctive element of project finance is to allow the implementation of projects of typically collective interest by bearing a large part of the cost thanks to medium-long term financing formulas, based essentially on the assessment of the individual projects' ability to support themselves.

The BPER Group as of 31 December 2023 has an existing environmental project financing portfolio worth approx. Euro 679 million (mainly in photovoltaic, network infrastructure and circular economy) with an additional stock of structured green loan transactions worth Euro 304 million through Corporate & Investment Banking (CIB) mainly in the Real Estate and Large Corporate sectors. In particular, the real estate portion concerns greenfield or brownfield development operations with quality standards and energy and environmental sustainability goals. The Large Corporate component is made up of transactions classified as green owing to the type of underlying asset and it should be noted that BPER's interest in a refinancing system transaction of a Large Corporate company operating in traveller transport that issues a CNFS. The year 2023 confirms and consolidates the growth posted in 2022 regarding structured transactions for environmental purposes.

BPER LIFE4ENERGY

In 2016, BPER Banca was selected as a pilot bank for a Project Finance instrument - the Private Finance For Energy Efficiency (PF4EE) instrument - which the Bank was able to use on an exclusive basis until 31 December 2021 and which was extended to 31 December 2023. The agreement was signed at the end of a long MDD with BPER Banca and Banco di Sardegna, and envisaged the establishment of a portfolio of loans up to Euro 50 million dedicated to small, medium and large-sized companies.

Through the PF4EE instrument, the European Commission sought to provide incentives for investment in energy efficiency projects, facilitating access to sources of dedicated financing, thanks to information initiatives aimed at European financial institutions and to the increase in resources at the disposal of the system, in order to encourage investment.

As part of this project, BPER Banca envisages, for the companies involved, the disbursement of specialised consulting services on the main public facilities available within the region and support in conducting energy diagnoses and in the identification of possible solutions, thanks to the involvement of selected partners.

There are several areas eligible for funding:
- works on buildings (insulation, windows, heating/cooling, lighting, etc.);
- initiatives related to production facilities;
- district heating/cooling systems;
- public lighting infrastructure;
- high efficiency heat and electricity cogeneration plants.

For commercial purposes the project has been renamed BPER LIFE4ENERGY. In 2023, 22 projects have been financed thanks to this instrument, leading to an overall reduction of 2,998 tons of CO_2 emitted into the atmosphere.

Fin Helios Corporate banking

Financing dedicated to the installation of photovoltaic systems for electricity designated for self-consumption or sale and to the expenses sustained for the removal or disposal of "Eternit" and/or asbestos, in relation to the roof pitch on which the photovoltaic system will be installed.

Regional Funding Multipurpose Loan - Energy sector

Unsecured low-interest loan designated for companies of the Emilia-Romagna Region, with mixed funding, 70% from public resources (Por Fesr 2014-2020) and the remaining 30% from funds provided by the banks that have agreements in place with ARTIGIANCREDITO. The investments are aimed at promoting energy efficiency and developing the use of renewable energy in companies within the Emilia Romagna region.

Fin Energy

The BPER Banca loan dedicated to companies that want to invest in the installation of systems for the production of electricity from alternative sources, in particular biogas, biomass, wind, hydroelectric and co-trigeneration, biomethane with the exception of photovoltaic systems.
Fin Energy provides a loan that ranges from Euro 500,000 to 5 million, with the possibility of financing up to 80% of the cost sustained (excluding VAT).
The term of the loan goes from a minimum of 36 months to a maximum of 144 months for the unsecured mortgage and 180 for the secured mortgage.
Fin Energy may be requested by companies of any legal form in the following sectors: agriculture, industry, services, trade and tourism.

Fin PMI Crisis Green

This is unsecured loan with a direct guarantee from the Central Guarantee Fund for SMEs structured to support companies following Russia's aggression of Ukraine and aimed at supporting investments pursuing objectives related to energy efficiency or the diversification of energy production or consumption.

Confidi Systema! Green

This is a loan to support the activities and development of partner companies and facilitate their access to credit within the context of investment projects designed to support the ecological transition and Climate Change, in compliance with the European Community's environmental Goals. In particular, relating to energy efficiency and GHG and CO_2 emission reduction (Green characteristics) investment projects.

Immobiliare Green Corporate

This is the first loan for companies operating the Real Estate sector with characteristics that are aligned with the European Taxonomy.

These are loans for the purchase, construction and refurbishing of real estate for any intended use: residential, office, commercial or logistics with green characteristics (high energy performance and efficiency) or compliant with the alignment requirements of the EU Taxonomy (EU Regulation 2020/852).

The first real estate transaction fully aligned with the European Taxonomy was stipulated in November 2023 for Euro 20 million, to be used to build a residential complex located in Milan's historic centre.

In December 2023, the Group also stipulated a loan of Euro 9 million to be used for the recovery of an area located on the Senigallia seafront by building a residential and commercial complex designed according to innovative and sustainable techniques and involving the installation of energy efficient technological systems that will guarantee the best environmental performance.

Fin Sustainability

This is an unsecured or mortgage loan for SMEs and Small Mid Cap companies that qualify as "Sustainable Businesses" or that make "Green Investments" guaranteed by the European Investment Fund. The guarantee is issued as part of the Invest EU measures. This loan supports ecological transition, with the aim of promoting and encouraging sustainable and green investments.

Sabatini Green

The New Sabatini *ter* subsidy includes investments with a low environmental impact by micro, small and medium-sized companies that have been awarded the appropriate environmental product or process certification.

Fin Sabatini will therefore be able to finance "green investments" linked to the purchase, or procurement in the case of financial loan transactions, of brand new machinery, systems and equipment for production purposes, with a low environmental impact, within the context of programmes designed to improve the eco-sustainability of products and manufacturing processes.

SACE Green Loans

Financing disbursed following an agreement signed with SACE that envisages the possibility of financing green projects, for a minimum amount of Euro 50,000 up to a maximum amount of Euro 15 million (increased as of 1 January 2024 to 50 million) that meet the 6 environmental objectives defined by the European Taxonomy.

During 2023 the Group initiated 50 transactions for a disbursement total of Euro 105 million.

Green Loans and loans for environmental purposes

Green Loans are aimed at accelerating the transition of companies towards greater environmental sustainability of their business model, linking it to predefined objectives (for example, the reduction of CO_2 emissions).

In recent years, the Group participated in the pool financing with other Italian and international banks of the largest "green" loan ever granted in Italy and for the transport sector worldwide, aimed at the construction of trains that allow significant CO_2 reductions and whose production materials are 98% recyclable.

In 2023, the Group introduced specific environmental sustainability criteria for two real estate transactions: one worth Euro 18 million related to the refurbishing of one of the main hotel facilities on the Sorrento coast and the other worth Euro 15 million (on an overall loan pool of Euro 78 million) related to the construction of an office complex in Milan. Both will be built using innovative and sustainable techniques that will guarantee the best environmental performance.

SACE GREEN- Outside of convention

Medium-term financing in accordance with the European Taxonomy introduced by Italian Decree Law no. 76 of 16 July 2020 - Conversion Law no. 120 of 11 September 2020 - "Urgent measures for simplification and digital innovation" (so called Simplification Decree), converted into Italian Law 120 of 11 September 2020.

This loan is subject to expert due diligence by SACE which, based on the type of intervention and the environmental purpose to be pursued, determines the terms and conditions of the guarantee provided in favour of BPER.

This guarantee supports the energy transition and the pursuit of the environmental objectives of the Green New Deal.

In 2023 the Group took part in a loan pool worth Euro 560 million, with a share of Euro 140 million, to build the largest European system for the production of next generation photovoltaic units in Catania.

At the end of 2023, BPER also took part as mandate lead arranger, with a share of Euro 33 million, in a pool of Euro 360 million to provide new funding necessary to support a capex and acquisition plan of a leading national group in the management of the entire process of exploiting separate collection, from the recovery of exploitable waste, to the accurate monitoring of the rate of recycling at the time of the final sale of the product.

"FRI Green New Deal": facilitating the circular and ecological transition of Italian companies

BPER Banca is the "financing bank" of the Green New Deal Company Revolving Fund "FRI Green New Deal", the incentive which includes granting contributions aimed at achieving environmental sustainability and energy efficiency in Italian companies. With a budget of Euro 750 million, the measure was activated by the Ministry of Enterprise and Made in Italy and is aimed at transposing European legislation to address climate and environmental problems. The FRI Green New Deal specifically supports industrial research, experimental development and, for SMEs, the industrialisation of research and development results.

Green linked loans pricing tool

BPER Banca has a dedicated tool for calculating the company cost for financing to support sustainable investments (i.e., SACE Green Loan and Life 4 Energy). This tool calculates and gives evidence of the price reduction granted, given by the choice of pursuing a green initiative.

Sustainable financing associated with the "*green*" NRRP calls: supporting the energy transition of Italian companies

Thanks to the opportunities arising from the National Recovery and Resilience Plan "NRRP", BPER Banca has taken steps to support companies wishing to embark on an energy transition path through the provision of sustainable and customised financing solutions associated with the NRRP's "Green" calls. With a total budget of Euro 235.1 billion, the NRRP is part of the European Union programme known as Next Generation EU. It was approved by Italy in 2021 with the aim of reviving the economy after the Covid-19 pandemic with a view to, among other things, achieving the country's environmental sustainability. The "Green" calls that BPER Banca has focused on concern investments that contribute in a substantial way to the mitigation of climate change and are selected by BPER Banca based on the sector, as is the case for tourism, where the measures related to "Incentivi Finanziari Imprese Turistiche" (Financial subsidies for Tourism related companies" (IFIT) were selected with the aim of upgrading tourist facilities in various ways while also improving sustainability. The product "FIN Turismo 100%" is associated with these subsidies while the product "FRI Turismo" is affiliated with the and "Fondo Rotativo Imprese sezione Turismo" (Rotating Corporate Fund Tourism section). In the agri-food sector, to service the NRRP calls for tenders "Contratti di Filiera e di Distretto" (Industrial and District Contracts) and "Parco Agrisolare" (Agri-solar Park) the products "FRI Agrifiliera" and "FIN Agrivoltaico" have been created that involve specific actions to improve efficiency and the energy development of the sector.

FIN Agrivoltaico is a product for small and medium-sized companies. Thanks to a subsidy foreseen by the NRRP M2C1I2.2 Parco Agrisolare (Ministry of Agriculture, food sovereignty and forests), it is possible to get a loan to install photovoltaic systems to be placed on the roofs of buildings instrumental to agricultural, livestock and agro-industrial, with a peak power not below 6 kWp and no greater than 500 kWp.

Financing for the circular economy: support for production conversion for a better use of resources

BPER Banca is a “Circular Economy lending bank”, part of the incentive that promotes the conversion of production activities towards an economy model that maintains the value of products, materials and resources for as long as possible and minimises the production of waste. With a budget of Euro 217 million, the measure was activated by the Ministry of Economic Development and is managed by Invitalia. The Fund supports industrial research and experimental development aimed at the creation or improvement of products, processes or services.

"Circular Economy" is dedicated to all companies of any size that carry out industrial and agro-industrial services, provide services to industry and research centres, to public and private research Organisations as co-proponents in joint projects; about half is earmarked for projects carried out in the South.

In support of the transition to the circular economy, BPER Banca has also adhered to Italian Legislative Decree 76 of 16/7/2020 "Urgent measures for simplification and digital innovation" (known as the Simplifications Decree), converted into Law 120 of 11 September 2020, which introduced the possibility for SACE to issue guarantees to support financing related to “Green New Deal” projects, specifically aimed at:

- facilitating the transition to a clean and circular economy and integrating production cycles with low-emission technologies for the production of sustainable goods and services;
- accelerating the transition to sustainable and intelligent mobility, with particular reference to projects to promote the advent of automated multimodal mobility, capable of reducing pollution and the extent of pollutant emissions, even by developing intelligent traffic management systems made possible by digitalisation.

Residential loans

The Green Loan is reserved for customers who purchase eco-sustainable real estate units that are included in the A and B energy classes.

In line with the increasing national and European initiatives designed to promote energy saving and modernise real estate assets, with a view to rewarding the ecological choice made by the customer who purchases/builds/refurbishes energy efficient or recovered real estate properties, from 26 September to 22 December 2023 BPER also allocated a special ceiling of Euro 150 million for BPER and Euro 15 million for Banco di Sardegna, with a particularly advantageous pricing, for the subrogation/replacement of mortgage loans on residential buildings that fell within the A or B energy classes. At the beginning of 2024, a new promotion was launched restricted to the purchase of residential real estate with energy glass A, B or C. In 2023 over Euro 481 million were disbursed in residential loans with energy class A, B or C.

Personal loans

The Personal Green Loans are for those who want to install renewable energy systems, thermo-hydraulic systems or thermal insulation, or buy electric or hybrid cars, scooters and electric bikes or latest-generation appliances.

Its objective is to improve the energy efficiency of one’s home, making it more ecological and sustainable, or to acquire other eco-sustainable instruments. Customers who ask for a green loan have the possibility of accessing a green-customer-only grace period of up to 18 months for works covered by the tax relief foreseen by the Ecobonus/Superbonus provisions.

Disaster loans

During the course of 2023 the Institute has also updated and integrated its offer of Disaster Loans. These are loans designed to support the financial needs of customers (both consumers and non-consumers) who have suffered direct (material) damage as a result of a natural calamity.

In particular, BPER has devised the following initiatives:

- events with request presentation date still open:
  - flood in Tuscany in October and November 2023;
  - storm in Lombardy in August 2023;
  - fires in Calabria and Sicily in August 2023;
- events with presentation deadline on 30 September 2023:
  - bad weather damages in Emilia Romagna in May 2023;
- events with presentation deadline 31 March 2023:
  - bad weather damages in the Provinces of Messina, Crotone and Catanzaro in December 2022;
  - bad weather damages in Ischia on 26-27 November 2022;
  - bad weather damages in the Provinces of Agrigento, Caltanissetta, Catania, Enna, Messina, Palermo, Ragusa e Trapani on 25, 26, and 30 September, 9 and 13 October 2022;
  - adverse weather conditions Marche on 16-17 September 2022;
  - bad weather in Lombardy in September 2022;
  - bad weather in Emilia Romagna, Liguria, Tuscany and Veneto - August 2022;

Ecobonus

The 110% Superbonus (Ecobonus and Sismabonus) is a tax benefit provided for by the Relaunch Decree (Decree Law 34/2020, converted by Italian Law 77/2020) which allows a 110% deduction for expenses incurred within a certain period of time as part of specific interventions aimed at improving energy efficiency, reducing seismic risk, installing photovoltaic systems or infrastructure for recharging electric vehicles in buildings.

Compared to the previously active provisions, new ways of using the tax bonus have been introduced:

- transfer of the tax credit to banks and other financial intermediaries;
- "invoice discount" by the supplier of goods/services related to the subsidised interventions.

With specific reference to the "transfer of the tax credit to the banks" method, which envisages the possibility for banks to purchase the tax credit with immediate settlement of the tax bonus itself without recovery through the annual tax deduction envisaged by the regulations, BPER has activated a complete offer to support its customers not only by activating the "transfer of the tax credit" but also by making related and unrelated pre-financing and insurance products available.

With its partner PricewaterhouseCoopers Business Service s.r.l. (PwC), which it uses for its internal Due Diligence service, it has also agreed on favourable conditions relating to specialised technical and/or tax consultancy services for customers who do not have their own consultant and who make a specific request in this regard; it should be noted that BPER Banca does not sponsor this provision of services, identified solely as an additional opportunity for its customers, but presents it when the customer makes a specific request.

The financing methods available differ depending on the type of customer: private individuals can receive liquidity in advance, subject to a positive credit rating, by resorting to a specific advance line and whose repayment is made by assigning the tax credit generated by the renovation and redevelopment work.

Companies can instead recover the tax credit resulting from the "invoice discount" applied to their customers by using a specific "advance on contracts" line, always subject to a positive credit rating.

In 2023 it has also been considered sensible to continue the suspension of the PwC Platform (activated on 19 July 2022): the inhibition to upload new projects has effectively enabled the Institute to accurately monitor the BPER Group's Tax capacity thanks to a meticulous storeroom maintenance activity.

Steps have therefore been taken to purchase the Tax credits of procedures already loaded onto the platform before it was shut down, after a rigorous check of the requirements foreseen by the regulation both for the transferor of the credit as well as connected subjects.

With the introduction of the "sale of tax credits to Bank customers" product, the internal fiscal capacity has been further unburdened and this has made it possible to grant new loan ceilings linked to specific initiatives.

In parallel with the frequent regulatory changes, internal controls have always been adjusted with a view to the sound and prudent management of the projects submitted by customers; in particular, operating instructions and internal regulations were updated for the correct performance of activities by employees, and updated document checklists were made available to customers.

The BPER and Banco di Sardegna websites were consistently maintained, communicating developments in the Bank's activities and updating the product information sheets.

During 2023 a number of training sessions were held for network colleagues dealing with Ecobonus activities, as well as for colleagues in the Regional Divisions and specific General Management support structures, to convey the regulatory and operational updates that are needed to provide a better service to customers.

Also, in order to provide the network with the maximum support, a specialist figure (so called Ecobonus sole contact person) has been identified for each Regional Office who, in collaboration with the Tax Credit Service, has provided continuous assistance, updates and training to the branches.

Recycled PVC Payment Cards

In partnership with IDEMIA, a world leader in Augmented Identity, the BPER Banca Group has abandoned standard PVC and transformed its card stock into recycled PVC, thus confirming its strong commitment to a certified green policy oriented towards responsibility. The introduction of recycled plastic (rPVC) into the paper production chain has made it possible to replace standard PVC and thus play an active role in reducing pollution. In addition, the use of eco-friendly water-based inks with low amounts of VOC (Volatile Organic Compounds) reinforce the environmental qualities of this innovative paper. Together with the BPER Cards, the envelopes used to mail the cards and the accompanying letters have also become sustainable thanks to the use of recycled paper. The approach adopted by the Group, which issues credit, debit and prepaid cards through the product company Bibanca, envisages a gradual replacement of the entire catalogue of BPER Cards using a criterion of sustainability and waste reduction: in fact, their disposal will follow the ordinary depletion of stocks in standard PVC without the massive replacement of cards in stock, which would increase costs in terms of environmental impact. The transition process started in February 2021 and will continue until all cards provided to customers have been replaced. It should be noted that, in order to reduce paper waste, as of July 2023 the PINs of the customer's digital cards are not produced and delivered on paper, but are only made available via internet banking or via text message.

Farm Loans

As part of the agri-food system, agriculture is a strategic sector of the economy and beyond; in addition to being essential for food production, it has the delicate task of helping to preserve soil and biodiversity.

Confirming its calling as a bank with strong ties to the territory and its strong sensibility to the issues of respect for the environment, low-interest short/medium/- long-term farm loans were proposed again in 2023.

The commitment that this main sector demanded from the banking world was significant due to the emergence of natural disasters and plant diseases, and to the consequences of the Russian-Ukrainian crisis, that have seriously compromised the business results of many agricultural companies. In close collaboration with local and national authorities, the activation of ceilings and specific initiatives that met the need for working capital were arranged. The beneficiaries remain individual or associated farmers and agri-food companies.

BPER has stepped in to support the agricultural enterprises seriously affected by the floods that took place in the Spring of 2023 in Emilia-Romagna, with specific initiatives agreed with Trade Associations.

We support the ecological transition of the primary sector with green financing in the form of loans, also with public guarantees and non-refundable grants for energy efficiency works, for the installation of photovoltaic systems, and for the purchase of machinery, equipment, digital technology and software.

The National Recovery and Resilience Plan (NRRP) for agriculture includes measures concerning the circular economy and sustainable agriculture, supply chain and district contracts, and land and water protection. It will therefore be possible to benefit from incentives, for example, for the development of logistics, farm digitalisation and the innovation of agricultural machinery (agriculture 4.0), the installation of photovoltaic panels, the improvement of the agri-food supply chain, and the efficiency of irrigation systems.

BPER has a range of products and services designed for the agricultural and agri-food entrepreneur to find both ordinary and extraordinary activities such as, for example: agrarian management loan, agrarian advance loan on annual PAC (Common Agricultural Policy) contributions, agrarian mortgage for investments and wine and cheese advance with a revolving pledge. Leasing for agriculture is also proposed for purchasing capital goods, real estate and vehicles for operations.

4.7.3 Other products and Services with ESG Purposes[35]

Products and Services with ESG purposes (value disbursed in Euro millions)

	31.12.2023	31.12.2022
Commercial and Corporate	347.1	517.8
Total	**347.1**	**517.8**

The table summarises the transactions carried out with corporate counterparties through financing products not categorised as green but with ESG characteristics in 2022, i.e., meeting both environmental and social goals. Additionally, it contains additional structured finance transactions (not Project Finance). These are mainly pool transactions where BPER has taken on senior roles with Large Corporate counterparties. The transactions include specific KPIs as CO_2 emission reduction goals and in governance and gender equality areas. In 2023 interest in this kind of products for broad transactions to be structured in a pool for the benefit of Large Corporate customers has become well-established mainly with a view to achieving financing/refinancing optimisation. The success or failure in achieving these goals can result in a positive or negative impact on the margin applied.

Sustainability Linked Loans

The now Sustainability Linked Loan ("SLL") offered by the BPER Group will be launched in the first months of 2024 and aims to provide the market with tangible support for all types of loans that promote the debtor's achievement, of pre-established and objective sustainability goals.

The debtor's sustainability performance is measured using sustainable performance targets (SPTs) that identify improvements in the debtor's sustainability profile. With this kind of loan the Group intends to direct and encourage its customers to improve its sustainability performance and reduce environmental impacts.

Governance products: Lawfulness rating

The Group banks have adapted to Italian Ministerial Decree 57/2014 (Lawfulness Rating for companies), which indicates the obligations that credit institutes must respect and the special conditions that must be offered to companies possessing the lawfulness rating. Thanks to this regulatory provision, the law recognises and rewards responsible enterprises, which, by operating lawfully, demonstrate their long-term intention to operate in the market, rather than basing their operations on short-term speculation.

In 2023, the Group banks recorded 1,085 requests for financing by counterparties with a Lawfulness Rating for a overall total of Euro 847 million.

In particular, these counterparties, as a result of the acknowledged and certified positive Governance characteristics, have received special attention by the Group with regard to transactions connected to the participation in public calls for tender (both within the context of the ROP-ERDF and the NRRP).

The table below shows the disbursements to counterparties provided with a lawfulness rating, excluding social and environmental products loans, already accounted for previously.

Products and Services with Governance purposes (value disbursed in Euro millions)

	31.12.2023
Commercial and Corporate	558.7
Total	**558.7**

Credit Policies 2023

During the course of 2023 the BPER Group has activated major actions and plans with a view to guiding the integration of ESG factors within the credit macro-process, pursuing two main objectives: integrating the analyses of all the pertinent stages of the granting and monitoring process, overseeing the risks while supporting and steering the credit towards sustainable investment, as a way of supporting the Group's strategic goals.

The BPER Group's credit policies are developed in line with the Risk Appetite Framework, which has provided new third-level metrics since 2021 aimed at monitoring the physical and transition risk of the loan portfolio.

35 The data refer to BPER Banca, Banco di Sardegna.

During the course of the recent years, the ESG data has been updated on a regular basis and the relevant drivers have been identified for each individual counterparty, as a way of supporting the single-name assessment of climate and environmental risk factors while developing the indications related to credit issues according to a client-based approach.

In particular, the overall credit policy framework has been the object of a review that has led to the evolution of the previous sectoral/geographic indications, with ESG factors integrated in both the high level regulatory framework ("ESG Policy (Environmental, Social, Governance) related to loan allocation), issued in December 2022, and in terms of the operational model, with the development of a micro loan strategy at the counterparty level (i.e. single-name) by applying a specific notching mechanism.

To integrate the ESG factors into this mechanism a modular approach with growing intensity has been devised, in order to meet the Group's strategic objectives, adapt to market and regulatory developments and the type of data available, in order to integrate a multitude of ESG variables to identify the exposure to climate and environmental risks.

With reference to notching, the loan strategies adopted for the year 2024 will be primarily activated with reference to the Oil & Gas sector and especially for counterparties considered to be high risk (in line with the Risk Management framework and therefore with the third level KRIs introduced by the Group's credit risk governance Policy) on the basis of the following drivers:

- transition score risk (which includes counterparty GHG emissions related to turnover and the impact on economic and financial elements: turnover, capex, EBITDA);
- exclusion of the counterparty from benchmarks aligned with the Paris Agreement.

As far as the physical risk exposure indicator, any specific actions will be defined by also taking into consideration possible regulatory developments related to the presence of mandatory insurance coverages.

For 2024 the Bank has also plans to extend the framework to all the sectors[36] taken into consideration by the ESG Policy (Environmental, Social and Governance) regarding Loan Allocation, based on specialist sectoral level approaches and methods drawn up based on the recomposition objectives that take into account the ESG profile of the BPER Group's lending portfolio.

The indications of the above Policy were procedurally integrated, as early as the commercial analysis phase, with evidence in the application in use by corporate counterparty managers of specific "icons" representative of the sector, and a brief description of the applicable requirements.

The credit granting application was also supplemented with specific alert messages aimed at highlighting the applicability of the "ESG-linked Loan Origination Policy" to the counterpart's sector. A red alert has been issued with regard to "coal", and a management strategy consistent with the Group's disengagement from this sector. In summary, the overall evolution of the credit policy framework developed as part of the Business Plan reinforces the traditional approach of dual top-down and bottom-up analysis that has long been adopted by the Group.

For the purposes of the integration of the loan process with a specific focus on the customer, a clusterisation system of the type of borrower has been established using a modular approach with intensified investigations and of the level of in-depth analysis depending on the complexity/risk levels, subdividing them into families, POEs (Small Economic Operators) and companies, based on their relative obligations to produce non-financial statements.

The process integrations have been prioritised by setting out an in-depth approach for the counterparties for which detailed information is available (NFRD companies), in the presence of relevant exposures (approved at least at the Loan Committee level), which entails the analysis of accurate counterparty information including, if available, the Sustainability Report.

The physical and transition risk score of the counterparty has been assessed thanks to an external valuation platform developed by a leading infoprovider at system level whose questionnaire is integrated and functional in defining said score.

The process was then integrated with operational level valuations, in order to enable the application of product based strategies. The development of "green" products aligned with the EU Taxonomy enables the application of cross-cutting strategies that maximise the transition risk reduction effect and the increase of the Bank's GAR/BTAR (Green Asset Ratio and Banking Book Taxonomy Alignment Ratio) indicators. The proposal and identification of said products during the allocation phase enables the identification of the borrowers which, despite not being (or not yet) subject to sustainability reporting and/or devoid of accurate counterparty valuations, are applying investment strategies designed to mitigate the transition risk.

The collateral assessment and reassessment process has also been reinforced taking into account the potential effects resulting from the exposure to the physical and/or transition risk. To this end, indications have been forwarded to the providers that

36 Oil & Gas, Power Generation, Mining, Gambling, High emission manufacturing; with reference to the Carbon sector, the system envisages specific phasing-out rules as early as January 2023.

are designed to recommend the acquisition of detailed information, in addition to the collection of the Energy Performance Certificate (APE), on possible elements that might be exposed to physical risks that have come to light during inspections, the geographical and land registry identification of the real estate units and the specific floor in relation to the total number of floors of the building, the state of the building and whether it has recently undergone refurbishing, especially if functional to energy efficiency, and whether these elements have been taken into consideration in calculating the value of the asset and in order to select comparables, if this is the method used.

As for the acquisition of the Energy Performance Certificate (EPC) on collaterals, it has been integrated into the reference process whenever there is contact with the customer - at the time of filing the loan request, with the delivery of the report to the manager; when carrying out the survey, with delivery to the survey expert; when renewing the customer's exposure and the additional procedural integrations have also been included that are required in order to digitally acquire the document at any time.

At the same time, an OCR (Optical Character Recognition) engine was developed to acquire the EPC documents which enables the automatic detection of the data related to energy performance contained in the certificates analysed by the Group's IT systems.

In order to make all the acquired information available to the stakeholders to ensure an appropriate valuation of the collateral, the procedural integrations required to highlight, during the origination stage, the physical risk score and the energy classes of the real estate units have also been included in the application used by the network.

Lastly, even the first level reporting has been integrated with reference to the distribution of the RRE/CRE (Residential Real Estate, Commercial Real Estate) exposures by energy class, integrated with additional analysis elements (e.g. the Loan to Value bracket, LTV), both with reference to the stock and the YTD (Year To Date) flow.

BPER Data Platform

During the course of 2022, BPER Banca conducted and completed a "Taxonomy and Data" project that aimed to identify, recover and update the ESG informational assets required to perform the Group's main activities and develop a methodology and rules consistent with what is foreseen by the reference legislation.

The activities performed during the project have enabled the creation of the BPER Data Platform, as a uniform and centralised ESG databases managed according to a holistic and cross-cutting approach, available to all Group functions, and especially the activities handled by Risk Management the preparation of the Pillar III tables and the NFD (Non Financial Disclosure) documentation and activities linked to the granting and monitoring of Loans. In more detail, its construction guarantees:

- effective and efficient data protection;
- consistency of the information assets used for different purposes so far identified in the strategic and regulatory fields;
- the scalability required to cover new information needs.

The ESG database was populated with counterparty level information such as for example the ESG scores, the GHG emissions, data related to credit lines and date on properties used as collateral, including the energy performance certification (APE) and the information required to assess the physical risk. All the data collected is subjected to the safeguards of the Data Governance framework.

BPER Banca is constantly engaged in analysing and verifying possible information gaps in order to set in motion appropriate remediation actions and in 2024 additional ESG project will be activated designed to fine tune the data improvement process even further.

Customer engagement on ESG issues - "SME Project"

As part of the implementation and development programme for sustainable finance legislation, on 28 November 2022 the final go-ahead was given by the European Council to the Corporate Sustainability Reporting Directive (CSRD).

This directive, more or less directly, also concerns small and medium-sized enterprises and is part of an increasingly clear and incisive regulatory framework aimed at guiding the global economic system towards an orderly energy and ecological transition by leveraging, among other things, greater and uniform disclosure of ESG data for the purpose of the correct allocation of capital and the targeted calculation and management of risks arising from Climate Change.

To this end, in cooperation with the Cattolica University of Piacenza, through its Regional Offices and various local trade associations (e.g., Chambers of Commerce and/or Confindustria), BPER planned a national Roadshow aimed at informing and educating SME customers and prospects on the topic of sustainability and the related opportunities for reporting their ESG performance. This is in full awareness of the strategic and priority role that regulation demands of the banking system: a task of great responsibility for driving and stimulating the above-mentioned transition and raising corporate awareness of sustainability issues.

This project is structured so as to engage SMEs by outlining the opportunities that will open up for them by embarking on the path of sustainable development and properly reporting their ESG performance. After an initial assessment phase on companies (conducted by the Cattolica University of Piacenza through the administration of special questionnaires that will lead to a dedicated study), the project envisions twelve physical events throughout the country.

During these events, (even) the following topics are presented:

- analysis of the context and development of ESG regulations;
- importance of planning or implementing an ESG strategy in order to maintain or improve competitive features and access to loans and financial markets, etc.;
- territorial best practices in the ESG sphere;
- services and products offered by the Bank (green loans, SLL, Taxonomy aligned loans, etc.).

4.7.4 ESG Investments

The themes of sustainable development and responsible finance have become strategic in the choices of investors who are increasingly interested in green and sustainable products. Also following the introduction of regulations by the European Union, in 2023, the main players in the financial sector have further increased their offer and commitments related to sustainable finance.

Investments owned

The BPER Group has changed the way it manages its financial investments, attributing greater weight to factors that favour sustainable growth attentive to society and the environment by adopting, since December 2022, a specific "Environmental, Social and Governance (ESG) Investment Policy for the Management of the Group's proprietary portfolio". This will increase the resources allocated to companies with the best environmental, social and governance practices. For further details please see the BPER institutional website BPER > Sustainability > Policies and Code of Ethics. The decision is driven by the objective of enhancing corporate social responsibility and improving financial and reputational risk management. Many national central banks have taken steps to incorporate ESG criteria into the parameters used to manage their investments in various ways, including: adoption of the United Nations Principles of Corporate Sustainability (UN Global Compact), investment in "green bonds" or securities issued by Development Banks, use of external managers who are signatories to the UN Principles for Responsible Investment (UN PRI).

The BPER Group fully falls within this context, committed to contributing to sustainable economic development by giving preference, in its investment choices and in general in the management of its financial portfolio, to companies that adopt virtuous practices centred on the use of environmentally-friendly production methods, on the guarantee of inclusive working conditions that respect human rights, and on the adoption of the best standards of corporate governance. Inappropriate business conduct can generate costs and risks not only for individual companies, but for the economic system as a whole, and reflect negatively, sometimes even in the short term, on financial stability and economic growth. Conversely, as confirmed by a large body of literature and empirical studies, ESG-aware companies are generally less exposed to operational, legal and reputational risks, and are more oriented towards innovation and efficient resource allocation; they are therefore rated as more attractive by investors and benefit from a lower cost of capital.

As at 31 December 2023, the Group held a total financial portfolio of Euro 28 billion[37] (Euro 27,998.7 million), partly characterised by ESG criteria, according to the values and percentages shown in the table.

Portfolio with ESG Score

	31.12.2023	
	Total (Euro mlns)	%
Green Bonds	1,081.43	3.9
Sustainability Bonds	501.94	1.8
Social Bonds	609.87	2.2
Bonds w/sustainability-linked coupon	91.61	0.3
Equity with ESG Score	51.22	0.2
Etica Equity Fund	7.08	0.02
Total	**2,343.15**	**8.4**

37 The financial portfolio as at 31 December 2023 at Group level does not include derivative instruments.

Specifically, the "Portfolio with ESG Score" (+15% compared to 2022) includes Social Bonds, Green Bonds, Sustainability Bonds, "Sustainability Linked" Bonds, Etica Sgr's Equity Funds and ESG-weighted equity investments. BPER and the Legal Entities rely on external data providers with the aim of identifying an ESG rating for each investment and being able to have a specific analysis for environmental, social and governance issues (for example, ESG scores of the main information providers).

Fondo Sì

BPER Banca has joined Fondo Sì Social Impact promoted and managed by Sefea Impact s.p.a., asset management company based in Padua.

The Fund invests in SMEs which, as part of their business activities, are able to generate social, environmental and cultural impacts.

The Bank joined the initiative by committing an investment of Euro 2 million.

Investcorp-tages impact fund

BPER Banca has joined the Investcorp-Tages Impact Fund launched by Investcorp-Tages Limited, the 50/50 joint venture established in May 2020 between Investcorp and Tages Group.

It is a Fund of private equity funds that invests in European managers providing capital to companies with a focus on creating social impact in line with the United Nations Sustainable Development Goals ("UN SDGs"). The Bank joined the initiative by subscribing Euro 5 million.

Social Bond

On 25 March 2021, BPER Banca successfully completed the placement of the first issue of Social Bonds (Senior Preferred) intended for institutional investors for an amount of Euro 500 million and a maturity of six years.

The issue generated strong market interest with demand that exceeded Euro 1.25 billion from more than 110 institutional investors. This reduced the spread from the initial level of +200 bps above the 5-year Mid Swap to the final level of +175 bps.

Issued as part of an Environmental, Social and Sustainability Bond Framework (the "Framework") and based on the Euro 6 billion EMTN program, the bond financed a selected portfolio of SMEs to which disbursements covered by the public guarantee established in the Liquidity Decree to deal with the Covid-19 emergency have been granted.

Outlining the framework for assessing the impact of the Bank's sustainability and ethical practices, the Framework has been integrated into the company strategy with the aim of achieving a complete alignment of stakeholders' interests and defining the scope and methods of intervention on the ESG Bond market. It should also be noted that BPER Banca has obtained a certification for its Framework, provided by Institutional Shareholder Services companies group (ISS), as an independent entity with competence in environmental, social and sustainability matters: Second Party Opinion (“SPO”).

BPER Banca publishes an annual report on the allocation of the proceeds of the Social Bond issue ("Annual Review"), certified by a third-party provider.

The Framework, the SPO and the Annual Review with relative certification are available on the Bank's institutional website at BPER > Investor Relations > Bonds and Certificates > Green, Social and Sustainability Bond.

Banca Carige ESG securitization

In June 2021, as the first in Italy and among the first in Europe, Banca Carige completed the structuring and issue of a securitisation of a high-standing loans portfolio, such as to fall within the ESG definitions, as certified by the third-party verifier ISS.

In particular, a loans portfolio was sold for a gross book value of approximately Euro 383 million, with a counterpart issue of two different classes of securities amounting to, respectively, Euro 320 million of a senior tranche, corresponding to approximately 83% of the gross book value (which was assigned investment grade ratings A3 by Moody's and A by Standard & Poor's), and Euro 62.7 million of a junior tranche.

The senior and junior securities have coupons of 0.40% and 3.0%, respectively, and have been initially subscribed and retained by the originators Banca Carige and Banca del Monte Lucca.

The Bank also used ISS Corporate Solution as a third party verifier to obtain the SPO (Second party opinion) certifying the alignment with the Icma ESG Social principles of the framework and the issuer, and PCS (Prime Collateralised Securities EU) to obtain the STS (Simple, Transparent and Standardised) certification.

The Framework and related SPO are available on the Bank's institutional website at BPER > Investor Relations > Bonds and Certificates > Green, Social and Sustainability Bond.

Green Bonds

BPER Banca has successfully completed the placement of the first Senior Preferred bond qualified as "green", in compliance with the Group's GSS Bond Framework (Green, Social and Sustainability Bond Framework), designed for institutional investors.

The amount placed equals Euro 500 million, with a 6 year expiry and the possibility of an early call after 5 years.

Confirming the strong interest in BPER Banca, orders in excess of Euro 3.4 billion were raised for the issuance.

The well diversified demand has enable the initial level to reduced, equal to 200 base points, above the mid-swap by 5 years, up to 160 base points. As a result, the annual coupon has been set at 4.250%, with an emission/re-offer price of 99.753%.

The geographic distribution sees the presence of foreign investors - including United Kingdom with 20%, Germany, Austria and Switzerland with 13% and France with 9% - and Italians with 42%.

The final allocation was primarily in favour of investment funds (51%) and private banking (30%).

The issue, the profits of which are earmarked to finance and/or refinance the Eligible Green Assets, is integrated within the BPER ESG strategy and provides tangible evidence of the fulfilment of environmental sustainability objectives.

The Offer of ESG Investments to the clientele

During 2023 the integration of sustainability criteria within the customer consultancy service provision processes continued, to manage customer sustainability preferences. The Group has updated its own ESG product classification model. For financial instruments and services pertaining to the SFDR (Sustainable Finance Disclosure Regulation) regime the Group, in addition to the ESG score, also takes into consideration the "manufacturers" statement regarding the satisfaction of the sustainability preferences expressed by customers. Regarding the certificates issued and/or placed, the Group has set out - even based on sector trade association guidelines - an internal methodology that refers to the sustainability characteristics of the issuer and the underlying assets. The Group takes into consideration the main negative effects on sustainability factors (Principal Adverse Impact or henceforth also "PAI") of its investment decisions taken as a participant in financial markets, within the context of its portfolio management service, and as a financial consultant within the context of its provision of consultancy services. In this context the following PAI indicators have been identified as being preeminent;

- PAI 2 - Carbon footprint;
- PAI 3 - GHG intensity (Corporate);
- PAI 5 - Share of non-renewable energy consumption and production;
- PAI 10 - Violations of the principles of the United Nations' Global Compact and OECD (Organisation for Economic Cooperation and Development) Guidelines for multinational corporations;
- PAI 15 - GHG Intensity (Sovereign Issuers and International Organisations).

On 30 June, the Group as a market participant published its first statement on the main negative effects of investment decisions on sustainability factors and began regular monitoring of these indicators. Since October, the Group has integrated its ESG reporting for clients with additional sustainability information. For each financial instrument - merely for information purposes - any "eco-sustainability", sustainability and PAI characteristics are indicated. The compulsory annual MiFID II" training plan now includes three courses specifically dedicated to sustainability. The plan is designed for everyone who might provide investment consultancy services. The Group has continued to expand its offer of savings management with selected financial instruments that promote environmental, social and governance characteristics or that target sustainable investments. At the end of December 2023, the Group offered its clientele 983 sustainable funds (906 classified as article 8 SFDR and 77 article 9) of which 174 underlying the multi-class and unit-linked insurance policies undergoing placement. The sustainable AuM amount to Euro 17.3 billion with an increase of 10.5% compared to the previous year (Euro 15.7 billion) and equal to 35% of total managed assets. Also, during the course of 2023, three ESG certificates were placed with a counter value at the end of December amounting to Euro 361 million.

Arca Fondi SGR

Arca Fondi SGR has adhered to the United Nations Principles for Responsible Investment (UN PRI) since 2019. All the portfolios managed by the SGR integrate ESG risk factors into the investment processes through the use of a proprietary rating model which, based on data from the info provider MSCI, allows an ESG rating to be assigned to almost all of the financial instruments being invested in. In addition to the ESG aggregate, ratings are also available for the three "pillars" E (Environmental), S (Social) and G (Governance). The ratings in the model pass from CCC and AAA with a scale that assumes the same granularity as for credit ratings (e.g., the A rating is divided into A-, A and A+). The rating model used by Arca Fondi allows the sustainability characteristics of individual financial instruments and aggregated funds to be monitored on a daily basis.

During 2023 an internal climate and environmental risk estimate model has been developed associated to the managed portfolios, which enables the quantification of the potential impact of a worsening climate crisis. Studies have also been carried out to analyse the impact of hydrological events on customer's investment decisions.

Arca Fondi also has a product range dedicated to the topic of sustainability, called Sistema ESG Leaders, to which only UCITS (undertakings for collective investment in transferable securities) classified as Art. 8 or Art. 9 pursuant to European Regulation 2088/2019 (SFDR) belong.

The funds in the ESG Leaders range are characterised by their rigorous approach and high sustainability profiles. The proposed investment solutions include the Arca Oxygen Plus Funds, which invest in financial instruments of issuers committed to reducing greenhouse gas emissions in line with the objectives of the Paris Agreement, and the Arca Blue Leaders Fund, a UCI that invests in companies that make sustainable and efficient use of water and marine resources and the Arca Social Leaders Fund, the innovative product that selects the issuer's securities with the best revenue prospects and that pay the most attention to Social issues.

During 2023 the Arca Green Bond Fund was also launched which invests in green bonds, classified as Art. 9 pursuant to the SFDR. The placement of the ESG Leaders range funds are associated with local environmental and social initiatives.

In particular, the reforestation activities have been continued in collaboration with AzzeroCO2 and Lega Ambiente as well as the beach and river and lake bank cleaning campaign, carried out in collaboration with MareVivo.

Arca supports charities such as VIDAS (assistance for the terminally ill), Il Porto dei Piccoli (support for children forced to spend long periods in hospital) and the Laureus Foundation (promotion of sports activities for disadvantaged children) and funds scholarships for deserving students.

For information on the SGR's sustainability policies: https://www.arcafondi.it/s/sostenibilità.

ESG Assets

	31.12.2023				
	no. UCITS	AUM UCITS (Euro)	no. Pension Funds	AUM Pension Funds (Euro)	Total AUM (Euro)
Products pursuant to Art. 8	20	2,923,479,264	3	3,494,312,639	6,417,791,903
Products pursuant to Art. 9	8	1,901,446,714	-	-	1,901,446,714
Total	**28**	**4,824,925,977**	**3**	**3,494,312,639**	**8,319,238,617**

Below are some specifics on the above categories:

- Arca Oxygen Plus 30: AUM Euro 79,267,816;
- Arca Oxygen Plus 50: AUM Euro 330,528,384;
- Arca Oxygen Plus 60: AUM Euro 41,929,650;
- America Climate Impact shares: AUM Euro 550,397,064;
- Europa Climate Impact Shares: AUM Euro 673,758,905;
- Arca Blue Leaders: AUM Euro 39,502,788;
- Arca Green Bond: AUM Euro 27,262,324;
- Arca Green Leaders: AUM Euro 158,772,782.

At the end of December 2023, the assets of the products classified under Art. 8 and Art. 9 pursuant to Regulation (EU) 2019/2088 (Euro 8.3 billion) amounted to approximately 21% of the assets managed by Arca.

Banca Etica and Etica Sgr

BPER Banca is a shareholder of Banca Etica and, with a 10% stake, of Etica Sgr, and is the top placement agent of Etica Sgr funds in the country. Banca Etica is currently the only Italian group entirely dedicated to ethical finance.

Banca Etica

Banca Etica operates countrywide: originally created to offer financial services to third-sector companies, today it serves different types of social enterprises as well as families and private citizens. Banca Etica collects the savings of responsible organisations and citizens and uses them entirely to finance projects aimed at collective well-being.

Banca Etica, which in 2024 will be celebrating its 25th year of operation, has 47,000 shareholders and Euro 92 million in share capital, a savings collection of Euro 2.5 billion and financing for over 1.2 billion in favour of initiatives of organisations, families and businesses in the fields of social cooperation and innovation, international cooperation, culture and quality of life, environmental protection, responsible tourism, organic farming, right housing and legality. In the Impact Report, Banca Etica measures the social and environmental improvements achieved thanks to the loans granted.

For more information: bancaetica.it.

Etica Sgr

Etica Sgr is a 100% Italian company specialising in ethical mutual funds. Ever since its inception in 2000, offering ethical and sustainable funds for Etica Sgr means contributing to the development of a more sustainable and inclusive economic and financial system, that cares for nature and human rights. Etica Sgr's investment solutions have always been based on its proprietary stock selection methodology (ESG EticApproach®), which selects the companies and countries that pay the most attention to sustainability and collective well-being according to environmental, social and governance parameters (ESG analysis). Alongside this activity Etica Sgr also engages in stewardship activities, that involves conversations between Etica Sgr and the companies, votes in the shareholders' meetings and advocacy activities performed with governments, regulators and standard setters to spur the companies towards pursuing sustainable behaviour.

Choosing to invest in ethical funds also means considering the environmental and social impact of the investment. The impact Report is the annual document with which Etica Sgr measures the impact results from a sustainability point of view on specific long-term issues, using indicators related to the United Nations Sustainable Development Goals set out in the 2030 Agenda. For further information: eticasgr.com/ci-presentiamo

5. PEOPLE

5.1 Our Resources

The BPER Group puts people at the heart of its business project. During the changes that have affected the Group's organisation in recent years, constant attention has continued to be paid to Human Resources, especially with projects that enhance and develop professional and personal skills. In fact, the various merger and acquisition operations offer an important and vital opportunity to combine professionalism and experience: the Group therefore works to enhance this diversity, to strengthen its effect both in terms of engaging the people involved and in terms of performance effectiveness.

The year 2023 has been a particularly significant year for the BPER Group, seeing as over 3 thousand new colleagues acquired from the 2022 acquisitions have been now been established within its folds. Additionally, the year has witnessed significant evolutions and changes within the Group, in which its resources played a major role in the transformation process, with a range of important projects.

In 2023 the HR Management, faced with the Group's size increase and the Bank's growing national ambition, constantly focused on satisfying customer needs, decided to strengthen to business support feature of its key figure, the Personnel Manager, starting with a change of name, which from "HR Manager" has now become "HR Business Partner", to underline the increasing proximity of HR to the "internal customer", providing support for all the functions, and a greater participation in company life, in order contribute with greater efficiency to the achievement of the corporate goals. Besides the consolidation activity related to the recent merger with Carige, the project sites dedicated to further extraordinary transactions related to the new Wealth Management hub of Banca Cesare Ponti and the transfer of the business unite related to non-performing loans and so called "UTP" (Unlikely To Pay). The gradual internal reorganisation process is never-ending, one need only mention the entire CFO area and most of the Information Technology Area, culminating with the "BCustomer" project that involves a total review of the entire Business Area in all its Central, Semi-central and Network components (over 13,000 resources involved and almost 600 appointments to responsible roles), all in compliance with the Sources/Loans project which, even in 2023, called for the continuation of the rationalisation of all bank windows as foreseen by the Business Plan.

As confirmation of the ongoing and productive dialogue between the company and its employees, during the course of 2023 11,000 management interviews were held, which if summed up with the 15,000 of the previous two years, total 26,000 interviews over the course of the last three years.

The Group promotes the continuous search for the best trade-off between contractual, technical, professional and personal aspects that are inherent in the relationship between the company and its employees. The Group's management style is deeply inspired by the wish to preserve the dignity and the psychological and physical safety of individuals, and to promote their fulfilment within the company (as defined in the Group Guidelines for the Management of Human Resources).

Employees by Employment Contract, Gender and Contract Type

	31.12.2023			31.12.2022		
	M	F	Total	M	F	Total
Total Employees	**10,693**	**9,558**	**20,251**	**11,269**	**9,819**	**21,088**
of which permanent contract	10,569	9,406	19,975	11,167	9,682	20,849
of which temporary contract	3	1	4	3	9	12
of which Apprenticeship	121	151	272	99	128	227
of which full-time	10,572	7,288	17,860	11,139	7,463	18,602
of which part-time	121	2,270	2,391	130	2,356	2,486
Total Non-Permanent Employees	**213**	**298**	**511**	**367**	**483**	**850**
of which Contracted workers	196	287	483	353	479	832
of which Self-employed	10	3	13	8	2	10
of which Internships	7	8	15	6	2	8
Total Workforce	**10,906**	**9,856**	**20,762**	**11,636**	**10,302**	**21,938**

In 2023, the BPER Group counted on a workforce of almost 21,000 people, 99% of which employed under permanent contracts and approx. 12% with part-time contracts. The Group is constantly evolving and this dynamic, apart from being organisational, is managerial as well: the attention to the adequacy of personnel, necessary for proper management of the costs they generate, is also reflected in the use of contractual forms that ensure agile and flexible responses.

The recruitment of external resources was strongly focused on the need for specialised skills, while replacements for temporarily absent personnel were limited. According to the nature of the position to be covered and the related type of hiring, the following contractual options offered by current legislation were used:

- permanent contracts for hiring candidates with specialist skills;
- apprenticeship contracts were used for junior members of staff;
- in the remaining cases (temporary substitutions), temporary contracts were used, mainly temporary staff and, marginally, fixed-term contracts.

New hirings and terminations by Gender and Age Group[38]

Category	31.12.2023				31.12.2022			
	New hires		Terminations		New hires		Terminations	
	no.	%	no.	%	no.	%	no.	%
Total employees	**657**	**3**	**1,470**	**7**	**822**	**4**	**1,138**	**5**
of which Men	322	3	875	8	418	4	702	6
of which Women	335	4	595	6	404	4	436	4
of which <30	207	27	31	4	393	49	26	3
of which 30-50	335	3	277	3	403	3	181	2
of which >50	115	1	1,162	14	26	0	931	11

In 2023, 657 new employees joined the BPER Group, 51% of which female and 49% male. 32% of those newly hired are in the younger age groups (<30 years). Among newly hired personnel, almost 70% are university graduates, 4% entered with a "manager" qualification, and 21% with an "executive" qualification.

The incoming turnover rate was 3.2%, while the outgoing turnover rate was 7.3%.

Voluntary Turnover Rate

	31.12.2023	31.12.2022
Number of resignations	110	226
Total number of employees	20,251	21,088
Rate (%)	**0.54**	**1.07**

In 2023 the voluntary turnover rate, meaning the ratio between the number of resignations and the total number of employees was 0.54%.

5.2 Enhancing Diversity

The BPER Group recognises the value of diversity as a key resource for innovation, productivity and growth of the organisation and the country. In order to generate the necessary cultural change and foster an inclusive environment that does not discriminate on the basis of gender, age, different abilities, health, ethnicity, sexual orientation and identity or political ideologies, the Group has long promoted initiatives aimed at respecting the values of fairness and objectivity and is committed to protecting the maximum expression of the individual's potential as a distinctive feature.

The BPER Group has formalised the path undertaken for some time now by adopting a "Policy on diversity, equity and inclusion in the Corporate Bodies and in the company population of the BPER Banca Group" that integrates the guidelines on diversity to promote gender equality and equal opportunities within its organisation, including the Corporate Bodies, the Legal Entities and all company personnel.

During the course of 2023 it significantly reinforced its commitment by implementing a "Three-year Operational Plan to enhance gender equality", approved by the BoD in the month of April. This ambitious and concrete plan is developed across four areas of operations, within which initiatives and specific actions are foreseen that set a strategic path to obtain the gender objectives outlined in the 2022-2025 Business Plan.

38 Intra-group hirings and terminations during the year are not included. The 2023 data taken into account the hirings and terminations of the BPER Credit Management s.c.p.a. and Optima s.p.a. related to the pre-merger period. The 2022 figures take into account the hiring and termination of Banca Carige and Banca del Monte di Lucca in the pre-merger period. The percentages reported within the table are the result of the ratio with total number employees subdivided by geographical area, gender and age group as at 31 December. Outgoings in 2023 do not include the 24 employees of Numera s.p.a., a company that is no longer within the Group's consolidation perimeter.

The first area concerns the development and retention of the current managers: the emphasis is placed on inclusive leadership with empowerment paths where workshops, coaching and mentoring play a key role.

A second area focuses instead on the "managers of the future", with accelerated growth paths to create a pool of potential resources capable of feeding the pipeline of the future managers. The focus for the third area of the plan is instead to guarantee the "inclusion by design" of the HR processes. Lastly, but no less relevant, is the dissemination of the inclusion culture by means of a change management plan that might facilitate a cultural evolution on the issues of diversity, fairness and inclusion and lead to a positive reinforcement of virtuous behaviour. To oversee the initiatives envisaged in the Gender Plan, a cross-functional control room and governance mechanisms for reporting on results have been set up involving internal board committees and the Board of Directors.

New initiatives were also introduced in 2023 that corroborate the BPER Group's constant commitment to promote a fair and inclusive working environment, among which it's worth noting " "BPERabilità - Welcome disability", a new initiative for differently able people (for deaf, visually impaired and blind people).

The main activities undertaken in 2023 with regard to the enhancement of diversity are shown below (also reference should be made to paragraph "5.4.1 Training" for further in-depth discussions of issues linked to development paths).

Development Paths

The new development paths include:

- "Switch on your Sparkle": an inclusive talent management programme to develop people's qualities and talents and accelerate the growth of high potentials;
- "Women On Line Academy - Women in charge": an empowerment path focusing on strategic skills, female leadership, individual coaching, training and listening.

The objective of supporting and accelerating the managerial development of women also continues to be pursued. For this reason, the target group of candidates was defined based on criteria differentiated according to the male and female population in order to achieve a numerical gender balance.

The year 2023 saw the third edition of Exempla, a development pathway dedicated to the professional growth of people working in a managerial or professional position. The programme is aimed at evolving managerial skills in companies and promoting the skills needed to improve employability through advanced training and development programmes.

Coaching

In 2023 a "Diversity Coaching" pathway was implemented. This is an innovative digital coaching solution to support the development of managerial capacities, with a focus on D&I issues.

Training

The D&I training offer is aimed at the entire company population and aims to improve employee self-awareness and involvement, helping them manage situations that could generate stress, negative impacts on individual well-being and work performance.

The main courses for 2023 include:

- CEB – Cultivating Emotional Balance;
- working together: respect as the basis for inclusion;
- unconscious bias: developing an inclusive approach in everyday life;
- the language of the corporate culture: how words shape the company's identity and values;
- inclusive leadership;
- diversity management: gender and the impact on leadership;
- empowering gender leadership: the responsibility to impact and create culture;
- discovering the potential of women;
- back to work: I became a mum, I became a dad;
- professional role and parental role: managing the life-line;
- parents in the storm: how to learn from our teenage children;
- performance management.

The enhancement of the diversities of each person and the attention to a greater inclusion of female personnel in development paths remain specific performance objectives for Department Managers through the integration of precise indications in the individual performance management process (or Performance Management").

Remuneration policies

The Group is committed to ensure equal professional opportunities and remuneration, through the use of neutral, objective and inclusive criteria for the assessment of performance, based on the recognition of skills, experience, performance and professional qualities. Market analyses and comparisons are constantly carried out in order to verify and guarantee equal pay in line with the role performed, the complexity managed and personal merit.

By monitoring remuneration-related data (even through constant comparisons with the market) and intervening in processes, particularly the annual salary review process, the Group - taking into account the specific nature of each Legal Entity - monitors and redirects any actions that are inconsistent with company policies. As of 2022, the Group has equipped itself with a granular analysis model for role-related remuneration data with the support of the WTW external consultant. Gender pay gap monitoring (so called "Gender Pay Gap" or GPG) is periodically monitored by the Board of Directors, with the support of the Remuneration Committee, which also assesses any corrective actions.

The pay gap analysis for the same role or role of equal value, carried out in line with the EBA Guidelines, confirms the effective gender neutrality of the remuneration policy and the contribution to the improvement of the GPG resulting from the salary review processes.

The differences observed with reference to the overall Gender Pay Gap, given the neutrality of the remuneration Policies, mainly derive from the different gender composition observed in certain areas of activity or types of role, as well as from individual career paths (often external to the Group). The disclosure of this analysis is provided in the "2023 Report on Remuneration Policy and Compensation Paid", which should be used as reference.
The women/men remuneration ratio calculated on the base wage and on total remuneration, calculated according to GRI criteria.

Ratio of remuneration of women/men[39]

	31.12.2023	31.12.2022
Managers		
Base salary	0.72	0.73
Total remuneration	0.66	0.67
Middle Managers		
Base salary	0.91	0.91
Total remuneration	0.90	0.90
Professional personnel		
Base salary	0.99	0.99
Total remuneration	0.98	0.98

In line with the previous year, in 2023 the total ratio between the between the women/men base wage was 0.85. While the total ratio women/men for total remuneration was equal to 0.83.

Welfare Policies

The BPER Group has always offered a wide range of corporate welfare services and tools to support the need to reconcile life and work, situations of individual fragility, health and well-being.

In particular, the following are applied:
- flexible forms of working hour management, as well as different formulations of working hour reduction;
- smart working;
- collective welfare, health and insurance plans;
- "Solidarity Time Bank."

For more information, please see the next section "5.5.1 Welfare Plan".

39 The "base salary" is equivalent to the annual gross income (including agreements) and the "Total remuneration" is equivalent to the taxable amount; this figure refers to what is actually paid (cash basis) to personnel for the year. It is therefore not possible to carry out a direct comparison with the results of the Gender Pay Gap monitoring shown in the Reports on Remuneration Policies which is based on the specific sector regulations and the best market practices.

Internal and External Communication and Engagement in Society

The Bank, in line with its constant commitment, engages in the promotion and enhancement of diversity, through its internal communication channels and its interactions with the company, be embracing an inclusive perspective that respects differences.

By way of example, even in 2023:

- it reiterated membership of Parks - Liberi e Uguali, the non-profit association that helps companies promote the values of inclusion and diversity among their employees, especially with regard to sexual orientation and gender identity (LGBT+);
- continues to be a part, as an ordinary member, of "Valore D", the first association of large corporations in Italy created to support female leadership in business;
- it has subscribed to the "Women in Bank Card: enhancing gender diversity", by ABI (Italian Banking Association) and is a member of the inter-bank work group;
- it has underwritten the Memorandum of Understanding between the Department for Equal Opportunities of the Presidency of the Council of Ministers and ABI "for the prevention and fight against violence against women and domestic violence";
- it has confirmed its subscription to the Memorandum of Understanding on the suspension of payment of the equity share of mortgage loans and consumer loans, with the resulting extension of the amortisation plan, for a period not exceeding 18 months, for women included in certified protection paths who find themselves in conditions of economic hardship;
- it has contributed to the sponsorship of 4W4I, a 4 week marathon dedicated to diversity and inclusion;
- it has subscribed to the European Platform of Diversity Charters meeting, organised by the Sodalitas Foundation of the European Commission, bringing a direct testimony of its commitment in the "D&I in the workplace: Italian companies good practices" report.

In depth assessment of non-discrimination

The issue, besides being addressed in the Code of Ethics and the Diversity Policy, is also present in the Internal Self-Regulation Code of the BPER Group which under paragraph 3.2.1.1 contains the following passage "every form of discrimination is forbidden; in fact, activities should be implemented to promote inclusion and the enhancement of diversity. In particular, all forms of harassment are forbidden as well as all undesirable behaviour with sexual connotations, expressed in physical, verbal or non verbal form, that might violate a person's dignity and gender diversity and create an intimidating, hostile and humiliating environment".

The sources of information related to the cases in question are the same as the other irregularities committed within the Company: complaint/letter, Resource Manager or Line Manager of the resource involved. These events fall within the "behavioural sphere" and the main verification performed takes place via a request of a descriptive report of the facts that had taken place to be drafted by those present.

If the conduct is deemed deserving of a disciplinary procedure, backed up by witnesses, the seriousness is then assessed, also by analysing the defence arguments produced by the employee involved, as a defence mechanism foreseen by the procedure; the outcome of the latter, if the condition are met, may, depending on the situation, lead to suspension or expulsion provisions. Specific training on this issue is also provided.

During 2023 only one case of discrimination/harassment was reported in BPER Banca, and managed by means of a disciplinary procedure and the resulting provision.

5.3 Mobility and Change Management

In this history of the BPER Group the extraordinary transactions and the organisational evolutions have been the initial trigger for management action, always conducted by seeking the best possible coupling between the role and the position and inspired by inclusive and development rationale, designed to build a new integrated cultural identity, as a collaborative outcome of the many aggregations performed.

In this developing context, the growth of the BPER Group continues to be strictly linked to the professional development of individuals, that is primarily driven not so much by territorial mobility, though it may at times being an enabling factor, but rather by professional and functional development.

At the same time the growing importance of the presence of the main management functions within the Country's financial capital, has, in addition to major real estate investments, also led to a gradual increase of transfers to the Milan offices of specific professional figures (heads of functions and professionals with a high degree of specialisation). The most important factor for the professional development of employees is employability; for this reason, the Group continues to invest in training courses designed to develop it.

Succession plans, completed and formally approved for all top positions, along with ordinary business needs are the main drivers that guide HR Management when choosing the development paths of each single employee, always inspired by compliance with the law and attention to development.

To define mobility scenarios that optimise company objectives the Group's Workforce Unit is provided with a customised tool integrated with the HRIS (Human Resources Information System) applications. By using advanced People Analytics' criteria and instruments in the Workforce Planning process, "what if" analyses are conducted and resource mobility simulations, dynamically adapting the organisational structure to the evolution of the company's personnel. When the tool will have been fully developed, it will help to significantly reduce the times required to manage internal mobility, taking into consideration the needs and characteristics of the individual resources (for example: role, skills).

Even Job Posting has been a useful position supporting internal mobility: during the course of 2023 a hundred or so internal adverts have been published and over 1,200 application received.

The notice period to trade unions for relevant organisational changes is 50 days for both Group and company reorganisations, pursuant to articles 19 and 23 of the National Collective Labour Agreement of 19/11/2019, renewed on 23 December 2023.

5.3.1 Business Plan - HR Focus

In the BPER Group's Business Plan, the transformative pillar "People at the Centre" has defined the development strategies in the field of Human Resources.

Four intervention areas have been identified along with specific projects, namely in 2023:

- Performance & Rewarding:
  - a new Management Performance module has been defined that is to implemented at the start of the 2024 management cycle;
  - an evolution path for the improvement of the efficiency of the rewarding process has been set in motion.
- Sustainable Workforce:
  - the transformation process of Group culture and corporate values has been consolidated to enhance the experiences and expectations of employees from recent acquisitions (for example: Unipol Banca, Intesa Sanpaolo, Carige Group);
  - the Three-year Operational plan for the enhancement of gender diversity has been drawn up and approved by the BoD with a view to achieving continuous improvement of the "gender mix" in roles of responsibility and initiatives to recognise and value diversity and the inclusion of all personnel (for example gender, age, nationality);
  - governance mechanisms consistent with the project objectives of the three-year Operational Plan have been set in motion to enhance gender diversity and inter-departmental D&I control room has been set up;
  - the female leadership development plans have been implemented and strengthened (for example the "Exempla" managerial development programme, "Women Leadership On Line Academy");
  - distribution of ESG training content.
- People Experience:
  - the transformation process of platforms available to the HR sector have been introduced with the first implementations of the new Human Capital Management cloud solutions based on Oracle technology. This process entails the gradual digitalisation and automation of HR processes, along with the implementation of self-service services for the HR sector, which will gradually be released to the various company sectors.
- New Way of Working:
  - continuous expansion of flexible working models through a series of initiatives:
    - the commissioning of the new headquarters in Milan ("Diamantino") already created based on a Group rationale for workplace management;
    - a requalification project for the BPER Central Management offices ("BPER's Park") has been presented to improve people's working lives, thanks to effective and rational space reorganisation and create new opportunities for smart connections and interactions aligned with ESG objectives;
    - gradual extension of the use of "ordinary" remote working for Central Management personnel;
    - adoption of the "Microsoft 365" suite to promote collaboration between colleagues.

5.4 Growth and Engagement

5.4.1 Training

The BPER Group has always considered training and professional development not only a strategic tool but a real point of excellence.

The numerous training activities provided in 2023 respond to and support the strategic guidelines of the Business Plan. Their main focus was on updating technical and role knowledge, also related to the new distribution and commercial models and the development of managerial skills in the various professionals present, as well as more generally accompanying the change projects that are transforming the Group, all supported by an in-depth work on self-awareness and motivation.

2023 was also characterised by the renewed commitment towards developing a strong awareness among all employees on cross-cutting and strategic topics such as Diversity and Inclusion and ESG issues, as previously outlined.

The colleagues, who have been consolidated in the roles following the acquisition of the Carige Group in 2022, have been able to receive all the necessary training not just to take over the role, but also for their greater satisfaction and personal growth.

The digital contents of the MiFID and Ivass certification maintenance courses (30 hours each), were been consolidated and developed synergistically so that the approximately 10,000 colleagues of BPER and Banco di Sardegna, who have to maintain both certifications, could benefit from a total of 40 hours' training.

The training of personnel and consequent management plays a decisive role in the prevention and adequate control of the risks of non-compliance, implemented through the dissemination of a corporate culture based on the principles of honesty, fairness and respect for the spirit and content of national and EU legislation.

In line with the objectives of the Business Plan which calls for the dissemination of ESG culture, it's worth noting that the ESG Managers, key active figures on ESG issues hailing from all sectors of the Bank, have been provided with special classroom and webinar training to become process innovators and promoters of applicable initiatives to ensure that ESG issues become part of BPER's banking operations. Finally, ESG training for the CEO and Top management was continued in 2023.

In continuity with previous years, significant attention was paid to legislative and regulatory issues such as privacy, cyber security, anti-money laundering, the MiFID regulations (including ESG modules), consumer equipment loans, transparency, Italian Legislative Decree 231/01 and the State-Regions Agreement regarding Italian Law no. 81/06.

An online training package has also been released on IT security, made up of 7 training modules in addition to the creation of two new Privacy paths concerning Data Breach and Data Processor issues and, lastly, a course on coupled sales.

For new recruits a new online training path has been devised made up of 35 training modules concerning bank teller and personal detail handling procedures.

The training provided through the "Learning in Action" BPER Catalogue is subdivided into behavioural courses, technical and regulatory knowledge development, digital and IT tools and company life.

Moreover, to carry out the numerous training projects shared with the trade unions, the various Group companies have requested and obtained the loans provided by the sectoral inter-professional funds, Fondo Banche e Assicurazioni and FONDIR.

Skills Development Programmes

Where employee skill development programmes are concerned, in 2023 the Group managerial development experience continued to be pursued.

The objective of the "Exempla" and "Exempla2" project is twofold:

- to provide the participating managers with tools for mapping their managerial efficacy and offer them highly useful enhancement activities for addressing increasingly complex and evolving professional scenarios;
- to accelerate the managerial growth of female personnel in line with the "A pari merito" project in the field of Gender Diversity & Inclusion.

In 2023 "Exempla" was attended by over 500 resources with a strong female presence, designed to create a ready and better trained resource pipeline. The colleagues with managerial responsibilities have been progressively engaged in project-specific activities: mapping managerial skills through assessments, receiving customised feedback, participating in targeted development paths. These included mentorship courses that facilitated and accelerated the exchange of experiences as well as the integration and inclusion of different corporate cultures resulting from mergers and subsequent internal reorganisations. Training sessions dedicated to ESG and Diversity & Inclusion issues were also designed and delivered, as well as business English courses in both individual and group modes.

In 2023 the Business Plan Project for the regulation and preparation of Succession Plans was carried forward, designed to identify emergency medium and long-term successors; at the moment the Top Management succession files have been created as well as for almost all Departments, with process ongoing in 2024.

The "Roles and Pathways" Project has almost been completed and in addition to the complete mapping of all roles performed within the Bank, it has also enables the definition of professional levels, the updating of the job descriptions and the competences and capacity required for each role; the Legal Entities' model still needs to be perfected, a project that will be completed within the first half of 2024.

With reference to development projects and pathways it's worth highlighting those related to Mentoring, Corporate Coaching, Individual Coaching and Diversity coach, the latter initiative earmarked for the BPER Group's Top Management.

The following programmes are worth noting:

- "Women On Line Academy - Women in charge": and woman's empowerment pathway for the population of Women managers of the BPER Group which boasts 94 women managers. The objectives of the project are:
  - set in motion a path that provides listening, training, coaching and mentoring, empowerment and development of women's powers, with a focus on strategic skills;
  - to create a united to group to engage with the community, facilitating networking and building an "influence group";
  - building and spreading an inclusive leadership style distinctive for BPER that prepare its management to face business challenges in "a VUCA World", meaning a Volatile, Uncertain, Complex and Ambiguous world that features Volatility, Uncertainty, Complexity and Ambiguity, by enhancing the particular leadership talents of women and reinforcing internal network through opportunities to work together;
  - promote the dissemination and expression of a culture focused on inclusiveness by raising awareness of the issue of enhancing the uniqueness and the development of managerial skills to guarantee recognition of merit and access to opportunities.
- "Switch on your Sparkle": a programme reserved for company talent. Starting with an initial platform of approximately no. 1,000 employees under the age of 35 a digital assessment was launched that will enable each participant to receive a personalised report with personal development proposals and suggestions. Subsequently a series of "learning tour" digital classes will be created which will enhance both the skills revealed by the assessment as well as those believed to be essential for the company. "Empower your Grit": will become the first inclusive talent management programme of the BPER Group to develop people's qualities and talents and accelerate the growth of high potentials;
- "C.E.B. (Cultivating Emotional Balance)": its attention and awareness development components aim to generate a solid emotional balance, strengthen resilience and self-control when facing difficult situations and the readiness to provide constructive responses to the stress of one's professional working environment, as well as that related to the private sphere. Its structure enabled individuals to increase their awareness of their emotional states and increase their capacity to regulate them by implementing the ability to recognise, identify, reduce and transform afflictive emotional responses and increase the positive states of empathy, altruism and professional conduct. The fundamental elements of this study course include the acquisition of skills that help focus concentration and mental presence, the capacity to analyse the connections between attention, understanding, emotion and behaviour and the acquisition of resilience capabilities;
- "D.i.Re (Network of Women Against Violence) - Together against violence against women": an online training course distributed via webinars has been organised on the issue of physical, psychological and economic violence. With regard to the training aspect for BPER employees, two pilot programmes will be activated along with the dissemination of awareness raising pills on the issue for the entire population;
- "BPERABILITA'- Welcome Disability": at the end of 2023 a day of training for Heads of Department and HR Business Partners of colleagues with different abilities (deaf, visibility impaired and blind) as a first step towards a training campaign that will implemented in 2024 specifically designed for colleagues with disabilities;
- "MASTER CIB": a master's course has been organised on the issues among other things of M&A, generational successions and the role of the CIB consultant, corporate analysis and market access tools. The course is designed for CIB consultants and the heads of the Corporate centres that have had to deal with specific cases and classroom lectures.

Total hours of training provided

	31.12.2023			31.12.2022		
Category	**M**	**F**	**Total**	**M**	**F**	**Total**
Managers	11,440	6,329	17,769	12,573	4,489	17,062
Middle Managers	260,537	133,616	394,153	239,225	116,153	355,378
Professional personnel	282,817	379,555	662,372	249,083	330,349	579,432
Total	**554,795**	**519,500**	**1,074,294**	**500,882**	**450,990**	**951,872**

Average training hours provided by gender and category

Category	31.12.2023			31.12.2022		
	M	**F**	**Total**	**M**	**F**	**Total**
Managers	39	67	46	44	60	47
Middle Managers	54	56	55	48	49	48
Professional personnel	51	54	52	42	45	43
Total	**52**	**54**	**53**	**44**	**46**	**45**

Over 1 million hours of training were provided while the average number of training hours per employees was no. 53 with an average per head of no. 54 for women and no. 52 for men.

Training days provided

	31.12.2023	31.12.2022
Number of employees who received at least one day of training	18,711	18,768
% of total employees	92	89

Training hours on OMM 231/01 and anti-corruption by professional category and gender

Category	31.12.2023			31.12.2022		
	M	**F**	**Total**	**M**	**F**	**Total**
Managers	362	132	494	393	104	497
Middle Managers	4,272	2,616	6,889	6,385	3,139	9,524
Professional personnel	5,733	7,706	13,438	7,281	9,399	16,680
Total	**10,367**	**10,454**	**20,821**	**14,059**	**12,641**	**26,700**

5.4.2 Assessment and Development of Skills

The performance management process takes place annually and consists of various phases:

- It begins with the assignment of objectives;
- it develops with the action of the evaluated resource aimed at achieving them;
- it concludes with measurement of the results achieved and any discrepancy (positive or negative) compared to the assigned objectives.

The process involves an evaluated party (employee working in the department), an evaluator (usually the head of the department) and a supervisor (usually the hierarchical superior of the evaluator).

A number of meetings between the evaluator and the evaluated party are scheduled during the year: an initial one, to assign the objectives, an interim one, to verify performance, and a final one to measure the results. The meeting at the beginning of the year (year x+1) often coincides with the year-end interview (year x). Evaluations are a right granted to workers by their contract: the simple evaluation at BPER attributable to a "contractual minimum" is also enriched by dynamics aimed at enhancing the resource.

Performance management is therefore accompanied by the evaluation of potential aimed at:

- coping with sudden vacant positions or organisational changes;
- managing and retaining talent;
- developing managerial effectiveness today;
- developing the managerial skills that will be needed tomorrow;
- planning career paths.

In the performance of management activities, constant attention is paid to the development of employee skills. The proper and balanced assignment of roles alone already gives people the opportunity to make the most of their background, but also to strengthen their skills in areas in which they are lacking.

This "experience" is often combined with the provision of training (technical, regulatory and behavioural) along with the administration of diagnostic tools that measure the level of skills (actual) and potential (to be developed). Diagnosis is followed by an interview to discuss the results achieved and draw up a self-development plan whereby the employee embarks on a shared path of growth with their manager. Although physiologically more intensive for the younger and more promising segments of the company, this attention is not interrupted upon achievement of specific goals in terms of age or seniority.

The BPER Group therefore deems it of primary importance that career assessment and development processes be developed in such a manner as to be applicable to all employees.

The attention paid to resources and the dialogue that the Group nurtures from their recruitment to their exit, in line with the logic of "Business Partnership", is also confirmed by the several thousand interviews that the Personnel Management Department carries out each year, with particular attention to potential resources, resources dedicated to higher value segments and managers. In addition to accompanying people through their most significant management changes, as is the case in ordinary situations, the interviews not only allowed BPER to welcome new colleagues in 2023, but also to listen directly to their experiences and expectations.

Percentage of employees receiving regular performance and career development reviews[40]

Category	31.12.2023		31.12.2022	
	M	F	M	F
Managers	93%	86%	93%	82%
Middle Managers	96%	96%	96%	96%
Professional personnel	94%	94%	96%	94%
Total	**95%**	**95%**	**96%**	**95%**

Promotions

Promotions	31.12.2023			31.12.2022		
	M	F	Total	M	F	Total
From middle managers to managers	20	16	36	14	11	25
From professional personnel to middle managers	176	165	341	145	189	334
Within professional personnel	537	746	1,283	453	508	961
Within middle managers	388	225	613	303	191	494
Within managers	3	1	4	4	1	5
Total	**1,124**	**1,153**	**2,277**	**919**	**900**	**1,819**

5.4.3 Attraction and retention of talent

To address the requirements of an increasingly dynamic and changeable job market, BPER promotes projects designed to attract young talent. During the course of the year the partnerships with institutions and universities with which there was already a long-standing collaboration have been strengthened and other have been developed as a way to broaden the network of functional relations and contact junior resources. Participation in the career day, job meetings and orientation workshops have enabled the hiring of youngsters interested in undertaking a growth path within the company. With the internship lever resources have been brought in that possess the kind of academic knowledge and soft skills that the working context requires. This tool promotes generational contamination within the organisational structure as well as feeding the pipeline of junior hirings. Moreover, to increase the Group's attractiveness and bolster its image as a dynamic, innovative company that pays attention to training, the Joiners platform has been successfully deployed which enables direct interaction between colleagues and the candidates by participating on online experiences based on the presentation of projects and the various tools of the Corporate Departments. More in general, when addressing a pool of talent with higher seniority, the BPER Group takes advantage of new platforms and social networks to publish any open positions with an inclusive language and taking care to promote the corporate culture. Guided by the objective of exploiting people's talent, free from preconceptions and prejudices, an experiment involving anonymous assessments in the recruiting process is currently underway which only involves access to the candidates' professional histories while blacking out the data such as name and surname, gender and geographical origin.

40 The percentage of employees who receive an evaluation is calculated based on the total number of employees present at the time the performance evaluation process is closed; the closing period varies from company to company.

5.4.4 Corporate Identity and Internal Communication

In 2023 Internal Communication has focused its activities on engaging employees, promoting corporate culture and values and supporting the organisation and the business.

The most significant project that focuses on identifying and promoting a new corporate culture has led to the definition of the new Group BPER Principles: passion, dynamic energy, care and collaboration. Born out of the involvement of all the people who were invited to take part in the surveys, focus groups, interviews and workshop, the new principles were funnelled into a new communication campaign that will continue over the course of 2024 with initiatives design to get the employees involved to achieve an increasingly choral participation.

Within the context of ESG, the Internal Communication has supported the promotion of the ESG Infusion activities foreseen by the Business Plan. The people of the Group have been involved during the BPER ESG Week: the various areas to which Bank has committed are promoted and shared through digital contests, idea creation labs and informative events.

The significant organisational changes introduced to the business and IT departments have been accompanied by change management activities designed to engage people and support the adoption of new models and procedures.

Communication and engagement campaigns have been promoted during the year focusing on professional development, talent management, training and welfare. Numerous events have also been planned and organised locally to promote the communication and sharing of Group's main strategic approaches.

5.5 Protection and Welfare

5.5.1 The Welfare Plan

The year 2023 saw the consolidation of awareness of the Welfare Plan by our former Carige colleagues and the implementation activities surrounding the Italian Legislative decree no. 48/2023 which, for 2023 along, will raise the tax relief threshold for fringe benefits to Euro 3,000 and the refund of domestic utilities only for parents with dependent children.

On 28 December 2021, an agreement was signed by BPER Banca and the trade unions which, among other provisions, governs the provision of health insurance for all BPER Banca personnel for the next three years and coverage related to the policy for Professional and Extra Professional Injuries, premature death and permanent total disability (from illness or accident), long term care in addition to that already provided by the current NCLA, as well as compensation in the event of illness/accident that terminates the employment relationship.

The Welfare Plan of the BPER[41] Group consists of:

- benefits for which the company bears the cost, including the supplementary pension Fund[42], a supplementary pension[43] established according to the defined contribution scheme to which the employee also contributes, health and dental policy, long-term care, coverage for accident risks, coverage in the event of early death of total or permanent disability, electronic meal vouchers, gift vouchers and the special conditions for employees;
- paid leave to be used for specific cases linked to work-life balance (for example, for the birth of a child, an urgent hospitalisation/ operations assistance, to introduce children to nursery school and kindergarten) also by using the "time swap bank" and the additional days of unconstrained leave for specific requirements that are partially paid;
- benefits provided by the company that the employee can purchase for themselves or their family using the so-called "Welfare Credit"(consisting of the company bonus allocated by the employee to welfare and other "on top" welfare payments) such as reimbursement of family education and assistance expenses, supplementary health backpacks, payments to the pension Fund for themselves or their dependants, reimbursement of public transport passes, purchase of shopping vouchers and petrol, vouchers for recreational, sports, cultural activities, etc..

Each employee can consult the value of the benefits offered by the company through the company welfare portal.

To continue improving the employees' well-being, promote work-life balance and increase gender enhancement during the last part of the year a project was initiated that began with a survey distributed to all Group employees towards the end of 2023. The aim is to identify needs and map out solutions and services aligned with best market practices and sector regulations.

41 The Welfare Plan is applied, in addition to the Parent Company, to Banco di Sardegna, Bibanca, Finitalia, BPER Factor, Sardaleasing and Banca Cesare Ponti.

42 This is a pension plan activated according to the defined benefit system.

43 The average percentage of employees assigned to the pension fund is 2.10%; the average percentage of payment by the company is 3.90%; membership is voluntary, 96.4% of employees are enrolled in the pension Fund.

Sustainable mobility

The "Sustainable Mobility" Area is part of the Welfare Plan published on the company intranet and is designed to combine the well-being of people with attention to the environment of the cities where they live and work, gathering information, initiatives and agreements relating to mobility. See section 6.2.3 "Projects and Initiatives" for more information on sustainable mobility initiatives.

Smart working

In 2023, the BPER Group continued to manage ordinary remote working following the provisions of the NCLA: at Group level more than 6,000 employees belonging to the Centre and Semi-centre facilities have access to smart working conditions having signed the relative individual agreement that allows them to work ten days per month in smart mode at their residence/domicile or at another previously authorised location, thus reducing people's travel. At the same time, no. 400 frail employees were given the possibility of working remotely 100% of the time.

Parenthood leave

As required by law the main caregiver/parent is entitled to 11 total months of parenthood leave (equal to 44 weeks of leave - 20 compulsory and 24 optional); the secondary caregiver/parent can only claim 10 days of compulsory leave and a maximum of 6 months of optional parental leave (equal to 25 weeks of total leave - 1 compulsory and 24 optional), besides any second level dispositions that may additional regulate additional provisions.

For the parent within a homosexual couple for whom the current legal dispositions and the CBA does not allow access to permits such as paternity leave, parental leave, breast-feeding allowances, leave for a child's illness, BPER Banca and Banca Cesare Ponti recognise at their own expense the same treatment according to the provisions in force at any one time for working fathers.

Nati per leggere (Born to read)

BPER Banca has supported Nati per Leggere (NpL), the National Programme that promotes reading in the family from the first months of a child's life since 2019.

Even in 2023, the activity that had begun in 2020 of donating a book to colleagues about to become mothers and fathers continued as a gesture of good wishes but above all as an invitation to read together with their child from the first months of life.

Top Employer Italia 2024: BPER Banca always among the best employers

BPER Banca also confirms for 2024 (fifth consecutive year) the "Top Employer Italia" certification relative to 2023 data: this is attested by the Top Employers Institute which every year identifies companies that offer excellent working conditions to their personnel, identify and develop the best talents and constantly strive to optimise their management and organisational processes.
The Top Employer certification is further confirmation of the Group's commitment in the HR sector to enhance its personnel. In recent years, the Group has invested in structured business processes and has deliberately focused on various issues, including social and environmental sustainability, work-life balance and diversity, welfare, areas of fundamental importance for the BPER Group.

5.5.2 Health and Safety

The health and safety policy adopted by the BPER Group to ensure adequate levels of health and safety to all workers ("Group Policy for governing the risk of non-compliance with occupational health and safety regulations") has been defined taking into account the following principles:

- protection of the health and psychophysical integrity of workers, based on the World Health Organisation's definition of health, which integrates this concept with that of the well-being of the worker, through the provision of high quality work spaces, equipment and processes);
- assessment of "risk factors" and "risk conditions" based on the requirements of Italian Legislative Decree 81/08;
- pursuit of the "precaution principle" based on the provisions of Art. 15 of Italian Legislative Decree 81/08, and Art. 2087 of the Italian Civil Code, aiming at the definition of company measures to improve the well-being of employees beyond the regulatory provisions.

All Company Departments of the various Companies, thanks to communication and training by the Group, are aware that the health and safety policy is a common guideline and that its sole decision-making power is ensured by the employer, responsible for defining and controlling the management system for prevention.

The Legal Entities annually update the risk assessment on Occupational Health and Safety, which is then formalised in the Risk Assessment document (DVR).

For each identified risk (for example the risk of robbery or the risk associated with work stress), a description is provided of the prevention and protection measures adopted and of the measures to maintain the level of risk and those for improving it.

In 2023, 354 Safety and Security risk assessment inspections were performed.

In 2022 all the restrictions imposed by the Government related to the Covid-19 pandemic were lifted and in May 2023 the WHO declared that the pandemic was over, as subsequently confirmed by the Legislative Decree of the Italian Government. However, BPER has kept up certain precautions to protect the health and safety of its employees, such as smart working for frail and super frail subjects, distancing, branch appointments for consultancy positions and the use of masks (suggested) in particular situations where distancing cannot be guaranteed.

The information provided to all personnel related to the introduction or modification of the safety measures adopted took place effectively and promptly through the continuous implementation of FAQs on the company intranet in relation to the Coronavirus or by mass e-mails.

The System for the management of health and safety issues, described in the DVR (Risk Assessment Document), is governed by a level 2 company Policy, which was followed by a document containing Process Operating Instructions for the drafting and updating of Emergency Management Plans. Further and more detailed regulatory tools will follow. Furthermore, the system envisages the identification and implementation of a process based on the definition of risk assessment criteria and the consequent implementation of prevention and protection measures. The action plan on health and safety in the workplace consists of the objectives envisaged by the aforementioned principles, particularly:

- developing qualified risk analysis and assessment methods that enable identification of the appropriate prevention measures;
- identifying all risks in the work environment, with particular regard to the possible impacts on the categories of most vulnerable employees;
- participating in the creation of organisational procedures for the systematic planning of all measures aimed at ensuring improvement in the safety levels and in the codes of conduct over time;
- building synergies with the personnel department, essential for successfully disseminating the health and safety policy;
- improving the efficacy of intervention plans by identifying organisational procedures and responsibilities and assigning specific tasks to each department and employee, in the overall risk prevention organisation plan.

According to these indications, the Prevention and Protection Service of BPER Banca has implemented a Health and Safety Management System within the Institution (not certified) which since 2019 has been managed with specifically dedicated software, shared with the security and training functions. Starting in 2022 a pathway was undertaken that will culminate with the "Quality Certification" pursuant to the UNI ISO 45001 standard; BPER has currently completed the Gap Analysis phase with an accredited external company. In 2024 the processes and company policies will be reviewed to obtain the certification in 2025. The Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01 refers to occupational health and safety regulations, thus personnel are requested to comply with all the listed provisions. To ensure the utmost respect of the principles and rules of behaviour by employees as prescribed in the "Model", in the internal regulations and in the Code of Ethics, the company evaluates transgressions under the disciplinary realm and adopts the sanctions set out in the Disciplinary System, if necessary.

The Head of the Prevention and Protection Service (RSPP) plays a crucial role in Health and Safety management; he/she annually verifies the achievement of expected results, as formalised in the DVR, by preparing specific reports and defining periodic work plans. On the basis of the results arising from specific assessments (for example inspections at the branches, environmental monitoring, assessment of robbery risk), the Group updates the plan of activities to be carried out.

This improvement plan is formally reported every year inside the review of the Risk Assessment document. The planning of the prevention and protection measures to be implemented is updated and verified on a regular basis by monitoring the action plan established by the Employer and shared with the Company Functions responsible. In particular, the planning of the measures to be implemented to reduce risks is assigned to the Company or Group Functions involved in the safety management process, each for what is within their remit, based on the proxy system and the assigned responsibilities.

Workers can report hazards through the intranet and by e-mail to the Safety Office and use (for hazard reporting) the figure of the Workers' Safety Representative (guaranteed trade union figure provided by law) while maintaining anonymity and fulfilling the reporting obligation.

Employees are involved in the development, implementation and assessment of the occupational safety and health management system through training, information and specific questionnaires relating to specific risk categories, as well as through the Safety Office (which collects reports and/or contributions from workers on issues concerning occupational safety), the periodic meeting and the other meetings held periodically with the Worker Safety Representatives. Access to the information is managed via the company intranet, which contains information and learning pills on Health and Safety.

In addition, powers and responsibilities are delegated to involve and ensure the accountability of management bodies based on the effectiveness principle: each delegated person is responsible for the adoption of preventive measures and specific improvements in the areas for which they are responsible. The proxies in question are the CFO, the CHRO (Chief Human Resource Officer), the Head of the Real Estate Department, the Organisation Department and the Heads of the Services: Security & Business Continuity, Building&Facility, Procurement Centre. All the Group's employees (100% of the workforce) as well as workers (as defined in art. 2 of Italian Legislative Decree no. 81/08) are considered in the (non-certified) Occupational Health and Safety System, which is internally audited.

Furthermore, the external Company that operates within BPER's workplaces must comply with the obligation imposed by Italian Legislative Decree no. 81/08 on Occupational Health and Safety, underwriting specific commitments both at the time of contract assignment as well as at the start of the contractual negotiations. These obligations are subject to verification for the entire duration of the contract by the specific company structures assigned this role.

The Group also calculates and assesses the frequency and severity indices relating to accidents suffered by personnel, in accordance with the principles established by law. In 2023 there were no. 58 injuries to employees, and n. 2 accidents to external workers[44]. The total injury rate – reported as a frequency index - was 1.92 for employees, and 1.73 for external workers.

44 External workers are understood to be only contract workers; self-employed workers and trainees are therefore excluded.

Recordable work-related injury rate of BPER Group employees.

Health and Safety indicators of the BPER Group (Employees[45])

	31.12.2023	31.12.2022
Accidents		
Total number of recordable work-related injuries[46]	58	55
Hours worked	30,235,123	28,421,463
Rate of fatalities as a result of work-related injury	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	1.92	1.94

It should be noted that, of the total recordable injuries of 2023 relating to employees, approximately 60% is attributable to traumatic accidents related to falls and slips.

In 2023 there were no fatalities due to injuries of employees or temporary workers, nor high-consequence work-related injuries. In addition, in 2023 there were no cases of occupational disease related to either employees or temporary workers. Lastly, with reference to the latter, about 1,154 thousand hours were worked during this financial year.

Workplace accidents are assessed individually by the Safety Office (by the person in charge of the Prevention and Protection Service) to assess the presence of any "near misses" and take appropriate preventive measures through measures by the prevention managers and their structures. The trend in accidents is assessed annually by the relative physician and discussed at the annual meeting required with the Employer and the Worker Safety Representatives.

The courses held in 2023 were those required by the 2016 State-Regions agreement and those specific to the risks managed in the emergency management plans. Specifically, they regarded: general training of workers and Officers, special training of Managers, training and updating Fire Officers for sites with low fire risk, Fire Officers for sites with medium fire risk, First Aid Officers, First Aid Update, AED (Automatic External defibrillator) operators, Update of Worker Safety Representatives, Update for Workers, Officers and Managers.

Anti-theft procedures and technologies have been implemented since 2020 thanks to a specific assessment of this risk. The monitoring of exposure to physical and verbal violence in business relationships will continue in 2024. The cashless and cashlight model, which reduces the negative impact of commercial activities, is also being continued.

Sportello di ascolto

Activities of the “Sportello di Ascolto” (counselling service) continued in 2023, to help deal with malaise at work, managed by specialists outside the Group, as part of the prevention measures related to the risk of stress at work.

The branch, active since 2016, is designed to offer BPER Banca employees:

- an opportunity for being listened: the worker is not left alone in search for solutions;
- acquisition of awareness of one's sources of stress;
- tools to increase their ability to face and overcome a difficult situation.

From the beginning of the Covid-19 emergency, the Institution has adopted a psychological support service dedicated to all workers through a dedicated email address advertised on the BLink intranet, with which work psychologists can be contacted who will call the people in question to provide psychological support. The service guarantees confidentiality.

45 The rates shown in the tables are calculated as follows:
Fatality rate as a result of work-related injury = (no. of fatalities due to work-related injuries/total number of hours worked) * 1,000,000.
Rate of high consequence work-related injuries (excluding fatalities) = (no. of high consequence work-related injuries (excluding fatalities)/total number of hours worked) * 1,000,000.
Rate of recordable work-related injuries = (no. of recordable work-related injuries/total no. hours worked) * 1,000,000.

46 The total number of recordable work-related injuries does not include commuting accidents.

5.5.3 Labour Relations and Worker Protection

BPER Banca has always based its Personnel Management procedures on full respect for the rights of workers as provided for by law, by the National Collective Labour Agreements and by company regulations. Further actions are also taken to ensure equal opportunities to all workers without distinction of age, gender, religious or political beliefs, as well as to ensure compliance with the BPER Group's Code of Ethics.

The company’s approach is therefore aimed at full respect for human rights. Attention to dignity and equal opportunity is observed in all career phases, from recruitment to the end of employment. Equality is guaranteed by the company’s values, as well as by the growing level of attention that the regulations in effect and the trade unions dedicate to diversity management. The set of values corresponds with the “operational rule”. The dialogue between company and employee allows the latter to report to the relevant management structures on the existence of conditions of difficulty or unease and, if they occur, abuse or harassment. The Human Resources Departments, while respecting the confidentiality of the information acquired, intervene with the most appropriate methods to protect employees.

Particular attention is obviously paid to management of the disciplinary proceedings in accordance with the regulations in effect and, specifically, the statuto dei lavoratori (workers' statute of rights) (Italian Law 300/70) and the current National Collective Bargaining Agreement.

As the various strategic operations took shape in 2023, the BPER Group's relations remained based on the canons of fairness and loyalty to the trade unions and respect for the different roles that the parties play within the Group.

Relations seek to promote fair negotiations, without any discriminatory or disparate treatment, enabling a climate of mutual trust and constructive dialogue with a view to instilling a fair system of trade union relations with as much consultation as possible. Employees and Directors are free to participate in political organisations out of working hours, and the same shall bear no relation to the position they hold. The Group refrains from any direct or indirect pressure as regards political representatives and does not permit the disbursement of direct or indirect contributions, in cash or in kind, or in any other form, to political parties, movements, committees and political and trade union organisations, or to their representatives. Over 85% of BPER Banca Group employees are members of an Italian trade union organisation.

During 2023 there 6,615 hours of strikes, mainly called by the national trade unions, concentrated mainly in the month of November on different days depending on the Region, with the participation of approx. 900 resources within the BPER Group; the reason for the strike was not referred to the BPER Group.

As the activities of the Group's Joint Commission for Sustainable Trade Policies continued, the provisions of the agreements were implemented focusing on gradually improving the corporate climate by promoting a cooperative and constructive spirit in the workplace and encouraging the respect for the key role played by customers.

Also in 2023, the Group continued and is continuing its discussions based on the actions foreseen by the Business Plan and on 23 December 2023 also underwrote an agreement designed to promote a broader generational and professional turnover, along with a reduction of the work force.

5.6 Performance Indicators

Employees by Employment Contract, Gender and Contract Type

	31.12.2023			31.12.2022		
	M	F	Total	M	F	Total
Total Italy	**10,677**	**9,545**	**20,222**	**11,255**	**9,805**	**21,060**
of which permanent contract	10,553	9,393	19,946	11,153	9,669	20,822
of which temporary contract	3	1	4	3	8	11
of which Apprenticeship	121	151	272	99	128	227
of which full-time	10,556	7,277	17,833	11,125	7,451	18,576
of which part-time	121	2,268	2,389	130	2,354	2,484
Total Outside Italy	**16**	**13**	**29**	**14**	**14**	**28**
of which permanent contract	16	13	29	14	13	27
of which temporary contract	-	-	-	-	1	1
of which Apprenticeship	-	-	-	-	-	-
of which full-time	16	11	27	14	12	26
of which part-time	-	2	2	-	2	2
Total Employees	**10,693**	**9,558**	**20,251**	**11,269**	**9,819**	**21,088**

Distribution of employees by professional category and gender (no.)

Category	31.12.2023			31.12.2022		
	M	F	Total	M	F	Total
Managers	291	94	385	286	75	361
Middle Managers	4,810	2,404	7,214	5,014	2,356	7,370
Professional staff categories	5,592	7,060	12,652	5,969	7,388	13,357
Total	**10,693**	**9,558**	**20,251**	**11,269**	**9,819**	**21,088**

Percentage distribution of employees by professional category and gender[47]

Category	31.12.2023			31.12.2022		
	M	F	Total	M	F	Total
Managers	1%	0%	2%	1%	0%	2%
Middle Managers	24%	12%	36%	24%	11%	35%
Professional staff categories	28%	35%	62%	28%	35%	63%
Total	**53%**	**47%**	**100%**	**53%**	**47%**	**100%**

Number and rate of new hires and employee turnover by gender, age group and geographical region[48]

Category	31.12.2023				31.12.2022			
	New hires		Terminations		New hires		Terminations	
	no.	%	no.	%	no.	%	no.	%
Total Italy	**652**	**3**	**1,466**	**7**	**815**	**4**	**1,135**	**5**
of which Men	318	3	873	8	415	4	701	6
of which Women	334	3	593	6	400	4	434	4
of which <30	207	26	31	4	393	49	25	3
of which 30-50	331	3	276	2	399	3	180	2
of which >50	114	1	1,159	13	23	0	930	11
Total Outside Italy	**5**	**17**	**4**	**14**	**7**	**25**	**3**	**11**
of which Men	4	25	2	13	3	21	1	7
of which Women	1	8	2	15	4	29	2	14
of which <30	-	-	-	-	-	-	1	100
of which 30-50	4	25	1	6	4	25	1	6
of which >50	1	9	3	27	3	27	1	9
Total employees	**657**	**3**	**1,470**	**7**	**822**	**4**	**1,138**	**5**

47 The percentages are shown shown without decimal places. For this reason, the sum of the individual percentage items may give an approximate figure.

48 Intra-group hirings and terminations during the year are not included. The 2023 data taken into account the hirings and terminations of the BPER Credit Management s.c.p.a. and Optima s.p.a. related to the pre-merger period. The 2022 figures take into account the hiring and termination of Banca Carige and Banca del Monte di Lucca in the pre-merger period. The percentages reported within the table are the result of the ratio with total number employees subdivided by geographical area, gender and age group as at 31 December. Staff exits in 2023 do not include the 24 employees of Numera s.p.a., a company that is no longer within the Group's consolidation perimeter.

Workforce diversity (Protected Categories and other diversity indicators)

Category	31.12.2023	31.12.2022
	no.	no.
Managers		
Non-Italian citizenship	1	1
Belonging to protected categories	7	7
Middle Managers		
Non-Italian citizenship	13	14
Belonging to protected categories	287	317
Professional staff categories		
Non-Italian citizenship	39	39
Belonging to protected categories	1,017	1,115
Total non-Italian citizenship	**53**	**54**
Number belonging to protected categories	**1,311**	**1,439**

It's worth noting that in 2023, approx. 81% of employees belonging to the protected categories, belong to the "person with disability" category.

Distribution of employees by professional staff category and age (no.)

	31.12.2023				31.12.2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Managers	-	97	288	385	-	95	266	361
Middle Managers	12	3,143	4,059	7,214	9	3,203	4,158	7,370
Professional staff categories	757	7,811	4,084	12,652	789	8,284	4,284	13,357
Total	**769**	**11,051**	**8,431**	**20,251**	**798**	**11,582**	**8,708**	**21,088**

Percentage distribution of employees by professional staff category and age[49]

	31.12.2023				31.12.2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Managers	-	0%	1%	2%	-	0%	1%	2%
Middle Managers	0%	16%	20%	36%	0%	15%	20%	35%
Professional staff categories	4%	39%	20%	62%	4%	39%	20%	63%
Total	**4%**	**55%**	**42%**	**100%**	**4%**	**55%**	**41%**	**100%**

Number of employees who received leaves[50]

	31.12.2023	31.12.2022
Compulsory and optional parental leave (including breast-feeding) and child care	4,071	2,987
Study	154	122
Other	17,301	17,744

It's worth noting that approx. 64% of parental leaves were requested by women.

Absenteeism

	31.12.2023	31.12.2022
Total no. hours of absenteeism	2,686,491	3,099,827
Total number of theoretical hours	35,901,701	37,174,489
Absentee rate	**7.48**	**8.34**

49 The percentages are shown shown without decimal places. For this reason, the sum of the individual percentage items may give an approximate figure.

50 The figure does not include the new companies entered with the acquisition of the Carige Group.

6. ENVIRONMENT AND CLIMATE CHANGE

The IPCC (Intergovernmental Panel on Climate Change) in its latest "Assessment Report 6 - AR 6[51]" underlines how, once again, the unsustainable Human-caused exploitation of natural resources (fossil fuels, change of soil use, deforestation, etc.) of the Planet, has led to a global warming of 1.1°C compared to pre-industrial levels. This situation has led to increasingly frequent and intense weather events that have resulted in damages and Losses (Loss & Damage) for nature and people in every part of the globe.

The same aspects were addressed during the Dubai Conference of Parties (COP) 28, held between November and December 2023, during the course of which, in addition to assessing the progress since the Paris Agreement of 2015, the commitment to keep global warming beneath the 1.5°C compared to pre-industrial levels was reiterated, to be achieved by universal collaboration on the mitigation and adaptation initiatives to climate change.

In this context, the financial sector plays a central role in safeguarding the environment and creating a more socially and economically equitable, inclusive and resilient society. In this sense Europe, first with the Action Plan for Financing Sustainable Growth (March 2018) and then with the Green Deal (December 2019), is decisively and pragmatically driving the process of directing financial flows towards sustainable investments, systematically integrating the three pillars of sustainability (ESG) into risk management, and is strengthening transparency in economic activities of a sustainable nature in the medium to long term. Several regulatory interventions have been implemented, including the EU SFDR (Sustainable Finance Disclosure Regulation) 2019/2088 that came into force in March 2021 and aims to minimise greenwashing by providing full disclosure in terms of sustainable products and ESG investment procedures.

Furthermore, Regulation 2020/852[52], also known as the Taxonomy Regulation (TR), introduced a common classification framework for environmentally sustainable activities. It is a guide for policymakers, companies and investors for investing in economic activities that contribute to the transition to a low-carbon economy. This evolution requires a careful analysis of the climate and environmental risks to which the financial sector may be exposed in the medium to long term, in order to determine how the sector itself and its assets will be affected by the effects of climate change. As required by the ECB since 2020 in its "Guide on climate-related and environmental risks[53]", each bank must define and implement the most appropriate climate adaptation strategy for the context in which it operates. The assessment of climate risks (both physical and transitional) on the banking business can be strengthened through medium to long-term climate scenario analyses.

BPER includes all these assessments in its own 2023 TCFD Report (Task Force on Climate-related Financial Disclosure)[54]. The Guidelines developed by the TCFD aim to measure the adequacy of the member companies' climate strategy and support them in communicating climate-relevant aspects to the outside world in a transparent and timely manner. The year 2021 also saw the launch of the TNFD (Task Force on Nature-based Financial Disclosures) and in 2023 the related final recommendation. The latter, inspired by the same guiding principles that led to the creation of the TCFS, is designed to support companies in the risk management and reporting related to nature.

In 2023 the first pilot analysis was performed on Nature-related risks by mapping the loan exposures of the corporate portfolio. This disclosure has been included in the volume of the TCFD 2023 Report as an addition to the same, as it is not an integral part of it.

At the same time, the EU has also made clear commitments to mitigate the risks of climate change with the goal of reducing greenhouse gas emissions by at least 55% (Fit for 55) by 2030 compared to 1990 levels. Achieving this reduction over the next decade is key to Europe becoming the first climate-neutral continent by 2050, in line with the provisions of the European Green Deal. The achievement of this goal will also depend on the good use of the funds made available by the Next Generation EU, which aims to stimulate sustainable recovery in the EU. The National Recovery and Resilience Plan (NRRP) is also part of this context as a tool that outlines the objectives, reforms and investments that Italy intends to make through the use of the aforementioned Next Generation EU funds, in order to mitigate the economic and social impact of the pandemic and make Italy a fairer, greener and more inclusive country with a more competitive, dynamic and innovative economy.

51 Source: Synthesis Report of the IPCC Sixth Assessment Report (Ar6) https://report.ipcc.ch/ar6syr/pdf/IPCC_AR6_SYR_LongerReport.pdf

52 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to encourage sustainable investment and amending Regulation (EU) 2019/2088.

53 ECB Guide on climate-related and environmental risks - Supervisory expectations for risk management and disclosure, 27 November 2020.

54 The Task Force on Climate-Related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB) to address and quantify the risks generated by climate change on the stability of the global financial system. In 2017, the TCFD developed 11 recommendations to promote greater transparency on financial risks related to climate change and to guide companies in reporting the information that investors and financial markets need for assessing climate-related risks and opportunities.

It's worth highlighting that, within the Fit for 55 package, the European Banking Authority (EBA), in November 2023, started a one-off assessment of climate[55] risk that aims to assess the resilience of the financial sector and acquire information on its capacity to sustain the transition towards a low carbon emission economy in stressful conditions. The BPER Group, along with the main European Banks, took part in the exercise by undertaking to collect and transmit the date requested by the Authority and referred, among other things, to the credit, market and Real Estate it is subject to.

Since 2021, the BPER Banca Group has intensified its commitments towards sustainability issues, at first by subscribing to the Principles for Banking Responsibility (PRB) of the UN and subsequently by underwriting the TCFD (December 2021). Furthermore, the BPER Group, following its subscription to the Net-Zero Banking Alliance (March 2022)[56], in August 2023 defined[57] the first two decarbonisation targets of its portfolios for a few priority sectors. Defining objectives entails a concerted effort by BPER Banca to align its business with the decarbonisation ambitions set out in the Paris Agreement of 2015 and constitutes a further evolution of commitments in favour of sustainability and mitigation of climate changes. The first targets identified by the Bank refer to two high-carbon sectors included in its credit portfolios: the production of electrical energy and the extraction, processing and distribution of oil and gas.

The Group's commitment to ESG issues is formalised in the documents "BPER Group commitments for the environment" and "ESG Policy" and in the actions set out in the "2022-2025 BPER e-volution" Business Plan.

For a detailed description of the company's performance management with regard to the topic "combating climate change" please refer to the 2023 TCFD Report found on the BPER institutional website Sustainability > Partecipation in international initiatives.

Another relevant document is the "PRB Report" which, through an initial assessment, identifies two main areas of work for the Group: climate change mitigation and financial inclusion.

6.1 Energy Consumption and Emissions

To ensure sustainable management of the environmental resources used in its activities, the BPER Group continued its monitoring process in 2023 aimed at reducing consumption thanks to the efficient use of all resources and correct waste management. It is thereby possible to constantly measure internal performance, evaluate variations and identify any critical aspects.

The most significant activities with regard to reduction of environmental impact are:
- energy saving measures;
- energy production from renewable sources;
- reduction in the impact from the corporate fleet;
- efficiency of paper utilisation processes and digitalisation of services;
- purchasing eco-labelled products.

6.1.1 Energy Consumption

The Group's Vehicle Fleet

The BPER Group is constantly and continuously pursuing the process of reducing its environmental impact through the use of low-emission cars.

Firstly, the rationalisation and renewal of the Group's fleet has been pursued for some years according to "green" criteria, especially where the Parent Company is concerned: the vehicles that from time to time reach the end of their life cycle are replaced with new hybrid, electric or less polluting diesel engine vehicles, and additionally, the BPER Group managers, when assigned a car, among a range of benefits received a card to recharge their hybrid-plug in vehicles using the columns powered with energy produced by the photovoltaic systems installed in some of the Group's sites.

The electricity withdrawn from these systems in 2023 amounted to 19,888 kWh. To contain emissions, a "cap" has been included in the mixed personal business use car assignment management regulations linked to the CO_2 emissions of the vehicles and the assignment of so-called "coupe", "convertibles" or "super-sporty" cars or cars with power and CO_2 emissions higher than given

55 For further details please refer to the dedicated page: https://www.eba.Europa.eu/legacy/risk-analysis-and-data/climate-risk-stress-testing-eu-banks/one-fit-55-climate-risk-scenario

56 https://www.unepfi.org/net-zero-banking/

57 Institutional website BPER > Media & Events > Press releases > Net-Zero Banking Alliance, BPER Banca towards zero emissions.

limits is not envisaged: power under 190 kWh and CO_2 under 180 g/km for cars in category C or higher and 135 kWh - 140 g/km for cars in categories A and B.

Lastly, to reduce travel between the various operational premises, all Legal Entities have undertaken to increase the use of video conferencing.

Despite these measures, the consumption of the corporate car fleet has increased by 6% compared to 2022, rising from 27,180 GJ to 28,740 GJ, following the expansion of the corporate perimeter resulting from the acquisition of the Carige Group and the increase in business travel.

Consumption of the fleet of company vehicles (GJ)[58]

Use category	Type of fuel	31.12.2023	31.12.2022
Business use	Diesel oil	6,668	6,004
	Petrol	4,456	2,864
	LPG	44	41
	Methane	18	39
Mixed business-personal use	Diesel oil	14,989	16,626
	Petrol	2,555	1,605
	LPG	8	1
	Methane	1	-

Electricity and thermal energy consumption

During the course of 2023, the overall energy consumption (electric and thermal) of the BPER Group dropped by 1.2% compared to 2022, recording a consumption equal to 510,974 GJ with an important 68% contribution from renewable energy sources. The lower consumption can be attributed to the favourable weather conditions encountered during the 2023 calendar year and the rationalisation plan that led to the closure of a number of branches. A part of the reduction can also be attributed to the measures introduced by the 2022-2025 Energy Plan set in motion during 2022 and 2023. During the course of 2023, the BPER Group has also underwritten contracts with its suppliers to achieve the objective of 100% of its electrical energy consumption from renewable sources[59].

Energy consumption (GJ)[60]

	31.12.2023	31.12.2022
Heating	**119,194**	**122,585**
of which natural gas	110,461	118,526
of which diesel oil	7,922	3,243
of which propane air	811	816
Purchased electricity	**343,175**	**355,413**
of which from renewable sources	341,600	352,679
of which from renewable sources	1,575	2,733
Self-generated electricity	**6,585**	**6,471**
of which from renewable sources	6,585	6,471
Renewable electricity produced and sold/fed into the grid	**477**	**569**
District heating	**13,758**	**6,006**
of which non-renewable	13,758	6,006
Non-renewable fuel consumption by car fleet	**28,740**	**27,180**
Total energy consumption	**510,974**	**517,086**
Renewable over total	**68%**	**69%**

58 It should be noted that for mixed personal-business use cars, 70% of total consumption was considered, as specified by the ABI Lab guidelines published in December 2023. Sources of conversion factors: "Linee guida sull'applicazione in banca degli Standards GRI (Global Reporting Initiative) in materia ambientale" published by ABI Lab in December 2023 for 2023 data and December 2022 for 2022 data.

59 It should be noted that the value of electrical energy consumption from renewable sources during 2023 was rounded up as it was equal to 99.55% of the total. This percentage takes into account both the electrical energy purchased and used from renewable sources and electrical energy produced independently by its own photovoltaic systems and consumed by the Group.

60 Sources of conversion factors: "Linee guida sull'applicazione in banca degli Standards GRI (Global Reporting Initiative) in materia ambientale" published by ABI Lab in December 2023 for 2023 data and December 2022 for 2022 data.

Energy Intensity[61]

	31.12.2023	31.12.2022
Total energy consumption (GJ)	**510,974**	**517,086**
Total sqm	**1,577,428**	**1,679,978**
Energy intensity per employee (GJ/individual)	**25.2**	**24.5**
Energy intensity per sqm (GJ/sqm)	**0.3**	**0.3**

To provide an overview of its use of energy, the energy intensity index was calculated with respect to the gross square metres of the Group's properties and the number of employees.

Production of renewable energy

The BPER Group has 14 photovoltaic systems, two of which have been completed but are not yet in production, both installed at the Sassari sites.

Renewable energy systems in 2023

	Installed power (kWp)	kWh produced	MWh produced
Photovoltaic plants - Total	**2,395**	**1,829,294**	**1,829**

In 2023, the BPER Group produced 1,829,294 kWh of renewable energy through its systems, an increase of 1.8% compared with the previous year. The increase is due to the full commissioning of the Modena headquarters plant (+5,8% production compared to the previous year). Even the installed power has been increased following the installation of the new photovoltaic system and the Sassari premises, which now has an installed power of 2,394.7 kWp.

Total energy consumption of the BPER Group (MWh)

	31.12.2023	31.12.2022
Total consumption of non renewable energy (fossil fuels)	**45,352**	**44,029**
of which natural gas	30,684	32,924
of which diesel for heating	2,200	901
of which propane air	225	227
of which Electricity from fossil fuels	437	759
of which vehicle fuel	7,983	7,550
of which district heating	3,822	1,668
Total consumption of renewable energy	**96,586**	**99,606**
Of which consumption of purchased renewable energy	94,889	97,966
self-produced renewable energy	1,697	1,639
Total consumption of renewable + non-renewable energy	**141,937**	**143,635**
Total consumption of energy from nuclear sources	**-**	**-**
Share of fossil fuel sources over the total energy consumption	**32%**	**31%**
Share of renewable sources over the total energy consumption	**68%**	**69%**
Share of nuclear sources over the total energy consumption	**-**	**-**

6.1.2 Energy Saving Measures

During the course of 2023 the BPER Group has consolidated the gradual implementation of the energy efficiency measures foreseen by the 2022-2030 Energy Plan with the goal of reducing emissions aligned with the Paris Agreement.

For a correct assessment of the efficiency activities some information is provided regarding the 2019-21 Energy Plan.

In the years prior to 2019, a gas and electricity consumption monitoring system for all BPER Banca sites had been implemented which was based on the invoices issued by the various suppliers, with the goal of monitoring trends and defining the database on which to conduct benchmarking, from which to then extrapolate, and possibly generalise, the best practices applied. This timely monitoring activity enables the certification of the energy efficiencies resulting from the actions of the previous and current Energy Plans.

61 Total sqm: total gross sqm of BPER Group's properties. Energy intensity per employee: calculated on the number of employees as at 31 December (20,251 for 2023 and 21,088 for 2022).

The main measures implemented between 2019 and 2021, with the related efficiencies achieved (with reference to 2023 on a 2022 baseline):

- implementation of the control and monitoring system (BEMS) on 150 branches: status completed, the reduction in consumption stands at over 712 MWh
- construction of a photovoltaic self-production system with a nominal power of 855 kW: status completed, the production of energy for 2023 was 884 MWh.

To these more wide-ranging projects one has to add other efficiency measures introduced by other Legal Entities. Among these, it's worth noting the continuation of the "Switch off" energy efficiency project of the Banco di Sardegna, in place since 2014, to monitor and improve the efficiency of the Institute's energy expenditure that led to a reduction in consumption equal to 960 MWh. The BPER Group in 2023 compared to 2022 achieved an overall reduction of 1,672 MWh (6,021 GJ).

The 2022-2025 Business plan identifies a series of very challenging initiatives to reduce direct emissions; these include the initiatives of the 2022-2030 Energy Plan with which the BPER Group has committed to reducing direct greenhouse gas emissions (Scope 1) by 50.2%, by 2030[62] alongside the goal of increasing the use of renewable energy sources[63]; the goal of reducing emissions by 23% by the end of 2025 has been confirmed.

Reducing Scope 1 emissions by 50.2% by 2030 means reducing CO_2 emissions to 7,143.9 tCO_2e in 2030, compared to 14,345 tCO_2e in 2021, through several strategic actions, which will be implemented in three successive Business Plans.

The actions contained in the 2022-2025 Energy Plan specifically concern the following:

- conversion of gas-fired generators to heat pumps: during the course of 2023 50 sites fuelled with methane gas combustion heat generators have been converted to heat pumps. Gas-fired generators are the BPER Group's main cause of climate-changing emissions, and this process of gradual replacement has begun over the past few years, but to date many buildings, including many medium and large assets, still have generators powered by methane gas;
- car fleet electrification: gradual process of converting the company car fleet of "endothermic" cars to hybrid-plug-in and/or electric cars;
- gas leak detection platform: in 2023 the platform was implemented and will become operational during the first months of 2024. This platform will guarantee the containment of F-gas leaks with a resulting drop in CO_2 emissions;
- optimisation of the use of functional management spaces: in 2023 a refurbishing project of the BPER Banca's Management Centre was undertaken for the rationalisation of the use of a number of management buildings in Modena, in order to optimise space and reduce both operating costs and CO_2 emissions. Even Finitalia during the course of 2023 has optimised its operational spaces by halving the surface area of the available properties. Additionally, once again as part of the optimisation of operational spaces, 214 branch offices have been closed;
- BEMS centralised management platform with AI algorithms: in 2023 the preliminary deep-dives were undertaken to identify the partner for the development of the platform that in the first months of the year will enable the start of a pilot project with a first sample of properties equipped with BEMS equipment;
- extension of the perimeter of the BEMS control and monitoring system: installation of 135 new BEMS units in as many BPER Banca branches which allow the management and monitoring of energy consumption and optimise energy usage;
- implementation of BEMS control and monitoring systems: during the course of 2023 8 large management centres have been completed and/or commissioned with the aim of reducing waste and CO_2 emissions.

Following this first step to reduce the BPER Group's direct emissions, having joined the NZBA, in August it published two reduction targets of the impacts caused by its value chain (GHG Scope 3 emissions) (for further deep-dives see the institutional website BPER > Media & Events > Press releases > Net-Zero Banking Alliance, BPER Banca towards zero emissions). More specifically the reduction goals (at 2030) for Scope 3 emissions linked to the "Oil & Gas" and "Power Generation" sectors have been defined: this procedure will enable the Group to accelerate the sustainable transition of its portfolio and reach the net-zero goal by 2050.

The BPER Group thus clearly and decisively intends to continue on its path towards the Net-Zero target.

62 Baseline 2021 to which the consumption of the Carige Group has been added.

63 During the course of 2023, the BPER Group has underwritten contracts with its suppliers to achieve the objective of 100% of its electrical energy consumption from renewable sources; It should be noted that the value is rounded up as it was equal to 99.55% of the total. This percentage takes into account both the electricity purchased and used from renewable sources and electricity produced independently by its own photovoltaic systems and consumed by the Group.

6.1.3 Emissions Generated

Below are the emissions generated by the BPER Group in 2023, i.e., Scope 1, Scope 2 and Scope 3 values.
In particular, Scope 1 indicates the CO_2e emissions generated directly by the Group, deriving from the consumption of fuel used for heating, from car fleet fuel and from refrigerant gas losses. Scope 2, on the other hand, indicates indirect CO_2e emissions from the consumption of purchased electricity and heat.

Finally, for the calculation of Scope 3[64], or other types of indirect emissions, emissions from business travel by train and air, and from the production of purchased paper are taken into account, in addition to the results of the carbon footprint analysis of the Group's credit and investment portfolios (for more deep-dives see the TCFD Report to be found on the website under BPER > Sustainability > Partecipation in international initiatives).

During the course of 2023, the overall 10% increase in Scope 1 emissions compared to 2022 is attributable to: i) a greater use of refrigerant gases for air conditioning systems of the Group's offices, due to breakdowns to a few air conditioning systems and the expansion of the company's perimeter; ii) an increase in the number of oil-fuelled heating systems installed in former Carige sites; iii) an increase in fuel consumption by the car fleet following the extension of the corporate perimeter and a resulting increase in business travel. These increases are partially compensated by the reduction in emissions resulting from the lower use of natural gas following the rationalisation plan that led to the closing of a number of a branches during the course of 2023.

The Market-Based Scope 2 emissions resulting from the purchase and consumption of electrical energy have instead dropped partially as a result of the supplies received from renewable sources, aligned with the BPER Banca Group's objective of increasing the use of these energy sources. Vice versa, where the Scope 2 Market-Based emissions resulting from the purchase and consumption of thermal energy from district heating are concerned, an increase has been recorded, as a result of a more accurate monitoring of the sites and related suppliers for the year 2023, while for the year 2022, due to a lack of data, it was not possible to recalculate the figure in question. As for Scope 3 emissions, an increase in emissions related to cat. 6 "Business travel" has also been noted, associated to a greater volume of business train and air travel and a reduction of emissions related to cat. 1 "Purchased goods and services" resulting from the current dematerialisation initiatives that have led to a reduced purchase and consumption of paper.

Scope 1 (tCO_2e)

	31.12.2023	31.12.2022
Total Scope 1	**12,195**	**11,045**

Source of emission factors: ISPRA, with transformation into CO_2 equivalent according to the procedure set out in the "Linee guida sull'applicazione in banca degli Standards GRI (Global Reporting Initiative) in materia ambientale" published by ABI Lab in December 2023 and December 2022, respectively for the 2023 and 2022 data.

Scope 2 (tCO_2e)[65]

	31.12.2023	31.12.2022
Total Scope 2 from electricity purchased - Location-Based	25,656	25,793
Total Scope 2 from thermal energy purchased - Location-Based	801	352
Total Scope 2 - Location-Based	**26,457**	**26,145**
Total Scope 2 from electricity purchased - Market-Based	200	349
Total Scope 2 from thermal energy purchased - Market-Based	801	352
Total Scope 2 - Market-based	**1,001**	**701**

The reporting standard used (GRI Sustainability Reporting Standards 2016) envisages two different Scope 2 emissions calculation approaches: "Location-based" and "Market-based".

The "Location-Based" approach envisages the use of average emission factors related to energy generation within well-defined geographical boundaries, including local, subnational or national.

More specifically, for electricity the emission coefficient used with reference to the Italian parameter equals to 267.94 gCO_2/kWh for 2023 and 260.60 g CO_2/kWh for 2022. Source of emission factors: ISPRA, with transformation into CO_2 equivalent according to the procedure set out in the "Linee guida sull'applicazione in banca degli Standards GRI (Global Reporting Initiative) in materia ambientale" published by ABI Lab in December 2023 and December 2022, respectively for the 2023 and 2022 data.

Where thermal energy is concerned, the coeffient used was 209.50 gCO_2/kWh for 2023 and 210.96 gCO_2/kWh for 2022.

64 The other indirect GHG emissions (Scope 3) reported in this document were calculated following the Greenhouse Gas Protocol methodology, as reported in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, available here: https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf

65 As a result of the accounting system improvement process, the data relative to i) Total Scope 2 from purchased thermal energy - Market-Based; ii) Total Scope 2 - Market-Based for 2022 have been revised compared to what was published in the previous Consolidated Non-Financial Statement. For the previously published data reference should be made to the 2022 Consolidated Non-Financial Statement.

The "Market-Based" approach involves the use of specific emission factors linked to the purchasing contractual forms adopted by the organisation for its energy consumption. Where "Market-Based" emission factors were not available, "Location-Based" factors are used.

Regarding the purchase of 100% renewable electrical energy covered by the guarantee of origin, an emission factor equal to 0 is applied. The remaining part will be multiplied by the Residual Mix coefficient which represents the mix of electricity generation shares remaining after taking into account the use of specific tracking systems for energy sources used, such as Guarantee of Origin certificates. The emission factor related to the national "Residual Mix" was used for this approach, which for Italy is equal to 457.15 g CO_2/kWh for 2023 and 457 g CO_2/kWh for 2022 (Source of emission factors: AIB, European Residual Mixes for 2022 and 2021 respectively for the 2023 and 2022 figures).

For thermal energy the above-mentioned "Location-Based" coefficient was used.

Scope 3 (tCO_2e)[66 67]

	31.12.2023	31.12.2022
Cat. 1 Purchased goods and services		
Purchased paper	933	966
Cat. 6 Business Travel		
Trains	155	89
Planes	484	271
Cat. 15 Investments		
Securities portfolio[68]	265,662	116,297
Loan Portfolio[69]	3,382,316	3,043,000
Total Scope 3	**3,649,550**	**3,160,623**

For further details on financed emissions (cat. 15 Investments) by BPER related to the securities and loans portfolio, please refer to the contents of the 2023 TCFD Report available at the BPER website BPER > Sustainability > Partecipation in international initiatives.

In 2023 BPER Banca, in cooperation with DHL, continued to use the DHL GoGreen service in order to offset the CO_2 emissions generated by shipments between the Group's various offices and branches (documentation produced by the international banking office and Corporate Centres, letters of credit, etc.). The activation of this service in 2022 enables BPER to receive an annual certificate (in April of each year) showing the total amount of carbon dioxide emissions emitted by its GoGreen Climate Neutral shipments and the corresponding offsetting.

Climate-Altering Gases

In 2023 the total consumption of refrigerant gases for Group office air conditioning recorded a significant increase in CO_2 emissions compared to 2022 due to the breakdowns recorded on a few air conditioning units and also due to the acquisition of the Carige Group. The BPER Group with a view to improving the efficiency of its own "air conditioning systems" has implemented a F-gas leak detection platform that will come into operation during the first months of 2024 and guarantee, once fully up and running, an accurate and constant monitoring of reloading reports, the containment of F-gas losses with a resulting drop in CO_2 emissions.

66 Source of emission factors: "UK Government GHG conversion factors for company reporting 2023" . business air travel sheet - for 2023 data, "UK Government GHG conversion factors for company reporting 2022" - business air travel sheet for the 2022 data.

67 For business travel (by plane and train), BPER Bank Luxembourg S.A. is excluded from the data reporting scope because the booking system is not centrally aligned.

68 The securities portfolio analysis included 2,113 securities in the portfolio, referring to four legal entities of the Group (BPER Banca, Banco di Sardegna, Bibanca, Sardaleasing). The countervalue of the exposures included in the analyses amounts to about 85% of the Group's securities portfolio (excluding government bonds and intra-group exposures from the calculation); for the remaining portion of securities exposures (approx. 15% of the securities portolio, in euro value terms), the information needed to apply the methodology adopted for the calculation of financed emissions, to be sourced from a qualified infoprovider, is not available.

The securities portfolio analysed, net of the exclusions indicated (government securities, supranational issuers and intra-group exposures and counterparties for which the data necessary for the application of the methodology are not available), consists of approximately 450 issuers, for which the Bank has information and data from a qualified infoprovider for the purposes of calculating the financed emissions on the basis of the methodology adopted. The counterparties excluded from the analysis are those for which the information necessary for its application is not available.

69 With reference to the accounting year 2023, following the broadening of the accounting perimeter (exposure: Euro 40.06 billion) of the counterparties, the value of financed emissions equals the sum of 3,103,972 tCO_2e, ascribable to General Purpose Loans (no. 100,928 counterparties), and 278,344 tCO_2e, ascribable to loans for real estate purchases (no. 83,450, subdivided between commercial and residential properties, in line with PCAF standards). The loan portfolio carbon footprint was calculated on the Bank data updated to 31 December 2023, including the following Group Legal Entities: BPER Banca, Banco di Sardegna, Sardaleasing, BPER Factor and Bibanca.

Emissions from climate-altering gases[70]

	31.12.2023		31.12.2022	
	t recharged	tCO_2e	t recharged	tCO_2e
Total	**1.4**	**2,892**	**0.9**	**1,797**

Emission intensity[71]

	31.12.2023	31.12.2022
Scope 1 + Scope 2 Location-Based		
Emission intensity per sqm (tCO_2e/sqm)	0.02	0.02
Emission intensity per employee (tCO_2e/n.)	1.91	1.76
Scope 1 + Scope 2 Market-Based		
Emission intensity per sqm (tCO_2e/sqm)	0.01	0.01
Emission intensity per employee (tCO_2e/n.)	0.65	0.56

Emissions saved[72][73]

Mode	31.12.2023		31.12.2022	
	Quantity	tCO_2e saved	Quantity	tCO_2e saved
Energy efficiency (kWh)	1,672,424	765	4,770,004	2,180
Reduction in paper consumption (t)	439	321	370	274
Electricity purchased from renewable sources (kWh)	94,888,893	43,378	97,966,429	44,771
Electricity self-produced from renewable sources (kWh)	1,829,294	836	1,797,634	822
Total		**45,300**		**48,047**

Mobility Management - Offsetting Emissions

The relationship with DKV Euro Service continued in 2023 along with the use of the DKV CARD CLIMATE fuel card, an eco-sustainable card that certifies the offsetting of fleet emissions; in fact, for every litre of fuel purchased, BPER Banca, Banca Cesare Ponti and BPER Credit Management (up until the their merger by incorporation into BPER Banca) have invested an additional contribution in offsetting projects certified by myclimate.

The non-profit organisation myclimate is one of the main providers of offsetting measures and satisfies the most stringent standards (CDM, Gold Standard and Plan Vivo).

In 2023, as in 2022, all fuel consumption was therefore managed through the supplier DKV. Consumption in 2023 increased due to the reduction of remote work, the increase in fuel consumption for business travel and of course the expansion of the number of employees with mixed personal-business use cars due to the acquisitions of the Carige Group Legal Entities.

In 2023, offset emissions amounted to 2,269 tCO_2e (+13.3% compared to 2022 when they amounted to 2,002 tCO_2e).

Several activities were launched (or continued) in the field of Sustainable Mobility in 2023 through strong employee engagement. The main ones are discussed in more detail in section "6.2.3 Projects and initiatives".

70 Source of emission factors: "UK Government GHG conversion factors for company reporting 2023" - Refrigerant & Other sheet for 2023 data, "UK Government GHG conversion factors for company reporting 2022" Refrigerant & Other sheet for 2022 data. The climate-altering gases include the following: R-22, R-407C, R-410-A, R-422D, R-427A, R-507A, R-417A, R-32.

71 As a result of the accounting system improvement process, the figure relative to emission intensity per employee (Scope 1 + Scope 2 Market-Based) for 2022 has been revised compared to what was published in the previous Consolidated Non-Financial Statement. For the previously published data reference should be made to the 2022 Consolidated Non-Financial Statement.

72 Emissions saved in relation to energy efficiency, purchase of electricity from renewable sources and self-produced electricity from renewable sources were calculated with the Market-Based methodology using the "European Residual Mixes, 2022, AIB". The emissions saved with regard to the reduction of paper consumption were calculated using the emission factors "UK Government GHG conversion factors for company reporting 2023" (730.478 kg CO_2e).

73 The calculation of paper reduction took into account the paper reduction resulting from the dematerialisation of F24s due to the use of the Advanced Electronic Signature (AES) and Qualified Electronic Signature (QES), the reduction obtained from the dematerialisation of BPER CARD account statements and the Arca Click and Progetto postali initiatives.

Emissions Avoided

In 2023, thanks to: i) real estate energy efficiency measures, ii) the use of renewable energy and iii) the reduction of paper consumption, the BPER Group avoided the emission into the atmosphere of 45,300 t of CO_2e. To these, by adding the emissions offset with DKV Climate (2,269 tCO_2e), those linked to the sustainable mobility initiative Wecity (7.5 tCO_2), those linked to the Elettra Sharing car sharing initiative (2.33 tCO_2), to the tree planting project of Arca Fondi SGR "Mosaico Verde[74]" (21 tCO_2) and the project for offsetting emissions deriving from shipments with DHL GoGreen (29 tCO_2), the total emissions not released or offset amounts to 47,629 tCO_2 avoided, equivalent to the CO_2 absorbed by 68,041 trees[75].

6.2 Protection of the Environment

6.2.1 Acquisition and Responsible Use of Resources

In order to reduce its direct impact on the environment and at the same time initiate efficiency improvement and cost-saving actions, the BPER Group has included several very challenging initiatives in the areas of responsible management of raw materials and providing support for the fight against climate change in its 2022-2025 Business Plan.

In addition to the 2022-2025 Energy Plan already described in the previous sections, another new project launched is the review of the impact of the supply chain and an ambitious target to reduce paper usage by 25% by 2025.

In fact, paper is one of the main raw materials used in the banking sector.

In 2023, as in 2022, a quantity of recycled paper amounting to 99% (+1% compared to 2022) of the total was used in the Company's offices and branches; the remaining 1% has an international certification that guarantees its origin from forests managed in a sustainable and responsible way.

As far as the process dematerialisation project is concerned, it is worth emphasising that any increase in the bank's level of digitalisation is also important to increase "resilience" in terms of process business continuity.

The main initiatives undertaken by the BPER Group to reduce paper consumption are listed below[76]:

- promotion of the use of AES (Authorised Electronic Signature) and QES (Qualified Electronic Signature) (initiative introduced since April 2021) to allow bank documents to be signed without printing them. In 2023, 277.28 tonnes of paper consumption were avoided (+40% compared to the previous year). The use of AES and QES also reduces toner consumption;
- "Arca Click" and the "Reduced frequency of sending coupon distribution reporting documents" are two of the Arca initiatives that have led to significant savings in terms of both paper consumption and cost. In particular, thanks to these initiatives a reduction in paper use of 20 million[77] for the first and 324,000[78] for the second respectively, amounting to an overall saving of 70.67 tCO_2e;
- BPER CARD online account statements: 69% of credit card statements were sent via e-mail, a considerable increase over the previous year and a paper saving of 7,188,583[79] sheets equivalent to 34.22 tons;
- F24 dematerialisation with re-internalisation of processing in the branch; the F24 digitalisation procedure update has avoided processing by the external service with consequent savings in paper not sent. In 2023, all the F24 tax forms were dematerialised with a decrease of about 17% compared to the previous year, equal to a reduction in the use of 3,304,212 sheets of paper[80] (15.73 t);
- Finitalia paperless: reduction of paper consumption thanks to the progressive digitalisation of internal processes and the adoption of a digital signature system for signing credit contracts. In particular, between 2018 and 2023 paper consumption has been progressively reduced by 81% (from over 1 million sheets to 210,000 in 2023);
- Mail project: a project designed to optimise the costs related to postage, which among the other repercussions has led to a substantial reduction of printouts and paper transmission of documents sent on a regular basis to customers related to the main relationships through unilateral measures designed to increase the use of Online Mail for digital customers. The plans set in motion in 2023 (on credit card, securities account and asset management reports) will continue during the course of 2024 (on current accounts, mortgages and debit cards, prepaid cards), therefore 2023 recorded the first positive effects,

74 The estimate of 7kg/year per tree was provided by AzzeroCO2: https://www.azzeroco2.it/en/.

75 An average of 700 kg of CO_2 absorbed by a tree in ten years was used for the calculation.

76 Paper is a material that can be categorised as "renewable", as it originates from a natural resource that is not exhaustible. A4 size sheets weighing 4.76 g were considered for estimating the paper saved.

77 An average of 4.3 sheets per customer/year was considered for the calculation.

78 A sheet per mailing was considered in order to calculate the numbers of sheets of paper.

79 An estimated amount of 10 sheets saved per account.

80 An average of three sheets per form was considered for calculating the sheets of paper.

which will increase in 2024 while the targeted benefits will be achieved in 2025. These plans have been also integrated by banning the dispatch of certain accounting documents that is no longer required (bank transfer slips), drastically reducing the dispatch of weekly payslips by mail. In 2023 an overall benefit was recorded of approximately 15t of paper.

- "Edicola Digitale" (Digital Newsstand): replacement of subscriptions to magazines and paper newspapers with those in digital format;
- replacement of printers with night-time printing blocks and elimination of faxes in all branches;
- BPER Factor's WIP (Web Interactive Platform).

Altogether, the actions described above led to a reduction in paper use of 439t.

During the course of 2023 BPER Banca, with a view to improving its environmental/energy performance began on a path that in 2024 will lead to being awarded two certifications, EN ISO 14001 and 50001, on a first significant sample of properties.

In 2021 BPER Real Estate s.p.a., the company that manages part of the BPER Group's properties, launched an "Environment" project with the aim of pre-mapping buildings and construction sites in order to define the environmental context and the matrix of significant environmental aspects. The activity was completed at 31 December 2023 and involved approx. 50% of company's owned sites. Regarding the activities performed, no environmental risks worth of mention were reported.

Qualified Electronic Signature (QES) Project

Since 2021 BPER Banca has been pursuing its own dematerialisation process and the consequent reduction in paper consumption through the introduction of the Qualified Electronic Signature (QES). The project has enabled customers to provide "paperless" documents and contracts also remotely. There are several benefits with this new digital service: the method is perfectly functioning both on Bank premises and remotely, allowing the customer to operate remotely using only their smartphone. In fact, the QES signature allows the customer to speed up the signing process by applying all their necessary signatures simply by entering a single "one-time" password.

In terms of environmental impact, the use of Qualified Electronic Signatures (QES) allows the achievement of a considerable reduction in paper consumption, with a consequent further advantage for the environment in terms of reduced CO_2 emissions. In the course of 2023, it was possible to avoid 202.55 tCO_2e (AES and QES) being introduced into the atmosphere, approx. +39% compared to 2022.

Raw materials purchased[81 82]

	31.12.2023	31.12.2022
Total amount of office paper used (Kg)	**1,272,511**	**1,299,230**
of which solely FSC certified paper	10,748	20,068
	1%	2%
of which recycled paper	1,253,991	1,267,348
	99%	98%
of which paper with other certifications excluding FSC	7,772	9,484
	1%	1%

Water

During 2023 the BPER Group, in order to improve its collection and reporting of environmental data, has undertaken a process to estimate the total amount of water used. In 2023, the water consumption from municipal water mains or other water service provides was estimated as amounting to 495,367.08 cu. m.[83].

Moreover, the Group's total water consumption, understood as the water used by the organisation and which is no longer usable by the eco-system or local community, is estimated to be equal to zero, seeing as the exclusive use of the water for hygienic-sanitary purposes and, at the same time, the lack of additional significant processes that entail water consumption by the Group.

81 The percentages are shown without decimal places. For this reason, the sum of the individual percentage items may not add up to exactly 100%.

82 Paper is a material that can be categorised as "renewable", as it originates from a natural resource that is not exhaustible.

83 The data was estimated without the BPER Bank Luxembourg S.A. company, due the impossibility to apply the estimate method used in the calculation. The estimate method follows those suggested in the "Linee guida sull'applicazione in banca degli Standards GRI (Global Reporting Initiative) in materia ambientale", published by ABI Lab in December 2023.

6.2.2 Waste Management

The Group continues to minimise the impact of waste disposal through careful management and by favouring recovery where possible, in order to turn waste into a resource.

Given the large quantities of paper used, the BPER Group has decided to assign its disposal to specialised companies that immediately return it to the production chain. Therefore, almost all paper waste is recovered.

Wherever possible, all new offices set up in the meantime are equipped with containers for separate waste collection, continuing with the project already started in the previous three years. The implementation of this model for existing offices continues.

The objective of this activity remains the drastic reduction in the production of undifferentiated waste, with the simultaneous elimination of bins. In addition, since July 2021 BPER Banca has been equipped with an IT platform to control and report on waste collection and disposal operations. This waste management and monitoring process will be further improved during 2024 thanks to the implementation of a UNI EN ISO 14001 Environmental Management System.

Waste generated (t)[84]

Waste generated by type	31.12.2023		31.12.2022	
	Waste for recovery	Waste for disposal	Waste for recovery	Waste for disposal
Paper	1,284.7	0.4	1,315.2	1.3
Paper and cardboard packaging	118.2	-	217.3	-
Mixed material packaging	70.2	0.2	135.0	-
Bulky waste	123.1	0.7	11.1	0.1
Iron and Steel	44.6	-	68.6	-
Other	130.7	2.0	293.0	1.7
Total	**1,771.4**	**3.3**	**2,040.4**	**3.2**

Waste not for disposal

	2023			
	Hazardous waste - on site	Hazardous waste - external site	Non-hazardous waste - on site	Non-hazardous waste - external site
Preparation for reuse	0.1	0.1	-	-
Recycling	1.3	0.2	-	1,207.5
Other recovery operations	2.5	1.3	-	558.6
Total	**3.8**	**1.6**	**-**	**1,766.1**

	2022			
	Hazardous waste - on site	Hazardous waste - external site	Non-hazardous waste - on site	Non-hazardous waste - external site
Preparation for reuse	-	-	-	6.1
Recycling	-	6.2	-	1,796.3
Other recovery operations	-	-	49.2	182.7
Total	**-**	**6.2**	**49.2**	**1,985.0**

84 The category "Other" included waste whose values were not significant in 2023 (less than 40 tonnes). The following types of waste are included: toner, WEEE, plastic packaging, wood packaging, mixed construction and demolition waste, plastic, inorganic waste not containing hazardous substances, glass, lithium batteries, lead batteries, cement mixtures or slag, waste from flue gas cleaning.

Waste for disposal (t)

	2023			
	Hazardous waste - on site	Hazardous waste - external site	Non-hazardous waste - on site	Non-hazardous waste - external site
Incineration, with energy recovery	-	-	-	-
Incineration, without energy recovery	-	-	-	-
Landfilling	-	-	-	2.0
Other disposal operations	-	0.6	-	0.7
Total	**-**	**0.6**	**-**	**2.7**

	2022			
	Hazardous waste - on site	Hazardous waste - external site	Non-hazardous waste - on site	Non-hazardous waste - external site
Incineration, with energy recovery	-	-	-	1.3
Incineration, without energy recovery	-	-	-	-
Landfilling	-	-	-	-
Other disposal operations	-	-	-	1.9
Total	**-**	**-**	**-**	**3.2**

6.2.3 Projects and Initiatives

In 2023, BPER Banca continued to raise personnel awareness of sustainability and environmental issues.

Below are the main initiatives in support of environmental protection that included personnel engagement.

"Piantiamola"

"Piantiamola" (Let's plant it) is the logo BPER uses to identify environmentally sensitive planning for employees as well as the company intranet area where all the initiatives and contests that BPER Banca offers to its employees can be found, to make their workplace, and much besides, more sustainable.

"BPER Banca Plastic Free"

BPER Banca has long been attentive to the issues of respecting the environment and reducing plastic inside and outside the workplace. Starting in 2020 - the year when the "BPER Banca Plastic Free" project was launched - each of the Bank's employees received a branded water bottle, which serves as a substitute for plastic bottles. At the end of 2023 the initiative was expanded to include new hires raising the overall number of units delivered to 20,500. A water bottle filled daily from home will avoid the use - for each employee - of about 220 half-litre plastic bottles per year (taking into account working days), making the working environment more sustainable. The usefulness of the canteens has been further enhanced by installing special water distribution columns in the main Central Management offices.

Energy Saving Handbook

Through this document, published on the Company's intranet, the Bank intends to raise awareness among colleagues on the subject of Energy Saving and promote virtuous behaviour without renouncing comfort or services, changing habits or incorrect actions. Small efforts that can make it possible, for example, to make the best use of air conditioning and lighting devices and systems.

"Piantiamola di inquinare!" (Let's stop polluting!) - the sustainable mobility project in cooperation with Wecity

Also in 2023 BPER Banca has followed through with the initiative "Piantiamola di inquinare!" with the support of the Wecity platform, in order to reduce CO_2 emissions into the atmosphere. The initiative - now in its third year - has involved around 300 employees spread across the Group's various branches who cycled, walked or rode a scooters to work for three months, covering a total of 54,000 km, thereby reducing around 7.5 tonnes of CO_2, equivalent to the result produced by more than 1,000 adult trees in one year by photosynthesis. For each trip, the Wecity app calculated the CO_2 saved (1 kg for every 7 kilometres travelled) and created a ranking based on this value. The initiative was well integrated with the various initiatives within the "European Sustainable Mobility Week" (16-22 September 2023).

BPER Banca joins M'illumino di Meno 2023 (I light up less 2023)

The Bank again joined the M'Illumino di Meno initiative in 2023, the International Day for Energy Saving and Sustainable Lifestyles conceived in 2005 and promoted by Caterpillar and Rai Radio 2 with Rai per il Sociale. For its 19th event, the day was dedicated to the issue of "Renewable Energy Communities", which are local alliances of public institutions and citizens who produce and distribute energy from renewable sources.

For the occasion, BPER Banca switched off the signs of its headquarters in Modena and 428 branches nationwide for one night. More in general, BPER Banca, for its part, has been supporting numerous energy efficiency projects for some time now, involving the Legal Entities of the BPER Group. In 2022 the new 2022-2030 Energy Plan was approved, which calls for a range of actions (some of which were kicked off in 2023) on energy efficiency which will lead to a reduction of direct Scope 1 emissions of 50% by 2030, in line with the Paris Agreement on climate change.

Sustainable Mobility

Several sustainable mobility initiatives and services have been activated thanks to the involvement of employees:

- an inter-company car pooling platform (Jojob) is available to employees for sharing cars between several people in the home-work-home commute, which has led to a considerable reduction in the number of cars on the road with consequent benefits in terms of pollution, improved social relations between people and economic savings in terms of per capita costs of fuel, oil, tyres and motorway tolls. The use of the app has remained pretty much in line with last year, thanks to which in 2022 the introduction of 4.2 t CO_2 (32,552 km was avoided) while in 2023 4.1 CO_2 were saved, with a total of 31,898 km avoided.
- In 2023, 20 Home-Work Commute Plans were approved for the various BPER Group offices with more than 100 employees, as required by Italian Decree Law no. 34 of 19 May 2020 (Relaunch Decree), converted into Law no. 77 on 17 July 2020;
- the E-bike sharing service is available at some branches with the central headquarters in Modena. This initiative contributes to a healthier and more sustainable lifestyle for employees and encourages the improvement of micro-mobility by using modern, zero-emission vehicles;
- a daily corporate shuttle service that connects the Modena Rail Station to the Modena Headquarters has been activated in order to make it easier to commute and promote use of public transport;
- a pilot project "Free recharging" was launched launched (July 2023) that offers employees working at the Modena Headquarters the option of recharging their electric vehicle for free (up to a maximum of 15 hours a month) thanks to special columns that provide energy directly from the Bank's photovoltaic systems. The total electrical energy used by the Group's personnel to recharge their electric vehicles amounts to 3,970 kWh.

7. RELATIONS WITH THE COMMUNITY

The BPER Group is committed to the enhancement of its presence in the territories also through partnership initiatives, sponsorships and donations; the activities supported favour those areas attributable to the Group's system of values such as welfare, development of cultural initiatives, support for the younger generations and care for the environment.

The attention paid to the social and environmental context of the local areas has promoted numerous partnerships with organisations and associations that include: Global Compact Network Italia, Impronta Etica, Sodalitas Foundation, Foundation for Financial Education and Savings (FEduF), Forum for Sustainable Finance, Sustainability Makers, Association for CSR, Valore D, ABI working groups on sustainability, inclusion and the fight against climate change.

The BPER Group's commitment towards communities and territories is shaped by its "donations" (contributions to associations and charity giving, donations, scholarships, etc.) and "investments in the community" (cultural and amateur sports events, solidarity events, communication of sustainable activities for the community, etc.).

Relations with the community (Euro)

	31.12.2023	31.12.2022
Donations	4,612,033	2,174,810
Investments in the community	6,401,507	5,622,767
Total	**11,013,540**	**7,797,577**

As regards the assessment and monitoring of any negative impacts that the Group might have on the community, a focus on ESG issues has been implemented within the regular reputational risk analysis process. The main elements that make up the reputational risk management framework are described and formally outlined in a specific policy ("Group Policy for Reputational Risk Management"), updated in 2023, which envisages centralised governance of said risk within the Parent Company, with a decentralised assumption of risk across the individual Legal Entities, detailing the responsibilities of the Organisational Units of the Parent Company and of the Group Companies involved, under normal operating conditions as well as in the presence of so-called "critical reputational events".

Moreover, as assessed by the materiality analysis and as part of the human rights assessment - see paragraph "3.2 Materiality Analysis" - taking into account the BPER Group's activities, mainly developed across Italy, it is believed that the impacts on the "Support to the Community" topic need not be highlighted.

Considering the above activities, the Group has not identified any operations and/or activities with relevant negative impacts on local communities and has not received relevant reports in this regard.

For a deep-dive into the assessment of social impact generated by some of the important projects developed by BPER, see paragraph "7.5 Monitoring territorial impact".

7.1 Donations

The BPER Group's commitment towards territorial social development in 2023 led to the disbursement of charity contributions in favour of many health support, social and environmental initiatives.

The Legal Entities identify the activities to be supported and the contributions to disburse in compliance with the "Group Regulation on the process of institutional promotion and donations" which are allocated based on the various needs voiced by the area of reference.

For donations, as of 2023, the Parent Company has set up an Internal Committee that performs a first assessment of the various requests received.

It should be noted that in compliance with the provisions of the Code of Ethics, no donations were made to political parties or representatives.

Present4Future

Present4Future is a social inclusion project for young people between the ages of 14 and 24, conceived by BPER Banca together with the Abele Group Foundation that is implemented by means of a three-year plan of social, education, sports and cultural activities. The year 2022 was the preparatory year during which a listening activity was put in place to acquire indications regarding territorial needs and define a structure for the organisational network; 2023 was the year when the activities were developed, many of which had the only objective of getting to know the young boys and girls and give them a chance to lead, promoting participation and active citizenship in order to feel closer to the territory they belong to and enable them to explore its particular nature and the most significant "bonds" that make it stand out.

The initiatives involved the cities of Turin, Milan, Genoa, Rome, Naples and Palermo where six action areas were foreseen: participation and leadership, regeneration and territorial animation, formal and non-formal education, contamination and cultural exchanges, empowerment and well-being, networks and networking. With reference to the action areas, the operators of the partner associations fielded a broad range of activities, so as to respond to the needs of the neighbourhoods where they operate and the young people they address. Two national stages were organised to open and close this year, in Milan in March and Naples in December, while a "summer relay" envisages exchanges for the youths from the various areas and mutual hospitality, from the North to the South of Italy. A range of local awareness initiatives were included in this context, training, shadowing and listening, spaces for leadership, museum visits, trekking and fun-educational events, workshops and artistic studios, sports and urban regeneration activities. These ranged from the "ZLAB", leadership workshops in Turin, to activist workshops in Palermo, from "Social Day" in Milan, in the name of inclusive sport, to the "Spiazzamenti" festival in Rome, the cultural festival with readings, meetings, theatre shows, urban regeneration workshops of the "Casa del Custode" in Genoa, to the refurbishing of the five-a-side football pitch named after Ciro Colonna in Naples. During the first year the Present4Future project reached out to over 2,000 boys and girls, with different levels of participation. The beneficiaries of these activities were also the local communities, which were able to enjoy refurbished public spaces thanks to the project and take part in animation activities, in addition to the action and through provoking round-tables for the growth and development of actions and options beneficial to the boys and girls who take part in these events.

During the course of 2023 BPER Banca collaborated with the Abele Group to open and manage an Instagram channel for the project, where content management was entrusted to the young participants, under the supervision of the Foundation and the Bank.

More deep-dives on the projects and initiatives in question are available at https://www.bper.it/present4future.

During the course of the year the results and activities were monitored in order to measure the effective social impact generated for the people involved (adolescents, families, reference communities, etc.). For further details see paragraph "7.5 Monitoring territorial impact".

Scholarships

A number of scholarships were disbursed by the Bank during 2023.

Over Euro 150,000 were paid out overall for 266 deserving secondary school students as well as some for people experiencing economic hardship. For universities, a particular mention should go to the "Cavazzoli" Degree Prize, for graduates throughout the country who have written their thesis on Sustainability issues and scholarships delivered to the 3 winning groups of the B-education projects, discussed under paragraph "7.2 Financial Education and other educational projects".

Food Banks Emilia-Romagna

In 2023 BPER Banca entered into a partnership with the Food Bank Association of Emilia-Romagna to support the fight against destitution and raise awareness and promote volunteer and charity activities.

27 food banks throughout the Region, of which 18 are association members, provide help to over 7,000 families and more than 23,000' people every year for a total of over 114,000 shopping baskets distributed and a network of over 900 volunteers.

The contribution, amounting to 65,000 euro, will help to strengthen the network of food banks and set up an even stronger and tangible bond between BPER and the area.

Fund collection and special projects

Earth Day

On Earth Day, BPER has promoted an initiative in collaboration with the WWF and the involvement of its customers, that envisages the activation of a collection of funds for the Valore Oasi project, that focuses on protecting two important Italian natural havens (Oasi WWF Bosco di Vanzago and Oasi WWF di Macchiagrande), as an action to fight climate change: the WWF Havens are after all an example of how natural areas protected from degradation produce benefits for biodiversity, the surrounding area and for human beings, as they help "natural storage" of CO_2.

The initiative enabled to collect and donate Euro 110,000 via a collection scheme which saw the transfers made by customers via the app rounded up by the Bank, a "flat donation" by the Bank for each transfer (50 Euro cents up to a maximum donation of Euro 100,000) and, lastly, a "flat donation" by Mastercard for every payment made using the BPER Banca Mastercard.

Violence against Women

Since 2022, on the International day for the elimination of violence against women (25 November), BPER Banca promotes a fund collection campaign "Insieme per le donne" (Together for women) in favour of "D.i.Re – Donne in rete contro la violenza", a group of 87 organisations spread throughout Italy who manage over 100 Anti-violence Centres and more than 60 shelters, hearing out approx. 21,000 women every year.

Even in 2023, the fund collection campaign was communicated on all the BPER Banca's channels, in the press and on social media, especially on social networks: the amount collected, including the BPER donation, was an overall total of Euro 250,000, all handed over to D.i.Re. The initiative saw the joint efforts of employees, customers and non-customers and the Institute in favour of the "Fondo Autonomia" (Autonomy Fund), a Fund that collects economic resources contributed to support women who have turned to anti-violence centres that are part of the association's network. These resources are earmarked to cover expenses linked to the running of the household, training courses and support for the children of the women involved, helping them along the path towards independence.

On the day the fund collection campaign was launched, November 23, the "E-co-no-mia" event was held at the National Modern and Contemporary Art Gallery in Rome which entailed a debate attended by the Bank's Chair, Flavia Mazzarella, the Chair of D.i.Re., Antonella Veltri, the Economist and Head of the School of Gender Economics of the Unitelma University Sapienza, Azzurra Rinaldi and the Deputy head of the La Stampa newspaper Annalisa Cuzzocrea. A moment to discuss and raise awareness that addressed the issue of a form of more pernicious gender violence - economic violence - and how to promote female financial independence.

The collaboration of BPER Banca with the D.i.Re Association, in the coming years, also includes the organisation of financial education initiatives for women as well as awareness-raising, dissemination and employee training initiatives, designed to prevent economic violence as a specific form of gender violence.

According to the observations of the D.i.Re association, 32.2% of women welcomed into their centres has suffered economic violence. This is a cross-cutting phenomenon that affects all social and economic levels and is the hardest to recognise even by the victims as it is etched in family educational models. It can also manifest itself in many ways, from wage disparity to difficulty in accessing loans, to the lack of opportunity for professional development and it is often associated with other forms of domestic violence that prevent women from being more independent on the choices they make.

Earthquake in Turkey - Syria - Initiative with the Italian Red Cross.

In 2023, BPER Banca launched the initiative "United for the population of Turkey and Syria", that envisaged a fund collection among Group employees and customers. The proceeds were to be given to the "Italian Red Cross" (CRI) to support its rescue missions among the communities hit by a terrifying earthquake. The total donation - including the Bank's contribution - amounted to Euro 1,000,000.

Emilia-Romagna weather emergency - Initiative with the Italian Red Cross.

In 2023, BPER Banca launched a charity initiative "United for Emilia-Romagna" in response to the heavy flooding that hit the region. The Bank set up a fund collection among its customers and employees in favour of CRI (the Italian Red Cross), that was engaged in managing the emergency. Furthermore, BPER Banca also made available as series of assistance measures and extraordinary loans for the families and companies that had suffered damages from the event. At the end of the fund collection, the Institute paid out Euro 4,000,000 to CRI, including its own contribution.

BPER Bene Comune - Crowdfunding for the Third Sector

Within the context of the support activities for the non-profit and public sector, in satisfying the primary needs of local areas and citizens through proximity and according to the principles of civil economy and a shared well-being, the BPER Bene Comune Service (for a deep-dive see paragraph "4.7.1 Products and services with a social purpose") has launched its sixth invitation to the tender "Il futuro a portata di mano" (the future at hand).

This project, built in partnership with the Produzioni dal Basso network, has seen BPER Banca support initiatives that reward social innovation in cultural and social fields and the capacity to redesign with the other local public and private entities. In 2023 the call for tenders enabled the co-funding (through donations) of two projects (Euro 13,000 each) of urban recovery for young people that will be implemented by Terzo Paesaggio ETS and Rete Pictor in the Rimini and Bassano del Grappa areas respectively.

"La voce del cliente per il non profit" (The customer's voice for not-for profit)

This is an original corporate giving initiative organised by BPER Banca during 2023 which saw the involvement of BPER and Banco di Sardegna customers who took part in a survey to detect the Net Promoter Satisfaction Score - NPS (deep-dive under paragraph "4.2 Quality and satisfaction"). For each answer provided by the clientele, BPER gave Euro 1 to a Third Sector entity indicated by each interviewee, who has the option of choosing among three different entities engaged in a range of socially, culturally and environmentally useful missions: the CIAI – Centro Italiano Aiuti all'Infanzia (Italian Centre for Infancy Support), the FAI – Fondo per l'Ambiente Italiano (Italian Environmental Fund) e the Lega del Filo d'oro (Golden thread league). A donation of one Euro was also given for answers where no donation choice was provided, with the amount equally shared among the three associations. Thanks to the initiative an overall sum of Euro 90,000 has been donated.

7.2 Financial education and other educational projects

Over 144,000 people are involved in financial and sustainability education in 2023.

We think that it is essential to train adults and young people on financial education and sustainability issues, and for this reason for years we have been engaged in projects and initiatives to provide tangible assistance in this area. The aim is to increase the number of people with specific skills in finance and economics, helping them to make informed choices about spending, investing and savings with a view to promoting a sustainable development of society.

B-education: ideas that count

During the course of 2023 "B-education: ideas that count" was completed. An important and innovative national financial education and sustainability project conceived by BPER Banca with the involvement of a number of Italian universities, included in the Bank's 2022-2025 Business Plan, it saw the active participation of major partners such as FEduF (Foundation for Financial Education and Savings) and CivicaMente, the collaboration of ASviS, Officine Italiane, the MUR and the association of brokerage economics, financial markets and corporate finance lecturers. The project, structured into three different phases, was the involvement of over 1,900 students of the undergraduate and graduate programmes, belonging to a range of departments of over 60 Italian universities, with the aim of disseminating financial and sustainability education as citizen skills that cut across all different study paths.

After registering on the dedicated platform, the students had the opportunity to vote on the ten topics to be explored (Phase 1: "Vote") and listed below:

- financial planning: spending, saving, investing;
- online trading: risks and returns;
- cryptocurrencies and crypto-assets: risks and opportunities;
- cognitive and behavioural aspects: distortions and biases;
- finance at the service of sustainability: capital and projects;
- traditional and ESG investments: similarities and differences;
- getting into debt with balance: mortgages, credit and beyond;
- digital payments: opportunities and risks;
- financial education and gender equality: between stereotypes and potential;
- supplementary pension: modes and instruments.

In the second Phase, called "Learn", participants were given the opportunity to benefit from in-depth e-learning courses on the socio-economic issues selected in the "Vote" Phase, a major ASVIS training course on the 17 Sustainable Development Goals (with a specific certificate) and three training webinars on three soft-skills.

During the third phase called "Make", starting in April 2023 a series of work groups were set up that created financial education projects on one of the 10 issues reported above - designed for a cluster chosen by the students themselves (children of all educational levels, adults in a productive age brackets or the elderly).

At the end of this project work phase the resulting productions were assessed by a Scientific Committee and in December 2023 the projects of the 6 finalists were presented and prizes awarded to the 3 best projects. The first ranked group received a prepaid card (per member) worth Euro 10,000, the second 8,000 and the third 7,000. Moreover, upon request, the winners were given the opportunity to start a possible selection process at BPER Banca itself.

During all phases, the Bank encouraged the target students by means of a campaign on its social network channels and the involvement of digital creators.

All the information and highlights of the project can be found at the www.ideechevalgono.it website.

For a deep-dive regarding the assessment of the social impact generated by the "B-education: ideas that count" project see paragraph "7.5 Monitoring territorial impact".

A step towards the future

An initiative carried out with CivicaMente and dedicated to students at all levels. A web-based learning path to raise awareness among young people of a broader concept of finance which, in addition to purely economic notions, includes issues of ethics, sustainability, new technologies and saving the planet's resources. The project was enriched with two interactive maps as virtual environments to explore the many facets of sustainability and new digital skills, respectively, and an innovative media education tool designed and created to bring young people closer to the world of finance, in continuity with the Goals of the UN 2030 Agenda. "Un passo verso il futuro" (A step towards the future) also includes "Tarabaralla. Il tesoro del bruco baronessa" (Tarabaralla. The treasure of the baroness caterpiller), an illustrated book to raise awareness among children of the value of things and the importance of "setting money aside" to achieve their dreams, as well as to talk about the value of friendship and solidarity.

The training offer and instructions on how teachers can apply can be found on the website a https://www.educazionedigitale.it/bperbanca/.

The GRANDE! project

BPER Banca offers the last three classes of primary school the “GRANDE!" initiative.

For the school year edition 2023/2024 it was decided to provide the classes with a guided path dedicated to the study of the economy and savings through art: the teaching of financial education will be pursued by presenting works of art, the story of the lives of the artists who created them, and anecdotes or details that are useful in explaining the concepts of economics to children.

The educational kit distributed also considers the principles of sustainability and inclusiveness. The material is printed on recycled paper and without lamination, with accessible texts and audio tracks for children with special educational needs.

At the site https://grande.bper.it/it/ - the portal dedicated to schools - teachers and students can watch educational cartoons together and upload their own projects.

GRANDE! also speaks to adults: a section of the aforementioned site is dedicated to older students, including rich content and useful tips to help teach children about economic awareness in a fun and enjoyable way.

Initiatives with FEDuF - Foundation for Financial Education and Saving

Collaboration with FEduF to promote financial education to students continues.

In the 2022/2023 school year, the "Che Impresa Ragazzi!" pathway for the development of transversal skills and orientation (PCTO) allowed secondary school classes to challenge each other in the creation of a business project (business model canvas). The meetings of BPER Banca were coordinated by employees of the Parent Company, specially trained to dialogue with students and pass on their technical knowledge.

A number of initiatives were organised throughout the country in 2023:

- In Spring the students of primary schools in Liguria and Tuscany were invited to take part in online meetings on the issue of civil education and economic citizenship, with particular focus on sustainability, saving and gender equality at the end of which a digital event "Legonomia, l'economia circolare spiegata con i mattoncini" (Legomania, circular economy explained with Lego bricks", compared by Luciano Canova, using the LEGO®SERIOUS PLAY® method, to explain a few economic and financial concepts in a simple and amusing way using the famous play bricks.
- Around the month of May, 300 students from secondary schools in the province of Modena participated in the lecture show "Le scelte (in)sostenibili" (The (un)sustainable choices), which was held at the BPER Banca Forum Monzani. The event, organised by Taxi 1729, offered young people a reflection on the common good, a discussion on the concept of sustainability and the conflict between the I and the WE. Indeed, the students were engaged through quizzes in order to stimulate a discussion on the eternal conflict between individual and social interest;

- in October, the financial education month, a day dedicated to financial education entitled: "Financial education at a time when easy profits are being sought and crypto-assets", promoted together with the Economics and Management Department of the University of Ferrara. An entire day given over to financial education: in the morning one hundred or so youngsters took part in the show conference "Scegli cosa voglio" (Choose what I want), held by Taxi 1729. In the afternoon the floor was given to the show "Occhio alle Truffe" (Eye on the swindles), organised by CONSOB and extended to all citizens.

The collaboration with the Sodalitas Foundation

For the 2022/2023 school year, BPER Banca participated as a member of the jury that awarded the prize for "My company, my future", an educational project carried out by the Sodalitas Foundation, of which the Bank is a member, as well as Idea.lab and the Varese Provincial School Office. The project involved fifteen secondary schools in the province with the aim of bringing students closer to the world of work, giving them the opportunity to grasp the mechanisms of how a company works. The collaboration with Sodalitas again continues in the new 2023/2024 school year, involving BPER Banca in a series of seminars targeting secondary schools: "Start Up, Let's Create a Business Together" and "Sustainability and Business Plans" as part of the "My Business, My Future" project.

Financial Education on Social Media and Other Web Channels

The Bank also disseminates financial education content through its proprietary channels in order to meet the information needs of its audience and promote an informed and responsible economic culture.

An example of the podcasts published on the BPER.it site, that discuss economic and financial issues and more, with a simple approach within everyone's grasp.

Another channel is BPER Magazine, the section of the BPER.it site that hosts articles, info-graphics and video snippets on investment and saving issues. During the course of 2023, the contents published on the Magazine were then regularly repeated and shared even with the subscribers to the Bank's newsletter.

The Bank's profiles on Facebook and LinkedIn are also a sounding board for all activities and support BPER's commitment to the region, the community and people.

In particular, "Paghette" (Pocket Money) is the web magazine produced by BPER Banca that means to put young people in touch with the economic and financial world, to help create a new awareness and remove certain taboos on this subject. Via a special Instagram channel (@paghette_) informal discussions of investments and saving are held, using "memes" and graphics reminiscent of the Z Generation and involving Instagram and TikTok creators.

For the financial education month in particular, BPER has also pursued a social media campaign in which it has described, in numbers, its own commitments in terms of financial education. The Bank then set up a special project, developed mainly on its Instagram and LikedIn channels, to describe its participation in EduFin (the "Savings Trade Show") in Rome and all the activities it has promoted on this occasion. The dissemination activities have been entrusted to a team of creators and young talents, "Est Radio", who have involved students participating in the show with interviews and quizzes on economic/financial issues.

To expand the issues and reach an even broader audience, a series of learning snippets were created together with Luciano Canova, an economist and scientific communicator, to promote a greater attention on both the more well-known financial issues as well as issues that are equally important, yet often overlooked, about insurance and pensions.

For the youngest target (Generation Z) the Bank has dedicated the entire content of the Paghette Instagram channel to the issue of financial education and has hired the creator Marcello Ascani, with a considerable following among the young, who "dismantled" a few clichés about easy finance.

Path for the development of cross-cutting skills - PCTO "The Bank of the Future"

In 2023 BPER Banca began a path to develop cross-cutting skills with 20 hours dedicated to second level high schools that met the requirement of providing an innovative form of professional guidance to enable young people to adapt to the rapid changes of the current context, especially with regard to sustainability issues. The students of the enrolled classes have the chance to take part in an e-learning training path, involving interactive self-consistent multimedia units and the related self-assessment tests in which the following issues are addressed at length: knowing one's self and one's potential, building an effective CV by including soft and hard skills, learning to manage time and projects in a productive way, knowing the jobs of the future. Once the 4 lessons were completed one could take the final test. Once the e-learning phase was completed, further Project Work is foreseen that stimulates the students to field their own skills in imagining the Bank of the future.

Donne al Quadrato

BPER Banca, in 2023, joined the project "Donne al Quadrato: Pianificazione Finanziaria e Previdenziale" (Women Squared: Financial Planning and Retirement Planning) created by Global Thinking Foundation, a non-profit foundation which operates in the financial and digital education field with the aim of countering economic violence and promoting social inclusion projects for the most vulnerable.

"Donne al Quadrato" is a free training course for women with the aim of developing economic, insurance and social security skills to be able to make economic and financial choices in a conscious, independent and sustainable way. The study course included two cycles of meetings made up of four lessons each promoted in a campaign that used both social media channels, and the involvement of digital creators who enabled the project to achieve a greater visibility and a much broader audience.

The Financial Education path is consistent with the dissemination of the Sustainable Development Goals (SDGs) of the 2030 Agenda: for Goal 5 and 8, respectively Gender equality, dignified work and economic growth.

The social impact analysis performed by the Global Thinking Foundation improvements emerged in the following contexts:
- increase in trust and self-confidence;
- development of auto-entrepreneurial and strategic thinking;
- increase in the feeling of independence and autonomy;
- improvement of the capacity to overcome financial problems;
- improvement of financial behaviour;
- development of personal skills in a financial context;
- improvement of life prospects for women;
- increase of employability and career advancement for women;
- increased access to higher education.

Financial Education snippets

BPER Banca has produced ten video snippets as considerations on financial education and its impact on the everyday lives of people with savings, on the environment, on society and its future. Snippets to spark curiosity about people's relationship with money, about money and technological innovation, about the expectations we hold and the strategies that can be used to make them come true. They can be accessed from the website at https://www.bper.it/perche-sceglierci/educazione-finanziaria/per-tutti/pillole-di-educazione-finanziaria.

Experts in relations

BPER Banca, in 2023, created a cycle of territorial events for its Private and Key Private Customers that revolve around informative meetings and discussions in round-tables on issues linked to finance.

7.3 Enhancement of culture

BPER Banca has always worked with the firm belief that inclusion and the reduction of social inequalities can also be achieved by making culture accessible to all. For this reason, this year, it has reiterated its commitment to culture by enhancing and making readily available not only it artistic and cultural assets but also all the forms of expression that are part of our culture, ranging from literary production to theatre, from music to art.

Culture

The year 2023 abounded with cultural events that BPER has supported with a view to promoting, enhancing and supporting widespread practices of cultural promotion and cultural welfare. With this in mind, support has been provided once more for the most important literary prizes, such as the "Premio Strega" and the "Taobuk", organised events with writers and artists at the BPER Forum Monzani in Modena, backed "Literary Festivals", like the "Salerno Literary Festival" and supported cultural events such as the "Le serate dei Mercanti" in Milan. There have also been two major inclusive reading projects, the "Silent Book Contest" and "Reading straddling knowledge and inclusion", both devised for very young children. Scientific communication, with the "Dosi prize" and top quality journalism, with the "Biagio Agnes Prize", wrap up the literary promotion section.

Culture is also about Theatre, Concerts, Exhibitions, Films and Festivals. A world that BPER follows with great attention starting with the support provided for the historic drama theatres such as the Carcano in Milan or the Duse in Bologna, and by renewing its backing for the main concert seasons such as the "Ravenna Festival", the "Bologna Festival" and "Musica Insieme". Art, in its various forms of expression, has seen BPER partner major exhibitions like the one on Masaccio in Naples, Rubens in Genoa, on the Renaissance in Ferrara or competitions like the Photography Prize named after Nino Migliori. "Sotto le Stelle del Cinema" in Bologna, the "Giffoni Film Festival" and "Biografilm" are a few of the cinematographic events supported by BPER even in 2023.

Among the cultural appointments that, among others, have deserved continued support by the Bank there's the "Franciscan Festival" in Bologna, the "Philosophy Festival" in Modena, the "Law dialogues" in Rome and the "Mediterranean Meetings" in Procida.

The roundtables and roadshows have been the formulas with which, in collaboration with major news corporations like il Corriere, QN and Il Sole 24 Ore many important economic issues have been discussed in various corners of Italy.

Many partnership support initiatives which, along with the literary environment (in addition to the prestigious literary prizes like the previously mentioned Strega, for over 10 years the BPER Banca Forum Monzani has hosted the main international authors for meetings and presentations offered for free to the population), promote theatre, music, film and art.

It's important to underline how the Bank's contribution is not limited exclusively to supporting exhibitions, museums and initiatives focused on art, but it is also an integral part of the Bank's activities.

As an example of BPER Banca's direct actions there's "La Galleria", the corporate cultural entity that enhances, protects and makes the Bank's artistic and archival heritage accessible, through exhibitions, initiatives, projects and research. BPER Banca believes in widespread cultural activities and is engaged so that its corporate collection can always be accessible, close to its reference territories and constantly evolving. Consisting of an art collection with several nuclei of collections, the Gallery is currently one of Italy's largest corporate collections. In addition to acting as an Historical Archive, it provides an actual account of the history of the Bank and its footprint area, but also of the society and culture that have accompanied its 150 years of existence. BPER Banca's collecting history began at the end of the 1950s with the purchase of artwork to furnish its representative offices. The desire to create a coherent collection of 15th- to 18th-century artwork from the Emilia-Romagna region soon arose, confirming the value that the area has always had for the Bank. The artistic heritage has now reached national dimensions, following the various incorporations carried out by the Institution, and consists of almost 3,000 valuable works of art of particular historical and artistic significance. The BPER Banca Galleria has undertaken an evolutionary path that is made tangible by a substantial development of its activities.

The Modena exhibition space, opened in 2017, during its six years of public viewings, has hosted 16 exhibitions and welcomed more than 30,000 visitors, including a thousand students of all school levels.

The temporary exhibitions have provided the opportunity to enhance masterpieces belonging to private collections, creating a dynamic and high level study and scientific research programme.

During the first months of 2023 the exhibition "Antonio Ligabue. L'ora senz'ombra" curated by Sandro Parmiggiani, closed. It dealt with the issue of enhancing diversity by taking a closer look at the issue of "justice" put forward by the 2022 "festivalfilosofia". In the Spring, the exhibition "Nelle stanze dell'arte. Paintings of ancient masters unveiled" presented the public with works of art never shown in Modena before. In September, for the festivalfilosofia "parola" there will instead by an exhibition of works entitled "Mario Sironi Solemnity and Torment" that delved into the issue of the word in the Twentieth Century and the figure of Sironi as a man and an artist, taking its cue from the works owned by the Banco di Sardegna, the BPER Banca Group, which for the first time are being put on show and valued outside Sardinia.

In 2023 there haven't just been exhibitions held the Modena exhibition space, but also in other cities of primary importance for BPER Banca: in Genoa, in collaboration with the Carige Foundation, the exhibition "Sinfonie d'Arte. Capolavori in dialogo tra Modena e Genova", in Milan, the "All that glitters is not gold" exhibition by Fabrizio Dusi at the Piazza Duomo offices of the Banca Cesare Ponti, while in Brescia the exhibition "Ospiti a Palazzo. Figure in posa e al naturale" opened in Palazzo Martinengo di Villagana. Thanks to these exhibitions La Galleria has broadened its scope, acting for the benefit of local communities. This goal will also be pursued thanks to the Business Plan project "Palazzi Storici", in collaboration with the BPER Banca Real Estate Department, which envisages the opening of actual cultural hubs. The aim is to create a Corporate cultural reality that enhances, protects and makes usable not only the cultural heritage owned by BPER Banca, but all-around culture and education with a special focus on the younger generations, because a sustainable future is only possible with knowledge of the past and appreciation of the present.

During 2023 BPER Banca's La galleria has strengthened collaborations with Third Sector associations and entities, as it firmly believes in the social value of art. The catalogues of the exhibitions have been transformed into charity flywheels, to collect funds in favour of associations like the Fondazione Gaslininsieme of the Gianna Gaslini Institute (with the "Sinfonia D'Arte catalogue) and Dynamo Camp (via "Mario Sironi" and "Ospiti a Palazzo" - and this latter collaboration will also be continued in 2024.

All the activities linked to cultural heritage have a social impact and for this reason La Galleria has set itself up as an activator of connections and projects. In particular, it promotes didactic and educational activities, for schools of all levels, involving students in workshops, guided visits and training opportunities.

The Historical Archive of BPER Banca, founded with Banca Popolare di Modena in 1867 and declared "of particularly important historical interest" in 2006 by the Superintendency of Archives for Emilia-Romagna, represents and documents not only the Bank's history, but above all that of the areas of which it was and is an expression, of society and culture. More than 500 linear metres of documentation record the Bank's history since its foundation and testify to the path taken by the banking Group and the banks that have been incorporated over time. From these precious documents, in 2023 the fifth archive notebook "Il Magazzino Formaggi di BPER Banca. 100 years and not show them" was created, to mark the hundredth anniversary of the Formaggi Warehouse, now Modena Terminal. Another important project concerns the digitalisation of the archival document thanks to the collaboration with the Research Centre on Digital Humanities of the University of Modena and Reggio Emilia (DHMoRe), via the open source platform LUDOVICO. In 2023, during the conference "Corporate archives and digital transition: a story to be built" the first results of the digitalisation were presented, providing an opportunity to discuss such a topical issue for achives.

All the contents and information related to La Galleria can be consulted on the website lagalleriabper.it and the Instagram page @lagalleriaBPER.

Together at the MUSE in Trento for the Principles of Sustainability

Since 2022, BPER Banca launched a partnership with MUSE - Trento's Museum of Science with the aim of informing visitors about the sustainability practices adopted by the Institute and the possible choices citizens can make with their investments. The Bank thereby set up an installation in the "Goal Zero Area" where users can, via an interactive dashboard, discover how much shared value can be generated by using their savings, selecting different investment strategies related to sustainable finance, or discover which ESG factors correspond to different initiatives proposed by the Bank to generate positive, long-term value. The Gallery was created to open up public and private, social and business dialogue through the enhancement of the culture of Sustainability.

7.4 Promotion of sports

BPER promotes a number of initiatives in the area of sports, by supporting associations and clubs that bring together a broad and diversified audience. This support aims to develop and spread values like solidarity, loyalty, respect for people, the community and rules. Particular attention is paid to sports organisations that promote their activities for youth, seeking to enhance the growth and education of children through the values of sport.

The Group also supports many national sporting events such as BPER Banca AIBVC Beach Volley Italia Tour, the Granfondo Vie del Sale and the Crotone Yacht Club. It also supports sports events mainly for young people, such as the Polimirun - a foot race orgnaised by the Milan Politechnic - the Giro d'italia U23.

7.5 Monitoring territorial impact

Among the initiatives to support communities and territories, BPER pays particular attention to initiatives for the younger generations, for whom many of the educational and training projects described in the previous paragraphs are designed.

In order to enhance further our commitment in this context, BPER has decided to set up an analysis and monitoring procedure to optimise the impact of a few of the main initiatives undertaken; during 2023 this commitment has found tangible implementation by applying a structured social impact assessment model[85] to three important social and educational projects: "La trappola dell'Azzardo" (The gambling trap), "Present4Future" and "B-education: ideas that count".

The assessment of social impact had to processed by using advanced conceptual and digital tools in order to bring to light, in the most accurate and scientific way possible, the positive social impacts generated by projects, services and organisations in terms of both their social and economic value.

85 A project developed in collaboration with Open Impact, an approved innovative start-up and spin off of the Università degli Studi Milano-Bicocca which provides services and produces digital products to measure, assess and manage impact within an integrated sustainability framework.

From a methodological point of view the model experimented to assess impacts uses a mix of qualitative and quantitative data, with different approaches depending on the projects requirements and data availability.

In extreme synthesis, the impact assessment is performed in four main steps:

- co-design of the Theory of change[86] and the development of the impact framework impact assessment model;
- definition of the data measurement and monitoring strategy;
- data collection and analysis (impact database);
- quantitative and qualitative impact analysis and SROI (Social Return On Investment).

The main results of toe projects on which analysis impact was performed are shown below.

The Gambling trap

The assessment process for the Gambling Trap, a project described in paragraph "2.6 Responsibility in controversial sectors", called for the preparation of a special "Theory of Change" diagram and an impact model (impact framework), to identify the outcomes[87] that the project intended to generate and the reference indicators, as well as their connections with the Sustainable Development Goals (SDGs 3 - Good Health and Well-being 4 - Quality education) and the BES[88] domains (1 - Health, 2 - Education and training, 5 - Social relations).

Given the educational nature of the project, 3 main outcomes have been identified:

- improvement of personal portfolio management;
- increased awareness of the effect of gambling on social and family relations;
- increased awareness of the effect of gambling on psychological well-being;

The strategy and to data collection tools called for the use of a digital questionnaire through which it was possible to collect information related to the participant's personal details and their feedback on the quality of the event and the three impacts defined in the model.

In total there were 1,067 class participants and the connected online contacts were over 12,000. The survey was answered by 905 people, with a good gender balance (50% female, 47% male, 3% not stated) and, thanks to the collaboration of 12 institutes ranging from high schools (6), technical institutes (5) and universities (1), a broad platform of young people took part: in fact the median age was 17 and approx. 60% of respondents were between the ages of 15 and 17.

The results of the survey highlighted the following:

- 571 respondents (63%) declared that they had increased their knowledge regarding the impact of gambling on their personal wallet;
- 458 respondents (51%) declared that they had acquired awareness to prevent situations of conflict in social and family relationships due to gambling;
- 563 respondents (62%) declared that they had acquired useful knowledge about behaviours that protect psychological well-being.

Finally, the data measured in relation to the impact indicators of the model was enhanced through the application of the SROI methodology. Given the nature of the intervention of single events, in calculating the social value a duration[89] of 1 year and high dead-weights[90] of greater than 50% were applied to the outcomes (estimate of the "portion of change"). This conservative approach allows for a reliable estimate of the monetised impact. The analysis carried out revealed an SROI index of 1.42, i.e. every Euro invested in project activities produced 1.42 Euros of social value.

86 Methodologies to plan and design the impact of an action, defining the changes that one expects to generate and the causal connections between the input, activity and output of the action.

87 The results or rather the effects in terms of change generated by the action.

88 "Fair and sustainable well-being" ISTAT framework to assess the progress of a society not just from an economic, but also from a social and environmental point of view.

89 The expected duration of the change generated.

90 The dead-weight is the estimate of the amount of change that would have occurred without the intervention.

Present4Future

As per the methodology, the analysis developed regarding the Present4Future project (see paragraph "7.1 Donations") envisaged the development of an impact assessment model through co-planning sessions with local representatives. Given the complexity of the project itself, the model was particularly broad, providing for 13 outcomes, aggregated into 6 impact areas:

- education and training;
- social relations;
- urban regeneration;
- health and well-being;
- innovation of policies and services;
- democracy and citizenship.

The impacts of the project were linked to the taxonomy of SDGs (3 - Good Health and Well-being, 4 - Quality education, 11 - Sustainable cities and communities) and BES (1 - Health, 2 - Education and training, 5 - Social relations, 8 - Subjective well-being).

Once the impact model was defined, the focus was on the definition of a monitoring and data collection strategy and identifying the most effective methods and tools. After a semester of dialogue with the six reference organisations from each city, a work plan was defined consisting of a complex system of monitoring and survey tools through qualitative-quantitative questionnaires.

Present4Future is a project that is highly complex in nature and is spread out over a multi-year time frame; however, the analysis of the data collected has already returned relevant information for monitoring the impact. To summarise:

- a high number of participants were intercepted, over 3 thousand including young people, local citizens, and operators and human resources at public bodies;
- a variety of activities were carried out (44) divided into 6 macro-categories: empowerment and well-being, participation and leadership, cultural contamination and exchanges, networks and networking, formal and non-formal education, territorial regeneration and animation;
- territorial networks have been built or strengthened in each city, made up of various private social bodies, public schools, municipalities and social services;
- the content of the data collected for evaluation purposes is used by the representatives as an assessment of the activities and in the planning of future ones.

To date, more than a year after the start of the project, the outcomes regarding which the most significant changes have been shown are the improvement of individual personal relationships and the improvement of cognitive, soft and life skills, with reference to the areas of impact "social relations" and "education and training".

Although the project is still ongoing, the SROI methodology has been applied to enhance the impact achieved in monetary terms: on the basis of an analysis that must be understood in forecasting terms, the creation of value measured in terms of the ongoing SROI index highlights a value equal to 1.61, i.e. every Euro invested in project activities produced Euro 1.61 of social value.

B-education - Ideas that count

The project, described in paragraph "7.2 Financial education and other educational projects", was created through the B-education platform and involved over 60 Italian universities throughout the country. In summary, the following was revealed through the platform:

- 1,908 registered in the start-up phase;
- 810 students enrolled in the "Learn" phase, of which 48% completed that phase (389);
- as part of the "Learn" phase, 635 students signed up for the activity dedicated to the 2030 Agenda, of which 54% completed that phase (345);
- 646 students signed up for the "Make" phase, of which 41% participated (262); 58 working groups composed of a minimum of 3 to a maximum of 7 members completed the phase.

The construction of the model identified 4 main areas of impact:

- financial literacy;
- skills and employability;
- personal well-being;
- social relations.

12 single outcomes converged in these 4 macro areas and one or more indicators were linked to each outcome for a total of 21 metrics used to measure their achievement and quantify the impact objectives achieved.

The SDGs affected by the impacts of the project are 3 - Good Health and well-being, 4 - Quality education, 5 - Gender equality, 8 - Decent work and economic growth and 10 - Reduce inequalities. As regards the WEH domains, the project has a positive impact on 2 - Education and training, 3 - Work and life balance, 5 - Social relations and 8 - Subjective well-being.

Data collection for measuring the indicators was carried out using questionnaires that were integrated into the B-education platform made available to participants. The questionnaires were administered in three phases with the aim of conducting an analysis of the additional change attributable to the project. The first survey, carried out at the end of January 2023, had the purpose of obtaining an overview of the initial situation of the students with respect to the impact areas investigated and involved 665 respondents. The second survey, opened in March 2023 and conducted after the "Learn" phase, aimed at showing intermediate changes, and involved 397 respondents. The third and final survey, opened in September 2023 and conducted after the "Make" phase, involved 110 respondents. Overall, 757 unique respondents, with a good gender balance, were obtained with the closing of the questionnaires in December 2023.

The data collected was analysed by comparing the starting levels (the baseline of the first survey) for the different areas investigated with the subsequent levels relating to the end of the "Learn" phase and the end of the "Make" phase (the second and third survey respectively). Below are the most significant results broken down by impact area:

- increase in financial skills and knowledge: 79% of respondents believe they have improved their level of financial skills and knowledge thanks to the project;
- better orientation in choosing a career path: 61% of respondents declare that they feel more ready to face the world of work thanks to the skills acquired;
- improvement of digital financial literacy: 59% of respondents declare that they have improved their digital knowledge and skills in the financial field and know how to use more tools;
- improvement of social relationships: 58% of respondents declare that they have made new friends thanks to the project;
- improvement of the university path: 57% of respondents declared that the project had a positive impact on academic performance;
- improvement of financial behaviour: 55% of respondents believe that the knowledge and skills acquired have contributed to improving the management of their savings.

Furthermore, very high initial expectations for the project were found (4.05 on a scale of 1-5), subsequently confirmed both at the end of the "Learn" phase and the "Make" phase.

Finally, the impact results achieved were monetised according to the SROI methodology, identifying for each outcome a set of specific financial proxies to be applied and the related mitigators and calculating the net social present value attributable to the project.

The analysis shows that the project generated a social value which translated into an SROI of 2, indicating that for every Euro invested in the project, 2 Euros of social value were produced.

THE EU TAXONOMY OF ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

Regulatory reference context

The European Taxonomy, as defined by Regulation (EU) 852/2020[91] (EU Taxonomy Regulation) and related Delegated Acts, establishes a classification system of economic activities to be considered environmentally sustainable from a climate and environmental point of view, setting specific technical screening criteria that define the conditions under which a given activity substantially contributes to the achievement of sustainability objectives.

The classification tool is intended to create a common language for companies and investors with the aim of mobilising the flow of capital towards sustainable investments, thus supporting the orientation of public and private strategies towards the achievement of community environmental objectives, namely:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

The EU Taxonomy establishes that economic activities can be considered:

- eligible or non eligible for the Taxonomy, based on the presence or otherwise of the description of such activities within the Delegated Regulations that integrate the Taxonomy Regulation;
- environmentally sustainable, i.e. aligned with the Taxonomy, if capable of generating a substantial contribution to at least one of the 6 environmental objectives by respecting the criteria present in the Delegated Regulation (EU) 2021/2139 as integrated by the Delegated Regulation (EU) 2023/2485[92].

Article 8 of the EU Taxonomy Regulation introduces, as of 1 January 2022, a disclosure obligation for companies and financial market participants that are subject to the non-financial information reporting obligation, as established in Directive 2014/95/EU[93] (NFRD), implemented in Italy by Legislative Decree no. 254 of 30 December 2016, indicating how and to what extent the company's activities are associated with economic activities considered environmentally sustainable. Details of the methodology and indicators to be used for the reporting required under the Taxonomy Regulation are set out in Delegated Regulation (EU) 2021/2178.[94]

The legislation requires financial companies to publish, for the first two reporting years (i.e. 2021 and 2022 respectively), the publication of the shares of their assets aimed at financing enabling and non eligible activities with respect to the first two objectives envisaged by the EU Taxonomy[95], i.e. mitigation and adaptation to climate change. Starting from financial year 2023, the legislation requires the publication of information aligned with the EU Taxonomy with respect to the same objectives.

In particular, article 4 of Delegated Regulation (EU) 2021/2178 provides that credit institutions, starting from 1 January 2024, report on the basis of what is specified in Annex V and that the information is presented in tabular format using the templates referred to in Annex VI of the aforementioned Regulation.

The Key Performance Indicators, KPIs which the legislation requires to be published are:

- the Green Asset Ratio (GAR): this is the ratio between the entity's assets that finance economic activities aligned with the taxonomy or that are invested in such activities and the total assets covered;

91 Regulation (EU) 852/2020: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852

92 This Regulation introduces the criteria for the remaining 4 environmental objectives (sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems) in addition to the first two objectives (climate change mitigation and climate change adaptation) whose criteria have been defined through the Delegated Regulation (EU) 2021/2139.

93 Directive 2014/95/EU: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0095

94 Regulation (EU) 2021/2178: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2178

95 In addition to the detail of exposures to central banks, central governments and supranational issuers, the share of derivatives in the portfolio, exposures to undertakings not subject to NFRD, the trading book and on demand interbank loans.

- KPIs for off-balance sheet exposures: this is the share of economic activities aligned with the taxonomy in relation to off-balance sheet exposures that institutions manage and which direct or contribute to directing towards environmentally sustainable economic activities. The information relating to off-balance sheet exposures is divided based on:
  - financial guarantees to support loans and advances and other debt instruments towards businesses (FinGar KPI);
  - Asset under Management (AuM KPI).

As provided for in Annex V of Delegated Regulation 2021/2178, BPER has carried out an analysis of its assets based on the conservative consolidation scope, in line with the relevant legislation[96], considering:

- for the purposes of calculating the GAR and the KPI for off-balance sheet exposures relating to financial guarantees: the total gross carrying amount of the assets on the balance sheet as of 31 December 2023;
- for the purposes of calculating the KPI for off-balance sheet exposures referring to the Asset under Management: management data referring to the assets subject to collective and individual management by the BPER Legal Entities as of 31 December 2023.

In order to provide initial voluntary disclosure regarding the eligibility of economic activities to the EU Taxonomy with respect to the further 4 taxonomic objectives, the Group also carried out an initial assessment, based on the prevailing economic activity codes (NACE) of the counterparties, in order to determine the share of its assets on the balance sheet that are potentially eligible.

Mandatory Disclosure

With reference to the 2023 financial year, the legislation requires credit institutions to represent the fundamental performance indicators in tabular format, using the templates set out in Annex VI of Delegated Regulation (EU) 2021/2178, namely:

- Template 0: summary of the KPIs that credit institutions communicate pursuant to article 8 of the Taxonomy Regulation;
- Template 1 - Assets for the calculation of the GAR: containing evidence of the equivalent values in Euro of the exposures on the balance sheet as of 31 December 2023;
- Template 2 GAR – Sector information: containing evidence of exposures (overall and environmentally sustainable) towards non-financial companies subject to NFRD based on the prevailing NACE;
- Template 3 GAR KPI stock: containing evidence of the values relating to the GAR regarding the stock of balance sheet exposures, calculated starting from the information referred to in Template 1;
- Template 4 GAR KPI flow: containing evidence of the values relating to the GAR on the flow of exposures on the balance sheet, calculated starting from the information referred to in Template 1;
- Template 5 KPI off-balance sheet exposures: containing evidence of the values relating to the GAR on the stock and flow of off-balance sheet exposures.

Starting from 1 January 2024, the relevant legislation also requires financial companies to provide information regarding their possible exposures towards certain specific sectors of economic activity linked to nuclear and fossil gases, in compliance with the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022, which amends Delegated Regulation (EU) 2021/2139 regarding economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 regarding public information specific to such economic activities. The information is reported in the section "Information pursuant to Annex XII of the Delegated Regulation 2021/2178.

Each Template is published in two versions: using Capex (capital expenditure), and therefore Turnover as the weighting factor for eligible and aligned exposures towards financial and non-financial undertakings.

96 In accordance with Title II, Chapter 2, Section 2 of EU Regulation 575/2013.

Below are the main results relating to the share of BPER Group exposures deriving from economic activities aligned with the Taxonomy in terms of stock and flow as of 31 December 2023[97]; the details of the Template required by the legislation are reported in the section "Information pursuant to Annex VI of Delegated Regulation 2021/2178".

		Total environmentally sustainable assets		KPI Turnover Based	KPI Capex Based	% Coverage (over total assets) [2]	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V) [3]	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V) [4]
		Turnover	Capex					
Main KPI	Green asset ratio (GAR) stock	1,766.25	1,951.69	1.50%	1.66%	81.70%	53.10%	18.30%

		Total environmentally sustainable assets		KPI Turnover Based	KPI Capex Based	% Coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V) [5]	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
		Turnover	Capex					
Additional KPIs	GAR (flow)	488.42	499.17	0.42%	0.42%	81.70%	77.47%	18.30%
	Trading book [1]							
	Financial guarantees	1.11	24.23	0.13%	2.74%			
	Assets under management	842.41	1,623.52	1.85%	3.57%			
	Fees and commissions income [1]							

Template 0 "Summary of KPIs" provided for in Annex VI of the Delegated Regulation (EU) 2021/2178, is composed of a single column relating to the "Total environmentally sustainable assets": the Group has decided to report separately, in the same column, the value in millions of Euro referring to environmentally sustainable assets based on Turnover and based on Capex, in order to provide the information used for the purposes of calculating the KPIs.

The KPIs reported, as specified in the detailed Template, were calculated using the Turnover and Capex shares published by them as weighting factors for exposures to companies. As of FY 2023, the Group has not identified exposures with a known purpose aligned with the Taxonomy (item "of which use of proceeds" reported in the Taxonomy models).

1 The additional KPIs relating to the trading book and Fees and commissions income will be published, in accordance with the provisions of the law, starting from 2026.

2 The data, both with reference to the Main KPI and the additional KPIs, is calculated as the ratio between the Total covered assets (see Template 1, Row 48 "Total GAR assets") and the Total assets on the balance sheet (see Template 1, Row 53 "Total assets").

3 The data is calculated as the ratio between the assets excluded from the numerator of the GAR (see Template 1, Row 32 "Assets excluded from the numerator for GAR calculation (covered in the denominator)" and the Total assets on the balance sheet (see Template 1, Row 53 "Total assets").

4 The data, both with reference to the Main KPI and the additional KPIs, is calculated as the ratio between the activities excluded from the denominator of the GAR (see Template 1, Row 49 "Assets not covered for GAR calculation") and the Total of the assets on the balance sheet (see Template 1, Row 53 "Total assets").

5 The data is calculated as the ratio between the assets excluded from the numerator of the flow GAR (calculated starting from the total of the Total Assets covered and excluding the total gross carrying amount of the exposures that contribute to the calculation of the numerator of the flow GAR) and the Total of assets on the balance sheet (see Template 1, Row 53 "Total assets").

The Green Asset Ratio (GAR) in terms of stock for the 2023 financial year corresponds:

- to 1.50% (approximately Euro 1,766 million) considering the counterparties' Turnover KPI as a weighting factor for exposures to companies for the purposes of the alignment assessment;
- at 1.66% (approximately Euro 1,952 million) considering the counterparties' Capex KPI as a weighting factor for exposures to companies for the purposes of the alignment assessment.

97 As required by Template 0, Annex V, Delegated Regulation (EU) 2021/2139. With reference to the KPIs relating to the trading book and revenues relating to commissions and fees, it should be noted that these will be applicable starting from 2026.

As required by the relevant legislation, the KPIs reported above are calculated using the value of the Group's covered assets as the denominator, calculated starting from the total assets on the Group's balance sheet net of exposures to Central Governments, Central Banks and supranational issuers as well as exposures attributable to the trading book.

However, with reference to off-balance sheet assets, the KPIs in terms of stock for the same financial year are equal to:

- KPIs relating to Asset under Management (AuM KPI):
  - at 1.85% (approximately Euro 842 million) considering the counterparties' Turnover KPI as a weighting factor for exposures to companies for the purposes of assessing alignment;
  - at 3.57% (approximately Euro 1,623 million) considering the counterparties' Capex KPI as a weighting factor for exposures to companies for the purposes of the alignment assessment.
- for the KPI relating to Financial Guarantees (FinGar KPI):
  - at 0.13% (approximately Euro 1 million) considering the counterparties' Turnover KPI as a weighting factor for exposures to companies for the purposes of assessing alignment;
  - at 2.74% (approximately Euro 24 million) considering the counterparties' Capex KPI as a weighting factor for exposures to companies for the purposes of the alignment assessment.

Methodological detail

In order to prepare the mandatory disclosure, the BPER Banca Group used timely data present in the Group's accounting and management systems, while timely information on the eligibility and alignment quotas towards companies required to publish a Consolidated Non-Financial Statement (CNFS), declared by the counterparties themselves as part of their CNFSs referring to the year 2022, were found through primary market info providers used by the Group.

With particular reference to exposures to companies, the values of the exposures included in the numerator of the key performance indicators were calculated as follows:

- for exposures to non-financial undertakings: the exposures were weighted, respectively, by the portions of turnover and the portions of capital expenditure (Capex) eligible and aligned declared by the counterparties with reference to the objectives of climate change mitigation (CCM) and climate change adaptation(CCA)[98];
- for exposures to financial undertakings: the exposures were weighted, respectively, by the portions of turnover and the portions of eligible[99] capital expenditure (Capex) declared by the counterparties with reference to the objectives of climate change mitigation and adaptation. It is particularly highlighted that:
  - given the lack of availability, within the 2022 CNFS of financial companies, of data specifically referring to the CCM and CCA objectives, for exposures to companies other than insurance and reinsurance undertakings, the Group has decided to consider the eligibility data exclusively for the purposes of calculating the substantial contribution to the climate change mitigation objective in order to avoid double counting of exposures[100];
  - with reference, however, to the Group's exposures to insurance and reinsurance undertakings, it was assumed that these contribute solely to the objective of climate change adaptation[101].

Exposures to companies not subject to the NFRD have been identified as the sum of exposures to counterparties which, based on what is indicated by the relevant info-provider, have not published a CNFS for FY 2022 or do not fall within Financial/non-financial conglomerates subject to NFRD.

98 If the non-financial counterparty has reported information on eligibility in its CNFS for FY 2022 without distinguishing between the first two objectives envisaged by the Taxonomy (Climate Change Mitigation - CCM and Climate Change Adaptation - CCA), the Group has decided to calculate exposures as follows:
- for the objective of Climate Change Adaptation (CCA), equalising the eligibility quota to the alignment quota indicated by the individual counterparts, always with reference to the same objective;
- for the Climate Change Mitigation (CCM) objective, obtaining the eligibility quota as the difference between the overall eligibility data published by the non-financial counterpart and the data relating to the Climate Change Adaptation objective (CCA), as calculated in the previous point.

This approach, which avoids double counting of the total eligible assets, allows a coherent representation of the exposures, reporting an eligibility data within the Taxonomy Template at least equal to or higher than the alignment data. This approach may be appropriately revised during subsequent reporting exercises and also following the publication of more granular data by non-financial undertakings.

99 For financial companies, the alignment data will be available starting from subsequent reports, based on the Taxonomy KPIs published within the CNFS for FY 2023, in line with regulatory requests.

100 This approach may be appropriately revised during subsequent reporting exercises and also following the publication of more granular data by non-financial corporations.

101 According to what is indicated by Delegated Reg. 2021/2139, Annex II, points 10.1 and 10.2, the activity "Non-life insurance: underwriting of climate-related dangers" contributes to the taxonomic objective of Climate Change Adaptation. The eligibility share was obtained starting from the data obtained through info-providers as an average of the KPIs published by the individual counterparties (KPI relating to investments and KPI relating to non-life underwriting activities). If the data referring to both KPIs was not available through the info-provider, the eligible exposures were identified solely by weighting for the KPI referring to non-life underwriting activities.

With reference to the additional exposures that contribute to the calculation of the Taxonomic KPIs of the BPER Group, the detail regarding the methodology adopted by the Group for verifying eligibility/alignment is reported below.

Loans to household customers aimed at the purchase of residential properties

This category of exposures includes loans collateralised by residential immovable property, aimed at the purchase and/or renovation of residential immovable properties.

The BPER Group has considered such financing eligible under the EU Taxonomy for the purposes of the climate change mitigation objective[102]; furthermore, the Bank has obtained the timely information necessary through the reference info-provider to verify the taxonomic alignment of the properties, in particular:

- for the criteria of substantial contribution to the Climate change mitigation objective: only the properties were identified whose energy performance is in line with the provisions of the reference legislation, also taking into account the square footage and the year of construction. During the year, the BPER Group equipped itself with a proprietary tool for reading the energy performance certificates of financed properties (EPC), at the same time integrating the mortgage disbursement process and allowing an evaluation of the technical screening criteria on the based on timely data, by virtue of the energy performance thresholds, divided by climate band, as defined by the Italian Thermotechnical Committee;
- for the verification of the Do No Significant Harm (DNSH) criteria, i.e. the verification that no significant damage is caused with respect to the objective of Climate change adaptation, the Bank has decided to use the condensed physical risk score also used as part of the risk assessment processes in the context of the disclosures provided pursuant to the Pillar 3 information. For the purposes of verifying the DNSH criterion, the BPER Group has decided, from a conservative perspective, to only consider aligned the exposures relating to properties having a condensed physical risk score equal to "Low" and "Moderate".

Building renovation loans

Building renovation loans were considered fully eligible for the EU Taxonomy's climate change mitigation objective[103].

The Bank does not have sufficient information with reference to these exposures to carry out the alignment assessment as required by the relevant legislation: also in view of the next reporting exercises, the opportunity of finding the data useful for the verification of taxonomic assessment will also be assessed with reference to these exposures.

Motor vehicle loans

Loans intended for the purchase of motor vehicles by BPER Group retail customers were considered entirely eligible for the purposes of the climate change mitigation objective provided for by the EU Taxonomy[104].

The Bank does not have sufficient information with reference to these exposures to carry out the alignment assessment as required by the relevant legislation: also in view of the next reporting exercises, the opportunity of finding the data useful for the verification of taxonomic assessment will also be assessed with reference to these exposures.

Voluntary Disclosure

The BPER Group has assessed, on a voluntary basis, its share of exposures to companies subject to the NFRD obligation compared to the 4 taxonomic objectives, with respect to which the publication of alignment information is not required for financial year 2023. The results are reported below:

- the sustainable use and protection of water and marine resources: eligible exposures to companies subject to NFRD equal to approximately Euro 34 million (0.001% of total assets covered);
- the transition to a circular economy: eligible exposures to companies subject to NFRD equal to approximately Euro 156 million (0.013% of total assets covered).

However, the Group does not have exposures to companies with prevalent NACE codes that are potentially eligible for the purposes of the objectives of pollution prevention and control and protection and restoration of biodiversity and ecosystems.

102 See the provisions of Delegated Regulation (EU) 2021/2139, Annex I, Activity 7.1 "Construction of new buildings" and 7.7 "Acquisition and ownership of buildings".

103 See the provisions of Delegated Regulation (EU) 2021/2139, Annex I, Activity 7.2: "Renovation of existing buildings".

104 See the provisions of the Delegated Regulation (EU) 2021/2139, Annex I, Activity 6.5: "Transport by motorbikes, passenger cars and light commercial vehicles".

Information pursuant to Annex VI of Delegated Regulation 2021/2178

Below is the information, prepared on the basis of the Template referred to in Annex VI of Delegated Regulation 2021/2178, referring to the shares of on-balance sheet and off-balance sheet assets aligned with the Taxonomy.

For all the disclosure Template below, only values (in millions of euros and as a percentage) referring to the 2023 reporting year are indicated. In accordance with the regulatory requirements, for subsequent reporting years the Group will also report the section relating to disclosure on the financial year preceding the one being reported, in compliance with the Template set out in Annex VI of the Delegated Regulation (EU) 2021/2178. The disclosure Template also exclusively report the columns referring to the objectives of climate change mitigation - CCM and climate change adaptation - CCA (in addition to the Total column), as these are the only objectives for which financial companies are required to report their share of environmentally sustainable assets with reference to the financial year 2023. During future reporting exercises and in accordance with the regulatory requirements, the Group will also report with respect to the additional taxonomic objectives, in compliance with the Template set out in Annex VI of the Delegated Regulation (EU) 2021/2178.

Template 1 - Assets for the calculation of the GAR

The Template provides evidence of the total gross carrying amount of on-balance sheet and off-balance sheet exposures as of 31 December 2023 for the calculation of the Green Asset Ratio (GAR). With reference to the exposures that contribute to the calculation of the GAR numerator, the shares of eligible exposures aligned with the Taxonomy are also provided, calculated on the basis of the methodology described previously (see "Methodological detail" section).

Template 1. Assets for the calculation of GAR [Capex Based]

	Million EUR	a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af
		Disclosure reference date: 31.12.2023														
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA) [1]				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**41,189.52**	**34,689.07**	**1,948.51**	**-**	**3.62**	**289.43**	**41.36**	**3.19**	**-**	**0.17**	**34,730.42**	**1,951.69**	**-**	**3.62**	**289.60**
2	**Financial corporations**	**5,275.42**	**616.56**	**1.59**	**-**	**-**	**-**	**38.17**	**-**	**-**	**-**	**654.73**	**1.59**	**-**	**-**	**-**
3	Credit institutions	4,747.16	613.82	-	-	-	-	-	-	-	-	613.82	-	-	-	-
4	Loans and advances	518.69	96.41	-	-	-	-	-	-	-	-	96.41	-	-	-	-
5	Debt securities, including UoP	4,224.65	517.41	-	-	-	-	-	-	-	-	517.41	-	-	-	-
6	Equity instruments	3.82	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations [2]	528.27	2.74	1.59	-	-	-	38.17	-	-	-	40.91	1.59	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	32.67	2.74	1.59	-	-	-	-	-	-	-	2.74	1.59	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	18.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments [3]	14.11	2.74	1.59		-	-	-	-		-	2.74	1.59		-	-
16	of which insurance undertakings	132.20	-	-	-	-	-	38.17	-	-	-	38.17	-	-	-	-
17	Loans and advances	4.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	127.34	-	-	-	-	-	38.17	-	-	-	38.17	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial corporations**	**3,018.23**	**1,388.24**	**573.25**	**-**	**3.62**	**289.43**	**3.19**	**3.19**	**-**	**0.17**	**1,391.43**	**576.43**	**-**	**3.62**	**289.60**
21	Loans and advances	2,259.49	954.71	413.57	-	2.33	239.19	1.33	1.33	-	0.03	956.03	414.90	-	2.33	239.22
22	Debt securities, including UoP	756.53	432.03	158.58	-	1.28	50.24	1.80	1.80	-	0.13	433.83	160.38	-	1.28	50.38
23	Equity instruments	2.21	1.51	1.10		-	-	0.06	0.06		-	1.56	1.16		-	-
24	**Households [4]**	**32,684.26**	**32,684.26**	**1,373.67**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**32,684.26**	**1,373.67**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property [5]	31,315.90	31,315.90	1,373.67	-	-	-	-	-	-	-	31,315.90	1,373.67	-	-	-
26	of which building renovation loans	1,353.00	1,353.00	-	-	-	-	-	-	-	-	1,353.00	-	-	-	-
27	of which motor vehicle loans [6]	15.35	15.35	-	-	-	-					15.35	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**211.61**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	**76,451.55**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	Financial and Non-financial corporations [7]	39,576.71														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	38,616.93														
35	Loans and advances	38,448.28														
36	of which loans collateralised by commercial immovable property	-														
37	of which building renovation loans	-														
38	Debt securities	102.90														
39	Equity instruments	65.75														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	959.78														
41	Loans and advances	503.30														
42	Debt securities	453.07														
43	Equity instruments	3.40														
44	Derivatives	1,122.57														
45	On demand interbank loans	1,121.54														
46	Cash and cash-related assets	808.41														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	33,822.33														
48	**Total GAR assets**	**117,641.08**														
49	**Other assets not covered for GAR calculation**	**26,347.82**														
50	Central Governments and Supernational issuers	16,237.45														
51	Central banks exposure	9,437.77														
52	Trading book	672.60														
53	**Total assets**	**143,988.90**														
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	**Financial guarantees**	**216.42**	**41.83**	**24.23**	**-**	**-**	**-**	**0.00**	**0.00**	**-**	**-**	**41.83**	**24.23**	**-**	**-**	**-**
55	**Assets under management [8]**	**11,644.96**	**3,968.89**	**1,582.69**	**-**	**39.90**	**448.93**	**100.09**	**40.83**	**-**	**2.84**	**4,068.98**	**1,623.52**	**-**	**39.90**	**451.77**
56	Of which debt securities	8,046.09	2,812.73	1,149.22	-	23.65	296.68	32.17	8.49	-	2.82	2,844.90	1,157.72	-	23.65	299.50
57	Of which equity instruments	3,538.09	1,138.97	424.00	-	16.26	152.26	67.92	32.34	-	0.01	1,206.88	456.34	-	16.26	152.27

1 Regarding exposures towards the Climate Change Adaptation (CCA) objective, the Group has represented the total gross carrying amount of exposures eligible and aligned with the Taxonomy. It is appropriate to specify that, for certain sustainability disclosures published by non-financial companies with reference to financial year 2022, eligibility data divided by reference objective (Climate Change Mitigation - CCM and Climate Change Adaptation - CCA) was found to be absent; for this reason, reprocessing of the data was necessary in order to allow a representation of the eligible exposures that were at least equal to the aligned exposures, in line with what is required by the reference legislation. This activity was carried out by dividing the eligibility quotas of several non-financial counterparties subject to NFRD between the objective of Climate Change Mitigation and Climate Change Adaptation, taking care not to modify the Group's total eligible exposure.

2 The total of the total gross carrying amount and the eligibility/alignment shares reported exceed the sum of the exposures reported in the row: 8 "of which investment firms", 12 "of which management companies" and 16 "of which insurance undertakings" due to the fact that certain exposures to companies subject to NFRD disclosure obligations were identified that are not attributable to the types of companies indicated above, despite falling within the category of financial undertakings.

3 The line also shows the total gross carrying amount and the eligibility/alignment shares referring to exposures to mutual investment funds, for which it was not possible to find the list of underlying assets, which are limited only to investments in companies subject to NFRD disclosure obligations.

4 The total carrying amount value and the eligibility/alignment shares exclusively report the value of exposures to households referring to the categories reported below: Row 25 "of which loans collateralised by residential immovable property", Row 26 "of which buildings renovation loans", and Row 27 "of which are motor vehicle loans". Among the exposures included in the denominator for the calculation of the GAR, the total of the remaining exposures to households not attributable to these categories is instead included in Row 47 "Other categories of assets (e.g. Goodwill, commodities etc.)".

5 The values reported within the row also include exposures associated with the renovation of residential properties for which there is a property as collateral. These exposures are therefore not reported in Row 26 "of which building renovation loans". Loans collateralised by residential immovable property to households eligible for the taxonomy were identified starting from the balance sheet exposures referring to these types of loans, only considering the portion of loans attributable to the activities referred to in the Delegated Regulation (EU) 2021/2139, annex I, points 7.1 "Construction of new buildings" and 7.7 "Acquisition and ownership of buildings".

6 The line reports the gross carrying amount of the stock of motor vehicle loans as of 31 December 2023 (disbursed before and after the date of application for the reporting obligations under the Taxonomy). The alignment data is equal to 0.

7 The line reports only exposures to SMEs and non-financial companies (other than SMEs) not subject to the NFRD disclosure obligations and to non-financial undertakings in third countries not subject to the NFRD disclosure obligations. Among the exposures included in the denominator for the calculation of the GAR, exposures to financial undertakings not subject NFRD Disclosure obligations are included in Row 47 "Other categories of assets (e.g. Goodwill, commodities etc.)".

8 The row reports the sum of assets invested in debt securities and equity instruments issued by companies subject to NFRD disclosure obligations (i.e. sum of the subsequent Rows 56 "Of which debt securities" and 57 "Of which equity instruments") and exposures to mutual investment funds, for which it was not possible to find the precise list of underlying assets, which are limited only to investments in companies subject to NFRD disclosure obligations.

Template 1. Assets for the calculation of GAR [Turnover Based]

	Million EUR	a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af
		Disclosure reference date: 31.12.2023														
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA) [1]				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**41,189.52**	**34,426.19**	**1,764.16**	**-**	**2.28**	**242.27**	**40.26**	**2.09**	**-**	**0.24**	**34,466.46**	**1,766.25**	**-**	**2.28**	**242.51**
2	**Financial corporations**	**5,275.42**	**694.48**	**1.08**	**-**	**-**	**-**	**38.17**	**-**	**-**	**-**	**732.66**	**1.08**	**-**	**-**	**-**
3	Credit institutions	4,747.16	692.61	-	-	-	-	-	-	-	-	692.61	-	-	-	-
4	Loans and advances	518.69	106.10	-	-	-	-	-	-	-	-	106.10	-	-	-	-
5	Debt securities, including UoP	4,224.65	586.51	-	-	-	-	-	-	-	-	586.51	-	-	-	-
6	Equity instruments	3.82	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations [2]	528.27	1.88	1.08	-	-	-	38.17	-	-	-	40.05	1.08	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	32.67	1.88	1.08	-	-	-	-	-	-	-	1.88	1.08	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	18.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments [3]	14.11	1.88	1.08		-	-	-	-		-	1.88	1.08		-	-
16	of which insurance undertakings	132.20	-	-	-	-	-	38.17	-	-	-	38.17	-	-	-	-
17	Loans and advances	4.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	127.34	-	-	-	-	-	38.17	-	-	-	38.17	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial corporations**	**3,018.23**	**1,047.45**	**389.40**	**-**	**2.28**	**242.27**	**2.09**	**2.09**	**-**	**0.24**	**1,049.54**	**391.49**	**-**	**2.28**	**242.51**
21	Loans and advances	2,259.49	716.36	286.88	-	1.69	211.66	1.10	1.10	-	0.00	717.46	287.98	-	1.69	211.66
22	Debt securities, including UoP	756.53	329.31	101.60	-	0.59	30.61	1.00	1.00	-	0.24	330.31	102.60	-	0.59	30.84
23	Equity instruments	2.21	1.77	0.91		-	-	-	-		-	1.77	0.91		-	-
24	**Households** [4]	**32,684.26**	**32,684.26**	**1,373.67**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**32,684.26**	**1,373.67**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property [5]	31,315.90	31,315.90	1,373.67	-	-	-	-	-	-	-	31,315.90	1,373.67	-	-	-
26	of which building renovation loans	1,353.00	1,353.00	-	-	-	-	-	-	-	-	1,353.00	-	-	-	-
27	of which motor vehicle loans [6]	15.35	15.35	-	-	-	-					15.35	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**211.61**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	**76,451.55**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	Financial and Non-financial corporations [7]	39,576.71														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	38,616.93														
35	Loans and advances	38,448.28														
36	of which loans collateralised by commercial immovable property	-														
37	of which building renovation loans	-														
38	Debt securities	102.90														
39	Equity instruments	65.75														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	959.78														
41	Loans and advances	503.30														
42	Debt securities	453.07														
43	Equity instruments	3.40														
44	Derivatives	1,122.57														
45	On demand interbank loans	1,121.54														
46	Cash and cash-related assets	808.41														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	33,822.33														
48	**Total GAR assets**	**117,641.08**														
49	**Other assets not covered for GAR calculation**	**26,347.82**														
50	Central Governments and Supernational issuers	16,237.45														
51	Central banks exposure	9,437.77														
52	Trading book	672.60														
53	**Total assets**	**143,988.90**														
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	**Financial guarantees**	**216.42**	**24.81**	**1.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24.81**	**1.11**	**-**	**-**	**-**
55	**Assets under management** [8]	**11,644.96**	**2,958.04**	**834.99**	**-**	**16.81**	**283.72**	**66.68**	**7.43**	**-**	**1.62**	**3,024.72**	**842.41**	**-**	**16.81**	**285.34**
56	Of which debt securities	8,046.09	2,165.30	581.91	-	9.29	167.45	27.46	3.79	-	1.57	2,192.76	585.70	-	9.29	169.01
57	Of which equity instruments	3,538.09	779.68	248.10	-	7.53	116.27	39.22	3.64	-	0.05	818.90	251.74	-	7.53	116.32

Template 2. GAR sector information

The Template reports exposures to non-financial corporations subject to NFRD, divided on the basis of the 4-digit NACE codes of the counterparties, with evidence of the exposures aligned with the Taxonomy.

Template 2. GAR sector information [Capex Based]

		a	b	c	d	e	f	g	h	y	z	aa	ab
	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	B06.10	5.66	0.10			-	-			5.66	0.10		
2	C10.73	27.07	-			-	-			27.07	-		
3	C11.01	49.95	3.20			-	-			49.95	3.20		
4	C11.02	3.18	-			-	0.67			3.18	0.67		
5	C13.30	0.00	0.00			-	-			0.00	0.00		
6	C13.92	0.67	-			-	-			0.67	-		
7	C14.13	72.82	0.25			-	-			72.82	0.25		
8	C14.31	0.04	-			-	-			0.04	-		
9	C14.39	0.00	0.00			-	-			0.00	0.00		
10	C15.12	0.66	-			-	-			0.66	-		
11	C15.20	5.00	0.00			-	-			5.00	0.00		
12	C20.13	0.28	-			-	-			0.28	-		
13	C20.14	12.19	-			-	-			12.19	-		
14	C20.16	1.01	-			-	-			1.01	-		
15	C20.30	5.04	-			-	-			5.04	-		
16	C20.42	5.09	0.46			-	-			5.09	0.46		
17	C20.52	16.65	-			-	-			16.65	-		
18	C20.60	4.23	2.24			-	-			4.23	2.24		
19	C21.20	95.04	-			-	-			95.04	-		
20	C22.11	13.52	-			-	-			13.52	-		
21	C23.13	28.62	-			-	-			28.62	-		
22	C26.11	7.65	-			-	-			7.65	-		
23	C26.30	14.06	0.14			-	-			14.06	0.14		
24	C26.51	18.99	-			-	-			18.99	-		
25	C27.20	2.61	1.33			-	0.63			2.61	1.96		
26	C27.33	5.20	1.40			-	-			5.20	1.40		
27	C27.40	3.84	-			-	-			3.84	-		
28	C27.51	11.99	0.48			-	-			11.99	0.48		
29	C28.13	107.79	-			-	-			107.79	-		
30	C28.14	7.57	-			-	-			7.57	-		
31	C28.23	13.05	-			-	-			13.05	-		
32	C28.25	23.64	-			-	-			23.64	-		
33	C28.29	149.96	12.22			-	-			149.96	12.22		
34	C28.49	0.00	-			-	-			0.00	-		
35	C28.91	0.00	-			-	-			0.00	-		
36	C28.92	25.04	1.67			-	-			25.04	1.67		
37	C28.99	26.64	-			-	-			26.64	-		
38	C29.10	11.50	1.92			-	-			11.50	1.92		
39	C30.11	267.18	13.36			-	-			267.18	13.36		
40	C30.12	-	-			-	-			-	-		
41	C30.20	7.02	3.79			-	-			7.02	3.79		
42	C30.30	111.21	1.08			-	-			111.21	1.08		
43	C30.91	30.85	2.90			-	-			30.85	2.90		
44	C32.30	0.01	-			-	-			0.01	-		
45	D35.11	36.99	27.24			-	-			36.99	27.24		
46	D35.12	225.34	223.25			-	-			225.34	223.25		
47	D35.13	41.87	33.85			-	-			41.87	33.85		
48	D35.14	-	-			-	-			-	-		
49	D35.22	141.80	20.05			-	-			141.80	20.05		
50	D35.23	129.19	69.00			-	-			129.19	69.00		
51	E37.00	14.63	-			-	-			14.63	-		
52	F42.11	49.39	5.40			-	0.21			49.39	5.61		
53	F42.12	15.12	7.92			-	-			15.12	7.92		
54	F43.99	40.00	2.98			-	-			40.00	2.98		
55	G46.39	5.10	-			-	-			5.10	-		
56	G46.51	28.03	-			-	-			28.03	-		
57	G46.73	15.94	5.58			-	-			15.94	5.58		
58	G47.11	0.01	0.00			-	-			0.01	0.00		
59	G47.54	2.74	-			-	-			2.74	-		
60	G47.64	4.13	-			-	-			4.13	-		
61	H49.10	161.13	-			-	-			161.13	-		
62	H49.31	34.43	-			-	-			34.43	-		
63	H49.50	279.36	104.91			-	-			279.36	104.91		
64	H50.20	11.66	0.83			-	-			11.66	0.83		
65	H51.10	7.97	-			-	-			7.97	-		

(CONTINUED)

	Breakdown by sector - NACE 4 digits level (code and label)	a	b	c	d	e	f	g	h	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
66	H52.21	119.06	7.28			-	0.33			119.06	7.61		
67	H52.23	0.00	0.00			-	-			0.00	0.00		
68	H52.29	3.70	-			-	-			3.70	-		
69	H53.10	36.17	5.03			-	-			36.17	5.03		
70	J58.11	-	-			-	-			-	-		
71	J58.13	0.23	-			-	-			0.23	-		
72	J58.29	9.32	-			-	-			9.32	-		
73	J59.11	5.89	0.01			-	0.12			5.89	0.14		
74	J60.20	-	-			-	-			-	-		
75	J61.10	261.78	3.99			-	0.03			261.78	4.02		
76	J61.20	12.47	0.01			-	0.01			12.47	0.01		
77	J61.30	17.45	0.02			-	-			17.45	0.02		
78	J61.90	1.96	-			-	-			1.96	-		
79	J63.12	3.80	-			-	-			3.80	-		
80	K64.19	30.82	1.57			-	-			30.82	1.57		
81	K64.30	16.16	3.71			-	-			16.16	3.71		
82	L68.20	18.50	4.05			-	1.19			18.50	5.23		
83	M70.22	7.59	0.02			-	-			7.59	0.02		
84	M72.11	8.17	-			-	-			8.17	-		
85	N78.10	1.98	-			-	-			1.98	-		
86	N82.20	0.01	-			-	-			0.01	-		
87	N82.30	-	-			-	-			-	-		
88	Q86.10	-	-			-	-			-	-		
89	Q86.90	8.90	-			-	-			8.90	-		
90	S96.01	16.91	0.02			-	-			16.91	0.02		

Template 2. GAR sector information [Turnover Based]

		a	b	c	d	e	f	g	h	y	z	aa	ab
	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	B06.10	5.66	-			5.66	-			5.66	-		
2	C10.73	27.07	-			27.07	-			27.07	-		
3	C11.01	49.95	-			49.95	-			49.95	-		
4	C11.02	3.18	0.29			3.18	-			3.18	0.29		
5	C13.30	0.00	-			0.00	-			0.00	-		
6	C13.92	0.67	-			0.67	-			0.67	-		
7	C14.13	72.82	-			72.82	-			72.82	-		
8	C14.31	0.04	-			0.04	-			0.04	-		
9	C14.39	0.00	-			0.00	-			0.00	-		
10	C15.12	0.66	-			0.66	-			0.66	-		
11	C15.20	5.00	-			5.00	-			5.00	-		
12	C20.13	0.28	-			0.28	-			0.28	-		
13	C20.14	12.19	-			12.19	-			12.19	-		
14	C20.16	1.01	-			1.01	-			1.01	-		
15	C20.30	5.04	-			5.04	-			5.04	-		
16	C20.42	5.09	-			5.09	-			5.09	-		
17	C20.52	16.65	-			16.65	-			16.65	-		
18	C20.60	4.23	1.69			4.23	-			4.23	1.69		
19	C21.20	95.04	-			95.04	-			95.04	-		
20	C22.11	13.52	-			13.52	-			13.52	-		
21	C23.13	28.62	-			28.62	-			28.62	-		
22	C26.11	7.65	-			7.65	-			7.65	-		
23	C26.30	14.06	-			14.06	-			14.06	-		
24	C26.51	18.99	-			18.99	-			18.99	-		
25	C27.20	2.61	0.81			2.61	1.09			2.61	1.90		
26	C27.33	5.20	1.04			5.20	-			5.20	1.04		
27	C27.40	3.84	-			3.84	-			3.84	-		
28	C27.51	11.99	0.72			11.99	-			11.99	0.72		
29	C28.13	107.79	-			107.79	-			107.79	-		
30	C28.14	7.57	-			7.57	-			7.57	-		
31	C28.23	13.05	-			13.05	-			13.05	-		
32	C28.25	23.64	-			23.64	-			23.64	-		
33	C28.29	149.96	0.61			149.96	-			149.96	0.61		
34	C28.49	0.00	-			0.00	-			0.00	-		
35	C28.91	0.00	-			0.00	-			0.00	-		
36	C28.92	25.04	2.21			25.04	-			25.04	2.21		
37	C28.99	26.64	-			26.64	-			26.64	-		
38	C29.10	11.50	0.58			11.50	-			11.50	0.58		
39	C30.11	267.18	18.70			267.18	-			267.18	18.70		
40	C30.12	-	-			-	-			-	-		
41	C30.20	7.02	4.14			7.02	-			7.02	4.14		
42	C30.30	111.21	-			111.21	-			111.21	-		
43	C30.91	30.85	1.02			30.85	-			30.85	1.02		
44	C32.30	0.01	-			0.01	-			0.01	-		
45	D35.11	36.99	15.05			36.99	-			36.99	15.05		
46	D35.12	225.34	198.19			225.34	-			225.34	198.19		
47	D35.13	41.87	8.90			41.87	-			41.87	8.90		
48	D35.14	-	-			-	-			-	-		
49	D35.22	141.80	11.83			141.80	-			141.80	11.83		
50	D35.23	129.19	22.61			129.19	-			129.19	22.61		
51	E37.00	14.63	-			14.63	-			14.63	-		
52	F42.11	49.39	6.17			49.39	0.07			49.39	6.24		
53	F42.12	15.12	12.85			15.12	-			15.12	12.85		
54	F43.99	40.00	2.45			40.00	-			40.00	2.45		
55	G46.39	5.10	-			5.10	-			5.10	-		
56	G46.51	28.03	-			28.03	-			28.03	-		
57	G46.73	15.94	2.71			15.94	-			15.94	2.71		
58	G47.11	0.01	-			0.01	-			0.01	-		
59	G47.54	2.74	-			2.74	-			2.74	-		
60	G47.64	4.13	-			4.13	-			4.13	-		
61	H49.10	161.13	-			161.13	-			161.13	-		
62	H49.31	34.43	-			34.43	-			34.43	-		
63	H49.50	279.36	54.48			279.36	-			279.36	54.48		
64	H50.20	11.66	0.40			11.66	-			11.66	0.40		
65	H51.10	7.97	-			7.97	-			7.97	-		
66	H52.21	119.06	6.83			119.06	-			119.06	6.83		
67	H52.23	0.00	0.00			0.00	-			0.00	0.00		
68	H52.29	3.70	-			3.70	-			3.70	-		
69	H53.10	36.17	6.91			36.17	-			36.17	6.91		
70	J58.11	-	-			-	-			-	-		
71	J58.13	0.23	-			0.23	-			0.23	-		
72	J58.29	9.32	-			9.32	-			9.32	-		
73	J59.11	5.89	-			5.89	0.08			5.89	0.08		

(CONTINUED)

		a	b	c	d	e	f	g	h	y	z	aa	ab
	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
74	J60.20	-	-			-	-			-	-		
75	J61.10	261.78	1.79			261.78	0.00			261.78	1.79		
76	J61.20	12.47	0.01			12.47	0.84			12.47	0.86		
77	J61.30	17.45	-			17.45	-			17.45	-		
78	J61.90	1.96	-			1.96	-			1.96	-		
79	J63.12	3.80	-			3.80	-			3.80	-		
80	K64.19	30.82	0.22			30.82	-			30.82	0.22		
81	K64.30	16.16	1.96			16.16	-			16.16	1.96		
82	L68.20	18.50	4.22			18.50	-			18.50	4.22		
83	M70.22	7.59	-			7.59	-			7.59	-		
84	M72.11	8.17	-			8.17	-			8.17	-		
85	N78.10	1.98	-			1.98	-			1.98	-		
86	N82.20	0.01	-			0.01	-			0.01	-		
87	N82.30	-	-			-	-			-	-		
88	Q86.10	-	-			-	-			-	-		
89	Q86.90	8.90	-			8.90	-			8.90	-		
90	S96.01	16.91	-			16.91	-			16.91	-		

Template 3. GAR KPI stock

The Template reports the GAR KPIs on the stock of balance sheet exposures calculated starting from the data reported in Template 1, placing the total assets covered as the denominator.

Template 3. GAR KPI stock [Capex Based]

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
% (compared to total covered assets in the denominator)		Disclosure reference date: 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered 9
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**29.49%**	**1.66%**	**-**	**0.00%**	**0.25%**	**0.04%**	**0.00%**	**-**	**0.00%**	**29.52%**	**1.66%**	**-**	**0.00%**	**0.25%**	**28.61%**
2	**Financial corporations**	**0.52%**	**0.00%**	**-**	**-**	**-**	**0.03%**	**-**	**-**	**-**	**0.56%**	**0.00%**	**-**	**-**	**-**	**3.66%**
3	Credit institutions	0.52%	-	-	-	-	-	-	-	-	0.52%	-	-	-	-	3.30%
4	Loans and advances	0.08%	-	-	-	-	-	-	-	-	0.08%	-	-	-	-	0.36%
5	Debt securities, including UoP	0.44%	-	-	-	-	-	-	-	-	0.44%	-	-	-	-	2.93%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	0.00%
7	Other financial corporations	0.00%	0.00%	-	-	-	0.03%	-	-	-	0.03%	0.00%	-	-	-	0.37%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	0.00%	0.00%	-	-	-	-	-	-	-	0.00%	0.00%	-	-	-	0.02%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
15	Equity instruments	0.00%	0.00%		-	-	-	-		-	0.00%	0.00%		-	-	0.01%
16	of which insurance undertakings	-	-	-	-	-	0.03%	-	-	-	0.03%	-	-	-	-	0.09%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
18	Debt securities, including UoP	-	-	-	-	-	0.03%	-	-	-	0.03%	-	-	-	-	0.09%
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial corporations**	**1.18%**	**0.49%**	**-**	**0.00%**	**0.25%**	**0.00%**	**0.00%**	**-**	**0.00%**	**1.18%**	**0.49%**	**-**	**0.00%**	**0.25%**	**2.10%**
21	Loans and advances	0.81%	0.35%	-	0.00%	0.20%	0.00%	0.00%	-	0.00%	0.81%	0.35%	-	0.00%	0.20%	1.57%
22	Debt securities, including UoP	0.37%	0.13%	-	0.00%	0.04%	0.00%	0.00%	-	0.00%	0.37%	0.14%	-	0.00%	0.04%	0.53%
23	Equity instruments	0.00%	0.00%		-	-	0.00%	0.00%		-	0.00%	0.00%		-	-	0.00%
24	**Households**	**27.78%**	**1.17%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27.78%**	**1.17%**	**-**	**-**	**-**	**22.70%**
25	of which loans collateralised by residential immovable property	26.62%	1.17%	-	-	-	-	-	-	-	26.62%	1.17%	-	-	-	21.75%
26	of which building renovation loans	1.15%	-	-	-	-	-	-	-	-	1.15%	-	-	-	-	0.94%
27	of which motor vehicle loans	0.01%	-	-	-	-					0.01%	-	-	-	-	0.01%
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.15%**
32	**Total GAR assets**															**81.7%**

9 The share of total covered assets is calculated as the ratio between the total gross carrying amount reported in Template 1 and the value of total assets (see Template 1, Row 53 "Total assets").

Template 3. GAR KPI stock [Turnover Based]

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
	% (compared to total covered assets in the denominator)	Disclosure reference date: 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered 9
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**29.26%**	**1.50%**	**-**	**0.00%**	**0.21%**	**0.03%**	**0.00%**	**-**	**0.00%**	**29.30%**	**1.50%**	**-**	**0.00%**	**0.21%**	**28.61%**
2	**Financial corporations**	**0.59%**	**0.00%**	**-**	**-**	**-**	**0.03%**	**-**	**-**	**-**	**0.62%**	**0.00%**	**-**	**-**	**-**	**3.66%**
3	Credit institutions	0.59%	-	-	-	-	-	-	-	-	0.59%	-	-	-	-	3.30%
4	Loans and advances	0.09%	-	-	-	-	-	-	-	-	0.09%	-	-	-	-	0.36%
5	Debt securities, including UoP	0.50%	-	-	-	-	-	-	-	-	0.50%	-	-	-	-	2.93%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	0.00%
7	Other financial corporations	0.00%	0.00%	-	-	-	0.03%	-	-	-	0.03%	0.00%	-	-	-	0.37%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	0.00%	0.00%	-	-	-	-	-	-	-	0.00%	0.00%	-	-	-	0.02%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
15	Equity instruments	0.00%	0.00%		-	-	-	-		-	0.00%	0.00%		-	-	0.01%
16	of which insurance undertakings	-	-	-	-	-	0.03%	-	-	-	0.03%	-	-	-	-	0.09%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
18	Debt securities, including UoP	-	-	-	-	-	0.03%	-	-	-	0.03%	-	-	-	-	0.09%
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial corporations**	**0.89%**	**0.33%**	**-**	**0.00%**	**0.21%**	**0.00%**	**0.00%**	**-**	**0.00%**	**0.89%**	**0.33%**	**-**	**0.00%**	**0.21%**	**2.10%**
21	Loans and advances	0.61%	0.24%	-	0.00%	0.18%	0.00%	0.00%	-	0.00%	0.61%	0.24%	-	0.00%	0.18%	1.57%
22	Debt securities, including UoP	0.28%	0.09%	-	0.00%	0.03%	0.00%	0.00%	-	0.00%	0.28%	0.09%	-	0.00%	0.03%	0.53%
23	Equity instruments	0.00%	0.00%		-	-	-	-		-	0.00%	0.00%		-	-	0.00%
24	**Households**	**27.78%**	**1.17%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27.78%**	**1.17%**	**-**	**-**	**-**	**22.70%**
25	of which loans collateralised by residential immovable property	26.62%	1.17%	-	-	-	-	-	-	-	26.62%	1.17%	-	-	-	21.75%
26	of which building renovation loans	1.15%	-	-	-	-	-	-	-	-	1.15%	-	-	-	-	0.94%
27	of which motor vehicle loans	0.01%	-	-	-	-					0.01%	-	-	-	-	0.01%
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.15%**
32	Total GAR assets															81.7%

Template 4. GAR KPI flow

The Template reports the GAR KPIs on the flow of exposures on the balance sheet calculated starting from the data reported in Template 1, placing the total assets covered as of 31 December 2023 as the denominator[105]. For the purposes of determining the flow data, also in light of the Regulator's[106] clarifications, the BPER Group has decided to proceed as follows:

- in relation to loans to businesses and households, the flow data was calculated by analysing the new exposures that occurred during 2023, taking the value stipulated at the time of disbursement of the loan into consideration, with the aim of excluding any repayments that occurred during of the year;
- in relation to debt securities and equity instruments, the purchases of securities made during 2023 were analysed, in order to exclude any disinvestments on securities in the portfolio[107].

The values reported within the Template are calculated using the Total GAR assets (Total covered assets) as the denominator as indicated in Template 1, Row 48 "Total GAR assets".

Template 4. GAR KPI flow [Capex Based]

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
	% (compared to flow of total eligible assets)	Disclosure reference date: 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered 9
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**4.21%**	**0.42%**	**-**	**0.00%**	**0.12%**	**0.00%**	**0.00%**	**-**	**-**	**4.21%**	**0.42%**	**-**	**0.00%**	**0.12%**	**4.23%**
2	**Financial corporations**	**0.09%**	**0.00%**	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.09%**	**0.00%**	**-**	**-**	**-**	**0.56%**
3	Credit institutions	0.09%	-	-	-	-	-	-	-	-	0.09%	-	-	-	-	0.47%
4	Loans and advances	0.00%	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	0.03%
5	Debt securities, including UoP	0.08%	-	-	-	-	-	-	-	-	0.08%	-	-	-	-	0.43%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	0.00%	-	-	-	0.09%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	0.00%	0.00%	-	-	-	-	-	-	-	0.00%	0.00%	-	-	-	0.00%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0.00%	0.00%		-	-	-	-		-	0.00%	0.00%		-	-	0.00%
16	of which insurance undertakings	-	-	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	0.01%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	0.01%
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial corporations**	**0.40%**	**0.14%**	**-**	**0.00%**	**0.12%**	**0.00%**	**0.00%**	**-**	**-**	**0.40%**	**0.14%**	**-**	**0.00%**	**0.12%**	**0.63%**
21	Loans and advances	0.27%	0.11%	-	0.00%	0.10%	0.00%	0.00%	-	-	0.27%	0.11%	-	0.00%	0.10%	0.46%
22	Debt securities, including UoP	0.13%	0.03%	-	0.00%	0.02%	-	-	-	-	0.13%	0.03%	-	0.00%	0.02%	0.16%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24	**Households**	**3.73%**	**0.29%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.73%**	**0.29%**	**-**	**-**	**-**	**3.04%**
25	of which loans collateralised by residential immovable property	3.58%	0.29%	-	-	-	-	-	-	-	3.58%	0.29%	-	-	-	2.93%
26	of which building renovation loans	0.14%	-	-	-	-	-	-	-	-	0.14%	-	-	-	-	0.11%
27	of which motor vehicle loans	0.00%	-	-	-	-					0.00%	-	-	-	-	0.00%
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**															**81.7%**

105 Regarding the calculation of the GAR KPI (flow), as there are no clear regulatory indications in the latest Q&A published on the Disclosure Delegated Act concerning the calculation methods, the denominator has been defined as using the total covered assets, as calculated in the Template 1 based on stock data.

106 See in particular "Draft commission notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice)", question 65.

107 The detail of the flow data for the banking book was obtained starting from management processing, including exclusively the information of the companies belonging to the Group that use the same management systems as the Parent Company; for the other Legal Entities it was not possible to recover this level of information.

Template 4. GAR KPI flow [Turnover Based]

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
	% (compared to flow of total eligible assets)	Disclosure reference date: 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered 9
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**4.19%**	**0.42%**	**-**	**0.00%**	**0.11%**	**0.00%**	**-**	**-**	**-**	**4.19%**	**0.42%**	**-**	**0.00%**	**0.11%**	**4.23%**
2	**Financial corporations**	**0.10%**	**0.00%**	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.10%**	**0.00%**	**-**	**-**	**-**	**0.56%**
3	Credit institutions	0.10%	-	-	-	-	-	-	-	-	0.10%	-	-	-	-	0.47%
4	Loans and advances	0.01%	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.03%
5	Debt securities, including UoP	0.08%	-	-	-	-	-	-	-	-	0.08%	-	-	-	-	0.43%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	0.00%	-	-	-	0.09%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	0.00%	0.00%	-	-	-	-	-	-	-	0.00%	0.00%	-	-	-	0.00%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0.00%	0.00%		-	-	-	-		-	0.00%	0.00%		-	-	0.00%
16	of which insurance undertakings	-	-	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	0.01%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	0.01%
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial corporations**	**0.37%**	**0.13%**	**-**	**0.00%**	**0.11%**	**-**	**-**	**-**	**-**	**0.37%**	**0.13%**	**-**	**0.00%**	**0.11%**	**0.63%**
21	Loans and advances	0.24%	0.10%	-	-	0.09%	-	-	-	-	0.24%	0.10%	-	-	0.09%	0.46%
22	Debt securities, including UoP	0.13%	0.03%	-	0.00%	0.02%	-	-	-	-	0.13%	0.03%	-	0.00%	0.02%	0.16%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24	**Households**	**3.73%**	**0.29%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.73%**	**0.29%**	**-**	**-**	**-**	**3.04%**
25	of which loans collateralised by residential immovable property	3.58%	0.29%	-	-	-	-	-	-	-	3.58%	0.29%	-	-	-	2.93%
26	of which building renovation loans	0.14%	-	-	-	-	-	-	-	-	0.14%	-	-	-	-	0.11%
27	of which motor vehicle loans	0.00%	-	-	-	-					0.00%	-	-	-	-	0.00%
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	Total GAR assets															81.7%

Template 5. KPI off-balance sheet exposures

The Template reports the KPIs for off-balance sheet exposures (financial guarantees and asset under management), calculated starting from the data communicated in Template 1 on the total covered assets; the legislation requires the publication of the Template in two versions:

- with evidence of the KPIs referring to stock data as of 31 December 2023;
- with evidence of the KPIs referring to the flow data relating to the year being reported (FY 2023).

Given the absence of clear regulatory indications on the methods for determining the flow data referring to Assets Under Management, the BPER Group has decided not to proceed with the publication of the KPI referring to AuM flow for financial year 2023: in view of future reporting exercises, deep-dives will be carried out aimed at defining a methodology that allows us to intercept new investments in third-party assets in order to provide timely disclosure.

Template 5. KPI off-balance sheet exposures – Stock [Capex Based]

	a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)	Disclosure reference date: 31.12.2023													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	4.74%	2.74%	-	-	-	0.00%	0.00%	-	-	4.74%	2.74%	-	-	-
Assets under management (AuM KPI)	8.73%	3.48%	-	0.09%	0.99%	0.22%	0.09%	-	0.01%	8.95%	3.57%	-	0.09%	0.99%

Template 5. KPI off-balance sheet exposures – Stock [Turnover Based]

	a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)	Disclosure reference date: 31.12.2023													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	2.81%	0.13%	-	-	-	-	-	-	-	2.81%	0.13%	-	-	-
Assets under management (AuM KPI)	6.51%	1.84%	-	0.04%	0.62%	0.15%	0.02%	-	0.00%	6.65%	1.85%	-	0.04%	0.63%

With reference to financial year 2023, the Group does not report Template 5 - KPI off-balance sheet exposures (flow) in its information, inasmuch as:

- there are no financial guarantees to companies subject to NFRD granted during the 2023 financial year;
- as previously described, given the absence of specific regulatory indications on the methods of calculating the flow data with reference to asset under management, the Group reserves the right, following further internal deep-dives and in light of any future regulatory clarifications, to integrate its disclosure during the next reporting exercises.

Disclosure pursuant to Annex XII of Delegated Regulation 2021/2178

Based on what is required by the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022[108] concerning economic activities in certain energy sectors, the BPER Group has published the Template envisaged regarding economic activities linked to nuclear energy and fossil gas. This information is reported in tabular format, in accordance with Annex XII of Delegated Regulation 2021/2178.

Each table is provided in two versions: using Capex and also Turnover as the weighting factor for exposures to non-financial corporations. Furthermore, all Templates are provided with reference to the values in millions of Euro and as a percentage of the on-balance sheet and off-balance sheet activities.

Assets on the balance sheet (Stock)

Template 1: Nuclear and fossil gas related activities

Line	Nuclear energy related activities	YES/NO
1	Funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	Funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	Funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	Funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	Funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	Funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

108 Which integrates and modifies the Delegated Regulation (EU) 2021/2139 and the Delegated Regulation (EU) 2021/2178.

Template 2: Taxonomy-aligned economic activities (denominator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.21	0.00%	0.21	0.00%	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	1.97	0.00%	1.97	0.00%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.23	0.00%	0.23	0.00%	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.21	0.00%	0.21	0.00%	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**1,949.07**	**1.66%**	**1,945.88**	**1.65%**	**3.19**	**0.00%**
8	**Total applicable KPI**	**1,951.69**	**1.66%**	**1,948.51**	**1.66%**	**3.19**	**0.00%**

Template 2: Taxonomy-aligned economic activities (denominator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	2.47	0.00%	2.47	0.00%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**1,763.78**	**1.50%**	**1,761.69**	**1.50%**	**2.09**	**0.00%**
8	**Total applicable KPI**	**1,766.25**	**1.50%**	**1,764.16**	**1.50%**	**2.09**	**0.00%**

Template 3: Taxonomy-aligned economic activities (numerator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.36	0.02%	0.36	0.02%	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	3.00	0.15%	3.00	0.15%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.28	0.01%	0.28	0.01%	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.25	0.01%	0.25	0.01%	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**1,947.80**	**99.80%**	**1,944.62**	**99.80%**	**3.19**	**100.00%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**1,951.69**	**100.00%**	**1,948.51**	**100.00%**	**3.19**	**100.00%**

Template 3: Taxonomy-aligned economic activities (numerator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	4.79	0.27%	4.79	0.27%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**1,761.46**	**99.73%**	**1,759.37**	**99.73%**	**2.09**	**100.00%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**1,766.25**	**100.00%**	**1,764.16**	**100.00%**	**2.09**	**100.00%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.18	0.00%	0.18	0.00%	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	10.00	0.01%	10.00	0.01%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	8.40	0.01%	8.40	0.01%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.26	0.00%	0.26	0.00%	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**32,759.89**	**27.85%**	**32,721.72**	**27.81%**	**38.17**	**0.03%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**32,778.73**	**27.86%**	**32,740.56**	**27.83%**	**38.17**	**0.03%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**32,700.21**	**27.80%**	**32,662.04**	**27.76%**	**38.17**	**0.03%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**32,700.21**	**27.80%**	**32,662.04**	**27.76%**	**38.17**	**0.03%**

Template 5: Taxonomy non-eligible economic activities [Capex Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.77	0.00%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.52	0.00%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.95	0.00%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**82,905.41**	**70.48%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**82,910.65**	**70.48%**

Template 5: Taxonomy non-eligible economic activities [Turnover Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.20	0.00%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.36	0.00%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**83,173.05**	**70.70%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**83,174.62**	**70.70%**

Assets on the balance sheet (Flow)

Template 1: Nuclear and fossil gas related activities

Line	Nuclear energy related activities	YES/NO
1	Funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	Funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	Funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	Funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	Funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	Funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Template 2: Taxonomy-aligned economic activities (denominator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.03	0.00%	0.03	0.00%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.09	0.00%	0.09	0.00%	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.08	0.00%	0.08	0.00%	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**498.97**	**0.42%**	**498.31**	**0.42%**	**0.65**	**0.00%**
8	**Total applicable KPI**	**499.17**	**0.42%**	**498.52**	**0.42%**	**0.65**	**0.00%**

Template 2: Taxonomy-aligned economic activities (denominator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.05	0.00%	0.05	0.00%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**488.37**	**0.42%**	**488.37**	**0.42%**	**-**	**-**
8	**Total applicable KPI**	**488.42**	**0.42%**	**488.42**	**0.42%**	**-**	**-**

Template 3: Taxonomy-aligned economic activities (numerator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.08	0.02%	0.08	0.02%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.11	0.02%	0.11	0.02%	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.10	0.02%	0.10	0.02%	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**498.88**	**99.94%**	**498.23**	**99.94%**	**0.65**	**100.00%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**499.17**	**100.00%**	**498.52**	**100.00%**	**0.65**	**100.00%**

Template 3: Taxonomy-aligned economic activities (numerator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.30	0.06%	0.30	0.06%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**488.12**	**99.94%**	**488.12**	**99.94%**	**-**	**-**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**488.42**	**100.00%**	**488.42**	**100.00%**	**-**	**-**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.05	0.00%	0.05	0.00%	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3.34	0.00%	3.34	0.00%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.09	0.00%	0.09	0.00%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**4,452.93**	**3.79%**	**4,451.73**	**3.78%**	**1.20**	**0.00%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**4,456.40**	**3.79%**	**4,455.20**	**3.79%**	**1.20**	**0.00%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.05	0.00%	0.05	0.00%	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3.99	0.00%	3.99	0.00%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.38	0.00%	0.38	0.00%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**4,434.07**	**3.77%**	**4,432.88**	**3.77%**	**1.20**	**0.00%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**4,438.49**	**3.77%**	**4,437.29**	**3.77%**	**1.20**	**0.00%**

Template 5: Taxonomy non-eligible economic activities [Capex Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.39	0.00%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**112,685.11**	**95.79%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**112,685.50**	**95.79%**

Template 5: Taxonomy non-eligible economic activities [Turnover Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.28	0.00%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**112,713.88**	**95.81%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**112,714.16**	**95.81%**

Off-balance sheet assets – Asset under Management

Template 1: Nuclear and fossil gas related activities

Line	Nuclear energy related activities	YES/NO
1	Funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	Funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	Yes
3	Funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	Yes
	Fossil gas related activities	
4	Funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Yes
5	Funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	Funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

Template 2: Taxonomy-aligned economic activities (denominator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	1.93	0.00%	1.93	0.00%	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	16.46	0.04%	16.46	0.04%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.29	0.00%	0.29	0.00%	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.24	0.00%	0.24	0.00%	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**1,604.60**	**3.53%**	**1,563.76**	**3.44%**	**40.83**	**0.09%**
8	**Total applicable KPI**	**1,623.52**	**3.57%**	**1,582.69**	**3.48%**	**40.83**	**0.09%**

Template 2: Taxonomy-aligned economic activities (denominator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.03	0.00%	0.03	0.00%	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	12.04	0.03%	12.04	0.03%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.22	0.00%	0.22	0.00%	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.08	0.00%	0.08	0.00%	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**830.04**	**1.83%**	**822.61**	**1.81%**	**7.43**	**0.02%**
8	**Total applicable KPI**	**842.41**	**1.85%**	**834.99**	**1.84%**	**7.43**	**0.02%**

Template 3: Taxonomy-aligned economic activities (numerator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	3.22	0.20%	3.22	0.20%	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	25.03	1.54%	25.03	1.58%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.24	0.01%	0.24	0.02%	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.22	0.01%	0.22	0.01%	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**1,594.81**	**98.23%**	**1,553.97**	**98.19%**	**40.83**	**100.00%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**1,623.52**	**100.00%**	**1,582.69**	**100.00%**	**40.83**	**100.00%**

Template 3: Taxonomy-aligned economic activities (numerator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.03	0.00%	0.03	0.00%	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	30.45	3.61%	30.45	3.65%	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**811.93**	**96.38%**	**804.50**	**96.35%**	**7.43**	**100.00%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**842.41**	**100.00%**	**834.99**	**100.00%**	**7.43**	**100.00%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.15	0.00%	0.15	0.00%	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	37.44	0.08%	37.44	0.08%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	47.56	0.10%	47.56	0.10%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.23	0.00%	0.23	0.00%	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,360.09**	**5.19%**	**2,300.83**	**5.06%**	**59.26**	**0.13%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**2,445.46**	**5.38%**	**2,386.21**	**5.25%**	**59.26**	**0.13%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.15	0.00%	0.15	0.00%	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	65.08	0.14%	65.08	0.14%	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	67.09	0.15%	67.09	0.15%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3.71	0.01%	3.71	0.01%	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,046.27**	**4.50%**	**1,987.01**	**4.37%**	**59.26**	**0.13%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**2,182.31**	**4.80%**	**2,123.05**	**4.67%**	**59.26**	**0.13%**

Template 5: Taxonomy non-eligible economic activities [Capex Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	14.21	0.03%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	5.45	0.01%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2.63	0.01%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**41,359.61**	**91.00%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**41,381.90**	**91.05%**

Template 5: Taxonomy non-eligible economic activities [Turnover Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.03	0.00%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	5.96	0.01%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**42,420.18**	**93.33%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**42,426.16**	**93.35%**

Off-balance sheet assets – Financial Guarantees

Template 1: Nuclear and fossil gas related activities

Line	Nuclear energy related activities	YES/NO
1	Funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	Funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	Funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	No
	Fossil gas related activities	
4	Funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	No
5	Funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Yes
6	Funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Template 2: Taxonomy-aligned economic activities (denominator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**24.23**	**2.74%**	**24.23**	**2.74%**	**0.00**	**0.00%**
8	**Total applicable KPI**	**24.23**	**2.74%**	**24.23**	**2.74%**	**0.00**	**0.00%**

Template 2: Taxonomy-aligned economic activities (denominator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**1.11**	**0.13%**	**1.11**	**0.13%**	**-**	**-**
8	**Total applicable KPI**	**1.11**	**0.13%**	**1.11**	**0.13%**	**-**	**-**

Template 3: Taxonomy-aligned economic activities (numerator) [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**24.23**	**100.00%**	**24.23**	**100.00%**	**0.00**	**100.00%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**24.23**	**100.00%**	**24.23**	**100.00%**	**0.00**	**100.00%**

Template 3: Taxonomy-aligned economic activities (numerator) [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**1.11**	**100.00%**	**1.11**	**100.00%**	**-**	**-**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**1.11**	**100.00%**	**1.11**	**100.00%**	**-**	**-**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Capex Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2.04	0.23%	2.04	0.23%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**15.56**	**1.76%**	**15.56**	**1.76%**	**-**	**-**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**17.60**	**1.99%**	**17.60**	**1.99%**	**-**	**-**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities [Turnover Based]

Line	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.06	0.69%	6.06	0.69%	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**17.64**	**2.00%**	**17.64**	**2.00%**	**-**	**-**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**23.70**	**2.68%**	**23.70**	**2.68%**	**-**	**-**

Template 5: Taxonomy non-eligible economic activities [Capex Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**841.24**	**95.26%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**841.24**	**95.26%**

Template 5: Taxonomy non-eligible economic activities [Turnover Based]

Line	Economic activities	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**858.27**	**97.19%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**858.27**	**97.19%**

OBJECTIVES

Topic	2022-2025 Objectives	% of achievement 2023	SDGs
Governance	To collaborate in the definition of an ESG Compliance Programme, in order to oversee the effective integration of ESG factors in the Group's policies and processes	50%	Goal 16: "Peace, justice and strong institutions"
	Continue along the development path of the ESG Risk Management framework in line with the regulatory provisions and initiatives on the topic carried out by the Group as a whole	75%	
	To analyse new financing products and the regulatory framework for granting credit, based on ESG criteria	50%	
	To monitor ESG factors in the evolution of the Group's incentive system	50%	
	To monitor ESG factors in the provision of Investment Services	75%	
	Inclusion of questions regarding the principles of sustainability in the Board of Director's self-assessment questionnaire	100%	
Relations with the community and human rights	To implement projects to raise awareness on compulsive gambling[109]	100%	Goal 1: "End poverty in all its forms everywhere" Goal 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". Goal 11: "Make cities and human settlements inclusive, safe, resilient and sustainable" Goal 16: "Peace, justice and strong institutions"
	Awareness-raising events against compulsive gambling at national level to convey the new "Online Gambling Handbook"	100%	
	To broaden the target group of financial education projects for university students, adults and women	75%	
	To implement a youth empowerment project	50%	
	ESG Project Data	New	
	Expansion of sustainability reporting	New	
	Update of the human rights assessment	New	
	To extend support to the solidarity emporiums throughout the country for the next three years	50%	
	Support for environmental and land protection projects	75%	
	Support for the Third Sector to facilitate its operations	New	
	Carrying out social activities for the community[110]	New	
Suppliers	To complete a vendor rating model	100%	Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" Goal 9: "Build resilient infrastructure and promote innovation and fair, responsible and sustainable industrialisation" Goal 13: "Take urgent action to combat climate change and its impacts".
	To require compliance with minimum environmental criteria in procurement processes for specific product areas	75%	
	Continue the process of evaluating suppliers from an ESG perspective by broadening the scope, progressively considering all suppliers who qualify in the register	75%	
Personnel	As part of the exempla2 management development project, to implement paths dedicated to strengthening women's leadership	75%	Goal 5: "Achieve gender equality and empower all women and girls" Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" Goal 11: "Make cities and human settlements inclusive, safe, resilient and sustainable"
	Activities to support more sustainable mobility	75%	
	To increase the proportion of female managers	75%	
	To increase the percentage of female middle managers	75%	
	To create a new workplace model	25%	
	ESG dissemination in corporate governance and culture through internal communication campaigns and employee awareness initiatives[109]	100%	

109 Annual recursive initiatives.

110 ARCA Fondi SGR s.p.a. goal

Topic	2022-2025 Objectives	% of achievement 2023	SDGs
Personnel	Define the three-year Operational Plan for the Enhancement of Gender Diversity	100%	Goal 5: “Achieve gender equality and empower all women and girls” Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” Goal 11: “Make cities and human settlements inclusive, safe, resilient and sustainable”
	Develop and retain current managers	New	
	Invest in future managers	New	
	Ensure inclusion by design in HR processes	New	
	Disseminate a culture of inclusion	New	
	Introduction of defibrillator systems at major Complex Sites with larger populations	25%	
	Evaluation of techno-stress risks in the company	100%	
	Broadening the welfare offer	100%	
	ESG Manager Training	75%	
Customers	To strengthen the use of data and insight activities to support a more accurate identification of customer needs, more focused and relevant propositions and the development of new services and products	75%	Goal 1: “End poverty in all its forms everywhere” Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all” Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” Goal 9: “Build resilient infrastructure, promote inclusive, fair and sustainable industrialisation and foster innovation” Goal 12: “Ensure sustainable consumption and production patterns” Goal 13: “Take urgent action to combat climate change and its impacts”.
	To analyse and renew the proposition to the Small Economic Operators segment	75%	
	To develop branded content with a focus on financial education, behavioural skills and digital tools through proprietary digital and social channels and physical events across the territory	100%	
	Evolve the cash service model with the introduction of technological innovation in branches aimed at promoting the de-materialisation of cash and improvement of customer processes[109]	100%	
	To create a “modular” current account for businesses that meets banking and non-banking needs and so improve access to financial services by small enterprises	75%	
	To define and integrate ESG credit policies in credit policies and in processes	75%	
	To consolidate the building up of direct and remote banking services, towards a comprehensive multi-channel distribution and relational model	75%	
	Increase the use of digital channels in the interaction and finalisation of sales processes in branches and in remote Offerings with a Paperless method that benefit from a reduction in overall processing times, ensuring that customer needs are covered even in remote offerings.	New	
	Development of the offering of digitally acquired products	New	
	Ecobonus Project	100%	
	Evolve the offering model for ETS (Third Sector Bodies) in the third sector	75%	
	Evolution of services for non-profit organizations' fundraising	New	
	Development of new alliances for greater access to credit for non-profit organizations and economically fragile individuals	New	
	Adaptation of credit evaluation models relating to the Third Sector with a view to measuring social impact	New	
	To establish a dedicated funding line for farms with organic production certification and/or other sustainability certifications	25%	
	Definition of specific tools to support the process of adapting and mitigating climate risks for agricultural businesses	25%	
	To increase the number of transactions and disbursed value of Green Mortgages and Loans	100%	
	To provide specialist ESG consultancy services for corporate clients	50%	
	Provide medium-term loans backed by an SACE 80% guarantee to companies whose business or type of investment complies with the European Taxonomy[109]	100%	
	To implement the product catalogue through Green Linked Loans by introducing new financing that reflects strong sustainability characteristics (ESG)	100%	
	To define a nomenclature consistent with the European Taxonomy of Sustainable Economic Activities for the classification of counterparties in the loan portfolio	100%	
	Disseminate content that describes the bank's ESG actions in the social, cultural and environmental spheres using all BPER Banca's proprietary channels[109]	100%	
	Support issues relating to D&I with external communication contests[109]	100%	

Topic	2022-2025 Objectives	% of achievement 2023	SDGs
Customers	To map environmental risks at the counterparty level of the loan portfolio to provide targeted financial support for the transition to a more sustainable economy	75%	Goal 1: “End poverty in all its forms everywhere” Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all” Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” Goal 9: “Build resilient infrastructure, promote inclusive, fair and sustainable industrialisation and foster innovation” Goal 12: “Ensure sustainable consumption and production patterns” Goal 13: “Take urgent action to combat climate change and its impacts”.
	Introduce customer anomalies into preventive interception systems (e.g. Early Warning) and also the level of exposure to ESG risks (direct or transitional damages)	75%	
	To evolve the reporting system to analyse physical risks on real estate collateral (e.g., location)	75%	
	To define credit granting policies oriented towards the protection of economically weaker consumer groups	100%	
	To increase ESG assets under management (AUM)	100%	
	To expand the range of digitally saleable products and services	50%	
	To consolidate the path of strengthening remote customer banking services (Digital Rate)	100%	
	To increase use of Smart Web on new open current accounts	75%	
	To increase use of Smart Web among total private customers	50%	
	Creation of fundraising campaigns for initiatives regarding sensitive issues[109]	100%	
	Creation of fundraising campaigns in 2024 for initiatives on sensitive issues	New	
	Creation of editorial content that describes the Bank's ESG actions in the social, cultural and environmental spheres using all BPER Banca's proprietary channels	100%	
	Institutional communication campaign to declare the brand's ESG positioning	100%	
	Conceptualisation of initiatives, communication campaigns, and diffusion on proprietary media, podcasts and paid media for the promotion of partnerships with associations (WWF, D.i.Re, P4F, etc.)	100%	
	Enhancement of cultural heritage with exhibitions that stimulate reflection and insight into social issues (S of ESG)	100%	
	To strengthen brand communication with content, special projects, actions to enhance the brand's pillars in a concrete way: Sustainability, Digitalisation, Customer proximity (caring), focus on Generations (0-99). In particular using channels of the proprietary ecosystem (Meta, LinkedIn, bper.it)	100%	
	Integration of ESG island data for Group initiatives (including NZBA, P&C Climate Risk, ESG Credit)	50%	
	Expansion of the commercial offer of ESG products (especially green products) through the inclusion of KPIs	75%	
	SME engagement project on ESG planning and reporting; national road show	75%	
	Definition of decarbonisation targets for credit and investment portfolios (as required by the Net-Zero Banking Alliance)	50%	
Financial Market	Increase ESG investment products available to Fund and Sicav clients[108][109]	100%	Goal 11: “Make cities and human settlements inclusive, safe, resilient and sustainable” Goal 13: “Take urgent action to combat climate change and its impacts”.
	Increase the ESG Product Range[109][110]	100%	
	Increase the number of ESG investment products in the Art. 8 range[110]	100%	
	Increase the number of ESG investment products in the Art. 9 range[110]	100%	
	Launch new ESG product offerings with focus on social issues[110]	100%	
	To update and adapt internal regulations (Group Regulation of the Proprietary Portfolio Management Process and Operating Instructions) to the ESG Policy on Proprietary Investments	50%	
	Maintenance of the UNPRI rating[110]	New	

Topic	2022-2025 Objectives	% of achievement 2023	SDGs
Environment	Finalise the control and monitoring system (BEMS) for the 13 management offices	75%	Goal 7: "Ensure access to affordable, reliable, sustainable and modern energy for all" Goal 13: "Take urgent action to combat climate change and its impacts". Goal 15: "Protect, restore and promote sustainable use of terrestrial ecosystems"
	Carry out the implementation phase of real estate streamlining	25%	
	To implement the QES (Qualified Electronic Signature) to increase the digitalisation of processes both in-branch and remotely	75%	
	Review of company processes and policies to achieve the quality certification of the WSMS (Workplace Safety Management) System in 2025 pursuant to the UNI EN ISO 45001 standard	New	
	Strengthening of monitoring with subsequent sampling and remediation of the presence of asbestos, radon, and air quality at sites with higher populations, for the reduction of environmental pollution factors, contributing to the environmental goals of the 2022-2025 business plan	New	
	Strengthening training regarding Legislative Decree 81/08 to achieve greater well-being at work and development of the culture of health and safety in the workplace	New	
	Improvement of technological processes for the optimal management of health and safety procedures in the workplace	New	
	Implementation of the projects with emissions reduction goals envisaged in the Energy Plan	25%	
	To increase the % conversion of the car fleet to hybrid and increase the number of recharge stations	50%	
	To further reduce the number of printers	75%	
	Reduction of the share of paper waste (%) with -15% in 2023 and -25% in 2024 consistent with ESG KPIs	75%	
	Reduction of paper use for ARCA SGR[110]	100%	
	Finalisation of the study for the installation of photovoltaic panels for the building in Via Disciplini – Milan[110]	100%	
	Reduction in mailing documentation to customers[110]	New	
	Development of the projec t in cooperation with WWF for the protection of the planet's natural resources, the promotion of sustainable lifestyles and the maintenance of important Italian Oases on the occasion of Earth Day, which is celebrated on 22 April each year.	100%	
	Introduction of ESG functionalities within digital channels based on a potential partnership with Aworld	25%	
	New Workplace model: release of laptops only for use in the office or remotely, with reservation of office space resulting in a reduction of used spaces	25%	
	Plastic free: to implement the installation of micro-filtered water dispensers in major office buildings	25%	

GRI CONTENT INDEX

Statement of use	The BPER Banca Group has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
GENERAL DISCLOSURES							PRINCIPLES
GRI 2: General Disclosures - 2021 version	2-1 Organizational details	Directors' Report on Group Operations - Part 1 - Profile, strategy and financial results of the BPER Banca Group (2. Highlights)					
	2-2 Entities included in the organization's sustainability reporting	p. 84-85					
	2-3 Reporting period, frequency and contact point	p. 84-87					
	2-4 Restatement of information	p. 85; 185; 187					
	2-5 External assurance	p. 260-263					
	2-6 Activities, value chain and other business relationships	Directors' Report on Group Operations - Part 1 - Profile, strategy and financial results of the BPER Banca Group (2. Highlights)					
	2-7 Employees	p. 162-164; 178					Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation
	2-8 Workers who are not employees	p. 162					
	2-9 Governance structure and composition	p. 92-96					
	2-10 Nomination and selection of the highest governance body	p. 92-96					
	2-11 Chair of the highest governance body	p. 92-96					
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 92-97					
	2-13 Delegation of responsibility for managing impacts	p. 92-97					
	2-14 Role of the highest governance body in sustainability reporting	p. 96-97					
	2-15 Conflicts of interest	p. 96					
	2-16 Communication of critical concerns	p. 92-96; 110-111					

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
GRI 2 - General Disclosures - 2021 version	2-17 Collective knowledge of the highest governance body	p. 96					
	2-18 Evaluation of the performance of the highest governance body	p. 98-101					
	2-19 Remuneration policies	p. 98-101					
	2-20 Process to determine remuneration	p. 98-101					
	2-21 Annual total compensation ratio[111]	a) 41.12 b)1.04					
	2-22 Statement on sustainable development strategy	p. 82-83					
	2-23 Policy commitments	p. 96-97; 119-128					Principle 10 - Companies are committed to fighting all forms of corruption, including extortion and bribery
	2-24 Embedding policy commitments	p. 96-97					
	2-25 Processes to remediate negative impacts	p. 119-128					
	2-26 Mechanisms for seeking advice and raising concerns	p. 110-111					Principle 10 - Companies are committed to fighting all forms of corruption, including extortion and bribery
	2-27 Compliance with laws and regulations	In 2023 there were no significant cases of non-compliance with laws and regulations					Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility
	2-28 Membership associations	p. 88-91					
	2-29 Approach to stakeholder engagement	p. 119					
	2-30 Collective bargaining agreements	100% of employees are covered by collective bargaining agreements					Principle 3 - Companies are required to support freedom of association by employees and recognise the right to collective bargaining

111 For the most relevant personnel or MRT (material risk takers), i.e., those Group personnel whose professional activities have or may have a significant impact on the Bank's risk profile, as defined in the BPER Group's Remuneration Policies, the overall remuneration corresponds to the sum of the fixed remuneration actually received in 2023 and the variable remuneration on an accrual basis made up of the part of the bonus paid in cash (cash) and the part paid in financial instruments (phantom stocks or BPER Banca shares) considering the portion actually " accrued" (vested and attributable) in the year. For the remaining personnel, the overall remuneration corresponds to the sum of the fixed remuneration and the variable remuneration actually received in 2023 (cash criterion). In 2023, as in 2022, the individual receiving the highest remuneration coincides with the Chief Executive Officer (CEO) and General Manager of BPER Banca s.p.a. The data perimeter coincides with the number of employees reported in the GRI 2-7 disclosure, with the exception of 7 employees on leave at Group Banks or on leave without pay during 2023.
Point b) of the indicator is derived from the ratio of the percentage increase in the total remuneration of the highest-paid individual to the median of the percentage increases in the remuneration of personnel in place as of 31 December 2023 and already in place as of 1 January 2022, excluding employees who have had significant non-working periods. With regard to the figure of the individual receiving the highest remuneration, it should be noted that the fixed remuneration remained unchanged between 2022 and 2023, while there was an increase in the variable due not only to company results, but also to the inclusion in 2023 of a portion in shares in 2022, deferred by one year. It should be noted that there was also an increase in the median remuneration of employees.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
MATERIAL TOPICS							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 119-128					
	3-2 List of material topics	p. 119-128					
FIGHTING CLIMATE CHANGE							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 180-188					
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	2023 TCFD Report p. 122					Principle 7 - Companies are required to take a precautionary approach with respect to environmental challenges
GRI 302: Energy 2016	302-1 Energy consumed within the organisation	p. 181-183					Principle 7 - Companies are required to take a precautionary approach with respect to environmental challenges
	302-3 Energy intensity	p. 183					Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility
GRI 302: Energy 2016	302-4 Reduction of energy consumption	p. 183-184					Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility Principle 9 - Companies are required to encourage the development and diffusion of environmentally friendly technologies
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 185					Principle 7 - Companies are required to take a precautionary approach with respect to environmental challenges Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility
	305-2 Energy indirect (Scope 2) GHG emissions	p. 185					
	305-3 Other indirect GHG emissions (Scope 3)	p. 186					
	305-4 GHG emissions intensity	p. 187					
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	p. 187					Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility Principle 9 - Companies are required to encourage the development and diffusion of environmentally friendly technologies

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
INTEGRITY IN CONDUCT							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 110-118					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 112-113					Principle 10 - Companies commit to combat corruption in all forms including extortion and bribery
	205-3 Confirmed incidents of corruption and actions taken	In 2023, as in 2022, there were no confirmed incidents of corruption involving the Group's personnel and business partners. In addition, there are no reported incidents of corruption-related public lawsuits brought against the Group or its employees					
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour anti-trust and monopolistic practices	In 2023, as in 2022, there were no legal actions relating to anti-competitive behaviour, antitrust violations and related monopolistic practices in which the Group was identified as a participant					
GRI 207: Taxes 2019	207-1 Approach to tax	p. 115-116					
	207-2 Tax governance, control, and risk management	p. 115-116					
	207-3 Stakeholder engagement and management of concerns related to tax	p. 115-116					
GRI 207: Taxes 2019	207-4 Country-by-country Reporting	p. 116					
GRI 415: Public policy 2016	415-1 Political contributions	p. 91; 193					Principle 10 - Companies commit to combat corruption in all forms including extortion and bribery
PROTECTION AND WELL-BEING OF WORKERS							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 161-162; 172-177					
GRI 201: Economic Performance	201-3 Defined benefit plan obligations and other retirement plans	p. 172-173					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 163; 178					Principle 6 - Companies are required to eliminate any form of discrimination regarding matters of employment and profession
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 172-173					

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
GRI 402: Relations between workers and management 2016	402-1 Minimum notice periods regarding operational changes	p. 167					Principle 3 - Companies are required to support freedom of association of workers and to recognize the right for collective bargaining
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 174-175					
	403-2 Hazard identification, risk assessment and incident investigations	p. 174-176					
	403-3 Occupational health services	p. 174-176					
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 174-176					
	403-5 Worker training on occupational health and safety	p. 174-176					
	403-6 Promotion of worker health	p. 174-176					
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 174-176					
	403-8 Workers covered by an occupational health and safety management system	p. 176					
	403-9 Work-related injuries	p. 175-176					
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	p. 176					
PRIVACY AND IT SECURITY							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 134-136					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 134					

SUPPORT FOR ENTREPRENEURSHIP							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 129; 140-161					
Sector Specific Supplement Indicators - G4	FS 6 – Percentage of the portfolio segmented by business lines by specific geographical areas, sizes (for example micro/SME/ large) and by sector	p. 129 Integrated Report and Consolidated Financial Report of the BPER Banca Group as at 31 December 2023 ("Segment reporting"; "Geographical organisation of the Group"; "Loans to customers").					

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
INNOVATION AND DIGITALISATION							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 136-138					
SOLIDITY AND PERFORMANCE							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 107-108					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 107-108					
QUALITY AND SATISFACTION							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 131-132					
GOVERNANCE AND DECISION-MAKING PROCESSES							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 92-106					
SUSTAINABLE FINANCE							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 140-161					
Sector Specific Supplement Indicators - G4	FS 8 – Monetary value of products and services designed to deliver a specific environmental benefit for each business line and purpose	p. 147-153					
EMPLOYEE GROWTH AND INVOLVEMENT							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 168-172					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 170					Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation
	404-2 Programmes for upgrading employee skills and transition assistance programmes	p. 168-170					
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 171					Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation
FINANCIAL INCLUSION							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 140-161					
Sector Specific Supplement Indicators - G4	FS 7 – Monetary value of products and services and designed to deliver a specific social benefit for each business line and purpose	p. 140-147					
	FS 14 Initiatives to improve access to financial services for disadvantaged individuals	p. 139-147					

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
ENHANCING DIVERSITY							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 163-166					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	The standard remuneration for new employees is consistent with the national collective labour agreement and is the same regardless of gender					Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 94-95; 178-179					Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation
	405-2 Ratio of basic salary and remuneration of women to men	p. 165					
SUPPORT TO THE COMMUNITY							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 193-204					
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	p. 193					Principle 1 - Companies are required to promote and respect universally recognised human rights within their respective spheres of influence
ADEQUACY AND TRANSPARENCY OF THE OFFER							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 130-131					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	100% of the banking and financial products are subject to stringent disclosure rules defined by the various Supervisory Authorities and respected by the Group					
	417-2 Incidents of non-compliance concerning product and service information and labelling	In 2023, as in 2022, there were no cases of non-compliance with regulations and/or self-regulatory codes regarding product and service information and labelling					
	417-3 Incidents of non-compliance regarding marketing communications	In 2023, as in 2022, there were no cases of non-compliance relating to commercial communication					
Sector-Specific Guide for the disclosure of Management Approach - G4	former FS 15 - Policies for the fair design and sale of financial products and services	p. 130-131					
	former FS 16 - Initiatives to enhance financial literacy by type of beneficiary	p. 130-131; 141; 196-199					

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD RE. NO.	UN GLOBAL COMPACT
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
RELATIONSHIP WITH THE SUPPLY CHAIN							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 108-109					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	p. 109					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Low risk due to activities being circumscribed to Italy p. 127					Principle 3 - Companies are required to support freedom of association by employees and recognise the right to collective bargaining
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Low risk due to activities being circumscribed to Italy p. 127					Principle 2 - Companies are required to ensure that they are not accomplices in the abuse of human right, even indirectly Principle 5 - Companies are required to effectively eliminate child labor
GRI 409: Forced or Compulsory Labor 2016	409-1 Activities and suppliers at significant risk for incidents of forced or compulsory labor	Low risk due to activities being circumscribed to Italy p. 127					Principle 2 - Companies are required to ensure that they are not accomplices in the abuse of human right, even indirectly Principle 4 - Companies are required to eliminate all forms of forced and compulsory labor
PROTECTION OF THE ENVIRONMENT AND ECOSYSTEMS							
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 188-192					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 189					Principle 7 - Companies are required to take a precautionary approach with respect to environmental challenges Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility
	301-2 Recycled input materials used	p. 189					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 190-191					
	306-2 Management of significant waste-related impacts	p. 190-191					
	306-3 Waste generated	p. 190-191					
	306-4 Waste diverted from disposal	p. 190					Principle 7 - Companies are required to take a precautionary approach with respect to environmental challenges Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility
	306-5 Waste directed to disposal	p. 191					

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016, AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018

To the Board of Directors of
BPER Banca S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5, paragraph 1, letter g) of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of BPER Banca S.p.A. and its subsidiaries (hereinafter "BPER Banca Group" or "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, presented in the specific section of the Directors' Report on Group Operations and approved by the Board of Directors on March 6, 2024 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The EU Taxonomy of environmentally sustainable activities".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the *"Global Reporting Initiative Sustainability Reporting Standards"* established by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;

2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;

3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the BPER Banca Group;

4. understanding of the following matters:

   - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;

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- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;

- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

   In particular, we carried out interviews and discussions with the management of BPER Banca S.p.A. and with the employees of Banco di Sardegna S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

   In addition, for material information, taking into consideration the Group's activities and characteristics:

   - at the parent company's and subsidiaries' level:

     a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;

     b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

   - for the following companies, BPER Banca S.p.A. and Banco di Sardegna S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the BPER Banca Group as of December 31, 2023 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

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Our conclusion on the NFS of the BPER Banca Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The EU Taxonomy of environmentally sustainable activities".

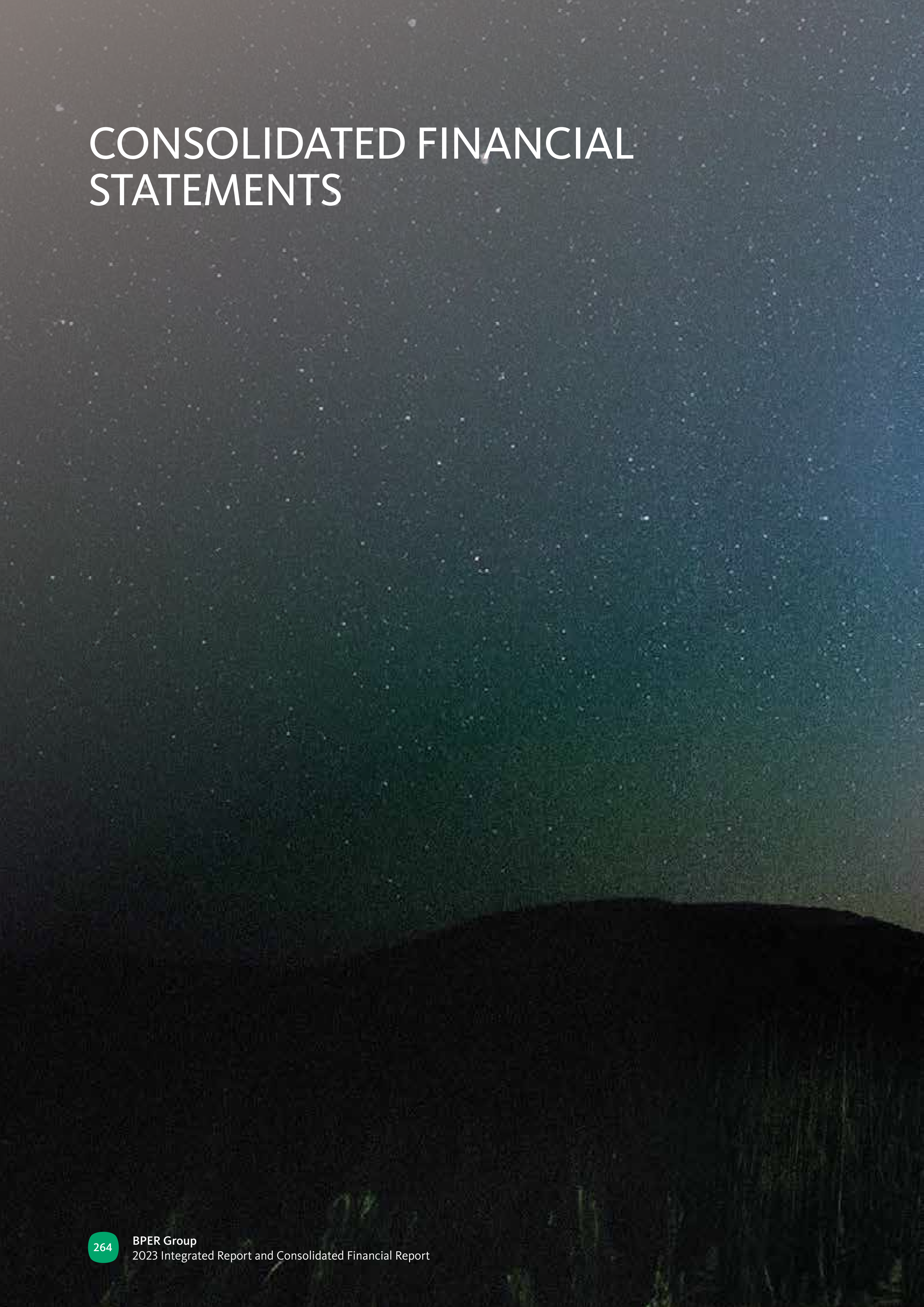
DELOITTE & TOUCHE S.p.A.

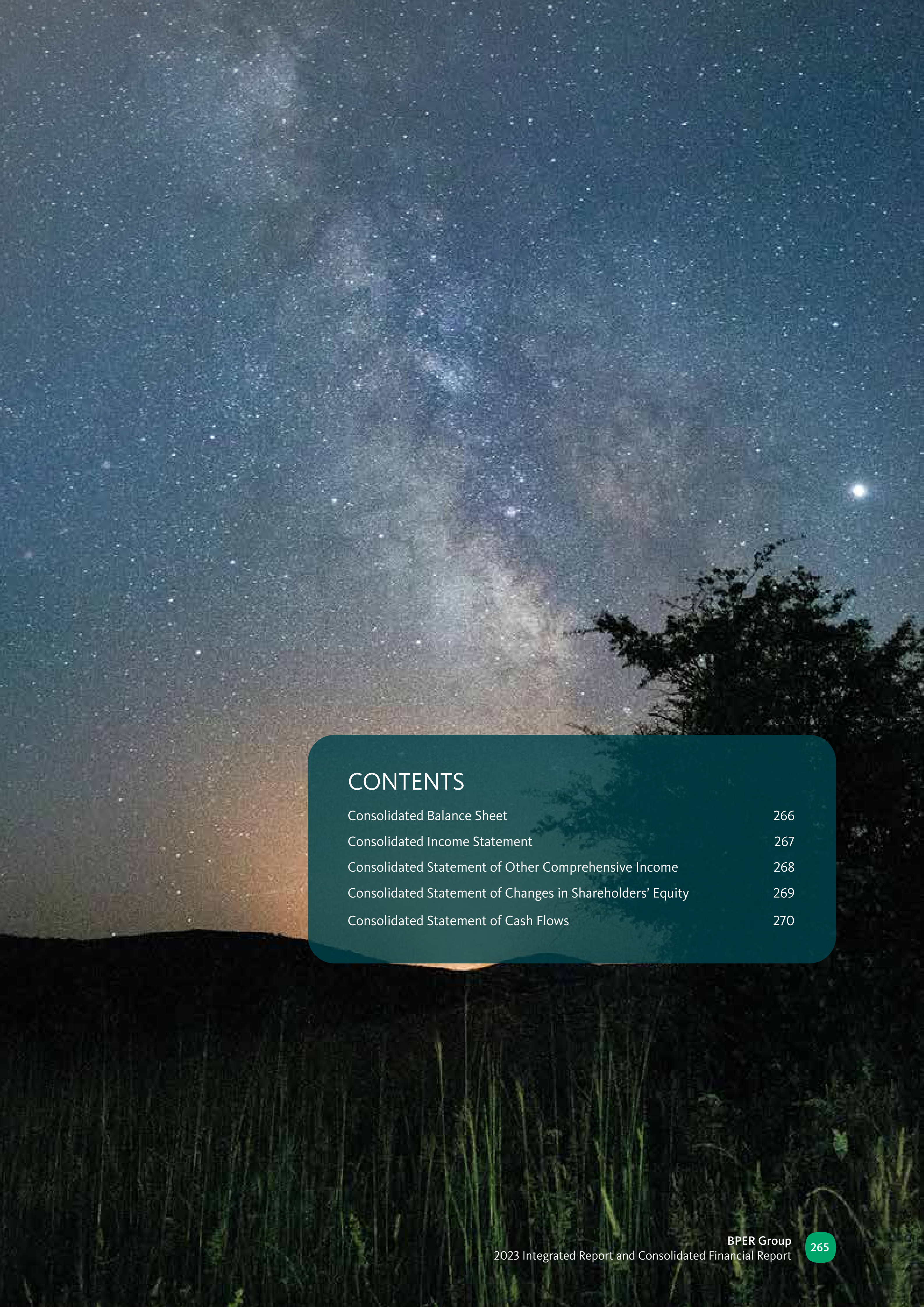
Signed by
Stefano Merlo
Partner

Bologna, Italy
March 22, 2024

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

CONSOLIDATED FINANCIAL STATEMENTS





CONTENTS

Consolidated Balance Sheet

(in thousands)

Assets		31.12.2023	31.12.2022
10.	Cash and cash equivalents	10,085,595	13,997,441
20.	Financial assets measured at fair value through profit or loss	1,544,410	1,584,767
	a) financial assets held for trading	672,598	707,498
	b) financial assets designated at fair value	1,991	2,381
	c) other financial assets mandatorily measured at fair value	869,821	874,888
30.	Financial assets measured at fair value through other comprehensive income	6,859,241	7,962,910
40.	Financial assets measured at amortised cost	110,189,971	115,311,297
	a) loans to banks	8,382,610	9,482,448
	b) loans to customers	101,807,361	105,828,849
50.	Hedging derivatives	1,122,566	1,808,515
70.	Equity investments	422,046	376,158
90.	Property, plant and equipment	2,456,850	2,546,295
100.	Intangible assets	648,981	563,502
	of which: - goodwill	170,018	204,392
110.	Tax assets	2,711,737	2,931,538
	a) current	877,248	579,149
	b) deferred	1,834,489	2,352,389
120.	Non-current assets and disposal groups classified as held for sale	13,969	1,192,429
130.	Other assets	6,072,993	4,027,942
	Total assets	**142,128,359**	**152,302,794**

(in thousands)

Liabilities and shareholders' equity		31.12.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	124,511,471	135,952,323
	a) due to banks	7,754,450	22,000,489
	b) due to customers	104,854,552	107,414,943
	c) debt securities issued	11,902,469	6,536,891
20.	Financial liabilities held for trading	300,955	471,598
30.	Financial liabilities designated at fair value	2,009,641	879,198
40.	Hedging derivatives	266,558	512,981
50.	Change in value of macro-hedged financial liabilities (+/-)	(155,184)	(281,292)
60.	Tax liabilities	67,412	71,562
	a) current	10,641	8,174
	b) deferred	56,771	63,388
70.	Liabilities associated with assets classified as held for sale	-	1,430,197
80.	Other liabilities	3,993,288	3,679,162
90.	Employee termination indemnities	149,492	177,224
100.	Provisions for risks and charges	1,419,249	1,289,312
	a) commitments and guarantees granted	123,323	154,497
	b) pension and similar obligations	120,401	115,987
	c) other provisions for risks and charges	1,175,525	1,018,828
120.	Valuation reserves	151,396	60,681
140.	Equity instruments	150,000	150,000
150.	Reserves	4,206,666	2,944,603
160.	Share premium reserve	1,236,525	1,237,276
170.	Share capital	2,104,316	2,104,316
180.	Treasury shares (-)	(2,250)	(5,678)
190.	Minority interests (+/-)	199,328	180,356
200.	Profit (Loss) for the year (+/-)	1,519,496	1,448,975
	Total liabilities and shareholders' equity	**142,128,359**	**152,302,794**

Consolidated Income Statement

(in thousands)

Items		31.12.2023	31.12.2022
10.	Interest and similar income	4,762,627	2,259,459
	of which: interest income calculated using the effective interest method	4,561,445	2,190,108
20.	Interest and similar expense	(1,510,810)	(433,566)
30.	**Net interest income**	**3,251,817**	**1,825,893**
40.	Commission income	2,171,407	2,116,710
50.	Commission expense	(184,929)	(194,910)
60.	**Net commission income**	**1,986,478**	**1,921,800**
70.	Dividends and similar income	30,884	22,124
80.	Net income from trading activities	152,200	78,246
90.	Net income from hedging activities	22,386	(691)
100.	Gains (Losses) on disposal or repurchase of:	72,082	76,815
	a) financial assets measured at amortised cost	59,078	65,728
	b) financial assets measured at fair value through other comprehensive income	13,001	4,254
	c) financial liabilities	3	6,833
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(122,678)	5,632
	a) financial assets and liabilities designated at fair value	(140,363)	66,978
	b) other financial assets mandatorily measured at fair value	17,685	(61,346)
120.	**Net interest and other banking income**	**5,393,169**	**3,929,819**
130.	Net impairment losses for credit risk relating to:	(436,318)	(606,501)
	a) financial assets measured at amortised cost	(436,261)	(606,059)
	b) financial assets measured at fair value through other comprehensive income	(57)	(442)
140.	Gains (losses) from contractual modifications without derecognition	3,006	(139)
150.	**Net income from financial activities**	**4,959,857**	**3,323,179**
180.	**Net income from financial and insurance activities**	**4,959,857**	**3,323,179**
190.	Administrative expenses:	(3,252,002)	(3,094,607)
	a) staff costs	(1,980,567)	(1,682,286)
	b) other administrative expenses	(1,271,435)	(1,412,321)
200.	Net provisions for risks and charges	(62,481)	(132,256)
	a) commitments and guarantees granted	30,624	(42,891)
	b) other net provisions	(93,105)	(89,365)
210.	Net adjustments to property, plant and equipment	(166,488)	(149,025)
220.	Net adjustments to intangible assets	(97,076)	(78,647)
230.	Other operating expense/income	377,738	579,073
240.	**Operating costs**	**(3,200,309)**	**(2,875,462)**
250.	Gains (Losses) of equity investments	46,270	19,145
260.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	(47,656)	(30,164)
270.	Impairment losses on goodwill	(34,374)	-
275.	Gain on a bargain purchase	-	948,123
280.	Gains (Losses) on disposal of investments	855	3,274
290.	Profit (Loss) from current operations before tax	1,724,643	1,388,095
300.	Income taxes on current operations for the year	(172,874)	85,785
310.	**Profit (Loss) from current operations after tax**	**1,551,769**	**1,473,880**
330.	**Profit (Loss) for the year**	**1,551,769**	**1,473,880**
340.	Profit (Loss) for the year pertaining to minority interests	(32,273)	(24,905)
350.	**Profit (Loss) for the year pertaining to the Parent Company**	**1,519,496**	**1,448,975**

(Euro)

	Earnings per share 31.12.2023	Earnings per share 31.12.2022
Basic EPS	1.074	1.026
Diluted EPS	1.048	0.998

Consolidated Statement of Other Comprehensive Income

(in thousands)

Consolidated statement of other comprehensive income		31.12.2023	31.12.2022
10.	**Profit (loss) for the year**	**1,551,769**	**1,473,880**
	Other comprehensive income, after tax, that will not be reclassified to profit or loss		
20.	Equity instruments measured at fair value through other comprehensive income	(11,737)	56,566
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	(8,754)	3,295
40.	Hedge of equity instruments measured at fair value through other comprehensive income:	(2,758)	547
50.	Property, plant and equipment	27,255	22,685
70.	Defined benefit plans	(11,228)	43,019
90.	Share of the valuation reserves of equity investments carried at equity	(2,053)	2,385
	Other comprehensive income, after tax, that may be reclassified to profit or loss		
130.	Cash flow hedges	(8,223)	(9,867)
150.	Financial assets (no equity instruments) measured at fair value through other comprehensive income	108,040	(225,377)
200.	**Total other comprehensive income after tax**	**90,542**	**(106,747)**
210.	**Total other comprehensive income (Items 10+200)**	**1,642,311**	**1,367,133**
220.	Consolidated other comprehensive income pertaining to minority interests	32,383	25,219
230.	**Consolidated other comprehensive income pertaining to the Parent Company**	**1,609,928**	**1,341,914**

Consolidated Statement of Changes in Shareholders' Equity as at 31 December 2023

	Balance as at 31.12.22	Changes in opening balances	Balance as at 1.1.23	Allocation of prior year results		Changes during the period									Shareholders' equity as at 31.12.2023	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity							Other comprehensive income as at 31.12.2023		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in participatory interests		Group	Minority interests
Share capital:	**2,128,991**	**-**	**2,128,991**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(549)**	**-**	**2,104,316**	**24,126**
a) ordinary shares	2,128,991	-	2,128,991	-	-	-	-	-	-	-	-	-	(549)	-	2,104,316	24,126
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,239,650**	**-**	**1,239,650**	**-**	**-**	**-**	**(751)**	**-**	**-**	**-**	**-**	**-**	**(292)**	**-**	**1,236,525**	**2,082**
Reserves:	**3,070,007**	**-**	**3,070,007**	**1,292,830**	**-**	**(18,305)**	**-**	**-**	**-**	**-**	**-**	**-**	**156**	**-**	**4,206,666**	**138,022**
a) from profits	2,461,156	-	2,461,156	1,292,830	-	(80,164)	-		-	-	-	-	156	-	3,536,448	137,530
b) other	608,851	-	608,851	-	-	61,859	-	-	-	-	-	-	-	-	670,218	492
Valuation reserves	**63,679**	**-**	**63,679**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**90,542**	**151,396**	**2,825**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(5,678)**	**-**	**(5,678)**	**-**	**-**	**-**	**3,428**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,250)**	**-**
Profit (Loss) for the period	**1,473,880**	**-**	**1,473,880**	**(1,292,830)**	**(181,050)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,551,769**	**1,519,496**	**32,273**
Group shareholders' equity	**7,940,173**	**-**	**7,940,173**	**-**	**(169,705)**	**(18,286)**	**2,677**	**-**	**-**	**-**	**-**	**-**	**1,362**	**1,609,928**	**9,366,149**	**-**
Minority interests	**180,356**	**-**	**180,356**	**-**	**(11,345)**	**(19)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,047)**	**32,383**	**-**	**199,328**

Consolidated Statement of Changes in Shareholders' Equity as at 31 December 2022

	Balance as at 31.12.2021	Changes in opening balances	Balance as at 1.1.2022	Allocation of prior year results		Changes during the period									Shareholders' equity as at 31.12.2022	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity							Other comprehensive income as at 31.12.2022		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in participatory interests		Group	Minority interests
Share capital:	**2,125,353**	**-**	**2,125,353**	**(189)**	**-**	**-**	**3,881**	**-**	**-**	**-**	**-**	**-**	**(54)**	**-**	**2,104,316**	**24,675**
a) ordinary shares	2,125,353	-	2,125,353	(189)	-	-	3,881	-	-	-	-	-	(54)	-	2,104,316	24,675
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,242,945**	**-**	**1,242,945**	**-**	**-**	**-**	**(3,152)**	**-**	**-**	**-**	**-**	**-**	**(143)**	**-**	**1,237,276**	**2,374**
Reserves:	**2,592,213**	**-**	**2,592,213**	**467,565**	**-**	**8,798**	**1,168**	**-**	**-**	**-**	**-**	**-**	**263**	**-**	**2,944,603**	**125,404**
a) from profits	2,012,653	-	2,012,653	467,565	-	(19,325)	-		-	-	-	-	263	-	2,336,405	124,751
b) other	579,560	-	579,560	-	-	28,123	1,168	-	-	-	-	-	-	-	608,198	653
Valuation reserves	**199,201**	**-**	**199,201**	**-**	**-**	**(28,188)**	**-**	**-**	**-**	**-**	**-**	**-**	**(587)**	**(106,747)**	**60,681**	**2,998**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(9,552)**	**-**	**(9,552)**	**-**	**-**	**-**	**5,315**	**(1,441)**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,678)**	**-**
Profit (Loss) for the period	**558,649**	**-**	**558,649**	**(467,376)**	**(91,273)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,473,880**	**1,448,975**	**24,905**
Group shareholders' equity	**6,696,312**	**-**	**6,696,312**	**-**	**(84,667)**	**(19,724)**	**7,212**	**(1,441)**	**-**	**-**	**-**	**-**	**567**	**1,341,914**	**7,940,173**	**-**
Minority interests	**162,497**	**-**	**162,497**	**-**	**(6,606)**	**334**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,088)**	**25,219**	**-**	**180,356**

Consolidated Statement of Cash Flows

Indirect method

(in thousands)

A. OPERATING ACTIVITIES	31.12.2023	31.12.2022
1. Operations	**3,102,110**	**1,866,392**
- profit (loss) for the year (+/-)	1,519,496	1,448,975
- gains/losses from financial assets held for trading and other assets/liabilities measured at fair value through profit and loss (-/+)	(139,097)	16,222
- gains (losses) from hedging activities (-/+)	(22,386)	691
- net impairment losses for credit risk (+/-)	530,563	750,793
- net impairment losses/write-backs to property, plant and equipment and intangible assets (+/-)	311,220	257,836
- net provisions for risks and charges and other expense/income (+/-)	452,457	316,673
- unsettled taxes (+/-)	466,577	36,011
- other adjustments (+/-)	(16,720)	(960,809)
2. Cash generated/absorbed by financial assets	**6,204,790**	**17,109,741**
- financial assets held for trading	245,174	(416,128)
- financial assets designated at fair value	834	122,378
- other financial assets mandatorily measured at fair value	6,155	(54,722)
- financial assets at fair value through other comprehensive income	1,338,911	963,791
- financial assets measured at amortised cost	5,070,873	18,907,368
- other assets	(457,157)	(2,412,946)
3. Cash generated/absorbed by financial liabilities	**(12,726,444)**	**(6,182,138)**
- financial liabilities measured at amortised cost	(11,624,352)	(7,230,550)
- financial liabilities held for trading	(170,643)	346,355
- financial liabilities designated at fair value	1,048,053	908,676
- other liabilities	(1,979,502)	(206,619)
Net cash flow from (used in) operations	**(3,419,544)**	**12,793,995**

B. INVESTMENT ACTIVITIES	31.12.2023	31.12.2022
1. Cash generated by	**71,288**	**41,560**
- disposal of equity investments	5	-
- disposal of property, plant and equipment	71,283	41,560
2. Cash absorbed by	**(385,366)**	**(58,629)**
- purchase of equity investments	(3,850)	(3,276)
- purchase of property, plant and equipment	(155,798)	(164,057)
- purchase of intangible assets	(225,718)	(170,529)
- purchase of subsidiaries and business lines	-	279,233
Net cash generated/absorbed by investment activities	**(314,078)**	**(17,069)**

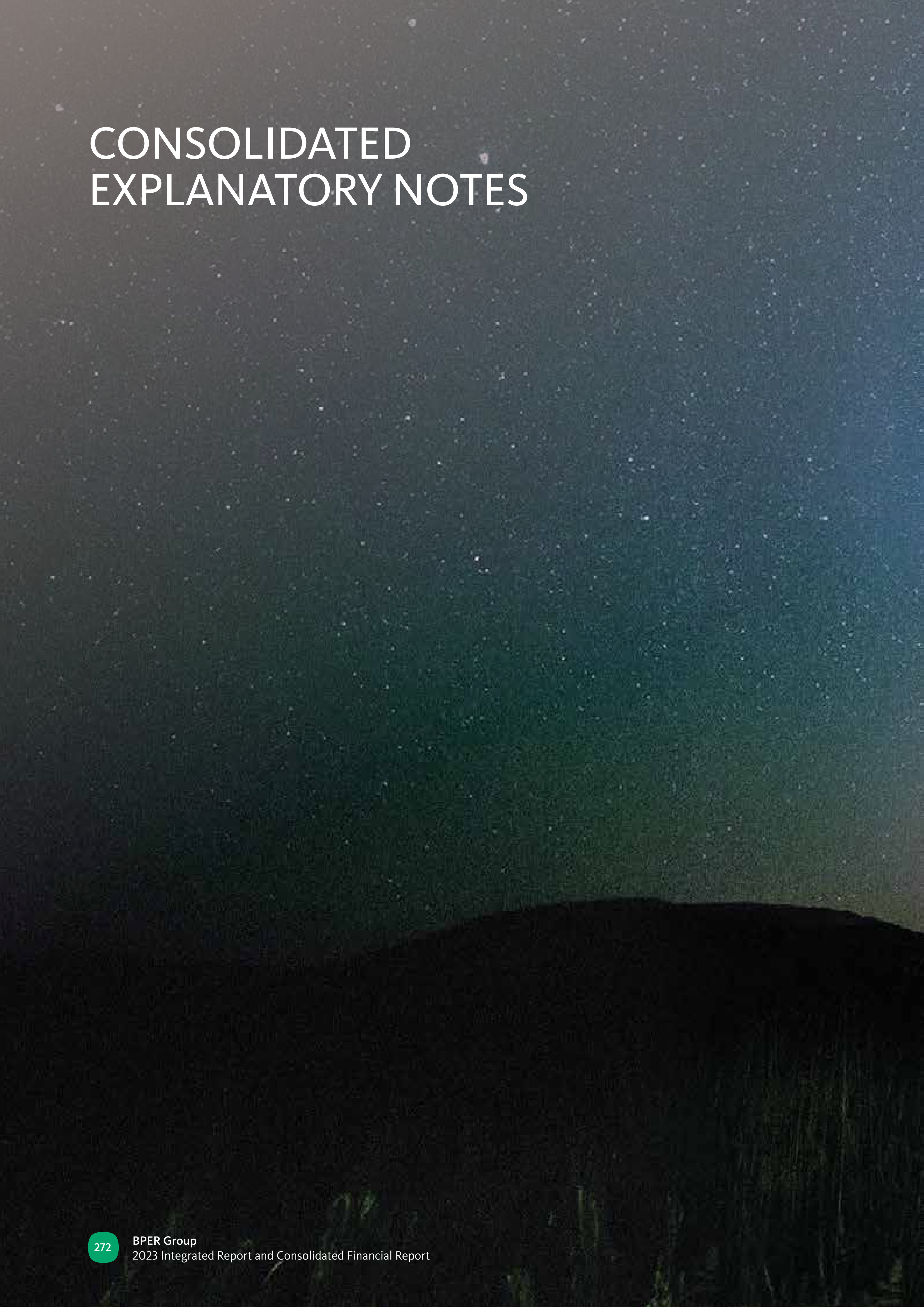
C. FUNDING ACTIVITIES	31.12.2023	31.12.2022
- issue/purchase of treasury shares	2,677	5,771
- distribution of dividends and other scopes	(181,050)	(91,273)
Net cash generated/absorbed by funding activities	**(178,373)**	**(85,502)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(3,911,995)**	**12,691,424**

Reconciliation

(in thousands)

Items	31.12.2023	31.12.2022
Cash and cash equivalents at the beginning of the year	13,997,441	1,306,282
Total net cash generated/absorbed in the year	(3,911,995)	12,691,424
Cash and cash equivalents: effect of change in exchange rates	149	(265)
Cash and cash equivalents at the end of the year	**10,085,595**	**13,997,441**

Key: (+) generated (-) absorbed



CONSOLIDATED EXPLANATORY NOTES

CONTENTS

Key to abbreviations in tables:
FV: Fair value
FV(*) = fair value calculated excluding value adjustments due to changes in the credit rating of the issuer since date of issuance.
NV: Nominal or notional value
BV: Book value
L1: Fair value hierarchy – Level 1
L2: Fair value hierarchy – Level 2
L3: Fair value hierarchy – Level 3

X: not applicable

PART A
ACCOUNTING POLICIES

A.1 – GENERAL INFORMATION

Section 1 – Declaration of compliance with international financial accounting standards

The consolidated financial report as at 31 December 2023 have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Commission, as provided by EU Regulation no. 1606 dated 19 July 2002, and currently in force, including the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

Reference is also made, where necessary, to the "Conceptual Framework for Financial Reporting" and to the documents prepared by the Italian Accounting Body (OIC) and the Italian Banking Association (ABI).
In the absence of a standard or interpretation specifically applicable to a particular transaction, the Parent Company makes use of the professional opinion of its own staff, in particular the Financial and Supervisory Reporting Department, to develop rules for accounting recognition that make it possible to provide reliable financial information and to ensure that the consolidated financial report give a true and fair view of the financial position, result of operations and cash flows of the Group, reflecting the economic substance of the transaction and its key aspects.
In formulating these accounting rules, reference is made as far as possible to International Accounting Standards and interpretations dealing with similar or comparable matters.
As part of its guidance and coordination activity, the Parent Company requires the other Group Banks and Companies to apply the Group's own accounting recognition rules, in the right circumstances.

As required by IAS 8, the following table shows the new international accounting standards or amendments to standards already in force, with the related Approval Regulations, whose application is mandatory from 2023.

EC Approval Regulation	Title	In force from years beginning
2036/2021	Commission Regulation (EU) no. 2021/2036 of 19 November 2021 adopting IFRS17 Insurance Contracts was published in the Official Journal of the European Union L 416 on 23 November 2021. The Regulation gives companies the possibility not to apply the requirement laid down in paragraph 22 of the principle (i.e. grouping into annual cohorts) to contracts characterised by intergenerationally-mutualised and cash flow matched contracts.	1 January 2023
357/2022	Commission Regulation (EU) no. 2022/357 of 2 March 2022, adopting amendments to IAS 1 – Presentation of Financial Statements and IAS 8 - Accounting policies, changes in accounting estimates and errors, was published in the Official Journal of the European Union L 68 on 3 March 2022. The amendments clarify the differences between accounting policies and accounting estimates in order to ensure consistent application of accounting policies and comparability of financial statements.	1 January 2023
1392/2022	Commission Regulation (EU) no. 2022/1392 of 11 August 2022 adopting IAS 12 Income Taxes was published in the Official Journal of the European Union L 211 on 12 August 2022. These amendments specify how companies must account for deferred tax liabilities on operations such as leasing and disposal obligations and seek to reduce the diversity in recognising deferred tax assets and liabilities on leasing and disposal obligations in the financial statements.	1 January 2023

EC Approval Regulation	Title	In force from years beginning
1491/2022	Commission Regulation (EU) no. 2022/1491 of 8 September 2022 adopting IFRS 17 Insurance Contracts was published in the Official Journal of the European Union L 234 on 9 September 2022. The amendment to the transitional provisions of IFRS 17 allows companies to overcome the one-off classification differences of comparative information from the previous financial year upon first-time application of IFRS 17 and IFRS 9 Financial Instruments.	1 January 2023
1803/2023 (*)	Commission Regulation (EU) no. 2023/1803 of 13 September 2023 adopting amendments to IFRS 17 Insurance Contracts was published in the Official Journal of the European Union L 237 of 26 September 2023 (later amended by L 239 of 28 September 2023). The Regulation governs the exemption from t the annual cohort requirement for groups of contracts, set forth by the International Financial Reporting Standard 17 - Insurance Contracts (IFRS 17), for contracts with intergenerationally mutualised and cash flow-matched contracts.	1 January 2023
2468/2023	Commission Regulation (EU) no. 2023/2468 of 08 November 2023 adopting IAS 12 Income Taxes was published in the Official Journal of the European Union L 211 on 09 November 2023. The amendments introduced a temporary exception to the accounting for deferred taxes in connection with the application of the provisions of Pillar Two published by the OECD, as well as targeted disclosures for affected entities.	- 1 January 2023 with regard to the disclosure requirements (*) - immediately after the publication of the amendments by the IASB and retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the application of the temporary exception (*) A company is not required to apply the disclosure requirements to interim financial statements for interim periods ending on or before 31 December 2023.

(*) Commission Regulation (EU) 1803/2023 of 13 August 2023, published in the Official Journal Series L 237/1 of 26 September 2023, not only adopts the amendments to IFRS 17, but also repeals Commission Regulation (EC) No 1126/2008.

The following table shows the new international accounting standards or amendments to standards already in force, whose application is mandatory from 1 January 2024 or later date.

EC Approval Regulation	Title	In force from years beginning
2579/2023	Commission Regulation (EU) no. 2023/2579 of 20 November 2023 adopting IFRS 16 Leasing was published in the Official Journal of the European Union L 234 on 21 November 2023. The amendments to IFRS 16 specify how the selling lessee subsequently measures sale and leaseback transactions.	1 January 2024
2822/2023	Commission Regulation (EU) 2023/2822 of 19 December 2023 adopting amendments to International Financial Reporting Standard 1 - Presentation of Financial Statements (IAS 1) was published in the Official Journal of the European Union, L series, on 20 December 2023. These amendments follow those adopted by the IASB on 23 January 2020 in relation to IAS 1, which relate to the implementation of how an entity should present debt and other liabilities with an uncertain settlement date in the statement of financial position. Under these amendments, debt or other liabilities must be classified as current ((due or potentially due to be settled within one year) or non-current.	1 January 2024

The Group has not availed itself of the option of early application of the Regulation in force from 1 January 2024, given that these amendments are not expected to have significant impacts on the Group's balance sheet and income statement.

The 2004/109/EC Directive (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 (Regulation ESEF) introduced the obligation for issuers of securities listed on regulated markets of the European union to prepare their annual financial reports in XHTML language, based on the ESEF (European Single Electronic Format), approved by ESMA.
On 30 December 2022, Commission Delegated Regulation (EU) 2022/2553 of 21 September 2022 was published in the Official Journal of the European Union, amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy for the single electronic reporting format. The entry into force was set for 1 January 2023, with early application being permitted. The BPER Banca Group adopted said option, applying the 2022 Taxonomy as early as to the consolidated financial report as at 31 December 2022, integrating it with the extensions defined by the ABI/Xbrl Italia work group (in which the Bank of Italy and Assirevi also took part).

For 2023, the Financial Statements and Explanatory Notes to the Consolidated Financial Report were tagged using the ESEF 2022 Taxonomy.
Due to certain technical limits, some information contained in the Explanatory Notes to the Consolidated Financial Report, when extracted from the XHTML to the XBRL reporting format, may not be reproduced identically to the corresponding information visible in the consolidated financial report in XHTML format.

The documents for which, at the date of these consolidated financial statements, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of said amendments, are reported below.
- On 15 August 2023, the IASB published an amendment called “Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates”. The document requires users to apply a consistent approach in determining whether one currency can be exchanged for another currency and, if it cannot, in determining the exchange rate to be used and the disclosure to be provided in the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this amendment on the Group’s consolidated financial report.
- On 25 May 2023, the IASB published an amendment called “Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements”. The document aims to improve the transparency of reverse factoring agreements and their effects on entities’ liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this amendment on the Group’s consolidated financial report.

Section 2 – Basis of preparation

In terms of the schedules presented and its technical form, this consolidated financial statement has been prepared on the basis of the Bank of Italy’s Circular no. 262/2005, as amended (most recently by the 8th amendment dated 17 November 2022, effective for annual reporting periods beginning on or after 31 December 2023) – issued in implementation of art. 9 of Legislative Decree 38/2005 – and the additional instructions provided in separate communications[1]. During preparation, account has been taken of the interpretative and support documents for the application of the accounting standards, issued by the Italian and European regulatory and supervisory bodies and by the standard setters, to the extent applicable[2]. In particular, the most recent ones provided guidelines for better management of “Uncertainties in the use of accounting estimates”, better highlighted in the next paragraph dedicated to the topic.
Where not already included in the documents mentioned above, Italian laws on the financial statements of companies[3] and the Italian Civil Code have been taken into consideration.

The consolidated Financial Statements consist of the consolidated Balance Sheet, the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the consolidated Statement of Changes in Shareholders’ Equity, the consolidated Statement of Cash Flows and the Explanatory Notes.
The currency used in the financial statements is the Euro. Figures are expressed in thousands of Euro[4].

1 These include the indications contained in communication of 14 March 2023 (repealing previous communications of 15 December 2020 and 21 December 2021) with provisions concerning the impacts of Covid-19 and the measures to support the economy and amendments to IAS/IFRS.

2 Reference should be made, inter alia, to the public statement of ESMA of 25 October 2023 “European Common Enforcement Priorities for 2023 Annual Financial Reports”, the public statement of ESMA of 13 May 2022 “Implications of Russia’s invasion of Ukraine on half-yearly financial reports”, the public statement of ESMA of 29 October 2021 “European Common Enforcement Priorities for 2021 Annual Financial Reports” and of 28 October 2022 “European Common Enforcement Priorities for 2022 Annual Financial Reports”.

3 In particular, Legislative Decree 136 of 18 August 2015 - Implementation of Directive 2013/34/EU relating to financial statements, consolidated financial statements and related reports of certain types of companies, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Directives 78/660/EEC and 83/349/EEC, for the part relating to the annual accounts and consolidated accounts of banks and other financial institutions, as well as the publication of the accounting documents of branches, established in a Member State, of credit institutions and financial institutions with registered offices outside that Member State, which repeals and replaces Legislative Decree 87 of 27 January 1992.

4 As regards roundings, reference has been made to the instructions given in Bank of Italy’s Circular 262/2005 and subsequent updates, entering the amount due to rounding in “Other assets/other liabilities” in the balance sheet and “Other operating expense/income” in the income statement.

The general criteria underlying the preparation of the Consolidated interim report are presented below:
- Going Concern [5]assets, liabilities and off-balance sheet transactions are measured in the context of continuity over time.
- Accrual Basis of Accounting: costs and revenues are recognised on the accrual basis, regardless of when they are settled.
- Materiality and Aggregation: each material class of similar items is presented separately in the financial statements. Items that are dissimilar in terms of their nature or use are only aggregated if they are individually immaterial.
- Offsetting: assets and liabilities, income and expenses are not offset unless required or permitted by a standard or an interpretation, or by the Bank of Italy's regulations for the preparation of financial statements.
- Frequency of disclosures: information must be prepared annually or more frequently; if an entity changes its accounting reference date, the reason must be indicated together with the fact that the information provided is not comparable.
- Comparative Information: comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements, unless required otherwise by a standard or an interpretation.
- Consistency of Presentation: the presentation and classification of items is maintained over time to ensure that information is comparable, unless specified otherwise in new accounting standards or their interpretations, or unless a change is required to improve the meaningfulness and reliability of the amounts reported. The nature of changes in account presentation or classification is described, together with the related reasons; where possible, the new criterion is applied on a retroactive basis.

Uncertainties in the use of estimates

The preparation of the Consolidated financial statements requires recourse to estimates and assumptions that may affect the amounts recorded in the balance sheet and the income statement, as well as the information about contingent assets and liabilities. The development of such estimates involves the use of available information and the adoption of subjective assessments, partly based on historical experience, in order to make reasonable assumptions for the recognition of operating events. By their nature, the estimates and assumptions used may change from period to period and, accordingly, it may be that the actual amounts recorded in the financial statements in subsequent periods are significantly different as a consequence of changes in the subjective assessments made.

The principal situations in which management is required to make subjective assessments include:
- quantification of the losses arising from the impairment of loans and, in general, other financial assets;
- determination of the fair value of financial instruments, in particular the use of measurement models to determine the fair value of financial instruments that are not listed in active markets and those that are not routinely measured at fair value;
- determination of the fair value of owned properties;
- quantification of the provisions for employee benefits and the provisions for risks and charges;
- estimates and assumptions about the recoverability of deferred tax assets;
- measurement of goodwill and other intangible assets.

Also with reference to the IASB document dated 27 March 2020[6], the usual measurement models adopted by the BPER Banca Group (in particular, the models used to estimate the ECL and determine the Significant Increase in Credit Risk (SICR) within the framework of IFRS 9 impairment) can be supplemented, also on a recurring basis, for example through the application of "post-model adjustments" in relation to the ECL estimate, or through "collective assessments"[7] supplementing the analytical staging rules, if the information needed for their implementation is not characterised by the "reasonableness and sustainability" requirements needed to fully incorporate the effects of some relevant events for quantifying credit risk, but still not managed by the econometric models used to determine the risk parameters.

Given that this situation continued in 2023, as a result of the events mentioned later in paragraph "23. *Method for determining the extent of impairment - Risks and uncertainties inherent in the current macroeconomic environment - Management Overlays applied in the assessment of credit risk*" as causes of uncertainty, the valuations as at 31 December 2023 were also carried out by applying Management Overlays, it being understood that these were also consistent with the indications of the IAS/IFRS standards.

5 Please refer to the paragraph below, dedicated to the going concern principle, for more information on the assessment conducted.

6 IASB 27 March 2020: "IFRS 9 and Covid-19 – Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of the current uncertainty resulting from the Covid-19 pandemic".

7 Reference is made to IFRS 9 §§ B.5.5.4-B5.5.9 and the "EBA Guidelines on credit institutions' credit risk management practices and accounting for expected credit losses" (EBA/GL/2017/06) of 20 September 2017.

Going Concern[8]

In preparing the consolidated financial statements for the year ended 31 December 2023, the Directors considered the going-concern assumption to be appropriate because they did not find any uncertainties related to events or circumstances that, individually or collectively, could give rise to doubts about the going concern. This assessment took account of the capitalisation of the Group, which has significant buffer capital with respect to the minimum requirement established by the European Central Bank, as well as the liquidity position and related buffer with respect to the regulatory threshold, and the likely outlook for operations despite the uncertainties linked to the current macroeconomic context.

Inspections and audits

Directors believe that the observations arising from the various inspection areas to which the BPER Banca Group has been subject will not have a significant impact on the income, balance sheet and cash flows of the BPER Banca Group. Nevertheless, in all cases, suitable action plans are prepared by the Group in order to ensure a timely response to the recommendations made by the Supervisory Authorities[9].

Section 3 – Scope of consolidation and methodology

The international accounting standards referred to when preparing the consolidated financial statements, when the circumstances arise, are IFRS 3 "Business Combinations" (issued with EC Regulation 495/2009, effective from 1 July 2009 and last updated in 2020), IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements", IAS 28 "Investments in associates and joint ventures" (all issued with EC Regulation 1254/2012 and in force since 1 January 2014 and subsequent updates).

Consolidation principles

The BPER Banca Group's consolidated financial statements include the balance sheet and income statement results of the Parent Company and of its direct and indirect subsidiaries; they include subsidiaries operating in sectors dissimilar from that of the Parent Company and vehicle companies (SPEs or SPVs)[10], when they fulfil the requirements for effective control, whether or not there is an equity interest.
The concept of control (IFRS 10 § 6) is based on the simultaneous presence of three elements:
- the power to direct the relevant activities, i.e. the activities of the investee that significantly affect its returns;
- exposure to variable returns arising from the activity of the investee;
- the exercise of power to influence the returns.

In application of this principle:
- "subsidiaries" are companies in which the Parent Company, directly or indirectly, owns more than half of the voting rights. In addition to this presumption, specific situations are analysed, in particular in structured entities that, if the conditions of de facto control are met, are classified as subsidiaries irrespective of the existence of a shareholding;
- "jointly controlled companies" are those in which the voting rights and control of economic activities are shared equally by the Parent Company, directly and indirectly, and by another external entity. An equity investment is also considered as subject to joint control when, in the absence of an equal share of voting rights, control over the company's economic activities and strategies are shared with other parties under contractual agreements;
- "associated companies" are those in which significant influence is presumed to exist if the parent company holds, directly or indirectly, at least one fifth of the voting rights (including potential voting rights). Associated companies are also those in which – despite a lower share of voting rights – the Parent Company has the power to take part in deciding the financial and operating policies under a particular legal relationship, such as, for example, participation in shareholder agreements.

8 As required by document No. 2 issued with joint signature by the Bank of Italy, CONSOB and ISVAP (now IVASS) on 6 February 2009.

9 For the update of events occurred in 2023 in relation to the inspection areas in which the BPER Banca Group has been involved, please refer to paragraph 7.9 - "Inspections and audits" of the Directors' Report on Group Operations.

10 The consolidation of SPVs has the same effects as consolidation on a line-by-line basis.

Consolidation methodology

As a rule, subsidiaries are consolidated on a line-by-line basis, while jointly controlled entities and non-controlling interests in which the Group exercises significant influence are consolidated under the equity method.

The methods adopted for consolidation on a line-by-line basis are as follows:
- assets, liabilities and income statement items are recognised on a line-by-line basis;
- debit and credit balances, off-balance sheet transactions and income/expense and gains/losses arising from transactions between consolidated companies are eliminated;
- the shareholders' equity and profit for the year pertaining to minority interests in the consolidated companies are classified separately in the balance sheet (as a liability) and the income statement;
- on first-time consolidation, the book value of the equity investments in fully consolidated companies is eliminated against the shareholders' equity in these companies. The acquisition of interests in companies is recorded using the "purchase method" defined in IFRS 3, with the recognition of the assets, liabilities and contingent liabilities of purchased companies at their fair value at the time of acquisition, i.e. at the time that effective control over them is obtained. Accordingly, the results of a subsidiary purchased during the year are consolidated from the date of acquisition. Similarly, the results of a subsidiary that is sold are consolidated until the date that control is lost;
- any excess of the book value of the equity investments referred to above with respect to the interest held in their shareholders' equity, as adjusted to reflect the fair value of assets and liabilities, is recognised as goodwill in item 100. "Intangible assets", while any shortfall is credited to income statement item 275. "Gain on a bargain purchase";
- any changes in the interest held in equity investments are booked as transactions on capital. Any difference between the value of equity investments to be adjusted and the fair value of the consideration paid (or received) has to be booked directly as a change in shareholders' equity and suitably allocated to minority interests;
- the fairness of the value recorded for goodwill is tested at least once a year (or whenever there is evidence of impairment), as required by IAS 36. To meet regulatory requirements, the cash-generating unit to which goodwill is allocated has to be identified. Adjustments reflect the difference between the book value of goodwill and its recoverable value, if lower, as represented by the fair value of the cash generating unit, less costs to sell, or, if higher, its value in use.

In order to apply the equity method:
- the book value of significant equity investments held by the parent bank or by other group companies is compared with the related interest in the shareholders' equity of these associated companies carried at equity. Any excess book value - identified on initial consolidation - is included in the book value of the investment. Changes in shareholders' equity subsequent to first-time consolidation are classified in item "Gains (Losses) of equity investments" of the consolidated income statement, to the extent that they relate to their gains or losses of equity investments, while other changes are recognised as a direct adjustment of shareholders' equity;
- if there is evidence that a significant investment in an associate may be impaired, its recoverable amount is estimated. If the recoverable amount is lower than the carrying amount, the related difference is charged to the income statement.

Current regulations require the scope of consolidation to be managed on two levels:
- the accounting scope of consolidation governed by IFRS 10[11] "Consolidated financial statements", IAS 27 "Separate financial statements", IAS 28 "Investments in Associates and Joint Ventures" and, if required by the circumstances, IFRS 11 "Joint Arrangements" (all adopted by Regulation (EU) 1254/2012 and effective from 1 January 2014 and subsequent amendments) and IFRS 3 "Business Combinations" (adopted by Regulation (EU) 495/2009 and subsequent amendments).
- the prudential scope of consolidation governed by Regulation (EU) 575/2013 and subsequent updates, in which art. 19 indicates the entities to be excluded from the prudential consolidation.

The above regulations contribute to determining the scope of consolidation at each level, as well as the methodologies to be used for each consolidation.
International accounting standards require subsidiaries to be consolidated on a line-by-line basis, while jointly controlled entities and non-controlling interests in which the Group exercises significant influence are consolidated under the equity method.

11 IFRS 10 §B86 in relation to consolidation procedures.

Art. 19 of the CRR[12] excludes from the scope of line-by-line consolidation all financial entities and operating companies, including members of the Banking Group, whose total assets and off-balance sheet amounts are less than the lower of the following two amounts:

- Euro 10 million;
- 1% of the total assets and off-balance sheet amounts of the parent company or the entity that holds the equity investment.

The BPER Banca Group has decided to adopt the methodology required for the purposes of prudential supervision also for producing financial information, thus standardising the two consolidation perimeters ('for accounting purposes' and 'for prudential purposes').
This decision was needed to rationalise, simplify and streamline the production of consolidated information for supervisory and financial reporting purposes. Its effects on the latter are negligible. In terms of the areas affected, the marginal dynamics previously indicated in the income statement on a line-by-line basis are now summarised in the "Profit (loss) from equity investments" line item; in the assets and liabilities sides of the balance sheet, the "Equity investments" item reports the amounts that have not been eliminated that were previously recognised on a line-by-line basis, while shareholders' equity remains unchanged.

The following companies are included in the Banking Group but, at 31 December 2023, they do not satisfy the requirements of art. 19 of the CRR:

- Estense Covered Bond s.r.l.;
- BPER Trust Company s.p.a.;
- Estense CPT Covered Bond s.r.l.;
- Carige Covered Bond s.r.l.;
- Lanterna Finance s.r.l.;
- Lanterna Mortgage s.r.l.;
- Centro Fiduciario C.F. s.p.a. - in liquidation[13].

The other subsidiaries that are not included in the Banking Group, since their activities do not contribute to its banking operations, are:

- Adras s.p.a.;
- Annia s.r.l.;
- Bridge Servicing s.p.a.;
- Sant'Anna Golf s.r.l.;
- Commerciale Piccapietra s.r.l.

As at 31 December 2023, the above companies are consolidated under the equity method.

St. Anna Gestione Golf Società Sportiva Dilettantistica s.r.l., a subsidiary of BPER REOCO through St. Anna Golf s.r.l., was likewise excluded from the scope of consolidation as it was considered non-significant.

Changes in the scope of consolidation with respect to 31 December 2022 are outlined below:

- on 6 February 2023, the company Annia s.r.l. was incorporated, wholly-owned by BPER REOCO s.p.a. The company was incorporated in execution of the resolutions passed by the Parent Company to better manage the recovery of a non-performing exposure;
- on 29 March 2023, the deed for the merger by absorption of BPER Credit Management s.cons.p.a. into BPER Banca was stipulated. The legal and civil law effects have applied since 31 March 2023, whilst the accounting and tax effects have run since 1 January 2023;
- on 1 April 2023, the company Italiana Valorizzazioni Immobiliari was merged into BPER REOCO s.p.a. (effective 1 January 2023 for accounting and tax purposes);
- on 28 April 2023, the company Bridge Servicing s.p.a. was incorporated, wholly-owned by BPER Banca. The company was incorporated to centralise the BPER Banca Group's NPL collection;
- on 1 July 2023, the company Sifà S.p.A. (wholly-owned subsidiary) was merged into Unipolrental S.p.A., the latter consolidated from 30 September 2023 using the equity method, having identified the elements that suggest that a significant influence exists, despite holding 19.987% of the share capital;
- on 6 November 2023, the deed of merger by Optima SIM s.p.a. into Banca Cesare Ponti s.p.a. was signed, as resolved by the Shareholders' Meetings of the two companies held on 9 October 2023. The merger took legal and civil law effect as from 13 November 2023 and accounting and tax effect as from 1 October 2023.

12 Regulation (EU) 575/2013 and subsequent amendments.

13 On 6 March 2024, the company was removed from the Register of Companies.

For more details on the transactions, please refer to the chapter of the Directors' Report on Group operations entitled "*Significant events and strategic transactions*".

The following companies (which were consolidated under theequity method) were removed from the Register of Companies on 28 December 2023:
- Argo Mortgage 2 s.r.l. in liquidation;
- Carige Covered Bond 2 s.r.l. in liquidation;
- Lanterna Lease s.r.l. in liquidation.

1. Equity investments in wholly owned subsidiaries

1.1 Equity investments within the Group consolidated line-by-line

Company name	Operational head office	Registered head office	Type of relationship (1)	Share capital in Euro	Nature of holding		% Available votes (2)
					Parent company	% holding	
1. Banco di Sardegna s.p.a.	Sassari	Cagliari	1	155,247,762	BPER Banca	99.461	100.000
2. Bibanca s.p.a.	Sassari	Sassari	1	74,458,607	BPER Banca	78.609	
					B. Sard.	20.522	
3. BPER Bank Luxembourg SA	Luxembourg	Luxembourg	1	30,667,500	BPER Banca	100.000	
4. Banca Cesare Ponti s.p.a.	Milan	Milan	1	14,000,000	BPER Banca	100.000	
5. BPER Real Estate s.p.a.	Modena	Modena	1	159,233,925	BPER Banca	74.687	
					B. Sard.	25.313	
6. BPER REOCO s.p.a.	Genoa	Milan	1	8,326,160	BPER Banca	100.000	
7. Sardaleasing s.p.a.	Milan/Bologna	Sassari	1	184,122,460	BPER Banca	52.846	
					B. Sard.	46.933	
8. Modena Terminal s.r.l.	Campogalliano	Campogalliano	1	8,000,000	BPER Banca	100.000	
9. BPER Factor s.p.a.	Bologna	Bologna	1	54,590,910	BPER Banca	100.000	
10. Arca Holding s.p.a. (*)	Milan	Milan	1	50,000,000	BPER Banca	57.061	
11. Arca Fondi SGR s.p.a.	Milan	Milan	1	50,000,000	Arca Holding	100.000	
12. Finitalia s.p.a.	Milan	Milan	1	15,376,285	BPER Banca	100.000	

(*) Not included in the banking Group.

The "% Available votes" column is only used if the actual share of votes exercisable at the Ordinary Shareholders' Meeting is different from the interest held in the company's share capital.

The figure for share capital is provided as extra information as required by CONSOB Communication DEM/6064293 dated 28 July 2006.

Key: (1) Type of relationship: 1 Majority of voting rights at the ordinary shareholders' meeting; (2) Availability of voting rights at ordinary shareholders' meeting, distinguishing between actual and potential

1.2 Equity investments within the Group consolidated with the application of the equity method

Company name	Operational head office	Registered head office	Type of relationship (1)	Share capital in Euro	Nature of holding		% Available votes (2)
					Parent company	Quota %	
A. Subsidiaries that are not included in the Banking Group							
1. Adras s.p.a.	Milan	Milan	1	1,954,535	BPER Banca	100.000	
2. Annia s.r.l.	Milan	Milan	1	100,000	BPER REOCO	100.000	
3. Bridge Servicing s.p.a.	Modena	Modena	1	100,000	BPER Banca	100.000	
4. Sant'Anna Golf s.r.l.	Genoa	Genoa	1	50,000	BPER REOCO	100.000	
5. Commerciale Piccapietra s.r.l.	Genoa	Genoa	1	500,000	BPER Banca	100.000	
B. Subsidiaries that are included in the Banking Group but do not satisfy the requirements of art. 19 of the CRR							
6. Estense Covered Bond s.r.l.	Conegliano	Conegliano	1	10,000	BPER Banca	60.000	
7. BPER Trust Company s.p.a.	Modena	Modena	1	500,000	BPER Banca	100.000	
8. Estense CPT Covered Bond s.r.l.	Conegliano	Conegliano	1	10,000	BPER Banca	60.000	
9. Carige Covered Bond S.r.l.	Genoa	Genoa	1	10,000	BPER Banca	60.000	
10. Lanterna Finance s.r.l.	Genoa	Genoa	4	10,000	BPER Banca	5.000	
11. Lanterna Mortgage s.r.l.	Genoa	Genoa	4	10,000	BPER Banca	5.000	
12. Centro Fiduciario C.F s.p.a. - in liquidation (*)	Genoa	Genoa	1	500,000	BPER Banca	96.950	

The "% Available votes" column is only used if the actual share of votes exercisable at the Ordinary Shareholders' Meeting is different from the interest held in the company's share capital.

The figure for share capital is provided as extra information as required by CONSOB Communication DEM/6064293 dated 28 July 2006.

(*) On 6 March 2024, the company was removed from the Register of Companies.

Key: (1) Type of relationship: 1 Majority of votes at the ordinary shareholders' meeting. 4 Other forms of control; (2) Available votes at ordinary shareholders' meeting, distinguishing between actual and potential.

2. Significant assessments and assumptions made when determining the scope of consolidation

As regards the companies included in the scope of consolidation, no facts or circumstances have emerged over the year that, as envisaged in IFRS 10, might change the assessments made regarding the possession of control, joint control or significant influence.

3. Equity investments in wholly-owned subsidiaries with significant minority interests

Minority interests are considered significant based on the materiality of total equity compared with the equivalent consolidated figure.

3.1 Minority interests, availability of votes of minority interests and dividends distributed to minority interests

Company name	% Minority interests	% Availability of voting rights of minority interests (1)	Dividends distributed to minority interests
1. Banco di Sardegna s.p.a.	0.539	-	398
2. Bibanca s.p.a.	0.869	0.869	169
3. Arca Holding s.p.a.	42.939	42.939	10,735
4. Sardaleasing s.p.a.	0.221	0.221	-

BPER Banca holds 100% of the ordinary shares of Banco di Sardegna s.p.a. For consolidation activities, the sub-consolidation of Arca Holding and its wholly-owned subsidiary, Arca Fondi SGR s.p.a. was used. The dividends relate to profits for 2022, distributed in 2023.

Key (1) Available votes at ordinary shareholders' meeting.

3.2 Equity investments with significant minority interests: accounting information

Company name	Total assets	Cash and cash equivalents	Financial assets	Property, plant and equipment and intangible assets	Financial Liabilities
1. Banco di Sardegna s.p.a.	15,047,415	4,045,345	10,373,079	257,904	13,480,415
2. Bibanca s.p.a.	4,168,294	650,331	3,466,755	16,375	3,710,813
3. Arca Holding s.p.a.	649,385	150,627	231,049	136,821	1,614
4. Sardaleasing s.p.a.	3,335,222	4,572	3,229,471	41,649	3,101,628

(cont.)

Company name	Shareholders' equity	Net interest income	Net interest and other banking income	Operating costs	Profit (Loss) from current operations before tax
1. Banco di Sardegna s.p.a.	1,056,302	304,501	516,830	(277,306)	197,834
2. Bibanca s.p.a.	364,781	108,042	165,479	(67,146)	86,426
3. Arca Holding s.p.a.	548,812	2,799	160,145	(57,864)	102,280
4. Sardaleasing s.p.a.	160,840	53,188	58,644	(19,476)	2,569

(cont.)

Company name	Profit (Loss) from current operations after tax	Profit (Loss) from groups of assets held for sale after tax	Profit (Loss) for the year (1)	Other comprehensive income after tax (2)	Other comprehensive income (3)=(1)+(2)
1. Banco di Sardegna s.p.a.	140,506	-	140,506	5,305	145,811
2. Bibanca s.p.a.	57,499	-	57,499	2,552	60,051
3. Arca Holding s.p.a.	71,462	-	71,462	133	71,595
4. Sardaleasing s.p.a.	3,294	-	3,294	(40)	3,254

The amounts provided are before intercompany eliminations.
The income statement and balance sheet information refer to the situation at 31 December 2023.

4. Significant restrictions

Among the Banks and Companies included in the BPER Banca Group's scope of consolidation, there are no significant restrictions as foreseen by IFRS 12 § 13.

5. Other information

Line-by-line consolidation is based on the financial statements prepared and approved by the individual subsidiaries as at 31 December 2023. These financial statements are prepared in accordance with IAS/IFRS by the individual banks and financial companies subject to Bank of Italy supervision. All the other Italian Group companies and BPER Bank Luxembourg s.a. included in the scope of consolidation and subject to the application of national accounting principles, prepare their financial statements under the international accounting standards (a.k.a. the "Consolidation Reporting Package") used for consolidation purposes.
The value of Group subsidiaries consolidated under the equity method was measured on the basis of their accounting data prepared and approved at 31 December 2023.
For the other equity investments consolidated under the equity method, reference is made to the latest available accounting information in accordance with IAS 28.

Section 4 – Events after the reporting period

These consolidated financial statements were approved on 06 March 2024 by BPER Banca's Board of Directors, which authorised their publication.
Information about the events that took place after the reporting date of this Consolidated Financial Statements, is presented and described in the section of the Directors' Report on Group operations entitled "Significant events and strategic transactions", to which reference should be made for details.
In relation to the start of the strategic partnership with the Gardant Group for the management of the recovery of Bad loans and UTP exposures of BPER Banca and Banco di Sardegna, carried out through the sale of a controlling interest (equal to 70%) in Gardant Bridge Servicing s.p.a. (formerly Bridge servicing s.p.a., 100% owned by BPER Banca) to companies of the Gardant Group and settled in cash on 15 January 2024, the capital gain totalling Euro 150 million for the BPER Banca Group will be accrued in 2024. This subsequent event qualifies as a "non-adjusting" event under IAS 10 and has no impact on the consolidated financial statements as at 31 December 2023.

Section 5 – Other aspects

Risks and uncertainties inherent in the current macroeconomic environment - Management Overlays applied in the assessment of credit risk

The persistent uncertainty in the general and sectoral macroeconomic scenario, mainly due to the geopolitical tensions caused by the armed conflicts in Russia-Ukraine and the Middle East, as well as by the persistent inflationary pressure and the consequent increase in market interest rates, accompanied by measures to combat climate risk with unpredictable effects on the economic and production system, have led the BPER Banca Group to maintain constant control and continuous monitoring in particular of credit risk and its assessment for treatment in the financial statements.
In this regard, the Parent Company also carried out specific analyses in 2023, as described in more detail in paragraph 23 below. "Methods for determining the extent of impairment"- aimed at identifying the best methods of intervention on the credit risk measurement and forecasting systems, later aligning them with the prevailing context and trying to avoid being excessively pro-cyclical in the definition of collective provisions, as indicated by the Regulators (among others especially ESMA and the ECB).

The following is a summary of the changes made to the assessment of the Expected Credit Loss of the Loan portfolio in relation to the Management Overlays applied as at 31 December 2023 and their impact on the year then ended.

(Figures in Euro millions)

Top-down adjustments	Add-on 31.12.2023	Add-on 31.12.2022	P&L impact 2023
Multi-scenario ECL “expert” correction - macroeconomic scenario weights	(57.50)	(69.10)	11.60
High-risk economic sectors (particularly energy-intensive and exposed to Russia risk)	(165.80)	(188.90)	23.10
The Emilia-Romagna flooding	(53.90)	-	(53.90)
Climate risk	-	(20.40)	20.40

With regard to Climate risk overlays, it should be noted that the intervention carried out in 2023 to introduce a similar correction factor in the model used to determine the PD parameter in order to take due account of this risk (replacing the overlay with an in-model adjustment), as described in more detail in paragraph 23 of Section A.2 below, resulted in an increase in loan adjustments for an amount of approximately Euro 25 million compared to those previously made via the overlays (the additional adjustments brought about by the in-model adjustment amounted to Euro 45.4 million).

Implementation of the global minimum tax rules for multinational and domestic groups under Pillar 2 and related amendments to IAS 12 on income taxes

In 2013, as part of the BEPS (Base Erosion and Profit Shifting) Project, a complex process of reform of international tax standards was launched at the initiative of the OECD and the G20 countries to address the main gaps in national and international regulations and eliminate the mismatch created by the interaction of individual tax systems. Two projects fit into this process:

- Pillar 1 aimed at revising the profit allocation rules of the largest and most profitable multinational companies;
- Pillar 2 aimed at ensuring a level playing field for companies worldwide, preventing a race to the bottom in tax rates and promoting efficient investment and localisation of decisions. This competitive equality would be achieved by applying a system of common rules to ensure that the transnational group pays an effective tax rate of no less than 15 per cent (OECD agreed rate) in each jurisdiction in which it is established.

The Pillar 2 system of rules developed at international level on the basis of the OECD technical guidance was implemented at EU and single market level with Directive No. 2022/2523/EU, adopted by the Council of the European Union on 14 December 2022 and published in the Official Journal of the European Union L 328/2022 of 22 December 2022.
The European provisions were then implemented in Italy by Legislative Decree no. 209 of 27 December 2023, published in the Official Gazette of the Italian Republic No. 301 General Series of 28 December 2023 (the “Decree”). However, in order to define the full regulatory framework, it is necessary to await the publication of an implementing ministerial decree, which has not yet been issued.
In particular, the Decree establishes a minimum top-up tax to be paid by the parent company of multinational or domestic groups resident in Italy in respect of the companies belonging to the group with an effective tax rate of less than 15% and a national minimum tax to be paid by the companies of a multinational or domestic group resident in Italy with a low tax rate until the minimum effective tax rate of 15% is reached. The purpose of this second tax is to allow supplementary tax to be levied in the country where a low level of taxation has occurred, thus avoiding that all tax is levied in the country of location of the direct or indirect parent company.
The scope of application of the new taxes is limited to companies belonging to multinational and domestic groups with annual revenues of Euro 750 million or more.
The provisions of the Decree apply with respect to financial years beginning on or after 1 January 2024.
In view of the imminent implementation of the new Pillar 2 tax provisions in some jurisdictions, the IASB approved a number of amendments to IAS 12 on income taxes. In particular, the amendments to the standard introduce a temporary mandatory exception to the recognition of deferred tax assets and liabilities related to the minimum additional tax introduced with the implementation of the Pillar 2 regulations and some specific disclosure requirements both for periods when the Pillar 2 legislation is in force or substantially in force but not yet effective, and for periods when the regulations will be effective. These disclosure requirements can be applied as from annual financial statements beginning on or after 1 January 2023.
In subjective terms, BPER Banca Group meets the quantitative requirement of the new Pillar 2 regulation and is therefore potentially impacted by it; for this reason, it is closely monitoring the progress of regulations in Italy and Luxembourg, where it currently operates.
On the basis of the estimates available to date, the BPER Banca Group does not appear to be exposed to the obligation to pay the minimum additional tax; however, activities are underway to put in place the necessary organisational and procedural structures to determine the effective tax rate and to manage any additional tax that may be due.

Extraordinary tax on the increase in the net interest income of Banks

Article 26 of Decree Law no. 104 of 10 August 2023 ("Decree Law no. 104/2023"), converted with Law no. 136 of 9 October 2023, introduced a one-off extraordinary tax on banks pursuant to article 1 of Italian Legislative Decree 385/1993, calculated on the increase in the net interest income, to be paid by the sixth month after that of the close of the financial year prior to the one in progress as at 1 January 2024 (therefore, for the majority of banking players, by 30 June 2024).
The extraordinary tax is determined by applying the rate of 40% on the tax base comprised of the amount of the net interest income under item 30 of the income statement drafted according to the layouts approved by the Bank of Italy relating to the financial year prior to the one in progress as at 1 January 2024, which exceeds, by at least 10%, the same net interest income in the financial year prior to the one in progress as at 1 January 2022.

Pursuant to paragraph 3 of the aforementioned article 26, the amount of the tax cannot, in any case, be higher than an amount equal to 0.26% of the total amount of the risk exposure ("RWAs") on a separate basis, determined in accordance with paragraphs 3 and 4 of article 92 of Regulation (EU) no. 575/2013 with reference to the closing date of the financial year prior to the one in progress as at 1 January 2023.
It should also be noted that paragraph 5-bis, introduced to article 26 during the conversion of the Decree, gives banks the option, in place of payment of the aforementioned tax, at the time of approval of the financial statements relating to the financial year prior to the one in progress as at 1 January 2024, to allocate an amount of no less than two and a half times the extraordinary tax to a non-distributable reserve identified for this purpose.

On 6 March 2024, the Board of Directors of BPER Banca resolved to exercise the option under Article 26, paragraph 5-bis of the Decree and, therefore, to submit a proposal to the Shareholders' Meeting (soon to be convened for the approval of the draft financial statements) to book part of the 2023 profit, for an amount of Euro 289.2 million, to a non-distributable equity reserve. A similar approach was adopted by the subsidiary banks concerned by the provision (Banco di Sardegna, Bibanca and Banca Cesare Ponti), with the subsequent allocation of Euro 315.4 million to a non-distributable reserve at BPER Banca Group level, corresponding to 2.5 times the amount of the tax of Euro 126.2 million. Only in the event that this reserve is used for distribution to shareholders, will the extraordinary tax under article 26, plus interest per annum for an amount equal to the annual interest rate on deposits with the European Central Bank, become payable by the Group.

Domestic tax group election

BPER Banca has exercised the option as the consolidating company together with its subsidiaries listed in the table below for the "domestic tax consolidation" regime, governed by Articles 117-129 of the Consolidated Income Tax Act and introduced by Legislative Decree No. 344/2003 and subsequent amendments.
Domestic tax consolidation consists of a scheme, applicable on an optional binding basis for three years, by individual companies connected by a relationship of control pursuant to article 117 of the Consolidated Income Tax Act, whereby, for the consolidating company or entity, a single IRES tax base (taxable income or tax loss) is determined for the group of companies calculated as the algebraic sum of the tax base of the individual companies adhering to this scheme, as emerges from their respective tax returns.
With effect from 1 January 2023, Banca Cesare Ponti S.p.A. exercised the option to join BPER Banca's consolidated taxation.
On the other hand, the consolidated taxation regime was discontinued with effect from 1 January 2023 for SIFA' Società Italiana Flotte Aziendali S.p.A. following its merger into UnipolRental S.p.A. and with effect from 13 November 2023 for Optima S.p.A. SIM following the company's merger into Banca Cesare Ponti S.p.A.
Moreover, when BPER Banca filed its tax return for the 2023 tax period, the option for the three-year period 2023-2025 relating to the companies Bper Factor S.p.A., Finitalia S.p.A., Arca Fondi SGR spa and Arca Holding S.p.A., which expired on 31 December 2022, was renewed.

Consolidated companies	**2021**	**2022**	**2023**	**2024**	**2025**
Banca Cesare Ponti s.p.a.			x	x	x
Bibanca s.p.a.	x	x	x		
Banco di Sardegna s.p.a.		x	x	x	
BPER Factor s.p.a.			x	x	x
Sardaleasing s.p.a.	x	x	x		
BPER Trust Company s.p.a.		x	x	x	
BPER Real Estate s.p.a.		x	x	x	
Finitalia s.p.a.			x	x	x
Arca Fondi SGR s.p.a.			x	x	x
Arca Holding s.p.a.			x	x	x

Information on public disbursements pursuant to art. 1, paragraph 125 of Law 124 of 4 August 2017 ("Annual market and competition law")

Law 124 of 4 August 2017 "Annual law for the market and competition" (hereafter Law 124/2017) introduced a series of measures designed to ensure transparency in the public disbursements system (art. 1, paragraphs 125[14] to 129). In particular, this law states that companies should provide in the Explanatory Notes to the financial statements and in any consolidated Explanatory Notes, information relating to "grants, contributions, remunerated offices and economic advantages of any type" (hereinafter referred to as "public disbursements") received from public administrations and other subjects indicated by the said law. Non-compliance with the disclosure requirement results in an administrative penalty of 1% of the amount received, with a minimum of Euro 2,000. At a later stage, the law requires return of the public disbursement[15].
In order to avoid publishing insignificant information, there is no disclosure requirement for public disbursements of less than Euro 10,000 received by the same party.
Since August 2017, the National State Aid Register has been active in the Executive Board for incentives to companies of the Ministry of Economic Development, in which State aid and de minimis aid payments to any company by subjects that grant or manage such aid have to be published. For individual aid granted to BPER Banca Group companies, please refer to the "Transparency of the Register" section, whose access is publicly available.
That said, in compliance with the provisions of art. 1, paragraph 125, of law 124 of 4 August 2017, the amounts collected during 2023 by the Parent Company and by the subsidiaries by way of "grants, contributions, remunerated offices and economic advantages of any type" are listed below.

(in thousands of Euro)

BPER Banca Group companies	Type of grants	Amounts received in 2023
BPER Banca s.p.a.	Regulation for inter-professional funds for continuing education for the granting of exempted State aid pursuant to EC regulation 651/2014 and under a de minimis aid scheme pursuant to EC regulation 1407/2013	247
BPER Banca s.p.a.	Grants for photovoltaic incentives	20
BPER Banca s.p.a.	Company nursery/kindergarten contributions	3
Modena Terminal s.r.l.	Grants for photovoltaic incentives	155
Banco di Sardegna s.p.a.	Regulation for inter-professional funds for continuing education for the granting of exempted State aid pursuant to EC regulation 651/2014 and under a de minimis aid scheme pursuant to EC regulation 1407/2013	688

Audit

The consolidated financial statements as at 31 December 2023 have been audited by Deloitte & Touche s.p.a., which was appointed for the period 2017-2025 at the Shareholders' Meeting held on 26 November 2016, as required by Legislative Decree 39 of 27 January 2010.

14 Paragraph expanded by art. 35 of Decree 34/2019. Paragraphs 126 to 129 not amended.

15 As stated in Assonime Circular no. 32 dated 23 December 2019.

A.2 – MAIN ITEMS IN THE FINANCIAL STATEMENTS

Classification of Financial assets - Business Model and SPPI test (items 20, 30 and 40)

IFRS 9 requires financial assets represented by loans and receivables and debt securities to be classified into three accounting categories, using the following criteria:
- the business model used to manage them;
- the contractual characteristics of the cash flows of financial assets (or SPPI tests).

The classification of financial assets depends on a combination of these two criteria, as indicated below:
- Financial assets measured at amortised cost (AC): assets that include the "Hold to collect" business model (HTC) and pass the SPPI test;
- Financial assets measured at fair value through other comprehensive income (FVTOCI): assets that include the "Hold to Collect & Sell" business model (HTCS) and pass the SPPI test;
- Financial assets measured at fair value through profit or loss (FVTPL): assets that provide for an "Other" business model or, on a residual basis, assets that cannot be classified in the previous categories due to the negative outcome of the SPPI test.

Business Model

The BPER Banca Group has identified its own Business Models taking into consideration the core business sectors in which it operates, the strategies adopted to date in order to realise the cash flows of the assets in portfolio, as well as the strategic forecasts of business development.

This analysis was carried out primarily at Group level and, consequently, at the level of the individual Group Bank/Company, including the product companies.

The Group's core business is related to the generation and management of credit relationships for the Retail and Corporate sectors (including Large Corporate) and, therefore, follows a logic of holding them presumably until they expire in order to collect the contractual cash flows. According to IFRS 9, this operation is attributable to a "Hold to Collect" type Business Model.

Another sector of activity for the BPER Banca Group, supporting the pursuit of banking objectives, is the Finance sector which includes the balance sheet and income statement items of the Group deriving from treasury activities, management of proprietary portfolios, access to financial markets and specialist operational support to the sales network.

For the purpose of identifying the Business Model in the Finance sector, the analysis linked the relevant activities carried on by the Group finance department to management of the Group's proprietary portfolios. It is therefore possible to identify the following proprietary portfolios:
- Investment Banking Book, consisting of the set of instruments managed collectively in order to reduce volatility on the interest margin. This type of portfolio mainly pursues a strategy of holding financial instruments to maturity, thereby sterilising market risk.
  The strategy of this portfolio therefore involves management of the principal risks such as credit risk, interest rate risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the "Hold to Collect" Business Model.
- Liquidity Banking Book, consisting of a set of financial instruments whose strategy is aimed at holding them in order to manage liquidity and optimise the risk-return profile at Group level. This type of portfolio pursues investment strategies in order to:
  - optimise net interest income;
  - increase the amount of assets that can be readily liquidated to mitigate the Group's exposure to liquidity risk;
  - diversify credit risk.

  The strategy of this portfolio therefore involves management of the principal risks such as liquidity risk, credit risk, interest rate risk, market risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the "Hold to Collect & Sell" Business Model.
- Trading portfolio, consisting of a set of financial instruments for trading purposes (government securities, ETFs, structured securities, UCITS units, ABS, etc.), guaranteeing the management of market risk. The profit purpose of this portfolio is mainly pursued through the change in the fair value of the instruments.
  The strategy of this portfolio therefore involves management of the principal risks such as market risk, credit risk, interest rate risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the "Other" Business Model.
- Customer Trading Portfolio, consisting of financial assets repurchased from customers, or held to offer an investment service to them (residual portfolio).

In application of IFRS 9, this portfolio has been included in the “Other” Business Model.

- Capital Market, consisting of financial instruments held for market making on securities (government, supranational, corporate, covered bond and government guaranteed debt securities), guaranteeing the management of market risk. The profit purpose of this portfolio is mainly pursued through the change in the fair value of the instruments. The strategy of this portfolio therefore involves management of the principal risks such as market risk, credit risk, interest rate risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the “Other” Business Model.

IFRS 9 envisages the possibility of modifying the Business Model, highlighting that the situations that lead to this change are “very infrequent”, to be attributed to significant events (internal or external) that affect the management strategy (and therefore derive from decisions of Senior Management of the Entity); in addition, they must be adequately supported by resolutions and linked to events or objective facts evidenced also towards third parties.
The change in business model must also take place before the consequent reclassification of the assets affected by that change, which is possible only on the first day of the next reporting period.

Regarding the combination of frequency and significance thresholds, the BPER Banca Group has defined quantitative limits (both in relative terms with respect to the portfolio size, and in absolute terms) to be applied to sales made on the “Hold to Collect” portfolio.
It also defines the concepts of “proximity to maturity”, identifying the 12 months prior to the repayment date, and “increasing credit risk” in line with the staging criteria described below (classification in Stage 2 allows the sale of instruments).

SPPI Test

In order to analyse the characteristics of the contractual cash flows deriving from financial assets (loans and receivables, and debt securities), the BPER Banca Group has defined an SPPI test based on 12 decision-making trees, so as to consider all the contractual characteristics relevant to the test.
The BPER Banca Group has also adopted some assumptions regarding both the loan portfolio and the debt securities portfolio. The main choices are shown below.

- In relation to the debt securities portfolio, the mutual fund units, both open and closed-end, fail the SPPI test. In relation to the securities issued as part of securitisation transactions, for the purposes of credit risk assessment it has been assumed that the mezzanine and junior tranches generally bear a higher credit risk than the average risk of the underlying portfolio of instruments and, consequently, fail the test.
- In relation to the Benchmark Cash Flow Test (BCFT) required in situations of mismatch between “tenor” and periodicity of the “refixing” of interest rates, it was agreed that the change in the “time value of money element” should be considered significant for instruments indexed to parameters with a tenor higher than a year and, consequently, these fail the SPPI test.
- For financial instruments (in credit or securities portfolios) with sustainability (or ESG) characteristics, the SPPI test focuses on verifying that the ESG targets on which the variability of future cash flows depends are specifically related to the borrower’s economic activity.

The following are references to the accounting policies applied for the main items in the financial statements or transactions, where applicable, in preparing the financial report.

1. Financial assets measured at fair value through profit or loss

Recognition

Financial assets represented by debt or equity instruments are initially recognised on the settlement date, while derivative contracts are recognised on the date of signature.
In particular, any changes in the fair value of the asset to be received between the settlement date and the earlier arrangement date are recognised at the time of settlement, in the same way in which the asset acquired is recorded.
Financial assets measured at fair value through profit or loss are initially recorded at fair value; unless stated otherwise, this is represented by the consideration paid for the transaction, without considering any related costs or income attributable to them, which are recorded directly in the income statement.

Classification

a) financial assets held for trading

Financial assets held for trading comprise those whose business model is defined as "Other". This business model applies to financial assets whose cash flows will be generated from their sale.
This also includes equity securities held for trading, for which it is not possible to exercise the irrevocable choice to present subsequent changes in fair value in the statement of other comprehensive income.
Additionally, the model includes investments in mutual funds that are held for trading and trading derivatives.

b) financial assets designated at fair value

This category comprises the financial assets for which the fair value option has been exercised.

c) other financial assets mandatorily measured at fair value

This category includes financial assets whose business model is defined as "Hold to Collect" or "Hold to Collect & Sell", but which fail the SPPI test and therefore do not satisfy the requirements for classification therein.
It also includes equity instruments not held for trading for which no irrevocable election was made to recognise subsequent changes in fair value in the statement of other comprehensive income.
Additionally, the category includes investments in mutual funds that are not held for trading.

Measurement

Subsequent to initial recognition, these assets continue to be measured at fair value. If the fair value of derivatives classified as "*Financial assets held for trading*" becomes negative, this item is recognised as a financial liability in the "*Financial liabilities held for trading*".
The methods used to determine the fair value are reported in the chapter "Information on fair value".

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows deriving from them expire, when substantially all the risks/benefits associated with them are assigned, or when substantial changes are made to them.
If the Group sells a financial asset classified among the "*Financial assets measured at fair value through profit or loss*", it is derecognised on the transfer date (settlement date).

Criteria for the recognition of income

The positive components of income, represented by the interest income deriving from financial assets classified as "*Financial assets measured at fair value through profit or loss*", are recognised on an accruals basis in the "interest" items of the income statement.
Gains and losses deriving from changes in the fair value of "*Financial assets measured at fair value through profit or loss – financial assets held for trading*" are recognised in income statement item "*Net income from trading activities*".
Gains and losses deriving from changes in the fair value of financial assets designated at fair value are recognised in income statement item "*Net income on other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated at fair value*", while the other financial assets mandatorily measured at fair value are recognised in item "*Net income on other financial assets and liabilities measured at fair value through profit or loss: b) other financial assets mandatorily measured at fair value*".

2. Financial assets at fair value through other comprehensive income

Recognition

Financial assets represented by debt or equity instruments are initially recognised on the settlement date, while loans are recognised on the pay-out date.
On initial recognition, these financial assets are recorded at their fair value, which usually corresponds to the consideration paid, inclusive of the transaction costs or income directly attributable to the instruments concerned.

Classification

This category comprises:

- financial assets whose defined business model is "Hold to Collect & Sell" (HTC&S) and whose contractual terms pass the SPPI test;
- investments in equity instruments, held for purposes other than trading, for which an irrevocable election was made on initial recognition to record subsequent changes in fair value in the statement of other comprehensive income.

Measurement

Subsequent to initial recognition, these financial assets continue to be measured at fair value. Changes in the fair value of financial assets included in the HTC&S business model (debt securities) are classified in a specific equity reserve, net of Expected Credit Losses and the related tax effect.
Changes in the fair value of investments in equity instruments for which the above irrevocable election was made are also classified in a specific equity reserve, net of the related tax effect.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows deriving from them expire, when substantially all the risks/benefits associated with them are assigned, or when substantial changes are made to them.
If the Group sells a financial asset classified among the "Financial assets measured at fair value through other comprehensive income", it is derecognised on the transfer date (settlement date).

Recognition of components affecting the income statement

The components of income deriving from "*Financial assets measured at fair value through other comprehensive income*", excluding investments in equity instruments for which the above irrevocable election has been made, are recognised as described below:

- interest is calculated using the effective interest rate, i.e. the rate that exactly discounts cash flows over the expected life of the instrument (IRR rate). The IRR is determined taking into account any discounts or premiums on the acquisition, costs or commissions that are an integral part of the carrying amount;
- Expected Credit Losses recognised during the period are recorded in the item "Net impairment losses for credit risk relating to: b) financial assets measured at fair value through other comprehensive income";
- on derecognition, the amount accumulated in the specific equity reserve is released to the income statement item "*Gains/ Losses on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income*".

With regard to investments in equity instruments for which the above irrevocable election has been made, only the related dividends are recognised in the income statement, in the item "*Dividends and similar income*". Changes in fair value subsequent to initial recognition are recorded in a specific equity reserve; on derecognition, the amount accumulated in the above reserve is not released to the income statement, but is reclassified among the profit reserves.

3. Financial assets measured at amortised cost

Recognition

Financial assets represented by debt instruments are initially recognised on the settlement date, while loans are recognised on the pay-out date; this item includes:
- loans to banks[16];
- loans to customers.

The initial value reflects the fair value of the financial instrument, generally representing the amount of the loan granted inclusive of the costs/income directly attributable to each instrument, or the subscription price in the case of debt instruments.

Factoring operations give rise to exposures to assignors representing loans disbursed for with-recourse assignments and exposures to assigned debtors representing the fair value of the receivables purchased versus without-recourse assignments. The first registration of a loan takes place on the date of sale following the signing of the contract (in the case of without-recourse assignment) and coincides with the disbursement date for with-recourse assignments.
This operation involves assessing, for both the assigning company and the factoring company, whether or not the conditions required by IFRS 9 for *derecognition*[17] and consequent recognition by the factor are met.
The most frequently used forms of transfer of a financial instrument may have profoundly different accounting effects:
- in the case of a without-recourse assignment (without any guarantee obligation), the assets transferred can be cancelled from the transferor's financial statements;
- in the case of a with-recourse transfer, it is to be assumed that in most cases the risk associated with the asset sold remains with the seller and therefore the sale does not meet the requirements for derecognition of the instrument in question; only the amounts paid to the assignor as an advance of the consideration will be recorded.

Verification of the derecognition criteria, in the context of the without-recourse assignments underlying the factoring activity, also takes into consideration the risk mitigation clauses adopted by the Group through specific contractual provisions agreed with the assignors. These are clauses aimed at defining the limits on the individual debtors transferred, absolute and relative deductibles, so-called "*bonus-malus*" clauses and late payment.
Loans to customers also include receivables for finance leases (as lessor), involving assets under construction and those waiting to "earn income" in the case of contracts with transfer of risks (or in the event that the risks are transferred to the lessee prior to the taking over of the asset and the start of the lease contract).

Classification

This category comprises the financial assets whose defined business model is "Hold to Collect" and whose contractual terms pass the SPPI test.
The "*Financial assets measured at amortised cost*" item includes loans to customers and loans to banks.
These items comprise commercial loans, repurchase agreements, loans originated by finance leases (recognised using the "financial method" pursuant to IFRS 16) and debt securities.
The Group has classified financial instruments (loans) purchased without recourse as "*Financial assets measured at amortised cost*", after checking that no contractual clauses prevent the transfer of substantially all risks and benefits. Advances paid to the assignor of portfolios purchased with recourse are also classified in that category.

Measurement

After initial recognition, loans are valued at their amortised cost, corresponding to the initially recognised amount less principal repayments, net adjustments and amortisation - calculated using the effective interest method – of the difference between the amount paid out and the amount repayable on maturity, which is generally attributable to the costs/income directly allocated to the individual loans.

16 In accordance with the Bank of Italy Circular 262, all on demand loans to banks and central banks in the technical forms of deposits and current accounts, are recognised in item 10 "Cash and cash equivalents", despite continuing to respect the criteria for the recognition, measurement and derecognition of income statement items of the category "Assets at amortised cost".

17 A company can cancel a financial asset from its financial statements only if, as a result of a sale, it has transferred the risks and benefits connected with the instrument sold, or if and only if: a) the financial asset is transferred and with it substantially all the contractual risks and rights to the cash flows deriving from the asset expire; b) the benefits connected to its ownership cease to apply.

The effective interest rate is the rate that discounts the flow of estimated payments over the expected duration of the loan back to its initial net book value, inclusive of directly-related costs and revenues. In financial terms, this method of recognition distributes the economic effect of these costs and revenues over the expected residual life of the loan.
The amortised cost method is not used in relation to short-term loans (up to 12 months), since the effect of discounting would be negligible. These loans are stated at historical cost.
Costs and revenues relating to loans without a fixed term or repayable on demand are recorded directly in the income statement.

At each reporting date, financial assets measured at amortised cost are adjusted for impairment by recognising any Expected Credit Losses. Any adjustments are recorded in the income statement.
The following items fall within this sphere, with specific assessment methods:

- Non-performing loans (in "Stage 3") which have been assigned the status of bad, unlikely to pay or past due loans in compliance with the current rules of the Bank of Italy's supervisory regulations, in line with IAS/IFRS and European supervisory regulations[18]. The amount of the adjustment of each balance is equal to the difference between its book value at the time of measurement (amortised cost) and the present value of expected future cash flows. The estimate of expected cash flows, as part of the internal recovery scenario (known as: "workout scenario"), comes from assessing analytically the position of bad loans and unlikely-to-pay loans with exposures above the thresholds set by internal procedures. The expected losses on bad loans and UTP loans below the thresholds established by internal regulations and on past due loans are determined using statistical impairment methodologies. The alternative scenario to internal recovery, i.e. related to the sale of non-performing loans on the secondary market (known as the "disposal scenario"), generally involves flows estimated on a statistical basis. For further details on the models adopted by the BPER Banca Group to estimate the Expected Credit Losses (ECL) on non-performing loans, please refer to paragraph 23 below, entitled "*Methods for determining impairment losses - Impairment*". Any adjustments are recorded in the income statement.
- The original value of loans is reinstated in subsequent periods, to the extent that the reasons for the provisions made cease to apply, on condition that this assessment is objectively linked with events that took place subsequent to such impairment loss. Possible write-backs, also recognised in the income statement, may not exceed the amortised cost that the loan would have had if no impairment losses had been previously recognised;
- Ordinary loans, classified as performing loans, feed "Stage 1" and "Stage 2"; the measurement is carried out periodically in a differentiated manner, according to ECL model adopted by the BPER Banca Group, at 12 months or lifetime, respectively, the characteristics of which are summarised in the following paragraph "*Method for determining the extent of impairment*".

Forborne exposures, which by their nature can be classified as either non-performing or performing, are subject to the same valuation methods described above. If these are performing loans, the classification is in Stage 2. Any contractual modifications made subsequent to initial recognition generally result, for Forborne exposures, in a change in the amount of the loan, with an impact on the income statement item "*Gains (Losses) from contractual modifications without derecognition*".
With regard to the way in which Forborne receivables are identified, please refer to the indications set forth in the internal regulations[19], as well as in the Explanatory Notes, Part E of the Group's consolidated financial report.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows deriving from them expire, when they are assigned with transfer of substantially all the risks/benefits associated with them, or when substantial changes are made to them (including, for example, change of the debtor, modification of the reference currency, modification of the technical form of disbursement, or introduction of clauses that could modify the positive outcome of the SPPI test).
The partial write-off of non-performing exposures made in accordance with the BPER Group's policies set out in paragraph 3.2 of Part E, Section 2.1 - Credit Risk of these Explanatory Notes also constitute grounds for partial derecognition.
If the Group sells a financial asset classified among the "Financial assets measured at amortised cost", it is derecognised on the transfer date (settlement date).

18 The scope of non-performing loans (or those in default) defined in art.178 of EU Reg. 575/2013 (CRR) complies with EBA Guidelines for applying the definition of default and the subsequent EU Reg. 1845/2018. The application of this regulation ("New Definition of Default - NDoD") has in fact resulted in:
- alignment of internal classifications within the Group;
- application of the materiality thresholds to credit obligations past due, without any offset between lines of credit;
- application of the concept of "unlikely to pay", in relation to which a change in NPV of more than 1% following contractual modifications is considered substantial;
- application of the "classification contagion" rules to counterparties that are associated with or belong to groups of connected customers;
- application of rules for managing the cure period that, in addition to an observation period of 12 months for forborne positions, envisages a minimum period of 3 months for other UTP positions.

19 Reference is made to the "Regolamento di Gruppo del processo di gestione del credito problematico".

Recognition of components affecting the income statement

The interest on instruments measured at amortised cost (loans to banks and loans to customers) is calculated using the effective interest method, i.e. using the rate (IRR) that discounts the related cash flows exactly over the expected life of the instrument concerned. The IRR and, therefore, the amortised cost are determined having regard for any acquisition discounts or premiums, costs or commissions that are an integral part of the discounted cost.
Interest on non-performing loans is calculated on the net exposure of the Expected Credit Losses.
Write-downs or write-backs deriving from the model of adopted Expected Credit Losses are recognised in the income statement in the item "*Net impairment losses for credit risks*".
Amounts deriving from alignment of the carrying amounts of financial assets to reflect changes in their contractual cash flows that do not result in accounting derecognition are recognised in the income statement item "*Gains (losses) from contractual modifications without derecognition*".

4. Hedging

The BPER Banca Group has adopted Chapter 6 Hedge Accounting of IFRS 9. Only macro-hedging is still accounted for under IAS 39.

Recognition

Hedges are arranged to neutralise losses that may be incurred in relation to a given element or group of elements, as a consequence of a given risk, via profits that would be earned on another element or group of elements should that particular risk crystallise. There are two types of hedge:

- fair value hedges: arranged to hedge the exposure to changes in the fair value of a balance sheet item;
- cash flow hedges: arranged to hedge the exposure to changes in future cash flows attributable to specific balance sheet items.

Classification

Financial instruments are designated as hedges when the relationship between the hedged and the hedging instrument is adequately documented and formalised, if the hedge is effective both at the start and prospectively throughout its life.

Measurement

Hedging derivatives are measured at their fair value.
The method of accounting for the gains and losses deriving from changes in fair value depends on the type of hedge:

- fair value hedge: the change in the fair value of the hedged element representing the hedged risk is recognised in the income statement, together with the change in the fair value of the derivative instrument; any difference, which represents the ineffective portion of the hedge, determines the consequent net economic effect;
- cash-flow hedge: to the extent that the hedge is effective, changes in the fair value of the derivative are recognised in shareholders' equity; they are only recognised in the income statement when changes in the cash flows from the hedged item need to be offset, or when the hedge becomes ineffective.

Micro-hedging

In application of the IFRS 9, hedging relationships must satisfy the following requirements:

- there has to be an economic relationship between the hedged item and the hedging instrument;
- there must not be a predominance of credit risk within the fair value changes relating to this economic relationship;
- the definition of a hedge ratio that identifies the quantities of hedged items and hedging instruments considered in the hedging relationship, so as not to create a mismatch that generates an element of ineffectiveness that does not correctly reflect the objectives of the hedge.

The BPER Banca Group monitors compliance with these requirements when defining the hedging strategy and throughout its duration; in particular, the presence of an economic relationship between the hedged item and the hedging instrument is identified in the first instance through a qualitative analysis of the characteristics of the two instruments and, in the event that they are imperfectly matched, a further quantitative analysis is carried out to verify the presence of a high degree of prospective correlation between the two (so-called "prospective hedge effectiveness testing" as explained below).

Even if not required by IFRS 9, for the sole purpose of further confirming the qualitative verification that there is an economic relationship between the hedged item and the hedging instrument, the BPER Banca Group has chosen to maintain the pre-existing system of quantitative tests to verify the effectiveness of hedging relationships (adapted to the new characteristics of the relationships) according to the so-called "Dollar Offset Method". This method involves comparing the change in fair value of the hedging instrument with that of the hedged instrument within a given time frame. The two changes must be attributable only to the type of risk being hedged.

The BPER Banca Group confirms the existence of the economic relationship when changes in the fair value of (or cash flows from) the hedging instrument, caused by the hedged risk factor, almost entirely offset those of the hedged instrument (the percentage limits fall into the range between 80% to 125%). This monitoring is carried out on a quarterly basis, using:
- prospective tests that justify the application of hedge accounting, by demonstrating the expected effectiveness of the hedge, especially in situations of imperfect matching between the characteristics of the hedging instrument and the hedged item;
- retrospective tests that show the effectiveness of the hedge during the period under review. In other words, they measure by how much the actual results differ from the perfect hedge, even if they no longer provide binding elements with respect to maintaining the relationship.

Macro-hedging

The BPER Banca Group has qualified portfolio relations having exclusively fair value hedge purposes. Pursuant to para. 78 c) of IAS 39, the hedged item in a portfolio hedge of interest rate risk can be a portion of the portfolio of financial assets or financial liabilities that share the risk being hedged. Designation of a net amount including assets and liabilities as a hedged item is not permitted.
All of the assets or liabilities from which the hedged amount is drawn must be:
- items whose fair value changes in response to changes in the interest rate being hedged; and
- items that may be individually fair value hedged.

In the case of a portfolio hedge, the changes in the fair value of the hedged instrument are recognised as a gain or loss in profit or loss, but with no need for them be allocated to individual assets or liabilities. These changes are in fact classified in a separate Balance Sheet item that includes the adjustments to the value of the assets or liabilities that make up the hedged item (if the hedged items are financial assets: the item "*Change in value of macro-hedged financial assets*"; if they are financial liabilities: the item "*Change in value of macro-hedged financial liabilities*").

As part of the identified hedging relationship, the methodology used to identify the hedged amount and to measure the effectiveness of the hedge must be specified.
In particular, the BPER Banca Group provides for the following to be indicated:
- the methodology used to determine repricing dates;
- the number and duration of the repricing period;
- the expected frequency of effectiveness tests;
- the methodology used to determine the amount of assets/liabilities that is designated as the hedged amount;
- the methodology used to test the effectiveness of hedges.

The hedge effectiveness test is carried out periodically, specifically on a quarterly basis. The method chosen for conducting the test is the Dollar Offset Method, with relevant thresholds for the ratio of the change in fair value between the hedged item and the hedging instrument set at 80% - 125%.

Derecognition

If transactions do not meet the effectiveness test, hedge accounting – as described above – is terminated and the derivative contract is reclassified as an instrument held for trading, with recognition of the related impacts in the income statement. Hedge accounting is also terminated in the following situations:
- the hedged item is sold and redeemed;
- the hedging instrument expires, is sold, terminated or exercised.

Recognition of components affecting the income statement

Income elements are allocated to the relevant income statement items on the following basis:
- spreads earned on derivatives that hedge interest-rate risk (and the interest on the hedged positions) are allocated to the items "*Interest and similar income*" or "*Interest and similar expense*";
- capital gains and losses deriving from the measurement of hedging instruments and the positions covered by fair value hedges are allocated to the item "*Net income from hedging activities*";

- capital gains and losses deriving from measurement of the effective part of cash flow hedges are allocated to a specific valuation reserve in equity called "*Reserve for cash flow hedges*", net of the related deferred tax effect. Gains and losses relating to the ineffective part of such hedges are recorded in the "*Net income from hedging activities*" item of the income statement.

In the case of hedging equity instruments for which the option for recognition in the statement of other comprehensive income of subsequent fair value changes has been irrevocably exercised, the capital gains and losses deriving from the measurement of hedging derivatives, relating to the hedged component, are allocated to the same shareholders' equity item.

5. Equity investments

Recognition

Equity investments are recognised on the settlement date. Equity investments are recorded at cost on initial recognition, including any costs and revenues directly attributable to the transaction.

Classification

This item includes:

- subsidiaries not consolidated on a line-by-line basis and associates carried under the equity method, adjusting the initial cost of recognition for changes in net equity, including gains and losses realised by the company; companies in which at least 20% of the voting rights are held and those where the size of the investment guarantees influence over governance are considered associates;
- jointly controlled companies, which are also accounted for under the equity method;
- other investments with a low value, which are carried at cost.

Measurement

In the BPER Group's Consolidated Financial Report, companies not consolidated line-by-line, those subject to joint control and associated companies are valued according to the equity method.
If there is evidence that investment in an associate may be impaired, its recoverable amount is estimated. If the recoverable amount is lower than the carrying amount, the difference is charged to the income statement.
If the recoverable amount is lower than the carrying amount, the difference is charged to the income statement under item "*Gains (Losses) on equity investments*", as described in paragraph 23 "*Method for determining the extent of impairment*" below.

If the reasons for making the impairment loss cease to apply as a result of an event subsequent to recognition of the impairment loss, the related write-back is credited to the income statement without exceeding the amount of the impairment loss previously recorded.
The Parent Company's share of any losses of the investee, exceeding the book value of the investment, is recorded in a specific reserve to the extent that the company is required to fulfil legal or implicit obligations of the investee, or, in any case, to cover its losses.

Derecognition

Equity investments are derecognised when the contractual rights to the cash flows deriving from them expire, or when they are assigned with transfer of substantially all the risks/benefits associated with them.

Recognition of components affecting the income statement

Dividends are recorded in the "Dividends and similar income" item when the right to collection is established.
Any impairment losses/write-backs relating to the impairment of equity investments and gains or losses on the disposal of equity investments are recorded in the item "*Gains (Losses) of equity investments*".

6. Property, plant and equipment

Recognition

Property, plant and equipment are initially recorded at purchase price, including all directly attributable costs of purchasing and bringing the asset to working condition.

Expenditure on improvements that will generate future economic benefits is added to the value of the assets concerned, while routine maintenance costs are charged to the income statement.

Leases (in which the Bank is the lessee) are recognised (pursuant to IFRS 16) using the “right of use” model. At the initial recognition date, the value of the right of use is equal to the initial recognition value of the lease liability, adjusted for the following components:
- payments due for leases made on or before the effective date, net of lease incentives received;
- direct initial costs incurred by the lessee;
- an estimate of the costs that the lessee will incur for the dismantling and removal of the underlying asset and for the restoration of the site on which it is located or for the restoration of the underlying asset under the conditions set by the terms and conditions of the lease.

When the asset is made available to the BPER Banca Group for its use (initial recognition date), the related right of use is recognised.
In identifying the rights of use, the BPER Banca Group applies the “simplifications” permitted by IFRS 16; contracts with the following characteristics are therefore not considered:
- “short-term”, i.e. with a residual life of less than 12 months;
- “low-value”, i.e. with an estimated value of the asset of less than Euro 5,000.

As regards the other application choices adopted by the BPER Banca Group, it should be noted that:
- with reference to the duration of the “property” leases, the Group considers as “reasonably certain” only the first renewal period, subject to contractual clauses and specific circumstances that involve considering different contractual durations;
- as regards “Cars” and “Other contracts”, the Group makes use of the practical expedient by which the lessee is allowed to not separate the lease components from the other components, treating them as a single lease component. As regards property leases, the Group considers the non-lease component as not material.

Classification

Property, plant and equipment comprise land, property used for operating purposes, installations, furniture, furnishings and all types of equipment.
These are property, plant and equipment that will be used for more than one accounting period and which are held for use in the production of business or the supply of goods and services, for rental to third parties or for administrative purposes.
Rights of use acquired under leases (in the capacity of lessee) are included, if these rights relate to assets classified as property, plant and equipment.
This item also includes assets awaiting finance lease and assets under construction intended for finance leasing (in the capacity of lessor), in the case of contracts “with retention of risks”, as well as assets granted under operating leases (again as lessor).
This item also includes certain real estate assets classified in accordance with IAS 2 “Inventories” within the portfolios of the Group’s real estate companies, including construction land, buildings under construction, completed buildings and property development initiatives held for sale, to be achieved within a reasonable time horizon.

This item also includes leasehold improvements, relating to identifiable and separable property, plant and equipment.

Measurement

After their initial recognition, property, plant and equipment, including rights of use, are measured under the cost model, net of accumulated depreciation and impairment, with the exception of the following categories:
- own properties used in operations (IAS 16), which are measured under the revaluation model, according to which property, plant and equipment, whose fair value can be reliably determined, are recognised at a restated value, equal to the fair value at the date of the restatement, net of accumulated depreciation and any accumulated impairment losses;
- properties held for investment purposes (IAS 40), including rights of use, which are measured according to the fair value method, by which all property investments are measured at fair value and no longer subject to depreciation or impairment test;
- inventories of property (IAS 2), which are measured at the lower of cost and net realisable value, represented by the estimated selling price less the estimated costs of completion and other costs necessary to make the sale.

After initial recognition, at the end of each financial period, the following accounting entries may take place for properties used in operations (IAS 16):
- if the carrying amount has increased following a restatement, the increase must be recognised in a specific revaluation reserve in shareholders’ equity. However, the increase has to be recognised in the income statement to the extent that it reinstates a write-down of the same asset previously recognised in the income statement;

- if the carrying amount has decreased following a restatement, the decrease must be recognised in the income statement. However, the decrease has to be recognised in the statement of other comprehensive income as a revaluation surplus, to the extent that there are any credit balances in the revaluation reserve that refer to this asset. The decrease recognised in the statement of other comprehensive income reduces the amount accumulated in equity under the revaluation reserve.

When a property used in operations (IAS 16) is revalued, the carrying amount of the asset is brought into line with the revalued amount by eliminating accumulated depreciation against the gross carrying amount of the asset (a.k.a."elimination approach"). For properties held for investment purposes (IAS 40), on the other hand, following initial recognition and at each balance sheet date, the following is recognised in the income statement:

- a positive income component in the event of a positive difference between the fair value and the carrying amount;
- a negative income component in the event of a negative difference between the fair value and the carrying amount.

For more information on how to determine the fair value of properties, please refer below to paragraphs - "*Information on fair value*", "*Methods and frequency of identifying the fair value of own properties*".

Property, plant and equipment are systematically depreciated over their useful life, identified by single homogeneous category or, for real estate assets, charged to the individual property at the time of initial registration, adopting the straight-line method of depreciation, with the exception of:

- land acquired separately or included in the value of property (excluding value in use on buildings), since it has an indefinite useful life. The value of land included in property is deemed to be separable from the value of buildings; the division between the value of the land and the value of the building takes place on the basis of independent expert appraisals;
- properties held for investment purposes as, being valued at fair value, they are not subject to depreciation;
- works of art, since the useful life of a work of art cannot be estimated and its value normally appreciates over time;
- inventories classified in accordance with IAS 2.

The useful life of business assets is reviewed at least once a year, at the end of each accounting period, and any change with respect to the previous year is treated as a change in accounting estimate, governed by IAS 8. It is therefore accounted for prospectively, determining an impact on the depreciation charge of the year in which the change takes place and on the depreciation charges of subsequent years.
If there is any evidence at a reporting date that the value of an asset may be impaired, its carrying amount is compared with its recoverable value, being the higher of its fair value net of any selling costs or its value in use, as represented by the present value of the cash flows generated by the asset, as explained in paragraph 23 "*Method for determining the extent of impairment*". Any adjustments are recorded in the income statement.
Property held for investment purposes is excluded from impairment testing.
If the reasons for recognising an impairment loss cease to apply, the loss is written back but without exceeding the carrying amount that the asset would have had (net of depreciation) if no impairment losses had been recognised in prior years.
Properties used in operations, measured under the revaluation model, any loss due to impairment of a revalued asset must be treated as a decrease in the revaluation up to its amount, after which any difference is recognised in the income statement.
Assets recognised pursuant to IAS 2 are measured at the lower of cost or net realisable value. Any adjustments are recognised in the income statement.

Change of use of properties

The BPER Banca Group only transfers properties between the various categories (regulated respectively by IAS 16, IAS 40 and IAS 2) if there is an effective change in the use of the property. In the event of a change in use from being an property held for investment recognised at fair value to being a property used in operation by the owner or held for sale in inventory, the fair value at the date of the change in use must be considered as a replacement for the cost of the property for subsequent accounting, according to the provisions of IAS 16, IFRS 16 or IAS 2.
If a property used in operation becomes a property held for investment that has to be recognised at fair value, the BPER Banca Group applies IAS 16 for its own properties and IFRS 16 for properties held by the lessee as an asset consisting of the right of use until the date on which the change of use occurs. The BPER Banca Group treats any difference existing at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and the fair value in the same way as a revaluation, in accordance with IAS 16.
Up to the date on which a property used by the owner becomes a property held for investment recorded at fair value, the BPER Banca Group depreciates the property (or the right of use asset) and recognises any impairment that may occur. The Group treats any difference existing at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and the fair value in the same way as a revaluation, in accordance with IAS 16. In particular, any resulting decrease in the carrying amount of the property is charged to profit or loss for the year. However, to the extent that the amount is included in the revaluation reserve of that particular property, the decrease is recognised in the statement of other comprehensive income and reduces the revaluation reserve included in shareholders' equity.

Any resulting increase in the carrying amount is treated as follows:

- to the extent that if the increase adjusts a previous loss due to a reduction in the value of that property, it is charged to the income statement. The amount recognised in the income statement must not exceed the amount needed to restore the carrying amount that would have been (net of depreciation) if no impairment loss had been recognised;
- any remainder of the increase is recognised in the statement of other comprehensive income and increases the revaluation reserve included in equity. At the time of subsequent disposal of the property held for investment, the revaluation reserve included in shareholders' equity is transferred to retained earnings. The transfer from the revaluation reserve to retained earnings does not go through the income statement.

Derecognition

Property, plant and equipment are derecognised on disposal, or when the assets concerned are permanently taken out of use and no further economic benefits are expected from their disposal. In the case of property, plant and equipment held for use (IAS 16) to which the revaluation criterion is applied, any gain arising from disposal/derecognition, including that accumulated in the item "Valuation reserves", is transferred directly to the item "*Reserves - Retained earnings (losses) carried forward*", without passing through profit or loss.

Recognition of components affecting the income statement

Depreciation, calculated pro-rata temporis, of assets measured at cost or fair value in accordance with the requirements of IAS 16 are recognised in the income statement under "*Net adjustments to property, plant and equipment*".
Positive restatements of properties used in operations are recognised in equity under "*Valuation reserves*", unless they are restoring a decrease in the value of the asset previously recognised in the income statement (in this case, the positive changes in value are recognised in the income statement under "*Gains (Losses) on property, plant and equipment and intangible assets measured at fair value*").
Negative restatements of properties used in operations are recognised in the income statement under "*Gains (Losses) on property, plant and equipment and intangible assets measured at fair value*" unless the "*Valuation reserve*" for the specific property is not sufficiently large (in which case, the negative changes are recognised in equity as a decrease in the "*Valuation reserve*").
Any adjustments or write-backs due to the impairment of property, plant and equipment valued under the cost or revaluation models are recognised in the income statement under "Net adjustments to property, plant and equipment", unless, for the assets measured under the revaluation model, the valuation reserve relating to the specific property is not sufficiently large.
The changes in fair value, both positive and negative, relating to properties held for investment purposes are recognised in the income statement under "*Gains (Losses) on property, plant and equipment and intangible assets measured at fair value*".
Any write-downs on inventories of property, plant and equipment (IAS 2) resulting from the application of measurement at the lower of cost and net realisable value, are recognised under "Net adjustments to property, plant and equipment" in the income statement.

Disposal gains and losses are however recorded in the income statement item "*Gains (Losses) on disposal of investments*".

7. Intangible assets

Recognition

Intangible assets other than goodwill are initially recognised at cost, as represented by the purchase price paid plus any directly-related costs incurred to obtain use of the assets concerned.
Goodwill may be recognised as an intangible asset when the positive difference between the acquisition cost of an equity interest (including related charges) and the fair value of the net assets acquired, including those identified as part of the Purchase Price Allocation (PPA), is representative of the investee's ability to generate income in the future (goodwill).
If the difference is negative (badwill) or the goodwill is not justified by the investee's ability to generate income in the future, the difference is recognised in the income statement.

Classification

Intangible assets are identifiable, non-monetary assets without physical form that are expected to generate economic benefits. The qualifying characteristics of intangible assets are:

- identifiability;
- control over the resources concerned;
- expectation of economic benefits.

In the absence of any one of the above characteristics, the acquisition or internal production costs are expensed in the year incurred.
Goodwill is represented by the difference between the acquisition cost of an equity investment and the fair value, at the acquisition date, of the assets and liabilities acquired.
Other intangible assets are recognised if they are identifiable and reflect legal or contractual rights. Among these, rights of use acquired under operating leases (in the capacity of lessee) and relating to the use of an intangible asset are not included since the BPER Banca Group, with respect to the faculty given by IFRS 16.4, has decided not to apply IFRS 16 to any operating leases on intangible assets other than those that can be acquired under licence.

Intangible assets include licensed software that satisfies the conditions specified in IAS 38. More specifically, with reference to the indications provided in the IFRIC Staff Paper dated November 2018 (Agenda ref 5 – Customer's right to access the supplier's software hosted on the cloud (IAS 38)), the BPER Banca Group has identified the following conditions as significant for the recognition of purchased software as an intangible asset:

- existence of an exclusive right of use (linked to the user licence acquired);
- right and ability to obtain copies of the software ("download right");
- possession and real ability to use the copy of the software acquired, recognised if installed on its servers.

If these three conditions are satisfied in relation to purchased software, the BPER Banca Group recognises it an intangible asset to be amortised over its estimated useful life. The initial expenses incurred (even in the form of external services) to set-up, customise and implement the software can also be considered part of the initial carrying amount of the intangible asset, if linked to the functional analyses and subsequent implementation phases.
By contrast, if the above conditions for the recognition of an intangible asset are not satisfied, the purchase will relate to services giving access to software that, in substance, remains in the possession of the provider (these situations generally arise in relation to Cloud software). These purchased services are recognised as "*Administrative expenses: b) other administrative expenses*" on an accruals basis; when the initial cost incurred refers to a long-term time horizon it can be deferred (prepaid expenses – Other assets) and released to the income statement over the duration of the entire contract. If the total fee paid to the supplier for access to the software covers a variety of services, the cost will be allocated and recognised on an accruals basis with reference to each specific service.

Measurement

An intangible asset with an indefinite useful life, such as goodwill, is not amortised, but is tested periodically for impairment. An impairment test is performed annually, or whenever there is an indication of impairment, as explained in paragraph 23 "*Method for determining the extent of impairment*". Any impairment loss is recognised in the income statement and the reversal thereof is prohibited.
In contrast to the treatment of goodwill, the cost of intangible assets with a finite useful life is amortised on a straight-line basis or, possibly, by use of the reducing balance method based on the flow of economic benefits expected from the asset. If there is any evidence of impairment, it is envisaged that an asset would be assessed for impairment by comparing its recoverable value to its carrying amount.
An estimate of recoverable value is made if there is any evidence of asset impairment at the reporting date. The impairment loss, expensed to income statement, is the difference between the carrying value of an asset and its recoverable amount, if the latter is lower, as explained in paragraph 23 "*Method for determining the extent of impairment*".

Derecognition

Intangible assets are derecognised on disposal and when no further economic benefits are expected.

Recognition of components affecting the income statement

Both the amortisation charge and any net adjustments to intangible assets other than goodwill are recorded in the item "*Net adjustments to intangible assets*" of the income statement.
Disposal gains and losses are however recorded in the "*Gains (Losses) on disposal of investments*" item.
Any impairment losses to the value of goodwill are recorded in the item "*Impairment losses on goodwill*".

8. Non-current assets and disposal groups classified as held for sale

Recognition and classification

Non-current assets and groups of assets/liabilities subject to a disposal process (tangible, intangible and financial assets) are classified in the asset item "*Non-current assets and disposal groups classified as held for sale*" and the liability item "*Liabilities associated with assets classified as held for sale*" and the liability item "*Liabilities associated with assets classified as held for sale*", when such sale is deemed to be highly probable.

Measurement

These assets and liabilities are valued at the lower of their carrying amount, determined according to the relevant IFRS, and their fair value, net of selling costs, unless they are properties held for investment purposes, which, on the basis of paragraph 5 of IFRS 5, even if they are classified in "Non-current assets and disposal groups held for sale", are valued in accordance with IAS 40 and therefore at fair value through profit or loss.

Derecognition

Non-current assets or groups of assets/liabilities held for sale and discontinued operations are derecognised from the balance sheet upon disposal.

Recognition of components affecting the income statement

Income and charges (net of tax effect) relating to disposal groups held for sale are classified in the "*Gains (Losses) from non-current assets and disposal groups classified as held for sale after tax*" item of the income statement.

9. Current and deferred taxation

Taxes for the period were calculated by applying the regulations in force at financial reporting date, also taking into account the changes introduced by the latest Finance Act.
Deferred tax assets and liabilities are recorded following the positive outcome of the probability test required by IAS 12 relating to temporary changes, tax losses and tax credits. The BPER Banca Group has adopted a time horizon of 5 years when forecasting recoveries, consistent with other types of estimates made by projecting future results.

Recognition and classification

Current taxation comprises the net balance of income tax payable for the year and the current tax receivable due from the tax authorities consisting of advances and other withholding tax credits or other tax credits recoverable by future offset.

Current tax assets also represent tax credit that the Group companies have requested the relevant authorities to reimburse.
Deferred taxes represent the income taxes recoverable in future periods as a result of deductible temporary differences and past tax losses (deferred tax assets), and the income taxes payable in future periods as a result of taxable temporary differences (deferred tax liabilities).

Measurement

Deferred tax assets, representing the future tax benefit deriving from deductible temporary differences and tax losses carried forward, are recognised to the extent that their recovery is highly likely. The estimate is made by performing the "probability test", as required by IAS 12. This test is based on an economic forecast developed over a prospective 5-year horizon, adjusting the pre-tax profit to consider future temporary and permanent changes in accordance with the tax legislation in force at the measurement date, so as to arrive at an estimate of the future tax profits able to reabsorb the deferred tax assets.

Derecognition

Net current taxes are generally derecognised from the balance sheet at the time of payment of the tax charge in the reference year.

Deferred tax assets and deferred tax liabilities are instead cancelled following the realignment of the tax and financial statement accrual for each income statement or balance sheet component that originated the deferred tax asset or liability. Deferred tax assets are also derecognised from the balance sheet for any portion no longer deemed recoverable following the "probability test" carried out periodically.

Recognition of components affecting the income statement

Changes in tax assets and liabilities are normally recorded in the "*Income taxes on current operations*" item.
As an exception, those deriving from transactions recognised directly in equity are treated in the same way, and those deriving from business combinations are included in the calculation of goodwill (or badwill).

10. Provisions for risks and charges

Recognition

The provisions for risks and charges cover liabilities whose timing and extent are uncertain, when all the following conditions are met:

- a current obligation exists at the financial reporting date, deriving from a past event. The origin of the obligation must either be legal (deriving from a contract, regulation or the provisions of law) or implicit (arising when the business causes third parties to expect that commitments will be met, even if these do not fall into the category of legal obligations);
- a financial outflow is likely;
- the extent of the obligation can be estimated reliably.

No provision is recognised for liabilities that are only possible and not probable, but information on the related contingencies is provided in the Explanatory notes.

Classification

This item includes the provisions relating to long-term benefits and post-employment benefits governed by IAS 19, discussed in paragraph 3.6.3 "*Other Information*" - "Employee benefits" below, and the "*Provisions for risks and charges*" governed by IAS 37.
Sub-item "commitments and guarantees granted" comprises the credit risk provisions for funding commitments and financial guarantees given that are subject to the impairment rules of IFRS 9 (see para. 2.1, letter e); para. 5.5; appendix A), as well as the provisions for other commitments and other guarantees not subject to IFRS 9 impairment rules.

Measurement

Where the time element is significant, the provisions are discounted using current market rates. Provisions are charged to the income statement.
The measurement of "commitments and guarantees granted" is described in section 23 "*Method for determining the extent of impairment*".

Derecognition

The allocated provisions are re-examined as at each financial reporting date and adjusted to reflect the best current estimate. When the use of resources aimed at producing economic benefits to fulfil the obligation becomes unlikely, the provision is cancelled.
In addition, each provision is used solely to cover outgoings for which it was originally established.

Recognition of components affecting the income statement

Impairment losses and write-backs of commitments and other guarantees granted are recorded in item "*Net provisions for risks and charges – commitments and guarantees granted*" of the income statement.
Provisions for risks and charges and the related write-backs, including the effects of the passage of time, are classified in item "*Net provisions for risks and charges – Other net provisions*" of the income statement. The provisions for employee remuneration recognised pursuant to IAS 19 are classified in income statement item "*Administrative expenses - Staff costs of the income statement*".

Provisions are made on the basis of the best estimate of the amount that the company would reasonably pay to settle the obligation or to transfer it to third parties on the reporting date. When the financial effect of time is significant and the payment dates of obligations can be reliably estimated, the provision is calculated by discounting the expected future cash flows taking into account the risks associated with the obligation; the increase in the provision due to the passage of time is recognised in the income statement.

11. Financial liabilities measured at amortised cost

Recognition

These liabilities are initially recognised at their fair value, usually corresponding to the amount collected or the issue price, plus any additional costs/proceeds directly attributable to the individual funding transaction or issue.
This item includes:

- due to banks;
- due to customers;
- debt securities issued;
- lease liabilities.

On the start date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease contract, if that rate can be readily determined, or at the incremental borrowing rate that, for the BPER Banca Group, is the Internal Transfer Rate (ITR) of funding.

The future lease payments to be included in the measurement of the lease liability comprise the following:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Classification

The items "*Due to banks*", "*Due to customers*" and "Debt securities issued" comprise the various forms of interbank and customer funding. These items also include liabilities recognised by the lessee under leases, as well as funding through certificates of deposit and debt securities in issue, net of any repurchases.

Measurement

Following initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for current liabilities given the negligible effect of the time factor.
Modifications to the contractual conditions of the medium-long term items (also including lease liabilities) will entail the adjustment of the carrying amount by discounting the flows envisaged by the revised contract to the original effective interest rate, without prejudice to the changes made to lease liabilities which, as clarified in IFRS 16, shall use a revised discount rate (for example if there is a change either in the lease term or in the lease payments).
Debt securities issued are recognised net of the repurchased amount.

Derecognition

Financial liabilities are derecognised when they expire or are settled. The repurchase of debt securities in issue in prior periods results in their derecognition.
In the event of a change in the contractual conditions, if the discounting of the new flows would lead to a change in the carrying amount of the liability greater than 10%, the change is deemed by the BPER Banca Group to be "substantial" and relevant for the purpose of derecognition of the original liability.
The difference between the carrying amount of the liability and the amount paid to repurchase it is recorded in the income statement.

Recognition of components affecting the income statement

The negative elements of income represented by interest and similar expense are recorded in the interest items of the income statement on an accruals basis, using the effective interest method.
Costs/revenues relating to short-term payables are recorded directly in the income statement.
The difference between the carrying amount of a liability and the amount paid to acquire it is recorded in income statement item "*Gains (Losses) on disposal or repurchase of financial liabilities*".

12. Financial liabilities held for trading

Recognition

These financial instruments are recognised at their fair value on the subscription or issue date, without considering any transaction costs or income directly attributable to them.

Classification

This category of liabilities includes trading derivatives with a negative fair value, as well as derivatives with negative fair value that are embedded in complex contracts - in which the primary contract is a financial liability - but not closely correlated with them and therefore they are represented separately in the financial statements.

Measurement

All financial liabilities held for trading are measured at fair value. The methods used to determine fair value are described in the following section "Information on fair value".

Derecognition

Financial liabilities held for trading are derecognised on expiry of the contractual rights over the related cash flows, or when the financial liability is assigned with the transfer of substantially all the risks and benefits deriving from its ownership.

Recognition of components affecting the income statement

The criteria applied for the recognition of income components of financial assets held for trading are adopted with suitable modifications.

13. Financial liabilities designated at fair value

Recognition

These liabilities are initially recognised at fair value, net of transaction costs or revenues.

Classification

A financial liability is designated at fair value if one of the following conditions applies:
- classification in this category eliminates "accounting mismatch", i.e. it makes it possible to significantly reduce a lack of consistency in the valuation or recognition of assets and liabilities that would otherwise lead to the recognition of gains/losses on a different measurement basis;
- it is part of groups of liabilities, or of assets and liabilities, managed together whose performance is measured at fair value, according to a documented risk-management strategy;
- there is a hybrid contract containing one or more embedded derivatives and the embedded derivative is such that it would significantly alter the cash flows that would otherwise be under the contract.

The option to designate a liability at fair value is irrevocable, is made on the individual financial instrument and does not require the same application to all instruments with similar characteristics. However, the designation at fair value of only a portion of a financial instrument attributable to a single component of risk to which the instrument is subject is not allowed.

Certificates issued

The BPER Banca Group classifies its issuances of certificates as "*Financial liabilities measured at fair value*".
Certificates are securitised derivative instruments issued by the Group and traded on multilateral trading facilities that replicate, with or without leverage, the performance of the underlying assets. Such products may provide for protection of the amount subscribed by the client or a portion thereof unconditionally with respect to the performance of the financial parameters to which they are indexed. From a substantive point of view, certificates can be defined as combinations of derivative strategies or of basic financial assets and derivatives, thanks to which it is possible to generate financial instruments with their own characteristics, substantially different from those of the assets from which they originate.

In general, market practice has traced certificates back to the following two main types of instruments:
- *Certificates with unconditional capital protection*: these are products that provide an unconditional guarantee of more than 50% of the capital initially invested. For accounting purposes, these instruments are considered "structured securities", given the preponderance of the guaranteed component over the variable component based on the performance of the certificate's underlying;
- *Other certificates*: these are products without any protection, with conditional protection, or with unconditional protection of the initial capital of 50% or less. For such products, the value depends exclusively or predominantly on the performance of the parameter to which it is indexed. For this reason, they are classified as "derivative financial instruments", and in particular among the options issued. For such instruments, the only permissible accounting portfolio is "*Financial liabilities held for trading*".

That said, the BPER Banca Group issues unconditionally protected capital certificates, mainly for funding purposes and classified in the accounting portfolio of "*Financial liabilities measured at fair value*". The aforementioned classification derives primarily from the reconciliation of these liabilities to the portfolios managed by the Capital Market, which, according to Group policy considering the objectives pursued and related reporting on performance, are measured at fair value. In addition, this classification makes it possible to pursue a kind of "natural hedge" with respect to derivatives stipulated in order to "balance" the risks assumed with derivatives embedded in issued liabilities.

With reference to the criteria for recognising the balance sheet and income statement components of certificates recognised under "Financial liabilities designated at fair value" and the related management hedging instruments, it is noted that:
- the profit and loss components related to the issues under review are included in the item "Net income on other financial assets and liabilities measured at fair value through profit or loss - financial assets and liabilities designated at fair value". This item also includes the valuation effects related to the measurement of fair value, resulting from changes in the market parameters to which the certificate is indexed, as well as spreads paid to customers, either periodically or at maturity. The effects attributable to changes in own creditworthiness, recognised in a specific equity reserve ("Valuation reserves") are the only exception;
- derivatives that are, in management terms, linked to financial liabilities measured at fair value are classified in the assets under "Financial assets measured at fair value through income statement : a) Financial assets held for trading" or in the liabilities under "Financial liabilities held for trading". Capital losses and valuation gains, as well as any spreads received and paid, are recognised in the Income statement under the item "Net income from trading activities".

Measurement

Subsequent to initial recognition, these liabilities continue to be measured at fair value: the methodologies used in this regard are described in the section "Information on fair value".
The accounting treatment required by IFRS 9 for such liabilities requires that changes in fair value associated with the creditworthiness of the issuer must be recognised as a contra-entry to a specific equity reserve. The standard also establishes that the amount recognised in the specific equity reserve must not be "released" to the income statement, even if the liability is settled or expires.

Derecognition

Financial liabilities measured at fair value are derecognised when they expire or are settled.
The repurchase of debt securities in issue in prior periods results in their derecognition.
The renewed placement of treasury securities subsequent to their repurchase is deemed to represent a new issue, with recognition at the new placement price, with no effect on the income statement.

Recognition of components affecting the income statement

The entire margin related to the issues under review is included in the item "*Net income on other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated at fair value*". Only the valuation effects attributable to changes in own creditworthiness are recognised as opposite entries to a specific equity reserve (Item "*Valuation reserves*").

14. Foreign currency transactions

Recognition

On initial recognition, foreign currency transactions are recorded in the reporting currency, by translating the foreign currency amounts using the exchange rates prevailing on the transaction dates.

Measurement

At each reporting date, the amounts originally denominated in a foreign currency are measured as follows:

- monetary items are translated using the closing rate for the period;
- non-monetary items carried at historical cost are translated using the exchange rate on the date of the transaction;
- non-monetary items carried at fair value are translated at the rates at the end of the reporting period.

Classification

These comprise all assets and liabilities not denominated in euro.

Derecognition

The criteria applying to the balance sheet items concerned are used. The exchange rate applying on the settlement date is used.

Recognition of components affecting the income statement

Exchange differences deriving from the settlement of monetary items or from the translation of monetary items using rates other than the initial translation rate, or the closing rate at the end of prior periods, are recorded in the income statement for the period in which they arise.
When gains or losses relating to a non-monetary item are recorded in shareholders' equity, the related exchange differences are also recorded in shareholders' equity. Conversely, when gains or losses are recorded in the income statement, the related exchange differences are also recorded in the income statement.

15. Other information

Treasury shares

Treasury shares held in the portfolio, following repurchase, are stated at purchase cost and shown with a negative sign in item "*Treasury shares*" under liabilities in the balance sheet. Profits or losses deriving from their subsequent sale are recorded as changes in shareholders' equity in the item "*Share premium reserve*" under liabilities in the balance sheet.

Leasehold improvement expenditures

These costs have been classified as "Other assets", since they cannot be recognised in item "*Property, plant and equipment*", as required by Bank of Italy instructions.

The related amortisation is recorded in the item "*Other operating expenses (income)*".

16. Income statement: Revenues

In addition to the information about the principal balance sheet items provided above in the sections on the "Recognition of components affecting the income statement", it is noted that revenue from contracts with customers is recognised, as required by IFRS 15, at an amount equal to the consideration that the BPER Banca Group is entitled to collect in exchange for the transfer of goods or services to the customer. Revenues may be recognised:

- at a specific point-in-time, when the entity fulfils the obligation to transfer the promised goods or services to the customer, or
- over time, as the entity fulfils the obligation to transfer the promised goods or services to the customer.

In this context, goods are transferred when, or over the period in which, the customer obtains control over them.

The price of the transaction is the amount of consideration that the entity is entitled to receive in exchange for the transfer to the customer of the promised goods or services, excluding any amounts collected on behalf of third parties (e.g. sales taxes). In order to determine the price of the transaction, the BPER Banca Group considers the contract terms and conditions and its normal business practices, including all the following elements to the extent applicable:
- variable consideration, if it is highly likely that the amount will not be adjusted in the future;
- restrictions on the estimates of variable consideration;
- existence in the contract of a significant financial component;
- non-monetary consideration;
- consideration payable to the customer.

The BPER Banca Group has identified types of revenue linked to services provided to customers only as regards item 40 "*Commission income*". The BPER Banca Group has not identified any significant situations in relation to:
- fees relating to various performance obligations given to customers;
- costs incurred and suspended to obtain and fulfil contracts with customers.

Other types of revenue, such as interest and dividends, are recognised applying the following criteria:
- interest on instruments measured at amortised cost is calculated using the effective interest method;
- dividends are recognised when the shareholders' right to receive payment is determined.

17. Income statement: Costs

In addition to the information about the principal balance sheet items provided above in the sections on the "*Recognition of components affecting the income statement*", costs are recognised in the income statement on an accruals basis; as already highlighted, no costs were identified for obtaining and fulfilling contracts with customers to be recognised in the income statement in a manner correlated with the related revenue.
Marginal costs and revenues directly attributable to the acquisition of an asset or issue of a financial liability measured at amortised cost are recognised in the income statement together with the interest on the financial asset or liability using the effective interest method.

18. Employee benefits

Classification

Employee benefits, excluding short-term amounts such as wages and salaries, comprise:
- post-employment benefits;
- other long-term benefits

Post-employment benefits are, in turn, divided into defined-contribution plans and defined benefit plans, depending on the nature of the benefits envisaged:
- under defined contribution plans, the employer makes fixed contributions and has no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employee benefits;
- defined benefit plans are all post-employment benefit plans other than defined contribution plans.

Pursuant to Law 296 dated 27 December 2006 (2007 Finance Law):
- the employee termination indemnities earned from 1 January 2007 are deemed to be a defined contributions plan for which no actuarial calculations are required;
- the employee termination indemnities already earned up to the date indicated above, on the other hand, continue to be treated as a defined benefits plan, even though such benefits have already been fully earned. As a consequence, the actuarial value of the liability must be restated at every accounting date subsequent to 31 December 2006.

Other long-term benefits comprise employee benefits that are not due entirely within twelve months of the end of the year in which employees accumulated their right to them.

Recognition and measurement

The value of a defined-benefit obligation is represented by the present value of the future payments necessary to settle the obligations deriving from work performed by employees in the current and prior years.

This present value is determined using the "Projected Unit Credit Method".

The employee benefits included as other long-term benefits, such as long-service bonuses that are paid on reaching a pre-determined level of seniority, are recorded for an amount determined at the reporting date using the "Projected Unit Credit Method".
Employee termination indemnities are recorded as a separate liability, while the other post-employment benefits and long-term benefits are recorded among the "Provisions for risks and charges".

Recognition of components affecting the income statement

Service costs are recorded as staff costs, together with the related accrued interest.
Actuarial gains and losses (remeasurements) relating to post-employment, defined benefit plans are recorded in shareholders' equity in the year they are identified. These actuarial gains and losses are reported in the "Consolidated statement of other comprehensive income", as required by IAS 1.
The actuarial gains and losses (remeasurements) relating to other long-term benefits are recognised in full as part of staff costs in the year in which they arise. On this last point, in 2012 the BPER Banca Group aligned itself to the guidance given by the National Institute of Actuaries in Circular 35 dated 21 December 2012, valid with effect from the measurements carried out at 31 December 2012. This document confirmed the guidelines already issued with the previous Circular dated 22 May 2012, in which it was expected that the component represented by interest cost should be calculated using the rate of the curve corresponding to the duration of the liability, instead of the 1-year rate of the same curve used up to 31 December 2011.

19. Share-based payment plans

In general, share-based payments to employees (or other equivalent parties) represent consideration for services received.
In 2019, the BPER Banca Group approved its first share-based payment plan. This plan envisages granting without charge a certain number of ordinary shares in the Parent Company to beneficiaries who are considered Material Risk Takers at Group level, without any increase in capital and therefore by using outstanding shares temporarily purchased by the Parent Company for this purpose (by contrast, no stock option plans have been activated at Group level).
In accordance with IFRS 2 - Share-based payments, the cost of employee compensation plans based on own equity instruments is recognised in the income statement with reference to their fair value on the grant date spreading the related charge over the vesting period.
Since it is difficult to measure reliably the fair value of the services received in exchange for the equity instruments, reference is made to the fair value of the latter, determined on the grant date. Based on the instructions contained in IFRS 2, this date corresponds to the moment in which the parties to the agreement become aware of its existence.
The charges relating to share-based compensation plans are recognised on an accruals basis as a cost in income statement item "*Administrative expenses: a) staff costs*", with a matching entry to equity item "*Reserves*".

Long-Term Incentive Plan – LTI of BPER Banca Group

The LTI Plan (in its two releases: "2019-2021" and "2022-2025", respectively approved at the Ordinary Shareholders' Meetings held on 17 April 2019 and 20 April 2022[20]) is a share-based incentive plan for the key personnel of the Parent Company and other Group companies.
The LTI Plan is designed to award beneficiaries an incentive that will be paid exclusively in BPER Banca ordinary shares, in compliance with the relevant regulations and consistent with the Group Business Plan.
As part of the remuneration policies adopted by the Group, the LTI Plan pursues the following objectives:
- align management's interests with the creation of long-term shareholder value;
- motivate management to achieve the objectives of the Business Plan, within a framework of healthy, prudent risk management and ESG sustainability;
- strengthen key persons' sense of belonging in order to implement the Group's medium-long term strategy;

Implementation of the Plan is subject to achieving predetermined access conditions that guarantee not only profitability, but also the Group's capital stability and liquidity.

20 The terms of the second release were subsequently amended by the Shareholders' Meeting of 5 November 2022.

The bonus recognised at the end of the performance period - the size of which also depends on the achievement of specific objectives in terms of results, stock performance and sustainability - is paid by means of a free allocation of BPER Banca ordinary shares, subject to deferral and retention clauses.
The bonus is deferred between 55% and 60%, depending on the amount recognised at the end of the three-year/four-year reference period. Deferral lasts for five years, during which the deferred portion is allocated in five annual instalments of the same amount, subject to verification of the malus conditions. Each portion that is allocated, whether up-front or deferred, is then subjected to a retention period of one year.
The LTI Plan of the BPER Banca Group is an operation with payment settled using equity instruments and, therefore, is governed by IFRS 2.
The overall cost of the plan is equal to the sum of the cost of each tranche, calculated with reference to the fair value of BPER Banca shares at the grant date (considering in each case the period until the expected vesting date), multiplied by the number of shares that may vest in relation to the performance condition, the probability of satisfying the service condition and achievement of the entry gate condition.
This cost is allocated over the vesting period of 8/9 years, starting from the date on which the parties become aware of its existence or, in the specific case of the BPER Banca plan, the date on which the individual plan beneficiaries were informed about their participation. The cost of the services (work) provided by the employees/recipients only includes the costs associated with the LTI Plan from that date. The costs recognised are matched by a specific equity reserve.

20. Targeted Longer-Term Refinancing Operation – TLTRO-III

Generally speaking, Targeted Longer-Term Refinancing Operations (TLTRO) have since their introduction offered banks in the Eurozone loans with multi-year maturities designed to improve the functioning of the monetary policy transmission mechanism, supporting the provision of bank credit to the real economy.
In March 2019 the Governing Council of the ECB announced a third series of Targeted Longer-Term Refinancing Operations TLTRO-III) to be carried out quarterly from September 2019 to December 2021.
In connection with the Covid-19 emergency, the Governing Council had introduced more favourable conditions for these transactions until June 2022.
Lastly, on 27 October 2022, the Governing Council of the ECB decided to adopt monetary policy measures aimed at quickly returning inflation to the ECB's 2% medium-term target. As part of said set of measures, the Governing Council established that, effective from 23 November 2022 and until the maturity date or the date of early reimbursement of each transaction in place, the interest rate applied to each transaction in place is indexed to the average reference interest rates of the ECB applicable to said period.

Based on the guidance provided by the ECB Governing Council over time, the characteristics of the TLTRO-III operations are considered to be such that it is impossible to equate them easily to cases specifically dealt with in IAS/IFRS; to identify the accounting treatment of the following situations in particular:
- change in the estimates of achievement of the objectives;
- recording of economic effects, "special interests" in particular,
- management of early repayments

it is thought that reference can be made by analogy to "IAS 20 - Accounting for government grants and disclosure of public assistance" or to "IFRS 9 - Financial instruments".

The choice made by the BPER Banca Group in accounting for such transactions is to refer to IFRS 9, given that the funding to which banks have access through the ECB's TLTRO is at market conditions. In our opinion, in fact, the ECB rates can be considered as "market rates" since it is the ECB itself that establishes the level, keeping this level in line with the lending objectives to be achieved (monetary policy operations). The ECB also has the power to change the TLTRO III interest rate at any time. This right of modification by the ECB has to be traced back to what is indicated in para. B.5 4.5 of IFRS 9 (floating rate loans), resulting in a change in the Internal Rate of Return (IRR) of the loan to reflect changes in the benchmark rate. On the other hand, the situation is different where the lending rate gets changed because of a modification of the forecasts of whether the benchmark will be reached in terms of net lending; in this situation, with the same IRR, a modification in the future flows can only lead to a change of the loan at amortised cost[21].

21 This accounting choice is consistent with the Public Statement issued by ESMA on 6 January 2021 dedicated to "[…] the third series of the ECB's Targeted Longer-Term Refinancing Operations (TLTRO III)".

21. Purchase of tax credits originated from benefits mentioned in the "Cura Italia" and "Rilancio" Decree Laws (the so-called "Ecobonus" and "Sismabonus")

In order to counter the negative economic effects of the spread of the Covid-19 pandemic, by Law no. 77 of 17 July 2020 converting, with amendments, Decree-Law no. 34 of 19 May 2020 (the so-called "Relaunch" Decree) containing urgent measures in the field of health, support for work and the economy, Parliament issued a series of measures which, among other things, make it possible under certain conditions to benefit from a deduction of the expenses incurred for specific interventions (e.g. interventions to increase the level of energy efficiency of existing buildings or reduce their seismic risk can attract a deduction of 110% of the costs incurred). The law also introduced the possibility for taxpayers to opt, instead of using the deduction directly, for an advance contribution in the form of a discount from the suppliers of goods or services "invoice discount") or, alternatively, for the assignment of the credit corresponding to the deduction due to other entities, including therein credit institutions and other financial intermediaries. The Italian Government further ruled on the subject by issuing Decree Law no. 50/2022 "Decreto Aiuti" - Aid Decree) primarily by restructuring the target of potential of re-assignees.
As part of its commercial policies, the BPER Banca Group has decided to operate as an assignee of tax credits to its customers. The transferee bank may in turn use these credits to offset tax payments through the F24 form or, alternatively, transfer these credits to other parties. The tax credit must be used with the same breakdown into annual instalments with which the deduction would have been used by the seller (for example in five annual instalments of the same amount). The portion of the tax credit not used during the year cannot be used in subsequent years and cannot be requested as a refund.

As regards the responsibilities as to the existence of the credit, the law provides that:
- suppliers and buyers of credits are liable only for any use of the tax credit that is irregular or for a larger amount than the tax credit received;
- if the Revenue Agency finds out that one does not have all or some of the requisites that give the right to a tax deduction, it will recover the amount of the deduction not due from those to whom the bonus was granted (i.e. the seller). In addition, Decree Law no. 11 of 17 February 2023, amending article 121 of Decree Law 34/2020, established that the liability of the assignee is limited solely to cases of wilful misconduct if it demonstrates that it has acquired the credit and is in possession of the series of documents listed in the decree. The exemption of liability also applies to entities that acquire the credits from banks, following the certification of possession of the documentation.

With reference to the accounting treatment to be adopted in the financial statements of the buying bank, since the case in question is not subject to clear instructions in the IAS/IFRS, in application of the provisions of IAS 8, paras. 10 and 11, various possible scenarios were assessed concerning the applicability of the following international accounting standards by analogy:
- IAS 20 "Accounting for government grants and disclosure of government assistance";
- IAS 12 "Income Taxes";
- IAS 38 "Intangible Assets";
- IFRS 9 "Financial Instruments".

The choice made by the BPER Banca Group is to refer by analogy to the indications of IFRS 9, considering that these tax credits are in essence financial assets, as they can be:
- used to pay off a debt (e.g. a tax debt);
- incorporated in a HTC business model, or with a hold-to-maturity strategy for offsetting, if acquired within the limits of its tax capacity;
- incorporated in a HTC&S business model, or according to a mixed strategy of holding and/or sale by the date of offsetting, if the technical/business conditions are satisfied;
- incorporated in a trading business model when already in excess of its tax capacity at the purchase date;
- classified in item "Other assets".

Furthermore, the tax credits are bought by the bank at a price that discounts both the time value of money and the ability to use/sell them within a certain time limit. So at the time of initial recognition the tax credit is recognised at the price of the individual transaction – equating it to the fair value of a Level 3 instrument, as there are no official markets or comparable transactions – and thereby allowing to satisfy the condition set by IFRS 9 according to which financial assets and liabilities are to be initially recognised at fair value.
The subsequent valuation (measurement) of said assets, always in accordance with the guidelines of IFRS 9, is carried out:
- at amortised cost, if classified as HTC;
- at fair value through other comprehensive income, if classified as HTC&S;
- at fair value through profit or loss, if classified in the trading portfolio.

The amortised cost is defined considering: i) the time value of money; ii) the use of a correct effective interest rate; and iii) the uses made of the tax credit through offsets. The effective interest rate is originally set so that the discounted cash flows of the estimated future offsets over the expected duration of the tax credit equal the purchase price of the tax credits.
In relation to the determination of fair value, owing to the unique nature of these instruments, fair value fluctuations are linked to changes in market interest rates with respect to the internal rate characterising the individual transaction.
In addition, if the Bank were to revise its estimates of the use of the tax credit through offsets, it would have to adjust the gross carrying amount of the tax credit to reflect the estimated, actual and restated uses of the tax credit through offsets. In such situations, as part of the HTC business model, the Bank would recalculate the gross carrying amount of the tax credit as the present value of the new estimated uses of the tax credit through offsets discounted back to the original effective interest rate. In this restatement, taking into account that there is no chance of reimbursement by the counterparty (i.e. the Treasury), an impairment loss due to any failure to use the tax credits bought would be included. Within the trading BM, the revision of its recoverability estimates would be reversed directly in the fair value measurement of the instruments.

Considering the operations arranged by the BPER Banca Group, it is believed that the risk of losses/a negative change in the fair value resulting from the non-use as offsetting is unlikely given that, with reference to the HTC business model, the balances acquired are consistent with the Group's overall tax capacity (constantly monitored); in relation to the trading portfolio (and, if applicable, in the case in which the technical/business conditions apply, in relation to the HTC&S portfolio), in respect of the credits acquired, assignment agreements are gradually stipulated with counterparties identified from the Group's corporate customers, with the objective of ensuring the recoverability of the credit booked under assets.

Moreover, as part of the remeasurement at amortised cost, not finding a counterparty credit risk as realising the instrument takes place exclusively through offsetting against tax liabilities and not by receiving money from the counterparty, the IFRS 9 rules on Expected Credit Losses are not applicable.

22. Macro Fair Value Hedge on Demand (PAV) items

Within the BPER Banca Group, the macro fair value hedge regime is currently applied to hedge the interest rate risk inherent in formally sight funding items.

Macro Fair Value Hedge on Demand (PAV) items

The macro fair value hedge regime is applied to an extent limited to the portion of such items with "inelastic core" funding characteristics, i.e. those that are substantially characterised by a tendentially fixed cost and a stable duration over time, according to the results of the behavioural model adopted by the Group.

"Inelastic core" funding is therefore assimilated to a portfolio of fixed-rate deposit liabilities, each with a rate of return equal to the fixed market rate relative to its maturity. More specifically, the elaborated model is constructed as a series of monthly fixed-rate deposits with different maturities and periodic interest payments. Liabilities identified as fixed-rate by the behavioural model are therefore considered hedged items and are subject to macro fair value hedges for accounting purposes.

Any change in the amounts identified by the behavioural model with these characteristics, resulting from the periodic updating of the estimates themselves (either in relation to the parameters used by the behavioural model, or in relation to the decrease in the amount of funding), does not give rise to ineffectiveness in the relationship until the amount of funding included in the bucket reaches the minimum level hedged (a decrease exceeding the amount of unhedged funding). In such a case, the withdrawal of part of the hedge constitutes voluntary discontinuing.

23. Method for determining the extent of impairment[22]

A. Financial assets

Impairment models

The calculation of adjustments of financial assets according to the Expected Credit Losses (ECL model envisaged by IFRS 9 is the result of a complex process of estimates that includes numerous subjective variables regarding the criteria used to identify a significant increase in credit risk, for the purpose of allocating financial assets to the stages provided for in the Standard; it also involves defining models for measuring expected losses, with the use of assumptions and parameters, which take into account current and future (or "forward-looking") macroeconomic and environmental information (physical and transition risks) including, for non-performing exposures, possible sale scenarios where the Bank's strategy envisages recovery of the loans by selling them.

22 As required by document No. 2 issued with joint signature by the Bank of Italy, CONSOB and ISVAP (now IVASS) on 6 February 2009.

In accordance with the instructions contained in the standard, the impairment model adopted by the BPER Banca Group is based on the concept of "forward-looking" evaluation, i.e. on the concept of expected loss, whether calculated for the next 12 months (Stage 1) or for the residual life of the instrument (Stage 2 and Stage 3), based on the concept of a Significant Increase in Credit Risk (SICR) with respect to the date of origin of the instrument. According to the Expected Credit Loss model, the losses must be recorded not only on the basis of objective evidence of impairment losses already manifest as of the reporting date, but also on the basis of the expectation of future losses in value not yet manifest as of the reporting date, and must reflect:

- the probability of occurrence of the various system scenarios;
- the discounting effect using the effective interest rate;
- historical experiences and current and future assessments.

To this end, the BPER Banca Group has adopted a model for calculating the expected lifetime loss of the financial instrument, applied to instruments classified in Stage 2, which takes into consideration the following multi-period parameters:

$$LtEL_t = \sum_{t=1}^{T} PDF_t x\ LGD_t\ x\ EaD_t\ x\ D_t$$

where:

- PDF_t is the Probability of Default between 1 and t;
- LGD_t is the Loss Given Default at a forward default event between 1 and t;
- EaD_t is the Exposure at Default at time t;
- D_t is the discounting factor for the expected loss at time t, up to the current reporting date, determined using the effective interest rate;
- T is the contract maturity date.

The calculation parameters contained in the Lifetime Expected Loss formula, as they are multi-period, they evolve over time, or in the time frame coinciding with the expected life of the exposure that must be evaluated. In particular, the criteria adopted by the BPER Group envisage that:

- the EaD evolves in accordance with the amortisation plans, if they exist, and with the contractual repayment plans in general, possibly amended by "behavioural" hypotheses (e.g. loans with pre-payment options);
- the PD and LGD parameters evolve as a result of the changes in the credit quality observed over time and represented, as for PD, by the transition or migration matrices (e.g. migrations between rating classes).

The calculation of the expected 12-month loss (applied to instruments classified in Stage 1) can therefore be considered as the sum of expected multi-period losses for the first prospective year, or less if the deadline is within 12 months, of the Lifetime Expected Loss:

$$EL = EaD\ x\ LGD\ x\ PD\ x\ D$$

where:

- EaD is Exposure at Default,
- LGD is the Loss Given Default,
- PD is the 12-month Probability of Default,
- D is the discounting factor for the expected loss, discounted for 12 months from the first period subsequent to the reporting date.

Lastly, for loans already classified in Stage 3 whose amount is lower than the threshold set in the Group's internal regulations for analytical assessment, a statistical write-down is applied using the following formula:

$$LtEL_t = EaD\ x\ LGD$$

where:

- EaD is Exposure at Default;
- LGD is the loss resulting from a default event, which can differ according to the administrative status at the calculation date.

For the purposes of a homogeneous application of the impairment model described to the financial asset portfolios of the BPER Group, the same methods of calculating the value adjustments described above are applied, in addition to the on- and off-balance sheet scope of the loans, also to the portfolio of debt securities. With regard to the latter portfolio, it should be noted that, where the risk information deriving from internal models (PD and LGD) is missing, external information from qualified info providers was used.

The Expected Credit Loss (ECL) model adopted by the BPER Banca Group is based on the use of risk parameters estimated for regulatory purposes (disclosure of which is given in the relevant internal regulations and in Part E of the Explanatory Notes, to which reference should be made), appropriately amended to guarantee full consistency with the requirements of IFRS 9. The main changes concerned the following aspects:

- introduction of "point-in-time" elements in the regulatory parameters estimated according to "through-the-cycle" logic;
- implementation of components based on forecast information (scenario analysis);
- extension of the time horizon (multi-year) of the credit risk parameters.

Estimate of the PD parameter

The Probability of Default (PD) represents the probability that the individual debtor (or pool of debtors) will go into default.
The introduction of a Lifetime Expected Loss model implies the need to estimate the probability of default not only in the twelve months following the reporting date, but also in subsequent years.
For this purpose, multi-year PD dynamics accumulated by rating class were defined for each model of the internal rating system based on the product among the matrices of Point-In-Time (PIT) migrations conditioned to the expected economic cycle in the first three years and among the matrices of Through-The-Cycle (TTC) migrations conditioned to the "Current Policy" climate scenario from the fourth year onwards.
More specifically, the cumulative PD curves are determined, for the first three years from the reporting date, by multiplying future PIT matrices derived from the conditioning of PIT matrices, according to the application of satellite models, to different weighted macroeconomic scenarios with the relative probabilities of occurrence. From the fourth year onwards, climate elements are also introduced through the introduction of the "Current Policy"[23] climate scenario, which envisaged an inertial behaviour of the economic system with respect to the energy transition and a temperature rise well above the limits agreed in Paris. Due to its characteristics, the scenario adopted is the most conservative of those available from the infoprovider. Consequently, the TTC ESG matrices obtained by conditioning the long-term TTC matrices (obtained as an average of the historical PIT migration matrices) to the "Current Policy" scenario according to the application of the same satellite models applied in the first three years are used.
The ordinary "satellite models", used to link risk parameters to the evolution of macroeconomic variables, have been supplemented by some prudential elements in the estimates which, if activated, generate more conservative default rate forecasts. These include:

- "trend" adjustment, which is an econometric mechanism to reduce the sharp decline in default rates in recent years so that the long-term component of the time series is given more weight in forecasts;
- sectoral adjustments, which aim to quantify an adjustment for the economic activities most affected by measures reducing people circulation, so as to incorporate a more conservative profile in the default rate projections.

The introduction of these prudential elements is, moreover, optional, as a operational management choice made by the BPER Banca Group depending on the observed evolution of the macroeconomic context and the consequent perceived risk of the loan portfolio.

Estimate of the LGD parameter

Loss Given Default (LGD) is the percentage of loss incurred by the Bank in the event of a debtor default.
The need to implement a long-term approach, also through the inclusion of "forward looking" factors has involved the removal of the corrective components required for regulatory purposes ("downturn", indirect costs and margins of conservatism) and conditioning to the expected economic cycle to obtain point-in-time and forward-looking parameters by using satellite models. In particular, the conditioned components requiring specific satellite models include the probability of migration to bad loan status and the loss given default of bad loans.

Estimate of the EAD parameter

Exposure at Default (EAD) is the expected exposure value in the event of a counterparty default. EAD is one of the factors required for the entire credit risk measurement process and its quantification is required not only for Basel II purposes and the calculation of the RWA IRB, but also for accounting purposes in order to determine collective provisions in accordance with the International Financial Reporting Standard IFRS 9.

23 The climate scenarios represent a readjustment of the official scenarios released by NGFS (Network for Greening the Financial System) in the light of the latest historical data available in the Forecast Report prepared by the provider used by BPER Banca, with the aim of reflecting the trends outlined by the NGFS into the current macroeconomic context.

The concept of exposure (EAD) considered in the various future payment moments foreseen in the amortisation plan is based on the residual debt, increased by any unpaid or overdue instalments.
With reference to off-balance sheet exposures (guarantees and margins), EAD is determined by applying a credit conversion factor (CCF) to the nominal value of the exposure.

Multi-scenario approaches used for estimating ECL:

a) Macroeconomic scenarios and forward-looking factors

As required by IFRS 9, the BPER Banca Group's impairment model is reflected in the risk parameters used to calculate the ECL (and the stage assignment explained below):
- current conditions in the economic cycle (Point-in-Time risk measures);
- forward-looking information about risks, considering the dynamics of the (external) macroeconomic factors that affect the lifetime expected loss;
- the probability that three possible scenarios might occur (Probability weighted).

Therefore, all the risk parameters (with the exception of Exposure At Default, for which the econometric conditioning model was not applied due to the volatility of the parameter, in favour of stability) are conditioned by macroeconomic scenarios.
With reference to the multiple prospective scenarios similar to those used to estimate the ECL, the BPER Banca Group has decided to use the same scenarios used by the Bank's main processes such as Planning and Budget, Risk Appetite Framework (RAF) and Lending Policies, limiting the forward-looking time horizon to a maximum of 3 years following the date of each assessment.

b) Application of the disposal scenario for non-performing loans

Paragraph B5.5.41 of IFRS 9 states that the purpose of estimating expected credit losses is neither to estimate the worst-case scenario nor to estimate the best-case scenario. Instead, an estimate of expected credit losses must shall always reflect the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the most likely outcome is no credit loss.
As described in the ITG "Inclusion of cash flows expected from the sale on default of loans" from the staff of the IFRS Foundation and in the "Guidelines for banks on non-performing loans (NPL)" published by the ECB in March 2017 to encourage their proactive management, the BPER Banca Group has included forward-looking factors in the assessment of non-performing loans (classified in particular as bad and UTP loans) by forecasting recoveries on a multi-scenario basis. More specifically, in line with the current processes of recovery of non-performing assets, which envisage their realisation also through sale on the market, the impairment model has integrated a sale scenario (so-called "Disposal Scenario), in line with what is defined in the Group's NPE Strategy plans for the management and reduction of the non-performing portfolio, as a possible method of recovering exposures, as an alternative to internal recovery ("Workout Scenario").
When envisaged and possible, loans classified in Stage 3 are therefore measured by weighting their estimated realisable value determined under the two possible scenarios ("workout" and "disposal") by applying a probability of occurrence to each. To this end, the BPER Banca Group has adopted a model for calculating the multi-scenario net value of impaired financial assets, which considers the following parameters:

$$NBV_{Multiscenario} = \textit{FMV} \times \textit{Disposal Scenario}\ \% + NBV_{Workout} \times (1 - \textit{Disposal Scenario}\ \%)$$

where:
- FMV is the best estimate of the "disposal" price;
- $NBV_{Workout}$ is the net book value of the loan according to internal management logic ("workout");
- Disposal Scenario% is the probability of occurrence of the disposal scenario;
- (1 – Disposal Scenario %) is the probability of occurrence of the workout scenario.

This methodology for measuring Stage 3 exposures provides the best representation of possible recoveries from, on the one hand, the application of routine internal procedures and, on the other, market disposals in implementation of the specific strategies (NPE Strategy) and targets that the Group has committed to achieving in communications with the Financial Community.
The measurement process therefore retains unchanged the methodology for identifying recoverable value under the workout scenario, but is supplemented by an assessment based on market parameters under the disposal scenario. The two measurement processes are carried out in parallel and their results are summarised by determining a weighted average based on the relative probabilities of occurrence.

The resulting impairment model requires the parameters used for both scenarios to be updated constantly. Specifically with regard to the workout scenario, the internal assessment of the recoverability of the exposure is revised constantly,based on the strategies/rescheduling/recovery actions implemented in application of a methodology that is both customised and "expert"; with reference to the disposal scenario, the FMV is updated regularly (every quarter) with reference to the information available about disposal conditions until the selling prices are matched by a "welcome" binding offer from a potential purchaser (probability of disposal close to 100%). The best estimate of the disposal price of the individual positions is determined by

considering, where available, the potential market value of the portfolio concerned and, where unavailable, the likely disposal value of each position under a mark-to-model approach.
The probability of disposal is determined by taking into account the expected timing of the disposal, the type of transaction contemplated and the characteristics (also in terms of expected classification at the time of disposal) of the exposures identified for disposal.
The probabilities associated with the workout and disposal scenarios for each position are not fixed over time, but in turn are subject to amendments and changes due, principally, to conditions in the NPE market and cumulative achievement of the objectives established in the current Group NPE Strategy. Dynamic management of the Group's non-performing portfolio in fact requires the addition of new positions and the exclusion of others initially identified for disposal, depending on the interest of operators in the NPE market and the internal assessments carried out by Group management; these circumstances must be recognised as entirely physiological and unavoidable in such a dynamic context, with accounting consequences in terms of loan impairment losses and write-backs.
Notably, during the time dedicated to the selection of disposal opportunities and completion of the operation, the positions concerned are still managed in accordance with the normal workout procedures that, understandably, often result in resolution of the problem before the positions are actually sold. It follows that the ideal disposal perimeter identified originally must be updated constantly, in terms of quality, quantity and provisions, to keep it aligned with the objectives established in the NPE Strategy.

Criteria for the classification of financial instruments in Stages

The Stage Assignment Framework adopted by the BPER Banca Group establishes the requirements for classifying financial instruments with reference to the actual "deterioration" of credit risk, consistent with the requirements of IFRS 9, applying an approach that is consistent among the various portfolios and within the Banking Group. This classification in stages of increasing risk is determined using all the significant information contained in Group processes, as supported where applicable by updates and the credit monitoring processes.
Specifically, financial assets are classified into three stages of risk, each of which applies a different method to calculate the related impairment adjustments, while consistently applying the "Expected Loss" or "Expected Credit Losses" (ECL) concept:

- Stage 1: includes all performing loans (originated or acquired) for which there is no "significant increase in credit risk" (SICR) since initial recognition; impairments are equal to the expected losses that could occur if a default occurs in the next 12 months (12-month ECL);
- Stage 2: comprises all performing loans with a "SICR" since initial recognition; the impairment adjustments reflect the expected losses that might arise on default at any time in the life of the financial instrument (lifetime ECL);
- Stage 3: comprises all accounts in default at the reporting date, the impairment adjustments for which consider the lifetime ECL.

In particular, regarding the classification of loans in Stage 2, it is essential to identify correctly the SICR criteria used in the stage assignment process. For this purpose, the BPER Banca Group has structured a framework designed to identify the increase in credit risk before the credit lines granted show clear signs of impending default.
While the distinction between performing and non-performing is made at counterparty level, classification into stages of risk is carried out at account level. In order to distinguish loans within the performing portfolio that do not show SICR (Stage 1) from those that do (Stage 2), the BPER Banca Group has decided to use all the following available significant factors as criteria for the analysis of credit quality:

- relative quantitative criteria, reflected in the internal thresholds of change between the PD identified on originating the contractual relationship and the PD at the measurement date, that identify a significant increase in credit risk if exceeded. In this context, an estimation framework is in use to identify the changes in PD and related thresholds, which makes reference to the Lifetime PD curves, containing forward-looking information derived from the application of the reference macroeconomic scenario in the first three years and information derived from the application of the "Current Policy" climate scenario from the fourth year onwards. The SICR thresholds, with the quantitative criterion being triggered if breached, are differentiated by counterparty risk segment, residual maturity cluster of the financial instrument and source rating class.

The table below offers a summary view of the granularity of definition of the relevant "lifetime PD delta" thresholds for SICR, i.e. the internal thresholds of change between the PD identified on originating the contractual relationship and the PD at the measurement date and used by the Group:

Rating class at origination	PD Model segment IFRS9	Residual maturity cluster
From 1 to 9 years	Large Corporate	<= 2 years
		<= 5 years
		> 5 years
	Holding	<= 3 years
		<= 8 years
		> 8 years
From 1 to 13 years	SMEs Corporate	<= 16 years
		> 16 years
	Real Estate - Multi-annual SMEs Centre South Islands	<= 2 years
		<= 5 years
		<= 10 years
		> 10 years
	Real Estate - Multi-annual SMEs North	<= 5 years
		<= 9 years
		<= 10 years
		> 10 years
	Retail SMEs - Centre South Islands	<= 3 years
		<= 4 years
		<= 5 years
		<= 9 years
		> 9 years
	Retail SMEs - North	<= 4 years
		<= 8 years
		<= 13 years
		> 13 years
	Private individuals - Centre South Islands	<= 3 years
		<= 4 years
		<= 5 years
		<= 7 years
		<= 16 years
		> 16 years
	Private individuals - North	<= 3 years
		<= 4 years
		<= 5 years
		<= 6 years
		<= 7 years
		<= 13 years
		<= 16 years
		> 16 years
	Small Business Operators	<= 5 years
		> 5 years
	Financial corporations	<= 5 years
		> 5 years

- absolute qualitative criteria that, via the identification of a risk threshold, identify the transactions to be classified in Stage 2 based on the specific risk information available. This category includes the adverse events impacting credit risk that are identified by the Early Warning credit performance monitoring system ("watchlist"). In order to avoid overlapping, some qualitative counterparty information has not been included among the staging criteria, as it is already considered in the rating models;
- backstop indicators, including:
  - the presence of exposures with a significant past due balance for more than 30 days;
  - the presence of a regulatory probation period of 24 months for forbearance measures;
  - the absence of a rating or the presence of a default status at the credit origination date;
  - the presence of exposures with a rating class at the reporting date that is considered "high risk";
  - the presence of a threefold increase in PD lifetime at the reporting date compared to PD lifetime at origin ("Threefold increase").

The BPER Banca Group has not made provision, to date, for the possibility of manually overriding the classification obtained from applying the staging rules described.

For a homogeneous application of the impairment model between portfolios of the BPER Banca Group, the classification criteria in stages for the portfolio of debt securities were taken, where possible, from the staging logic applied to the loan portfolio. Specifically, the BPER Banca Group has defined a staging model for debt securities based on the following criteria:
- management of an "inventory" of debit securities for staging purposes, applying the FIFO method to relieve sold tranches from the portfolio;
- model for identifying significant increases in credit risk, in order to classify debt securities in Stage 1 or Stage 2, based on the following criteria:
  - primary use of the internal rating model and, if unavailable, reference to an external rating agency;
  - determination of the rating downgrade threshold based on a comparison of rating classes at origination with rating classes at the measurement date (notching between rating classes);
- classification in Stage 3 of all debt securities in default at the reporting date, applying the definition of default contained in the ISDA document entitled "Credit Derivatives Definition" of 2003.

The standard also envisages the possible use of a practical expedient, intended to reduce the implementation burden for transactions that, at the measurement date, have a low credit risk and can be classified in Stage 1 without first carrying out the SICR test. The standard considers an asset to have a low credit risk if the debtor is well able to meet the short-term cash flow requirements deriving from its contractual obligations and adverse changes in the long-term economic situation might reduce that ability, but not necessarily.
The BPER Banca Group has however decided not to adopt this practical expedient.
Should the conditions giving rise to the SICR cease to apply at a subsequent measurement date, the financial instrument is once again measured with reference to the 12-month ECL, which might result in a write-back to the income statement.
It should be noted, however, that in the event of reclassification of a loan from non-performing (Stage 3) to performing, the BPER Banca Group does not deem necessary a forced classification in Stage 2 with the application of a Lifetime ECL, since no probation period has been set for the return from Stage 3 to Stage 1. In this case, the stage assignment approach mentioned previously will be valid. In line with this approach and with the regulatory requirements, also in the event of a return from Stage 2 to Stage 1, probation periods are not envisaged as the combination of the various SICR rules implemented already permits an adequate level of prudence in the case of a return to Stage 1.
The only exception to this concerns the application of the regulations on "forborne exposures", for which the Group expects that the official rating valid on the day the forborne attribute is activated may not be changed before twelve months have elapsed.

Risks and uncertainties inherent in the current macroeconomic environment - Management Overlays applied in the assessment of credit risk

As highlighted in the comments in the Directors' Report on the management of the Group[24], the general and sectoral macroeconomic scenario are still affected by significant uncertainty caused by geopolitical tensions, which have spread to the Middle East following the outbreak of the Russia-Ukraine conflict and the international sanctions that followed; there is also a growing international awareness of climate risk and the measures being taken to address it. The context is, moreover, affected by the persistence of the inflationary pressure and the subsequent increase in market interest rates. As a direct manifestation of the aforementioned climate risk, account has also been taken of the recent extreme atmospheric event (flood) which hit Emilia-Romagna and some surrounding regions in May 2023 and the subsequent difficulty faced by the BPER Group, highly exposed in said areas, in conducting a complete assessment of the repercussions on borrowing customers, also in light of the Government intervention to support local business initiatives.

24 Please refer to Chapter 6 - "Main risks and uncertainties" of the Directors' Report on Group Operations.

Said elevated uncertainty prompts the BPER Group to continuously control and monitor, in particular, credit risk and the related balance sheet assessments.
In this regard, even in 2023 the Parent Company carried out dedicated analyses, aimed at identifying the best methods of intervention on the credit risk measurement and forecasting systems, later aligning them with the prevailing context and trying to avoid being excessively pro-cyclical in the definition of collective provisions, as indicated by the Regulators (among others especially ESMA and the ECB).

An explanation is provided below of the method of application of the Management Overlays as 'correction factors' applied to the ECL, already introduced in the previous paragraph "Uncertainties in the use of estimates" in Section 2.

As part of the application of the ECL model used by the BPER Banca Group in preparing the consolidated financial statements as at 31 December 2023, as regards the macroeconomic scenarios adopted at Group level, reference was made to the up-to-date forecasts made available by the specialised infoprovider usually consulted by the Group and customised according to the guidelines of the BPER's Market Study and Research office, which duly make it so that the forecasts of the economic, financial and physical variables include the repercussions at national and sectoral level of the new macro-economic context, including the Russian-Ukrainian conflict, inflationary pressure and climate change.

In order to exclude pro-cyclical effects, a number of "top-down" adjustments have been applied, including:
- the "expert" attribution of the probability of occurrence of the macroeconomic scenarios considered by the model (so-called "multi-scenario") of ECL, in particular by intervening on the choice of the adverse scenario considered (so-called "extreme adverse" scenario as the most pessimistic macroeconomic scenario, formulated by the provider used by BPER Banca and customised by BPER according to the guidelines of its Market Study and Research office), and increasing the relative probability of occurrence to 50% (same approach as adopted for the period ending 31 December 2022). The probability of occurrence of the "baseline" scenario was also set at 50% (same approach as adopted for the period ending 31 December 2022), leading to the absence of impact of the remaining "best" scenario - probability of occurrence equal to 0% (same approach as adopted for the period ending 31 December 2022);
- the application of a prudential correction factor to the ECL, downstream of the model's results, which pays special attention to the "high-risk" economic sectors, in order to take account of the probability of the customer encountering financial difficulties, also considering fears of negative effects on the economy stemming from the explosion of energy costs and raw materials, as well as the correlated increase in inflation; the latter also fuelled by the ongoing conflict between Russia and Ukraine. Similarly, the adjusting provisions of direct exposures to banks resident in Russia were booked to the same overlay;
- The application of an "expert" and prudential correction factor to take account of the recent weather event (flood) that hit Emilia-Romagna and some other regions in May 2023 in order to take account of the probability that customers resident in or with businesses operating in the areas hit hardest may run into financial difficulties.

The "top down" overlays described above, aimed at including in the Group's ECL calculation model specific safeguards against the still widespread market uncertainty, were applied to the results of the Group's ECL 'standard' model which, even in 2023, underwent some additional parameter finetuning (mainly PD and LGD thresholds), described in greater detail in previous paragraphs, as in Part E, Section 2, para. 1.1 Credit Risk of these Explanatory Notes.
Among these, we highlight the inclusion in the model used to determine the PD parameter of the correction for climate risk, which was previously managed in the Management overlay through the introduction of the "Current Policy" climate scenario from the fourth year after the reporting date, as described in the previous paragraphs. The introduction of an in-model adjustment for climate risk resulted in an increase in adjustments of approximately Euro 25 million compared to those previously made by the overlay (which is no longer applied).

As at 31 December 2023, the BPER Banca Group did not apply any "collective assessment" adjustments to the results of its analytical SICR model.

B. Purchased or Originated Credit Impaired (POCI) financial assets

If a credit exposure (including those acquired through business combinations) classified at the time of initial recognition in the balance sheet item "Financial assets measured at fair value through other comprehensive income" or in item "Financial assets measured at amortised cost" becomes impaired, it is identified as "Purchased or Originated Credit Impaired - POCI".
By convention, POCI financial assets are classified in Stage 3 on initial recognition.

Should these assets become performing, following an improvement in the creditworthiness of the counterparty, they are reclassified to Stage 2.
They can never be classified in Stage 1, as the expected credit loss must always be calculated over the residual duration.
In addition to what was said above, the BPER Banca Group identifies as POCI financial assets any credit exposures originating from the restructuring of impaired exposures that resulted in the granting of significant new funds.

C. Intangible assets with an indefinite useful life

As regards testing goodwill for impairment, when preparing the financial report, the Group carries out specific impairment tests on an annual basis as required by the accounting standards, normally at 31 December of each year, unless there have been changes or there are completely new situations that are likely to have had a material impact on the carrying amounts of assets and on the assumptions used the previous time the assets were measured (particularly the assumptions used to calculate the discount rate (Ke) and profit forecast (budget and business plans) of the Companies or CGUs whose goodwill is to be tested, i.e. subsidiaries and associates).
Para. 9 of IAS 36 requires an assessment to be made on each accounting reference date about whether or not an asset may be impaired; in addition, paras. 12 to 14 of IAS 36 describe certain situations that might be evidence of impairment.
In the case of goodwill, the cash generating unit (CGU) to which it has been allocated is tested for impairment. Any reduction in the value of goodwill is based on the difference between the recoverable amount of the CGU and its carrying amount if the latter is higher, up to the amount of goodwill on the books. The recoverable amount is the higher of the cash-generating unit's fair value, net of any selling costs, or its related value in use. The difference between the book value and the value in use is recognised in the income statement as "Net adjustments to intangible assets".

D. Equity investments

The Bank's equity investments are also subjected to impairment testing. In particular, the impairment test is carried out on an annual basis as required by the accounting standards, normally as at 31 December each year, unless there are changes or situations of discontinuity of particular importance with respect to the values and assumptions taken as a point of reference in the previous test; if specific impairment triggers are identified, the recoverable amount shall be determined, represented by the higher of the asset's fair value less costs of disposal and its value in use. These valuations are conducted in accordance with best market valuation practices (such as mainly income/financial valuation methods and, only residually, equity methods).

E. Property, plant, equipment and intangible assets with a finite useful life

Property, plant, equipment and intangible assets with a finite useful life, with the exception of properties held for investment purposes, are subjected to impairment testing if there is evidence that their carrying amounts may no longer be recoverable. The recoverable amount is determined with reference to the fair value of the property, plant and equipment or intangible asset, less costs of disposal, or to its value in use if this can be determined and exceeds fair value.
With regard to property, plant and equipment consisting in Property used in operations (IAS 16), paragraph 5 of IAS 36[25] applied by the BPER Banca Group leads to the conclusion that the only difference between an asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset. Two options are therefore possible:

- If the disposal costs are negligible, the recoverable amount of the revalued asset is necessarily close to its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired;
- If the disposal costs are not negligible, the fair value less costs of disposal of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired.

If there is an indication that the remaining useful life of property may need to be significantly reviewed, this may also be relevant for the recognition of an impairment.
In relation to the methods for determining the fair value, please refer to the following paragraph "Information on fair value".

As with property owned by the Bank, the right-of-use assets recognised in relation to leased buildings used in operations (IFRS 16) are also subjected to periodic impairment tests that consider their expected use (decisions to close branches and related contract amendments already carried out) and suitable market indications regarding the costs to be incurred in order to rent them out.

25 Pursuant to para. 5 of IAS 36, impairment tests apply to assets that are carried at revalued amount in accordance with other IFRSs, such as the revaluation model in IAS 16 (i.e. fair value at the date of the revaluation less any subsequent accumulated depreciation).

24. Business combinations: purchase price allocation

Introduction

The following description covers the general process required by IFRS 3 for the recognition of business combinations, being transactions or other events in which a company acquires control over one or more business activities and expects to consolidate the assets, liabilities and contingent liabilities acquired at their respective fair values, including any identifiable intangible assets not already recorded in the financial statements of the acquired business.
According to IFRS 3[26], a specific analysis to identify the characteristics of "Company's Business", has to be carried out with respect to the acquired entity, in order to identify a business combination to be accounted for according to the Acquisition Method.
The BPER Banca Group then proceeds with a qualitative analysis of the characteristics of the assets acquired in order to verify the simultaneous presence of i. Factors of production, ii. Processes, iii. Production as defined in IFRS 3, in particular with respect to the concept of Substantive Process.
Subsequently, on the basis of the Acquisition Method and on the date of acquisition of control, the Group allocates the price of the combination (Purchase Price Allocation - PPA) by recognising the assets acquired, liabilities assumed (including contingent liabilities) and minority interests to the related fair value, in addition to identifying the implicit intangible assets previously not accounted for in the accounts of the acquiree. Any differences that emerge between the price paid for the acquisition (also measured at fair value and considering any "potential consideration") and the fair value (net of tax effect) of the assets and liabilities acquired are, if positive, recognised as goodwill in the balance sheet and, if negative, credited to the income statement as badwill (or "gain on a bargain purchase").
IFRS 3 allows for the final allocation of the cost of the business combination to be made within twelve months of the acquisition date.

Fair value of purchased assets and liabilities

When accounting for a business combination, the Bank determines the fair value of the assets, liabilities and contingent liabilities purchased. Such amount is only identified separately if, at the acquisition date, the following criteria are met:

- in the case of assets other than intangible assets, it is likely that the purchaser will obtain any future economic benefits;
- in the case of liabilities other than contingent liabilities, it is likely that their settlement will require the use of resources capable of producing economic benefits;
- in the case of an intangible asset (IAS 38) or a contingent liability (IAS 37), the related fair value can be measured in a reliable manner.

Financial assets and liabilities must be measured at their fair value on the date of the business combination, even if they are measured using other criteria in the financial statements of the acquired company. The fair value of financial instruments not listed in active markets is determined in the manner described in chapter "Information on fair value", applying the internal measurement model that is most appropriate for the instrument concerned.

Identification of intangible assets

Depending on the characteristics of the business acquired, an analysis is performed to identify any unrecorded assets that should be recognised separately, for example customer-related intangibles or client relationship, and marketing-related intangibles (brand name).
Customer-related intangible assets: these are recognised as intangible assets when they are separable and can be measured reliably, even though they may not always derive from contractual rights such as marketing-related intangibles.
This category includes:

- client lists: these comprise all the information held about clients (database containing: names, addresses, transaction history, demographic information etc.) that has a recognised market value, on condition that it can be rented or exchanged; such information cannot be treated as an intangible asset if it is considered so confidential that the combination agreement forbids its sale, rental or exchange in other forms;

26 The amendments made to IFRS 3 with Commission Regulation (EU) 2020/551 have modified para. 3 and introduced paras. B7 - B12D, substantially revising the definition of "business" for the purpose of identifying transactions that can be classified as "business combinations".

- contracts with clients and the client relationships established as a consequence: contracts with clients satisfy the contractual/legal requirement for the recognition of an intangible asset, even if the combination contract forbids their sale or transfer separately from the business acquired; this category also includes long-established contacts with clients, even if there is no formal contract, and all other non-contractual relationships that can be separated and measured on their own;
- non-contractual relations with clients: this category includes all intangible assets that, being separable and transferable independently of the business acquired, may be valued individually and recognised as intangibles.

Marketing-related intangible assets: trademarks, commercial names, service brands, collective names and quality marks that derive from contractual rights or which are usually separable. Such assets reflect the collection of productive conditions that are economically correlated with the commercial name, the relationship with the market, and the reach of distribution.
An intangible asset must be measured initially at cost. If acquired as part of a business combination, its cost is its fair value at the time control is obtained.
Fair value, in this context, reflects market expectations about the likelihood that the owner will obtain the future economic benefits deriving from the asset. The entity must assess the probability of obtaining future economic benefits using reasonable and justifiable assumptions that reflect Management's best estimate of the economic conditions that will apply over the useful life of the asset.
The accounting standards do not specify the methodology to be used to measure the fair value of such assets but, among the possible alternatives, preference is given to those making reference to observable market prices. Failing this, the accounting standards allow the use of valuation models that include assumptions which are generally used and recognised by the market.
The fair value of customer-related intangible assets is determined by discounting the profit flows generated by deposits over the expected residual period of the relationships outstanding at the time of acquisition.
In general, brands are valued using market methods as well as methods based on the flows deriving from their management or a royalty recognised by the market.

Determination of Goodwill (Gain on a bargain purchase or "Badwill")

Goodwill represents the unallocated amount of purchase cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired (including those intangibles and contingent liabilities that satisfy the requirements for recognition in the financial statements).
This represents the consideration recognised by the purchaser in exchange for the future economic benefits deriving from assets that cannot be identified individually and recognised separately. In substance, this includes the value of the expected synergies, the corporate image of the company acquired, its know-how, its professionalism, its procedures and other non-specific factors.
The goodwill acquired as a result of a business combination is not amortised. The BPER Banca Group verifies each year, or at the end of the period in which a business combination was carried out and whenever there is evidence of possible impairment, that the recorded value of goodwill has not been impaired (impairment test).
If the residual amount allocated to the purchase value is negative, it is recognised as a benefit in the income statement under item "*Gain on a bargain purchase*".

Business combinations among entities under common control

A business combination involving entities or businesses under common control ("Business combination under common control") is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the combination and such control is not transitory[27].
This type of transaction[28] is excluded from the scope of IFRS 3[29].
In the event that such transactions occur, the BPER Banca Group defines their accounting treatment in accordance with Assirevi preliminary guidelines on IFRS (OPI) No. 1 "Accounting treatment of "business combinations under common control" in the separate and consolidated financial statements and No. 2 "Accounting treatment of mergers in the separate financial statements".
With particular reference to transactions that do not have economic substance (or that do not have a significant influence on the future cash flows of the net assets transferred), the BPER Banca Group applies the "Principle of continuity of values", which results in the recognition in the statement of financial position of values equal to those that would have resulted if the combined companies had always been combined[30].

27 IFRS 3 § B1.

28 Except for own mergers.

29 IFRS 3 § 2(c).

30 The net assets of the entity acquired and of the acquiring entity are recorded at the book values that they had in their respective accounts before the transaction. Subsequent accounting entries continue by carrying forward the values used for the previous entry. The income statement is the sum of the income statements of the two integrated entities at the date of the transaction. Adjustments are made to standardise the application of accounting policies and to eliminate intercompany items.

A.3 – INFORMATION ON TRANSFERS OF FINANCIAL ASSETS BETWEEN PORTFOLIOS

No financial assets were reclassified during the year.

A.4 – INFORMATION ON FAIR VALUE

Qualitative Information

Techniques for the determination of fair value

Paragraph 9 of IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".
When determining whether the fair value at initial recognition equals the transaction price, it is necessary to take into account factors specific to the transaction and to the asset and liability. It follows that, if the transaction price (consideration) differs from fair value, the difference should be recognised in the income statement.
It is also established that fair value excludes transaction costs.
In addition to the measurement of stand-alone financial instruments at fair value, the Group may also measure groups of similar assets and liabilities at fair value, where it is permitted to do so.
Measurement at fair value assumes that the transaction to sell an asset or transfer a liability takes place in a principal market, defined as the market with the greatest volume and level of trading for the asset or liability to be measured. In the absence of a principal market, reference should be made to the most advantageous market, which is the market that maximises the amount that would be received to sell an asset or minimises the amount that would be paid to transfer a liability, after taking into account transaction costs.

Identification of active markets

The process for measurement of fair value starts with determining whether there is an active market with regularly available quoted prices.
In order to consider a market as active, the Group takes account of the following factors:
- number of participants;
- frequency of price quotation or price update;
- the presence and size of a bid-ask spread;
- trading volume.

Whether a financial instrument qualifies as traded on an active market can only be determined through extensive research of all the existing markets in order to identify the principal or most advantageous market, taking into account "all information that is reasonably available" (IFRS 13 § 17). This needs to be done for each financial instrument for which the fair value has to be determined.
To determine whether, based on the information that is available, a market can be considered to be active, the Group assesses the importance and relevance of factors that include the following:
- low level of recent trading activity;
- available prices are not current;
- available prices vary significantly over time or between market-makers;
- it can be demonstrated that indices that previously had a close correlation with the fair value of an asset or a liability no longer have this correlation based on recent indications of fair value of that asset or liability;
- the presence of a significant increase in the embedded risk premiums (or default rates) of the transactions being considered or in quoted prices;
- the presence of a wide bid-ask spread or of a significant increase in it;
- a significant decline in the level of trading activity;
- a lack of publicly available information.

If compliance with the necessary requirements is verified periodically, a financial instrument can be considered to be traded on one or more active markets. Within the possible markets, a search is undertaken to identify the principal market or, in the absence of a principal market, the most advantageous market.

Fair value is determined with reference to:
- the closing bid price for assets held or liabilities to be issued;
- the closing ask price for liabilities already issued or assets to be purchased.

Closing bid and ask prices are the bid and ask prices referred to by the entity that regulates the market on which an instrument is traded.
In the absence of reference bid and ask prices, the last price set by the entity which regulates the market could be taken, provided that this price has the following features: advertising, liquidity, prompt adaptation to changing conditions and availability as envisaged by the standards.
For assets and liabilities with offsetting positions in market risks, the average of the bid and ask price can be used, provided that this is commonly used by market participants and is consistent with the objective of measuring fair value in accordance with IFRS 13.
In the case of open-ended mutual funds, the BPER Banca Group considers the Net Asset Value (NAV) as the best expression of the fair value of the instrument. No adjustments are made to the NAV to take into account the interval between the date redemption is requested and the actual redemption date (considered insignificant).
In the case of listed closed-end funds, the fair value is derived from the market quotation.
With regard to foreign shares, if these are listed on regulated Stock Exchanges, then they are considered to be traded in an active market. The price provided for this type of share, if the bid-ask spread is not available, is the last price. On the contrary, equity trading in OTC markets is not considered to take place in an active market.
Listed derivatives are measured using the last prices supplied by the Clearing Houses.
Financial instruments listed on non-active markets are considered as “unlisted” instruments.
With regard to bonds not listed on regulated markets, in view of the role played by the Bank in the institutional market for financial instruments, the Bloomberg Professional system has been identified as an active market for front office operations, if the prices recorded therein have the appropriate features mentioned above.

Identification of the fair value of financial instruments not listed on active markets

If the market for a financial instrument does not meet the conditions required to qualify as an active market, the fair value of the instrument is determined through the use of valuation techniques.

Valuation techniques indicated by international accounting standards are:
- market approach: this uses prices and other relevant information generated by market transactions involving comparable assets;
- cost approach: this reflects the amount that would be required currently to replace the service capacity of an asset (“current replacement cost”);
- income approach: this converts future cash flows or income and expenses to a single current amount.

For BPER Banca Group purposes, the following valuation techniques are valid:
- market approach for identical or comparable assets and liabilities;
- use of matrix pricing;
- present value techniques;
- option pricing models;
- the multi-period excess earnings method.

These techniques may be used if:
- they maximise the use of market data, while minimising the use of Group estimates and assumptions;
- they reasonably reflect how the market expects the price to be determined;
- the fair value measurement is determined on the basis of the value indicated by current market expectations and the risk and yield of the instrument being valued;
- they reflect the assumptions that market participants would use when pricing an asset or liability;
- they are consistent with commonly accepted methodologies;
- they are periodically subjected to verification and calibration to verify their capability to determine a fair value in line with actual trading prices for the instrument being valued.

In summary, the BPER Banca Group’s preference is to adopt a market approach for the determination of fair value, even if an active market does not exist. Only in the event that it is not possible to apply the above valuation techniques, quantitative valuation methods may be used.
It is apparent that regulations governing valuation techniques do not authorise a neutral and objective use of quantitative methods. However, their use should be understood to be the development by the Group of an internal process that matches the fair value measurement with a price at which an instrument could be exchanged in a market transaction at current conditions.

As part of this process, it would thus appear necessary to give priority to the use of recent transaction prices (prices on non-active markets, prices provided by third-party participants), or the prices of similar instruments. In this context, quantitative methods can provide a benchmark to supplement, or correct, any differences between the instrument being valued and that observed in the market, or to reflect the impact of changes in the economic environment on market transactions.
Valuation techniques used to measure fair value are applied consistently. A change in a valuation technique or its application is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances. That might be the case if any of the following events take place:
- new markets develop;
- new information becomes available;
- information previously used is no longer available;
- valuation techniques improve;
- market conditions change.

A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used

Valuation techniques

Specific techniques are applied in relation to particular types of financial instrument, in order to correctly identify their characteristics.

Equity instruments

For all unlisted shares, the valuation methodologies set out above apply. Failing this, they are measured at cost.
For unlisted shares, other than equity investments, the methods used the most for fair value measurement fall into the following categories:
- discounted cash flow;
- the use of multiples.

These methods require the availability of a significant amount of data to estimate future cash flows generated by a company or to identify the correct market multiples. They use uncertain estimates of various parameters (cash flows, dividends, beta, risk premium, cost of capital, asset values, etc.), the measurement of which is subjective and which do not always reflect market conditions. This leads to a valuation of a distribution of theoretical fair values. Where it is not possible to reliably determine the fair value with the above methods, securities and instruments are measured at cost.
As an alternative to the valuation techniques above, the value of the share may be based on book value, computed as the ratio between equity and the number of issued ordinary shares.

Plain vanilla debt securities

With regard to plain vanilla debt securities, the valuation technique applied is discounted cash flow analysis. There are three steps:
- mapping of cash flows: recognition of the cash flows expected from the instrument and their distribution of the duration of the contract;
- selection of the discounting curve, having regard for the risk factors affecting the cash flows;
- calculation of the present value of the instrument at the measurement date.

Having identified the cash flows, the appropriate discounting curve is calculated using the *discount rate adjustment approach*, which takes account of both rate risk and credit/liquidity risk. This information is used to calculate the instrument's fair value, as the sum of the present values of its cash flows.

Structured debt securities

With regard to certificates issued by the Company, in the absence of observable prices in active markets, measurement is performed using valuation techniques based on a discounted cash flow model, capable of considering all factors deemed relevant by market participants in determining the price of a hypothetical transaction.
In particular, to determine its creditworthiness, the BPER Banca Group uses market prices, if available, or the spreads implicit in comparable issuances in active markets (Euro TLX).
The derivative components embedded in the instruments are valued using the most widely accepted derivative valuation techniques on the market, as described below.

Closed-end funds

In order to take into account certain specific problems of unlisted closed-end real estate funds, such as the underlying's lack of liquidity, the absence of a liquid market and the specificity of the underlying, the most up-to-date NAV available may be corrected by a difference that takes account of credit risk, non-disposal risk and market risk.

Private equity funds

Closed-end private equity funds are first measured at the NAV determined from time to time by the SGR concerned. In addition, the NAV determined using the principles envisaged by the Bank of Italy for the preparation of management reports is compared periodically with the NAV determined by calculating the fair market value of the initiatives underlying[31] the fund, in order to identify any differences that might be reflected immediately in market value, but not in the NAV calculated in the normal way. Should the market value of a fund turn out to be lower than the official NAV or should additional evidence become available compared to market valuation of the instruments in question, further analyses are required in order to correct the NAV and determine the fair value to be recognised in the financial statements.

Funds that specialise in managing NPLs

In order to take into consideration some specific problems of unlisted closed-end funds that invest in non-performing loans (NPLs), such as the fair value measurement of the underlying and the absence of a liquid market, the most up-to-date NAV available is used as input, together with the other market parameters generally used in measuring this type of asset at fair value (mainly the expected rate of return), in a model that is able to simulate the perspective of an operator in the NPL market, considering its limited liquidity.

Asset-Backed Securities (ABS)

With regard to the Asset-Backed Securities (ABS) held in the portfolio, the Group has defined specific measurement criteria that maximise the use of market information, applying the following hierarchy:

- "qualified" contributions (contribution approach);
- method based on market information (comparable approach);
- internal measurement model (waterfall).

Derivative instruments

The fair value of derivatives is determined using quantitative models that differ depending on the type of instrument concerned. In particular, a distinction is made between:

- Over-The-Counter (OTC) options represented by either stand-alone options or options embedded in complex financial instruments. Pricing techniques include:
  - options with pay-off that can be calculated precisely, priced using models generally accepted by the market (e.g. Black & Scholes and variants);
  - options with pay-off that cannot be calculated precisely, usually priced using "Montecarlo" simulation techniques;
- Interest Rate Swaps (IRS): the fair value of IRS is determined using net discounted cash flow analysis. In the case of a structured IRS, the instrument is decomposed into a plain component and an optional component ("building blocks"), so that their separate values can be determined and summed;
- Forward Outright contracts: the fair value measurement of FX Forward Outrights is given by the amount to be traded forward times the strike price, adjusted for the current difference between the spot exchange rate and the forward exchange rate.;
- Credit default swaps (CDS): for the fair value measurement of CDS, the Standard ISDA model (v1) developed by Markit Group Ltd. is used;
- Commodity Swap: the "net discounted cash flow analysis" technique is used for fair value measurement, applied to both fixed price flows (strike) and variable price flows;
- FX Swap: the "net discounted cash flow analysis" technique is used for FX Swap measurement, applied to the spot leg and the forward leg;
- Equity Swap: the "net discounted cash flow analysis" technique is used for fair value measurement, applied to the leg referring to the underlying stock and the fixed-rate leg.

31 Fair market value included, for example, in the EVCA reports.

Tax credits classified in the trading portfolio

Depending on the characteristics of the assets in question, the fair value at initial recognition – which represents the total price paid to acquire the tax credit (including any additional charges) – incorporates the time value of money and the ability to use it within the relevant maturity period, thus incorporating elements of uncertainty related to the absence of an active market. At subsequent measurement dates, fair value is determined by discounting the future cash flows, as specified in the forward sale agreements entered into by the Group (dates and forward sale prices set), at current market risk-free rates, increased by the same risk/commercial spread determined at initial recognition (which is not expected to change significantly over time), so that only the change in the risk-free component that has occurred since the purchase date is recognised.

Forward currency transactions

These transactions are measured with reference to the forward rates at period end for maturities corresponding to those of the contracts to be priced.

Balance sheet items measured at amortised cost

For financial instruments measured at amortised cost, the fair value is determined for the sole purpose of providing appropriate information in the financial statements.
The fair value of loans with a contractual duration of less than twelve months is estimated to be their book value; the fair value of other loans is obtained by discounting the contract cash flows, net of the expected losses determined with reference to the credit rating of the borrower, using the corresponding rate curve for their maturities.

Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA)

Current regulations state that the pricing of a derivative, in addition to being based on market factors, should also reflect the Credit risk of the counterparty determined by a Credit Valuation Adjustment (CVA) and a Debit Valuation Adjustment (DVA).
To assess the credit risk of the counterparty, the BPER Banca Group adopts the following methodology.
The term Credit Valuation Adjustment (CVA) refers to an adjustment in order to properly reflect the credit risk of the derivative counterparty made on the valuation of an OTC derivative (on positions with a positive fair value) transaction entered into by the Group with an external counterparty and may be considered to be the market value of a potential loss amount derived from changes in market prices, due to a worsening of the credit or default risk of the counterparty.
Conversely, the term Debit Valuation Adjustment (DVA) refers to an adjustment in order to properly reflect the Bank's own default risk made on the valuation of an OTC derivative (on positions with a negative fair value) entered into by the Group with an external counterparty, i.e. the market value of a potential gain derived from changes in market prices, due to a worsening of the BPER Banca Group's credit or default risk.
For the quantification of a CVA and a DVA, under certain conditions, IFRS 13 refers to a calculation that must be made by netting set or by counterparty and, thus, based on net exposure and not at individual contract level. In addition, it is necessary to consider whether any collateral has been provided or if there are any netting agreements.
BPER Banca Group currently makes use of bilateral agreements for the netting of derivative contracts, in accordance with which the reciprocal mark to market receivable and payable positions are offset automatically on a daily basis, leading to a single net balance, without any novation: this results in margin settlement being made solely by the net creditor. The foregoing has led to a considerable reduction in exposure to credit risk and, consequently, the impact of CVAs and DVAs on fair value.
In particular, for the BPER Banca Group, there are two factors that mitigate the impact of creditworthiness on fair value:

- the signing of ISDA (International Swap and Derivatives Association, the international standard of reference on OTC derivatives) agreements with major corporate counterparties and all institutional counterparties in OTC derivatives. Credit Support Annexes(CSA) were also concluded with institutional counterparties to regulate the pledging of collateral and further reduce the current exposure and resulting risk;
- the entry into force of the new platform on EMIR (European Market Infrastructure Regulation), with reference to the exclusion of derivatives stipulated on this platform/market from the scope of the CVA/DVA. On the basis of the assessments made, it is presumable that a large part of derivative transactions will be included in the new system as they are mainly composed of derivatives eligible for the purposes of the regulation.

IFRS 13 does not indicate a specific methodology for the calculation of CVAs and DVAs, but it requires the use of valuation techniques that, on the one hand, must be appropriate for the data available and, on the other hand, maximise the use of observable market data.
With reference to the above, in order to align with the best market practice, the Group decided to make use of use the the so called "Bilateral CVA" approach that considers the presence of two components to the calculation, with the aim of including the potential loss/gain arising from changes in the credit risk of the counterparty/Bank, but taking into account the joint probability of default by counterparties.

Market parameters

The following types of yield curve are used:
- "par swap" curves;
- bond curves derived from baskets of bonds;
- corporate curves by issuer, rating, and sector.

The following are derived from the "par swap" curves:
- zero-coupon curves;
- forward rate curves;
- discount factor curves.

The zero-coupon rate curves are obtained using the bootstrapping technique. These are used to extrapolate the discount factors used to determine the present value of the cash flows generated by the financial instruments to be priced. The forward rates are implicit in the zero coupon curve are determined with reference to the non-arbitrage theory.
The issuer curves are obtained by adding to the par swap rates the spreads that reflect the credit rating of the instrument's issuer. These are used to price unlisted bonds.
The credit rating curve of the BPER Banca Group is obtained by creating a basket of issues by banking issuers that have similar characteristics and ratings. This is used to price all issued bonds.
The prices thus obtained are applied daily to organised systems of trading for the bonds issued by the Group Banks (HI-MTF) that are reflected in the fair value valuation in the financial statements.

Volatility and other parameters

Volatilities and correlations are used principally to price unlisted derivatives. The volatilities are classified as follows:
- historical volatilities, estimated as the standard deviation of a time series of daily observations of the logarithm of the yields of the underlying concerned;
- contributed volatilities, obtained from information providers;
- implicit volatilities, obtained from the market prices of listed options.

With regard to the correlations, multi-variant derivatives are priced using historical correlations.

Methods and frequency of identifying the fair value of own properties

For the purpose of determining the fair value of its properties, the BPER Banca Group uses an independent external firm of expert appraisers.
The mandate given to this firm envisages the possible methods of estimating fair values, depending on the characteristics, intended use and potential of each property, with the most relevant ones including[32]:
- comparative method: the value of the property derives from a comparison with current market prices for comparable properties through an adjustment process that appreciates the peculiarities of the property being valued with respect to the characteristics of the comparable properties. Specifically, unit market values and lease payments are determined on the basis of surveys of the reference real estate market for each individual asset, using the "Asking Prices" and "Asking Rents" found for similar assets at the date of the estimate, appropriately adjusted to reflect the characteristics of the assets being measured. Data from past transactions was not used as the information available is limited and does not reflect the most recent macroeconomic/financial conditions;
- Discounted Cash Flow (DCF) method: the value of the property derives from discounting the cash flows expected from the lease agreements and/or from the proceeds of sales, net of costs pertaining to the property; the procedure applied to determine the discount rates and capitalisation (or return) rates used in the DCF model was the "BuildUp Approach" was applied, according to which spreads commensurate with the investment risk related to each individual asset are added to the "risk-free" financial yields (10-year BTPs and 10-year EURIRS) found at the date of the estimate. Additional risk-outs were also prudently considered for the rates of return. The rates of return thus obtained were also compared, where available, with data obtained from the real estate market of reference;
- transformation method: transformation value means the market value of the asset in the hypothesis of its transformation according to the use envisaged by the urban planning instruments. The transformation value is obtained by determining the final market value of the property after the transformation, after deducting the costs to be incurred to carry out the transformation, taking into account the element of risk related to the uncertainty of the timing of the intervention and the future trend of the property market.

32 The specific characteristics of some assets could require different valuation methodologies from those indicated, whose application is shared by the specialised company with the competent functions of BPER Banca, once the consistency with the need to determine a fair value has been evaluated.

Real estate valuations also take due account of “climate risk”, understood as the physical risk and transition risk to which the properties themselves are exposed, considering that: i. the parameters used for the valuations vary according to the geographical area in which the properties are located and the degree of exposure to extreme climatic events; ii. the valuations specifically implement certain certifications (e.g. “well”, “lead” or “breem”) on the individual property, while the Energy Performance Certificates - APE (Attestazioni di Prestazione Energetica) are already summarised in the valuation parameters used.

With regard to the frequency of evaluation updates, for properties held for investment purposes, the Group requests a “desktop” valuation every year from a firm of expert appraisers, according to which the fair value is determined on the basis of the average value of comparable properties, without requiring an on-site inspection. Only for properties (individual buildings) with a value greater than the materiality threshold internally defined or in the event of a significant difference in value compared with the previous year, the Group requests a “full” valuation from the appraisal firm, according to which the fair value is determined on the basis of all information relating to the property, also acquired through an on-site inspection.
For properties used in operations, the Group provides for an annual updating of the valuations in “desktop” mode. On the other hand, a “full” valuation is carried out only for properties that show a significant difference between their carrying amount at the measurement date and the “desktop” fair value estimate.
For the purposes of determining the fair value and useful life, the external appraiser takes into account any extraordinary maintenance costs (e.g. costs incurred for the expansion, modernisation or improvement of the structural elements of the property).

A.4.2 Measurement process and sensitivity

Financial assets and liabilities measured at fair value and classified in Level 3 of the fair value hierarchy mainly consist of:
- minority equity investments (unlisted equity instruments), often held in order to preserve local roots, or for the development of commercial relationships (measured at fair value mainly on the basis of equity methods);
- investments in Asset-Backed Securities (ABS) classified as “Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value”[33];
- investments in closed-end real estate investment funds, classified as “Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value” and acquired in exchange for real estate sales;
- investments in closed-end alternative investment funds, classified as “Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value” and acquired in exchange for sales of UTP loan portfolios.

IFRS 13 requires that an analysis of the sensitivity of the fair value measurement to changes in unobservable inputs be provided for assets measured at fair value on a recurring basis and classified in Level 3 of the fair value hierarchy. The following analysis is provided for ABS instruments, Real Estate Funds and Non-Performing Loans Funds measured at fair value:

Financial asset/liability	Non-observable parameter	Change in parameter	Sensitivity (in thousands)	Change in parameter	Sensitivity (in thousands)
Investments in Asset Backed Securities	Credit Spread(*)	+50 bps	(50)	-50 bps	52
Investments in Real Estate Funds	Financial charges(**)	+50 bps	(619)	-50 bps	619
Investments in Non-Performing Loan Funds	Financial charges(**)	+50 bps	(1,641)	-50 bps	1,641

(*) Investments in Asset-Backed Securities: the unobservable parameter used to construct the sensitivity is the credit spread used in the construction of the rate used to discount future cash flows;
(**) Real Estate Funds and Non-performing Loans Funds: the unobservable parameter used to construct the sensitivity is the opportunity cost considered in the construction of the NAV adjustment component dedicated to the appreciation of the liquidity risk of the instruments.

For the other instruments held in the portfolio (derivatives and equity instruments, in particular), no quantitative sensitivity analysis of the fair value was carried out with respect to the change in unobservable inputs, as either the fair value was drawn from third-party sources without making any adjustment, or it is the result of a model whose inputs are specific to the entity being valued (for example, the company’s equity figures) and for which it is not reasonably conceivable to provide alternative amounts.

33 For the sake of completeness, it should be noted that the portfolio contains ABS securities measured at amortised cost as they are part of the Hold To Collect (HTC) business model and with technical-financial characteristics such as to have passed the SPPI test required by IFRS 9. The fair value is also calculated for these instruments and provided for disclosure purposes only.

A.4.3 Fair value hierarchy

The BPER Banca Group classifies its financial assets and liabilities by decreasing levels of fair value quality on the basis of the following principles:

- Fair value Level 1. Measurement is based on the price of the financial instrument concerned, being a quoted price in an active market.
- Fair value level 2. Measurement is not based on quoted prices in active markets for the financial instrument concerned, but on meaningful prices obtained from non-active markets or reliable info-providers, or on prices determined using an appropriate valuation technique largely based on observable market parameters, including credit spreads, derived from quotations of instruments that are substantially similar in terms of risk factors considered. The objective of the use of valuation techniques is to reaffirm the aim of obtaining a closing price at the valuation date from the point of view of a market participant that holds the financial instrument.
- Fair value level 3. Measurement is based on various inputs that include subjective parameters, that is, parameters whose value cannot be derived from quoted prices observable in active markets. Since the parameters are not observable directly in the market, it follows that the value is required to make estimates and assumptions.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The BPER Banca Group has defined the analyses to be carried out [34]in the event of:

- the analyses to be performed in the event of changes in valuation techniques used to measure fair value;
- the policy for determining when transfers between fair value hierarchy levels are deemed to have occurred and which is constantly adhered to.

As a general principle, to be allocated to Level 1 of the fair value hierarchy, if there is a quoted price in an active market for an asset or a liability, that price should be used without adjustment when measuring fair value. In fact, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.
An allocation to Levels 2 and 3 depends on how the inputs used for the fair value measurement of an asset or liability are categorised within different levels of the fair value hierarchy: in those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.
The availability of relevant inputs and their relative subjectivity might affect the selection of appropriate valuation techniques.

34 Please refer to the set of regulations that the Group has adopted: Group Guidelines for the application of the Fair Value Option, Group Guidelines for fair value measurement of financial instruments, Group Regulation for determining the fair value of financial instruments and Group Manual of valuation techniques for financial instruments of the BPER Banca Group.

A.4.4 Other information

IFRS 13 requires an entity to "disclose information that helps users of an entity's financial statements to assess the following:
- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements;
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period".

The BPER Banca Group has a procedure in place to:
- identify transfers between levels;
- analyse and document the reasons for such transfers;
- monitor and control the reliability of the fair value of financial instruments.

In particular, for assets and liabilities measured at fair value on a recurring and non-recurring basis, adequate disclosure is made of the following aspects:
- the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement;
- the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3);
- for assets and liabilities categorised within Level 2 or 3, a description of the valuation techniques and inputs used and the reasons for any changes in valuation techniques used.

The BPER Banca Group provides, for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the policy for determining when transfers between levels are deemed to have occurred, while, for those categorised on a recurring basis within Level 3 of the fair value hierarchy, a reconciliation is provided from the opening balances to the closing balances.
Information is also provided on the policy for determining when transfers between fair value hierarchy levels are deemed to have occurred.
For assets or liabilities categorised within Level 3 of the fair value hierarchy, the following disclosures are provided:
- quantitative information about the significant unobservable inputs used in the fair value measurement;
- for recurring fair value measurements, the amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period, and the item(s) in profit or loss in which those unrealised gains or losses are recognised;
- a description of the valuation processes used for recurring and non-recurring fair value measurements;
- a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.

For financial assets and liabilities measured at amortised cost (not thus measured at fair value, but with fair value disclosure obligations) the following information is provided:
- the fair value hierarchy level;
- a description of the valuation techniques adopted for Levels 2 and 3, as well as the inputs used;
- if there has been any change in the valuation technique, a description of the change and the reason for it.

For own financial liabilities measured at fair value with credit enhancement (e.g. inseparable guarantees), information is provided on the existence of credit enhancement and the impact thereof on the determination of the fair value of the liability.
The application of the fair value option to loans and receivables and financial liabilities requires disclosure of the change in fair value attributable solely to changes in the credit risk associated with the instrument.

As mentioned, the risk factors are included in the discount curve using the discount rate adjustment approach.
This approach involves making separate and independent estimates of the various risk components (rate risk and credit risk), so that the partial fair value can be determined considering the changes in just one risk factor.
The following factors are considered in relation to credit risk:

- the risk-free market rate observed at the valuation date;
- the credit spread observed at the initial recording date or the previous valuation date;
- the credit spread observed at the valuation date.

The market fair value at the measurement date is compared with the fair value calculated using the credit risk observed at the initial recording date (or, alternatively, at the previous valuation date). This makes it possible to determine the changes in fair value due solely to changes in credit risk on a cumulative or periodic basis.

Quantitative information

A.4.5 Fair value hierarchy

A. 4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

Assets/Liabilities measured at fair value	31.12.2023			31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	332,513	684,158	527,739	402,566	642,179	540,022
a) Financial assets held for trading	63,649	603,347	5,602	106,107	593,666	7,725
b) Financial assets designated at fair value	-	1,991	-	-	1,920	461
c) Other financial assets mandatorily measured at fair value	268,864	78,820	522,137	296,459	46,593	531,836
2. Financial assets measured at fair value through other comprehensive income	5,843,527	480,536	535,178	6,892,423	529,812	540,675
3. Hedging derivatives	-	1,122,566	-	-	1,808,515	-
4. Property, plant and equipment	-	-	1,783,383	-	-	1,825,229
5. Intangible assets	-	-	-	-	-	-
Total	**6,176,040**	**2,287,260**	**2,846,300**	**7,294,989**	**2,980,506**	**2,905,926**
1. Financial liabilities held for trading	1	295,876	5,078	65	459,500	12,033
2. Financial liabilities designated at fair value	-	2,009,641	-	-	879,198	-
3. Hedging derivatives	-	266,558	-	-	512,981	-
Total	**1**	**2,572,075**	**5,078**	**65**	**1,851,679**	**12,033**

Transfers of assets from Level 2 to Level 1 of the fair value hierarchy during the period amounted to Euro 67,849 thousand and those from Level 1 to Level 2 amounted to Euro 83,648 thousand.
The former were marked by an improvement in the market tradability of the instruments in terms of the volume, breadth and depth of the prices quoted and the number of contributors. The latter are due to the loss of the meaningfulness of the price quoted in the principal market and a reduction in the number of contributors below the minimum threshold.
Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**540,022**	**7,725**	**461**	**531,836**	**540,675**	**-**	**1,825,229**	**-**
2. Increases	**151,230**	**2,063**	**-**	**149,167**	**21,478**	**-**	**198,944**	**-**
2.1 Purchases	82,828	-	-	82,828	10,464	-	58,242	-
2.2 Gains recognised to:	48,517	2,063	-	46,454	10,885	-	62,190	-
2.2.1 Profit or loss	48,517	2,063	-	46,454	-	-	22,222	-
- of which capital gains	34,368	2,063	-	32,305	-	-	3,337	-
2.2.2 Shareholders' equity	-	X	X	X	10,885	-	39,968	-
2.3 Transfers from other levels	2,379	-	-	2,379	-	-	72,595	-
2.4 Other increases	17,506	-	-	17,506	129	-	5,917	-
3. Decreases	**163,513**	**4,186**	**461**	**158,866**	**26,975**	**-**	**240,790**	**-**
3.1 Sales	10,957	-	-	10,957	1,329	-	51,416	-
3.2 Refunds	114,195	4,179	461	109,555	709	-	-	-
3.3 Losses recognised to:	38,282	5	-	38,277	24,477	-	84,261	-
3.3.1 Profit or loss	38,282	5	-	38,277	-	-	77,487	-
- of which capital losses	33,966	5	-	33,961	-	-	6,782	-
3.3.2 Shareholders' equity	-	X	X	X	24,477	-	6,774	-
3.4 Transfers from other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	79	2	-	77	460	-	105,113	-
4. Closing balance	**527,739**	**5,602**	**-**	**522,137**	**535,178**	**-**	**1,783,383**	**-**

A.4.5.3 Changes in liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**12,033**	**-**	**-**
2. Increases	**-**	**-**	**-**
2.1 Issues	-	-	-
2.2 Losses recognised to:	-	-	-
2.2.1 Profit or loss	-	-	-
- of which capital losses	-	-	-
2.2.2 Shareholders' equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**6,955**	**-**	**-**
3.1 Refunds	4,168	-	-
3.2 Repurchases	-	-	-
3.3 Profits recognised to:	2,787	-	-
3.3.1 Profit or loss	2,787	-	-
- of which capital gains	2,787	-	-
3.3.2 Shareholders' equity	X	-	-
3.4 Transfers from other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing balance	**5,078**	**-**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

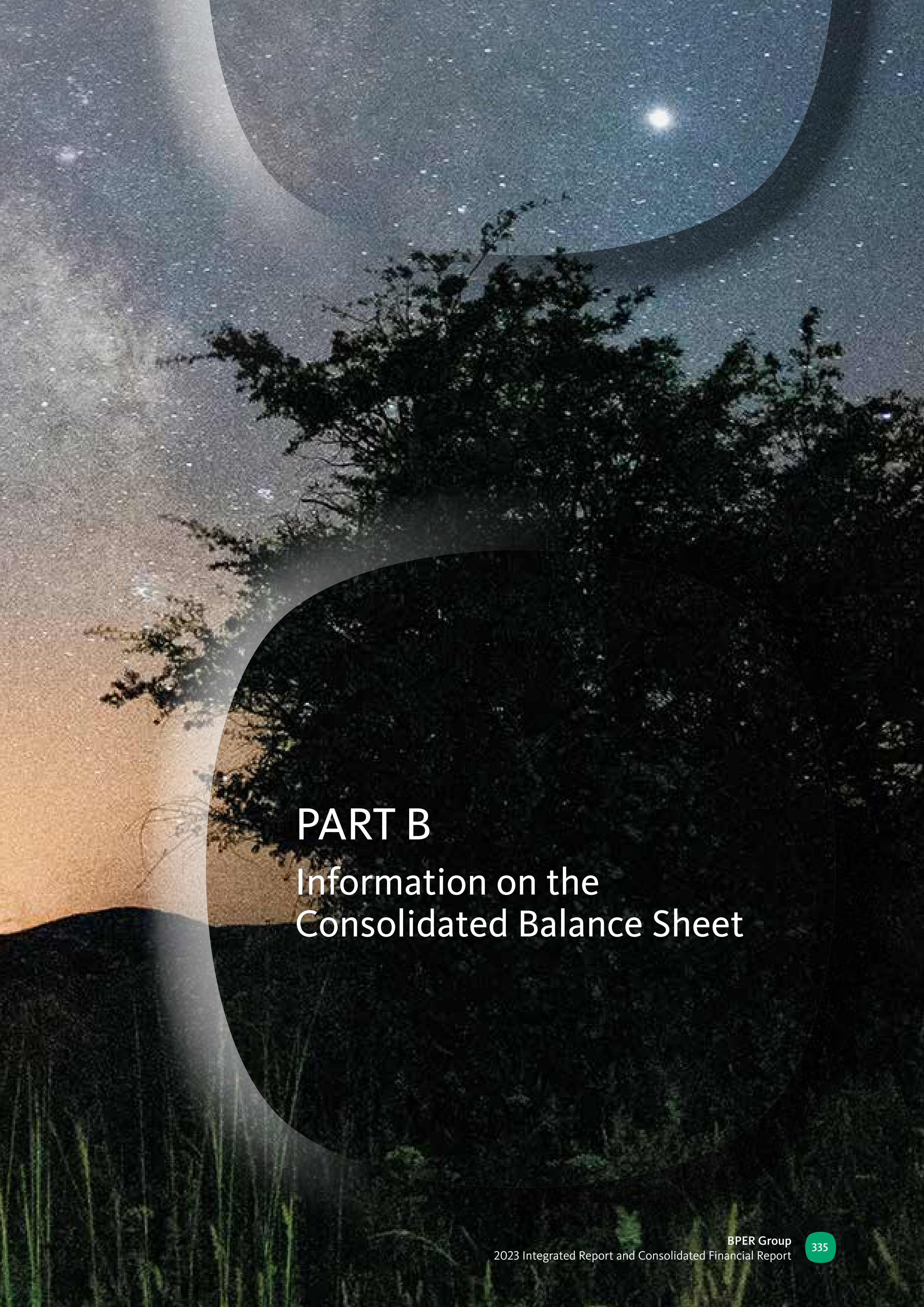
Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2023				31.12.2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	110,189,971	18,109,988	354,367	91,024,522	115,311,297	18,413,075	378,776	96,853,102
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	13,969	-	-	13,969	1,192,429	-	-	1,192,429
Total	**110,203,940**	**18,109,988**	**354,367**	**91,038,491**	**116,503,726**	**18,413,075**	**378,776**	**98,045,531**
1. Financial liabilities measured at amortised cost	124,511,471	5,052,052	5,999,555	113,347,894	135,952,323	4,395,269	1,623,291	129,644,548
2. Liabilities associated with assets classified as held for sale	-	-	-	-	1,430,197	-	-	1,430,197
Total	**124,511,471**	**5,052,052**	**5,999,555**	**113,347,894**	**137,382,520**	**4,395,269**	**1,623,291**	**131,074,745**

Key: BV = Book value, L1 = Level 1, L2 = Level 2, L3 = Level 3

A.5 – INFORMATION ON "DAY ONE PROFIT/LOSS"

In the case of Level 3 transactions, the fair value according to the model may differ from the transaction price: in the case of a positive difference (day one profit), this is amortised over the residual life of the instrument; in case of a negative difference (day-one loss), it is charged to the income statement for prudential purposes.

There were no differences at 31 December 2023 between the value of transactions and their corresponding fair values.



PART B

Information on the Consolidated Balance Sheet

ASSETS

Section 1 – Cash and cash equivalents

Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31.12.2023	Total 31.12.2022
a) Cash	808,410	824,620
b) Current accounts and on demand deposits with Central Banks	8,155,778	12,706,014
c) Current accounts and on demand deposits with banks	1,121,407	466,807
Total	**10,085,595**	**13,997,441**

The balance of the item as at 31 December 2023 includes, as envisaged in the 8th update of Bank of Italy Circular 262/2005, all on demand loans to banks and central banks in the technical forms of deposits and current accounts, having the nature of cash and cash equivalents pursuant to IAS 7, despite continuing to respect the criteria for the recognition, measurement and derecognition of income statement items of the category "Assets at amortised cost". As at 31 December 2023, investments in overnight deposits with Central Banks, amounting to Euro 8.156 million, decreased due to lower available liquidity as a result of the repayments made at maturity of the three TLTRO III tranches.

Section 2 – Financial assets measured at fair value through profit or loss

Item 20

2.1 Financial assets held for trading: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	1,220	5,648	8	49,365	5,205	10
1.1 Structured securities	-	1,550	-	22,440	1,427	-
1.2 Other debt securities	1,220	4,098	8	26,925	3,778	10
2. Equity instruments	62,421	1,561	48	56,742	2,830	23
3. UCITS units	7	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**63,648**	**7,209**	**56**	**106,107**	**8,035**	**33**
B. Derivative instruments						
1. Financial derivatives	1	596,138	5,546	-	585,631	7,692
1.1 trading	1	596,138	5,546	-	585,631	7,692
1.2 connected with the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 connected with the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**1**	**596,138**	**5,546**	**-**	**585,631**	**7,692**
Total (A+B)	**63,649**	**603,347**	**5,602**	**106,107**	**593,666**	**7,725**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

Description/Amounts	Total 31.12.2023	Total 31.12.2022
A. Cash assets		
1. Debt securities	6,876	54,580
a) Central Banks	-	-
b) Public Administrations	189	8,300
c) Banks	3,384	11,334
d) Other financial companies	945	34,040
of which: Insurance companies	-	5,098
e) Non-financial companies	2,358	906
2. Equity instruments	**64,030**	**59,595**
a) Banks	10,773	9,361
b) Other financial companies	6,539	7,839
of which: Insurance companies	2,415	2,432
c) Non financial companies	46,718	42,395
d) Other issuers	-	-
3. UCITS units	**7**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	**70,913**	**114,175**
B. Derivative instruments		
a) Central counterparties	-	-
b) Other	601,685	593,323
Total (B)	**601,685**	**593,323**
Total (A+B)	**672,598**	**707,498**

2.2 ter UCITS units breakdown

Description	31.12.2023	31.12.2022
1. Equities	6	-
2. Property - closed end	-	-
3. Equities - open end	-	-
4. Balanced - open end	-	-
5. Bonds - open end	-	-
6. Equities - closed end	-	-
7. Speculative securities	-	-
8. Bonds - short term	1	-
9. Bonds - long term	-	-
10. Other	-	-
Total	**7**	**-**

2.3 Financial assets designated at fair value: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1.Debt securities	**-**	**1,991**	**-**	**-**	**1,920**	**461**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	1,991	-	-	1,920	461
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	**-**	**1,991**	**-**	**-**	**1,920**	**461**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

2.4 Financial assets designated at fair value: breakdown by borrowers/issuers

Description/Amounts	Total 31.12.2023	Total 31.12.2022
1. Debt securities	**1,991**	**2,381**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	1,991	1,920
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	461
2. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**1,991**	**2,381**

Financial assets measured at fair value: method of use of the fair value option

Description	31.12.2023	31.12.2022
a) Natural hedges through derivatives	-	-
a) Natural hedges with other financial instruments	-	-
c) Other types of accounting mismatch	-	-
d) Financial instruments managed and measured at fair value	1,991	2,381
e) Embedded structured derivative products	-	-
Total	**1,991**	**2,381**

2.5 Other financial assets mandatorily measured at fair value: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**1,148**	**50,290**	**-**	**1,436**	**70,585**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	1,148	50,290	-	1,436	70,585
2. Equity instruments	**3,401**	**297**	**13,752**	**1,613**	**297**	**18,235**
3. UCITS units	**265,463**	**-**	**427,708**	**294,846**	**-**	**355,087**
4. Loans	**-**	**77,375**	**30,387**	**-**	**44,860**	**87,929**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	77,375	30,387	-	44,860	87,929
Total	**268,864**	**78,820**	**522,137**	**296,459**	**46,593**	**531,836**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

2.6 Other financial assets mandatorily measured at fair value: breakdown by borrowers/issuer

	Total 31.12.2023	Total 31.12.2022
1. Equity instruments	**17,450**	**20,145**
of which: banks	297	297
of which: other financial companies	9,488	9,178
of which: non-financial companies	7,665	10,670
2. Debt securities	**51,438**	**72,021**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	51,109	71,593
of which: Insurance companies	-	-
e) Non-financial companies	329	428
3. UCITS units	**693,171**	**649,933**
4. Loans	**107,762**	**132,789**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	27,100	83,878
of which: Insurance companies	27,100	26,747
e) Non-financial companies	80,242	48,583
f) Households	420	328
Total	**869,821**	**874,888**

2.6 bis UCITS units breakdown

Description	31.12.2023	31.12.2022
1. Equities	13,548	20,308
2. Property - closed end	102,259	105,854
3. Equities - open end	18,975	17,461
4. Balanced - open end	7,047	6,669
5. Bonds - open end	4,550	4,019
6. Equities - closed end	75,038	58,755
7. Speculative securities	8,413	7,876
8. Bonds - short term	-	-
9. Bonds - long term	-	9,217
10. Other	463,341	419,774
Total	**693,171**	**649,933**

Section 3 – Financial assets measured at fair value through other comprehensive income

Item 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**5,830,943**	**477,420**	**-**	**6,890,765**	**527,575**	**656**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	5,830,943	477,420	-	6,890,765	527,575	656
2. Equity instruments	**12,584**	**3,116**	**535,178**	**1,658**	**2,237**	**540,019**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**5,843,527**	**480,536**	**535,178**	**6,892,423**	**529,812**	**540,675**

The “Debt Securities” shown in the table include instruments with flow variability clauses depending on whether or not the financed counterparty achieves certain ESG KPIs (known as “Sustainability Linked Instruments”); more detailed information on the objectives pursued by the Group with these instruments, their characteristics and amounts as at 31 December 2023 are shown in Part 2 - CNFS 2023 of the Directors’ Report on Group Operations (para. 4.7.4 “ESG Investments”, in which the FVTOCI securities amount to Euro 64.0 million), to which reference should be made.
An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes in chapter “Techniques for the determination of fair value”.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by borrowers/ issuers

Description/Amounts	Total 31.12.2023	Total 31.12.2022
1. Debt securities	**6,308,363**	**7,418,996**
a) Central Banks	-	-
b) Public Administrations	2,078,256	2,749,991
c) Banks	2,481,930	2,877,384
d) Other financial companies	842,492	937,866
of which: Insurance companies	31,477	45,121
e) Non-financial companies	905,685	853,755
2. Equity instruments	**550,878**	**543,914**
a) Banks	255,889	256,172
b) Other issuers:	294,989	287,742
- other financial companies	231,259	236,714
of which: Insurance companies	184,351	201,148
- non financial companies	63,689	50,951
- other	41	77
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**6,859,241**	**7,962,910**

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total impairment provisions

	Gross value					Total impairment provisions				Total partial write-offs(*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
Debt securities	6,201,565	-	108,765	1,642	-	2,667	163	779	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**6,201,565**	**-**	**108,765**	**1,642**	**-**	**2,667**	**163**	**779**	**-**	**-**
Total 31.12.2022	**7,362,398**	**-**	**60,152**	**-**	**-**	**3,356**	**198**	**-**	**-**	**-**

(*) Amount to be shown for information purposes.

At 31 December 2023 none of the debt securities classified in Stage 3 have been written off.
For the approach used in the presentation of the gross value and total impairment provisions of impaired financial assets, reference should be made to Part A of these Explanatory Notes.

Section 4 – Financial assets measured at amortised cost

Item 40

4.1 Financial assets measured at amortised cost: breakdown by product of loans to banks

Type of transaction/Amounts	Total 31.12.2023						Total 31.12.2022					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3
A. Loans to Central Banks	**1,036,703**	**-**	**-**	**-**	**-**	**1,036,703**	**1,347,747**	**-**	**-**	**-**	**-**	**1,347,747**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	1,036,703	-	-	X	X	X	1,347,747	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	**7,345,907**	**-**	**-**	**6,266,294**	**224,369**	**624,378**	**8,134,701**	**-**	**-**	**6,030,453**	**234,895**	**1,537,836**
1. Loans	624,378	-	-	-	-	624,378	1,537,836	-	-	-	-	1,537,836
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	76,611	-	-	X	X	X	234,376	-	-	X	X	X
1.3 Other loans:	547,767	-	-	X	X	X	1,303,460	-	-	X	X	X
- Repurchase agreements	302,711	-	-	X	X	X	358,702	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	245,056	-	-	X	X	X	944,758	-	-	X	X	X
2. Debt securities	6,721,529	-	-	6,266,294	224,369	-	6,596,865	-	-	6,030,453	234,895	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	6,721,529	-	-	6,266,294	224,369	-	6,596,865	-	-	6,030,453	234,895	-
Total	**8,382,610**	**-**	**-**	**6,266,294**	**224,369**	**1,661,081**	**9,482,448**	**-**	**-**	**6,030,453**	**234,895**	**2,885,583**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

4.2 Financial assets measured at amortised cost: breakdown by product of loans to customers

Type of transaction/Amounts	Total 31.12.2023						Total 31.12.2022					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3
1. Loans	**86,794,278**	**885,683**	**544,393**	**-**	**-**	**90,452,750**	**89,558,304**	**779,822**	**836,709**	**-**	**-**	**92,954,208**
1.1 Current accounts	5,341,368	60,408	52,157	X	X	X	5,333,127	58,564	91,088	X	X	X
1.2 Repurchase agreements	-	-	-	X	X	X	-	4,254	-	X	X	X
1.3 Mortgage loans	61,123,092	593,973	403,846	X	X	X	61,825,671	482,502	644,261	X	X	X
1.4 Credit cards, personal loans and assignments of one-fifth of salary	4,781,015	43,167	10,163	X	X	X	4,598,696	35,683	12,693	X	X	X
1.5 Finance leases	2,917,929	44,924	20,163	X	X	X	3,011,379	102,127	23,945	X	X	X
1.6 Factoring	2,136,057	15,716	-	X	X	X	1,896,399	17,821	-	X	X	X
1.7 Other loans	10,494,817	127,495	58,064	X	X	X	12,893,032	78,871	64,722	X	X	X
2. Debt securities	**13,583,007**	**-**	**-**	**11,843,694**	**129,998**	**897,749**	**14,654,014**	**-**	**-**	**12,382,622**	**143,881**	**1,013,311**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	13,583,007	-	-	11,843,694	129,998	897,749	14,654,014	-	-	12,382,622	143,881	1,013,311
Total	**100,377,285**	**885,683**	**544,393**	**11,843,694**	**129,998**	**91,350,499**	**104,212,318**	**779,822**	**836,709**	**12,382,622**	**143,881**	**93,967,519**

The sub-item "Other loans", limited to the performing component (inclusive of Stage 1 and 2 equal to Euro 10,495 million, as well as the portion of POCI assets classified in Stage 2, equal to Euro 33 million), is composed as follows: Euro 5,495 million of short-term bullet loans (-21.13%), Euro 2,995 million of advances on invoices and bills subject to collection (-5.10%), Euro 1,165 million of import/export advances, (-18.19%), Euro 44 million of credit assignment (-10.20%) and Euro 829 million of other miscellaneous entries (-36.48%).

The portfolios of Loans and Debt Securities shown in the table include instruments with flow variability clauses depending on whether or not the financed counterparty achieves certain ESG KPIs (known as "Sustainability Linked Instruments"); more detailed information on the objectives pursued by the Group with these instruments, their characteristics and amounts as at 31 December 2023 are shown in Part 2 - CNFS 2023 of the Directors' Report on Group Operations (para. 4.7.3. "Other products and services with ESG purposes" for an amount of Euro 600.5 million and para. 4.7.4 "ESG Investments", in which the debt securities at amortised cost amount to Euro 27.6 million), to which reference should be made.

An explanation of the fair value hierarchy used for classification was given in Part A.4 of the Explanatory Notes to the consolidated financial report as at 31 December 2023.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

4.3 Financial assets measured at amortised cost: breakdown by borrowers/issuers of loans to customers

Type of transaction/Amounts	Total 31.12.2023			Total 31.12.2022		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Stage 1 and 2	Stage 3	Purchased or originated credit impaired
1. Debt securities	**13,583,007**	**-**	**-**	**14,654,014**	**-**	**-**
a) Public Administration	11,432,365	-	-	12,298,897	-	-
b) Other financial companies	1,745,547	-	-	1,869,109	-	-
of which: Insurance companies	28,463	-	-	27,372	-	-
c) Non financial companies	405,095	-	-	486,008	-	-
2. Loans:	**86,794,278**	**885,683**	**544,393**	**89,558,304**	**779,822**	**836,709**
a) Public Administration	2,712,660	5,330	72	2,663,371	5,455	75
b) Other financial companies	4,107,539	9,828	1,066	5,171,598	11,409	28,373
of which: Insurance companies	97,349	-	-	89,053	-	-
c) Non financial companies	39,062,960	505,692	365,000	40,872,272	509,642	529,412
d) Households	40,911,119	364,833	178,255	40,851,063	253,316	278,849
Total	**100,377,285**	**885,683**	**544,393**	**104,212,318**	**779,822**	**836,709**

The classification of loans to customers between Stage 1 and Stage 2 is shown below, analysed by type of product and counterparty.

4.3 bis - Financial assets measured at amortised cost: - details of loans to customers: breakdown by type of product, stage and type of counterparty

Type of Product/Counterparty	Public administrations			Other financial companies		
	Gross exposure	Overall impairment provisions	Net exposure	Gross exposure	Overall impairment provisions	Net exposure
Loans						
Current accounts	**127,563**	**(2,729)**	**124,834**	**1,012,678**	**(11,724)**	**1,000,954**
of which Stage 1	123,300	(327)	122,973	949,727	(3,035)	946,692
of which Stage 2	178	(1)	177	51,027	(1,476)	49,551
of which Stage 3	4,085	(2,401)	1,684	11,677	(7,084)	4,593
of which: purchased or originated credit impaired	-	-	-	247	(129)	118
Repurchase agreements	**-**	**-**	**-**	**-**	**-**	**-**
of which Stage 1	-	-	-	-	-	-
of which Stage 2	-	-	-	-	-	-
of which Stage 3	-	-	-	-	-	-
of which: purchased or originated credit impaired financial assets	-	-	-	-	-	-
Mortgage loans	**2,382,313**	**(1,071)**	**2,381,242**	**1,341,895**	**(15,620)**	**1,326,275**
of which Stage 1	2,377,308	(975)	2,376,333	1,253,376	(7,284)	1,246,092
of which Stage 2	4,971	(92)	4,879	79,299	(4,180)	75,119
of which Stage 3	34	(4)	30	7,895	(3,499)	4,396
of which: purchased or originated credit impaired	-	-	-	1,325	(657)	668
Other loans	**213,140**	**(1,154)**	**211,986**	**1,805,973**	**(14,769)**	**1,791,204**
of which Stage 1	207,168	(105)	207,063	1,719,528	(5,186)	1,714,342
of which Stage 2	1,255	(20)	1,235	82,080	(6,337)	75,743
of which Stage 3	4,645	(1,029)	3,616	4,007	(3,168)	839
of which: purchased or originated credit impaired	72	-	72	358	(78)	280
Total	**2,723,016**	**(4,954)**	**2,718,062**	**4,160,546**	**(42,113)**	**4,118,433**

(cont.)

Type of Product/Counterparty	Non-financial companies			Households			Total (net exposure)
	Gross exposure	Overall impairment provisions	Net exposure	Gross exposure	Overall impairment provisions	Net exposure	
Loans							
Current accounts	**3,463,744**	**(187,053)**	**3,276,691**	**1,116,475**	**(65,021)**	**1,051,454**	**5,453,933**
of which Stage 1	2,749,287	(13,853)	2,735,434	792,780	(5,320)	787,460	4,592,559
of which Stage 2	493,624	(29,080)	464,544	252,447	(17,910)	234,537	748,809
of which Stage 3	123,844	(86,874)	36,970	47,422	(30,261)	17,161	60,408
of which: purchased or originated credit impaired	96,989	(57,246)	39,743	23,826	(11,530)	12,296	52,157
Repurchase agreements	**-**	**-**	**-**	**-**	**-**	**-**	**-**
of which Stage 1	-	-	-	-	-	-	-
of which Stage 2	-	-	-	-	-	-	-
of which Stage 3	-	-	-	-	-	-	-
of which: purchased or originated credit impaired financial assets	-	-	-	-	-	-	-
Mortgage loans	**23,815,634**	**(543,881)**	**23,271,753**	**35,546,857**	**(405,216)**	**35,141,641**	**62,120,911**
of which Stage 1	19,980,443	(62,061)	19,918,382	31,722,606	(41,639)	31,680,967	55,221,774
of which Stage 2	2,950,462	(154,334)	2,796,128	3,190,602	(165,410)	3,025,192	5,901,318
of which Stage 3	512,758	(207,172)	305,586	429,189	(145,228)	283,961	593,973
of which: purchased or originated credit impaired	371,971	(120,314)	251,657	204,460	(52,939)	151,521	403,846
Other loans	**13,851,460**	**(466,252)**	**13,385,208**	**5,353,805**	**(92,693)**	**5,261,112**	**20,649,510**
of which Stage 1	11,861,652	(33,440)	11,828,212	4,876,944	(14,008)	4,862,936	18,612,553
of which Stage 2	1,370,190	(49,930)	1,320,260	334,280	(14,253)	320,027	1,717,265
of which Stage 3	465,923	(302,787)	163,136	118,856	(55,145)	63,711	231,302
of which: purchased or originated credit impaired	153,695	(80,095)	73,600	23,725	(9,287)	14,438	88,390
Total	**41,130,838**	**(1,197,186)**	**39,933,652**	**42,017,137**	**(562,930)**	**41,454,207**	**88,224,354**

4.4 Financial assets measured at amortised cost: gross value and total impairment provisions

	Gross value					Total impairment provisions				Total partial write-offs (*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
Debt securities	19,634,066	-	696,399	-	-	5,905	20,024	-	-	-
Loans	80,275,487	-	8,832,789	1,730,333	876,668	187,570	465,347	844,650	332,275	49,025
Total 31.12.2023	**99,909,553**	**-**	**9,529,188**	**1,730,333**	**876,668**	**193,475**	**485,371**	**844,650**	**332,275**	**49,025**
Total 31.12.2022	**103,739,050**	**-**	**10,669,209**	**1,950,023**	**1,393,536**	**227,029**	**486,464**	**1,170,201**	**556,827**	**68,495**

(*) Amount to be shown for information purposes.

For the approach used in the presentation of the gross value and total impairment provisions of impaired financial assets, reference should be made to Part A of these Explanatory Notes.
Note that default interest is only recorded at the time of actual collection.
An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. For this perimeter, it was therefore considered appropriate to partially write off the gross exposure for a total of Euro 335 million, adjusting it to the expected recoverable amount. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.

The loans that constitute new liquidity granted through public guarantee mechanisms issued in response to the Covid-19 pandemic are reported below

Gross value				Overall impairment provisions			
Stage 1	Stage 2	Stage 3	Credit-impaired purchased or originated	Stage 1	Stage 2	Stage 3	Credit-impaired purchased or originated
4,855,419	883,892	149,502	19,357	4,372	9,139	16,814	1,936

Section 5 – Hedging derivatives

Item 50

5.1 Hedging derivatives: breakdown by type of hedge and hierarchy level

	FV 31.12.2023			NV 31.12.2023	FV 31.12.2022			NV 31.12.2022
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1. Fair Value	-	1,122,566	-	13,614,339	-	1,808,515	-	11,976,493
2. Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**1,122,566**	**-**	**13,614,339**	**-**	**1,808,515**	**-**	**11,976,493**

Key: VN = Notional Value; L1 = Level 1; L2 = Level 2 L3 = Level 3

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair Value							Cash flows		Foreign investments
	Specific						General			
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other		Specific	General	
1. Financial assets measured at fair value through other comprehensive income	101,140	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	921,237	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**1,022,377**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial Liabilities	100,189	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**100,189**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 6 – Change in value of macro-hedged financial assets

Item 60

There are no amounts for this item in this Consolidated Financial Report.

Section 7 – Equity investments

Item 70

7.1 Equity investments: information on shareholdings

Company name	Registered head office	Operational head office	Type of relationship	Currency	Share capital Parent company	Nature of holding		% Available votes
A. Companies subject to joint control								
1 Gility S.r.l. Benefit Corporation	Milan	Milan	7	eur	50,933	BPER Banca	49.084	
B. Companies subject to significant influence								
1. Alba Leasing s.p.a.	Milan	Milan	8	eur	357,953,058	BPER Banca	33.498	
2. Atriké s.p.a. in liquidation.	Modena	Modena	8	eur	120,000	BPER Banca	45.000	
3. Autostrada dei Fiori s.p.a.	Imperia	Imperia	8	eur	325,000,000	BPER Banca	20.620	
4. Cassa di Risparmio di Fossano s.p.a.	Fossano	Fossano	8	eur	31,200,000	BPER Banca	23.077	
5. Cassa di Risparmio di Savigliano s.p.a.	Savigliano	Savigliano	8	eur	38,011,495	BPER Banca	31.006	
6. Immobiliare Oasi nel Parco s.r.l. (*)	Milan	Milan	8	eur	1,000,000	BPER Banca	36.800	
7. Lanciano Fiera - Polo Fieristico d'Abruzzo Consorzio	Lanciano	Lanciano	8	eur	250,000	BPER Banca	33.333	
8. Nuova Erzelli s.r.l.	Genoa	Genoa	8	eur	20,000	BPER Banca	40.000	
9. Resiban s.p.a.	Modena	Modena	8	eur	165,000	BPER Banca	20.000	
10. Sarda Factoring s.p.a.	Cagliari	Cagliari	8	eur	9,027,079	B, Sard,	13.401	
			8			BPER Banca	8.083	
11. Unione Fiduciaria s.p.a.	Milan	Milan	8	eur	5,940,000	BPER Banca	24.000	
12. UnipolRental s.p.a.	Reggio Emilia	Reggio Emilia	8	eur	31,244,899	BPER Banca	19.987	

The figure for share capital is provided as extra information as required by CONSOB Communication DEM/6064293 dated 28 July 2006.
The "% Available votes" column is only used if the actual share of votes exercisable at the Ordinary Shareholders' Meeting is different from the interest held in the company's share capital.

(*) on 23 February 2024, the deed of transfer of the company was finalised.

Key - Type of relationship: 7 = joint control; 8 = associated company

7.2 Significant equity investments: book value, fair value and dividends earned

Company name	Book Value	Fair value	Dividends received
A. Companies subject to joint control			
B. Companies subject to significant influence			
1. Alba Leasing s.p.a.	145,027	-	-
2. Autostrada dei Fiori S.p.A.	123,810	-	-
3. Cassa di Risparmio di Fossano s.p.a.	41,296	-	1,163
4. Cassa di Risparmio di Savigliano s.p.a.	32,947	-	623
5. Sarda Factoring s.p.a.	1,801	-	-
6. Unione Fiduciaria s.p.a.	10,526	-	-
7. UnipolRental s.p.a.	52,883	-	-
Total	**408,290**	**-**	**1,786**

Please refer to Part A of the Explanatory Notes for an explanation of how these figures were calculated.

Equity investments are considered significant based on the materiality of total assets compared with the equivalent consolidated figure. Other investments, which are not considered significant, are reported in Table 7.4 "Non-significant equity investments: accounting information"; the controlling interests measured using the equity method are reported in table 7.10. "Companies subject to control consolidated under the equity method".

7.3 Significant equity investments: accounting information

Company name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial Liabilities	Non-financial liabilities	Total revenues	Net interest income
A. Companies subject to joint control							
B. Companies subject to significant influence							
1. Alba Leasing s.p.a.	X	5,408,056	115,285	4,916,068	189,302	225,354	X
2. Autostrada dei Fiori S.p.A.	X	680,942	699,149	780,861	145,011	207,914	X
3. Cassa di Risparmio di Fossano s.p.a.	X	2,288,333	79,680	2,170,054	52,294	80,866	X
4. Cassa di Risparmio di Savigliano s.p.a.	X	1,600,082	91,699	1,620,764	22,295	59,361	X
5. Sarda Factoring s.p.a.	X	54,550	1,650	49,360	669	4,534	X
6. Unione Fiduciaria s.p.a.	X	33,183	32,223	35,074	8,097	10,442	X
7. UnipolRental s.p.a.	X	392,942	2,417,519	2,623,907	96,993	716,002	X

(cont.)

Company name	Net adjustments to property, plant and equipment and intangible assets	Profit (Loss) from current operations before tax	Profit (Loss) from current operations after tax	Profit (Loss) after tax on non-current assets held for sale	Profit (Loss) for the year (1)	Other comprehensive income after tax (2)	Other comprehensive income (3)=(1)+(2)
A. Companies subject to joint control							
B. Companies subject to significant influence							
1. Alba Leasing s.p.a.	X	10,823	7,211	-	7,211	11	7,222
2. Autostrada dei Fiori S.p.A.	X	22,295	16,976	-	16,976	-	16,976
3. Cassa di Risparmio di Fossano s.p.a.	X	34,748	19,691	-	19,691	-	19,691
4. Cassa di Risparmio di Savigliano s.p.a.	X	12,646	8,505	-	8,505	279	8,784
5. Sarda Factoring s.p.a.	X	(1,095)	(819)	-	(819)	-	(819)
6. Unione Fiduciaria s.p.a.	X	206	113	-	113	-	113
7. UnipolRental s.p.a.	X	24,508	26,206	-	26,206	-	26,206

Reconciliation of accounting information with the book value of significant equity investments pursuant to paragraph B14 b) IFRS 12

Company name	Shareholders' equity	Minority interests	Goodwill (positive/ negative differences in shareholders' equity)	Other	Book Value
A. Companies subject to joint control					
B. Companies subject to significant influence					
1. Alba Leasing s.p.a.	432,947	145,027	-	-	145,027
2. Autostrada dei Fiori S.p.A.	600,437	123,810	-	-	123,810
3. Cassa di Risparmio di Fossano s.p.a.	178,947	41,296	-	-	41,296
4. Cassa di Risparmio di Savigliano s.p.a.	106,260	32,947	-	-	32,947
5. Sarda Factoring s.p.a.	8,383	1,801	-	-	1,801
6. Unione Fiduciaria s.p.a.	49,398	11,855	(1,329)	-	10,526
7. UnipolRental s.p.a.	163,023	32,584	20,299	-	52,883

For the values and parameters, please refer to Part A.1 of these Explanatory notes.
Alba Leasing s.p.a. was founded in 2010 on the initiative of some of the major Italian cooperative banks. It is a company that specialises in finance leases, which are distributed by the BPER Banca Group through its branch network.
Autostrada dei Fiori s.p.a.'s core business is the construction and operation of the motorway under concession and may assume and dispose of interests and equity investments in other companies or consortia that carry out similar business activities or ancillary or auxiliary activity of the motorway service.
Cassa di Risparmio di Fossano s.p.a. is a Piedmontese bank which offers a wide range of banking services, created with the aim of favouring the commercial, agricultural and industrial development of the Fossano area.
Cassa di Risparmio di Savigliano s.p.a. is an independent local bank at the service of that area, which dedicates resources and services to households, small/medium-sized enterprises, local institutions and associations.
Sarda Factoring s.p.a. offers financing and risk hedging services for businesses. It is the leader in Sardinia in factoring with recourse and has operations that are growing also at a national level.
Unione Fiduciaria s.p.a. was founded by a group of cooperative banks and offers organisational, administrative and tax services for companies, intermediaries and wealthy individuals, including complex situations.
UnipolRental s.p.a. is the largest wholly Italian-owned player in the long-term rental market.

7.4 Non-significant equity investments: accounting information

Company name	Book value of equity investments	Total assets	Total liabilities	Total revenues	Profit (Loss) from current operations after tax	Profit (Loss) after tax on non-current assets held for sale	Profit (Loss) for the year (1)	Other comprehensive income after tax (2)	Other comprehensive income (3)=(1)+(2)
Companies subject to joint control	2,873	2,988	115	117	(246)	-	(246)	-	(246)
Companies subject to significant influence	1,021	4,280	1,811	1,897	207	-	207	-	207

Impairment testing of equity investments in companies subject to significant influence

In compliance with the provisions of the IAS/IFRS principles, the book value of each equity investment, after the application of the equity method (IAS 28), was reconsidered in order to verify the existence or otherwise of objective evidence that would be grounds for considering that the carrying amount of the assets is not fully recoverable (impairment test).

A net investment is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment and that loss event has an impact on the recoverable value of the investment. Often the impairment may not be due to a single discrete event, but rather to the combined effect of several identifiable events with reference to specific parameters used to determine the recoverable amount of the investment, some of which are taken from the international reference principles.

For investments in associates and joint ventures, if the recoverable amount, represented by the higher of fair value less costs of disposal and value in use, is lower than the carrying amount, an impairment loss is recognised if is not expected to be recovered.

The audit as at 31 December 2023 did not reveal any evidence of impairment of the carrying value of the equity investments consolidated under the equity method.

7.5 Equity investments: annual changes

	Total 31.12.2023	Total 31.12.2022
A. Opening balance	**376,158**	**240,534**
B. Increases	**88,677**	**143,186**
B.1 Purchases	3,850	118,914
- of which: business combinations	-	*115,638*
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other increases	84,827	24,272
C. Decreases	**42,789**	**7,562**
C.1 Sales	5	-
C.2 Adjustments	1,083	1,272
C.3 Depreciations	-	-
C.4 Other decreases	41,701	6,290
D. Closing balance	**422,046**	**376,158**
E. Total revaluations	**-**	**-**
F. Total adjustments	**191,002**	**189,919**

"Purchases" refer mainly to the payment of the "variable" component of the consideration set forth in the contract for the purchase of the shares of SIFA' - Società Italiana Flotte Aziendali s.p.a., stipulated on 30 December 2020 (Euro 2.75 thousand); they also include the payments made during the incorporation of Annia s.r.l., a wholly-owned subsidiary of BPER REOCO s.p.a., the incorporation of Bridge Servicing s.p.a., wholly-owned by BPER Banca.
"Adjustments" refer to the impairment accounted for on the following associates: Immobiliare Oasi nel Parco s.r.l. (Euro 98 thousand), CAT Progetto Impresa Modena s.c.r.l. (Euro 6 thousand) and Nuova Erzelli s.r.l. (Euro 6 thousand); Sant'Anna Golf s.r.l. (Euro 512 thousand), Commerciale Piccapietra s.r.l. (Euro 47 thousand) and Annia s.r.l. (Euro 11 thousand), subsidiaries consolidated under the equity method; on Gility s.r.l. Benefit Corporation, jointly-controlled subsidiary (Euro 403 thousand).
"Sales" refer to the divestiture of the entire equity stake held in the company CAT Progetto Impresa Modena s.c.r.l.
"Other increases/decreases" mainly include the Group's share of the positive or negative results of the investees and the consolidation entries under the equity method.
"Other increases" mainly include the acquisition of 19.987% of the share capital of UnipolRental s.p.a. as the exchange ratio for the merger by incorporation of SIFA'- Società Italiana Flotte Aziendali s.p.a. (Euro 50 million).
"Other decreases" mainly include the effect of the deconsolidation of SIFA' - Società Italiana Flotte Aziendali s.p.a. merged by incorporation into UnipolRental s.p.a. (Euro 26.6 million).

7.6. Significant assessments and assumptions to establish the existence of joint control or significant influence

Please refer to the explanations in Section 3 of Part A of these Explanatory Notes.

7.7 Commitments referred to equity investments in companies subject to joint control

At 31 December 2023 there are no commitments related to companies under joint control.

7.8 Commitments related to equity investments in companies subject to significant influence

At 31 December 2023 there are no commitments related to companies subject to significant influence.

7.9 Significant restrictions

Among the Banks and Companies included in the BPER Banca Group's scope of consolidation, there are no significant restrictions as foreseen by IFRS 12 § 13.

7.10 Other information

Companies subject to control consolidated under the equity method

Company name	Book value of equity investments	Total assets	Total liabilities	Total revenues	Profit (Loss) from current operations after tax	Profit (Loss) after tax on non-current assets held for sale	Profit (Loss) for the year (1)	Other comprehensive income after tax (2)	Other comprehensive income (3)=(1)+(2)
Companies subject to control consolidated under the equity method	9,862	59,675	50,084	4,514	(412)	-	(412)	-	(412)

For the application of the equity method, reference is made to the last available financial statements.
With regard to group companies consolidated under the equity method, i.e. subsidiaries, the valuation has been carried out with reference to their financial statements available prepared and approved at 31 December 2023.
With regard to other companies consolidated under the equity method, the valuation has been carried out with reference to their latest available financial statements, being those prepared and approved at 30 September 2023 for Cassa di Risparmio di Fossano s.p.a. and Cassa di Risparmio di Savigliano s.p.a.

Section 8 – Technical reserves carried by reinsurers

Item 80

There are no amounts for this item in this Consolidated Financial Report.

Section 9 – Property, plant and equipment

Item 90

9.1 Property, plant and equipment used in operations: breakdown of assets measured at cost

Description/Amounts	Total 31.12.2023	Total 31.12.2022
1. Assets owned	**259,971**	**243,468**
a) land	-	-
b) buildings	-	-
c) furniture	73,097	72,755
d) electronic systems	80,150	77,000
e) other	106,724	93,713
2. Rights of use acquired through leases	**314,556**	**359,089**
a) land	-	-
b) buildings	300,510	335,398
c) furniture	-	-
d) electronic systems	7,187	16,688
e) other	6,859	7,003
Total	**574,527**	**602,557**
of which: arising from the enforcement of guarantees received	-	-

9.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

There is no property, plant or equipment held for investment purposes measured at cost in these Consolidated Financial Report.

9.3 Property, plant and equipment used in operations: breakdown of revalued assets

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Assets owned	**-**	**-**	**1,289,356**	**-**	**-**	**1,372,883**
a) land	-	-	648,888	-	-	658,737
b) buildings	-	-	640,468	-	-	714,146
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	**-**	**-**	**1,289,356**	**-**	**-**	**1,372,883**
of which: arising from the enforcement of guarantees received	-	-	-	-	-	-

Key: L1 = Level 1; L2 = Level 2 L3 = Level 3

9.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Assets owned	**-**	**-**	**494,027**	**-**	**-**	**452,346**
a) land	-	-	229,216	-	-	197,037
b) buildings	-	-	264,811	-	-	255,309
2. Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**494,027**	**-**	**-**	**452,346**
of which: arising from the enforcement of guarantees received	-	-	44,156	-	-	39,807

Key: L1 = Level 1; L2 = Level 2 L3 = Level 3

9.5 Inventories of property, plant and equipment governed by IAS 2: breakdown

Description/Amounts	Total 31.12.2023	Total 31.12.2022
1. Inventories of property, plant and equipment arising from the enforcement of guarantees received	**97,959**	**118,441**
a) land	52,453	69,414
b) buildings	45,506	49,027
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
2. Other inventories of property, plant and equipment	**981**	**68**
Total	**98,940**	**118,509**
of which: measured at fair value less costs to sell	-	-

This item mainly refers to properties held by the BPER Banca Group's real estate company.

9.6 Property, plant and equipment used in operations: annual changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	**612,612**	**1,271,825**	**321,132**	**388,646**	**496,836**	**3,091,051**
A.1 Total net value adjustments	(46,125)	222,281	248,377	294,958	396,120	1,115,611
A.2 Net opening balance	**658,737**	**1,049,544**	**72,755**	**93,688**	**100,716**	**1,975,440**
B. Increases:	**72,052**	**70,763**	**5,612**	**39,025**	**50,274**	**237,726**
B.1 Purchases	10,834	43,327	5,403	23,548	41,595	124,707
B.2 Capitalised expenditure on improvements	208	5,502	-	-	-	5,710
B.3 Write-backs	2,623	741	-	-	-	3,364
B.4 Positive changes in fair value allocated to	45,803	3,544	-	-	-	49,347
a) shareholders' equity	38,620	2,124	-	-	-	40,744
b) profit or loss	7,183	1,420	-	-	-	8,603
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfers from property, plant and equipment held for investment	12,333	8,332	-	-	-	20,665
B.7 Other changes	251	9,317	209	15,477	8,679	33,933
C. Decreases:	**81,901**	**179,329**	**5,270**	**45,376**	**37,407**	**349,283**
C.1 Sales	24,559	17,879	55	595	929	44,017
C.2 Depreciation	-	82,392	4,999	32,552	26,645	146,588
C.3 Impairment losses allocated to	-	6,094	-	-	-	6,094
a) shareholders' equity	-	-	-	-	-	-
b) profit or loss	-	6,094	-	-	-	6,094
C.4 Negative changes in fair value allocated to	13,087	22,247	-	-	-	35,334
a) shareholders' equity	3,306	3,985	-	-	-	7,291
b) profit or loss	9,781	18,262	-	-	-	28,043
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	44,255	43,569	-	-	-	87,824
a) property, plant and equipment held for investment	44,255	43,569	-	-	-	87,824
b) Non-current assets and groups of assets held for sale	-	-	-	-	-	-
C.7 Other decreases	-	7,148	216	12,229	9,833	29,426
D. Net closing balance	**648,888**	**940,978**	**73,097**	**87,337**	**113,583**	**1,863,883**
D.1 Total net value adjustments	(80,364)	243,248	250,577	325,037	413,395	1,151,893
D.2 Gross closing balance	568,524	1,184,226	323,674	412,374	526,978	3,015,776
E. Carried at cost	**357,836**	**683,091**	**-**	**-**	**-**	**1,040,927**

Impairment losses included refer to rights of use acquired through leases following the early closure of certain branches.

9.7 Property, plant and equipment held for investment: annual changes

	Total	
	Land	**Buildings**
A. Opening balance	**197,037**	**255,309**
B. Increases	**76,501**	**58,049**
B.1 Purchases	17,376	4,072
B.2 Capitalised expenditure on improvements	684	371
B.3 Increases in fair value	9,164	5,586
B.4 Write-backs	-	-
B.5 Positive exchange differences	-	-
B.6 Transfers from property, plant and equipment used in operations	44,255	43,569
B.7 Other changes	5,022	4,451
C. Decreases	**44,322**	**48,547**
C.1 Sales	5,166	9,352
C.2 Depreciation	-	5
C.3 Decreases in fair value	23,245	25,443
C.4 Impairment losses	-	50
C.5 Negative exchange differences	-	-
C.6 Transfers to:	15,911	13,655
a) property, plant and equipment used in operations	12,333	8,332
b) Non-current assets and groups of assets held for sale	3,578	5,323
C.7 Other changes	-	42
D. Closing balance	**229,216**	**264,811**
E. Valuation at fair value	**-**	**-**

9.8 Inventories of property, plant and equipment governed by IAS 2: annual changes

	Inventories of property, plant and equipment arising from the enforcement of guarantees received					Other inventories of property, plant and equipment	Total
	Land	**Buildings**	**Furniture**	**Electronic systems**	**Other**		
A. Opening balance	**69,414**	**49,027**	**-**	**-**	**-**	**68**	**118,509**
B. Increases	**3,686**	**9,059**	**-**	**-**	**-**	**1,107**	**13,852**
B.1 Purchases	1	2,446	-	-	-	431	2,878
B.2 Write-backs	502	995	-	-	-	-	1,497
B.3 Positive exchange differences	-	-	-	-	-	-	-
B.4 Other increases	3,183	5,618	-	-	-	676	9,477
C. Decreases	**20,647**	**12,580**	**-**	**-**	**-**	**194**	**33,421**
C.1 Sales	6,757	5,991	-	-	-	-	12,748
C.2 Impairment losses	10,072	3,203	-	-	-	-	13,275
C.3 Negative exchange differences	-	-	-	-	-	-	-
C.4 Other decreases	3,818	3,386	-	-	-	194	7,398
D. Closing balance	**52,453**	**45,506**	**-**	**-**	**-**	**981**	**98,940**

Useful life of the main categories of fixed assets used in operations

Category	Useful life
Land	not depreciated
Real estate	based on the useful life identified from specific appraisals
Office furniture and machines	100 months
Furnishings	80 months
Lifting equipment	160 months
Motor vehicles	48 months
Alarm systems	40 months
EDP hardware	60 months

Depreciation is calculated with reference to the estimated useful life of the assets concerned, commencing from when they enter into service.

9.9 Commitments to purchase property, plant and equipment

There are no cases of commitments to purchase property, plant and equipment in these Consolidated Financial Report.

Section 10 – Intangible assets

Item 100

10.1 Intangible assets: breakdown by asset type

Description/Amounts	Total 31.12.2023		Total 31.12.2022	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	**X**	**170,018**	**X**	**204,392**
A.1.1 pertaining to group	X	170,018	X	204,392
A.1.2 pertaining to minority interests	X	-	X	-
A.2 Other intangible assets	**478,963**	**-**	**359,110**	**-**
of which Software	474,192	-	321,678	-
A.2.1 Assets measured at cost	478,963	-	359,110	-
a) intangible assets generated internally	-	-	-	-
b) other assets	478,963	-	359,110	-
A.2.2 Assets measured at fair value	-	-	-	-
a) intangible assets generated internally	-	-	-	-
b) other assets	-	-	-	-
Total	**478,963**	**170,018**	**359,110**	**204,392**

The impairment test carried out during the year, in accordance with IAS 36, revealed the need to write down the goodwill allocated to the Banco di Sardegna CGU (Euro 27.6 million) and BPER Factor CGU (Euro 6.8 million).
“Other intangible assets” mainly comprise application software measured at cost and amortised on a straight-line basis over a period, not exceeding five years.

10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		FIN	INDEF	FIN	INDEF	
A. Opening balance	**641,947**	**-**	**-**	**724,336**	**-**	**1,366,283**
A.1 Total net value adjustments	437,555	-	-	365,226	-	802,781
A.2 Net opening balance	204,392	-	-	359,110	-	563,502
B. Increases	**-**	**-**	**-**	**225,802**	**-**	**225,802**
B.1 Purchases	-	-	-	225,718	-	225,718
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other increases	-	-	-	84	-	84
C. Decreases	**34,374**	**-**	**-**	**105,949**	**-**	**140,323**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	34,374	-	-	97,076	-	131,450
- Depreciation	X	-	-	97,076	-	97,076
- Impairment losses	34,374	-	-	-	-	34,374
+ shareholders' equity	X	-	-	-	-	-
+ profit or loss	34,374	-	-	-	-	34,374
C.3 Decreases in fair value:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- profit or loss	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other decreases	-	-	-	8,873	-	8,873
D. Net closing balance	**170,018**	**-**	**-**	**478,963**	**-**	**648,981**
D.1 Total net value adjustments	470,280	-	-	467,488	-	937,768
E. Gross closing balance	**640,298**	**-**	**-**	**946,451**	**-**	**1,586,749**

All intangible assets are measured at cost.
The impairment test carried out during the year, in accordance with IAS 36, revealed the need to write down the goodwill of Euro 34.4 million allocated to the Banco di Sardegna CGU (Euro 27.6 million) and BPER Factor CGU (Euro 6.8 million).

10.3 Other information

10.3.1 Goodwill

The goodwill reported in the Consolidated Financial Report is summarised in the following table:

(in thousands)

Goodwill	31.12.2023	31.12.2022
Banks/Other companies	170,018	204,392
- Arca Holding s.p.a.	170,018	170,018
- Banco di Sardegna s.p.a.	-	27,606
- BPER Factor s.p.a.	-	6,768
Total	**170,018**	**204,392**

Information on goodwill

With respect to business combinations, accounting standard IFRS 3 requires the recognition of any intangible assets and goodwill arising from the transaction; goodwill, in particular, is measured as the difference between:

- the consideration transferred, measured in accordance with IFRS 3, which generally requires fair value at the acquisition date, and other items also indicated in the relevant accounting standard;
- and the net value of the amounts at the acquisition date of the identifiable assets acquired and liabilities assumed measured in accordance with IFRS 3.

Also as part of international accounting standards, IAS 36 requires the identification of “Cash Generating Units” (CGUs) and allocation of goodwill to those that will benefit from the effects deriving from the business combination; a CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

According to IAS 36, an impairment test, i.e. the verification of an asset’s recoverable amount, is performed by comparing the carrying amount of the CGU with its recoverable value, where “recoverable value” means the higher of its fair value less costs to sell and its value in use. The carrying amount is determined in a way that is consistent with the method used to determine its recoverable value. Generally speaking, the impairment loss shall be recognised immediately in profit or loss.

In accordance with IAS 36, intangible assets with an indefinite useful life, such as goodwill, are not amortised, but must be tested for impairment at least annually (or in any case whenever there is evidence of impairment) to verify the actual recoverability of the recorded value. The annual verification can be carried out at any time during the reference year, provided that it is conducted in the same period in all years. In this context, the BPER Banca Group carries out an annual impairment test at the time the year-end financial report is prepared, whereas when interim reports are prepared, a check is performed to verify whether there are any signs of impairment; in this case, if the check has a positive outcome, an impairment test is carried out.

2023 was characterised by a strong recovery of the banking sector in terms of profitability, thanks to a restrictive monetary policy implemented by the Central Banks with gradual and timely increases in benchmark interest rates, useful to counteract the equally rapid growth of the inflation rate. This condition allowed the banking spread between lending and borrowing rates to widen, in particular as a result of a slower adjustment of the average cost of funding. The favourable trend for the banking sector in 2023 was also reflected in the general rise in stock market prices; from the beginning of the year to the end of 2023, the FTSE IT Banks sector benchmark index rose by +42%, compared with +27% for the general FTSE IT All Share index.

While 2023 was a record year in several respects, the macroeconomic and systemic forecasts show a less favourable scenario for the coming period, with the main parameters recording lower growth and margin trends than in 2023 and the expectations of a year ago for the same period.

At the same time, the BPER Banca Group was affected by a major extraordinary transaction that partially changed its scope of reference and provided useful elements for the impairment test. The transaction at issue consisted in the disposal of two separate business lines comprising 8 bank branches owned by Banco di Sardegna S.p.A and 40 branches owned by BPER Banca, stemming from the merger by absorption of Banca Carige S.p.A. In addition, in 2023 the Group carried out a number of mergers and incorporations of subsidiaries in order to improve and streamline its internal structure. Also with a view to streamlining the structure and developing the business, a number of measures were implemented, including but not limited to: the strategic partnership with UnipolSai Assicurazioni S.p.A. in the long-term rental sector, the signing of agreements for the disposal of impaired UTP positions, and the signing of agreements between BPER Banca and the trade unions aimed at promoting generational and professional turnover, together with a reduction in the workforce.

Identification of a Cash Generating Unit

Goodwill, identified as an intangible asset with an indefinite useful life, does not generate financial flows except with the contribution of other company assets; it is therefore necessary to preliminarily assign this asset to largely autonomous operational units, a.k.a. CGUs, both in terms of independent cash flows generated and in terms of internal planning and reporting.

According to IAS 36, the level at which goodwill is tested has to be correlated with the level of internal reporting of business performance and planning of future trends used by management to monitor the dynamics. In this regard, the definition of this level is closely dependent on the organisational models and the attribution of management responsibilities for the definition of operating activities and subsequent monitoring.

Given the characteristics of the individual entities and the consolidated operational and organisational model of the BPER Banca Group which governs the segment reporting system, which has not changed in terms of general framework compared with the end of 2022, each CGU is identified with an individual Group bank or product company.

Based on the above, the goodwill recognised in the consolidated financial report prior to the impairment tests conducted during the year, is allocated to the following CGUs:
- Banco di Sardegna CGU;
- CGU BPER Factor;
- Arca Holding CGU.

Carrying amount of the CGUs

The carrying amount of the CGUs is determined in a way that is consistent with the method used to estimate its recoverable value.

Given that it refers to banks, it is not possible to identify the cash flows generated by a CGU without considering the flows deriving from financial assets/liabilities, which represent its core business. In other words, the recoverable value of the CGU is influenced by these flows, which means that the carrying amount has to be determined in line with the estimated recoverable value and therefore also has to include the financial assets/liabilities (so-called "equity side" approach).

The carrying amount of each CGU corresponds to the total of: (i) the interest held in the shareholders' equity of the legal entity, including its results for the period; (ii) the goodwill allocated, net of any adjustments deriving from previous impairment tests; (iii) the residual net carrying amount of the specific intangible assets with a finite useful life that were identified in the context of the business combination by applying the acquisition method (if any).

Criteria for estimating the recoverable value of CGUs

The recoverable value of the CGU is its fair value net of disposal costs or, if greater, its value in use. Under the standard it is not necessary to calculate both value in use and fair value when performing the impairment test, as it is sufficient for at least one of them to exceed the carrying amount in order to confirm that the asset is not impaired.
For the purpose of determining the recoverable amount, reference was made to the value in use estimated using the "Dividend Discount Model" - DDM. This method estimates the value in use of an asset by discounting the flows of potentially distributable dividends, determined by management on the basis of economic-financial projections linked to that asset.
The cash flow expected in the last year of the forecast period is projected in perpetuity using an appropriate long-term growth rate "g" and the opportunity cost of capital in order to estimate the so called "Terminal value".
In the case of banks and financial institutions in general, the expected dividend flow is understood to mean the distributable cash flow, taking account of capital restrictions imposed by the Regulatory Authorities or considered reasonable in order to cover the typical risks of the business. Accordingly, future cash flows are identifiable as flows that could potentially be distributed after meeting the minimum capital allocation constraints; given this, the "Excess Capital Method" variant of the DDM is commonly used for appraisals in the banking sector, applying the following formula:

$$W = \sum_{i=0}^{n} CF_i(1 + k_e)^{-i} + TV(1 + k_e)^{-n}$$

Key:
W = value in use;
CF_i = potential cash flow available for distribution over time i;
i = reference year of cash flow;
n = period of time covered by the financial projections;
K_e = opportunity cost of capital, considering current assessments of the time value of money and specific business risks;
TV = Terminal Value; this corresponds to the present value of a perpetuity calculated based on long-term sustainable cash flow with a constant growth rate of "g".

The verification process, conducted on the basis of the general considerations shown above, will be analysed in detail in the following paragraphs. As at 31 December 2023, testing involved the goodwill recognised for the CGUs Banco di Sardegna and Arca Holding. With regard to the BPER Factor CGU, it had already become apparent at the time of the Consolidated half-year report as at 30 June 2023 that the updated cost of capital was higher than the limit value identified as at 31 December 2022 and therefore, following a specific analysis, it was necessary to fully write down the goodwill, amounting to Euro 6,768 thousand. This was also the case as at 31 December 2023, confirming the situation as at 30 June 2023, to which reference is made for further details.

The impairment test conducted on 31 December 2023

Carrying amount of the CGUs

The following table summarises the book values of the individual CGUs for which there is residual goodwill as at 31 December 2023 and prior to verification of the sustainability of the values.

(in millions)

CGU	Book value	of which: goodwill
Banco di Sardegna	1,087.0	28.0
Arca Holding	416.0	170.0

Estimation of the recoverable amount of CGUs

To estimate the recoverable amount, here identified with the value in use, the DDM-excess capital method was applied for the Banco di Sardegna CGU, and Arca Holding CGU given the availability of cash flow forecasts recently drawn up by the management of the BPER Banca Group.
Details are provided below regarding the estimate of cash flows and other valuation parameters used in applying the valuation method described above.

Estimate of future cash flows

The value in use of the CGUs was estimated by discounting the expected cash flows over an explicit forecasting period of five years, until 2028, in line with the requirements of IAS 36. The forecasts, approved by the relevant administrative bodies, were prepared for each CGU based on the most recent information on actual performance, on the strategic actions limited to those already undertaken and related effects and the most recent banking system forecasts available close to the time when the figures are verified. The projections are based on reasonable and supportable assumptions which represent the best estimate of the range of economic conditions that will exist in subsequent years at the time of impairment testing.

Analysing in detail:

- for the year 2023, the preliminary year-end balance figures were used the best estimate available at the time of the impairment test;
- for 2024 reference was made to the budgets for the year presented at the meetings of the Boards of Directors and approved by said Boards;
- the forecasts referring to the years 2025-2028, likewise approved by the Boards of Directors of the individual Legal Entities, were developed by adopting an inertial approach, based on growth and margin rates substantially in line with those of the previous period and taking account of the expected trend at banking system level, which reflects the most recent forecasts by specialised infoproviders. The development of inertial forecasts, as required by the accounting standard, aims to reach a normalised situation at the end of the period, calculating a long-term sustainable income that can be used in estimating the Terminal Value. The normalisation process aims to mitigate the effects of anomalous and extraordinary external economic and market conditions, as well as the extraordinary and strategic transactions, already approved and being implemented, but which do not yet express their full effects at the time the impairment test is carried out, generating their effects on the structure once fully operational. Moreover, following an inertial logic, the last few years of forecasting do not reflect any extraordinary transactions which are not yet defined in detail, not approved by the administrative bodies or still not in an advanced phase of implementation;
- as stated above, reference was made to forecasts from specialist infoproviders based on the most up-to-date economic and market scenarios available at the time of the impairment test and which include the most probable effects on the short and medium-long term linked to the current political, social and economic context. Projections took account of forecast information from info providers, issued in the last part of 2023, referring to the expected trend in both economic and financial macro-variables (such as the trend in GDP, the rate of unemployment, consumer prices, market interest rates, etc.) and more specific variables relating to the banking and financial system in general (such as the growth in loans, deposits, spread etc.). In general, the scenario for the period from 2024 to 2026 is characterised by a less favourable situation than the one expected a year ago, with the main macroeconomic and sectoral parameters showing more or less pronounced adverse changes; in general, lower GDP growth, higher inflation, higher bad loans, lower growth in loans and an average interest rate spread in line with previous forecasts, but characterised by lower levels in the last forecast years, are expected. GDP growth will remain below 1% in the coming years and until 2027, averaging around 0.8%. The updated forecast shows a lower inflation rate in

2024 than in 2023, but still higher than in last year's forecast and around 3% for all future years, down to around 2% from 2027 onwards. The 3-month Euribor is expected to be around +140 bps higher on average than in the previous forecast from 2024 to 2026, but with a downward trend that will take it below 3.0% from 2027 onwards. Shifting the focus to the performance expected in relation to the variables most directly associated with the banking sector, the most recent update shows slightly narrower spreads between lending and deposit rates compared to year-end 2022 forecasts. In 2024, the level is still partly influenced by the persistent mismatch between the average cost of funding and the lending rate, although it is set to decrease in the following period due to the increase in the cost of funding and the decrease in the benchmark interest rates. On the credit risk side, 2024 and 2025 in particular will be characterised by rising provisions, which are necessary to cope with the continued uncertainty. As the perceived risk gradually improves, loan loss provisions will start to decline slightly in the period after 2025. After a positive turnaround in 2023, assets under management will continue to be characterised by significant growth rates in the coming period, albeit at lower levels than initially expected. Finally, in the period from 2024 to 2027, loans to non-financial companies and households will grow at a moderate level, close to 1% in the medium to long term. In terms of direct deposits, after a significant decrease in 2023 compared to the previous year, the following years will be characterised by almost zero rates of change.

The estimates of the cash flows expected from the various CGUs subject to the impairment test take into account the scenario described and were developed, as mentioned above, for the year 2024 taking into account the budget data approved by the Boards of Directors, while for subsequent years the cash flow projections were determined by extrapolation, therefore without considering the effect of new managerial levers, still to be approved and implemented, and assuming growth rates of loans and deposits in line with the most recent forecasts of future trends from external info-providers. The estimated flows are based on a projected decrease in revenues over the next period to 2026, mainly due to lower net interest income, partly offset by an increase in net commission income; The following period, from 2027 to 2028, is characterised by a trend reversal and a slight recovery. In terms of cost of credit, the various transactions carried out by the BPER Banca Group to dispose of non-performing positions are leading to a gradual reduction in the cost of credit, which is slightly higher in the short term due to the higher probability of default linked to the external conditions of the system (e.g. higher interest rates which make debt with a floating interest rate more expensive, and erosion of available wealth due to lower economic growth and a general increase in costs), and decreasing in the medium and long term. On the other hand, the positive growth of indirect deposits over the various forecast years, together with a slight improvement in net commission income in the medium to long term, increase net commission income over the forecast period. For operating costs, internal calculations and the inflation rate estimated by the third-party infoprovider were used as a reference for the forecast period. Where possible, consistently with the requirements of IAS 36, the effects of restructuring and strategic actions approved by the Board of Directors and at an advanced phase of implementation were reflected in the internal processing, as they are useful for the definition of a normalised medium/long-term situation.

The cash flows distributable by each CGU were estimated assuming a target minimum Supervisory requirement in line with the Supervisory provisions for the CGU in question. In particular, as applicable, the development of risk-weighted assets reflects the full implementation of the EBA guidelines on all AIRB portfolios, the adjustment of the risk models to the new definition of default, the effects of the AIRB roll-out plan approved and the framework of regulatory reforms known as "Basel IV". The Supervisory requirements are determined in accordance with the latest information available on the date of testing, taking into account the most up-to-date recommendations contained in the SREP Capital Demand and in the Overall Capital Ratio, in addition to reflecting the most recent indications on the calculation of the Pillar II Requirement and O-SII buffer.

In particular, the target CET1 ratio, kept constant for the entire forecast period, was estimated at 8.54% for the individual subsidiary banks and 4.50% for the entities that do not collect money from the public.

The estimate of value in use includes the calculation of Terminal Value, which quantifies the present value of the cash flows potentially distributable to shareholders in the period subsequent to that covered by explicit projections. Its estimate was developed on the basis of a normalised flow given by the profit of the last projection year (2028), taking into account a long-term tax burden, net of the physiological absorption of capital and capitalised at a rate that measures the difference between the opportunity cost of capital (the so-called "cost of equity") and the nominal "g" growth rate of 2.0%; The latter is consistent with the figure used in the previous annual impairment test as at 31 December 2022. The "g" rate is in line with the expected long-term inflation rate according to the latest estimates by the International Monetary Fund and other specialised infoproviders, as well as with the ECB's long-term target, which implicitly assumes average real growth of zero.

Estimation of the cost of capital

As noted above, the value in use is determined by discounting the expected cash flows at an appropriate rate reflecting the estimated opportunity cost of capital, consistent with the requirements of IAS 36 and the guidelines of the impairment testing of goodwill, using the Capital Asset Pricing Model (CAPM). The following formula is applied:

$$k_e = R_f + \beta \times (R_m - R_f)$$

Key:
R_f = Risk free rate;
$(R_m - R_f)$ = Market Risk Premium;
β = Beta.

The CAPM expresses a linear relationship, under conditions of market equilibrium, between the yield on an investment and its systematic risk. In detail, the yield on an investment is calculated as the sum of the risk-free rate (expression of the time value of money) and the risk premium, which is the beta of the security multiplied by the Market Risk Premium.
The discount rate used incorporates the risk-free component and risk premiums correlated with the equity component observed over a sufficiently long period of time to take account of different market conditions and economic cycles.
The opportunity cost of capital was estimated at 11.31%, highlighting an increase of +129 basis points with respect to the figure estimated at the time of the close of the 2022 financial report (10.02%), obtained by considering the update of the following parameters in the CAPM formula:

- the Risk free rate, being the time value of money corresponding to the yield on a risk-free investment, usually represented by government bonds. The general structure of the CAPM refers to a risk-free rate, but makes no reference to the period of time to be considered. The approach that prevailed for the valuation process was to select a rate of return on long-term government bonds (generally 10-year bonds). An average value of the 10-year BTP yield rates of 4.27%, calculated over a one-year observation period and obtained using the same approach as in the previous impairment tests, has been used here. The figure shows an increase compared to the value used in the impairment test as at 31 December 2022 (when the average value calculated over a one-year observation period was 3.14%), influenced as it is by the additional monetary tightening policies implemented by the Central Banks of the world's major economies;
- the Market Risk Premium, being the difference between the yield on a diversified portfolio of risky investments available on the market and the yield on a risk-free bond. It should be considered that the risk premium is generally associated with the long-term. Since this represents, in fact, the additional return over the risk free rate that an investor requires to invest in a portfolio of risky assets, it should not be linked to short-term market fluctuations. Specifically, a market risk premium of 5.50% was used, a reduction of -20 bps compared to the figure used in the previous impairment test (which was 5.70%). This figure is the result of a qualitative and quantitative analysis using information issued periodically by specialised info providers, which analyse the sector and macroeconomic trends or periodically record those used on average in practice by various operators when carrying out valuations;
- the beta, being the specific investment risk. The beta expresses the correlation between the yield on a single risky investment and that on a market portfolio. A coefficient equal to one indicates that the investment being considered follows the exact trend of the market portfolio, while a beta greater than one identifies an "aggressive" investment, the yield of which may vary more than the market return. A beta lower than 1 corresponds to a "defensive" investment; in this case variations in the investment yield are less sensitive. The beta used here is estimated at 1.28 (1.21 at 31 December 2022), equal to the beta of the BPER Banca Group estimated over a sufficiently long period of time to minimise the distortive effects that may affect short periods. Specifically, in line with what was considered in the most recent impairment tests, the period considered is 5 years of observations, on a monthly basis and taking the Italian stock index as the benchmark. The beta at 31 December 2023 (1.28), is higher than or in line with the majority of other surveys made on different observation periods, such as 3 years, or for the same period (5 years) but with a different frequency (daily or weekly).

The rate estimated in this way is considered to reflect the real risk exposure of the BPER Banca Group. It is essentially aligned with that of the banking system and consistent with the risk exposure implicit in the economic projections, so there is no need to add any further risk premium. The approach adopted in estimating the opportunity cost of capital follows a well-established impairment testing process, referring the verification of the impact generated by any positive or negative deviations in the external market parameters on the value in use to the sensitivity analyses.

Considerations regarding goodwill allocated to the BPER Factor CGU

As mentioned above, the goodwill that was allocated to the BPER Factor CGU as at 31 December 2022, amounting to Euro 6,768 thousand, was fully written down following the results of the sustainability test carried out at the end of the Condensed half-year Consolidated Financial Report as at 30 June 2023.
The accounting policies applied by the BPER Banca Group do not allow for an impairment loss on goodwill to be reversed in a subsequent year in the same way as if it had been recognised in a previous interim period[35].

Considerations regarding goodwill allocated to the Banco di Sardegna CGU

An additional and specific consideration must be made in respect of the Banco di Sardegna CGU and the goodwill allocated to it. The goodwill in question arose in a historical context in which market strategies were predominantly focused on traditional banking, conducted through the physical network of bank branches; the latter were the main drivers of value and the various transactions that took place over the years reflected the strong interest of banking operators in such assets. The acquisition of a majority stake in Banco di Sardegna by what is now BPER Banca was motivated by the same considerations that drove the strategic choices of other competing operators at the beginning of the new millennium and in the previous one, namely the desire to expand its network of physical presence, the only channel for reaching customers, by incorporating the Banco's network of branches, almost all of which are located in Sardinia.
Today, the reference context has changed dramatically, the banking distribution model has evolved from the traditional physical point represented by the bank branch to the gradual digitalisation of activities and the dematerialisation of the relationship with the customer.
This is confirmed by the various transactions involving the sale and purchase of branches that have taken place in recent years at values lower than their book values, resulting in badwill on the part of the purchaser. Against this backdrop, 2023 saw the finalisation of the transfer to Banco di Desio e della Brianza S.p.A. of two separate business liness consisting of 8 bank branches owned by Banco di Sardegna and 40 branches owned by Banca Carige (merged by absorption into the BPER Banca Group in 2022). The business combination transaction took place at a value below book value for both businesses, resulting in badwill for Banco Desio.
In the light of the above and of the recent transaction described involving, inter alia, certain branches of Banco di Sardegna, although the quantitative impairment test carried out showed that the recoverable amount of the Banco di Sardegna CGU was higher than its carrying amount, certain assumptions useful for taking into account the physical network of branches, characterised by an intrinsic value higher than its carrying amount, are no longer met. In the absence of direct planning at the reference unit, the occurrence of market events such as those described provides a useful reference for assessing the sustainability or otherwise of the values recognised. Therefore, a condition of non-sustainability of the reported value and the need to write down the goodwill allocated to the Banco di Sardegna CGU is observed, which, as mentioned above, arose in a different market context from the one that is currently emerging.

Results of the impairment test

An impairment test requires a comparison between the recoverable amount of the CGU to which goodwill has been allocated and its carrying amount. In accordance with applicable accounting standards, goodwill must be adjusted when the carrying amount of the CGU to which it has been allocated exceeds the recoverable amount, which in this case is assumed to be equal to the value in use. At the reporting date of this Consolidated Financial Report, taking into account the results of the update of the valuation parameters and the other considerations mentioned in the previous two paragraphs, the impairment test revealed the need to recognise impairment losses on goodwill in respect of the Banco di Sardegna CGU and BPER Factor CGU, while the value of the goodwill allocated to the Arca Holding CGU is confirmed.
The Parent Company obtained an opinion from an independent external expert on the impairment testing process used by its internal organisations.

Sensitivity analysis

The principal parameters used in the valuation model, such as cash flows and the opportunity cost of capital, may be significantly influenced by changes in the overall economic context. The effects of these changes on the cash flow projections and the main financial assumptions could render future results substantially different from those used to verify the sustainability of goodwill. For this reason and pursuant to IAS 36, sensitivity analyses were carried out to assess the impact of changes in the key parameters underlying the valuation model on the estimates of value in use and, therefore, on the results of the impairment test. This analysis is all the more necessary in a period characterised by a significant market volatility and uncertainty of the impact of certain events beyond the scope of management control; factors which we tried to take into account by using all the information known on the date of testing, including the most up-to-date expectations at the macroeconomic and banking system level, but which in any case always carry an implicit risk related to the possible timing and actual extent of the events, which are currently unpredictable. In addition, in order to reflect a broader change in the market parameters with respect to the one usually considered, with a negative impact on the value in use, the variation range was expanded. The Banco di Sardegna

35 IFRIC Interpretation 10, Interim Financial Reporting and Impairment.

CGU and the BPER Factor CGU were excluded from this analysis, for which, as mentioned above, the related goodwill was fully written down.
In this scenario, the impact on the value in use of a change in some key variables was assessed, specifically the exogenous variables whose trend lies beyond the scope of management control:

- +50 bps and +100 bps on the cost of "basic" capital (equal to 11.31%);
- -50 bps and -100 bps in the long-term "basic" growth rate "g" (equal to 2.0%).

As the CGU involved was Arca Holding, considering that the valuation method applied and the different supervisory requirement under the relevant regulations for this type of business make the development of a sensitivity analysis on this parameter less meaningful, a -15% and -30% change in normalised profit was considered in this case.

CGU	Change in Value in Use of CGUs					
	ke rate		"g" rate		Reduction of normalised profit	
	+50 bps	+100 bps	-50 bps	-100 bps	-15%	-30%
Arca Holding	-2.9%	-5.5%	-2.0%	-3.8%	-7.2%	-14.5%

Again for stress testing purposes, alternative variations were considered for the opportunity cost of capital, for the profits expected in the analytical forecast period (including that used in the estimate of the normalised flow underlying the Terminal Value) and the normalised expected cash flow in the final period of the projections (used to estimate the Terminal Value), in order to reduce the value in use of the CGU to its carrying amount, or, in other words, the threshold value of the main inputs, beyond which impairment testing of the CGU would result in a loss.

CGU	Maximum ke rate	Maximum reduction of expected profits in the forecasting period and of normalised profit	Maximum reduction in the normalised flow
Arca Holding	18.26%	-36%	-67%

This analysis shows that in relation to the Arca Holding CGU, an increase of about 695 bps in the opportunity cost of capital, from 11.31% to 18.26%, a reduction of -36% in profits in each year of the forecasting period (including the profit underlying the normalised cash flow) or a reduction of -67% in the cash flow underlying the Terminal Value, without prejudice to all other inputs in each scenario, would bring the recoverable value substantially into line with its carrying amount.

Second level impairment test

In the light of the results obtained regarding the total adjustment to the value of goodwill referred to the BPER Factor CGU and the Banco di Sardegna CGU, the internal structures of the BPER Banca Group decided not to carry out the second-level impairment test, unlike on previous occasions. This decision was taken in the light of the following considerations:

- the second-level impairment test is required in cases where there are costs or assets allocated to ancillary and common activities (known as "corporate assets") that cannot be reasonably allocated to CGUs or groups of CGUs. In this case, it is necessary to develop the impairment test on two levels: first, at the level of CGUs or groups of CGUs by allocating as many costs/assets as possible; second, at the level of the smallest group of CGUs to which the residual costs and/or assets can be allocated, which may be the same level as the company as a whole. In the case of the CGUs to which the goodwill of the BPER Banca Group is allocated, this aspect is not relevant as the entity is able to fully allocate costs and assets as it is a legal entity, therefore with a well-defined scope and relationships;
- the other context in which the second level impairment test is developed is when the market capitalisation is below the carrying amount of net assets, which is one of the reasons that could lead to an impairment of goodwill. After the adjustment of the goodwill referred to the BPER Factor CGU and the Banco di Sardegna CGU, the only goodwill remaining is that allocated to the Arca Holding CGU, which, in addition to representing a legal entity in itself, carries out an activity that is one of the many businesses carried out by the entire BPER Banca Group. Therefore, even if the Group's value in use were lower than its assets, this would not necessarily indicate that this lower value is to be allocated to the business carried out through Arca Holding.

Developing the measurement in an Adverse Scenario

In line with what was done in the last impairment tests, the internal structures of the BPER Banca Group have formulated a value sustainability test based on the forecasts for 2025-2028, taking into account a worsening scenario of the economic context, without prejudice to the budget figures for 2023, developing a test if the "Adverse Scenario". This represents the worst-case scenario compared to the "Baseline Scenario" used in the preparation of the forecasts underlying the impairment test described above.

The forecasts forming the basis of the impairment test illustrated herein have been prepared according to a macroeconomic and banking system scenario considered most likely to date, in light of the information available on the date of performance of the impairment test (Baseline Scenario). However, a more pessimistic scenario cannot be ruled out, also in the light of the uncertainty surrounding the evolution and impact of ongoing domestic and international events on the economic and financial system. On the other hand, from this perspective, we cannot rule out, in advance, the occurrence of a more optimistic scenario than the Baseline one considered, the latter characterised by a greater probability of occurring. Given that a more optimistic scenario would but confirm the sustainability of the level of goodwill in place, forecasts for the Arca Holding CGU have been prepared for the 2024-2028 period which take into account a deterioration in the economic and financial conditions compared with those underlying the impairment test described above (the latter was carried out on the basis of the Baseline Scenario) and thus developing the "Adverse Scenario".

This scenario is characterised by a lower trend in the volume of assets under management from 2024 onwards, with a CAGR of -0.3% over the five years, compared to a +2.7% annual growth assumed in the Baseline Scenario, with the net commission income expected in the two Scenarios remaining unchanged. In economic terms, the structure of staff costs remains unchanged, while other administrative expenses vary in line with the lower income achieved; overall, the cost-income ratio at the end of the forecast period is 2.5 bps worse in the adverse scenario than in the baseline scenario. In summary, the Adverse Scenario assumes cumulative pre-tax profit shortfalls over the period from 2024 to 2028 of approximately Euro 66 million, or -13% of the total cumulative 2024-2028 profit in the baseline Scenario.
In any case, the results obtained considering the occurrence of the underlying conditions of the Adverse Scenario confirm that goodwill continued to be recognised at the consolidated level, with a good margin between the recoverable amount and the carrying amount. Furthermore, this result must be read in view of the fact that each scenario should be weighed by its probability of occurrence, with the Baseline Scenario being the one considered most likely and the Adverse Scenario having a limited probability of occurrence due to its particular severity. It should additionally be weighed with the values that would emerge from developing a potential optimistic scenario. In conclusion, the sustainability of the goodwill recognised at a consolidated level in respect of the Arca Holding CGU is confirmed even if the worst-case conditions of the Adverse Scenario were to materialise.

Section 11 – Tax assets and liabilities

Asset item 110 and liability item 60

11.1 Deferred tax assets: breakdown

	IRES	IRAP	Total 31.12.2023	Total 31.12.2022
Impairment losses on loans to customers	343,003	31,273	374,276	553,186
Impairment losses on equity investments and securities	63,250	14,077	77,327	131,398
Goodwill convertible into tax credits	257,307	49,663	306,970	337,313
Non-convertible goodwill	28,933	6,020	34,953	48,729
Personnel provisions	225,355	34,259	259,614	205,001
Endorsement credits, clawback action during bankruptcy proceedings and outstanding lawsuits	106,917	5,855	112,772	122,831
Impairment losses on loans to customers FTA IFRS 9	200,630	40,894	241,524	254,852
Non-convertible tax losses	320,588	-	320,588	160,341
Tax losses convertible into tax credits	2,289	-	2,289	421,501
ACE carried forward	61,000	-	61,000	21,465
Property, plant and equipment and intangible assets	5,729	480	6,209	6,547
Other deferred tax assets	36,386	581	36,967	89,225
Total	**1,651,387**	**183,102**	**1,834,489**	**2,352,389**

"Deferred tax assets" are determined on the basis of IRES and IRAP tax rates which are expected to be in force at the time of their recovery.
The total includes, for an amount of Euro 683.5 million, deferred tax assets relating to value adjustments to loans to customers, goodwill and IRES and IRAP tax losses of the current year convertible to tax credits pursuant to Law 214/2011.
The remaining deferred tax assets, amounting to Euro 1,150.9 million, mainly relate to deductible temporary differences for an amount of Euro 769.4 million, non-convertible tax losses for an amount of Euro 320.6 million and ACE (Allowance for Corporate Equity) surpluses for Euro 61.0 million; these deferred tax assets were recognised on the basis of the positive outcome of the probability test carried out in compliance with the provisions of IAS 12, assuming that a time horizon of 5 years is used for the purposes of the recovery forecasts; the future taxable income considered is consistent with the financial forecasts updated recently in 2023.
As at 31 December 2023, no deferred tax assets were recognised on tax losses for Euro 46.2 million, and Euro 4.6 million on ACE(Allowance for Corporate Equity) surplus. Furthermore, Euro 104 million worth of deferred tax assets were not recorded, as they relate to changes recoverable beyond the time horizon allocated for the probability test.

11.2 Deferred tax liabilities: breakdown

	IRES	IRAP	Total 31.12.2023	Total 31.12.2022
Payments to FITD (Interbank Deposit Protection Fund)	196	40	236	239
Revaluations of equity investments and securities	5,874	9,839	15,713	18,361
Capital gains on shares and other securities	1,866	524	2,390	2,490
Personnel provisions	1,649	12	1,661	1,664
Property, plant and equipment and intangible assets	21,690	4,298	25,988	37,274
Other deferred taxes	9,859	924	10,783	3,360
Total	**41,134**	**15,637**	**56,771**	**63,388**

"Deferred tax liabilities" are determined on the basis of IRES and IRAP tax rates which are expected to be in force at the time of their recovery.
At 31 December 2023, there are no temporary differences relating to investments in subsidiaries, branches, associates and companies under joint control for which the related deferred tax liabilities have not be recognised.

11.3 Changes in deferred tax assets (through profit or loss)

	31.12.2023	31.12.2022
1. Initial amount	**2,189,502**	**1,321,259**
2. Increases	**590,727**	**1,281,000**
2.1 Deferred tax assets recognised in the year	590,727	477,374
a) relating to previous years	429,589	56,137
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) other	161,138	421,237
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	803,626
- of which: business combinations	-	*800,787*
3. Decreases	**1,055,612**	**412,757**
3.1 Deferred tax assets derecognised in the year	968,283	363,730
a) reversals	320,446	180,556
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	647,837	183,174
3.2 Decreases in tax rates	-	-
3.3 Other decreases:	87,329	49,027
a) conversion into tax credit under Law no. 214/2011	84,080	39,067
b) other	3,249	9,960
4. Final amount	**1,724,617**	**2,189,502**

The amount recognised under 2.1 a) "Deferred tax assets recognised in the year relating to previous years" mainly refers to DTAs recognised in the year following the passing of the probability test relating to tax losses, ACE surpluses, as well as the portion of the impairment losses on loans taken under FTA of IFRS 9 and the amortisation of tax-aligned goodwill recoverable in 2028.
Item 2.1 d) "Deferred tax assets recognised during the year - other" mainly includes deferred tax assets related to personnel provisions (including the redundancy fund), provisions for legal disputes, provisions for clawbacks and unsecured loans.
The amount recognised in 3.1 a) " Deferred tax assets derecognised in the year" includes the cancellations of deferred tax assets pursuant to Law 214/2011 connected to the write-downs of loans to customers and tax amortisation of goodwill, plus the cancellations of the deferred tax assets on the portion of impairment deducted in the period, registered at the time of the first-time adoption of IFRS 9 for an amount of Euro 38.5 million.
The amount recognised under item 3.1 d) "Deferred tax assets cancelled for the year - other" mainly includes the cancellation of deferred tax assets related to the drawdowns of personnel provisions, the drawdowns of other provisions for risks and the portion of tax losses and ACE surpluses used to reduce individual and group taxable income. The amount also represents, for Euro 334.6 million, the portion of deferred tax assets relating to tax losses converted into tax credit by the Parent Company on 1 January 2023 pursuant to Article 1, paragraphs 233 et seq. of Law no. 178/2020 following the business combination that was completed with the merger by absorption of Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A. into BPER Banca finalised by the deed of merger of 28 November 2022.
The amount recognised under item 3.3 a) "Other decreases/conversion into tax assets as per Law 214/2011" reflects the decrease in DTAs recognised on the IRES tax loss for 2022 and on the negative value of production for 2022, which were converted into tax credits in 2023.

11.4 Changes in deferred tax assets pursuant to Law 214/2011

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	**977,353**	**837,904**
2. Increases	**4,622**	**278,811**
3. Decreases	**298,440**	**139,362**
3.1 Reversals	211,586	100,282
3.2 Conversion into tax credit	84,080	39,067
a) from losses for the year	-	7,667
b) from tax losses	84,080	31,400
3.3 Other decreases	2,774	13
4. Final amount	**683,535**	**977,353**

Article 2, paragraph 55 et seq. of Law Decree no. 225/2010 introduced the option of converting into tax credits the DTAs recognised in the financial statements relating to value adjustments pursuant to article 106, paragraph 3 of the Consolidated Income Tax Act, to the value of goodwill and other intangible assets and the part of the IRES tax losses resulting from (and within the limits of) the deduction of the aforementioned items for the year.
Subsequently, Law 147/2013 (Stability Law 2014) extended the conversion of IRAP DTAs relating to impairment losses on loans, goodwill and other intangible assets, also in the case of "negative net value of production".
This table shows the changes that took place during the year limited to these categories of DTAs (called "noble").
The amount under item "2. Increases" mainly refers for Euro 2.2 million to deferred tax assets related to previous years referring to goodwill and for Euro 2.3 million to the portion of the 2023 tax loss attributable to the deduction of adjustments on loans and goodwill convertible into tax credit.
Item 3.1 "Reversals" represents the reversals for the year as a result of the deduction in the year of value adjustments on loans recognised in previous years and the deduction of which had been deferred in accordance with the regulations in force at the time, and of the amortisation of goodwill.
Item 3.2 b) "Conversion into tax credits from tax losses" represents the decrease in DTAs recognised on the IRES tax loss for 2022 and on the negative value of production for 2022, which were converted into tax credits in 2023.

The details of DTAs for IRES and IRAP purposes are shown below:

	31.12.2023			31.12.2022		
	IRES	IRAP	Total	IRES	IRAP	Total
Impairment provisions for loans to customers	343,003	31,273	374,276	506,897	46,289	553,186
Goodwill	257,307	49,663	306,970	282,511	54,802	337,313
Tax losses	2,289		2,289	81,624	5,230	86,854
Total	**602,599**	**80,936**	**683,535**	**871,032**	**106,321**	**977,353**

11.5 Changes in deferred tax liabilities (through profit or loss)

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	**12,245**	**10,698**
2. Increases	**3,907**	**6,867**
2.1 Deferred tax liabilities recognised in the year	3,707	1,796
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	3,707	1,796
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	200	5,071
- of which: business combinations	*-*	*5,071*
3. Decreases	**2,203**	**5,320**
3.1 Deferred tax liabilities derecognised in the year	806	4,215
a) reversals	133	1,395
b) due to changes in accounting criteria	-	-
c) other	673	2,820
3.2 Decreases in tax rates	-	-
3.3 Other decreases	1,397	1,105
4. Final amount	**13,949**	**12,245**

Item 2.1 c) "Deferred tax liabilities recognised in the year - other" refers for Euro 0.6 million to taxes recognised on the taxable portion of capital gains from the fair value measurement of securities and equity investments and for Euro 3.1 million to taxes recognised on the revaluation of tax receivables held for sale.
Item 3.1 c) "Deferred tax liabilities cancelled for the year - other" refers to deferred tax liabilities cancelled following the sale of securities and equity investments.
Item 3.3 "Other decreases" refers to the cancellation of deferred tax liabilities related to the fair value measurement of property.

11.6 Changes in deferred tax assets (through shareholders' equity)

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	162,887	53,222
2. Increases	5,970	124,860
2.1 Deferred tax assets recognised in the year	5,965	110,907
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	5,965	110,907
2.2 New taxes or tax rate increases	-	1
2.3 Other increases	5	13,952
- of which: business combinations	-	10,952
3. Decreases	58,985	15,195
3.1 Deferred tax assets derecognised in the year	57,653	14,991
a) reversals	4,369	1,198
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	53,284	13,793
3.2 Decreases in tax rates	-	-
3.3 Other decreases	1,332	204
- of which: business combinations	-	204
4. Final amount	**109,872**	**162,887**

Item 2.1 c) "Deferred tax assets recognised in the year - other" refers mainly to deferred tax assets related to the provision for Section A pension fund and the fair value measurement of securities in the HTC&S portfolio.
Item 3.1 d) "Deferred tax assets cancelled for the year - other" refers mainly to deferred tax assets recognised against the fair value measurement of securities in the HTC&S portfolio for an amount of Euro 52.7 million and the impact of the measurement of CFH derivatives for an amount of Euro 0.6 million.

11.7 Changes in deferred tax liabilities (through shareholders' equity)

	31.12.2023	31.12.2022
1. Initial amount	**51,143**	**48,206**
2. Increases	**3,376**	**19,761**
2.1 Deferred tax liabilities recognised in the year	3,371	10,218
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	3,371	10,218
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	5	9,543
- of which: business combinations	-	*9,309*
3. Decreases	**11,697**	**16,824**
3.1 Deferred tax liabilities derecognised in the year	11,510	16,514
a) reversals	444	236
b) due to changes in accounting criteria	-	-
c) other	11,066	16,278
3.2 Decreases in tax rates	-	-
3.3 Other decreases	187	310
4. Final amount	**42,822**	**51,143**

Item 2.1 c) "Deferred tax liabilities recognised in the year - other" refers mainly to deferred tax liabilities recognised on the measurement of securities in the HTC&S portfolio for an amount of Euro 3.2 million, and to deferred tax liabilities recognised against the fair value measurement of IAS 16 properties.
Item 3.1 c) "Deferred tax liabilities derecognised in the year" relates mainly to valuations of securities classified in the HTC&S portfolio for Euro 6.4 million and the impact of the valuation of CFH derivatives for Euro 4.6 million.

11.8 Other information

There are no amounts to be disclosed other than those already provided in this section.

Section 12 – Non-current assets and disposal groups classified as held for sale and related liabilities

Asset item 120 and liability item 70

12.1 Non-current assets and disposal groups classified as held for sale: breakdown by assets

	31.12.2023	31.12.2022
A. Assets held for sale		
A.1 Financial assets	-	1,160,665
A.2 Equity investments	-	-
A.3 Property, plant and equipment	13,969	31,764
of which: arising from the enforcement of guarantees received	3,485	6,012
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**13,969**	**1,192,429**
of which measured at cost	-	1,165,487
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	13,969	26,942
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
Financial assets held for trading	-	-
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: arising from the enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

(cont.)

	31.12.2023	31.12.2022
C. Liabilities associated with assets classified as held for sale		
C.1 Due to banks/customers	-	1,351,765
C.2 Securities	-	101
C.3 Other liabilities	-	78,331
Total C	**-**	**1,430,197**
of which measured at cost	-	1,430,197
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total D	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

Non-current assets and disposal groups classified as held for sale and related liabilities were reduced to zero following the sale of two separate business units to Banco Desio e della Brianza s.p.a. For more details on this transaction, please refer to chapter 3 of the Directors' Report on Group operations entitled "Significant events and strategic transactions", para. 3.2 "Targets achieved in 2023".
"Property, plant and equipment" also includes Euro 8.13 million worth of buildings owned by the Group, for which advanced sales negotiations for the disposal are underway as at the reporting date.

12.2 Other information

There are no amounts to be disclosed other than those already provided in this section.

Section 13 – Other assets

Item 130

13.1 Other assets: breakdown

	31.12.2023	31.12.2022
Taxes withheld on interest, withholdings and tax credits on dividends, advance taxation	245,103	325,004
Amounts recoverable from the tax authorities for higher taxes paid for previous years and related accrued interest (other than income taxes)	8,910	6,035
Sundry amounts to be charged to customers	403,213	725,243
Bank charges to be debited to customers or banks	132,701	124,644
Cheques being processed	75	34
Cheques drawn on other banks	73,598	88,907
Items relating to securities transactions	189,429	211,457
Leasehold improvement expenditure	13,279	14,457
Gold, silver and precious metals	43,442	17,037
Accrued income and prepaid expenses	18,435	18,548
Tax credits purchased	4,489,428	2,217,977
Other items for sundry purposes	455,380	278,599
Total	**6,072,993**	**4,027,942**

There are no contract assets, as defined in IFRS 15.

The item "Tax credits purchased from third parties" includes tax credits purchased from third parties under the Relaunch Decree no. 34/2020, measured at amortised cost, for the portion to be recovered by offsetting, and measured at fair value, for the amount corresponding to the sales contracts entered into at the end of the reporting period. The nominal value of tax credits acquired as at 31 December 2023, net of offsets and sales, amounted to Euro 5,021.1 million (Euro 2,443.4 million at 31 December 2022). The recovery of credits by offsetting is confirmed by the assessment of individual and Group tax capacity, which is understood to be the estimate of future payments made through the F24 form.

In light of the complexity of the regulatory scenario described, despite the control protocols adopted by the Bank both in the phase of acquiring the tax credit and in its technical assessment, it is believed that BPER Banca remains exposed to a compliance/operational risk that, in the event of irregularities by the selling parties, could cause a deferral in the use of the receivables acquired. In respect of said risk, the Group made an allocation to the Provisions for risks and charges, better detailed in a later section of these Explanatory Notes, dedicated to liability items.

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost

Item 10

1.1 Financial liabilities measured at amortised cost: breakdown by product of due to banks

Type of transaction/Amounts	Total 31.12.2023				Total 31.12.2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to Central Banks	**1,733,120**	**X**	**X**	**X**	**15,970,641**	**X**	**X**	**X**
2. Due to banks	**6,021,330**	**X**	**X**	**X**	**6,029,848**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	265,489	X	X	X	405,196	X	X	X
2.2 Time deposits	934	X	X	X	1,717	X	X	X
2.3 Loans	4,433,199	X	X	X	3,974,943	X	X	X
2.3.1 Repurchase agreements	4,136,364	X	X	X	3,614,886	X	X	X
2.3.2 Other	296,835	X	X	X	360,057	X	X	X
2.4 Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	15,254	X	X	X	16,702	X	X	X
2.6 Other liabilities	1,306,454	X	X	X	1,631,290	X	X	X
Total	**7,754,450**	**-**	**-**	**7,754,450**	**22,000,489**	**-**	**-**	**22,000,489**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.
Fair value is assumed to be the same as the carrying amount since they are sight or short-term transactions, mainly at floating rates.

Key: BV = Book value; L1 = Level 1;L2 = Level 2; L3 = Level 3

1.2 Financial liabilities measured at amortised cost: breakdown by product of due to customers

Type of transaction/Amounts	Total 31.12.2023				Total 31.12.2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	**94,485,148**	**X**	**X**	**X**	**102,489,461**	**X**	**X**	**X**
2. Time deposits	**3,342,264**	**X**	**X**	**X**	**1,221,563**	**X**	**X**	**X**
3. Loans	**5,514,157**	**X**	**X**	**X**	**1,879,072**	**X**	**X**	**X**
3.1 Repurchase agreements	2,087,467	X	X	X	-	X	X	X
3.2 Other	3,426,690	X	X	X	1,879,072	X	X	X
4. Payables for commitments to repurchase own equity instruments	**-**	**X**	**X**	**X**	**-**	**X**	**X**	**X**
5. Lease liabilities	**313,188**	**X**	**X**	**X**	**352,422**	**X**	**X**	**X**
6. Other liabilities	**1,199,795**	**X**	**X**	**X**	**1,472,425**	**X**	**X**	**X**
Total	**104,854,552**	**-**	**-**	**104,854,552**	**107,414,943**	**-**	**-**	**107,414,943**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes. Fair value is assumed to be the same as the carrying amount since they are sight or short-term transactions, mainly at floating rates.

Key: BV = Book value; L1 = Level 1;L2 = Level 2; L3 = Level 3

1.3 Financial liabilities measured at amortised cost: breakdown, by product, of securities issued

Type of transaction/ Amounts	Total 31.12.2023				Total 31.12.2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	**11,163,577**	**5,052,052**	**5,999,555**	**-**	**6,307,775**	**4,395,269**	**1,623,291**	**-**
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	11,163,577	5,052,052	5,999,555	-	6,307,775	4,395,269	1,623,291	-
2. other securities	**738,892**	**-**	**-**	**738,892**	**229,116**	**-**	**-**	**229,116**
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	738,892	-	-	738,892	229,116	-	-	229,116
Total	**11,902,469**	**5,052,052**	**5,999,555**	**738,892**	**6,536,891**	**4,395,269**	**1,623,291**	**229,116**

"Bonds" include Euro 1,681.2 million of subordinated debt, none of which are convertible into shares.
An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: BV = Book value; L1 = Level 1;L2 = Level 2; L3 = Level 3

1.4 Breakdown of subordinated securities

	Book Value 31.12.2023	Nominal value 31.12.2023	Book Value 31.12.2022	Nominal value 31.12.2022
BPER Banca EMTN Tier II subordinated non-convertible bond 3.625%, 2020-2030 callable	407,042	400,000	403,245	400,000
BPER Banca EMTN Tier II subordinated non-convertible bond 3.875%, 2022-2032 callable	617,106	600,000	608,756	600,000
BPER Banca Tier II subordinated non-convertible bond 5%, 2022-2032 callable	12,014	12,000	12,014	12,000
BPER Banca EMTN Tier II subordinated non-convertible bond 8.625%, 2022-2033 callable	436,053	400,000	407,590	400,000
Banca Carige S.p.A. Subordinated bond loan 2018-2028 Tasso Fisso Tier II	1,853	1,800	6,965	6,800
Banca Carige S.p.A. Subordinated bond loan Tasso Fisso con Reset Tier II, 2019-2029 callable	206,098	200,000	207,184	200,000
Banca Monte Lucca S.p.A. bond loan Fixed rate with Reset, Tier II, 2020-2030 callable	994	1,208	969	1,208
Total non-convertible bonds	**1,681,160**	**1,615,008**	**1,646,723**	**1,620,008**
Total bonds	**1,681,160**	**1,615,008**	**1,646,723**	**1,620,008**

There are no convertible subordinated bonds outstanding at 31 December 2023 (as was the case in December 2022).

1.5 Breakdown of structured debts

There are no amounts for this item in this Consolidated report.

1.6 Lease liabilities

Time bands	Present value 31.12.2023	Present value 31.12.2022
Up to 3 months	21,949	20,858
>3 months to 1 year	48,556	59,572
> 1 to 5 years	94,321	179,726
> 5 years	163,616	108,968
Total	**328,442**	**369,124**

Section 2 – Financial liabilities held for trading

Item 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transaction/Amounts	Total 31.12.2023					Total 31.12.2022				
	NV	Fair value			Fair value(*)	NV	Fair value			Fair value(*)
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Due to customers	**-**	**1**	**-**	**-**	**1**	**47**	**-**	**46**	**-**	**46**
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**1**	**-**	**-**	**1**	**47**	**-**	**46**	**-**	**46**
B. Derivative instruments										
1. Financial derivatives	**X**	**-**	**295,876**	**5,078**	**X**	**X**	**65**	**459,451**	**12,033**	**X**
1.1 Trading	X	-	295,876	5,078	X	X	65	459,451	12,033	X
1.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	**X**	**-**	**-**	**-**	**X**	**X**	**-**	**3**	**-**	**X**
2.1 Trading	X	-	-	-	X	X	-	3	-	X
2.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**295,876**	**5,078**	**X**	**X**	**65**	**459,454**	**12,033**	**X**
Total (A+B)	**X**	**1**	**295,876**	**5,078**	**X**	**X**	**65**	**459,500**	**12,033**	**X**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: VN = Nominal Value or Notional Value; L1 = Level 1; L2 = Level 2; L3 = Level 3; Fair value* = fair value calculated excluding value adjustments due to changes in the creditworthiness of the issuer since the issue date.

2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities

There are no amounts for this item in this Consolidated Financial Report.

2.3 Breakdown of "Financial liabilities held for trading": structured debts

There are no amounts to be disclosed in this Consolidated Financial Report.

Section 3 – Financial liabilities designated at fair value

Item 30

3.1 Financial liabilities designated at fair value: breakdown by product

Type of transaction/Amounts	Total 31.12.2023					Total 31.12.2022				
	NV	Fair value			Fair value(*)	NV	Fair value			Fair value(*)
		L1	L2	L3			L1	L2	L3	
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
2. Due to customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
3. Debt securities	**2,025,311**	**-**	**2,009,641**	**-**	**2,014,973**	**978,004**	**-**	**879,198**	**-**	**4,173,865**
3.1 Structured	2,025,311	-	2,009,641	-	X	978,004	-	879,198	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**2,025,311**	**-**	**2,009,641**	**-**	**2,014,973**	**978,004**	**-**	**879,198**	**-**	**4,173,865**

The item includes capital protection certificates (structured debt securities). Classification into this category derives primarily from the reconciliation of these liabilities to the portfolios managed by Capital Market, which, according to the Group's policies, are measured at fair value considering the objectives pursued and reported performance. In addition, this classification makes it possible to pursue a "natural hedge" of derivatives entered into in order to "balance" the risks assumed with derivatives embedded in issued liabilities (derivatives that were classified as "trading" when recognised).
The increase recorded in 2023 is due to the issuing of 11 new certificates, for a currently outstanding total nominal value of Euro 1,072 thousand.

Key: VN = Nominal Value; L1 = Level 1; L2 = Level 2; L3 = Level 3; Fair value* = fair value calculated excluding value adjustments due to changes in the creditworthiness of the issuer since the issue date.

3.1 bis Financial liabilities designated at fair value: method of use of the fair value option

Description/Amounts	31.12.2023	31.12.2022
a) Natural hedges through derivatives	-	-
a) Natural hedges with other financial instruments	-	-
c) Other types of accounting mismatch	-	-
d) Financial instruments managed and measured at fair value	2,009,641	879,198
e) Embedded structured derivative products	-	-
Total	**2,009,641**	**879,198**

3.2 Breakdown of "Financial liabilities designated at fair value": subordinated liabilities

There are no amounts to be disclosed in this Consolidated Financial Report.

Section 4 – Hedging derivatives

Item 40

4.1 Hedging derivatives: breakdown by type of hedge and hierarchy levels

	Fair value 31.12.2023 L1	L2	L3	NV 31.12.2023	Fair value 31.12.2022 L1	L2	L3	NV 31.12.2022
A. Financial derivatives	**-**	**266,558**	**-**	**5,158,364**	**-**	**512,981**	**-**	**5,526,745**
1) Fair value	-	265,130	-	5,104,065	-	507,974	-	5,472,299
2) Cash flows	-	1,428	-	54,299	-	5,007	-	54,446
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**266,558**	**-**	**5,158,364**	**-**	**512,981**	**-**	**5,526,745**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: NV = Notional Value; L1=Level1; L2=Level2; L3=Level3

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair Value							Cash flows		Foreign investments
	Specific						General			
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other		Specific	General	
1. Financial assets measured at fair value through other comprehensive income	544	3,050	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	72,589	X	-	-	X	X	X	1,428	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**73,133**	**3,050**	**-**	**-**	**-**	**-**	**-**	**1,428**	**-**	**-**
1. Financial Liabilities	34,105	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	154,842	X	-	X
Total liabilities	**34,105**	**-**	**-**	**-**	**-**	**-**	**154,842**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 5 – Change in value of macro-hedged financial liabilities

Item 50

5.1 Change in value of hedged financial liabilities

Change in value of hedged financial liabilities/Group components	31.12.2023	31.12.2022
1. Positive adjustment of financial liabilities	-	-
2. Negative adjustment of financial liabilities	(155,184)	(281,292)
Total	**(155,184)**	**(281,292)**

The balance of the item represents the valuation effect as at 31 December 2023 of the liability items (modelled direct funding, qualifying as "Demand Items") identified as subject to macro hedging of interest rate risk, as part of the macro-hedge accounting strategy qualified in 2023.

Section 6 – Tax liabilities

Item 60

Please refer to the information provided in section 11, Assets.

Section 7 – Liabilities associated with assets classified as held for sale

Item 70

For details about Liabilities associated with assets classified as held for sale, please refer to the information provided in section 12 of Part B, Assets.

Section 8 – Other liabilities

Item 80

8.1 Other liabilities: breakdown

	31.12.2023	31.12.2022
Amounts due to banks	56,510	47,418
Amounts due to customers	1,415,028	1,925,721
Net adjustments on collection of receivables for third parties	78,460	50,000
Staff emoluments and related social contributions	97,724	92,866
Amounts due to third parties for coupons, securities and dividends to be collected	799,205	214,454
Amounts due to the tax authorities on behalf of customers and personnel	268,365	258,938
Bank transfers for clearance	19,571	23,782
Advances for the purchase of securities	15	46
Due to suppliers	394,003	444,640
Third-party payments as surety for loans	806	730
Amounts due to the tax authorities for stamp duty	2	-
Repayment to be made to INPS	382	348
Pension fund liabilities	2,227	1,600
Items in transit	45,168	37,463
Accrued expenses and deferred income	141,503	147,987
Other liabilities to third parties	674,319	433,169
Total	**3,993,288**	**3,679,162**

From the analysis carried out for the purposes of IFRS 15, a single type of contract liability has been identified, amounting to Euro 17.3 million classified under the item "Accrued liabilities and deferred income", which refers to the portion of consideration paid in advance by customers for warranty services provided by Group banks for a period of time ("over time performance obligation"), relating to the portion not yet accrued at the end of the period.

Section 9 – Employee termination indemnities

Item 90

9.1 Employee termination indemnities: annual changes

	31.12.2023	31.12.2022
A. Opening balance	**177,224**	**209,973**
B. Increases	**11,022**	**27,061**
B.1 Provisions for the year	6,010	944
B.2 Other increases	5,012	26,117
C. Decreases	**38,754**	**59,810**
C.1 Benefits paid	27,070	27,686
C.2 Other decreases	11,684	32,124
D. Closing balance	**149,492**	**177,224**
Total	**149,492**	**177,224**

The item "Other Increases" (B.2) includes Euro 4.6 million of actuarial losses.
The item "Other decreases" (C.2) includes the portion of termination indemnities transferred to complementary pension funds (Euro 11.3 million).

9.2 Other information

The following tables detail the changes in employee termination indemnities, as well as the principal demographic and financial assumptions made in order to quantify the provision using the Projected Unit Credit Method (pursuant to IAS 19R, § 65-67); lastly, table 9.2.3 presents the comparative information required by law.

9.2.1 Changes in employee termination indemnities during the year

Description/Amounts	31.12.2023	31.12.2022
A. Opening balance	**177,224**	**209,973**
B. Increases	**11,022**	**27,061**
1. Current service cost	104	131
2. Financial charges	5,905	812
3. Contribution to the plan by employees	-	-
4. Actuarial losses	4,622	-
5. Exchange differences	-	-
6. Past service cost	-	-
7. Other	391	26,118
C. Decreases	**38,754**	**59,810**
1. Benefits paid	27,070	27,686
2. Past service cost	-	-
3. Actuarial gains	21	19,216
4. Exchange differences	-	-
5. Curtailments	-	-
6. Settlement	-	-
7. Other	11,663	12,908
D. Closing balance	**149,492**	**177,224**

The item "Other decreases" (C.7) includes the portion of termination indemnities transferred to complementary pension funds (Euro 11.3 million).

9.2.2 Description of the main actuarial assumptions

Main actuarial assumptions/Percentages	31.12.2023	31.12.2022
Discount rates	3.04%	3.71%
Expected increase in remuneration	n/a	n/a
Turnover	1.95%	1.94%
Inflation rate	2.00%	2.30%
Interest rate adopted for the calculation of interest cost	3.71%	0.42%

In addition to the average data included in the table, the approach taken to identify the principal actuarial assumptions is described below:

- Discount rates: the curve of "Euro Composite AA" rates for prime corporate bonds listed in the Euro market on the measurement date has been used.
- Turnover: time series analysis of the events giving rise to terminations and adjustments to take account of any "anomalies" that occurred in the past. The assumptions made about turnover took account of grade, seniority, age and gender.
- Inflation rate: a rate of 2.00% was used.
- Net interest cost: it was calculated at a rate that reflected the duration of the liability.

Demographic assumptions

As regards the demographic bases, the analyses performed on the time series of staff of companies included in the scope of consolidation focused on monitoring the trend in the following reasons for elimination:

- rate of employee mortality: except for the Section A pension fund, for which use was made of table A62, the ISTAT life expectancy table of resident population was used, broken down by age and gender;
- rate of employee disability: the tables used for the INPS model to generate "Initial projections for 2010" were used;
- frequency and amount of advances on termination indemnities: in order to take into account the effects that these advances have on the timing of severance payments and, consequently on the discounting of the Company's liability, a probability table for the release of part of the accrued volumes was created. The frequency of advance payments and the average percentage of termination indemnities requested as an advance were taken from corporate data;
- probability of retirement, resignation, dismissal: this was taken from corporate data; in particular, a table showing the propensity of departure from the Company was created, based on age and gender. With regard to retirement, the calculation considered a 100% probability of satisfying the AGO requirements aligned with Decree 4/2019.

9.2.3 Comparative information: history of plan

Description/Amounts	31.12.2023	31.12.2022
1. Present value of provisions (+)	149,492	177,224
2. Fair value of assets servicing the plan (-)	-	-
3. Plan (surplus) deficit (+/-)	149,492	177,224
4. Adjustments to plan liabilities based on historical experience - actuarial (gains)/losses	4,601	(19,216)
5. Adjustments to plan assets based on historical experience	-	-

The "Adjustments to plan assets based on historical experience" solely comprise actuarial gains and losses.

9.2.4 Sensitivity analysis on employee termination indemnities

As required by IAS 19 Revised, we carried out a sensitivity analysis on employee termination indemnities with respect to the more significant actuarial assumptions to show how the liability would change in relation to possible fluctuations in each of these assumptions. In particular, the following table shows how the provision would change in the event of a 50 basis point increase or decrease in the discount and inflation rates compared with the parameters actually used.

Employee termination indemnities	**31.12.2023**	**+50 bps**	**-50 bps**
	DBO	**DBO**	**DBO**
discount rates	149,492	144,856	154,386
inflation rate	149,492	152,320	145,981

Section 10 – Provisions for risks and charges

Item 100

10.1 Provisions for risk and charges: breakdown

Description/Amounts	**31.12.2023**	**31.12.2022**
1. Impairment provisions for credit risk related to commitments and financial guarantees granted	57,324	70,102
2. Impairment provisions related to other commitments and guarantees granted	65,999	84,395
3. Provisions for pension and similar obligations	120,401	115,987
4. Other provisions for risk and charges	1,175,525	1,018,828
4.1 legal and fiscal disputes	259,240	269,468
4.2 personnel charges	746,064	568,119
4.3 other	170,221	181,241
Total	**1,419,249**	**1,289,312**

10.2 Provisions for risks and charges: annual changes

	Impairment provisions related to other commitments and guarantees granted	**Provisions for pensions and similar obligations**	**Other provisions for risk and charges**	**Total**
A. Opening balance	**84,395**	**115,987**	**1,018,828**	**1,219,210**
B. Increases	**11,220**	**13,735**	**502,574**	**527,529**
B.1 Provisions for the year	11,220	-	477,936	489,156
B.2 Time value changes	-	4,138	8,943	13,081
B.3 Increases due to discount-rate adjustments	-	9,597	-	9,597
B.4 Other increases	-	-	15,695	15,695
C. Decreases	**29,616**	**9,321**	**345,877**	**384,814**
C.1 Use during the year	21,632	9,321	266,958	297,911
C.2 Decreases due to discount rate adjustments	-	-	1,202	1,202
C.3 Other decreases	7,984	-	77,717	85,701
D. Closing balance	**65,999**	**120,401**	**1,175,525**	**1,361,925**

The changes due to discount rate adjustments also include actuarial gains and losses, considering not just interest rate movements, but also other demographic and financial factors, where applicable.
The item "Provisions in the year", relating to "Other provisions for risks and charges", includes mainly:
- the provision of Euro 294.4 million for charges related to the manoeuvre for streamlining the workforce formalised on 23 December 2023 with the Trade Unions. The manoeuvre to encourage generational and professional turnover, together with a reduction in the workforce; this agreement entails the exit of 1,000 resources. In response to the exits, the Agreement envisages 500 new hires and the fixed-term stabilisation of 200 temporary employment contracts, focusing on the areas where the Group is present.
- the allocation of Euro 19.6 million, estimated with respect to operational/compliance risk connected with the tax credits acquired by customers. More specifically, the bank estimated the expense connected to any irregularities caused by the assignor (customer) which may delay the timeframe for using the credits, given that the BPER Banca Group has put stringent control protocols in place both in the phase of acquisition of the individual credit and in the credit's technical analysis;

10.3 Impairment provisions for credit risk related to commitments and financial guarantees granted

	Impairment provisions for credit risk related to commitments and financial guarantees granted				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Commitments to distribute funds	8,692	3,159	2	-	11,853
Financial guarantees granted	1,914	2,423	41,134	-	45,471
Total	**10,606**	**5,582**	**41,136**	**-**	**57,324**

10.4 Provisions for other commitments and other guarantees granted

	31.12.2023
1. Other guarantees granted	27,999
2. Other commitments	38,000
Total	**65,999**

10.5 Provisions for pension with defined-benefits

10.5.1 Features of provisions and related risks

BPER Banca S.p.A. and Arca Fondi SGR s.p.a. contribute to the company pension fund; the required information on the various types of pension funds is provided below.

FIP BPER Banca s.p.a.

The in-house supplementary pension fund is not a separate legal entity and its assets are held together with those of the Bank; it is made up entirely of Section "A", classifiable as a "defined benefit" scheme.
Under the Regulations for Section A, beneficiaries receive a supplementary pension subject to revaluation, the cost of which is borne entirely by the Bank.
This section comprises all current employees hired by the Bank prior to 28 April 1993; it also includes all retired beneficiaries, or their heirs, of supplementary pension payments deriving from earlier agreements signed by BPER Banca or by the banks absorbed by the latter over time.
The following tables report the changes in the Fund.

The actuarial gains and losses relating to Section A are recognised as an equity reserve.

The benefits provided by Fund Section A represent post-employment defined benefits, as governed by IAS 19 Revised; accordingly, the liability for these benefits is determined using the actuarial "Projected Unit Credit Method" applied in relation to termination indemnities.

Following the merger by absorption of Banca Carige, the following pension provisions established within the merged company remained separate, also from an accounting perspective, in BPER Banca S.p.A.:
- the Fund of Banca CARIGE S.p.A. ("FIP Carige -Carige Supplementary Pension Fund);
- the Provision of Cassa di Risparmio di Savona ("FIP Carisa");
- the Provision of Cassa di Risparmio di Carrara ("FIP Carrara").

The three Funds are supplementary pension funds which already existed when Law no. 421 of 23 October 1992 entered into force, and as such, they have been registered with the Registry of Pension Funds under special section III since 14 October 1999. The Carige, Carisa and Carrara funds are respectively registered under no. 9004, 9026 and 9154 and are subject to the supervision of COVIP (Pension Fund Supervisory Commission).
The Funds lack independent legal status; both the Carige and Carisa funds are an item in the Balance Sheet which guarantees the Bank's obligation to maintain the resources necessary at any given time for each Fund to pay the benefits payable. They are therefore a provisioning fund of the Bank which guarantees payment of a future obligation.
FIP Carrara was established as a separate and autonomous fund pursuant to art. 2117 of the Italian Civil Code, as part of the Bank's overall assets.
The Funds are not structured in individual accounts and are closed to new participants.
A brief description is provided below.

FIP Carige (Carige Supplementary Pension Fund)

During 2015 the Bank and the unions agreed to undertake a project involving the transformation of the Fund for working participants, retired employees and former employees awaiting a deferred pension from the Fund ("deferred pension recipients"). As a result of this transformation, individual asset packages were calculated on the basis of the benefits accrued to each participant as at 30 June 2015 ("transferable packages"). Such transferable packages are to be transferred, following voluntary enrolment, to another defined-contribution pension fund, along with the employer's future contribution; in the cases of retirees and deferred pension recipients, the transformation called for payment of (current or future) pensions in lump-sum form and the calculation of the sums to be offered at 30 June 2015, also through voluntary enrolment, with the exclusion of all other benefits from the Bank.
In implementation of the resolution of the Board of Directors of 27 October 2015, agreements were entered into with the unions to formalise the arrangements indicated above.
Following the aforementioned operation, which continued even after 2015 and which provided, in the case of working participants, for their voluntary enrolment to another defined contribution pension fund, along with the employer's future contribution and, in the case of retirees and deferred pension recipients, payment of the pension principal amount, likewise on a voluntary enrolment basis; the group of participants in the Fund as at the end of the period consisted of 2 deferred pension recipients and 117 retirees.

FIP Carisa (Carisa Supplementary Pension Fund)

During 2016, the same actions as those concerning FIP Carige were implemented for FIP Carisa, with only 1 deferred pension recipients and 5 retirees participating in the Carisa Fund as at the end of the period.

FIP Carrara (Carrara Supplementary Pension Fund)

Only retired employees are registered with FIP Carrara, as the defined contribution section which the employees participated in, was settled in February 2015, in compliance with the resolution taken by the Board of Directors of Cassa di Risparmio di Carrara on 10 November 2014.

Currently, the Carrara Fund has functions limited to a group of 33 retired employees.

FIP Arca Fondi SGR s.p.a.

The fund recorded by Arca Fondi SGR relates to the guarantee given by the company to the members of the "Obiettivo TFR" section of the pension fund. This fund assures the guaranteed minimum represented by the net contributions paid in, having regard for the changes in yields and actuarial assumptions. The amount of the fund was determined by considering the expected yields on the investments made by the section and demographic assumptions about the death and invalidity of members, using a discounting rate - gross of taxation - that reflects the present value of money and the specific risks associated with the contingent liability.

10.5.2 Changes in the year of net liabilities (assets) with defined-benefits and redemption rights

Description/Amounts	31.12.2023	31.12.2022
Opening balance	**115,987**	**140,255**
A. Increases	**13,735**	**19,381**
1. Current service cost	-	680
2. Financial charges	4,138	1,312
3. Contribution to the plan by employees	-	-
4. Actuarial losses	9,597	-
5. Exchange differences	-	-
6. Past service cost	-	-
7. Other	-	17,389
B. Decreases	**9,321**	**43,649**
1. Benefits paid	9,321	8,334
2. Past service cost	-	-
3. Actuarial gains	-	35,315
4. Exchange differences	-	-
5. Curtailments	-	-
6. Settlement	-	-
7. Other	-	-
Closing balance	120,401	115,987

10.5.3 Information on fair value of plan assets

As mentioned already, the staff pension funds are in-house defined-benefit plans; the resources to be utilised to cover these liabilities are invested, without separate identification, in operating assets.

10.5.4 Description of the main actuarial assumptions

The demographic assumptions made for the measurement were based on A62 tables on the probability of death of retired staff by gender.

The financial assumptions adopted were:
- Discount rates: the curve of "Euro Composite AA" rates for prime corporate bonds listed in the Euro market on the measurement date has been used.
- Inflation rate: a fixed rate of 2.00% was used.
- Net interest cost: it was calculated at a rate that reflected the duration of the liability.

10.5.5 Sensitivity analysis and information on the amount, timing and uncertainty of financial cash flows

As required by IAS 19 Revised, a sensitivity analysis was carried out on the obligation of pension funds with respect to the more significant actuarial assumptions to show how the liability would change in relation to reasonably possible movements in each of these assumptions. The following table shows how the provision would change in the event of a 50 basis point increase or decrease in the discount rate compared with the parameters actually used.

Provisions for pensions and similar obligations	31.12.2023	+50 bps discount rate	-50 bps discount rate
	DBO	DBO	DBO
BPER Banca S.p.A.	104,761	99,526	110,488
FIP Carige (Carige Supplementary Pension Fund)	11,950	11,569	12,356
FIP CR Savona	222	215	230
FIP CR Carrara	2,849	2,767	2,936
Arca Fondi SGR	619	618	620

In compliance with the requirements of IAS 19 Revised with regard to additional disclosures, an estimate of future cash flows was carried out at 31 December 2023, as shown in the following table:

Future cash-flows

Provisions for pensions and similar obligations	1st year	2nd year	3rd year	4th year	5th year
BPER Banca S.p.A.	7,411	7,283	7,148	7,007	6,856
FIP Carige (Carige Supplementary Pension Fund)	1,495	1,378	1,266	1,159	1,058
FIP CR Savona	30	27	25	22	19
FIP CR Carrara	389	357	325	295	266

10.5.6 Multi-employer plans

At 31 December 2023 there were no multi-employer plans in place.

10.5.7 Defined-benefit plans that share risks between entities under common control

At 31 December 2023 there were no plans of this type.

10.6 Provisions for risks and charges - other provisions

10.6.1 Legal disputes

	31.12.2023	31.12.2022
A. Opening balance	**269,468**	**178,739**
B. Increases	**74,773**	**133,411**
Provisions for the year	65,152	68,244
Other increases	9,621	65,167
C. Decreases	**85,001**	**42,682**
Other decreases	38,387	23,656
Uses for the year	46,614	19,026
D. Closing balance	**259,240**	**269,468**

The BPER Banca Group operates in a highly regulated sector, that of banking, which exposes the Group banks and companies to various types of legal risks. We refer mainly to the disputes relating to the banking and financial services typically provided to Group customers, therefore relating mainly to aspects of compound interest and usury, contractual invalidity and unauthorised activities, tax disputes, loan origination and management in its various phases, performing or non-performing, including therein bankruptcy claw-backs.

The banks and companies of the BPER Banca Group (including the legal entities then merged by absorption into the Parent Company) were also subject to various audits by the Tax Authorities. These activities concerned the taxable income declared for the purpose of income tax, VAT, registration tax, and more generally the manner in which the tax legislation in force at the time was applied. As a consequence of said inspections, the BPER Banca Group is involved in a number of legal proceedings.

All Legal and tax disputes are subject to specific analysis by the competent structures of the Parent Company, in order to identify those for which the settlement is likely to require the use of resources intended to produce economic benefits and, consequently, require the allocation of provisions.

The legal and tax risks in respect of which no allocations were recognised were identified as “contingent liabilities”, consisting in:
- possible obligations, in that it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits;
- present obligations that do not meet the recognition criteria in this Standard (because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

Lastly, contingent liabilities with the possibility of any outflow in settlement being deemed “remote” do not require any disclosure, pursuant to the provisions of IAS 37.

In relation to the contingent liabilities (possible risks) stemming from disputes brought in civil proceedings by customers who were the recipients of banking and financial services provided by the Group banks and companies, it should be noted that the high number of cases makes it difficult to provide a detailed list, while their varying natures makes it extremely difficult to group them into similar types. The total damages claimed by the claimants amounted to Euro 227.6 million as at 31 December 2023. In respect of this risk, even though not expressly required by IAS 37, the Group has provisions in place mainly due to the acquisition of positions of possible risk from business combinations[36], the estimate and allocation of non-recurring legal expenses and the substantially prudential approach adopted in the risk assessments.

The update of the main situations of possible legal risk are presented below.

BPER Banca (formerly Emro Finance Ireland Ltd) - fiscal years 2005-2009

Recalling that the Bologna Regional Tax Commission ruled on the appeal filed by the Revenue Agency, reversing the first instance sentences, entirely in favour of the Bank, the Bank submitted an appeal to the Court of Cassation in partial acceptance of the appeal filed by the Revenue Agency and in the absolute conviction of the correctness of its actions, as early as on 13 June 2018 and is still awaiting a date to be set for the hearing.

36 Pursuant to IFRS 3 - Business Combinations, possible risks also require fair value measurement at the Purchase Price Allocation stage.

In the meantime, the Commission accepted the Bank's request to suspend the enforceability of the second-level sentence.

Also in light of the fiscal opinion issued by professionals and advisors with proven experience who do not consider the risk of losing as probable, at the date of preparation of this Financial Report no amount was set aside in the provisions for risks and charges, but a provision for the estimated legal fees was recorded.

BPER Banca (former Banca Carige): DTA and ACE goodwill tax alignment

On 24 March 2023, an agreement was reached with the Regional Directorate of the Italian Revenue Agency - Liguria for the settlement of pending disputes relating to the goodwill recognised in the 2012 Financial Report of the Merged Banca Carige.
It should be noted that the matter had originated from an official tax audit report, notified to the then Banca Carige on 26 February 2016 by the Italian Revenue Agency - Regional Directorate of Liguria, to challenge the chronological sequence of the impairment procedure concerning the goodwill recognised in 2012 by the subsidiary Banca Carige Italia S.p.A. (in the meantime merged by absorption into Banca Carige) upon transfer of a banking carve-out and subject to the tax relief pursuant to Article 176 of the Consolidated Income Tax Act.
Said specific accounting dispute led to the derecognition of a portion of the deferred tax assets (DTAs) recognised in connection with the tax relief of the aforementioned goodwill and then subject to conversion into tax credit for the years 2013, 2014 and 2015.
The agreement reached with the Regional Directorate provided for the closure of the pending disputes relating to the above-mentioned tax periods and the waiver by the Italian Revenue Agency of any future disputes attributable to the same case; the finding on the ACE (Allowance for Corporate Equity), which had been raised in relation to the 2013 tax year, was cancelled in full. At the same time, the Agency confirmed the recognition in favour of the Bank of the excess substitute tax paid when the original goodwill was tax-aligned.
In consideration of the serial nature of the dispute, the Agreement reached with the Italian Revenue Agency covered the subsequent tax periods (2016-2021).
In total, the negotiations were concluded at a cost to the Bank of approximately Euro 39.7 million.

10.6.2 Personnel charges

Description/Amounts	Other personnel provisions	
	31.12.2023	31.12.2022
Opening balance	**568,119**	**391,599**
Change in opening balances	-	-
A. Increases	**371,865**	**338,874**
1. Current service cost	358,461	248,274
2. Financial charges	3,057	2,791
3. Contribution to the plan by employees	-	-
4. Actuarial losses	375	108
5. Exchange differences	-	-
6. Past service cost	-	-
7. Other	9,972	87,701
B. Decreases	**193,920**	**162,354**
1. Benefits paid	160,273	118,275
2. Past service cost	-	-
3. Actuarial gains	937	10,777
4. Exchange differences	-	-
5. Curtailments	-	-
6. Settlement	-	-
7. Other	32,710	33,302
Closing balance	**746,064**	**568,119**

The item "Current service cost" includes the provision of Euro 294.4 million for charges related to the workforce optimisation manoeuvre formalised on 23 December 2023 with the Trade Unions. The manoeuvre to encourage generational and professional turnover, together with a reduction in the workforce; this agreement entails the exit of 1,000 resources. In response to the exits, the Agreement envisages 500 new hires and the fixed-term stabilisation of 200 temporary employment contracts, focusing on the areas where the Group is present.

10.6.3 Other provisions

Items	31.12.2023		31.12.2022	
	Other provisions	Provision for charitable donations	Other provisions	Provision for charitable donations
A. Opening balance	**181,241**	**-**	**40,130**	**19**
B. Provisions	79,722	-	214,985	-
C. Uses	(90,742)	-	(73,874)	(19)
D. Closing balance	**170,221**	**-**	**181,241**	**-**

Section 11 – Technical reserves

Item 110

There are no amounts for this item in this Consolidated Financial Report.

Section 12 – Redeemable shares

Item 130

There are no amounts for this item in this Consolidated Financial Report.

Section 13 – Group shareholders' equity

Items 120, 130, 140, 150, 160, 170 and 180

13.1 "Share capital" and "Treasury shares": breakdown

The "Share capital" item relates solely to the Parent Company. It consists solely of ordinary shares with no par value, fully subscribed and paid in.

There are 678,397 treasury shares in the Parent Company's portfolio amounting to Euro 2,244 thousand. There are also 62,250 shares relating to -and held by- Bibanca s.p.a., for a total of Euro 6 thousand.

13.2 Share capital – Parent Company's number of shares: annual changes

Description/Types	Ordinary	Other
A. Initial number of shares	**1,415,850,518**	**-**
- fully paid-in	1,415,850,518	-
- not fully paid-in	-	-
A.1 Treasury shares (-)	(1,714,504)	-
A.2 Shares outstanding: opening balance	1,414,136,014	-
B. Increases	**1,036,293**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- for free:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sales of treasury shares	1,036,293	-
B.3 Other increases	-	-
C. Decreases	**186**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	186	-
C.3 Business disposal transactions	-	-
C.4 Other decreases	-	-
D. Shares outstanding: closing balance	**1,415,172,121**	**-**
D.1 Treasury shares (+)	678,397	-
D.2 Final number of shares	1,415,850,518	-
- fully paid-in	1,415,850,518	-
- not fully paid-in	-	-

Item B.2 Sales of treasury shares refers to treasury shares that BPER Banca has assigned free of charge to employees, in line with the provisions of the Remuneration Policies (e.g. for short-term and long-term incentive and/or severance schemes).
Item C.2 Purchase of treasury shares includes the shares taken on following prescription of the dividend right as set out in the 2011 profit distribution, which made provision for the payment to be partly in cash and partly through the free allocation of the treasury shares of BPER Banca.
Further information about transactions in treasury shares is presented in section 7.5 "Treasury shares held in the portfolio" of the Directors' Report on Group Operations.

13.3 Share capital - other information

The shares that make up the share capital of the Parent Company BPER Banca are not subject to rights, privileges or restrictions.

13.4 Reserves from profits: other information

Reserves from profits are generally established when the profit shown in the financial report is specifically allocated to reserves.

The Italian Civil Code requires companies to set aside at least 5% of their profit for the year to a special reserve until it reaches one-fifth of the share capital. If, for whatever reason, the amount of the legal reserve falls below this limit of one-fifth of share capital, it has to be reinstated by setting aside at least one-twentieth of the profit until the shortfall is covered.

This item also includes the consolidation reserves generated following the elimination of the book value of equity investments against the corresponding portion of equity of each of them.

Lastly, this item includes any effects deriving from the first-time application of new international accounting standards.

The reserves can be used for different operations, depending on their constraints and nature; for the disclosures envisaged in art. 2427 paragraph 7 bis of the Italian Civil Code, please refer to the information provided in the Parent Company's separate financial report.

13.5 Equity instruments: breakdown and annual changes

Issuer	Interest rate	Step up	Issue date	Maturity date	Currency	Nominal Value (in Euro)
BPER Banca	8.75% fixed rate (up to the first Reset Date)	NO	25.07.2019	perpetual	Euro	150,000,000

During the year, the "Additional Tier 1" convertible bond did not show any changes.

13.6 Other information

There are no amounts to be disclosed other than those already provided in this section.

Section 14 – Minority interests

Item 190

14.1 Breakdown of item 190 "Minority interests"

Company name	31.12.2023	31.12.2022
Equity investments in consolidated companies with significant minority interests	**199,003**	**179,873**
1. Banco di Sardegna s.p.a.	5,302	6,598
2. Bibanca s.p.a.	6,071	5,536
3. Arca Holding (*)	186,867	166,859
4. Sardaleasing s.p.a.	763	880
Other equity investments	**325**	**483**
Total	**199,328**	**180,356**

(*) Consolidation of the sub-holding company Arca Holding and its wholly-owned subsidiary, Arca Fondi SGR s.p.a.

To determine the relevance of minority interests, see Part A of these Explanatory notes.
Minority interests not considered significant have been recognised under "Other equity investments".

14.2 Equity instruments: breakdown and change in year

There are no amounts for this item in this Consolidated Financial Report.

OTHER INFORMATION

1. Commitments and financial guarantees granted

	Nominal value on commitments and financial guarantees granted				Total 31.12.2023	Total 31.12.2022
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
1. Commitments to distribute funds	**31,135,837**	**2,001,296**	**218,923**	**-**	**33,356,056**	**32,914,045**
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	1,188,189	982	119	-	1,189,290	1,017,238
c) Banks	1,478,780	25,504	-	-	1,504,284	1,359,810
d) Other financial companies	1,317,538	69,919	1,347	-	1,388,804	1,327,639
e) Non-financial companies	25,243,602	1,715,486	211,348	-	27,170,436	26,698,219
f) Households	1,907,728	189,405	6,109	-	2,103,242	2,511,139
2. Financial guarantees granted	**908,487**	**21,580**	**37,296**	**-**	**967,363**	**957,401**
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	25,623	-	6	-	25,629	27,541
c) Banks	45,825	-	-	-	45,825	70,023
d) Other financial companies	134,391	53	62	-	134,506	302,714
e) Non-financial companies	675,020	19,868	36,305	-	731,193	522,633
f) Households	27,628	1,659	923	-	30,210	34,490

2. Other commitments and other guarantees granted

	Nominal value	
	31.12.2023	31.12.2022
Other guarantees granted	5,041,507	5,077,906
of which: non performing exposures	67,339	96,445
a) Central Banks	-	-
b) Public Administrations	25,800	23,689
c) Banks	318,371	317,187
d) Other financial companies	129,996	125,967
e) Non-financial companies	4,430,181	4,462,236
f) Households	137,159	148,827
Other commitments	**1,778,000**	**42,750**
of which: non performing exposures	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	1,778,000	42,750
f) Households	-	-

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount 31.12.2023	Amount 31.12.2022
1. Financial assets measured at fair value through profit or loss	-	1,920
2. Financial assets measured at fair value through other comprehensive income	2,851,222	5,372,962
3. Financial assets measured at amortised cost	21,657,479	11,210,882
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

The assets sold to vehicle companies as part of Covered Bond transactions amounted to Euro 8,634 million.

4. Breakdown of investments for unit-linked and index-linked policies

There are no amounts for this item in this Consolidated report.

5. Asset management and trading on behalf of third parties

Type of service	Amount
1. Trading on behalf of customers	**-**
a) purchases	-
1. settled	-
2. unsettled	-
b) sales	-
1. settled	-
2. unsettled	-
2. Portfolio management	**42,428,644**
a) individual	5,453,037
b) collective	36,975,607
3. Custody and administration of securities	**263,019,719**
a) third party securities held in deposit: related to depositary bank activities (excluding portfolio management)	-
1. securities issued by companies included in consolidation	-
2. other securities	-
b) third party securities held in deposit (excluding portfolio management): other	110,347,152
1. securities issued by companies included in consolidation	4,559,673
2. other securities	105,787,479
c) third party securities deposited with third parties	108,000,952
d) own portfolio securities deposited with third parties	44,671,615
4. Other transactions	**32,153,134**

6. Financial assets subject to offsetting, master netting agreements and similar

Type	Gross amount of financial assets (a)	Amount of financial liabilities offset in the balance sheet (b)	Net amount of financial assets shown in the balance sheet (c=a-b)	Related amounts not subject to offsetting in the balance sheet		Net amount (f=c-d-e) 31.12.2023	Net amount (f=c-d-e) 31.12.2022
				Financial instruments (d)	Cash deposit received as collateral (e)		
1. Derivatives	1,693,600	-	1,693,600	377,622	1,217,979	97,999	897,715
2. Repurchase agreements	302,711	-	302,711	299,400	-	3,311	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31.12.2023	**1,996,311**	**-**	**1,996,311**	**677,022**	**1,217,979**	**101,310**	**X**
Total 31.12.2022	**2,740,167**	**-**	**2,740,167**	**480,009**	**1,362,443**	**X**	**897,715**

The amounts shown in the table relate to standard master agreements such as ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex) agreements for derivatives and GMRA (Global Master Repurchase Agreement) for repurchase agreement transactions.
Under the agreements executed using the ISDA standard, offsetting of OTC derivative contracts is permitted in the event of default of either party to the agreement and, for almost all institutional counterparties, the terms of the CSA provide for cash collateral that is revised daily based on the contracts' underlying value.
Repurchase agreement transactions entered into with institutional counterparties are governed by the GMRA standard, which, in addition to the delivery of the securities pertaining to the transactions, provide for cash collateral that is revised daily based on the value of the securities.
None of the amounts shown has been offset in the financial statements as the criteria in paragraph 42 of IAS 32 are not satisfied.
For derivatives, the gross amounts (a) are recognised under item 20 a) "Financial assets measured at fair value through profit or loss - Financial assets held for trading" for Euro 571.4 million and under item 50 "Hedging derivatives" for Euro 1,122. thousand; the related financial instruments (d) consist of derivatives recorded under item 20 "Financial liabilities held for trading" and under item 40 "Hedging derivatives", whereas cash deposits received (e) are recorded under item 10 a) "Due to banks" and under item 10 b) "Due to customers".
For repurchase agreements, the gross amounts (a) are recognised under item 40 a) "Financial assets measured at amortised cost - Loans to banks" for an amount of Euro 302.7 million; the related financial instruments (d) represent the value of the securities pertaining to the transactions, whereas cash deposits received (e) are recognised under item 10 a) "Due to banks".

7. Financial liabilities subject to offsetting, master netting agreements and similar

Type	Gross amount of financial assets (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities shown in the balance sheet (c=a-b)	Related amounts not offset in the balance sheet		Net amount (f=c-d-e) 31.12.2023	Net amount (f=c-d-e) 31.12.2022
				Financial instruments (d)	Cash deposit pledged as collateral (e)		
1. Derivatives	429,935	-	429,935	377,622	41,898	10,415	383,996
2. Repurchase agreements	6,223,831	-	6,223,831	6,206,945	-	16,886	732
3. Securities lending	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
Total 31.12.2023	**6,653,766**	**-**	**6,653,766**	**6,584,567**	**41,898**	**27,301**	**X**
Total 31.12.2022	**4,313,801**	**-**	**4,313,801**	**3,736,936**	**192,137**	**X**	**384,728**

The same considerations of the previous table are valid for framework agreements.
None of the amounts shown has been offset in the financial statements as the criteria in paragraph 42 of IAS 32 are not satisfied.
For derivatives, the gross amounts (a) are recorded under item 20 “Financial liabilities held for trading” for an amount of Euro 179.8 million and under item 50 “Hedging derivatives” for an amount of Euro 250.1 million; the related financial instruments (d) consist of opposite sign derivatives recorded under item 20 a) “Financial assets measured at fair value through profit or loss - Financial assets held for trading” and under item 50 “Hedging derivatives”, whereas cash deposits made (e) are recorded under item 40 a) “Loans to banks” and item 40 b) “Loans to customers”.

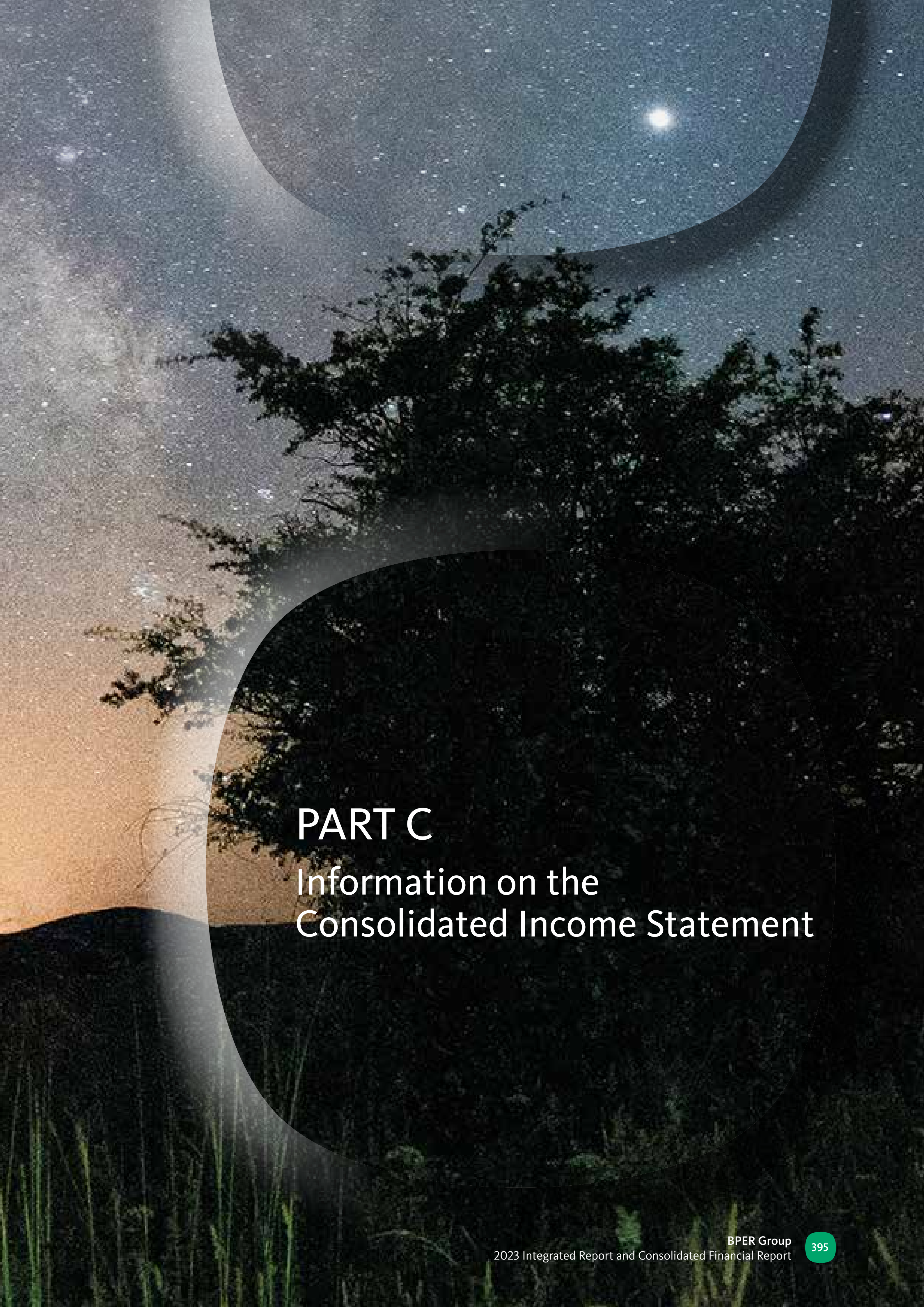
For repurchase agreements, the gross amounts (a) are recognised under item 10 a) “Due to banks” for an amount of Euro 4,136.4 million, and under item 10 b) “Due to customers” for an amount of Euro 2,087.5 million. The related financial instruments (d) represent the value of the securities pertaining to the transactions, whereas cash deposits made (e) are recognised under item 40 a) “Loans to banks” and, if any, 40 b) “Loans to customers”.

8. Securities lending

There are no amounts for this item in this Consolidated Financial Report.

9. Disclosure on joint control activities

There are no amounts for this item in this Consolidated Financial Report.



PART C

Information on the Consolidated Income Statement

Section 1 – Interest

Items 10 and 20

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31.12.2023	Total 31.12.2022
1. Financial assets measured at fair value through profit or loss:	**15,172**	**354**	**186**	**15,712**	**31,259**
1.1 Financial assets held for trading	1,998	-	-	1,998	1,368
1.2 Financial assets measured at fair value	71	-	-	71	27,037
1.3 Other financial assets mandatorily measured at fair value	13,103	354	186	13,643	2,854
2. Financial assets measured at fair value through other comprehensive income	**120,695**	**-**	**X**	**120,695**	**43,189**
3. Financial assets measured at amortised cost:	**259,404**	**3,848,242**	**X**	**4,107,646**	**2,144,282**
3.1 Loans to banks	69,766	447,590	X	517,356	131,812
3.2 Loans to customers	189,638	3,400,652	X	3,590,290	2,012,470
4. Hedging derivatives	**X**	**X**	**332,320**	**332,320**	**(15,616)**
5. Other assets	**X**	**X**	**185,185**	**185,185**	**36,731**
6. Financial Liabilities	**X**	**X**	**X**	**1,069**	**19,614**
Total	**395,271**	**3,848,596**	**517,691**	**4,762,627**	**2,259,459**
of which: interest income on impaired financial assets	-	95,161	-	95,161	92,998
of which: interest income on finance lease	X	162,190	X	162,190	77,476

1.2 Interest and similar income: other information

1.2.1 Interest income on foreign currency financial assets

Items	31.12.2023	31.12.2022
Interest income on foreign currency financial assets	47,916	11,190

The item includes flows from derivatives hedging securities shown under assets.

1.3 Interest and similar expense: breakdown

Items/Technical forms	Loans	Debt Securities	Other transactions	Total 31.12.2023	Total 31.12.2022
1. Financial liabilities measured at amortised cost	1,051,145	315,903	X	1,367,048	357,502
1.1 Due to central banks	182,235	X	X	182,235	-
1.2 Due to banks	266,805	X	X	266,805	74,200
1.3 Due to customers	602,105	X	X	602,105	132,097
1.4 Debt securities issued	X	315,903	X	315,903	151,205
2. Financial liabilities held for trading	5	-	-	5	26,843
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	786	786	746
5. Hedging derivatives	X	X	142,116	142,116	4,821
6. Financial assets	X	X	X	855	43,654
Total	**1,051,150**	**315,903**	**142,902**	**1,510,810**	**433,566**
of which: interest expense on lease liabilities	9,159	X	X	9,159	6,320

1.4 Interest and similar expense: other information

1.4.1 Interest expense on foreign currency liabilities

Items	31.12.2023	31.12.2022
Interest expense on foreign currency liabilities	177,789	65,797

Interest in foreign currency relates mainly to repurchase agreements with non-resident banks.

1.5 Spreads on hedging transactions

Items	Total 31.12.2023	Total 31.12.2022
A. Positive spreads on hedging transactions	522,004	140,428
B. Negative spreads on hedging transactions	(331,800)	(160,865)
C. Balance (A-B)	**190,204**	**(20,437)**

Section 2 – Commissions

Items 40 and 50

2.1 Commission income: breakdown

Type of service/Amounts	Total 31.12.2023	Total 31.12.2022
a) Financial instruments	310,898	292,530
1. Placement of securities	236,456	226,328
1.1 Through underwriting and/or on a firm commitment basis	1,952	517
1.2 Without a firm commitment basis	234,504	225,811
2. Reception, transmission and execution of orders on behalf of customers	26,695	21,018
2.1 Reception and transmission of orders for one or more financial instruments	26,695	21,018
2.2 Execution of orders on behalf of customers	-	-
3. Other commission income related to activities connected to financial instruments	47,747	45,184
of which: dealing on own account	2,921	672
of which: individual portfolio management	44,355	44,266
b) Corporate Finance	3,546	2,639
1. Mergers and acquisitions advisory	918	756
2. Treasury services	-	-
3. Other commission income related to corporate finance services	2,628	1,883
c) Investment advice	1,736	2,289
d) Clearing and settlement	-	-
e) Collective portfolio management	380,982	374,047
f) Custody and administration	37,453	39,370
1. Depositary bank	-	-
2. Other commission income related to custody and administration services	37,453	39,370
g) Central administrative services for collective portfolio management	-	-
h) Fiduciary services	-	-
i) Payment services	744,251	727,235
1. Current accounts	379,572	375,761
2. Credit cards	76,042	68,661
3. Debit cards and other payment cards	98,833	114,986
4. Bank transfers and other payment orders	131,908	105,629
5. Other commission income related to payment services	57,896	62,198
j) Distribution of third-party services	262,261	266,666
1. Collective portfolio management	609	1,126
2. Insurance products	232,997	216,716
3. Other products	28,655	48,824
of which: individual portfolio management	6,875	8,726
k) Structured finance	38,903	29,403
l) Securitisation servicing	66	941
m) Commitments to disburse funds	-	-
n) Financial guarantees granted	47,777	45,208
of which: credit derivatives	-	-
o) Financing transactions	255,914	251,142
of which: factoring transactions	16,892	16,381
p) Currency dealing	17,092	15,325
q) Commodities	-	-
r) Other commission income	70,528	69,915
of which: management of multilateral trading facilities	-	-
of which: management of organised trading facilities	-	-
Total	**2,171,407**	**2,116,710**

With respect to the qualitative information on the types of revenue from relations with customers falling within the scope regulated by IFRS 15, please refer to the content of Part L of these Consolidated Explanatory Notes.

2.2 Commission expense: breakdown

Type of services/Amounts	Total 31.12.2023	Total 31.12.2022
a) Financial instruments	1,483	2,301
of which: trading in financial instruments	1,424	2,162
of which: placement of financial instruments	-	19
of which: individual portfolio management	59	102
- Own portfolios	59	102
- Third party portfolios	-	-
b) Clearing and settlement	-	-
c) Collective portfolio management	99,027	110,171
1. Own portfolios	99,027	110,171
2. Third party portfolios	-	-
d) Custody and administration	6,148	5,590
e) Collection and payment services	49,702	46,220
of which: credit cards, debit cards and other payment cards	42,437	39,222
f) Securitisation servicing	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	3,430	2,372
of which: credit derivatives	-	-
i) "Out-of-branch" offer of financial instruments, products and services	7,044	7,783
j) Currency dealing	-	-
k) Other commission expense	18,095	20,473
Total	**184,929**	**194,910**

Section 3 – Dividends and similar income

Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 31.12.2023		Total 31.12.2022	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	2,122	-	2,333	-
B. Other financial assets mandatorily measured at fair value	94	6,959	815	4,621
C. Financial assets measured at fair value through other comprehensive income	21,709	-	14,355	-
D. Equity investments	-	-	-	-
Total	**23,925**	**6,959**	**17,503**	**4,621**

Section 4 – Net income from trading activities

Item 80

4.1 Net income from trading activities: breakdown

Transactions/Income items	Capital gains (A)	Profits on trading (B)	Capital losses (C)	Losses on trading (D)	Net Result [(A+B) - (C+D)]
1. Financial assets held for trading	**11,851**	**6,796**	**(998)**	**(3,200)**	**14,449**
1.1 Debt securities	256	4,469	(8)	(2,688)	2,029
1.2 Equity instruments	11,594	2,327	(990)	(512)	12,419
1.3 UCITS units	1	-	-	-	1
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**36,394**
4. Derivative instruments	**465,137**	**385,903**	**(302,110)**	**(440,827)**	**101,357**
4.1 Financial derivatives:	465,137	385,167	(302,110)	(440,353)	101,095
- on debt securities and interest rates	292,467	340,447	(255,335)	(340,577)	37,002
- on equities and stock indexes	168,048	30,371	(42,331)	(90,312)	65,776
- on currency and gold	X	X	X	X	(6,746)
- other	4,622	14,349	(4,444)	(9,464)	5,063
4.2 Credit derivatives	-	736	-	(474)	262
of which: natural hedges connected with the fair value option	X	X	X	X	-
Total	**476,988**	**392,699**	**(303,108)**	**(444,027)**	**152,200**

The item includes capital gains from valuation relating to the operational hedging of Certificates, for a total of Euro 110.4 million.

Section 5 – Net income from hedging activities

Item 90

5.1 Net income from hedging activities: breakdown

Income items/Amounts	Total 31.12.2023	Total 31.12.2022
A. Income from:		
A.1 Fair value hedging derivatives	304,585	1,807,308
A.2 Hedged financial assets (fair value)	598,910	1,416
A.3 Hedged financial liabilities (fair value)	19	350,641
A.4 Cash-flow hedging derivatives	117	813
A.5 Foreign currency assets and liabilities	-	-
Total income from hedging activity (A)	**903,631**	**2,160,178**
B. Charges from:		
B.1 Fair value hedges	575,342	352,742
B.2 Hedged financial assets (fair value)	37,908	1,807,277
B.3 Hedged financial liabilities (fair value)	267,874	46
B.4 Cash-flow hedging derivatives	121	804
B.5 Foreign currency assets and liabilities	-	-
Total charges from hedging activity (B)	**881,245**	**2,160,869**
C. Net income from hedging activities (A-B)	**22,386**	**(691)**
of which: result of hedging on net positions	-	-

Section 6 – Gains (Losses) on disposal or repurchase

Item 100

6.1 Gains (Losses) on disposal or repurchase: breakdown

Items/Income items	Total 31.12.2023			Total 31.12.2022		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Financial assets measured at amortised cost	63,063	(3,985)	59,078	75,779	(10,051)	65,728
1.1 Loans to banks	269	(115)	154	-	-	-
1.2 Loans to customers	62,794	(3,870)	58,924	75,779	(10,051)	65,728
2. Financial assets measured at fair value through other comprehensive income	13,890	(889)	13,001	4,966	(712)	4,254
2.1 Debt securities	13,890	(889)	13,001	4,966	(712)	4,254
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**76,953**	**(4,874)**	**72,079**	**80,745**	**(10,763)**	**69,982**
Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities issued	3	-	3	7,641	(808)	6,833
Total liabilities (B)	**3**	**-**	**3**	**7,641**	**(808)**	**6,833**

The net result relating to "Financial assets" includes net profits deriving from disposal of loans for Euro 15.2 million and from debt securities classified in the HTC and HTC&S portfolios for Euro 56.9 million.

Section 7 – Net income on other financial assets and liabilities measured at fair value through profit or loss

Item 110

7.1 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

Transactions/Income items	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net Result [(A+B) - (C+D)]
1. Financial assets	**4,422**	**-**	**(3,978)**	**-**	**444**
1.1 Debt securities	4,422	-	(3,978)	-	444
1.2 Loans	-	-	-	-	-
2. Financial Liabilities	**45,700**	**45**	**(118,558)**	**(67,994)**	**(140,807)**
2.1 Debt securities issued	45,700	45	(118,558)	(67,994)	(140,807)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**50,122**	**45**	**(122,536)**	**(67,994)**	**(140,363)**

The results shown on Securities in Issue refer to the Certificates issued and are attributable to the change in fair value attributable to interest rate risk, to the change in fair value of the derivative component embedded in the instruments issued (which is similarly recognised with an entry of opposite sign in Item 80 "Net income from trading activities" against the valuation of derivatives entered into on the market to balance the bank's position), as well as to so-called "commercial margins", which pass through the Income Statement at the time of the first valuation of the financial instrument.

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income items	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net Result [(A+B) - (C+D)]
1. Financial assets	**48,338**	**18,284**	**(46,303)**	**(1,687)**	**18,632**
1.1 Debt securities	37	2,176	(27,503)	(65)	(25,355)
1.2 Equity instruments	2,113	80	(3,824)	(493)	(2,124)
1.3 UCITS units	45,979	6,666	(14,976)	(1,129)	36,540
1.4 Loans	209	9,362	-	-	9,571
2. Foreign currency financial assets: exchange differences	**X**	**X**	**X**	**X**	**(947)**
Total	**48,338**	**18,284**	**(46,303)**	**(1,687)**	**17,685**

Section 8 – Net impairment losses for credit risk

Item 130

8.1 Net impairment losses for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions/Income items	Impairment losses (1)						Write-backs (2)				Total 31.12.2023	Total 31.12.2022
	Stage 1	Stage 2	Stage 3		Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
			Write-off	Other	Write-off	Other						
A. Loans to banks	**(81)**	**(2,741)**	**-**	**-**	**-**	**-**	**5,987**		**-**	**-**	**3,165**	**(18,851)**
- Loans	-	(2,741)	-	-	-	-	5,987	-	-	-	3,246	(18,849)
- Debt securities	(81)	-	-	-	-	-	-	-	-	-	(81)	(2)
B. Loans to customers	**(7,209)**	**(31,185)**	**(12,080)**	**(684,680)**	**(14,389)**	**(135,727)**	**49,318**	**17,645**	**287,564**	**91,317**	**(439,426)**	**(587,208)**
- Loans	(7,209)	(13,863)	(12,080)	(684,680)	(14,389)	(135,727)	47,613	15,871	287,564	91,317	(425,583)	(582,815)
- Debt securities	-	(17,322)	-	-	-	-	1,705	1,774	-	-	(13,843)	(4,393)
Total	**(7,290)**	**(33,926)**	**(12,080)**	**(684,680)**	**(14,389)**	**(135,727)**	**55,305**	**17,645**	**287,564**	**91,317**	**(436,261)**	**(606,059)**

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. It was therefore considered appropriate to partially write off the gross exposure for a total of Euro 335 million, adjusting it to the expected recoverable amount, with marginal economic impact. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.

8.2 Net impairment losses for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Income items	Impairment losses (1)						Write-backs (2)				Total 31.12.2023	Total 31.12.2022
	Stage 1	Stage 2	Stage 3		Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
			Write-off	Other	Write-off	Other						
A. Debt securities	**(3)**	**(844)**	**-**	**-**	**-**	**-**	**690**	**100**	**-**	**-**	**(57)**	**(442)**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(3)**	**(844)**	**-**	**-**	**-**	**-**	**690**	**100**	**-**	**-**	**(57)**	**(442)**

Section 9 – Gains (Losses) from contractual modifications without derecognition

Item 140

9.1 Gains (losses) from contractual modifications: breakdown

The item in question includes the economic impact of contractual modifications that do not qualify for derecognition of the assets and which, as a result, entail a change in the related amortised cost based on discounting the new contractual flows at the original Internal Rate of Return (IRR).

The scope of the exposures under consideration is represented by a portion of the forborne exposures (performing and non-performing) or situations in which the contractual modification is linked to the borrower's financial difficulty and does not fall within the concept of a "substantial modification" for the BPER Banca Group.

The impact calculated on the basis of this scope is added to the write-downs envisaged by the Group in application of its own policies for the assessment of performing and non-performing loans and, for the two types of exposures, comes to a total amount of of Euro 3 million.

Section 10 – Net insurance premiums

Item 160

There are no amounts for this item in this Consolidated Financial Report.

Section 11 – Other net insurance income (expense)

Item 170

There are no amounts to be disclosed in this Consolidated Financial Report.

Section 12 – Administrative expenses

Item 190

12.1 Staff costs: breakdown

Type of costs/Amounts	Total 31.12.2023	Total 31.12.2022
1) Employees	**1,929,412**	**1,639,432**
a) wages and salaries	1,170,501	1,059,453
b) social security charges	305,204	277,328
c) termination indemnities	65,223	53,962
d) pension expenses	615	623
e) provision for employee termination indemnities	6,010	980
f) provision for pension and similar commitments:	3,430	1,071
- defined contribution plan	-	-
- defined benefit plans	3,430	1,071
g) payments to external supplementary pension funds:	39,435	37,941
- defined contribution plan	39,435	37,941
- defined benefit plans	-	-
h) costs from share-based payments	6,157	587
i) other personnel benefits	332,837	207,487
2) Other not-retired employees	**39,661**	**32,215**
3) Directors and Statutory Auditors		**10,318**
4) Retired employees	**784**	**321**
Total	**1,980,567**	**1,682,286**

The item "other personnel benefits" includes the provision of Euro 294.4 million for charges related to the manoeuvre for streamlining the workforce formalised on 23 December 2023 with the Trade Unions. The manoeuvre to encourage generational and professional turnover, together with a reduction in the workforce; this agreement entails the exit of 1,000 resources. In response to the exits, the Agreement envisages 500 new hires and the fixed-term stabilisation of 200 temporary employment contracts, focusing on the areas where the Group is present.

12.2 Average number of employees by category

	31.12.2023	31.12.2022
Employees:	**19,283**	**18,443**
a) Managers	361	331
b) Middle managers	6,908	6,603
c) Remaining employees	12,014	11,509
Other personnel	**669**	**557**

12.2.1 Number of employees by category: banking group

	31.12.2023	31.12.2022
Employees:	**20,224**	**21,059**
a) Managers	384	361
b) Total 3rd and 4th level middle managers	2,785	2,726
c) Total 1st and 2nd level middle managers	4,423	4,630
d) Remaining employees	12,632	13,342
Other personnel	**485**	**832**

The number of employees does not include staff on leave.

12.3 Defined benefit company pension funds: costs and revenues

Type of costs/Amounts	31.12.2023	31.12.2022
Provisions for defined-benefit pension plans	3,430	1,071

For more information on defined-benefit pension plans, please refer to Part B of these Explanatory notes, section 10 “Provisions for risks and charges”.

12.4 Other employee benefits

Type of costs/Amounts	31.12.2023	31.12.2022
Other employee benefits	332,837	207,487

For more information on the composition of the item, please refer to the footnotes in table 12.1 Personnel expenses: breakdown

12.5 Other administrative expenses: breakdown

Items	31.12.2023	31.12.2022
Indirect taxes and duties	**323,519**	**400,807**
Stamp duty	263,488	235,153
Other indirect taxes with right of recourse	16,386	18,924
Municipal property tax	22,242	18,813
Other	21,403	127,917
Other costs	**947,916**	**1,011,514**
Maintenance and repairs	114,218	125,828
Rental expense	22,945	23,379
Post office, telephone and telegraph	28,682	24,568
Data transmission fees and use of databases	106,694	98,911
Advertising	41,198	27,692
Consulting and other professional services	155,936	184,225
Lease of IT hardware and software	59,724	61,025
Insurance	26,141	21,892
Cleaning of office premises	12,225	13,123
Printing and stationery	10,791	12,900
Energy and fuel	56,415	55,425
Transport	16,943	16,956
Staff training and expense refunds	20,830	13,933
Information and surveys	16,332	16,239
Security	10,431	11,342
Administrative services	18,211	31,246
Use of external data gathering and processing services	17,536	51,972
Membership fees	10,936	9,904
Condominium expenses	11,686	9,001
Contribution to SRF, DGS, IDPF-VS	161,241	172,423
Sundry other	28,801	29,530
Total	**1,271,435**	**1,412,321**

The item “Contributions to SRF, DGS, FITD-VS” refers to the ordinary 2023 contribution to the SRF (European Single Resolution Fund) of Euro 49.5 million and to the DGS (Deposit Guarantee Fund) of Euro 111.8 million.

Section 13 – Net provisions for risks and charges

Item 200

13.1 Net provisions for credit risk on commitments to distribute funds and financial guarantees granted: breakdown

Type of risks and charges	Impairment losses				Write-backs				31.12.2023	31.12.2022
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
Commitments to disburse funds	(82)	(79)	-	-	3,705	4,055	27	-	7,626	(2,291)
Financial guarantees granted	-	-	(5,377)	-	430	1,045	9,022	-	5,120	(1,187)
Total	**(82)**	**(79)**	**(5,377)**	**-**	**4,135**	**5,100**	**9,049**	**-**	**12,746**	**(3,478)**

13.2 Net provisions on other commitments and other guarantees granted: breakdown

Type of risks and charges	Impairment losses	Write-backs	31.12.2023	31.12.2022
Other guarantees granted	(7,000)	4,500	(2,500)	(14,100)
Other commitments	(4,220)	24,598	20,378	(25,313)
Total	**(11,220)**	**29,098**	**17,878**	**(39,413)**

13.3 Net provisions for other risks and charges: breakdown

Type of risks and charges	31.12.2023	31.12.2022
A. Provisions	**(119,157)**	**(109,219)**
1. for legal disputes	(71,035)	(68,244)
2. other	(48,122)	(40,975)
B. Write-backs	**26,052**	**19,854**
1. for legal disputes	24,867	14,745
2. other	1,185	5,109
Total	**(93,105)**	**(89,365)**

Section 14 – Net adjustments to property, plant and equipment

Item 210

14.1. Net adjustments to property, plant and equipment: breakdown

Asset/Income items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, plant and equipment				
1. Used in operations	(152,394)	(6,094)	3,364	(155,124)
- Owned	(76,178)	-	2,697	(73,481)
- Rights of use acquired through leases	(76,216)	(6,094)	667	(81,643)
2. Held for investment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
3. Inventories	X	(13,275)	1,497	(11,778)
B. assets available for sale	X	(641)	1,055	414
Total	**(152,394)**	**(20,010)**	**5,916**	**(166,488)**

The item “Impairment losses” for an amount of Euro 6.1 million refers to rights of use acquired through leases following the early closure of certain branches.

Section 15 – Net adjustments to intangible assets

Item 220

15.1 Net adjustments to intangible assets: breakdown

Asset/Income items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(71,756)	-	-	(71,756)
A.1 Owned	(97,076)	-	-	(97,076)
- Generated internally by the company	-	-	-	-
- Other	(97,076)	-	-	(97,076)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(97,076)**	**-**	**-**	**(97,076)**

Section 16 – Other operating expense (income)

Item 230

16.1 Other operating expense: breakdown

Description/Amounts	31.12.2023	31.12.2022
Loss from loss data collection	16,784	25,201
Amortisation of leasehold improvement expenditure	3,878	4,720
Other expense	121,223	85,217
Total	**141,885**	**115,138**

The item "Other expenses" includes charges for the refund of fast-track loan approval process fees (CIV) to customers for the years 2012 - 2015 (Euro 5.1 million), charges for the settlement of early terminations of former Carige commercial agreements (Euro 32.5 million) and compensation relating to loan assignment transactions (Euro 7.2 million).

16.2 Other operating income: breakdown

Description/Amounts	31.12.2023	31.12.2022
Rental income	11,562	9,977
Recovery of taxes	277,001	250,541
Income from Loss data collection	36,686	23,952
Fast-track facility fee	8,390	9,986
Other income	185,984	399,755
Total	**519,623**	**694,211**

The item "Other income" includes the fair value measurement of tax receivables in the portfolio that are expected to be recovered through sale to third parties (Euro 11.4 million); contingent assets from the settlement of past business combinations of (Euro 28.6 million).

Section 17 – Gains (Losses) of equity investments

Item 250

17.1 Gains (Losses) of equity investments: breakdown

Income items/Sectors	Total 31.12.2023	Total 31.12.2022
1) Companies subject to joint control		
A. Gains	-	-
1. Revaluations	-	-
2. Gains on disposals	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Losses	(403)	-
1. Write-downs	-	-
2. Impairment losses	(403)	-
3. Losses from disposals	-	-
4. Other expense	-	-
Net result	**(403)**	**-**
2) Companies subject to significant influence		
A. Gains	47,683	20,476
1. Revaluations	24,286	20,476
2. Gains on disposals	23,397	-
3. Write-backs	-	-
4. Other income	-	-
B. Losses	(1,010)	(1,331)
1. Write-downs	(330)	(59)
2. Impairment losses	(680)	(1,272)
3. Losses from disposals	-	-
4. Other expense	-	-
Net result	**46,673**	**19,145**
Total	**46,270**	**19,145**

"Revaluations" and "Write-downs" reflect the results of the companies consolidated under the equity method.

The amount shown under "Impairment losses" refers to the impairment test on equity investments which led to the write-down, among others, of the interest held in Sant'Anna Golf s.r.l. (Euro 0.5 million), Gility s.r.l. (Euro 0.4 million).

Section 18 – Valuation differences on property, plant and equipment and intangible assets

Item 260

18.1 Net result of measurement at fair value (or at a revalued amount) or at the estimated realisable value of property, plant and equipment and intangible assets: breakdown

Asset/Income items	Revaluations (a)	Write-downs (b)	Exchange differences		Net result (a-b+c-d)
			Positive (c)	Negative (d)	
A. Property, plant and equipment	**14,500**	**(62,156)**	**-**	**-**	**(47,656)**
A.1 Used in operations:	7,457	(20,573)	-	-	(13,116)
- Owned	7,457	(20,573)	-	-	(13,116)
- Rights of use acquired through leases	-	-	-	-	-
A.2 Held for investment	7,043	(41,583)	-	-	(34,540)
- Owned	7,043	(41,583)	-	-	(34,540)
- Rights of use acquired through leases	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
A. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned	-	-	-	-	-
- Generated internally by the company	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
Total	**14,500**	**(62,156)**	**-**	**-**	**(47,656)**

Section 19 – Impairment losses on goodwill

Item 270

19.1 Impairment losses on goodwill: breakdown

Impairment testing carried out in accordance with IAS 36 identified the need to write down the goodwill allocated to the CGUs Banco di Sardegna for an amount of Euro 27.6 million and BPER Factor for an amount of Euro 6.8 million.
For further details on how the impairment test is carried out and the related results, please refer to Part B, Section 10 - Intangible Assets in these Explanatory Notes.

Section 20 – Gains (Losses) on disposal of investments

Item 280

20.1 Gains (losses) on disposal of investments: breakdown

Income items/Amounts	Total 31.12.2023	Total 31.12.2022
A. Real estate	1,336	3,599
- Gains on disposal	1,810	4,040
- Losses on disposal	(474)	(441)
B. Other assets	(481)	(325)
- Gains on disposal	-	32
- Losses on disposal	(481)	(357)
Net result	**855**	**3,274**

Section 21 – Income taxes for the year on current operations

Item 300

21.1 Taxes on income from continuing operations: breakdown

P&L items/Sectors	Total 31.12.2023	Total 31.12.2022
1. Current tax (-)	(144,698)	(20,820)
2. Change in current taxes of prior years (+/-)	17,572	(6,033)
3. Reduction in current taxes of the year (+)	334,661	111,549
3. bis Reductions in current taxes of the year due to tax credit pursuant to Law 214/2011 (+)	86,168	37,100
4. Changes in deferred tax assets (+/-)	(464,885)	(39,402)
5. Changes in deferred tax liabilities (+/-)	(1,692)	3,391
6. Tax for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(172,874)**	**85,785**

21.2 Reconciliation of theoretical and actual tax charges

IRES		**31.12.2023**
Profit (loss) from current operations before tax (A)		**1,724,644**
Negative components of the gross result definitively considered not relevant (+)		**289,336**
Non-deductible taxes (other than on income)	2,546	
Administrative expenses of limited deductibility	5,947	
Other non-deductible costs	3,401	
Impairment of property, plant and equipment and intangible assets	61,676	
Impairment of equity investments	34,387	
Other	181,380	
Positive components of the gross result definitively considered not relevant (-)		**(229,211)**
Non-relevant portion of dividends	(113,630)	
Gains on securitis under participation exemption (PEX)	(14,506)	
Other definitive changes	(101,075)	
Definitive increases not linked to elements of the gross result (+)		**16**
Other	16	
Definitive decreases not linked to elements of the gross result (-)		**(235,294)**
FTA IFRS 9	(114,768)	
Other	(120,526)	
Basis of calculation of IRES shown in the income statement- (B)		**1,549,490**
A.C.E. deduction	(112,407)	
Taxable amount (C)		**1,437,083**
IRES tax rate (D)		27.16%
Actual IRES (E) = (C)*(D)		**390,327**
Tax Rate IRES (F) =(E)/(A)		22.63%

IRAP		31.12.2023
Profit (loss) from current operations before tax (G)		**1,724,644**
Negative components of the gross result definitively considered not relevant (+)		**504,677**
Non-deductible interest expense	4,373	
Non-deductible portion of depreciation/amortisation on assets used in business	32,014	
Other non-deductible administrative expenses	123,281	
Staff costs net of permitted deductions	67,069	
Net provisions for risks and charges	80,107	
Unified Municipal Tax (IMU)	20,291	
Losses of equity investments	1,104	
Other (other income)	176,437	
Positive components of the gross result definitively considered not relevant (-)		**(196,855)**
Non-relevant portion of dividends	(66,399)	
Other operating income	(92,686)	
Other write-downs/write-backs - item 130	(5,116)	
Other	(32,653)	
Definitive increases not linked to elements of the gross result (+)		**25,950**
Temporary differences recoverable beyond the time horizon of the probability test	19,100	
Negative value of production	3,070	
Other	3,781	
Definitive decreases not linked to elements of the gross result (-)		**(166,312)**
FTA IFRS 9	(114,679)	
Other	(51,633)	
Basis of calculation of IRAP shown in the income statement (H)		**1,892,103**
Weighted average nominal rate of IRAP (I)		5.57%
Actual IRAP (L) = (H)*(I)		**105,442**
Tax Rate IRAP (M) = (L)/(G)		6.11%

Out-of-period IRES and IRAP tax rates and other taxes	31.12.2023
Total impact (N)	**(322,895)**
Impacts of domestic tax group	1,077
DTA on tax loss not recognised	725
IRES - Out-of-period IRES changes	(674)
IRAP - Out-of-period IRES changes	(218)
Conversion of Deferred Tax Assets (DTA) under the "Cura Italia" Decree Law	(168)
Change in IRES and IRAP - deferred tax assets/deferred tax liabilities	(326,385)
Tax realignment of goodwill e other property, plant and equipment	2,166
Other (substitute tax on tax alignment)	582
Out-of-period IRES and IRAP tax rates and other taxes	-18.72%
Total tax on gross result	**31.12.2023**
IRES + IRAP + other taxes (E)+(L)+(N)	**172,874**
Overall tax rate	10.02%

Section 22 – Gains (Losses) from non-current assets and disposal groups classified as held for sale after tax

Item 320

There are no amounts for this item in this Consolidated Financial Report.

Section 23 – Profit (Loss) for the year pertaining to minority interests

Item 340

23.1 Breakdown of item 340 “Profit (Loss) for the year pertaining to minority interests”

Company name	31.12.2023	31.12.2022
Consolidated equity investments with significant minority interests	**32,301**	**24,909**
1. Banco di Sardegna s.p.a.	705	585
2. Bibanca s.p.a.	895	651
3. Arca Holding (*)	30,685	23,656
4. Sardaleasing s.p.a.	16	17
Other equity investments	**(28)**	**(4)**
Total	**32,273**	**24,905**

(*) consolidation of the sub-holding company Arca Holding and its wholly-owned subsidiary, Arca Fondi SGR s.p.a.

To determine the relevance of minority interests, see Part A of these Explanatory notes.
Minority interests not considered significant have been recognised under “Other equity investments”.

Section 24 – Other information

The information contained in the above sections is deemed to be detailed and completed, thus providing a full picture of the consolidated income statement.

Section 25 – Earnings per share

IAS 33 requires disclosure of basic and diluted earnings per share (EPS), specifying how each is calculated.

Basic earnings per share reflect the relationship between:
- the earnings attributable to ordinary shareholders,
- and the weighted average number of shares outstanding during the year.

Diluted earnings per share reflect the relationship between:
- the earnings used to calculate Basic EPS, as adjusted by the economic effects of converting all outstanding convertible bonds into shares at period end;
- the number of shares in circulation used to calculate basic EPS, as adjusted by the weighted average of the potential ordinary shares with a diluting effect deriving from the conversion of bonds outstanding at period end.

	31.12.2023			31.12.2022		
	Attributable earnings	Weighted average ordinary shares	Earnings per share (Euro)	Attributable earnings	Weighted average ordinary shares	Earnings per share (Euro)
Basic EPS	1,519,496	1,414,727,277	1.074	1,448,975	1,411,912,243	1.026
Diluted EPS	1,519,496	1,450,441,563	1.048	1,445,366	1,447,626,529	0.998

The following tables reconcile the weighted average number of ordinary shares outstanding used to calculate basic earnings per share with the number of ordinary shares used to calculate diluted earnings per share; they also reconcile net profit for the year with the net income used to determine basic and diluted earnings per share.

25.1 Average number of ordinary shares (fully diluted)

	31.12.2023	31.12.2022
Weighted average number of outstanding ordinary shares for Base EPS calculation	1,414,727,277	1,411,912,243
Weighted dilutive effect deriving from the potential conversion of convertible bonds	35,714,286	35,714,286
Weighted average number of outstanding ordinary shares for diluted EPS calculation	1,450,441,563	1,447,626,529

25.2 Other information

	31.12.2023	31.12.2022
Profit (Loss) for the year	1,519,496	1,448,975
Allocations not attributable to the shareholders	-	-
Net profit for Basic EPS calculation	1,519,496	1,448,975
Change in income and charges deriving from conversion	-	(3,609)
Net profit for diluted EPS calculation	1,519,496	1,445,366

PART D

Consolidated Other Comprehensive Income

Consolidated detailed statement of Other Comprehensive Income

Items		31.12.2023	31.12.2022
10.	**Profit (Loss) for the year**	**1,551,769**	**1,473,880**
	Other comprehensive income that will not be reclassified to profit or loss	**(9,275)**	**128,497**
20.	Equity instruments measured at fair value through other comprehensive income:	(12,628)	60,850
	a) change in fair value	(12,330)	57,729
	b) transfer to other components of shareholders' equity	(298)	3,121
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	(9,532)	3,295
	a) change in fair value	(9,550)	3,295
	b) transfer to other components of shareholders' equity	18	-
40.	Hedge of equity instruments measured at fair value through other comprehensive income:	(2,976)	215
	a) change in fair value (hedged instrument)	396	(494)
	b) change in fair value (hedging instrument)	(3,372)	709
50.	Property, plant and equipment	26,960	21,625
60.	Intangible assets	-	-
70.	Defined benefit plans	(13,924)	56,329
80.	Non-current assets and disposal groups classified as held for sale	-	-
90.	Share of the valuation reserves of equity investments carried at equity	(2,053)	2,384
100.	Financial revenues or costs relating to insurance contracts issued	-	-
110.	Income taxes relating to other comprehensive income that will not be reclassified to profit or loss	4,878	(16,201)
	Other comprehensive income that may be reclassified to profit or loss	**99,817**	**(235,244)**
120.	Hedge of foreign investments:	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Foreign exchange differences:	-	-
	a) changes in value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
140.	Cash flow hedges:	(12,287)	(14,744)
	a) changes in fair value	1,680	(1,453)
	b) reclassification to profit or loss	(13,967)	(13,291)
	c) other changes	-	-
	of which: result of net positions	-	-
150.	Hedging instruments (not designated elements):	-	-
	a) changes in value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
160.	Financial assets (no equity instruments) measured at fair value through other comprehensive income	160,222	(342,207)
	a) changes in fair value	164,618	(339,131)
	b) reclassification to profit or loss	(4,396)	(3,058)
	1. impairment losses for credit risk	56	442
	2. gains/losses on disposal	(4,452)	(3,500)
	c) other changes	-	(18)
170.	Non-current assets and disposal groups classified as held for sale	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
180.	Share of the valuation reserves of equity investments carried at equity	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	1. impairment adjustments	-	-
	2. gains/losses on disposal	-	-
	c) other changes	-	-
190.	- Financial revenues or costs relating to insurance contracts issued	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
200.	Financial revenues or costs relating to outwards reinsurance	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
210.	Income taxes relating to other comprehensive income that may be reclassified to profit or loss	(48,118)	121,707
220.	**Other comprehensive income**	**90,542**	**(106,747)**
230.	**Total other comprehensive income (Items 10+220)**	**1,642,311**	**1,367,133**
240.	Consolidated other comprehensive income pertaining to minority interests	32,383	25,219
250.	**Consolidated other comprehensive income pertaining to the Parent Company**	**1,609,928**	**1,341,914**

PART E

Information on risks and related hedging policies

Introduction

A summary of the organisation of the BPER Banca Group's risk governance and the related processes and key functions involved is described below. A description of the "culture of risk" in the BPER Banca Group and the methods through which it is disseminated is also provided.

The Board of Directors of the Parent Company[37] has defined the principles governing the design, implementation and assessment the BPER Banca Group's internal control system (the "internal control system) in the "Group Policy - Internal Control System"[38], prepared in line with the Supervisory instructions for banks[39].

A robust Internal Control System is essential to ensure that all actions are consistent with the Group's values and principles and the needs of all stakeholders.
To this end, the Board is committed to ensuring that the Group maintains high standards of professionalism and a constant focus on developing adequate risk & control awareness.
In this context, all the Structures contribute to the control of risks by defining, applying and continuously updating the control system; second and third level lines of defence have a critical role to play vis-à-vis the Board and the Group in promoting informed company management and disseminating the risk & control culture.

It should also be noted that, in compliance with the prudential regulations intended to strengthen the ability of banks to absorb shocks deriving from economic and financial tensions, the Group monitors capital adequacy, the exposure to risks and the general characteristics of the related management and control systems, in order to facilitate market discipline.
The document "Public Disclosure - Pillar 3" as at 31 December 2023, prepared pursuant to the requirements of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) and subsequent updates, illustrates the key metrics used by the BPER Banca Group (own funds, capital requirements, financial leverage and liquidity coverage ratio) as required by art. 447 of Regulation (EU) 575/2013, as later amended.

The disclosure at 31 December 2023 is published on the same date as or as soon as possible after the Integrated Report and Consolidated Financial Report are published on the Parent Company's website https://istituzionale.bper.it.

Risk management (RAF)

As part of the Group's Internal Control System, the BPER Banca Group identifies the Risk Appetite Framework (RAF) as a tool for overseeing the risk profile that the Group intends to take in the implementation of its business strategies, considering it as an essential element to ensure that the risk governance policy and process by which risks are managed comply with the principles of sound and prudent business management.
The key principles of the RAF are formalised and approved by the Parent Company, which periodically reviews them, ensuring that they are in line with the strategic guidelines, business model and regulatory requirements in force at the time.
Through a coordinated and representative series of metrics, the RAF outlines the risk objectives (risk appetite), any Early Warning thresholds, the tolerance thresholds (risk tolerance) and the operating limits, which the Group intends to comply with in the pursuit of its strategic guidelines, defining the levels of consistency with the maximum risk that can be accepted (risk capacity).
In order to ensure effective and pervasive transmission of the risk objectives, the Group sets its overall risk appetite, establishing risk limits that govern the operations of the organisational structures to which they are assigned (so-called "risk takers"), in a structured framework consistent with the policies of governance and control of individual risks.
The activities comprising the set-up process of the RAF are updated annually, or more frequently, and whenever necessary following changes in the internal or external conditions.
In 2023, the Risk Appetite Statement was calibrated on various occasions, considering the objectives established by the plan forecast and the expectations/guidelines of the Supervisory Authorities, involving the Corporate Bodies: the latest version was examined by the Board of Statutory Auditors and by the Control and Risk Committee on 26 September 2023 and by the Board of Directors on 28 September 2023.
Lastly, the Group periodically monitors the overall RAF metrics, in order to control on a timely basis any overruns of the tolerance thresholds (or of the Early Warning levels, if any) and/or risk limits assigned and, if appropriate, activate the envisaged escalation processes, by handling the necessary communications to the Corporate Bodies and subsequent remedies.

37 Throughout the chapter, any reference to the Board of Directors or the Chief Executive Officer or any other Corporate Bodies are to be understood as referring to the Parent Company BPER Banca, unless otherwise specified.

38 Last update approved by Board of Directors of the Parent Company on 28 April 2022.

39 Bank of Italy Circular no. 285/2013 and subsequent updates.

Development of the internal control system

The Parent Company manages the Group's Internal Control System through a process that involves the following phases:
- design;
- implementation;
- assessment;
- external communication.

Some additional information is provided below regarding the various stages of development and the related responsibilities of the Corporate Bodies[40].

Design of the internal control system

The Board of Directors of the Parent Company defines and approves:
- the Internal Control System of the Parent Company and the Group;
- the risk objectives, tolerance thresholds (where identified) and risk governance policies;
- the remedies needed to restore a normal situation after any overrun of the tolerance thresholds;
- the criteria for identifying significant transactions to be submitted to the risk management function;
- system standards for carrying out all activities;
- Code of Ethics of the Parent Company.

At least annually, the Parent Company's Board of Directors approves the programme of activities and examines the annual reports prepared by the Corporate Control Functions and by the Manager Responsible for Preparing the Company's Financial Reports - Financial Disclosure Unit. More specifically, the Board of Directors of the Parent Company, with the assistance of the Control and Risk Committee and at the proposal of the CEO, establishes and approves:
- the business model;
- the strategic plan and its periodic review;
- Internal system for reporting violations (whistleblowing);
- Stress testing programme;
- the structure of the Corporate Control Functions and Control Functions and their coordination methods;
- internal information flows to ensure that the Corporate Bodies and Control Functions are fully aware of the various risk factors and have the ability to govern them;
- formalised coordination and liaison procedures between the Companies of the Group and the Parent Company;
- the ICAAP and ILAAP processes, ensuring consistency with the RAF;
- the Recovery Plan;
- the process for managing anomalies identified by the Crporate Control Functions and Control Functions, as well as the methods of handling, and perhaps accepting, identified residual risk in compliance with the RAF;
- asset measurement policies and processes;
- the process for the development and validation of internal risk measurement;
- the "Product Governance" process for approving new products and services, the launch of new activities, entering new markets;
- Group policy for outsourcing business functions.

The Parent Company's Board of Directors ensures that:
- implementation of the RAF is consistent with the approved levels of risk appetite and risk tolerance thresholds (where identified);
- the strategic plan, the RAF, the ICAAP, ILAAP, budgets and Internal Control System are consistent, bearing in mind any developments in the internal and external conditions in which the Group operates;
- the amount and the allocation of capital and liquidity held are consistent with the risk appetite, risk governance policies and risk management process;
- adequate governance processes are in place to support resolution planning activities.

40 Corporate Bodies include all bodies with strategic supervision, management and control functions. The definition of Corporate Body also includes the sub-committees of the Board of Directors ("Board Committees").

The Board of Directors of the Parent Company appoints and dismisses the heads of the Corporate Control Functions and the Manager responsible for preparing the company's financial reports, based on prior identification and proposal by the Control and Risk Committee, with the contribution of the Nominations and Corporate Governance Committee, the Board of Statutory Auditors and the Chief Executive Officer, each for matters within their competence.
The Boards of Directors of the individual Group Companies integrates the framework of the respective Internal Control Systems in line with the coordination and reconciliation procedures defined by the Parent Company.

Implementation of the internal control system

The Board of Directors of the Parent Company vests the Chief Executive Officer with adequate duties, powers and resources to implement the strategic guidelines, RAF and risk governance policies defined by the Board when the Internal Control System is designed. The Chief Executive Officer is responsible for adoption of all the actions needed to ensure the compliance of the organisation and the Internal Control System with the standards and requirements provided for under supervisory laws, monitoring them to ensure continued compliance.

The Chief Executive Officer has the power to propose resolutions regarding the Internal Control and Risk Management System and oversees the execution of the resolutions of the Board of Directors.

The Chief Executive Officer, supported by the competent functions:
- ensures integrated management of all corporate risks, evaluating the internal and external factors from which they may originate and their reciprocal interrelationships and is responsible for adopting the necessary initiatives to ensure the compliance of the organisation and the Internal Control System with the regulatory principles and requirements, continuously monitoring their observance in the Bank and in the Group;
- assumes the provisions designed to ensure that the various Corporate Functions implement the risk management and control process for the Bank and the Group, also overseeing the set-up and the functioning of the internal risk measurement systems and the ICAAP and ILAAP processes, in line with the Supervisory Provisions, the strategic guidelines, the RAF and the risk governance policies defined and approved by the Board.

Furthermore, the Chief Executive Officer additionally has the power to request audits or investigations to be carried out, also with regard to specific irregularities, without prejudice to similar powers lying with the Bodies of strategic supervision, management and control, of the Parent Company and/or of the Group Companies.
The Board of Directors of each Group Company vests its corporate functions with the task of implementing the choices made by the Parent Company when planning the Internal Control Systems in their own organisations.

Assessment of the internal control system

With regard to internal risk measurement systems for the determination of capital requirements, the Board of Directors of the Parent Company:
- periodically verifies the choices of model made to ensure that they remain valid over time, approving significant changes to the system and carrying out overall supervision to ensure that it functions properly;
- monitors, with the assistance of the relevant functions, effective use of internal systems for management purposes and their compliance with regulatory requirements;
- reviews at least once a year the results of the validation process and passes a formal resolution, with the approval of the Board of Statutory Auditors, by which it certifies compliance with the requirements for the use of internal measurement systems.

The Parent Company's Board of Directors periodically assesses the adequacy and effectiveness:
- of the RAF and the compatibility between actual risk and the risk objectives;
- of the Group's[41] internal control and risk management system - with the help of the Control and Risk Committee - identifying possible areas of improvement and defining the steps needed to correct any weaknesses. To this end, the Internal Audit Function prepares the overall assessment of the Internal Control System which also capitalises on the results of the activities performed by the other Corporate Control Functions and by the Manager Responsible for Preparing the Company's Financial Reports - Financial Disclosure Unit.

41 Supervisory instructions for banks – Circular 285 of the Bank of Italy, Part I, Title IV, Chapter 3, Section II, paragraph 2 "assures that: [...] "b) the internal control system and corporate structure are consistently in line with the principles mentioned in Section I and the control functions satisfy the requirements and comply with the provisions of Section III. In the event of weaknesses or anomalies, it promotes timely adoption of appropriate corrective measures and assesses their effectiveness".

The Board of Directors:
- receives, either directly or through the CEO, the information flows required to gain full awareness of the various risk factors and the ability to govern them, so as to plan and implement interventions to ensure the compliance and adequacy of the Internal Control System;
- receives the reports drawn up by the Control Functions along with the Board of Statutory Auditors, the Control and Risk Committee and the Chief Executive Officer.

External communication on the internal control system

The Board of Directors of each Group Bank and Company, especially that of the Parent Company as regards the Group internal control system, ensures that information on the internal control and risk management system is given in all cases foreseen by law, guaranteeing the correctness and completeness of the information provided. In this context, it is important to make the disclosures to the general public required by Pillar 3. For this, the Board of Directors of the Parent Company assigns control responsibilities and duties to the Corporate Bodies and the various functions involved in the different stages of the process of governing internal controls.

Levels of control envisaged by the Supervisory Authority

As part of the Group internal control system, the following control functions are identified at the levels provided for in the Supervisory instructions for banks, taking into account of the fact that the second and third level control functions always apply to the entire Group:
- Third-level controls: designed to identify violations of procedures and regulations and to assess periodically the completeness, suitability, functionality (in terms of efficiency and effectiveness) and reliability of the Internal Control System and information systems, in relation to the nature and intensity of the risks involved. These controls are conducted on an ongoing basis, periodically or at random, including spot checks, by various structures that are independent of production. In the parent company BPER Banca, these activities are entrusted to the Internal Audit Function.
- Second-level controls ("risk and compliance controls"): the second level control functions have been developed and identified with the following objectives:
  - to check on an ongoing basis that company procedures are consistent with the goal of preventing money laundering and financing of terrorism and to prevent and combat money laundering and financing of terrorism by reporting suspicious transactions and by performing constant checks. This activity is entrusted to the Anti-Money Laundering Function;
  - to identify non-compliance risks, examining the standards applicable to the Group on an ongoing basis and assessing their impact on Group companies. To establish, depending on the risks that have been identified and assessed, the control objectives foreseen, by proposing organisational and procedural interventions to ensure adequate protection from any risks of non-compliance and monitoring their implementation. These activities are entrusted to the Compliance Function;
  - to collaborate in the definition and implementation of the Risk Appetite Framework (RAF) and the related risk governance policies, through an adequate risk management process. To define methodologies, processes and tools to be used for risk management. To ensure consistency of the measurement and risk control systems with processes and methodologies to assess business operations. To ensure the correct representation of the risk profile and assessment of loan positions, to perform assessments of loan monitoring and recovery processes, to supervise the process for the allocation/monitoring of the official rating and to perform second-level controls over the lending process. These activities are entrusted to various offices and units of the Risk Management Function;
  - qualitative and quantitative ratification of internal risk measurement models adopted by the Parent Company, as used to estimate internal capital and capital requirements, ensuring compliance with the instructions issued by the Supervisory Authority for this process, as well as consistency with the operational needs of the company and the evolution of the market. This activity is carried out by the Internal Validation Office which reports directly to the Chief Risk Officer. The organisational positioning of this Office guarantees independence from the structures responsible for the development and use of internal risk models subjected to validation.
- First level controls ("line controls") (designed to ensure that operations are carried out properly by the operating teams or embedded in procedures or performed as part of back-office activities).

In addition to the levels of control laid down by Supervisory Regulations, the legal system and the sources of self-regulation attribute monitoring roles to specific structures/roles other than the Corporate Control Functions, whose activities are incorporated in the Internal Control System (Supervisory Body, Manager Responsible for Preparing the Company's Financial Reports).

Control roles and duties attributed to BPER Banca Group functions

Internal Audit Function

The Internal Audit Function carries out an independent and objective assurance and consulting activity aimed at increasing and protecting the value of the Banks and Companies of the BPER Group by providing objective services to promote, through a systematic and structured professional approach:

- the effectiveness and efficiency of processes and controls;
- balanced and conscious risk management.

On the basis of the results of its controls, it:

- identifies the possible improvements - with specific reference to the RAF, the risk management process and their measurement and control tools - bringing them to the attention of the Corporate bodies;
- formulates specific recommendations to be submitted to a formal monitoring procedure in order to guarantee (and report about) their effectiveness and timely implementation.

Internal Audit contributes to the dissemination of risk & control culture awareness and the key principles that guide the BPER Banca Group.

The Function carries out its activities:

- as part of the management and coordination of the Parent Company, vis-à-vis the Group Banks and Companies;
- based on specific outsourcing contracts, for the Companies that have outsourced Internal Audit to the Parent Company, i.e. all Italian companies with an Internal Audit Department with the exception of Arca Fondi s.p.a. SGR.

The internal audit activity was rated “Generally compliant” with international professional standards by a leading certification company.

With a view to continuous improvement and in line with the Standards, the Function defined an internal evaluation process – Quality Assurance and Improvement Program (QAIP) – the results of which are submitted annually to the Parent Company’s Board of Directors.

In 2024, an external assessment of the Internal Audit activity is envisaged to reassess its compliance with the Standards, also taking into account the ongoing strategic/transformational development of the Function.

Risk Management Function

The Risk Management Function, which also includes the model validation function[42], aims to collaborate in the definition and implementation of the Risk Appetite Framework and the related risk governance policies, through an adequate risk management process.
An integral part of its mission is to ensure adequate reporting to the Corporate Bodies of the Parent Company and Group companies.
The Risk Management Function extends its area of responsibility to all of the Group companies included in the current risk map, given that the “Group Policy - Internal Control System” provides for centralised management of the risk management function by the Parent Company.
The Group companies that have this function outsource it to the Parent Company, with the exception of the Luxembourg based company[43].
The mission of the Risk Management Function is carried out as part of the Parent Company’s direction and coordination activity as an outsourcer for Group Banks and Companies.
The Risk Management Function operates at Group companies through a Contact identified at the various Group companies.

42 Bank of Italy Circular no. 285 of 2013 of the Bank of Italy, part I, title IV, section III, point 3.3. The banks adopt internal systems for risk measurement, if consistent with the nature, size and complexity of the activities carried out, and identify, within the risk control function, units responsible for validating said systems independent from the units responsible for developing them.

43 Circular CSSF 14/597 – Update of circular CSSF 12/552 on the central administration, internal governance and risk management “ 117. Outsourcing the compliance function and risk control function is not authorised.”

The Risk Management Function is independent of the business functions, which are responsible for the "operational management" of risks that affect the risk-taking of the business units and change the risk profile of the Bank. It reports directly to the Corporate Bodies and reports to these Bodies for the performance of its duties and responsibilities.
Responsibility for the Risk Management Function lies with the Chief Risk Officer, who reports directly to the Board of Directors of the parent company. The Contact Persons of the Risk Management Function, identified at the Companies falling within the sphere of competence, functionally depend on the function itself.
The main activities of the Risk Management Function are listed below:
- within the scope of the Risk Appetite Framework, proposing to the Corporate Bodies the quantitative and qualitative parameters necessary for its definition, both in the normal course of business and in situations of stress, ensuring their adequacy over time in relation to changes in the internal and external context;
- proposing the risk governance policies that do not fall within the competence of the other control functions, ensuring the adequacy and update with regard to risk management and exposure and operating limits, and helps in implementing them, ensuring consistency with the Risk Appetite Framework;
- developing risk management methodologies, processes and tools[44] via the identification, measurement/assessment, monitoring and reporting of risks inclusive of prospective and retrospective analyses, ensuring their adequacy over time through the development and application of indicators designed to highlight anomalous situations and inefficiencies;
- monitoring the actual risk profile assumed in relation to the risk objectives defined in the Risk Appetite Framework, collaborating in the definition and monitoring of operating limits for the assumption of various types of risk and constantly verifying their adequacy, reporting any overruns to Corporate Bodies;
- providing prior opinions on the consistency with the Risk Appetite Framework of the Most Significant Transactions;
- supporting the CEO in implementing the ICAAP and ILAAP;
- coordinating the various activities involved in the internal stress testing programme;
- checking the adequacy and effectiveness of the measures taken to correct weaknesses in the risk management macro-processes;
- controlling the macro process of assigning and monitoring the official rating;
- developing, ratifying[45] and maintaining the IFRS 9 model framework for calculation of provisions;
- analysis of risks deriving from new products/services and from entry into new business segments;
- performance of second-level checks on the lending process, verifying the existence of effective supervision over credit exposures (especially if impaired), the proper classification of risk and the adequacy of provisions; the comprehensive effectiveness of the bad loan recovery process;
- overseeing management of the Risk Committee of the Parent Company.

Moreover, the Risk Management Function, before their approval by the Corporate Bodies, is involved in defining:
- of the Group strategy, assessing the related impacts on risk;
- of the strategic developments of the Internal Control System of the Group.

Anti-money laundering function

The Anti-Money Laundering Function's duty is:
- to prevent and combat money laundering and financing of terrorism through the reporting of suspicious transactions and the execution of continuing control activities (Anti-Money Laundering control);
- to check that the IT and organisational procedures adopted by Group Banks and Companies are consistent with laws and regulations, as well as self-regulation in the field of money laundering and financing of terrorism (Anti-Money Laundering Function).

The organisational model adopted by the Group provides for centralised management at the Parent Company of the anti-money laundering function and supervision of the Italian Group Banks and Companies subject to money laundering regulations, except for Arca Fondi SGR S.p.A., in light of the specific nature of its business.
As regards the Parent Company's guidance and coordination activities, performed for all Group Banks and Companies subject to anti-money laundering regulations, the Anti-Money Laundering Function has the following responsibilities:
- it identifies and evaluates the Group's exposure to the risk of money laundering and financing of terrorism;
- it identifies any risk of non-compliance with anti-money laundering legislation to which the Group is exposed, continuously examining the rules applicable to the Group and assessing their impact;
- it makes an annual assessment of the principal money laundering and terrorism financing risks, at Group level and for each Group Bank and Company, and presents that assessment ("Report of the Anti-Money Laundering Function of the BPER Banca Group") to the Management Bodies of the Parent Company. This report identifies the action taken and the training provided

44 With the participation of the organisational units of the Chief Operating Officer and the Chief Information Officer.

45 Through the Internal Validation Service.

to personnel, highlighting any issues and making planning proposals for the related corrective actions, as well as for the preventive actions needed to tackle any new non-conformity risks identified. The report also includes the results of the self-assessment carried out. With regard to Arca Fondi SGR, a self-assessment carried out independently by the subsidiary is acquired. For the Luxembourg subsidiary, BPER Bank Luxembourg SA, it reports in the same document any critical issues arising from the opinions expressed and data provided by its relevant Corporate Functions;
- it proposes changes to the Group policy for governing the risks of money laundering and the financing of terrorism;
- it defines methods, processes and tools for performing the activities of the Anti-Money Laundering Function and uses the reports defined in coordination with other control functions (corporate or otherwise);
- for the foreign companies that have not outsourced the function to the Parent Company (the Luxembourg subsidiary BPER Bank Luxembourg SA), it defines the general standards regarding customer due diligence, retention of data and reports on suspicious transactions, making sure they are implemented;
- it ensures adequate reporting on the outcome of its activities to the Corporate Bodies, highlighting the main non-compliance issues and events of particular risk as they emerge;
- it proposes organisational and procedural changes to the guidance and coordination processes aimed at preventing and combating money laundering and terrorist financing, in order to ensure adequate control over the non-compliance risks that have been identified and to monitor that it is carried out;
- supports the CAMLO, as Head of Group SOS, in the in-depth analysis and assessment, in terms of Group, of the reports filed and transactions reported to the Financial Intelligence Unit for Italy (FIU) or to the various Competent local authorities by Italian and foreign Group companies. This type of support is also provided with reference to reports filed and transactions reported to the competent local authorities by the Group's Luxembourg subsidiary;
- supports the General Manager of the Parent Company in assessing the opening of correspondence accounts with correspondent entities of third Countries by the Parent Company and Group Companies, issuing a specific opinion;
- supports the Chief AML Officer (CAMLO) in their instructions regarding the authorisation to open, or maintain, ongoing relationships with residents or entities based in high-risk third Countries under current EU regulations or Group policies for BPER and other Italian banking companies. For non-banking Companies, it receives the information report regarding the implementation of continuous relationships/maintenance of relationships with these persons and evaluates any weaknesses.
- supports the CAMLO in their instructions regarding the authorisation to open, or maintain, ongoing relationships or carry out occasional transactions with "politically exposed persons". For non-banking Companies, it receives the information report regarding the implementation of continuous relationships/maintenance of relationships/ performance of transactions with "Politically exposed persons" and evaluates any weaknesses.

Among other things, the Function also:
- manages relations with the UIF (Financial Intelligence Unit), the Investigative Authorities and the Judicial Authorities whenever there is need for in-depth investigation or discussion about the anti-money laundering and anti-terrorism legislation;
- supports the Company Delegate in assessing and investigating reports of suspicious transactions and their transmission to the Financial Intelligence Unit if considered justified;
- checks on proper compliance with the requirements for adequate verification, the risk profiling of customers, the recognition and reporting of suspicious transactions, the limits on cash usage, and data retention.

With reference to the Luxembourg subsidiary BPER Bank Luxembourg SA, which does not fall within the scope of the Anti-Money Laundering Function, the direction and coordination activity is supported by monitoring the reports on suspicious transactions and by specific instructions in the field of customer identification and data retention.

Compliance Function

The Compliance Function's task is to ensure the adequacy of internal procedures to prevent the violation of external rules (e.g. laws and regulations) and/or self-regulation (e.g. Articles of association, codes of conduct, corporate governance codes) applicable to Group Companies.

The Function also plays an important advisory role in the design of processes and projects that the bank intends to undertake, offering assistance and advice to the bank's corporate bodies in all matters in which compliance risk takes on significance, collaborating in personnel training activities with regard to the provisions applicable to the activities carried out and promoting the dissemination of a culture based on principles of integrity, fairness and respect for the spirit and letter of the law, as an indispensable element of the successful operation of the company.

The Data Protection Officer (DPO), who operates within the Function, possesses specialist knowledge of the legislation and of the cases regarding personal data protection, set forth in EU Regulation no. 2016/679 (GDPR), to which the legislation attributes the primary duties of verification of compliance and of control of respect for the privacy provisions.

The Compliance Function, as part of the management of compliance risk, oversees - directly or through the Specialist Controls - regulations that concern the entire banking activity, with the exception of those for which there are Corporate Functions and other dedicated control functions.

Pursuant to art. 88 of the Intermediaries Regulations adopted by CONSOB with resolution 20307 of 15 February 2018, the Compliance Function also carries out regular checks on the effective application (or functioning) of the procedures and the measures taken to resolve any weaknesses.

In line with its mission, it extends the scope of its guidance, control and coordination activities to all Group companies.

The organisational solution for supervised companies (Banks and Financial credit companies) provides for the centralisation of the Compliance Function at the parent company, for which a Contact person is designated.
For Companies not subject to the obligation to set up a Compliance Function (special purpose and service companies), the monitoring of the compliance risk is guaranteed, for regulatory areas that have an impact on the same companies, through the provision of compliance activities carried out by the Parent Company.

For the Group's bank based in Luxembourg (BPER Luxembourg) and the company Arca Fondi SGR, as an exception to the centralised model, only management and coordination activities are envisaged.

As part of the direction and coordination activity exercised by the Parent Company on behalf of the Group companies, the Compliance Function has the following duties:
- it identifies non-compliance risks, at Group level, examining the standards applicable to the Group on an ongoing basis and assessing their impact on Group companies;
- it establishes, depending on the risks that have been identified and assessed, the control objectives foreseen for the Companies that have outsourced this function to the Parent Company, and verifies that the planning of Compliance activities of the individual companies that did not outsource this function to the Parent Company guarantees adequate risk control;
- it ensures adequate reporting on the outcome of its activities to the Corporate Bodies, promptly highlighting the main non-compliance issues and events of particular risk as they emerge;
- it proposes organisational and procedural changes to processes of the Parent Company and Group companies in order to ensure adequate control over the non-compliance risks that have been identified and to monitor that it is carried out.

Other control functions

In addition to the levels of control laid down by Supervisory Regulations, the legal system and the sources of self-regulation attribute monitoring roles to specific structures/roles other than the Corporate Control Functions, whose activities are incorporated in the Internal Control System; in particular, the following are identified in the Group:
- Supervisory Bodies pursuant to Legislative Decree 231/2001;
- the Manager Responsible for Preparing the Company's Financial Reports established on the basis of the provisions of Law 262/2005, who, in order to carry out his/her duties, makes use of the Financial & Sustainability Reporting Supervision service (hereinafter also "Service"). The Manager responsible for preparing the Company's financial reports and this unit are therefore part of the Group's Internal Control System.

Manager responsible for preparing the Company's financial reports – Financial & Sustainability Reporting Supervision

The Executive in charge appointed by the Parent Company to prepare the corporate accounting documents - as a "Listed Issuer with Italy as its Member State of Origin" - in accordance with regulatory requirements, makes use of the Service, which reports directly to him/her; this Service is responsible for defining the "Financial Reporting Control Model", which is intended as a set of requirements to be complied with for the proper management and control of the risks of unintentional errors and fraud in financial disclosures, to be applied to BPER Banca and, with reference to the procedures for the preparation of the consolidated financial report, to the Companies falling within the scope of consolidation.
The definition of the Model includes the set of rules, procedures and resources aimed at identifying, measuring or evaluating, monitoring, mitigating and communicating the risk of unintentional errors and fraud in financial disclosure to the appropriate levels; the Unit also include reporting, with the objective of identifying, among other aspects, the responses to plausible risk in consideration of the risk profile identified and their disclosure to the different organisational levels concerned.

The DP is responsible for ensuring the reliability of the separate and consolidated financial report, the financial disclosures, the supervisory reports on an individual and consolidated basis, and any other financial communication, pursuant to article 154-bis of the Consolidated Law on Finance, and governs the "Financial Disclosure Control Model" (hereinafter also "Model"), understood as the set of requirements to be complied with for the correct management and control of the risks of unintentional errors and fraud in financial disclosure.
For the process of appointing the Manager responsible for preparing the Company's financial reports, reference should be made to the Articles of Association[46] (updated as at 28 November 2022), or article 25, paragraph 3 "Without prejudice to the responsibilities that under current legislation cannot be delegated, the following decisions are the sole prerogative of the Board of Directors: ....the appointment and dismissal of the heads of the functions that the provisions of the Bank of Italy and the other Supervisory Authorities assign to the body that has the function of strategic supervision, and the appointment and dismissal of the Manager responsible for preparing the Company's financial reports".
Art. 37, para. 1 of the Articles of Association establishes that "the Board of Directors, having heard the required opinion of the Board of Statutory Auditors, shall appoint a person in charge of preparing the corporate accounting documents, allocating him suitable powers and resources for the performance of the assigned tasks pursuant to legal requirements. Having received the opinion required from the Board of Statutory Auditors, the Board of Directors is also entitled to revoke the appointment of the Manager responsible for preparing the Company's financial reports".
Article 37, paragraph 2 of the Articles of Association provides that "The Manager responsible for preparing the Company's financial reports shall be appointed from among the Company's managers who have held management responsibility for accounting and administrative matters for at least three years".

The Manager responsible for preparing the Company's financial reports has the duty to govern and supervise the Control Model and the organisational unit directly reporting to the Manager is in charge of the related planning, implementation and maintenance of the Control Model to be applied to the Parent Company and, with reference to the procedures for preparing the consolidated financial report, to the subsidiary banks and companies, regardless of whether they are registered or not with the banking Group. Moreover, the Service constantly strengthens the methodological tools to be adopted for monitoring and controlling financial disclosure at BPER Banca S.p.A. Group level, taking account of the various regulatory changes and the BPER Banca Group's governance and operational structure.

The Model is a set of requirements to be met for proper management and control of the risks of unintentional errors and fraud in financial reports. It is structurally made up of the following documents:
- Group policy for managing the risk of unintentional errors and fraud in financial reports (high level legislative source);
- Regulation of the Function of Manager Responsible for preparing the Company's financial reports (high level legislative source);
- Methodological note addressing macro-process management of unintentional errors and fraud in financial disclosures (high level atypical source).

In order to carry out their mission, the Manager Responsible for preparing the Company's financial reports and e the Financial & Sustainability Reporting Service make use of a Contact person, identified for each individual subsidiary Bank/Company, registered or not with the Banking Group, who reports functionally to the Manager Responsible for preparing the Company's financial reports.

For more details regarding the main characteristics of the current risk management and internal control systems in relation to the financial reporting process, please refer to the 2022 Report on corporate governance and ownership structure, prepared in accordance with art. 123-bis of the Consolidated Law on Finance.

Supervisory Body pursuant to Legislative Decree 231/01

The Parent Company, in compliance with arts. 6 and 7 of Legislative Decree 231/01, adopted a Model of Organisation and Management (MOM) in order to prevent the commission and/or the attempted commission of the types of offence provided for in this Decree. In accordance with this law, the Parent Company has established a Supervisory Body to supervise the functioning, compliance with and update of its Model of Organisation and Management.

46 In order to appoint the Manager responsible for preparing the Company's financial reports, reference is not made to the provisions contained in Circular 285 of 17 December 2013 - 41st update (Part I – Implementation in Italy of the CRD IV - Title IV - Corporate governance, internal controls, risk management - Chapter 3 – The internal control system - Section III – Control corporate functions. These provisions apply to the corporate control functions as defined by the aforementioned Circular.

These activities principally comprise:
- monitoring the functioning of the Model: in all business areas, checking that the risk of committing offences identified in Legislative Decree 231/01 is identified, mapped and monitored; with regard to the risk areas and sensitive processes identified, ensuring the adequacy of the protocols adopted to prevent and stop unlawful conduct and requiring their adoption or amendment in the event of weaknesses, inadequacies or changes in internal organisation and/or business activities;
- monitoring compliance with the Model: in the context of the risk areas and sensitive processes identified, checks compliance with the protocols adopted to prevent and impede unlawful conduct; checks the efficacy of the organisational/managerial changes following the update of the Model; promotes training, communications and dissemination of the Model and the Code of Ethics; receives reports and notifies infringements of the Model of Organisation and Management to the competent bodies;
- monitoring the updating of the Model: makes observations requiring the adjustment of the Model to the Board of Directors, or in cases of particular urgency, to the Chief Executive Officer in the event of changes in the laws on the administrative liability of entities pursuant to Legislative Decree 231/01, changes in the company's internal governance and/or business or significant findings of shortcomings/breaches of the Model.

The Supervisory Body supervises the functioning of and compliance with the Model by implementing and executing periodic audit activities, even without giving prior notice.
The Supervisory Body reports every six months to the Board of Directors and the Board of Statutory Auditors regarding the verification work and checks carried out, and on any Model weaknesses identified, suggesting as necessary the relevant corrective actions.

The Supervisory Body of the Parent Company also coordinates the Supervisory Bodies of the Companies subject to Group instructions in relation to Legislative Decree 231/01 (Banco di Sardegna, Bibanca, Banca Cesare Ponti, BPER Real Estate, BPER Factor, BPER Reoco, Sardaleasing and Finitalia) and monitors that they adopt these instructions, albeit with the necessary adjustments to take account of the special responsibilities and characteristics of each legal entity.

Section 1 – Risks of consolidation accounting

Quantitative information

Credit quality

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes and economic distribution

A.1.1 Breakdown of financial assets by portfolio classification and credit quality (book values)

Portfolios/quality	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	174,589	714,865	153,756	876,742	108,270,019	110,189,971
2. Financial assets measured at fair value through other comprehensive income	-	863	-	-	6,307,500	6,308,363
3. Financial assets designated at fair value	-	-	-	-	1,991	1,991
4. Other financial assets mandatorily measured at fair value	-	-	-	-	159,200	159,200
5. Financial assets held for sale	-	-	-	-	-	-
Total 31.12.2023	**174,589**	**715,728**	**153,756**	**876,742**	**114,738,710**	**116,659,525**
Total 31.12.2022	**220,917**	**963,920**	**109,936**	**1,142,869**	**121,660,507**	**124,098,149**

Details on forborne exposures classified as "Financial assets measured at amortised cost" are provided below.

Portfolios/Quality	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures	Performing past due exposures	Performing exposures
1. Financial assets measured at amortised cost					
- Loans to customers	32,603	270,815	414	31,480	884,317

A.1.2 Breakdown of financial assets by portfolio classification and credit quality (gross and net values)

Portafogli/qualità	Non-performing				Performing			Total (net exposure)
	Gross exposure	Overall impairment provisions	Net exposure	Total partial write-offs (*)	Gross exposure	Overall impairment provisions	Net exposure	
1. Financial assets measured at amortised cost	2,197,089	1,153,879	1,043,210	49,025	109,848,653	701,892	109,146,761	110,189,971
2. Financial assets measured at fair value through other comprehensive income	1,642	779	863	-	6,310,330	2,830	6,307,500	6,308,363
3. Financial assets designated at fair value	-	-	-	-	X	X	1,991	1,991
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	159,200	159,200
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2023	**2,198,731**	**1,154,658**	**1,044,073**	**49,025**	**116,158,983**	**704,722**	**115,615,452**	**116,659,525**
Total 31.12.2022	**3,007,330**	**1,712,557**	**1,294,773**	**68,495**	**123,353,197**	**757,012**	**122,803,376**	**124,098,149**

(*) Amount to be shown for information purposes.

Portfolios/quality	Low credit quality assets		Other assets
	Cumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	1,363	607,198
2. Hedging derivatives	-	-	1,122,566
Total 31.12.2023	**-**	**1,363**	**1,729,764**
Total 31.12.2022	**-**	**1,340**	**2,455,078**

Details of counterparties	Total write-offs	
	31.12.2023	31.12.2022
Financial companies		
- of which: financial and non resident companies	-	-
Non-financial companies	47,683	65,701
- of which: non financial and non resident companies		
Households	1,342	2,794
- of which: non resident households		
Total	**49,025**	**68,495**
- of which: non resident	**-**	**-**

Previous write-offs do not include those carried out during the year on bad loans as part of credit extinction events, also reported in the tables A.1.7 and A.1.9, as detailed below.

Category	Total gross write-offs	
	31.12.2023	31.12.2022
Financial companies	1.305	102
- of which: financial and non resident companies	136	
Non-financial corporations	347.660	37.049
- of which: non financial and non resident companies	-	32
Households	79.481	16.074
- of which: non resident households	68	
Public administrations	40	138
- of which: non resident Public Administrations	-	-
Total	**428.486**	**53.363**
- of which: non resident	**204**	**32**

The amounts shown above are gross of default interest.

A. Information on structured entities (other than securitisation vehicles)

B.1 Consolidated structured entities

As at 31 December 2023, the companies that have been consolidated do not include structured entities, as defined in IFRS 12, but only companies controlled by holding voting rights that ensure governance of the relevant activities.

B.2 Structured entities not consolidated for accounting purpose

B.2.1 Prudentially consolidated structured entities

At 31 December 2023, the BPER Banca Group does not have any structured entities that are not consolidated from an accounting point of view, but consolidated for regulatory purposes.

Qualitative Information

B.2.2 Other structured entities

As at 31 December 2023, the BPER Banca Group owns equity investments in entities that, on the basis of the interest held, would fall within the scope of application of IFRS 10 or IAS 28, but the percentage held in the nominal share capital is limited to situations that do not make it possible to exercise a significant influence.
These are generally investments of marginal value, for which it is not considered necessary to provide additional information to help give a complete and accurate representation of the economic and financial situation of the Group.
For completeness of information, it should be noted that at 31 December 2023 unconsolidated SPVs are those provided in this Part E of the Explanatory Notes, Section C "Securitisation Transactions" in Table C.4 "Banking Group - Non-consolidated securitisation vehicles".
As at the same date, the BPER Banca Group has not issued any covered bonds through unconsolidated structured entities.

Quantitative information

Items/ Type of structured entity	Accounting portfolios of Assets	Total assets (A)	Accounting portfolios of Liabilities	Total liabilities (B)	Net Book value (C=A - B)	Maximum exposure to risk of loss (D)	Difference between exposure to risk of loss and book value (E=D-C)
1. Special purpose vehicle		**-**	**-**	**-**	**-**	**-**	**-**
2. UCITS							
	FVTPLM	46,898	-	-	46,898	46,898	-
3. Other companies							
	FVOCI	200	-		200	-	(200)
		-	Due to customers	1,182	(1,182)	-	1,182

Section 2 – Risk of prudential consolidation

1.1 Credit risk

The BPER Banca Group's organisation provides for centralisation of the credit risk control function at the Parent Company.

Qualitative Information

1. General aspects

In 2023, the Italian economy recorded a downward trend following the strong performances in 2022. The post-Covid expansionary cycle gradually gave way to widespread weakness in the various fundamentals and fears of a new long period of low growth, also due to geopolitical tensions and an uncertain international environment.
Household spending remains weak due to the reduction in purchasing power, already weighed down by the high inflation levels and the increase in interest rates, which reverberates negatively on debt servicing charges, reducing household liquidity buffers.
The gradual and steady increase in the cost of credit has also discouraged investment by companies, which were already weakened by lower financing requirements and the slowdown in production.
The downward trend in demand also reflects the weakness of the international component, leading to a decline in Italian exports, which are particularly sensitive to the downturn in the German economy.
The inflationary trend gradually slowed down: consumer prices increased by 5.7% on average in 2023, down sharply from 8.1% in 2022 due to the prevailing effect of the reduction in the energy component; the y/y change was 0.5% in December 2023, a further economic downturn[47].
As regards the labour market, the employment trend is positive, leading to a reduction in the unemployment rate and a stronger employment structure due to the expansion of the permanent component.
With a view to the future, while there will be a recovery in consumer purchasing power linked to the return of consumer prices and the positive effect of the implementation of the NRRP, the effects of the international economic slowdown and the still high cost of credit will be felt. This will be accompanied by a reduction in government subsidies to the construction sector, which have been a significant drain on public funds over the past two years, supporting the construction industry and the economy as a whole.
On the other hand, the macroeconomic environment remains uncertain in the longer term, partly because of Italy's high public debt.
Based on the trend in fundamentals and the characteristics of the macroeconomic context, growth of 0.6% in GDP is forecast for 2024, while a greater expansion linked to the slightly more contained interest rates and a recovery of international economies is expected for 2025-2026[48].

As a result of the gradual and significant hikes in interest rates, the trend in loans has tapered off, starting from the fourth quarter of 2022, especially for businesses.

The impairment rates for banking assets are still at very contained levels. The portion of performing loans for which banks have recognised a significant increase in credit risk remains limited.

47 Harmonised index of consumer prices, percentage change over the corresponding period, preliminary estimates by Istat, the Italian National Institute of Statistics.

48 Bank of Italy, Macroeconomic projections for the Italian economy, December 2023.

2. Credit risk management policies

Against the backdrop of a slowing economic scenario and uncertainty arising from geopolitical instability fueled by the protracted Russia-Ukraine conflict and the Israeli-Palestinian crisis, in 2023 the BPER Banca Group defined a number of actions targeted at the segments most exposed to market dynamics, in the aim to better calibrate the sectoral guidelines of its credit policy and hence its asset allocation targets, with the objective of supporting the system and its resilience. The guidelines for promoting "green financing" and "technological innovation" are confirmed, as they cross-cut all sectors of the economy and make it possible to ensure greater competitiveness for recipient companies. More specifically, in December 2022, the Group adopted a specific "ESG-linked Loan Origination Policy", which sets out the principles adopted by the Group during the credit assessment. In fact, this document[49] indicates:

- the general limitation and exclusion criteria for counterparty and/or project financeability, consistently with the "ESG Policy" of the BPER Group and its voluntary commitments (Net-Zero Banking Alliance, PRB);
- detailed criteria applying to counterparties belonging to "risk-sensitive" sectors;
- strategies to support transition and the increasing "alignment" of counterparties with the principles of the EU Taxonomy, including via dedicated products or services.

The credit management policy of the BPER Banca Group continues to pursue the aim of carefully selecting counterparties through an analysis of their creditworthiness, including the use of well-established tools such as the internal rating system, having regard for the achievement of commercial and support objectives, including in an ESG perspective.
In view of the Group's strategic objectives and operations, the general risk management strategy wass to accept a moderate level of risk involving:

- the assessment of the current and prospective creditworthiness of counterparties;
- the diversification of the portfolio, limiting the concentration of exposures towards individual counterparties and sectors of economic activity.

2.1 Organisational aspects

The Group's credit risk management model has the following objectives:

- apply the instructions issued by the Supervisory Authorities, while taking account of the Group's specific operating characteristics;
- ensure that credit risk is managed appropriately by each bank/company and at a Group level.

These objectives are achieved via the segregation of responsibilities and duties between the bodies that manage credit risk and those with a control function.
The following elements underpin work to manage and control the exposure to credit risk:

- independence of the function responsible for the measurement of credit risk with respect to the various business functions;
- clear definition of delegated powers and the resulting structure of limits imposed by the Board of Directors of the Parent Company;
- coordination by the Parent Company of credit risk management processes, while leaving individual companies with operational autonomy for the management of credit risk;
- consistent application of measurement models throughout the Group, in line with international best practice;
- transparent methodology and measurement criteria to facilitate understanding of the risk measures adopted;
- performance of periodic stress tests which use endogenous and exogenous shock scenarios to provide deterministic and/or probability-based indicators of risk.

49 For more information on the "the ESG Policy on granting credit" adopted by the Group, please refer to the information available on the website://institutional.bper.it.

2.2 Systems for managing, measuring and monitoring

The management of risk involves applying a system of methodologies and approaches for the ongoing measurement and/or assessment of risk. This system helps to guide operational decisions and quantify the level of capital required by the Group in order to cover the risks that have been accepted. Each Group bank/company analyses the various components of credit risk and identifies the exposure associated with the loan portfolio using suitable measurement methodologies. In particular, the Group uses many tools to measure and monitor credit risk in relation to both performing and non-performing loans.
As part of its policies for managing loans to customers, the Group has adopted rules and processes for monitoring relationships, which have involved, among other things, a complex activity of classifying them into homogeneous risk categories. In particular, on the basis of "rating" and "early warning" systems, the Group has analysed performing loans to customers valued at amortised cost and identified those most at risk.
The characteristics of the rating models developed by the Parent Company for the calculation of PD (Probability of default: i.e. the probability that the borrower will not be able to meet their commitments) depend on the risk segment to which the counterparty belongs, the amount of the exposure and the stage in the lending process at which they are applied (initial pay-out or monitoring). The classifications are represented by 13[50] creditworthiness rating classes differentiated by business model segment. All of the Parent Company's systems share a number of common characteristics:

- the rating is determined with reference to the specific counterparty;
- the rating models are established with reference to the loan portfolio of the BPER Banca group (the rating is unique for each counterparty, even if shared by several Group Banks and Companies);
- the models process sociodemographic data and internal performance information (the latter derived from reports issued by the Central Credit Register database), as well as financial information in the case of businesses;
- the models for Corporate SMEs, Long-term Property SMEs, Holding Companies, Financial Companies and Large Corporates add a qualitative element to the purely statistical side. The rating assignment process for these segments involves expert attribution for counterparties that exceed a certain threshold[51] and all Financial Companies, via a central structure operating at Group level. For Corporate SMEs, Real Estate Multiannual, Large Corporates and Holding Companies that fall below the threshold, there is also the possibility for the relationship manager to activate an override, i.e. to request an exception from the quantitative rating on the basis of solid, documented information not processed by the model. In certain cases, the override can also be requested for Newco counterparties (newly established companies). The requested exception is evaluated by a central structure that operates at Group level;
- in addition to the model that evaluates the individual counterparty, the rating model for Large Corporates, Holding Companies, Financial Companies, Corporate SMEs and Multiannual-Real Estate SMEs is supplemented by a component that, where applicable, takes into consideration the fact that they belong to a consolidated corporate group;
- the Probability of Default is calibrated with reference to regulatory anomalies, which include past due amounts;
- the time series used in order to develop and calibrate the models cover a broad time horizon, consistent with the requirements of current regulations;
- the ratings are reviewed at least once each year; the Bank has also defined a process for the monitoring of each rating, causing the rating to lapse if it no longer represents the true risk profile of the counterparty and there are signs of deterioration in the quality of the related lending;
- use is made of a rating calculation model for counterparties acting as guarantors for individuals, aimed at the quantification and measurement of credit risk attributable to private counterparties that provide personal guarantees to BPER Banca Group's customers.

The estimation of LGD (Loss Given Default represents the extent of the loss expected to occur on default of the borrower, dependent on type of exposure to the counterparty) is based on information on the borrower (segment, geographical area, internal administrative status), the product (technical form, size of exposure), and the presence, type and coverage of guarantees. LGD estimation includes the impact of the recession phase in the economic cycle (downturn LGD).

In relation to the inspection activities concluded in the first quarter of 2022, on 16 February 2023, BPER Banca received the ECB's Final Decision, which authorised the "material model change" to internal models and the extension of the models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures. The new internal rating system has been in use since supervisory reports as at 31 March 2023 and for management purposes since May 2023.

50 Except for the Large Corporate and Holding models, which are stuctured into 9 classes.

51 Threshold defined based on turnover, balance sheet structure and status of the consolidating parent company.

Starting from 30 June 2023 for Supervisory Reports, the new IRB models were extended to former Unipol Banca exposures, with the ECB having authorised the extension.

In addition to indicating the principles of governance, assumption and management of credit risk, the Group Credit Risk Governance Policy defines the BPER Banca Group's credit risk appetite. For this purpose, the policy provides for a new system of credit risk exposure limits, establishing supervisory thresholds that have to be monitored periodically. The document also explains the principles for calculating analytical and collective loan loss provisions and for the classification of loans by status.

In order to manage credit risk, the Group has developed a system of credit limits designed to regulate the lending process, together with a system for authorisations that takes account of the riskiness of the customer and/or the transaction, consistent with the risk evaluation systems adopted. This system ensures compliance with the principle that the level of authorisation be consistent with the riskiness of the transaction, envisaging that the limits on decision making are established with reference to one or more aspects of the specific counterparty and transaction risk (in particular counterparty rating, expected loss, amount of the facility).

The internal rating system's risk measures are used for management reporting purposes; in particular:
- a Credit Risk Report is prepared for management every quarter and the results are included in the quarterly risk report, which is then sent to Top Management and the various Corporate Bodies of the Parent Company and of Group Banks and Companies. The information is discussed by the Risks Committee and presented by the Chief Risk Officer to the Control and Risk Committee and the Board of Directors of the Parent Company;
- a summary report is prepared on a monthly basis, including the monitoring of supervisory thresholds set for credit risk;
- a network reporting tool is also available, characterised by different views of the loan portfolio, with different levels of aggregation (Branch, Regional Department, General Management, Bank and Group) and hierarchical visibility cones.

Advanced methodologies (AIRB) have long been used as part of the process of defining capital adequacy (ICAAP). To be precise, the BPER Banca Group has adopted the advanced methodologies (AIRB) starting from the Supervisory Reports of June 2016 with reference to the Banks falling within the scope of first validation (BPER Banca, Banco di Sardegna and BiBanca), subsequently extended to the Cassa di Risparmio di Bra[52] starting from the Supervisory Reports of March 2019.
Starting from Supervisory Reporting as at 31 December 2021, after the ex-ante notification was sent to the Supervisory Authorities in October 2021, the use of the Group internal models for the calculation of credit risk capital requirements was extended to the credit exposures acquired from the Intesa Sanpaolo business units.
As represented previously, following the Final decision of the latest Internal Model Investigation and subsequent Follow-Up letter from the ECB, starting from the Supervisory Reports as at 31 March 2023, the calculation of the credit risk capital requirements was extended to former Cassa di Risparmio di Saluzzo and former UBI Banca credit exposures, and starting from the Supervisory Reports as at 30 June 2023 to former Unipol Banca exposures.

The following asset classes are subject to AIRB methodologies:
- "Exposures to retail businesses";
- "Exposure to companies".

The other Group Companies/Banks and asset classes for which Permanent Partial Use (PPU) is not required or which are not included in the roll-out plan, the BPER Group has continued to use the Standardised Approach and the external ratings supplied by the ECAIs (External Credit Assessment Institutions) recognised by the Supervisory Authority. In particular, the following were used:
- the Cerved, Fitch, Moody's and Standard &Poor's ratings were used for "Exposure to corporates";
- the Fitch, Moody's and Standard & Poor's ratings were used for "Exposures to supervised intermediaries" and "Covered bonds";
- Scope Ratings AG for "Exposures to central administrations or central banks";
- the Fitch Rating was used for financial Instruments pledged as collateral;
- Standard & Poor's ratings for "Exposures to securitisation".

Through the implementation of the "second best rating" rule, in compliance with the provisions approved by the CRR (Capital Requirements Regulation), article 138 (d)(e)(f), where two ratings of the same customer are present, the more prudential one is adopted; in the case of three ratings, the intermediate one; if all ratings are present, the second best one. In addition, in line with the contents of the CRR, article 444 (d) regarding the association of the external rating of each ECAI with the risk weights corresponding to the credit quality steps set out in said CRR, it is confirmed that the BPER Group respects the association published by the EBA.

52 Subsequently absorbed by BPER Banca in July 2020.

2.3 Methods for determining the extent of impairment

The ECL model for calculating expected credit losses is based on the risk parameters estimated for regulatory purposes, whose main characteristics were described in the previous paragraphs, appropriately modified to ensure that they fully comply with IFRS 9. For information on impairment models and related risk parameters, please refer to Part A of the Explanatory Notes to the Consolidated Financial Report as at 31 December 2023 unless otherwise specified in this Part A of the Explanatory Notes.

Update of macroeconomic scenarios and ECL sensitivity

As stated in Part A.1, Section 5 and Part A.2 of these Explanatory Notes, the BPER Banca Group develops forward-looking impairment models using three macroeconomic scenarios that are consistent with those considered in other business areas requiring similar forecasts, such as planning (including the determination of lending policies) and risk management.
The time horizon for the macroeconomic forecasts is 3 years for each of the 3 scenarios used:

- Adverse Scenario (in its "Extreme Adverse" version);
- Baseline Scenario;
- Best Scenario.

The development of the scenarios is outsourced to a leading provider that carries out economic research and provides the BPER Banca Group with short and medium-term forecasts for the Italian and international economies and long-term forecasts for the Italian economy. The scenarios are later customised according to the guidelines of the Bper Banca's Market Study and Research office.
The macroeconomic scenarios used by the Bank for the estimate of the multi-scenario ECL as at 31 December 2023, are different from those used in relation to the financial report as at 31 December 2022 as a result of an improvement in the context, in spite of some elements of uncertainty.
The main factors of improvement include:

- Inflation edging down, but core component still high: structural factors will drive inflation also in 2024 (energy, digital transition, military spending; wage renewals for Italy).
- The central banks' fight against inflation will continue: the ECB may have closed its restrictive cycle for this year: rates are expected to be flat in 2024. Possible (slight) cut in interest rates at the end of next year in case of permanently low inflation.
- Italy's weakness in 2Q23 (GDP -0.4%) was partially made up for in Q3 (GDP +0.1%), leaving room for a possible slight improvement by the end of the year, with no changes to the general trend for 2023 (GDP around +0.8%). For 2024, the slightly positive growth assumption is confirmed (GDP +0.7%), supported mainly by three demand driving factors:
  - delayed economic effect of the 110% green 'Superbonus' tax deduction;
  - cumulative savings from the pandemic;
  - upside from the measures of the National Resilience and Recovery Plan.

The updated macroeconomic scenarios also include elements of uncertainty:

- The world economy continues to lose momentum, especially in developed countries.
- Global geopolitical risk remains high, exacerbated by the Hamas-Israel conflict (with traders showing little concern).
- Energy commodities are exposed to high volatility with structurally high prices.
- Purchase Managers Indexes down across all sectors, Services PMIs on a downtrend along with persisting manufacturing contraction.
- Interest rate hike impact not fully reflected in the economy yet, potentially becoming more pronounced between 4Q23 and 1H24: an increase in bad loans is expected.

Scenarios used to determine the multi-scenario ECL in relation to the financial report as at 31 December 2023

		Starting point	BASELINE			EXTREME ADVERSE SCENARIO		
		2023	2024	2025	2026	2024	2025	2026
Brent oil: $ per barrel	lev	85	95	91	91	121	105	100
Italy equity index	% chg.	17.4	9.8	10.3	6.1	-18.1	3.4	5.2
Italian GDP	% chg.	0.8	0.7	0.7	0.7	-1.3	0.2	0
Public spending	% chg.	1.1	2.5	0.1	-0.2	4.4	-0.2	-0.5
Investments in machinery and means of transport	% chg.	4.6	3.0	4.6	2.6	-6.2	0.6	0.3
Export of goods and services	% chg.	0.3	1.8	2.4	2.5	-1.2	-0.8	0.2
Industrial production	% chg.	-2.1	1.4	1.0	1.0	-1.2	0.6	1.2
10Y BTP-Bund Spread	%	1.8	1.7	1.7	1.7	3.2	3.3	2.7
BTP 10Y interest rate	%	4.3	4.6	5.0	5.1	6.0	6.3	6.0
Commercial property price index	% chg.	1.1	1.2	1.7	1.4	0.5	2.0	0.4
Residential property price index	% chg.	0.9	1.1	1.8	2.0	0.2	0.6	-0.4

Scenarios used to determine the multi-scenario ECL in relation to the financial report as at 31 December 2022

		Starting point	BASELINE			EXTREME ADVERSE SCENARIO		
		2022	2023	2024	2025	2023	2024	2025
Brent oil: $ per barrel	lev	100	90	86	84	125	111	100
Italy equity index	% chg.	-6.5	2.9	6.3	5.3	-32.0	-5.2	3.1
Italian GDP	% chg.	3.8	0.3	1.1	1.3	-2.7	0.0	0.7
Public spending	% chg.	-1.5	1	-0.2	0.1	2.0	-0.2	0.1
Investments in machinery and means of transport	% chg.	7.2	-0.8	3.1	3.1	-12.6	-3.3	-1.2
Export of goods and services	% chg.	11.3	2.1	2.9	3.1	-1.1	0.7	2.4
Industrial production	% chg.	0.8	-0.8	1.5	1.9	-6.7	-2.7	0.3
10Y BTP-Bund Spread	%	1.9	2.3	2.1	2.0	5.4	5.4	5.2
BTP 10Y interest rate	%	3.1	4.7	4.7	4.6	7.5	7.6	7.4
Commercial property price index	% chg.	1.5	1.6	1.4	1.3	0.5	-0.1	-0.5
Residential property price index	% chg.	4.9	2.9	1.9	1.8	1.4	-0.7	-1.0

By comparing the indicators at both dates it is shown that:

- a forecast for the production of goods and services (ITALIAN GDP) revised downwards for 2023 compared to the forecast in December 2022;
- signs of an increase in the price of some commodities, including oil, with respect to December 2022 forecasts, with commodities continuing to be exposed to high volatility;
- significant growth in the financial markets, with markedly increased estimates in the FTSE-MIB over the three-year forecast period with respect to the forecasts of December 2022;
- the perception of a lower sovereign risk than forecast in December 2022 (BTP-BUND Spread);
- the real estate market, also impacted by the continuous rises in interest rates, which put the brakes on mortgage applications, recorded a decrease in price indexes (residential above all), with respect to the estimates of December 2022.

Shown below is the sensitivity of the ECL in response to a change in the probability of occurrence attributed to each of the (multiple) scenarios considered by the model adopted by the BPER Banca Group, applied on a "recurring" basis by the BPER Banca Group, without taking account of the overlays identified in relation to the uncertainties of the macroeconomic context ("post-model adjustments").
As at 31 December 2023, ECL sensitivity to a change in the probability of occurrence attributed to the favourable and adverse (extreme) scenario with respect to the baseline scenario, ranges between -4.29%/+15.59%.
The total amount of ECL in the account as at the reporting date, including the effect of the overlays applied, is confirmed 15.00% higher than at 31 December 2023, compared to the value resulting from the 100% risk weight of the adverse scenario.

2.4 Credit risk mitigation techniques

Mitigation techniques are an important tool for reducing or transferring part of the credit risk associated with the portfolio of exposure. Consistent with the low propensity to accept risk that characterises operations, the Group seeks to mitigate credit risk, in particular, by obtaining and managing secured and unsecured guarantees. For this purpose, the Group has prepared suitable IT procedures and systems for managing mortgages and financial guarantees in compliance with prudent supervisory requirements, as well as appropriate internal regulations for managing the life-cycles of other collateral obtained.

The collateral mostly used by the Group generally comprise mortgages on residential and non-residential property, as part of retail lending and, to a lesser extent, loans to Corporate customers, as well as pledges on securities, receivables and cash. An internal procedure developed over a number of years gathers information in an organised fashion on the property assets of borrowers and on the properties given in guarantee. As collateral for both performing and non-performing positions, properties are periodically revalued and updated with new appraisals or indexed revaluations based on the statistical databases of a leading market player. A dedicated procedure is used to check every month whether a new appraisal or index-based revaluation is needed, in compliance with the Guidelines for banks on non-performing loans (NPL) and EU Regulation no. 575/2013, as later amended. An internal function covering the entire banking group has been established to supervise this process and monitor constantly the value obtained to cover exposures, as required by current regulations. The Group also has a new appraisal management system that automatically directs requests to providers according to the rules consistent with the relevant legislation. The same application monitors the state of the appraisals in progress and acts as a historical archive that preserves the previous assessments in digital format with all the accompanying documents.
Likewise, the collateral represented by financial instruments is managed within a procedure that updates the fair value on the basis of market trends.

The principal types of unsecured guarantees consist of "specific guarantees" and "restricted omnibus guarantees", mainly given by entrepreneurs in favour of their companies and by parent companies in favour of their subsidiaries in the form of binding comfort letters. Guarantees given by various guarantee consortia in favour of their members firms are becoming more significant, as well as guarantees given by third party institutions, such as SACE, MCC (Guarantee Fund for SMEs), EIF (European Investment Fund), CONSAP (Guarantee Fund for the First Home), EIB (Life for Energy) and ISMEA, which are also subject to periodic monitoring and, lastly, the state guarantees issued following the crisis triggered off by the Covid-19 pandemic.

3. Non-performing exposures

3.1 Strategies and management policies

In relation to the general management aspects of the NPE portfolio, it should be noted that the classification of financial assets within the risk categories envisaged by supervisory regulations is based on the identified risk profile.
The classification of a position is determined both automatically and using an analytical methodology. These processes are governed by an internal regulation that applies the guidelines for identifying any deterioration in creditworthiness and assigns the most appropriate administrative status to the position. When not automatic, the classification of positions as anomalous is based on assessments made by account managers who actively monitor conditions within the lending system. The Early Warning tools available make it possible to detect, at an early stage, any signs of deterioration of relationships potentially at risk, enabling the analysis of creditworthiness and classification of the position to the correct risk category, if required.

The following are some of the most significant interventions developed at Banking Group level, which contributed to better processing of sub- and non-performing loans:

- Organisation and governance: as part of compliance with the Supervisory requirements (NPL Guidance) for the greater monitoring of loans and operational specialisation by segment, a process has started with a view to evolving the structures specialised in the management of default positions ("*Credito Anomalo*" and BPER Credit Management – BCM) and performing positions with anomalies ("*Gestione Proattiva*"). In particular:
  - following the integration of the former Carige Group, the geographical area structures were also reorganised in order to ensure adequate coverage of the sub- and non-performing portfolios and the application of models, processes and procedures to the new positions acquired by the Group; BPER Credit Management (BCM) was merged by absorption into BPER Banca at the end of March 2023, the structure and activities were continued by the 'Credito Anomalo' (Credit management and workout) function in a specialised manner;
  - the handling of non-performing loans has been focused on managing counterparties already classified as in default (non-performing past due exposures and unlikely to pay loans - Stage 3), which have been grouped into three clusters (Retail, Corporate and Real Estate);
  - Pro-active Management, supervises performing loans with (Stage 1 and 2) anomalies, in order to prevent the deterioration of the lending relationship and provide constant support to the commercial network in determining the best operational strategies. The loan counterparties at issue have been grouped into the Corporate and Retail clusters.

  - In November, the revised modelling was also put into production with the introduction of: (1) a new statistical component in the EWS for the detection of counterparties with a high probability of 30-day PD in the following months and (2) an NBA algorithm to provide an indication of self-cure positions on the performing credit portfolio.
  - Further impact on the operational/organisational model was specified as part of the "Bridge" project, which envisages the activation of a Strategic partnership with the Servicer for the management of specific clusters of positions classified as UTP and bad loans as of January 2024. This project, combined with a new "lifecycle" management model that overcomes the distinction between Proactive and 'Credit management and workout', consists in the creation of new organisational units specialised by type of debtor, completing the evolutionary project in the management of sub- and non-performing loans.
- Processes and procedures acting on Sub- and Non-Performing Loans: non-performing loan management and monitoring processes are in use, with the adoption of procedures that have been further developed and improved over the last few years. In particular:
  - the Early Warning model, with the development over time of 6 specialised anomaly detection engines by customer segment (Corporate, Retail, Small Business, Construction, Real Estate and Finance & PA) and optimisation of anomaly detection performance, in particular with the inclusion of anomalies ("triggers") inspired by the NPL Guidance;
  - electronic request for loan management action (*Pratica Elettronica di Gestione* – PEG), optimised with the gradual inclusion of new management measures and new information available to the manager to gain a better understanding of the potential evolution of the position, with targeted links to other procedures;
  - external collection system that seeks to recover smaller loans via "phone collection" and "home collection" activities;
  - a much more precise monitoring system, focused not only on the quality of the overall portfolio, but also on the performance of the individual structures;
  - more extensive use of the forbearance tool and introduction of sustainability tools and monitoring of the effectiveness of the agreed measures.
- Processes and procedures acting on Forbearance: a decision-making system is planned to be introduced to prevent potential deterioration already at the time of the forbearance. In particular:
  - development of precise credit policies, characterised by indications of asset allocation based on risk/return/capital absorption indicators. These indications, valid for each individual counterparty, have been included in the Electronic Loan File procedure, therefore visible to the proposer and to the decision maker. In this way the quality of the performing portfolio has improved over the years, shifting its concentration towards the best rating classes;
  - strengthening of the preliminary investigation of top management loan files, with theneed for a much more complete set of information, similar to structured finance transactions, strengthening the functions to which this task is delegated;
  - a very precise monitoring system also for the Granting process, the timing of approvals and the quality of the approved portfolio.
- Incentive systems: credit quality objectives are allocated to the network and head office teams, addressing the activities of each function, in order to achieve complementary results that are fully consistent with Group objectives.
- Training on lending activities: in order to strengthen credit monitoring in application of current legislation, (NPL Guidance and Guidelines on the application of the definition of default), training cycles segmented by functions are provided to central structures and training cycles with more general content and strategic management indications to pursue are provided to the network.

The consistency of the classification of a position in the right risk category, with respect to internal rules and Bank of Italy regulations, is also ensured by second-level checks that, by applying a suitable method, verify not only that classifications are correct, but also the adequacy of provisions, the presence of first-level controls and the effectiveness of recovery processes, so as to ensure strong supervision throughout the entire credit chain. The improvement in the risk profile of counterparties leads to a transfer to better internal classifications and may result in a return to "performing" status.

With regard to the cycle for the management of exposures showing initial signs of difficulty and non-performing exposures, macro strategies for internal recoveries are envisaged within the Group, which apply specific methods depending on the type of debtor, how critical the anomalies are and an assessment of the entire exposure to the debtor and any related parties.
The main strategies that can be followed are:
- management of arrears/overdrafts, also through outsourcing;
- reshaping of the credit line and/or guarantee framework;
- granting of forbearance measures;
- waiver of loan (with or without debt forgiveness, a.k.a.: Debt forgiveness);
- transfer of loans to third parties;
- repossession of the asset.

The recovery of arrears and the granting of forbearance measures without remission - even partial - of the debt, where judged practicable, are to be preferred to alternative strategies such as a waiver or assignment of loans and the use of debt recovery procedures and enforcement actions, and will be pursued as a matter of priority.
The resolution approving the management strategy envisages a system of increasing delegated powers, consistent with the powers of classification and the estimate of value adjustments, also with the intervention of specialist units competent in the various phases of the relationship, and with different degrees of centralisation of decision-making skills in relationship management.

3.2 Write-offs

In general, and in line with the relevant legislation, the elimination of the loan from the financial statements must be carried out when:

- there is no reasonable prospect of recovery as a result of facts of any nature that make it impossible for the customer to fully meet their obligations ("write-off"), or
- the certainty of a loss materialises (for example, because of definitive legal events).

The assessment and proposal of write-offs, foreseen exclusively for the positions classified as "unlikely to pay" and "bad" loans according to certain events, must be adequately motivated and documented. In line with the recommendations of the supervisory authority, in cases of non-recoverability of the loan, it is best to write off a loan as soon as its non-recoverability has been ascertained.
In line with the reference guidelines:

- write-off of a financial asset in its entirety or in part constitutes an accounting elimination and the derecognised amount cannot be subject to write-backs. Write-offs should not be written-back and if cash or other assets are eventually collected these collections should be directly recognised as income in the statement of profit or loss;
- a write-off can take place before legal actions against the borrower to recover the debt have been concluded in full;
- a write-off does not involve the bank forfeiting the legal right to recover the debt. A bank's decision to forfeit the legal claim on the debt is called "debt forgiveness". Detailed evidence of NPL write-offs at portfolio level is maintained, as well as information on financial assets that, although written off the balance sheet, are subject to enforcement activity.

3.3 Purchased or originated credit-impaired financial assets

If a credit exposure classified in item 30 "Financial assets measured at fair value through other comprehensive income" or in item 40 "Financial assets measured at amortised cost" at the time of initial recognition becomes impaired, it is identified as "Purchased or Originated Credit Impaired - POCI".
By convention, POCI financial assets are classified in Stage 3 on initial recognition.
Should these assets become performing, following an improvement in the creditworthiness of the counterparty, they are reclassified to Stage 2.
They can never be classified in Stage 1, as the expected credit loss must always be calculated over the residual duration.

The BPER Banca Group identifies as "Purchased or originated credit-impaired financial assets":

- exposures already impaired at the time of purchase, also as part of business combinations;
- exposures originated as part of restructuring transactions of impaired exposures that led to the disbursement of new finance, or introduced substantial changes to the original contractual conditions.

4. Renegotiated financial assets and forborne exposures

The BPER Banca Group adopts the definition of "Forbearance Measure" of the Implementing Regulation EU 227/2015.
Measures of forbearance consist of concessions to debtors who are or are about to find themselves in difficulty in meeting their financial commitments (i.e. in financial difficulty). The exposures subject to forbearance measures are identified as forborne.
"Forbearance" means facilitating measures in favour of the customer which can be summarised in the following categories:

- "modifications", made to the terms and conditions of a loan agreement due to the debtor's inability to perform financially in the commitments assumed previously;
- total or partial "refinancing" of the debt.

An intrinsic characteristic of forbearance is the state of financial difficulty of the debtor: it is based on an overall assessment of the debtor for which the rating is one of the elements to be considered. Financial difficulty is objectively recognised when the counterparty position is classified among the non-performing loans, while it is presumed when loan anomalies envisaged under current regulations are detected, including but not limited to:

- existence during the past 3 months, or potential existence in the absence of assistance granted to the debtor, of past due and/or overdrawn relationships for periods of at least 30 days;
- allocation of new loans, in whole or in part, to paying down existing credit lines that were past due and/or overdrawn for 30 days at least once during the 3-month period prior to granting the new loans to the debtor.

The Group adopts standardised decision-making trees and/or customised solutions in order to apply efficient and effective debt rescheduling solutions, based on customer characteristics and type of exposure, which constitute one of the Group's strategies for reducing non-performing exposures.

The forbearance measures are divided, depending on the time horizon over which they extend, into:

- short-term forbearance measures, or temporary changes in the reimbursement conditions, aimed at facing short-term financial difficulties, and have a duration of less than 24 months;
- long-term forbearance measures, or changes in the reimbursement conditions aimed at definitively resolving the debtor's financial difficulty, and lasting more than 24 months (also in combination with short-term measures).

Not all contractual modifications in favour of the customer ("concessions") give rise to forborne exposures, but only if there are also elements of financial difficulty. In their absence, the concessions are configured as transactions for merely commercial purposes.

Forborne positions are monitored by the Bank to check the effectiveness and efficiency of the assistance provided, in order to verify that the financial difficulties have been overcome. The minimum observation period is:

- 24 months if the counterparty is classified as performing (probation period);
- 36 months if the counterparty is in default (12-month cure period and 24-month probation period).

Once the debtor's financial difficulty has been established, the conditions for classification as an unlikely to pay position must also be verified when the measure is granted.

Positions may be forborne in both macro-categories of credit classification ("performing" and "default") and, in accordance with current regulations, may result in the counterparty being classified as non-performing: for example, a counterparty with credit lines that are forborne under probation, that has therefore completed the 12-month cure period and is now in the probation period following reclassification as "performing" from "default", is automatically classified as unlikely to pay if they are overdrawn for more than 30 days or a new concession is made (re-forborne).

Quantitative information

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes and economic distribution

A.1.1 Prudential consolidation: breakdown of financial assets by past due buckets (book values)

Portfolios/Risk stage	Stage 1			Stage 2			Stage 3			Purchased or originated credit impaired		
	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days
1. Financial assets measured at amortised cost	426,984	-	4	221,752	166,191	49,274	31,204	67,436	534,998	15,646	17,288	99,214
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	863	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**426,984**	**-**	**4**	**221,752**	**166,191**	**49,274**	**31,204**	**67,436**	**535,861**	**15,646**	**17,288**	**99,214**
Total 31.12.2022	**609,180**	**34,767**	**293**	**241,111**	**197,444**	**47,791**	**30,212**	**54,055**	**425,647**	**25,261**	**25,740**	**292,390**

A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees granted: changes in total impairment provisions

Sources/Risk stages	Overall impairment provisions											
	Financial assets classified in stage 1						Financial assets classified in stage 2					
	On-demand loans to banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses	On-demand loans to banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses
Total opening adjustments	**4,820**	**227,029**	**3,356**	**2,138**	**-**	**237,343**	**-**	**486,464**	**198**	**3,076**	**-**	**489,738**
Increases in purchased or originated financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Derecognitions other than write-offs	-	(243)	-	-	-	(243)	-	(146)	-	-	-	(146)
Net impairment losses for credit risk (+/-)	(3,656)	(44,365)	(666)	-	-	(48,687)	-	16,281	(35)	-	-	16,246
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	(271)	(2)	-	-	(273)	-	(564)	-	-	-	(564)
Other changes	-	11,325	(21)	(2,138)	-	9,166	-	(16,664)	-	(3,074)	-	(19,738)
Total closing adjustments	**1,164**	**193,475**	**2,667**	**-**	**-**	**197,306**	**-**	**485,371**	**163**	**2**	**-**	**485,536**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-

A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees granted: changes in total impairment provisions

Sources/Risk stages	Overall impairment provisions										
	Financial assets classified in stage 3						Purchased or originated credit-impaired				
	On-demand loans to banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses
Total opening adjustments	**-**	**1,170,202**	**-**	**1,928**	**1,172,130**	**-**	**556,827**	**-**	**316**	**552,530**	**4,613**
Increases in purchased or originated financial assets	-	-	-	-	-	-	X	X	X	X	X
Derecognitions other than write-offs	-	(135,600)	-	-	(135,600)	-	(8,666)	-	-	(8,666)	-
Net impairment losses for credit risk (+/-)	-	341,400	779	-	342,179	-	44,358	-	-	46,243	(1,885)
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	(396,817)	-	-	(396,817)	-	(2,007)	-	-	(2,007)	-
Other changes	-	(134,535)	-	(1,928)	(136,463)	-	(258,237)	-	(316)	(258,255)	(298)
Total closing adjustments	**-**	**844,650**	**779**	**-**	**845,429**	**-**	**332,275**	**-**	**-**	**329,845**	**2,430**
Recoveries from financial assets subject to write-off	-	3,264	-	-	3,264	-	-	-	-	-	-
Write-offs recognised directly through profit or loss	-	71,118	-	-	71,118	-	14,389	-	-	14,389	-

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. It was therefore considered appropriate to partially write off the gross exposure for a total of Euro 335 million, adjusting it to the expected recoverable amount, with marginal economic impact.

A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees granted: changes in total impairment provisions

(cont.)

Sources/Risk stages	Total provisions on commitments to disburse funds and financial guarantees issued				Total
	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees granted, purchased or originated credit impaired	
Total opening adjustments	**14,778**	**10,727**	**44,597**	**-**	**2,526,456**
Increases in purchased or originated financial assets	-	-	-	-	-
Derecognitions other than write-offs	-	-	-	-	(144,655)
Net impairment losses for credit risk (+/-)	(4,054)	(5,022)	(3,672)	-	341,348
Contractual modifications without derecognition	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	-	-	-	(399,661)
Other changes	(118)	(123)	211	-	(405,618)
Total closing adjustments	**10,606**	**5,582**	**41,136**	**-**	**1,917,870**
Recoveries from financial assets subject to write-off	-	-	-	-	3,264
Write-offs recognised directly through profit or loss	-	-	-	-	85,507

A.1.3 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees granted: transfers between different credit risk stages (gross and nominal values)

Portfolios/Risk stage	Gross exposure/Nominal value					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
1. Financial assets measured at amortised cost	5.842.528	4.864.322	482.088	110.706	309.297	29.714
2. Financial assets measured at fair value through other comprehensive income	20.373	7.192	-	-	863	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees granted	1.261.226	2.151.359	46.775	8.489	40.838	16.012
Total 31.12.2023	**7.124.127**	**7.022.873**	**528.863**	**119.195**	**350.998**	**45.726**
Total 31.12.2022	**7.033.223**	**1.912.535**	**426.745**	**204.618**	**290.702**	**30.045**

A.1.4 Prudential consolidation - On- and off-balance sheet credit exposures to banks: gross and net values

Type of exposure/amount	Gross exposure					Total impairment provisions					Net exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
A.1. ON DEMAND	**9.278.349**	**9.278.349**	**-**	**-**	**-**	**1.164**	**1.164**	**-**	**-**	**-**	**9.277.185**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	9.278.349	9.278.349	-	X	-	1.164	1.164	-	X	-	9.277.185	-
A.2 OTHER	**10.895.613**	**10.703.859**	**186.379**	**-**	**-**	**25.698**	**3.042**	**22.656**	**-**	**-**	**10.869.915**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	22.384	10	22.374	X	-	22.323	-	22.323	X	-	61	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	10.873.229	10.703.849	164.005	X	-	3.375	3.042	333	X	-	10.869.854	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**20.173.962**	**19.982.208**	**186.379**	**-**	**-**	**26.862**	**4.206**	**22.656**	**-**	**-**	**20.147.100**	**-**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	3.545.923	1.819.804	47.403	X	-	5.549	74	5.475	X	-	3.540.374	-
TOTAL (B)	**3.545.923**	**1.819.804**	**47.403**	**-**	**-**	**5.549**	**74**	**5.475**	**-**	**-**	**3.540.374**	**-**
TOTAL (A+B)	**23.719.885**	**21.802.012**	**233.782**	**-**	**-**	**32.411**	**4.280**	**28.131**	**-**	**-**	**23.687.474**	**-**

(*) Amount to be shown for information purposes.

A.1.5 Prudential consolidation - On- and off-balance sheet credit exposures to customers: gross and net values

Type of exposure/amount	Gross exposure					Total impairment provisions					Net exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
a) Bad loans	632,013	X	-	467,986	164,027	457,424	X	-	336,050	121,374	174,589	49,025
- of which: forborne exposures	102,183	X	-	78,378	23,805	69,580	X	-	51,024	18,555	32,603	2,868
b) Unlikely to pay loans	1,355,196	X	-	1,062,062	293,134	639,468	X	-	455,074	184,394	715,728	-
- of which: forborne exposures	511,227	X	-	356,340	154,887	240,412	X	-	147,305	93,107	270,815	-
c) Non-performing past due exposures	211,522	X	-	201,925	9,597	57,766	X	-	54,305	3,461	153,756	-
- of which: forborne exposures	511	X	-	490	21	97	X	-	97	-	414	-
d) Performing past due exposures	919,497	428,962	476,883	X	13,652	42,816	1,984	39,717	X	1,115	876,681	-
- of which: forborne exposures	38,480	-	36,379	X	2,101	7,000	-	6,790	X	210	31,480	-
e) Other performing exposures	104,511,940	95,081,739	8,979,011	X	396,260	636,208	191,116	423,161	X	21,931	103,875,732	-
- of which: forborne exposures	964,930	-	870,489	X	94,441	80,613	-	70,962	X	9,650	884,317	-
TOTAL (A)	**107,630,168**	**95,510,701**	**9,455,894**	**1,731,973**	**876,670**	**1,833,682**	**193,100**	**462,878**	**845,429**	**332,275**	**105,796,486**	**49,025**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	329,248	X	-	329,248	-	56,691	X	-	56,691	-	272,557	-
b) Performing	38,999,297	36,693,871	2,257,344	X	-	61,083	51,763	9,320	X	-	38,938,214	-
TOTAL (B)	**39,328,545**	**36,693,871**	**2,257,344**	**329,248**	**-**	**117,774**	**51,763**	**9,320**	**56,691**	**-**	**39,210,771**	**-**
TOTAL (A+B)	**146,958,713**	**132,204,572**	**11,713,238**	**2,061,221**	**876,670**	**1,951,456**	**244,863**	**472,198**	**902,120**	**332,275**	**145,007,257**	**49,025**

(*) Amount to be shown for information purposes.

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. It was therefore considered appropriate to partially write off the gross exposure for a total of Euro 335 million, adjusting it to the expected recoverable amount, with marginal economic impact. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.

As at 31 December 2023, the performing loans to customers of the BPER Banca Group, limited to the portion of loans measured at amortised cost, amounted to a gross exposure of Euro 87,834 million. Net of portfolio adjustments for Euro 653 million, the net exposure totalled Euro 87,181 million; the average coverage ratio is therefore 0.74%.
At the same date, non-performing loans to customers, limited to the portion measured at amortised cost, amounted to a gross exposure of Euro 2,197 million. Net of impairment losses for Euro 1,154 million, the net exposure totalled Euro 1,043 million; the average coverage ratio for this cluster of loans is therefore 52.52%.

The following is a summary of non-performing and performing credit exposures (amounts and adjustments) by economic distribution.

	Non-performing assets				Performing assets		
	Gross exposure	Individual impairment provisions - analytical	Individual impairment provisions - automated	Net exposure	Gross exposure	Collective impairment provisions	Net exposure
On-balance sheet credit exposures to customers (loans and debt securities)	**2,197,091**	**865,731**	**288,149**	**1,043,210**	**101,441,498**	**677,346**	**100,764,152**
Governments and other public entities	8,836	2,799	635	5,402	14,149,651	4,626	14,145,025
- of which: foreign	3,786	2,358	-	1,428	4,233,945	192	4,233,752
Financial companies	25,256	12,473	2,125	10,657	5,901,587	48,264	5,853,323
- of which: foreign	2,436	1,629	98	709	965,192	2,650	962,542
Non-financial companies	1,445,075	703,373	133,103	608,599	40,091,046	360,897	39,730,149
- of which: foreign	10,884	2,523	26	8,335	1,243,834	2,628	1,241,206
Individuals and households	717,924	147,086	152,286	418,552	41,299,214	263,559	41,035,655
- of which: foreign	3,056	799	821	1,435	129,385	1,297	128,088

The loans measured at amortised cost, that constitute new liquidity granted through public guarantee mechanisms issued in response to the Covid-19 pandemic are reported below, when the stage of risk in which the exposures are found at the date of this disclosure is different from the stage in which the exposures were classified at the start of the period.

	Gross exposure					Total impairment provisions					Exposure
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
A. Bad loans	139	-	-	83	56	139	-	-	83	56	-
B. Unlikely to pay loans	126,337	-	-	119,953	6,384	17,687	-	-	15,924	1,763	108,650
C. Non-performing past due exposures	29,911	-	-	29,466	445	817	-	-	807	10	29,094
D. Performing loans	48,670	9,340	38,672	-	658	880	8	866	-	6	47,790
E. Other performing loans	5,703,113	4,846,079	845,220	-	11,814	12,737	4,364	8,272	-	101	5,690,376
TOTAL (A+B+C+D+E)	**5,908,170**	**4,855,419**	**883,892**	**149,502**	**19,357**	**32,260**	**4,372**	**9,138**	**16,814**	**1,936**	**5,875,910**

A.1.6 Prudential consolidation - On-balance sheet credit exposures to banks: change in gross non-performing exposures

There are no amounts in these Consolidated Financial Report.

A.1.6bis Prudential consolidation - On-balance sheet credit exposures to banks: change in gross forborne exposures broken down by credit quality

There are no amounts in these Consolidated Financial Report.

A.1.7 Prudential consolidation – On-balance sheet credit exposures to customers: change in gross non-performing exposures

Reasons/Category	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures
A. Opening balance (gross amount)	**961,093**	**1,886,020**	**160,217**
- of which: sold but not derecognised	-	-	-
B. Increases	**416,308**	**1,293,194**	**233,645**
B.1 inflows from performing exposures	51,839	697,943	181,464
B.2 inflows from purchased or originated credit impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures	254,450	66,071	316
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	110,019	529,180	51,865
C. Decreases	**745,388**	**1,824,018**	**182,340**
C.1 outflows to performing exposures	1	184,261	35,062
C.2 write-offs	428,486	34,331	992
C.3 recoveries	128,210	415,239	58,092
C.4 sales proceeds	20,766	321,224	-
C.5 losses on disposals	1,768	2,292	-
C.6 transfers to other non-performing exposures	651	232,655	87,531
C.7 contractual modifications without derecognition	-	-	-
C.8 other decreases	165,506	634,016	663
D. Closing balance (gross amounts)	**632,013**	**1,355,196**	**211,522**
- of which: sold but not derecognised	-	-	-

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. It was therefore considered appropriate to partially write off the gross exposure for a total of Euro 335 million, adjusting it to the expected recoverable amount, with marginal economic impact. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.

During the course of 2023, non-performing loan disposals (explained more fully in para. 3.2 – “De-risking and credit control” of the Directors’ Report on Group Operations) of approximately Euro 1.3 billion.

A.1.7bis Prudential Consolidation - On-balance sheet credit exposures to customers: changes in gross forborne exposures broken down by credit quality

Description/Quality	Forborne exposures: impaired	Forborne exposures: non impaired
A. Opening balance (gross amount)	**1,098,681**	**2,394,524**
- of which: sold but not derecognised	-	-
B. Increases	**551,495**	**962,002**
B.1 inflows from performing non-forborne exposures	106,255	439,279
B.2 inflows from performing forborne exposures	163,908	X
B.3 inflows from non-performing forborne exposures	X	103,437
B.4 inflows from non-performing non forborne exposure	-	-
B.5 other increases	281,332	419,286
C. Decreases	**1,036,255**	**2,353,116**
C.1 outflows to performing non-forborne exposures	X	1,494,385
C.2 outflows to performing forborne exposures	103,437	X
C.3 outflows to non-performing forborne exposures	X	163,908
C.4 write-offs	87,083	-
C.5 recoveries	269,660	692,352
C.6 sales proceeds	232,969	-
C.7 losses on disposals	1,003	-
C.8 other decreases	342,103	2,471
D. Closing balance (gross amounts)	**613,921**	**1,003,410**
- of which: sold but not derecognised	-	-

A.1.8 Prudential consolidation – On-balance sheet non-performing credit exposures to banks: change in total impairment provisions

There are no amounts to be disclosed in this Consolidated Financial Report.

A.1.9 Prudential Consolidation - On-balance sheet non-performing credit exposures to customers: change in total impairment provisions

Reasons/Category	Bad loans		Unlikely-To-Pay loans		Esposizioni scadute deteriorate	
	Total	of which: forborne exposures	Total	di cui: esposizioni oggetto di concessioni	Totale	di cui: esposizioni oggetto di concessioni
A. Opening balance: total impairment provisions	**740,176**	**96,088**	**922,100**	**463.658**	**50.281**	**49**
- of which: sold but not derecognised	-	-	-	-	-	-
B. Increases	**429,313**	**83,683**	**696,593**	**141.438**	**51.084**	**97**
B.1 impairment losses on purchased or originated impaired financial assets	-	X	-	X	-	X
B.2 other value adjustments	312,655	52,067	483,768	138.151	49.863	97
B.3 losses on disposals	1,768	85	2,292	918	-	-
B.4 transfers from other non-performing exposures	93,507	30,688	22,472	48	41	-
B.5 contractual modifications without derecognition	-	-	-	-	-	-
B.6 other increases	21,383	843	188,061	2.321	1.180	-
C. Decreases	**712,065**	**110,191**	**979,225**	**364.684**	**43.599**	**49**
C.1 write-backs from assessments	63,958	4,975	218,426	80.026	11.417	-
C.2 write-backs from recoveries	42,347	7,806	45,682	30.063	2.466	-
C.3 gains on disposal	7,215	4,388	12,008	9.439	-	-
C.4 write-offs	428,486	81,086	34,331	5.997	992	-
C.5 transfers to other categories of non performing exposures	61	-	87,731	30.688	28.228	48
C.6 contractual modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	169,998	11,936	581,047	208.471	496	1
D. Closing balance: total impairment provisions	**457,424**	**69,580**	**639,468**	**240.412**	**57.766**	**97**
- of which: sold but not derecognised	-	-	-	-	-	-

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. It was therefore considered appropriate to partially write off the gross exposure for a total of Euro 335 million, adjusting it to the expected recoverable amount, with marginal economic impact.

A.2 Classification of exposures based on external and internal ratings

A.2.1 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees granted by external rating classes (gross amounts)

Exposures	External rating classes						Unrated	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets measured at amortised cost	**6,320,157**	**4,183,896**	**9,818,799**	**3,348,251**	**353,264**	**22,003**	**87,999,372**	**112,045,742**
- Stage 1	6,310,013	4,079,935	9,736,865	2,910,504	316,868	8,380	76,546,986	99,909,551
- Stage 2	10,144	103,943	76,785	428,216	34,674	9,511	8,865,916	9,529,189
- Stage 3	-	18	-	839	900	606	1,727,971	1,730,334
- Purchased or originated credit impaired	-	-	5,149	8,692	822	3,506	858,499	876,668
B. Financial assets measured at fair value through other comprehensive income	**1,287,016**	**833,914**	**2,628,508**	**102,023**	**3,192**	**-**	**1,457,319**	**6,311,972**
- Stage 1	1,287,016	812,520	2,584,728	102,023	3,192	-	1,412,086	6,201,565
- Stage 2	-	21,394	43,780	-	-	-	43,591	108,765
- Stage 3	-	-	-	-	-	-	1,642	1,642
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
C. Financial assets classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**7,607,173**	**5,017,810**	**12,447,307**	**3,450,274**	**356,456**	**22,003**	**89,456,691**	**118,357,714**
of which: purchased or originated credit impaired financial assets	-	-	-	-	-	-	-	-
D. Commitments to disburse funds and financial guarantees granted	**132,080**	**3,348,947**	**2,288,233**	**1,815,651**	**156,747**	**1,127**	**35,131,683**	**42,874,468**
- Stage 1	132,080	3,342,040	2,269,991	1,535,958	150,344	1,126	32,809,474	40,241,013
- Stage 2	-	6,907	18,242	279,693	6,403	-	1,993,502	2,304,747
- Stage 3	-	-	-	-	-	1	328,707	328,708
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (D)	**132,080**	**3,348,947**	**2,288,233**	**1,815,651**	**156,747**	**1,127**	**35,131,683**	**42,874,468**
Total (A + B + C + D)	**7,739,253**	**8,366,757**	**14,735,540**	**5,265,925**	**513,203**	**23,130**	**124,588,374**	**161,232,182**

As at 31 December 2023, the BPER Banca Group avails itself of the external ratings provided by Moody's, Standard & Poor's and Fitch, for the calculation of the capital absorption for exposures to corporates, supervised intermediaries and covered bonds. Cerved is confirmed to be used for exposures to corporates, Fitch for financial instruments pledged as collateral and Standard & Poor's for exposures to securitisation.
In observance of the regulatory provisions, in the presence of three valuations, the second best one is used, while in the presence of two the most prudential one is adopted.

The rating agencies used by the BPER Banca Group are shown below, along with a table for the reconciliation between the external rating classes and the agencies' ratings.

Long-term rating for exposures to companies:

Class of creditworthiness	Risk weighting coefficients	ECAI Cerved Group	ECAI Fitch Ratings	ECAI Moody's Ratings	ECAI S&P Ratings
1	20%	A1.1, A1.2, A1.3	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	50%	A2.1, A2.2, A3.1	from A+ to A-	from A1 to A3	from A+ to A-
3	100%	B1.1, B1.2	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	100%	B2.1, B2.2	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-
5	150%	C1.1	from B+ to B-	from B1 to B3	from B+ to B-
6	150%	C1.2, C2.1	less than CCC+	lower than Caa1	less than CC+

Long-term rating for exposures to Banks and Supervised Intermediaries:

Class of creditworthiness	Risk weighting coefficients	ECAI Fitch Ratings	ECAI Moody's Ratings	ECAI S&P Ratings
1	20%	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	50%	from A+ to A-	from A1 to A3	from A+ to A-
3	50%	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	100%	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-
5	100%	from B+ to B-	from B1 to B3	from B+ to B-
6	150%	less than CCC+	lower than Caa1	less than CC+

Long-term rating for exposures to Covered Bonds:

Class of creditworthiness	Risk weighting coefficients	ECAI Fitch Ratings	ECAI Moody's Ratings	ECAI S&P Ratings
1	10%	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	20%	from A+ to A-	from A1 to A3	from A+ to A-
3	20%	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	50%	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-
5	50%	from B+ to B-	from B1 to B3	from B+ to B-
6	100%	less than CCC+	lower than Caa1	less than CC+

Long-term rating for exposures to securitisations:

Class of creditworthiness	Risk weighting coefficients	ECAI Fitch Ratings	ECAI S&P Ratings
1	20%	from AAA to AA-	from AAA to AA-
2	50%	from A+ to A-	from A+ to A-
3	100%	from BBB+ to BBB-	from BBB+ to BBB-
4	350%	from BB+ to BB-	from BB+ to BB-
5	1250%	less than BB-	less than BB-

Long-term rating for exposures to Public Administrations:

Class of creditworthiness	Risk weighting coefficients	ECAI Scope Ratings
1	0%	from AAA to AA-
2	20%	from A+ to A-
3	50%	from BBB+ to BBB-
4	100%	from BB+ to BB-
5	100%	from B+ to B-
6	150%	from CCC to D

A.2.2 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees granted by internal rating classes (gross amounts)

Exposures	Internal rating classes							
	1	2	3	4	5	6	7	8
A. Financial assets measured at amortised cost	**17,166,765**	**12,134,277**	**14,074,773**	**13,316,809**	**10,785,277**	**8,290,100**	**4,249,957**	**2,265,949**
- Stage 1	16,757,631	11,549,729	12,874,474	11,949,546	9,357,289	6,982,064	3,452,782	1,522,216
- Stage 2	397,804	555,685	1,118,413	1,219,541	1,266,984	1,167,409	643,802	602,381
- Stage 3	4,872	11,553	41,198	98,848	87,828	103,110	99,361	93,865
- Purchased or originated credit impaired	6,458	17,310	40,688	48,874	73,176	37,517	54,012	47,487
B. Financial assets measured at fair value through other comprehensive income	**432,234**	**101,530**	**269,723**	**487,225**	**367,172**	**1,157,277**	**436,546**	**289,971**
- Stage 1	432,234	101,530	269,723	481,552	367,172	1,148,982	429,047	254,230
- Stage 2	-	-	-	5,673	-	6,653	7,499	35,741
- Stage 3	-	-	-	-	-	1,642	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
C. Financial assets classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**17,598,999**	**12,235,807**	**14,344,496**	**13,804,034**	**11,152,449**	**9,447,377**	**4,686,503**	**2,555,920**
D. Commitments to disburse funds and financial guarantees granted	**12,116,275**	**9,001,094**	**6,171,068**	**7,076,080**	**1,565,232**	**2,634,303**	**316,547**	**416,287**
- Stage 1	11,888,212	8,731,451	5,805,388	6,667,297	1,317,183	2,201,639	221,126	286,609
- Stage 2	227,709	268,809	352,874	389,615	236,719	417,272	88,737	111,607
- Stage 3	354	834	12,806	19,168	11,330	15,392	6,684	18,071
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (D)	**12,116,275**	**9,001,094**	**6,171,068**	**7,076,080**	**1,565,232**	**2,634,303**	**316,547**	**416,287**
Total (A + B + C + D)	**29,715,274**	**21,236,901**	**20,515,564**	**20,880,114**	**12,717,681**	**12,081,680**	**5,003,050**	**2,972,207**

(cont.)

Exposures	Internal rating classes					Total (A+B+C+D)
	9	10	11	12	13	
A. Financial assets measured at amortised cost	**8,568,814**	**595,890**	**668,653**	**71,500**	**136,000**	**92,324,764**
- Stage 1	7,843,139	307,763	333,562	17,959	45,129	82,993,283
- Stage 2	651,267	219,429	304,837	41,949	66,928	8,256,429
- Stage 3	63,087	45,997	24,802	9,881	21,660	706,062
- Purchased or originated credit impaired	11,321	22,701	5,452	1,711	2,283	368,990
B. Financial assets measured at fair value through other comprehensive income	**2,155,666**	**99,969**	**109,309**	**-**	**6,915**	**5,913,537**
- Stage 1	2,148,221	99,969	109,309	-	6,915	5,848,884
- Stage 2	7,445	-	-	-	-	63,011
- Stage 3	-	-	-	-	-	1,642
- Purchased or originated credit impaired	-	-	-	-	-	-
C. Financial assets classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-
Total (A + B + C)	**10,724,480**	**695,859**	**777,962**	**71,500**	**142,915**	**98,238,301**
D. Commitments to disburse funds and financial guarantees granted	**51,657**	**19,733**	**23,164**	**1,312**	**7,350**	**39,400,102**
- Stage 1	27,968	6,892	7,688	264	1,749	37,163,466
- Stage 2	19,612	11,949	13,966	866	2,037	2,141,772
- Stage 3	4,077	892	1,510	182	3,564	94,864
- Purchased or originated credit impaired	-	-	-	-	-	-
Total (D)	**51,657**	**19,733**	**23,164**	**1,312**	**7,350**	**39,400,102**
Total (A + B + C + D)	**10,776,137**	**715,592**	**801,126**	**72,812**	**150,265**	**137,638,403**

	With internal rating	Unrated	Total
On-balance-sheet exposures	98,238,301	20,119,413	118,357,714
Off-balance-sheet exposures	**39,400,102**	**3,474,366**	**42,874,468**
Total	**137,638,403**	**23,593,779**	**161,232,182**

On 24 June 2016, the ECB authorised the Group to use the IRB Advanced Method (PD, LGD, EAD parameters) for the quantification of the capital requirement for customers' credit risk.
The internal rating classes are shown as they are used in the management of credit risk. The Group's rating system for the valuation of counterparties is divided into a Large Corporate model, a Corporate model and an Individuals model. Creditworthiness classifications are represented by 13 rating classes regarding performing counterparties, differentiated by risk segment, and by a class relating to default (for the Large Corporate segment, the rating classes are 9). In turn, the 13 rating classes have been grouped into 5 operational classes, which indicate aggregate risk levels:

Operational classes (of risk)	Rating classes
High	10 - 11 - 12 - 13
Significant	8 -9
Average	5 - 6 - 7
Low	3 - 4
Very low	1 - 2

On-balance sheet exposures include all the credit exposures of the "Financial assets measured at fair value through other comprehensive income" portfolio, and the "Financial assets measured at amortised cost" portfolio; "off-balance sheet" exposures include all financial transactions other than on-balance sheet transactions (guarantees granted, commitments, derivatives) that involve the assumption of a credit risk, whatever the purpose of such transactions is (trading, hedging, etc.).

A.3 Breakdown of guaranteed credit exposures by type of guarantee

A.3.1 Prudential consolidation - Guaranteed on and off-balance sheet credit exposures to banks

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property - finance leases	Debt Securities	Other collateral	CLN	Other derivatives
								Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**1,418,786**	**1,418,714**	**-**	**-**	**299,400**	**-**	**-**	**-**
1.1 fully guaranteed	1,416,394	1,416,322	-	-	299,400	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partially guaranteed	2,392	2,392	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**97,987**	**97,984**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 fully guaranteed	46,698	46,698	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partially guaranteed	51,289	51,286	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.1 Prudential consolidation - Guaranteed on- and off-balance sheet credit exposures to banks

(cont.)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Endorsement loans				
	Other derivatives			Public Administrations	Banks	Other financial companies	Other entities	
	Banks	Other financial companies	Other entities					
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**1,113,611**	**-**	**-**	**1,914**	**1,414,925**
1.1 fully guaranteed	-	-	-	1,113,611	-	-	-	1,413,011
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partially guaranteed	-	-	-	-	-	-	1,914	1,914
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**46,785**	**-**	**33,257**	**80,042**
2.1 fully guaranteed	-	-	-	-	46,236	-	462	46,698
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partially guaranteed	-	-	-	-	549	-	32,795	33,344
- of which non-performing	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - Guaranteed on- and off-balance sheet credit exposures to customers

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property - finance leases	Debt Securities	Other collateral	CLN	Other derivatives
								Central counterparties
1. Guaranteed on-balance sheet credit exposures:			**39,757,050**	**1,993,219**	**1,162,764**	**2,686,778**	**-**	**-**
1.1 fully guaranteed	56,864,566	55,681,868	39,289,909	1,993,219	926,466	2,569,826	-	-
- of which non-performing	1,446,407	741,248	464,472	54,555	4,483	16,985	-	-
1.2 partially guaranteed	8,706,388	8,522,322	467,141	-	236,298	116,952	-	-
- of which non-performing	266,837	156,867	17,180	-	2,966	11,030	-	-
2. Guaranteed off-balance sheet credit exposures:	**5,777,079**	**5,769,477**	**48,626**	**-**	**297,161**	**235,272**	**-**	**-**
2.1 fully guaranteed	4,995,288	4,988,518	46,725	-	226,816	185,553	-	-
- of which non-performing	60,364	55,658	-	-	1,337	2,809	-	-
2.2 partially guaranteed	781,791	780,959	1,901	-	70,345	49,719	-	-
- of which non-performing	8,655	8,126	-	-	531	1,122	-	-

A.3.2 Prudential consolidation - Guaranteed on- and off-balance sheet credit exposures to customers

(cont.)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Endorsement loans				
	Other derivatives			Public Administrations	Banks	Other financial companies	Other entities	
	Banks	Other financial companies	Other entities					
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**7,838,447**	**165,128**	**208,140**	**7,587,687**	**61,399,213**
1.1 fully guaranteed	-	-	-	4,462,441	149,627	178,802	6,089,708	55,659,998
- of which non-performing	-	-	-	127,037	111	1,719	71,886	741,248
1.2 partially guaranteed	-	-	-	3,376,006	15,501	29,338	1,497,979	5,739,215
- of which non-performing	-	-	-	85,524	-	731	16,971	134,402
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**223,703**	**13,768**	**101,044**	**4,525,309**	**5,444,883**
2.1 fully guaranteed	-	-	-	128,751	11,478	95,299	4,292,134	4,986,756
- of which non-performing	-	-	-	1,917	6,564	441	42,591	55,659
2.2 partially guaranteed	-	-	-	94,952	2,290	5,745	233,175	458,127
- of which non-performing	-	-	-	580	-	-	4,306	6,539

A.4 Prudential consolidation - Financial and non-financial assets deriving from the enforcement of guarantees

	Derecognised credit exposure	Gross value	Total impairment provisions	Book Value	
					of which obtained during the year
A. Property, plant and equipment	**192,467**	**211,607**	**69,494**	**142,115**	**9,039**
A.1 Used in operations	-	-	-	-	-
A.2 Held for investment	74,601	79,651	35,495	44,156	290
A.3 Inventories	117,866	131,956	33,997	97,959	8,749
B. Equity instruments and debt securities	**-**	**-**	**-**	**-**	**-**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets and disposal groups classified as held for sale	**1,833**	**4,386**	**901**	**3,485**	**-**
D.1 Property, plant and equipment	1,833	4,386	901	3,485	-
D.2 Other assets	-	-	-	-	-
Total 31.12.2023	**194,300**	**215,993**	**70,393**	**145,600**	**9,039**
Total 31.12.2022	**221,444**	**251,637**	**87,377**	**164,260**	**14,016**

B. Distribution and concentration of credit exposures

B.1 Prudential consolidation - Breakdown by sector of on- and off-balance sheet credit exposures to customers

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures						
A.1 Bad loans	72	233	484	2,516	-	-
- of which: forborne exposures	-	-	76	239	-	-
A.2 Unlikely-To-Pay exposures	1,699	2,398	9,432	11,830	-	-
- of which: forborne exposures	-	-	1,539	3,380	-	-
A.3 Non-performing past due exposures	3,631	803	741	253	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.4 Performing exposures	16,223,470	5,338	6,774,969	48,799	184,390	73
- of which: forborne exposures	5,081	95	1,498	459	-	-
Total (A)		**16,228,872**	**8,772**	**6,785,626**	**63,398**	**184,390**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	764	123	1,359	60	-	-
B.2 Performing exposures	1,243,419	192	1,651,226	451	292,836	-
Total (B)	**1,244,183**	**315**	**1,652,585**	**511**	**292,836**	**-**
Total (A+B) 31.12.2023	**17,473,055**	**9,087**	**8,438,211**	**63,909**	**477,226**	**73**
Total (A+B) 31.12.2022	**18,840,088**	**13,766**	**9,966,875**	**59,988**	**225,420**	**25**

B.1 Prudential consolidation - Breakdown by sector of on- and off-balance sheet credit exposures to customers

(cont.)

Exposures/Counterparties	Non-financial companies		Households	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures				
A.1 Bad loans	134,185	359,486	39,848	95,189
- of which: forborne exposures	26,280	51,407	6,247	17,934
A.2 Unlikely-To-Pay loans	417,909	455,071	286,688	170,169
- of which: forborne exposures	175,214	184,137	94,062	52,895
A.3 Non-performing past due exposures	57,368	22,696	92,016	34,014
- of which: forborne exposures	-	-	414	97
A.4 Performing exposures	40,717,899	361,328	41,036,075	263,559
- of which: forborne exposures	649,191	55,211	260,027	31,848
Total (A)	**41,327,361**	**1,198,581**	**41,454,627**	**562,931**
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	261,815	54,793	8,619	1,715
B.2 Performing exposures	33,789,839	51,795	2,252,730	8,645
Total (B)	**34,051,654**	**106,588**	**2,261,349**	**10,360**
Total (A+B) 31.12.2023	**75,379,015**	**1,305,169**	**43,715,976**	**573,291**
Total (A+B) 31.12.2022	**75,351,759**	**1,943,415**	**44,747,270**	**569,398**

B.2 Prudential consolidation - Breakdown by geographical area of on- and off-balance sheet credit exposures to customers

Exposures/Geographical areas	Italy		Other European countries		America
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure
A. On-balance-sheet exposures					
A.1 Bad loans	174,442	454,487	58	2,006	89
A.2 Unlikely-To-Pay loans	712,552	634,890	1,287	1,612	433
A.3 Non-performing past due exposures	145,165	57,033	6,721	593	1,869
A.4 Performing exposures	96,352,812	671,500	5,843,248	6,455	1,740,135
Total (A)	**97,384,971**	**1,817,910**	**5,851,314**	**10,666**	**1,742,526**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	272,489	56,688	68	3	-
B.2 Performing exposures	38,539,827	60,915	311,702	166	62,291
Total (B)	**38,812,316**	**117,603**	**311,770**	**169**	**62,291**
Total (A+B) 31.12.2023	**136,197,287**	**1,935,513**	**6,163,084**	**10,835**	**1,804,817**
Total (A+B) 31.12.2022	**140,256,395**	**2,572,823**	**6,238,392**	**8,965**	**1,587,322**

B.2 Prudential consolidation - Breakdown by geographical area of on- and off-balance sheet credit exposures to customers

(cont.)

Exposures/Geographical areas	United States	Asia		Rest of the world	
	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures					
A.1 Bad loans	912	-	19	-	-
A.2 Unlikely-To-Pay exposures	556	5	24	1,451	2,386
A.3 Non-performing past due exposures	139	1	1	-	-
A.4 Performing exposures	750	298,457	217	517,761	102
Totale (A)	**2,357**	**298,463**	**261**	**519,212**	**2,488**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	8,440	1	14,954	1
Totale (B)	**-**	**8,440**	**1**	**14,954**	**1**
Totale (A+B) 31.12.2023	**2,357**	**306,903**	**262**	**534,166**	**2,489**
Totale (A+B) 31.12.2022	**2,168**	**311,881**	**175**	**512,002**	**2,436**

The territorial distribution of exposures to customers is presented below, considering just the component of loans and distinguishing between Stage classifications:

Exposures/ Geographical areas	Italy			Other European countries			United States		
	Gross Exposure	Total impairment provisions	Net exposure	Gross exposure	Total impairment provisions	Net exposure	Gross exposure	Total impairment provisions	Net exposure
Total	**88,785,377**	**(1,792,721)**	**86,992,656**	**851,298**	**(9,630)**	**841,668**	**321,289**	**(2,123)**	**319,166**
Stage 1	77,472,019	(183,992)	77,288,027	758,839	(2,668)	756,171	315,195	(434)	314,761
Stage 2	8,728,161	(440,085)	8,288,076	78,545	(2,722)	75,823	2,097	(83)	2,014
Stage 3	1,710,751	(836,755)	873,996	12,135	(4,162)	7,973	3,558	(1,301)	2,257
Purchased or originated credit-impaired financial assets	874,446	(331,889)	542,557	1,779	(78)	1,701	439	(305)	134

(cont.)

Esposizioni/Aree geografiche	Asia			Rest of the world		
	Gross exposure	Total impairment provisions	Net exposure	Gross exposure	Total impairment provisions	Net exposure
Total	**53,857**	**(235)**	**53,622**	**19,707**	**(2,465)**	**17,242**
Stage 1	52,867	(99)	52,768	15,190	(31)	15,159
Stage 2	941	(92)	849	672	(42)	630
Stage 3	48	(43)	5	3,841	(2,389)	1,452
Purchased or originated credit-impaired financial assets	1	-1	-	4	(3)	1

B.2 Prudential consolidation - Breakdown by geographical area of on- and off-balance sheet credit exposures to customers

Exposures/Geographical areas	North West Italy		North East Italy		Centre Italy		South Italy and islands	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures								
A.1 Bad loans	63,954	135,253	30,187	77,856	32,065	76,624	48,236	164,754
A.2 Unlikely-To-Pay loans	274,366	207,515	134,921	153,528	122,529	125,110	180,736	148,737
A.3 Non-performing past due exposures	48,133	20,286	20,919	8,205	27,824	10,142	48,289	18,400
A.4 Performing exposures	31,526,537	260,182	21,564,887	144,525	24,499,296	136,736	18,762,092	130,057
Total (A)	**31,912,990**	**623,236**	**21,750,914**	**384,114**	**24,681,714**	**348,612**	**19,039,353**	**461,948**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	96,006	16,516	121,317	23,046	29,516	10,252	25,650	6,874
B.2 Performing exposures	17,188,314	44,952	10,627,030	8,895	5,935,156	2,856	4,789,327	4,212
Total (B)	**17,284,320**	**61,468**	**10,748,347**	**31,941**	**5,964,672**	**13,108**	**4,814,977**	**11,086**
Total (A+B) 31.12.2023	**49,197,310**	**684,704**	**32,499,261**	**416,055**	**30,646,386**	**361,720**	**23,854,330**	**473,034**
Total (A+B) 31.12.2022	**48,909,045**	**796,063**	**35,340,461**	**496,766**	**31,996,241**	**447,403**	**24,010,648**	**832,591**

B.3 Prudential consolidation – Breakdown by geographical area of on- and off-balance sheet credit exposures to banks

Exposures/Geographical areas	Italy		Other European countries		America
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure
A. On-balance-sheet exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely-To-Pay exposures	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-
A.4 Performing exposures	11,524,442	2,675	7,338,681	24,058	57,945
Total (A)	**11,524,442**	**2,675**	**7,338,681**	**24,058**	**57,945**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	1,251,514	19	1,126,208	5,500	125,435
Total (B)	**1,251,514**	**19**	**1,126,208**	**5,500**	**125,435**
Total (A+B) 31.12.2023	**12,775,956**	**2,694**	**8,464,889**	**29,558**	**183,380**
Total (A+B) 31.12.2022	**18,466,114**	**7,950**	**8,725,060**	**29,478**	**341,292**

B.3 Prudential consolidation – Breakdown by geographical area of on- and off-balance sheet credit exposures to banks

(cont.)

Exposures/Geographical areas	United States	Asia		Rest of the world	
	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely-To-Pay exposures	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-
A.4 Performing exposures	23	118,297	42	1,107,735	64
Total (A)	**23**	**118,297**	**42**	**1,107,735**	**64**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	9	816,311	18	219,916	3
Total (B)	**9**	**816,311**	**18**	**219,916**	**3**
Total (A+B) 31.12.2023	**32**	**934,608**	**60**	**1,327,651**	**67**
Total (A+B) 31.12.2022	**284**	**722,365**	**144**	**1,410,047**	**98**

B.3 Prudential consolidation – Breakdown by geographical area of on- and off-balance sheet credit exposures to banks

Exposures/Geographical areas	North West Italy		North East Italy		Centre Italy		South Italy and islands	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely-To-Pay loans	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	1,959,524	1,123	254,857	271	9,307,048	1,281	3,013	-
Total (A)		**1,123**	**254,857**	**271**	**9,307,048**	**1,281**	**3,013**	**-**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	1,127,675	14	87,380	5	36,435	-	24	-
Total (B)	**1,127,675**	**14**	**87,380**	**5**	**36,435**	**-**	**24**	**-**
Total (A+B) 31.12.2023	**3,087,199**	**1,137**	**342,237**	**276**	**9,343,483**	**1,281**	**3,037**	**-**
Total (A+B) 31.12.2022	**3,561,285**	**3,087**	**735,890**	**302**	**14,161,673**	**4,561**	**7,266**	**-**

B.4 Large exposures

	31.12.2023	31.12.2022
a) Book value	28,935,225	29,133,271
b) Weighted value	5,659,964	6,813,712
c) Number	13	15

This measurement was made on the basis of the updates to Circular 285 which regulate "large exposures".
The rules define as a "large exposure" the amount of on-balance-sheet assets at risk and off-balance sheet transactions of a single customer or group of related customers that come to 10% or more of eligible capital.
Note that repurchase agreements are included in the amount of risk activities. These transactions contribute to the value of the counterparty exposure for the amount of "securities to be received", while they contribute to the exposure after CRM and exemptions under art. 400 CRR only for the difference between the amount of "securities to be received" and the cash deposit received.
At 31 December 2020, there are 13 "large exposures" for an overall amount of Euro 28,935 million, corresponding to Euro 5,660 million after CRM and exemptions under art. 400 CRR. Of these, repurchase agreements account for Euro 6988 million and Euro 784.9 million respectively.
For an amount of over 64% of the total, the positions shown include government counterparties for a total exposure of Euro 18,220 million and Euro 1,493 million after CRMs and exemptions.
The rest is made up of leading European and world companies/banks (for Euro 10,715 million - Euro 4,167 million after CRM and exemptions) and an associated/related company.

To facilitate an understanding of the degree of concentration of loans, the nominal value of major exposures has been provided.

Risk concentration:

Reference date: 31.12.2023	Amount of the exposure	Amount of the exposure after CRM and exemptions under art. 400 CRR
First 5 exposures	21,317,880	3,014,606
First 10 exposures	26,422,033	4,636,299
First 20 exposures	33,630,755	7,901,317

Reference date: 31.12.2022	Amount of the exposure	Amount of the exposure after CRM and exemptions under art. 400 CRR
First 5 exposures	20,068,095	3,353,412
First 10 exposures	25,488,429	4,957,093
First 20 exposures	31,971,414	9,065,927

C. Securitisation transactions

Qualitative Information

The primary objectives of the securitisation transactions arranged by the Group in relation to non-performing loans are:
- to improve the asset structure of the banks concerned;
- to facilitate loan recovery strategies and make them more efficient (by centralising work with one group of lawyers);
- to exercise rigorous, direct control over higher risk loans, without modifying the overall risk profile.

Transactions involving performing contracts are, on the other hand, arranged in order to optimise sources of funding.

The following BPER Banca Group transactions, other than self-securitisation transactions[53] are outstanding at 31 December 2023:
- Italian Credit Recycle
- Restart
- 4 Mori Sardegna
- AQUI SPV
- Spring SPV
- Summer SPV
- Grogu SPV (execution of the “Skywalker” sale project)
- Loira SPV
- Pillarstone
- Sestante no. 2
- Sestante no. 3
- Brisca Securitisation
- Riviera NPL
- Lanterna Mortgage
- Lanterna Finance 4

On the other hand, the transaction known as “Grecale”, originated by Unipol Banca S.p.A. and merged into BPER Banca in 2019, was closed with the repurchase of the loans, which took place on 12 April 2023, and the cancellation of the remaining securities.

53 The information report provided on the so-called “Self-securitisations” is provided in paragraph 1.4 – Liquidity risk, below

Italian Credit Recycle (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	20 June 2017
Seller:	Nuova Cassa di Risparmio di Ferrara s.p.a.
Special purpose vehicle:	Italian Credit Recycle s.r.l., based in Rome
Servicer:	Master Gardant s.p.a. , acting as Servicer, Corporate Servicer, Calculation and Paying Agent
Issue date of securities	28 June 2017
Type of transaction	Traditional
Organisational structure	Master Gardant s.p.a. prepares a quarterly report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 252 million
Disposal price of securitised assets	The disposal price was Euro 41 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023
IT0005274565	Senior	Dec-37	22,400	-
IT0005274573	Junior	Dec-37	18,600	1
Total			**41,000**	**1**

The securities were placed with institutional investors on issue and, for a residual part, were subscribed by BPER Banca (Euro 2.2 million).

Restart (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	20 June 2017
Seller:	Nuova Cassa di Risparmio di Ferrara s.p.a.
Special purpose vehicle:	Restart SPV s.r.l., based in Rome
Servicer:	Master Gardant s.p.a., acting as Servicer, Corporate Servicer, Calculation and Paying Agent
Issue date of securities	20 June 2017
Type of transaction	Traditional
Organisational structure	Master Gardant s.p.a. prepares a quarterly report that it shares with investors.
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 343 million
Disposal price of securitised assets	The disposal price was Euro 22 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023
IT0005274532	Senior	Dec-37	18,200	70
IT0005274540	Junior	Dec-37	14,800	679
Total			**33,000**	**749**

The securities were placed with institutional investors on issue and, for a residual part, were subscribed by BPER Banca (Euro 1.8 million).

4 Mori Sardegna S.r.l. (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	7 June 2018
Seller:	Banco di Sardegna s.p.a.
Special purpose vehicle:	4 Mori Sardegna S.r.l., based in Conegliano (Treviso)
Servicer:	Prelios Credit Servicing S.p.A., as Servicer
Issue date of securities	22 June 2018
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Prelios Credit Servicing S.p.A. prepares a half-year report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 1,045 million
Disposal price of securitised assets	The disposal price was Euro 253 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 12 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023	Rating DBRS	Rating Scope
IT0005337446	Senior	Jan-37	232,000	109,409	BB (sf)	BB (sf)
IT0005337479	Mezzanine	Jan-37	13,000	650	CCC (sf)	CCC (sf)
IT0005337487	Junior	Jan-37	8,000	400	n.r.	n.r.
Total			**253,000**	**110,459**		

The securities were fully subscribed by Banco di Sardegna s.p.a. on issue. The Mezzanine and Junior notes were subsequently placed with institutional investors net of a residual part equal to 5% (Euro 1.05 million), kept by Banco di Sardegna S.p.A. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

AQUI SPV S.R.L. (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	2 October 2018
Seller:	BPER Banca S.p.A.; Cassa di Risparmio di Bra S.p.A.; Cassa di Risparmio di Saluzzo S.p.A.
Special purpose vehicle:	AQUI SPV S.r.l., based in Conegliano (TV)
Servicer:	Prelios Credit Servicing S.p.A., as Servicer
Issue date of securities	7 November 2018
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Prelios Credit Servicing S.p.A. prepares a half-year report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 2,082 million
Disposal price of securitised assets	The disposal price was Euro 618 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 27.235 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023	Rating Scope	Rating Moody's
IT0005351330	Senior	Oct-38	544,700	269,469	B+(sf)	Ba2 (sf)
IT0005351348	Mezzanine	Oct-38	62,900	3,145	n.r.	n.r.
IT0005351355	Junior	Oct-38	10,852	543	n.r.	n.r.
Total			**618,452**	**273,157**		

The notes were fully subscribed by BPER Banca s.p.a. on issue. The Mezzanine and Junior notes were subsequently placed with institutional investors net of a residual part equal to 5% (Euro 3.7 million), kept by BPER Banca in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Spring (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	1 June 2020
Seller:	BPER Banca S.p.A.; Banco di Sardegna S.p.A.; Cassa di Risparmio di Bra S.p.A.
Special purpose vehicle:	SPRING SPV S.r.l., based in Conegliano (Treviso)
Servicer:	Prelios Credit Servicing s.p.a., as Servicer..
Issue date of securities	18 June 2020
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Prelios Credit Servicing s.p.a. prepares a half-year report that it shares with investors..
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task..

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 1,377 million
Disposal price of securitised assets	The disposal price was Euro 341 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 16.450 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023	Rating Scope	Rating Moody's
IT0005413197	Senior	Sep-40	320,000	114,499	BBB+ (sf)	Baa1 (sf)
IT0005413213	Mezzanine	Sep-40	20,000	1,000	n.r.	n.r.
IT0005413221	Junior	Sep-40	3,400	170	n.r.	n.r.
Total			**343,400**	**115,669**		

The securities were fully subscribed by BPER Banca s.p.a. and Banco di Sardegna s.p.a. on issue. The Mezzanine and Junior notes were subsequently placed with institutional investors net of a residual part equal to 5% (Euro 1.2 million), kept by BPER Banca s.p.a. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Summer (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	18 December 2020
Seller:	BPER Banca S.p.A.; Banco di Sardegna S.p.A.
Special purpose vehicle:	SUMMER SPV S.r.l., based in Conegliano (TV)
Servicer:	Fire S.p.A. as Special Servicer and - Banca Finint S.p.A. as Master Servicer
Issue date of securities	30 December 2020
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Banca Finint S.p.A. prepares a half-year report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 322 million
Disposal price of securitised assets	The disposal price was Euro 86 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 3.666 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023	Rating Scope	Rating Moody's
IT0005432445	Senior	Oct-40	85,400	45,527	BBB (sf)	Baa1 (sf)
IT0005432452	Mezzanine	Oct-40	10,000	500	n.r.	n.r.
IT0005432460	Junior	Oct-40	1,000	50	n.r.	n.r.
Totale			**96,400**	**46,077**		

The Senior notes were fully subscribed by BPER Banca s.p.a. and Banco di Sardegna s.p.a. The Mezzanine and Junior notes were placed with an institutional investor and for a residual part equal to 5% (Euro 550 thousand), they were subscribed by BPER Banca s.p.a. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Grogu (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	28 July 2021
Seller:	BPER Banca S.p.A.; Banca Intesa San Paolo S.p. A.
Special purpose vehicle:	GROGU SPV S.r.l., based in Conegliano (TV)
Servicer:	Prelios Credit Servicing s.p.a., as Special Servicer and Banca Finint S.p.A. as Master Servicer
Issue date of securities	15 December 2021
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisational structure	Banca Finint S.p.A. prepares a quarterly report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The amount of receivables from the portfolios sold is Euro 3,077 million, of which Euro 914 million relating to the BPER portfolio and Euro 2,163 million relating to the Intesa San Paolo portfolio
Disposal price of securitised assets	The disposal price was Euro 500 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 8.4 million
Guarantees and credit lines granted by third parties	Subordinated loan of Euro 12.2 million granted by Intesa Sanpaolo. Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	Rating Scope	Rating Moody's	Rating DBRS
IT0005473852	Senior	Jan-42	460,000	187,680	88,251	BBB+ (sf)	Baa1 (sf)	BBB (High)
IT0005473860	Mezzanine	Jan-42	37,000	4,757	550	n.r.	n.r.	n.r.
IT0005473878	Junior	Jan-42	3,000	386	45	n.r.	n.r.	n.r.
Total			**500,000**	**192,823**	**88,846**			

The Senior securities were subscribed to in proportion to the price of sale by BPER Banca and Intesa San Paolo. The Mezzanine and Junior notes were placed with an institutional investor and for a residual part equal to 5% (Euro 550 thousand), they were subscribed by BPER Banca s.p.a. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Loira (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	14 April 2023
Seller:	BPER Banca S.p.A.; Banco di Sardegna S.p.A.
Special purpose vehicle:	Loira SPV s.r.l., based in Via Curtatone 3, 00185 Rome
Servicer:	MASTER GARDANT S.p.A. as Master Servicer, Corporate Servicer, Calculation Agent and Paying Agent, Special GARDANT as Special Servicer, Intesa Sanpaolo S.p.A. as Account Bank
Issue date of securities	27 April 2023
Type of transaction	Traditional
Organisational structure	Master Gardant s.p.a. prepares a quarterly report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	UTPs
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 466 million
Disposal price of securitised assets	The disposal price was Euro 155.9 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023
IT0005543738	Senior	Dec-42	84,588	84,588	71,647
IT0005543746	Mezzanine	Dec-42	18,126	907	793
IT0005543761	Mezzanine	Dec-42	9,063	454	454
IT0005543787	Junior	Dec-42	14,063	704	504
Total			**125,840**	**86,653**	**73,398**

The Senior notes were fully subscribed by BPER Banca S.p.A. The Mezzanine and Junior notes were placed with an institutional investor and for a residual part equal to 5%, they were subscribed by BPER Banca s.p.a. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Pillarstone

During 2017, BPER Banca securitised a loan of 21 million US dollars granted to Premuda S.p.a., through the vehicle Pillarstone Italy SPV S.r.l. (established under Law 130/99).
The transaction, carried out jointly with other important Italian banks, was carried out in order to allow a restructuring of the receivables from Premuda S.p.a., with the aim of facilitating and increasing the recoveries of the securitised exposures.
The sale was finalized with the issue by the vehicle of Super Senior class securities (subscribed by third parties), of Senior and Junior class securities (fully subscribed by the bank).
The transaction also involves the transfer of all the loans purchased by the vehicle (Pillarstone Italy SPV S.r.l.) to a company (Pillarstone Italy Holding S.p.a.) which, through separate assets established pursuant to art. 2447-bis letter a) of the Italian Civil Code, provides for the restructuring of the loans due from the Premuda group.
BPER Banca does not hold any interest in the companies indicated above.
None of the securities issued by the SPV have a rating.
To match the derecognition of the loan, the Parent Company has recognised the securities subscribed as an asset.
The carrying value of the securities of US dollar 81,575 thousand and Euro 25,645 thousand includes the securities previously pertaining to the acquiree Banca Carige S.p.A. and is equal to the amount of the restructured loan entered into between Pillarstone Italy Holding s.p.a. and the Premuda group.

The “own” transactions also include those originated by the Banks absorbed by BPER Banca S.p.A. In particular, they include:
- the securities issued by Sestante Finance SPV S.r.l. deriving from transactions originated by Meliorbanca S.p.A., which was absorbed by BPER Banca in 2012.

Sestante no. 2

Disposal date:	3 December 2004
Seller:	Meliorbanca S.p.a.
Special purpose vehicle:	Sestante Finance s.r.l., based in Via Mario Carucci 131, Rome
Servicer:	Italfondiario Spa
Issue date of securities	3 December 2004
Type of transaction	Traditional
Organisational structure	Italfondiario S.p.a. provides a quarterly report on the collections in which it comments on the activity carried out with indications relating to collections, providing specific details about interest and principal payments
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Servicer

The operational aspects are summarised below:

Assets sold	ABS securities with mortgage loans on residential and commercial properties as underlying
Quality of assets securitised	Performing loans
Amount of securitised assets	The nominal value of ABS securities issued by Sestante W Srl was Euro 625 million
Disposal price of securitised assets	The disposal price was Euro 653 million
Guarantees and credit lines granted by the bank	Contingency liquidity
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements stipulated with both individuals and legal entities excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023
IT0003760136	Senior	Jul-42	575,300	-
IT0003760193	Mezzanine	Jul-42	34,400	-
IT0003760227	Mezzanine	Jul-42	15,600	-
IT0003760243	Mezzanine	Jul-42	21,900	-
IT0003760284	Junior	Jul-42	6,253	-
Total			**653,453**	**-**

The Senior and Mezzanine securities were placed with institutional investors on issue, while the Junior securities were subscribed by the merged company Meliorbanca s.p.a. and subsequently sold on the secondary market. As at 31 December 2023, the securities were still outstanding but not held by Group Banks.

Sestante no. 3

Disposal date:	16 December 2005
Seller:	Meliorbanca S.p.a.
Special purpose vehicle:	Sestante Finance s.r.l., based in Via Mario Carucci 131, Rome
Servicer:	Italfondiario Spa
Issue date of securities	16 December 2005
Type of transaction	Traditional
Organisational structure	Italfondiario S.p.a. provides a quarterly report on the collections in which it comments on the activity carried out with indications relating to collections, providing specific details about interest and principal payments
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Servicer

The operational aspects are summarised below:

Assets sold	ABS securities with mortgage loans on residential and commercial properties as underlying
Quality of assets securitised	Performing loans
Amount of securitised assets	The nominal value of ABS securities issued by Sestante W Srl was Euro 858 million
Disposal price of securitised assets	The disposal price was Euro 900 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	Contingency liquidity
Analysis by business sector	Mortgage agreements stipulated with both individuals and legal entities excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023
IT0003937452	Senior	Jul-45	791,900	-
IT0003937486	Mezzanine	Jul-45	47,350	-
IT0003937510	Mezzanine	Jul-45	21,500	-
IT0003937569	Mezzanine	Jul-45	30,150	-
IT0003937551	Junior	Jul-45	8,610	-
Total			**899,510**	**-**

The Senior and Mezzanine securities were placed with institutional investors on issue, while the Junior securities were subscribed by the merged company Meliorbanca s.p.a. and subsequently sold on the secondary market. As at 31 December 2023, the securities were still outstanding but not held by Group Banks.

Brisca Securitisation S.r.l.

Disposal date:	16 June 2017
Seller:	Banca Carige S.p.A.; Banca Cesare Ponti S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Brisca Securitisation S.r.l.
Servicer:	Prelios Credit ServicingS.p.A., as Servicer; Zenith Service S.p.A. as Monitoring Agent
Issue date of securities	5 July 2017
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Banca Finint S.p.A. as Representative of the Noteholders, Calculation Agent, BUS and Corporate Services Provider; BNP Paribas S.S. as Agent Bank, Account Bank Cash Manager and Principal Paying Agent
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 961 million
Disposal price of securitised assets	The disposal price was Euro 309.7 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	**Seniority**	**Maturity**	**Issue amount**	**Subscribed amount**	**Residual balance at 31.12.2023**	**Rating DBRS**	**Rating Moody's**
IT0005274599	Senior	Dec-37	267,400	267,400	99,981	CCC (sf)	B3 (sf)
IT0005274607	Mezzanine	Dec-37	30,500	-	-	C (sf)	Ca (sf)
IT0005274615	Junior	Dec-37	11,800	-	-	n.r.	n.r.
Total			**309,700**	**267,400**	**99,981**		

Riviera NPL S.r.l.

Disposal date:	4 December 2018
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Riviera NPL S.r.l.
Servicer:	Credito Fondiario S.p.A. as Master Servicer; Credito Fondiario S.p.A. as Special Servicer A and Italfondiario S.p.A. as Special Servicer B; Zenit Service S.p.A. as Monitoring Agent
Issue date of securities	17 December 2018
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Banca Finint S.p.A. as Representative of the Noteholders, Calculation Agent, BUS and Corporate Services Provider; BNP Paribas S.S. as Agent Bank, Account Bank Cash Manager and Principal Paying Agent
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 963 million
Disposal price of securitised assets	The disposal price was Euro 215 million
Guarantees and credit lines granted by the bank	During the loan disposal phase, Banca Carige S.p.A. disbursed a subordinated loan facility of Euro 7 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rate risk on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	Rating Scope	Rating Moody's
IT0005356040	Senior	Jul-36	175,000	175,000	66,530	BB+ (sf)	Ba1 (sf)
IT0005356057	Mezzanine	Jul-36	30,000	1,500	1,500	CCC (sf)	Ca (sf)
IT0005356065	Junior	Jul-36	10,000	500	500	n.r.	n.r.
Total			**215,000**	**177,000**	**68,530**		

Lanterna Mortgage s.r.l.

Disposal date:	16 July 2020
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Lanterna Mortgage s.r.l., with registered office in Via della Cassa di Risparmio 15, Genoa
Servicer:	BPER Banca S.p.A. (former Banca Carige s.p.a.), in the role of Servicer - Corporate Servicer and Cash Manager
Issue date of securities	31 July 2020
Type of transaction	Traditional - STS compliant
Organisation	BNY Mellon in the role of Account Bank and Paying Agent; Zenith Services as Representative of the Noteholders and BUS; Prime Collateralised Securities EU SAS as Third Party Verifying STS compliance
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator. This activity has been delegated to Servicer since the absorption date of Banca Carige into BPER Banca

The operational aspects are summarised below:

Assets sold	Mortgage loans on residential properties
Quality of assets securitised	Performing loans
Amount of securitised assets	The total claimed principal amount of the loan portfolio sold is Euro 248.4 million
Disposal price of securitised assets	The disposal price was Euro 249.4 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None.
Analysis by business sector	Mortgage agreements stipulated with both individuals and legal entities excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	Rating DBRS	S&P rating
IT0005417990	A1	Jan-65	173,891	-	-	AAA (sf)	AA
IT0005418006	A2	Jan-65	11,179	11,179	11,179	AAA (sf)	AA
IT0005418014	Junior	Jan-65	69,034	69,034	69,034	n.r.	n.r.
Total			**254,104**	**80,213**	**80,213**		

Lanterna Finance 4

Disposal date:	8 June 2021
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Lanterna Finance s.r.l., with registered office in Via della Cassa di Risparmio 15, 16123 - Genoa
Servicer:	BPER Banca S.p.A. (former Banca Carige s.p.a.), in the role of Servicer - Corporate Servicer and Cash Manager
Issue date of securities	30 June 2021
Type of transaction	Traditional - STS compliant
Organisation	BNY Mellon in the role of Account Bank, Calculation Agent and Paying Agent; Zenith Services as Representative of the Noteholders and BUS; Prime Collateralised Securities EU SAS as Third Party Verifying STS compliance
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator. This activity has been delegated to Servicer since the absorption date of Banca Carige into BPER Banca

The operational aspects are summarised below:

Assets sold	Mortgages granted to SMEs assisted by the specific Guarantee Provision
Quality of assets securitised	Performing loans
Amount of securitised assets	The total claimed principal amount of the loan portfolio sold is Euro 384 million
Disposal price of securitised assets	The disposal price was Euro 384 million.
Guarantees and credit lines granted by the bank	Subordinated loan for Euro 3.275 million disbursed pro rata by Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A.
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements stipulated with legal entities with SME status pursuant to Law 662/96
Analysis by geographical area	Securitised loans refer to borrowers based in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	Moody's	S&P rating
IT0005450710	Senior	Apr-50	320,000	-	-	Aa3 (sf)	A+
IT0005450728	Junior	Apr 2050	62,700	62,700	62,700	n.r.	n.r.
Total			**382,700**	**62,700**	**62,700**		

Quantitative information

C.1 Prudential consolidation - Breakdown of exposures deriving from the main “own” securitisations by type of securitised asset and type of exposure

Type of securitised assets/Exposure	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book Value	Net impairment losses	Book Value	Net impairment losses	Book Value	Net impairment losses
A. Fully derecognised	**855,786**	**17,991**	**22,017**	**-**	**814**	**-**
- performing residential mortgages	1,345	-	366	-	-	-
- non-performing residential mortgages	158,530	2,109	805	-	175	-
- performing non-residential mortgages						
- non-performing non-residential mortgages	381,623	9,719	868	-	151	-
- performing leases						
- non-performing leases	23	-	680	-	-	-
- other performing loans						
- other non-performing loans	314,265	6,163	19,298	-	488	-
- performing securities						
- non performing securities						
B. Partially derecognised						
C. Not derecognised	**-**	**-**	**-**	**-**	**44,841**	**-**
- performing residential mortgages						
- non-performing residential mortgages						
- performing non-residential mortgages						
- non-performing non-residential mortgages						
- performing leases						
- non-performing leases						
- other performing loans					44,841	
- other non-performing loans						
- performing securities						
- non performing securities						

(cont.)

Type of securitised assets/Exposure	Guarantees granted					
	Senior		Mezzanine		Junior	
	Net exposure	Net impairment losses	Net exposure	Net impairment losses	Net exposure	Net impairment losses
A. Fully derecognised	**1,892**	**57**	**-**	**-**	**-**	**-**
- performing residential mortgages	1,892	57				
- non-performing residential mortgages						
- performing non-residential mortgages						
- non-performing non-residential mortgages						
- performing leases						
- non-performing leases						
- other performing loans						
- other non-performing loans						
- performing securities						
- non performing securities						
B. Partially derecognised						
C. Not derecognised	**-**	**-**	**-**	**-**	**-**	**-**
- performing residential mortgages						
- non-performing residential mortgages						
- performing non-residential mortgages						
- non-performing non-residential mortgages						
- performing leases						
- non-performing leases						
- other performing loans						
- other non-performing loans						
- performing securities						
- non performing securities						

The table shows the on-balance-sheet exposures assumed by the Group in connection with its own securitisations Sestante, Pillarstone, Restart, Italian Credit Recycle, Brisca, 4Mori, Aqui, Riviera, Spring, Summer, Grogu, Loira. "Net impairment losses" show the annual flow of impairment losses and write-backs as required by the Bank of Italy's Circular 262/2005. The parts of the table relating to "Credit Lines" have not been shown as there is nothing to report.

C.2 Prudential consolidation - Breakdown of exposures deriving from the main "third-party" securitisations by type of securitised asset and type of exposure

Type of underlying asset/Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book Value	Net impairment losses	Book Value	Net impairment losses	Book Value	Net impairment losses
- performing residential mortgages	12,692	3	1,559			
- non-performing residential mortgages						
- performing non-residential mortgages						
- non-performing non-residential mortgages						
- performing leases						
- non-performing leases						
- other performing loans	24,825					
- other non-performing loans						
- performing securities						
- non performing securities						

(cont.)

Type of underlying asset/Exposures	Credit lines					
	Senior		Mezzanine		Junior	
	Net exposure	Net impairment losses	Net exposure	Net impairment losses	Net exposure	Net impairment losses
- performing residential mortgages						
- non-performing residential mortgages						
- performing non-residential mortgages						
- non-performing non-residential mortgages						
- performing leases						
- non-performing leases						
- other performing loans	2,100					
- other non-performing loans						
- performing securities						
- non performing securities						

The parts of the table relating to "Guarantees granted" have not been shown as there is nothing to report.

C.3 Prudential consolidation - Interests in securitisation vehicles

There are no amounts to be disclosed in this Consolidated Financial Report.

C.4 Prudential consolidation - Non-consolidated securitisation vehicles

Securitisation name/ Securitisation vehicle name	Registered head office	% Interest	Assets			Liabilities		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
Sardegna Re Finance Srl	Via Statuto 13 – 20121 Milano		983,825	-	17,687	534,504	-	454,972
Lanterna Finance 4 - Pmi 100	Via Cassa di Risparmio, 15, 16123, Genoa		209,979		16,467	157,189	-	63,029
Lanterna Finance 5	Via Cassa di Risparmio, 15, 16123, Genoa		293,078		25,583	112,032	-	187,982
Lanterna Mortgage	Via Cassa di Risparmio, 15, 16123, Genoa		171,105		10,225	96,059		69,396

C.5 Prudential consolidation - Servicer activities - "own" securitisation: collection of securitised loans and reimbursement of securities issued by securitisation vehicle

There are no amounts to be disclosed in this Consolidated Financial Report.

C.6 Prudential consolidation – Consolidated securitisation vehicles

There are no amounts to be disclosed in this Consolidated Financial Report.

D. Disposal transactions

A. Financial assets sold but not fully derecognised

Qualitative Information

The business reflected in the following table mainly relates to the use of investment securities for short/medium/long-term repo transactions and to the disposal of loans to customers in the context of securitisation transactions.

Quantitative information

D.1 Prudential consolidation - Financial assets sold and fully recognised and associated financial liabilities: book value

	Financial assets sold and fully recognised				Related financial liabilities		
	Book Value	o.w. subject to securitisation transactions	o.w. subject to sale contracts with repurchase agreement	of which non-performing	Book Value	o.w. subject to securitisation transactions	o.w. subject to sale contracts with repurchase agreement
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**844,448**	**-**	**844,448**	**-**	**825,392**	**-**	**825,392**
1. Debt securities	844,448	-	844,448	-	825,392	-	825,392
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**5,110,963**	**363,706**	**4,747,257**	**13,582**	**4,676,354**	**236,809**	**4,439,545**
1. Debt securities	4,061,993	-	4,061,993	-	3,747,308	-	3,747,308
2. Loans	1,048,970	363,706	685,264	13,582	929,046	236,809	692,237
Total 31.12.2023	**5,955,411**	**363,706**	**5,591,705**	**13,582**	**5,501,746**	**236,809**	**5,264,937**
Total 31.12.2022	**4,651,618**	**716,218**	**3,935,400**	**5,382**	**4,007,785**	**392,898**	**3,614,886**

D.2 Prudential consolidation - Financial assets sold partially recognised and related financial liabilities: book value

There are no amounts to be disclosed in this Consolidated Financial Report.

D.3 Prudential Consolidation - Sale transactions with liabilities having recourse exclusively on the assets sold and not fully derecognised: fair value

There are no amounts to be disclosed in this Consolidated Financial Report.

B. Financial assets sold and not fully derecognised with recognition of continuing involvement

The Group did not make any disposal for which it would have to provide information in accordance with IFRS 7 § 7, 42D letters a), b), c) and § 42H.

C. Financial assets sold and fully derecognised

The instrument of the assignment of loans to mutual investment funds aims to assign the management of exposures classified as high risk to specialised and independent professional operators (represented by asset management companies, hereinafter also "SGR") which, through managerial discontinuity actions, should allow a more effective turnaround of Target debtor Companies in a state of financial tension and/or distress with respect to the amount that can be pursued by the creditor bank through own management of its exposure. The strategies pursued by the SGR that manages the fund, in fact, leverage management tools such as, for example, the conversion of debt to equity, the entry of Target debtor Companies in the management bodies in order to achieve an effective operational turnaround, the development of distressed M&A transactions aimed at protecting the value of companies through business partnerships, the direct purchase of property in the case of real estate operators and, lastly, the contribution of new finance from third party investors aimed at the relaunch of companies through tools that enable a greater degree of priority in reimbursements with respect to already existing financial debt (Debtor-in-Possession Financing).
From said perspective, the intervention of an SGR guarantees adequate mechanisms for protecting the rights of investing banks, through the powers attributed to the appropriate investor committees. In addition, in order to align the interests of the SGR with those of the investing banks, the fee and commission structure in favour of the SGR includes not only management fees, proportional to the net assets of the fund, but also performance fees or a carried interest in the extra return on the transaction.

Starting from 2018 until the current year 2023, the BPER Banca Group carried out various assignment transactions attributable to the scheme of the transfer to a mutual investment fund, which involved the derecognition of the assets transferred, following the verification that the originator transferred substantially the risks and rewards of the assets transferred and, also did not retain any substantial control over said assets which was instead assumed by the fund management company.
In replacement of the derecognised assets, under item 20 c) "Financial assets measured at fair value through profit and loss - other financial assets mandatorily at fair value", of Balance sheet assets, the BPER Banca Group recognised units of the Funds received in respect of said transfers. The risks and rewards that the Group may achieve on the units held in exchange for the transfer of assets depend on the general performance of the fund managed by the SGR. In compliance with Part A4 - Information on fair value, for the initial recognition and subsequent recognitions in the financial statements, in view of the characteristics of the instruments - units in mutual closed-end unlisted (illiquid) funds, the fair value was determined using a mark-to-model approach as level 3 fair value. A type of Discounted Cash Flow (DCF) model was used.

As at 31 December 2023, therefore, the BPER Banca Group holds units of 8 mutual investment funds in its portfolio, summarised hereunder:

- Clessidra Restructuring Fund – CRF
- IDeA Corporate Credit Recovery II – CCR II
- RSCT Fund
- Efesto
- Illimity Credit and Corporate Turnaround Fund - iCCT
- Illimity Real Estate Credit Found - iRECF
- Back2Bonis
- KEYstone

In relation to the provisions contained in the Communication of the Bank of Italy of 23 December 2019, acknowledged in the 8th update of Circular 262, the quali-quantitative information for each transaction in place as at 31 December 2023 is reported below.

Sale of non-performing loans to Clessidra Restructuring Fund

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	Clessidra Restructuring Fund ("CRF")	
SGR that manages the investment fund:	Clessidra SGR s.p.a.	
Disposal date:	25.09.2019	05.05.2021
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	27.7	4.1
NBV of assets transferred (in millions of Euro):	11.5	1.0
Units of Fund assigned:		
ISIN:	IT0005362659	IT0005362659
No. of units assigned at signing:	18,317,941	813,967
Book value of the units at signing (in millions of Euro):	12.0	0.8
No. units outstanding at year-end:	19,131,908	
Book value of the units at year-end (in millions of Euro)	9.4	

Sale of non-performing loans to IDeA Corporate Credit Recovery II

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	IDeA Corporate Credit Recovery II or "IDeA CCR II"	
SGR that manages the investment fund:	Dea Capital Alternative Funds SGR s.p.a.	
Disposal date:	26.06.2018	24.01.2020
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	6.1	8.7
NBV of assets transferred (in millions of Euro):	1.9	3.4
Units of Fund assigned:		
ISIN:	IT0005276065	IT0005276065
No. of units assigned at signing:	87	144
Book value of the units at signing (in millions of Euro):	4.3	2.5
No. units outstanding at year-end:	231	
Book value of the units at year-end (in millions of Euro)	3.5	

Sale of non-performing loans to RSCT Fund

Seller:	BPER Banca s.p.a.
Acquiring investment fund:	RSCT Fund
SGR that manages the investment fund:	Davy Global Fund Management Limited, part of the company Pillarstone Italia S.p.a..
Disposal date:	13.05.2020
Assets sold:	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans
GBV of assets transferred(*) (in millions of Euro):	42.2
NBV of assets transferred(*) (in millions of Euro):	17.6
Units of Fund assigned:	
ISIN:	IT0005407975
No. of units assigned at signing(*) (in millions of Euro):	25,126,391
Book value of the units at signing (*) (in millions of Euro):	17.4
No. units outstanding at year-end:	25,126,391
Book value of the units at year-end (in millions of Euro)	20.3

(*) The value stated is considered net of the value of the position repurchased in 2021 which, upon transfer, had a GBV of Euro 3.2 and a NBV of Euro 1.5. The repurchase by the transferor involved a reduction in the units initially acquired of 1,397,653 for a value of Euro 1.1 million.

Sale of non-performing loans to Efesto

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	EFESTO Fund	
SGR that manages the investment fund:	Finanziaria Internazionale Investments SGR s.p.a.	
Disposal date:	27.10.2020	11.03.2021
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	25.1	112.5
NBV of assets transferred (in millions of Euro):	9.7	52.7

Units of Fund assigned:		
ISIN:	IT0005419491	IT0005419491
No. of units assigned at signing:	13,814,877	55,405,549
Book value of the units at signing (in millions of Euro):	10.0	51.5
No. units outstanding at year-end:	69,220,426	
Book value of the units at year-end (in millions of Euro)	39.3	

Seller:	Banco di Sardegna s.p.a.						
Acquiring investment fund:	EFESTO Fund						
SGR that manages the investment fund:	Finanziaria Internazionale Investments SGR S.p.A.						
Disposal date:	27.10.2020	29.12.2020	07.01.2021	03.08.2021	09.12.2021	23.06.2022	16.11.2022
Assets sold:	Corporate Loans	Corporate Loans	Corporate Loans	Corporate Loans	Corporate Loans	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	18.0	10.9	1.3	5.7	8.0	2.8	30.5
NBV of assets transferred (in millions of Euro):	9.8	7.2	0.5	3.7	5.2	0.8	14.4

Units of Fund assigned:							
ISIN:	IT0005419491	IT0005419491	IT0005419491	IT0005419491	IT0005419491	IT0005419491	IT0005419491
No. of units assigned at signing:	11,113,744	7,210,793	718,646	3,939,261	5,842,094	2,166,806	22,804,542
Book value of the units at signing (in millions of Euro):	10.0	7.2	0.5	3.7	4.8	0.8	14.4
No. units outstanding at year-end:	53,795,887						
Book value of the units at year-end (in millions of Euro)	31.4						

Sale of non-performing loans to Illimity Credit and Corporate Turnaround Fund - iCCT

Seller:	BPER Banca s.p.a.			
Acquiring investment fund:	Illimity Credit and Corporate Turnaround Fund (“iCCT”)			
SGR that manages the investment fund:	Illimity SGR s.p.a.			
Disposal date:	31.03.2021	26.11.2021	23.02.2023	14.12.2023
Assets sold:	Corporate Loans	Corporate Loans	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	37.8	5.5	22.0	7.6
NBV of assets transferred (in millions of Euro):	23.9	2.5	12.3	7.0

Units of Fund assigned:				
ISIN:	IT0005416653	IT0005416653	IT0005416653	IT0005416653
No. of units assigned at signing:	30,357,527	3,230,166	12,247,369	5,457,745
Book value of the units at signing (in millions of Euro):	25.0	3.3	12.2	1.7
No. units outstanding at year-end:	51,292,807			
Book value of the units at year-end (in millions of Euro)	39.4			

The price of the only position transferred as at February 2023 was Euro 13.5 million. The assigned debtor operates in the processing and preservation of fruit and vegetables and is located in Northern Italy.
The price of the only position transferred as at December 2023 was Euro 1.9 million. The assigned debtor operates in the electronic equipment manufacturing sector and is located in Northern Italy.

Seller:	Sardaleasing s.p.a.			
Acquiring investment fund:	Illimity Credit and Corporate Turnaround Fund ("iCCT")			
SGR that manages the investment fund:	Illimity SGR s.p.a.			
Disposal period:	01.04.2021	06.12.2021	27.06.2022	21.12.2023
Assets sold:	Corporate Loans	Corporate Loans	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	1.8	8.9	7.8	9.7
NBV of assets transferred (in millions of Euro):	1.1	7.3	4.9	3.0
Units of Fund assigned:				
ISIN:	IT0005416653	IT0005416653	IT0005416653	IT0005416653
No. of units assigned at signing:	1,308,994	6,836,908	4,786,862	6,156,317
Book value of the units at signing (in millions of Euro):	1.1	4.4	4.8	4.4
No. units outstanding at year-end:	19,089,081			
Book value of the units at year-end (in millions of Euro)	13.0			

The price of the positions transferred as at December 2023 was Euro 3.1 million. Compared to the gross value of the assets sold, 22% belong to enterprises operating in the General Mechanical Work sector, 18% to enterprises operating in the Retail Trade sector, 55% to enterprises operating in the Residential Construction sector, and 5% to enterprises renting out owned buildings; 26% belong to companies operating in Northern Italy, 74% to companies operating in Southern Italy.

Disposal of non-performing loans to Illimity Real Estate Credit Fund - IRECF

Seller:	BPER Banca s.p.a.
Acquiring investment fund:	Illimity Real Estate Credit Fund or "iRECF"
SGR that manages the investment fund:	Illimity SGR s.p.a.
Disposal date:	24.10.2023
Assets sold:	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	30.2
NBV of assets transferred (in millions of Euro):	20.9
Units of Fund assigned:	
ISIN:	IT0005493371
No. of units assigned at signing:	28,827,038
Book value of the units at signing (in millions of Euro):	16.3
No. units outstanding at year-end:	28,827,038
Book value of the units at year-end (in millions of Euro)	15.3

The price of the only position sold in October 2023 was Euro 20.2 million. The assigned debtor operates in the Mutual funds (real estate) sector and is located in Northern Italy.

Sale of non-performing loans to Back2Bonis

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	Back2Bonis	
SGR that manages the investment fund:	SGR Prelios s.p.a.	
Disposal date:	21.05.2021	26.06.2023
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	51.6	23.4
NBV of assets transferred (in millions of Euro):	25.6	19.4
Units of Fund assigned:		
ISIN:	IT0005396327	IT0005396327
No. of units assigned at signing:	50	45
Book value of the units at signing (in millions of Euro):	24.4	13.5
No. units outstanding at year-end:	95	
Book value of the units at year-end (in millions of Euro)	34.5	

The price of the positions transferred as at June 2023 was Euro 13.5 million. Compared to the gross value of the assets sold, 15% belong to companies operating in the Linen Packaging sector, 33% to companies operating in the Hotels and similar establishments sector, 52% to companies operating in the Mutual Funds (real estate) sector; the assigned debtors operate mainly in northern Italy.

Sale of non-performing loans to KEYstone

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	KEYstone Fund	
SGR that manages the investment fund:	KRYALOS SGR s.p.a.	
Disposal date:	08.02.2022	20.12.2022
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	37.1	34.8
NBV of assets transferred (in millions of Euro):	16.7	7.6
Units of Fund assigned:		
ISIN:	IT0005474462	IT0005474462
No. of units assigned at signing:	31,914,369	11,320,122
Book value of the units at signing (in millions of Euro):	20.4	7.7
No. units outstanding at year-end:	43,234,491	
Book value of the units at year-end (in millions of Euro)	29.9	

D. Covered bond transactions

Introduction

Covered Bond (OBG) issues are foreseen by BPER Banca Group's strategic plan as a means to diversify funding sources, reduce funding costs and extend the maturities of liabilities. In particular, OBG issues are extremely appealing at a time when market yields are very low. The Board of Directors:

- on 8 February 2011, by means of a specific programme resolution, it launched the structuring of a First OBG issue programme ("OBG1"), based on a portfolio secured by residential mortgages, pursuant to Law no. 130 of 30 April 1999 (the "Law 130/99") and the related implementing regulations in force at the time;
- on 3 March 2015, launched the structuring of a second programme for the issue of Covered Bonds ("OBG2"), based on a collateralised portfolio of residential and commercial mortgage loans;
- following the merger by absorption of the subsidiary Banca Carige S.p.A. on 24 November 2022, with economic effect from 28 November 2022 , BPER Banca became the issuer of a third covered bond issuing programme ("OBG3"), based on a collateralised portfolio of residential and commercial mortgages.

The basic structure of a covered bond issue

Covered Bonds can be issued under a scheme which envisages:
- the sale by a bank, which may differ from the bond issuer, to a special purpose vehicle of high credit quality assets and which constitute segregated assets pursuant to the applicable provisions of Law 130/99;
- the selling bank or another bank granting a subordinated loan to the assignee company to provide the assignee with the funding required to purchase the assets;
- the issue of a guarantee by the assignee company in favour of the bondholders, up to the amount of the segregated assets.

High credit quality assets are intended to mean loans that meet the selection criteria defined by the Regulations and related contracts (the "Eligible Assets").

Key elements of the BPER Banca Group's Programmes for the issue of Covered Bonds

The BPER Banca's Covered Bond Programmes (the "OBG Programmes") have been structured as follows:
- the sale without recourse of high credit quality assets, which constitute segregated assets pursuant to Law 130/99, respectively to the special purpose vehicles Estense Covered Bond s.r.l. for OBG1, Estense CPT Covered Bond s.r.l. for OBG2 and Carige Covered Bond s.r.l. for OBG3, initially just by BPER Banca or by the respective originator banks and then, during the Programmes, also by other Group Banks;
- the provision to the assignee vehicle companies, by BPER Banca and other Group Banks that will eventually join the Programmes as selling banks, of subordinated loans to provide the assignees with the funding required to purchase the assets sold;
- the issue by the assignee SPVs, up to the amount of the segregated assets, of guarantees in favour of the holders of the Covered Bonds issued by BPER Banca.

Although they are presented "as Group Programmes", the initial and subsequent transactions only involved BPER Banca or the respective originator bank as the selling bank, the understanding being that BPER Banca always takes on the role of issuing bank. Only at a later stage, after an expert assessment of the risks and opportunities, is it expected that other Group Banks will join the Programmes as selling banks of additional Eligible Assets.
The portfolios of Eligible Assets are composed of loans originating from residential mortgage loans for OBG1 and of residential and commercial mortgage loans for OBG2 and OBG3, which meet the requirements of the regulations in force. These portfolios were identified based on general and specific criteria indicated in the sale agreements. The additional portfolios of Eligible Assets may include loans deriving from mortgages that meet the requirements of the Regulations.
The sale price of the portfolios is determined, as laid down in the *Supervisory Provisions for Banks*, with reference to their book values in the latest financial reports approved by BPER Banca with a view to specific sale dates or by having the sale price certified by the Independent Auditors. The sale prices so determined are subject to adjustment to take account of movements on the loans between the financial year end and the date of sale. More specifically, the sale prices shall be adjusted to consider the collection of the capital element of the loans in the intervening period and the payment of contractually agreed interest in the same period.

The sale of the portfolios – without recourse and under the combined provisions of articles 1 and 4 of Law 130/99 and art. 58 of the Consolidated Law on Finance – is communicated to the mortgage holders by publishing a notice of sale by the seller with the above selection criteria in the Official Journal and by filing the same notice of sale with the Registrar of Companies. Further formalities are also carried out for privacy legislation purposes (Legislative Decree 196/2003 and Regulation (EU) 679/2016, as later amended and supplemented).
The mortgage holders maintain a direct operational relationship with BPER Banca since the three SPVs have given BPER Banca responsibility for managing and administering the loans sold and the related collection and payment services ("servicing activities"), with BPER Banca having the power to grant a sub-proxy to the pertinent selling banks to perform servicing activities for the portfolios sold.
This, in accordance with the regulations in force, is in order to minimise the commercial impact with the mortgage holders and, at the same time, to optimise the operational management of each portfolio which, in fact, remains in the hands of the assignors.
At predetermined dates and based on specific operational and market situations, BPER Banca, in the role of Calculation Agent, will perform assessment tests to compare the portfolios sold with the bonds issued, aimed at verifying the adequacy of the guarantees issued with reference to specific legal parameters and the parameters set by the OBG Programmes' documentation based on indications provided by rating agencies, on which the credit rating assigned to these OBGs depends.
In the case of non-compliance with one or more of the required parameters, it will be necessary to add to the portfolios sold by selling further Eligible Assets. The portfolios can be added to by using the vehicle companies' liquid funds or by further drawdowns of the subordinated loans granted by BPER Banca (or by the other selling banks).
Other initiatives are required in the case of violation of contractual conditions, up to the extreme consequences of enforcement of the guarantees provided by the vehicle companies in the case of an Event of Default by the issuer (for example, default in repayment of principal or non-payment of interest on the Covered Bonds).
Moreover, on predetermined dates, the functions responsible for supervising the Bank's risk management verify the quality and integrity of the Eligible Assets.

The structure of the OBG Programmes, as outlined, permits the creation of segregated assets (consisting of the Eligible Assets assigned), to serve as a preferred guarantee for the Covered Bond holders, for the counterparties to derivative contracts entered into under the Programmes to hedge the risks inherent in the portfolio of transferred Eligible Assets and for the payment of other transaction costs.
Normally, the charges for payment and redemption of the OBG remain with the Issuer and, only when there is an Event of Default by the Issuer will automatic protection mechanisms be activated to protect the investors.
To further support the financial structure, provision has been made for swaps with one or more external counterparties selected on the market and with an appropriate credit standing in line with the eligibility criteria required by rating agencies. The purpose of these contracts is to transform the interest flow produced by the loan portfolios sold so as to make them consistent with that incurred on the bonds issued.
In particular, among the various options available, it is normally envisaged that two separate swap derivative contracts will be entered into:

- asset swap: under this contract, the SPV will pay the swap counterparty the flow received as interest on a notional amount represented by a portion of segregated assets and determined by taking into account the outstanding amount of the liability represented by the Covered Bonds issued and will collect from it a flow corresponding to Euribor for the period plus or minus a Spread applied to the same notional amount for the reference period;
- liability swap: under this derivative the SPV will receive from the swap counterparty a fixed rate equal to the coupon of the related series of Guaranteed Bank Bonds and will pay thereto a flow corresponding to Euribor plus or minus (as appropriate) a Spread applied to an amount equal to the nominal value of the corresponding series of Covered Bonds.

These contracts can be linked to back-to-back swap agreements between the swap counterparties and BPER Banca, a situation that currently exists in the case of the ninth issue of the OBG1 Programme. No swap currently exists for the remaining issues.
The financial back-to-back mechanism allows, on the one hand, BPER Banca, as selling bank, to maintain a financial position as desired and consistent with its Asset & Liability Management strategies and, on the other hand, the SPV, as guarantor, in the Event of the occurrence of an Event of Default of the Issuer, to cover the costs of the Covered Bonds by trading them for the expected return on portfolio of loans sold.

The OBG1 Programme

The OBG1 Programme provides for the issue of Covered Bonds up to a maximum of Euro 7 billion, to take place in a number of issues over time, by the term of legal existence of BPER Banca (subject to the obligations for annual renewal of the prospectus prepared in compliance with EU Regulations).

OBG1 Programme issuances

issue	issue date	nominal amount of the OBGs issued	repayment date	nominal amount repaid	OBG characteristics	Purpose
I	01.12.2011	750,000,000	22.01.2014	750,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
II	25.06.2012	300,000,000	22.04.2015(*)	300,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
III	15.10.2013	750,000,000	22.10.2018	750,000,000	Fixed rate	placed on the national and international market
III(**)	24.02.2014	250,000,000	22.10.2018	250,000,000	Fixed rate	placed on the national and international market
IV	22.01.2015	750,000,000	22.01.2022	750,000,000	Fixed rate	placed on the national and international market
V	29 July 2015	750,000,000	22.07.2020	750,000,000	Fixed rate	placed on the national and international market
VI	31.05.2016	500,000,000	22.07.2020	500,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
VII	03.02.2017	540,000,000	22.04.2021	540,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
VIII	19.07.2018	500,000,000	22.07.2023	500,000,000	Fixed rate	placed on the national and international market
IX	19.03.2019	600,000,000	22.04.2026		Fixed rate	placed on the national and international market
X	18.09.2020	1,150,000,000	22.10.2024		Floating rate	self-subscribed for the purpose of ECB refinancing
XI	18.05.2021	600,000,000	22.04.2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
XII	16.11.2021	400,000,000	22.10.2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
XIII	29.06.2022	1,000,000,000	22.07.2026		Fixed rate	self-subscribed for the purpose of ECB refinancing
XIV	28.11.2023	750,000,000	22.10.2028		Fixed rate	placed on the national and international market
Total		**9,590,000,000**		**5,090,000,000**		

The residual debt of outstanding operations as at 31 December 2023 amounted to Euro 4,500 million.
(*) The II issue was early repaid on 12 January 2015.
(**) III series reopened in February 2014.

In line with the operational chart described above, on 2 November 2011, BPER Banca sold to Estense Covered Bond s.r.l. a first portfolio of assets complying with the eligibility requirements provided for under the law, selected in accordance with the criteria noted above and featuring the following main characteristics:
- residential mortgage loans provided in accordance with mortgage lending legislation;
- concluded by 31 December 2010;
- final instalment due after 31 December 2012;
- ratio of outstanding debt to the value of secured property, estimated at the payment date, not higher than 80%.

The table below shows the details of all subsequent disposals.

OBG1 Programme sale of receivables

(in million)

disposals	disposal date	price of receivables assigned
I	02.11.2011	1,091
II	04.05.2012	546
III	10.07.2013	681
IV	23.07.2014	501
V	28.04.2015	1,074
VI	28.01.2016	1,086
VII	27/07/2016	310
VIII	25.01.2017	404
IX	23.10.2017	816
X	27.04.2018	652
XI	29.04.2019	570
XII	25.06.2020	515
XIII	24.09.2021	937
XIV	24.05.2022	991
XV	22.06.2023	648
XVI	07.11.2023	890
Total		**11,712**

The loan granted by BPER Banca to Estense Covered Bond s.r.l., under the form of a credit facility, to finance the purchase of the assigned portfolios amounted to Euro 7 billion as at 31 December 2023. This is without prejudice to BPER Banca's right to increase the amount of said credit facility to finance the purchase of additional portfolios (both in connection with new issues or for the purpose of adding to segregated assets). The relevant subordinated loan is remunerated so as to guarantee a return to the transferor of the yield on the segregated mortgage loans, albeit residual with respect to payment of the vehicle company's operating expenses, thus making the asset transfers essentially neutral from an economic standpoint.

Repayment of this loan is linked to the gradual reimbursement of the Covered Bonds that, in turn, will allow the release of the loan portfolio or the cash collections generated thereby.

Repayment of subordinated loan OBG1 Programme

(in million)

Disposal date	amounts repaid
22.10.2014	250
22.10.2015	250
22.01.2016	120
22.04.2016	250
22.07.2016	250
23.10.2017	400
23.04.2018	100
23.07.2018	250
22.10.2018	500
22.01.2019	280
23.04.2019	150
22.07.2019	150
22.10.2019	147
22.07.2020	495
22.01.2021	50
22.04.2021	50
22.07.2021	50
22.10.2021	450
22.04.2022	540
24.10.2022	75
24.04.2023	350
24.07.2023	370
23.10.2023	145
Total	**5,672**

The liquidity generated by the portfolio can also be used - within the limits established by law - for suitable investments or deposits, based on BPER Banca's indications as Investment Agent. Cash generated from the portfolio of sold Eligible Assets – for which BPER Banca remains as Servicer – are transferred to current accounts with third party banks with appropriate rating.

Counterparties involved in the OBG1 Programme

Issuing Bank, initial Selling Bank, Servicer, Investment Agent, Principal Paying Agent and Calculation Agent: BPER Banca.
Any other seller bank that could join the Programme:

- Banco di Sardegna S.p.A.;
- Bibanca S.p.A.

Arranger: NatWest Market Plc.
Guarantor: Estense Covered Bond s.r.l.
Representative of the Bondholders (RoB): Banca Finint S.p.A.
Italian Paying Agent, Cash Manager and Account Bank: BNP Paribas (both the Italian and London branches).
Corporate Servicer: Banca Finint S.p.A.
Guarantor Calculation Agent: Banca Finint S.p.A.
Liability Swap counterparty: for the ninth issue, BNP-Paribas.
Legal advisor to BPER Banca: Law Firm Orrick, Herrington & Sutcliffe.
Asset Monitor and Pool Auditor: PriceWaterhouseCoopers S.p.A.
Independent Auditors of the special purpose vehicle: Deloitte & Touche S.p.A.
Rating agencies: Moody's Italia S.r.l.

The OBG2 Programme

The OBG2 Programme provides for the issue of Covered Bonds up to a maximum of Euro 7 billion, to take place in a number of issues over time, by the term of legal existence of BPER Banca (subject to the obligations for annual renewal of the prospectus prepared in compliance with EU Regulations).

OBG2 Programme issuances

issue	issue date	nominal amount of the OBGs issued	repayment date	nominal amount repaid	OBG characteristics	Purpose
I	16.12.2015	625,000,000	28.01.2018(*)	625,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
II	01.08.2016	200,000,000	28.10.2020	200,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
III	24.02.2017	240,000,000	28.04.2021	240,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
IV	25.01.2018	420,000,000	28.10.2021	420,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
V	17.10.2018	1,050,000,000	28.04.2022	1,050,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
VI	13.03.2019	200,000,000	28.04.2022	200,000,000	Fixed rate	self-subscribed for the purpose of ECB refinancing
VII	10.07.2019	250,000,000	28.07.2023		Fixed rate	self-subscribed for the purpose of ECB refinancing
VIII	30.01.2020	200,000,000	28.01.2024		Fixed rate	self-subscribed for the purpose of ECB refinancing
IX	30.04.2020	900,000,000	28.04.2024		Fixed rate	self-subscribed for the purpose of ECB refinancing
X	12.11.2020	550,000,000	28.10.2024		Floating rate	self-subscribed for the purpose of ECB refinancing
XI	12.11.2020	600,000,000	28.10.2024		Fixed rate	self-subscribed for the purpose of ECB refinancing
XII	14.05.2021	250,000,000	28.04.2025		Floating rate	self-subscribed for the purpose of ECB refinancing
XIII	11.11.2021	700,000,000	28.10.2025		Floating rate	self-subscribed for the purpose of ECB refinancing
XIV - I Tranche	11.11.2021	1,000,000,000	28.10.2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
XIV - II Tranche	23.09.2022	700,000,000	28.10.2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
Total		**7,885,000,000**		**2,735,000,000**		

The residual debt of outstanding operations as at 31 December 2023 amounted to Euro 4,900 million.
(*) The first issue was early repaid on 27 September 2017 for Euro 150 million and on 22 January 2018 for the residual nominal amount.

In line with the operational chart described above, on 17 September 2015, BPER Banca sold to Estense CPT Covered Bond s.r.l. a first portfolio of assets complying with the eligibility requirements provided for under the law, selected in accordance with the criteria noted above, and featuring the following main characteristics:

- residential and commercial mortgage loans;
- granted by 31 December 2014;
- final instalment due after 31 December 2015;
- ratio of outstanding debt to the value of secured property, revalued close to the date of sale, not higher than 80% for residential mortgage loans and than 60% for commercial mortgage loans.

The table below shows the details of all subsequent disposals.

Asset disposals under the OBG2 Programme

(in million)

disposals	disposal date	price of assets sold
I	17.09.2015	870
II	23.06.2016	478
III	21.11.2016	411
IV	22.05.2018	594
V	24.09.2018	732
VI	27.02.2019	276
VII	25/06/2019	593
VIII	26.11.2019	594
IX	25.03.2020	441
X	23.04.2020	1,123
XI	23.10.2020	840
XII	20.10.2021	1,443
XIII	24.06.2022	1,168
XIV	24.03.2023	481
Total		**10,044**

The loan granted by BPER Banca to Estense CPT Covered Bond s.r.l., under the form of a credit facility, to finance the purchase of the assigned portfolios currently amounts to Euro 8 billion. This is without prejudice to BPER Banca's right to increase the amount of said credit facility to finance the purchase of additional portfolios (both in connection with new issues or for the purpose of adding to segregated assets). The relevant subordinated loan is remunerated so as to guarantee a return to the transferor of the yield on the segregated mortgage loans, albeit residual with respect to payment of the vehicle company's operating expenses, thus making the asset transfers essentially neutral from an economic standpoint.

Repayment of this loan is linked to the gradual reimbursement of the Covered Bonds that, in turn, will allow the release of the loan portfolio or the cash collections generated thereby.

Repayment of subordinated loan OBG2 Programme

(in million)

Disposal date	amounts repaid
28.07.2017	70
30.10.2017	200
30.04.2018	100
30.07.2018	150
28.01.2019	110
29.07.2019	200
28.10.2019	335
28.04.2020	235
28.07.2020	75
28.01.2021	50
28.04.2021	100
29.07.2021	50
28.10.2021	600
28.04.2022	250
28.10.2022	285
30.01.2023	250
28.04.2023	200
28.07.2023	330
Total	**3,590**

The liquidity generated by the portfolio can also be used - within the limits established by law - for suitable investments or deposits, based on BPER Banca's indications as Investment Agent. Cash collections generated by the portfolio of Eligible assets sold – on which BPER Banca retains the role of Servicer – are channelled into current accounts opened with BPER Banca.

The specific financial feature of the OBG2 Programme is a different structural technique which, in the event of the Parent Company's default and under other circumstances foreseen in the OBG2 Programme, makes it possible to transform the repayment plan of the Covered Bonds according to the loan portfolio amortisation schedule pledged as collateral. This eliminates the financial risk associated with a forced and peremptory liquidation of this portfolio, thereby transforming the outstanding

Covered Bonds into securities similar to pass-through securities issued as part of ordinary securitisation transactions. In this way, the risk profile of a default on the Covered Bonds is clearly attenuated, making it possible to obtain a higher rating.

Counterparties involved in the OBG2 Programme

Issuing Bank, initial Selling Bank, Servicer, Investment Agent, Primary Paying Agent, Account Bank and Calculation Agent: BPER Banca.
Any other seller bank that could join the Programme:
- Banco di Sardegna S.p.A.;
- Bibanca S.p.A.

Arranger: UBS Europe SE.
Initial Dealer of the first series of bonds issued: Banca Finint S.p.A.
Guarantor: Estense CPT Covered Bond s.r.l.
Representative of the Bondholders (RoB): Banca Finint S.p.A.
Subsequent Paying Agent and Back-up Account Bank: Bank of New York Mellon SA/NV - Milan Branch.
Corporate Servicer: Banca Finint S.p.A.
Guarantor Calculation Agent: Banca Finint S.p.A.
Legal advisor to BPER Banca: Orrick, Herrington & Sutcliffe.
Asset Monitor and Pool Auditor: PricewaterhouseCoopers S.p.A.
Independent Auditors of the special purpose vehicle: Deloitte & Touche S.p.A.
Rating agencies: Moody's Italia S.r.l..

The OBG3 Programme

The OBG3 programme provides for the issue of Covered Bonds up to a maximum of Euro 5 billion.

Issues of OBG3 Programme outstanding as at 31.12.2023

issue	issue date	nominal amount of the OBGs issued	repayment date	nominal amount repaid	OBG characteristics	Purpose
I	20.09.2010	75,000,000	20.09.2030		Fixed rate	placed on the national and international market
II	25.11.2010	20,000,000	25.11.2030		Fixed rate	placed on the national and international market
III	27.12.2010	40,000,000	27.12.2030		Fixed rate	placed on the national and international market
IV	23.04.2012	30,000,000	23.04.2032		Fixed rate	placed on the national and international market
V	02.11.2012	17,000,000	02.11.2032		Fixed rate	placed on the national and international market
VI	05.11.2012	50,000,000	05.11.2032		Fixed rate	placed on the national and international market
VII	06.11.2012	10,000,000	26.10.2032		Fixed rate	placed on the national and international market
VIII	25.01.2013	5,000,000	25.01.2028		Fixed rate	placed on the national and international market
IX	29.08.2013	10,000,000	29.08.2033		Fixed rate	placed on the national and international market
X	05.06.2014	10,000,000	25.05.2029		Fixed rate	placed on the national and international market
XI	28.10.2021	750,000,000	28.10.2028		Fixed rate	placed on the national and international market
XII	22.06.2022	900,000,000	22.06.2026		Fixed rate	self-subscribed for the purpose of ECB refinancing
Total		**1,917,000,000**		-		

In line with the operational scheme described above Banca Carige S.p.A. (later merged into BPER Banca, as stated) on 14 November 2008 sold to Carige Covered Bond s.r.l. a first portfolio of assets complying with the eligibility requirements provided for under the law, selected in accordance with the criteria noted above and featuring the following main characteristics:
- residential and commercial mortgage loans;
- concluded by 30 March 2007;
- final instalment due by 30 June 2045;
- ratio of outstanding debt to the value of secured property, estimated at origination, not exceeding 80% for residential mortgage loans and 60% for commercial mortgage loans.

The funds granted by BPER Banca to Carige Covered Bond s.r.l. in the form of a line of credit to pay the purchase price of the transferred portfolios, is remunerated so as guarantee a return to the transferor of the yield on the segregated mortgage loans, albeit residual with respect to payment of the SPV's operating expenses, and thus makes the asset transfers essentially neutral from an economic standpoint.

Repayment of this loan is linked to the gradual reimbursement of the Covered Bonds that, in turn, will allow the release of the loan portfolio or the cash collections generated thereby.

The liquidity generated by the portfolio can also be used - within the limits established by law - for suitable investments or deposits, based on BPER Banca's indications as Investment Manager. Cash generated from the portfolio of sold Eligible Assets – for which BPER Banca remains as Servicer – are transferred to current accounts with BNP Paribas, either in Italy or the UK, since this is a third party with appropriate rating.

Counterparties involved in the OBG3 Programme

Issuing Bank, initial Selling Bank, Servicer, Italian Account Bank, Investment Manager, Paying Agent and Calculation Agent: Banca Carige S.p.A., now BPER Banca.
Arranger: NatWest Market N.V. and UBS Europe SE.
Guarantor: Carige Covered Bond s.r.l.
Representative of the Bondholders (RoB): Deutsche Trustee Company Limited.
Principal Paying Agent, Cash Manager and Transaction Bank: BNP Paribas (both the Italian and London branches).
Italian Paying Agent: Deutsche Bank S.p.A.
Corporate Servicer: Banca Finint S.p.A.
Guarantor Calculation Agent: Banca Finint S.p.A.
Legal advisor to BPER Banca: Law Firm Orrick, Herrington & Sutcliffe.
Asset Monitor and Pool Auditor: PricewaterhouseCoopers S.p.A.
Independent Auditors of the special purpose vehicle: Deloitte & Touche S.p.A.
Rating agencies: Moody's Italia S.r.l. and DBRS Ratings Limited.

Organisational structure and procedures

The structuring process for the OBG Issue Programmes made it necessary to organise a team to coordinate the activities of all the functions involved. In this regard, a specific structure was set up, the Structured Finance Management Office, which acts as coordinator of the interfunctional team, taking care to involve all the structures involved in the management process of the Covered Bonds. To supervise the structuring process and management of the OBG Programmes, including when it is fully operational, a specific Group Regulation has been prepared followed by the Group Operating Instructions.

Accounting, capital and tax impact

With the issue of the OBG, BPER Banca, as initial selling bank and any subsequent selling banks will retain substantially all the risks and benefits of the transferred assets as:

- they are required to reinstate, in line with several alternatives, the collateral should the value of assets sold deteriorate and their value fall below the thresholds set by contract;
- the repayment of the subordinated loan granted to the special purpose vehicle is linked to the performance of the secured assets.

The primary objective of creating a special purpose vehicle and the sale of eligible assets thereto is, in fact, to legally segregate, by means of a without recourse sale contract, the selling bank's assets within a separate legal entity. These assets, segregated in this manner, are subject to a restriction as to their use pursuant to Law 130/99 for the protection, among others, of the holders. Thus, the holders of Covered Bonds benefit, on the one hand, from the general guarantee represented by the issuer's capital and on the other, from the guarantee issued by the SPV in respect of the segregated portfolio for which they have priority creditor rights. This structure of "dual protection" facilitates the creation of conditions for a potential reduction in funding costs.
The overall risk profile of BPER Banca as initial selling bank and that of any further selling banks is not altered in any way.
The same "Supervisory Provisions for banks" stipulate that the selling banks retain the same capital requirement that they are already required to comply with, in respect of the assets sold, prior to the sale. The transactions do not, therefore, qualify for derecognition: the selling banks must continue to recognise the transferred assets in their entirety in the balance sheet and the considerations received from the sale must be accounted for as opposite entries to the financial liabilities due to the SPVs.
In turn, these liabilities must be shown net of the subordinated loans granted to the vehicles, due to the principle of substance over form: it is as if the purchase of loans by the SPVs has never taken place.

The subordinated loans are not taken into consideration for the purposes of counterparty risk; these loans must not, in fact, be considered, as the credit risk is already reflected in the valuation of the mortgage loans being sold.
As regards the impact at consolidation level, it should be noted that the aforementioned vehicle companies are BPER Banca Group's entities, as the Parent Company has a 60% holding. They are therefore consolidated.
Finally, regarding the tax implications, consistent with the dictates of art. 7 bis, Law 130/99, all taxes and dues are payable as though the sales of the loans had never taken place.
Again, to ensure that the operation was neutral for tax purposes, it was established, as foreseen in art. 7 bis, paragraph 7 of Law 130/99, that the sale price would be equal "to the latest carrying amount of the loans", or as certified by the Independent Auditors of the selling Bank.

More specifically, the book value is adjusted for "endogenous variables", that is, cash collected from the loans in the intervening period and contractual interest accruing in the same period. This is also consistent with the regulatory provisions laid down by the *Supervisory Instructions for Banks*.
As for the other components that could affect the configuration of the carrying amount, i.e. amortised cost and collective impairments (given that they are performing loans), it has been considered in line with the principles of relevance, pertinence and materiality to assume that their value is equal to the one shown in the latest approved and audited financial report, or the sale price specifically certified by the auditors of the selling Bank.

Risks associated with the transaction

The Covered Bond Programmes involve some financial and non-financial risks, subject to analysis and monitoring by the Group's Risk Management and Compliance functions and, specifically with regard to the risks of fraud and unintentional errors in financial reporting, by the Manager responsible for preparing the company's financial reports. In summary the main risk profiles can be summarised as follows:

- Interest rate risk. In the structure of a Covered Bond, the interest rate risk originates from the different characteristics of interest rates on Covered Bonds and on the portfolio of their collateral, eligible assets. These risks are mitigated by hedging derivatives put in place from time to time with market counterparties.
- Credit risk. In the structure of a covered bond, credit risk is attributable to the quality of loans sold by each Selling Bank. Given this risk, the rating agencies, in order to attribute to the Covered Bonds the maximum rating possible, require a level of over-collateralisation which is also linked to the quality of the Eligible Assets being disposed.
- Counterparty risk. The counterparty risk is the possibility that the creditworthiness of third parties involved in the transaction, in other words, the swap counterparties and the non Group bank, with which the SPV has its accounts, may worsen to the point of creating a liquidity problem, with the result that the funds of the portfolio of assets sold that flow into the accounts of the SPV or payments made in connection with the swaps are retained by the same counterparties. This risk is mitigated by the involvement of high rated counterparties and the existence of clauses, in the relevant ISDA and CSA contracts as well as in the "Cash Management and Agency Agreement", according to which, in the case of downgrading of the counterparties, they will be immediately replaced.
- Liquidity risk. An issue of "bullet" Covered Bonds with a portfolio of eligible assets relating to mortgage loans with a given repayment plan entails the need for the portfolio to be dynamically managed. The funds received from the collection of capital instalments on the mortgage loans sold may have to be, in fact, reinvested in new mortgage loans with similar characteristics. If the Banking Group does not have eligible mortgages available to be sold to supplement the loan portfolio (or to replace non-performing mortgages), it would be forced to pay cash or eligible securities, impacting negatively on the Counterbalancing Capacity of the selling banks.
- Compliance risk. The articulate and accurate external legislation regulating Covered Bonds, together with management and internal operating rules, require a precise and formal structuring of activities under the OBG Programmes, both during the up front and on going phases. The analysis of compliance requirements is performed by the Compliance function.
- Reputational risk. Reputational risk is the possibility that the failure by BPER Banca to fulfil certain obligations arising from its role in the OBG Programmes adversely affects the credibility and image of the banking Group on the market, resulting in a significant economic and financial impact.
- Risk of financial inadequacy. The Supervisory Instructions for banks, in the discipline of Covered Bonds, in relation to the complexity of the contractual profiles and the possible impact on the technical structure of the banks carrying out these transactions, require, among other things, a careful assessment of the impact on the financial stability of those banks. The analysis of the projects by BPER Banca's Board of Directors highlighted:
  - regarding the impact on economic results, the transactions would have led to, with reference to available market data, a lower cost of funding compared with equivalent senior unsecured transactions and this would have allowed start-up costs to be fully covered, already in the first year, as well as to cover ongoing costs for the period;
  - regarding the impact on the financial position, having considered the portfolio of residential or commercial mortgage loans potentially suitable for disposal, at Group level, a plan of multi-year issuances was hypothesised so as to have sufficient room to replenish the cover pool, if necessary, without affecting the financial position and/or commercial practices of the Group.

These findings have allowed BPER Banca's Board to determine that the transactions do not negatively affect the financial stability of the bank and of the Group as a whole.

Organisational and management aspects of special purpose vehicles

With regard to organisational and management aspects of special purpose vehicles (in order to assess their adequacy in relation to the role assigned them) and the contracts entered into as part of the OBG Programmes, Reports on the transferee company have been prepared by external legal consultants, in order to ensure that the contracts entered into as part of these OBG Programmes contain clauses that ensure the regular and efficient performance of functions by the assignees, as required by the Regulations.

Assessment of legal aspects of the Programmes for Issue of Covered Bonds

Reports were originally acquired from the law firms Linklaters and Allen & Overy, as well as from Orrick, Herrington & Sutcliffe on the Bank's OBG Programme so as to assess, in accordance with the existing rules and regulations, the legal aspects of the activities involved in the OBG Programmes. The reports contain a thorough assessment of legal structures and contractual arrangements used, with particular attention to the characteristics of the guarantees given by the assignee companies and the overall relationships between and among the participants in the OBG Programmes.

Annual assessment of the Programmes for Issue of Covered Bonds by Asset Monitor

It should be noted that, in accordance with the regulations in force, the Asset Monitors - in this case PricewaterhouseCoopers S.p.A. - carry out annual analyses on the status of the OBG programmes and report to the Board of Directors, the Board of Statutory Auditors and the Bank's Internal Audit Function.
To date, the analyses conducted have not identified any findings.

1.2 Market risk

1.2.1 Interest rate risk and price risk - Trading portfolio for regulatory purposes

The Group's organisation provides for centralisation of the market risk control function at the Parent Company; consequently, the qualitative information set out below also reflects the individual position of BPER Banca.

Qualitative information

A. General aspects

The Group's proprietary trading portfolio comprises all of the financial instruments acquired for trading purposes or for hedging a risk factor inherent to the portfolio or the banking book.
"For trading purposes" is understood as being the purchase of financial instruments with the following features:
- exposure to managed risk factors (interest rate risk and price risk, exchange rate risk, issuer risk, counterparty risk and liquidity risk);
- trading done prevalently on active markets;
- securities issued by operators of prime standing.

The trading portfolio is managed according to exposure to the interest rate risk deriving from the overall asset-liability structure and, as a rule, does not include complex or innovative derivatives.
The trading portfolio comprises all those financial instruments not purchased with the aim of achieving equilibrium of the asset-liability structure, but with a view to contributing to the results of the year, optimising the overall risk-yield profile.
The size of this portfolio is closely linked to the overall liquidity position of the Group.
Arbitrage and short-term speculative activity with regard to listed derivative instruments are marginal with respect to the management of the proprietary portofolio. The objective of the investment strategy underlying trading in these financial instruments is to maximise the overall risk/yield profile via appropriate diversification.
The Parent Company makes medium-term speculative investments in stock markets, in commodity derivatives, in mutual funds and, to a marginal extent, in hedge funds. However, this activity is just a small part of the transactions carried out in the bond markets.
The trading portfolio governance process is centralised in BPER Banca to respond to the needs of central oversight of market risk and greater efficiency of Group investment processes.

This process implies that the individual Group Banks remain responsible for optimisation of the return on liquidity through treasury transactions with BPER Banca or, alternatively, by investing in floating rate or fixed rate bonds issued by the Bank.
In this way, the governance of market risk has been centralised by the Parent Company on the basis of decisions taken by the Finance Committee, which is chaired by the Chief Executive Officer.

B. Management processes and measurement methods for interest rate and price risk

The BPER Banca Group's system of daily checking is consistent with market standards. Value at Risk (VaR) techniques are used to measure market risk.
VaR represents the estimated maximum potential loss, determined based on probabilities, that may be suffered by the aggregate concerned over a given time horizon at a pre-determined level of confidence.
The method adopted for calculating VaR belongs to the class of "historical simulation" models, according to which the overall risk is determined on the basis of the historical distribution of the returns on the risk factors to which the financial instruments held are sensitive. The methodologies used to monitor market risks also include sensitivity analyses based on parallel shifts in the market rate curves.
Currently, the daily calculation of VaR makes reference to two distinct time horizons of portfolio holding; in fact, an analysis is carried out with a time horizon of one month and with a confidence interval of 99% on the entire Group's proprietary portfolio (banking book and trading book), in line with the Group's Risk Appetite Framework. This is accompanied by further analysis with the same confidence interval, but with a one-day time horizon, in order to monitor day by day the market risk dynamics of the Bank's trading portfolio. This model is only used for internal management purposes and is not involved in the calculation of the capital adequacy requirements regarding market risk.
The process of controlling interest-rate risk and price risk is centralised at BPER Banca. Periodic information is assured by the distribution of specific reports prepared at different time intervals, starting from the one produced daily.
The monitoring and control of interest rate risk of the trading portfolio aims to mitigate the risk in question, by defining a system of operating limits for the portfolios managed by the appropriate Group structures, addressing the various risks to which they are exposed. The limits are checked on a daily basis.
The daily monitoring and control of the price risk associated with the trading portfolio for supervisory purposes is performed via Value-at-Risk (VaR) analyses, in accordance with the method indicated above.

Quantitative information

3. Interest rate risk - Trading portfolio for regulatory purposes: internal models and other methodologies for the sensitivity analysis

The VaR readings determined over time horizons of ten days and one day are set out below, in relation to the rate risk associated with the trading portfolio reported for regulatory purposes at 31 December 2023.

Descriptive data		**VaR**		**VaR**	
		Time horizon: 10 days		**Time horizon: 1 day**	
		Confidence interval: 99%		**Confidence interval: 99%**	
Type of transaction	**Present value**	**VaR**	**Var/Present Value**	**VaR**	**Var/Present Value**
BOT	-	-	0.00%	-	0.00%
BTP	173	3	1.73%	1	0.58%
CCT	1	-	0.00%	-	0.00%
Other government securities	133	6	4.51%	2	1.50%
Bonds	6,821	82	1.20%	26	0.38%
Equity instruments	- -	0.00%	-	0.00%	0,00%
Mutual funds and Sicavs	-	-	0.00%	-	0.00%
Derivatives/Transactions to be settled	38,324	21,187	55.28%	6,700	17.48%
Effect of diversification		(51)		(16)	
Total portfolio 2023	**45,452**	**21,227**	**46.70%**	**6,713**	**14.77%**
Total portfolio 2022	**151,969**	**7,232**	**4.76%**	**2,283**	**1.50%**

The value of the trading portfolio at 31 December 2023 given a parallel shift of +/- 100 bps (sensitivity analysis) is set out below.

	+100 bps	**-100 bps**
31.12.2023	**(47,486)**	**49,842**
31.12.2022	**(8,852)**	**7,342**

3. Price risk - Trading portfolio for regulatory purposes: internal models and other methodologies for the sensitivity analysis

The VaR determined over time horizons of ten days and one day is set out below, in relation to the price risk associated with the trading portfolio reported for regulatory purposes at 31 December 2023.

Descriptive data		**VaR**		**VaR**	
		Time horizon: 10 days		**Time horizon: 1 day**	
		Confidence interval: 99%		**Confidence interval: 99%**	
Type of transaction	**Present value**	**VaR**	**Var/Present Value**	**VaR**	**Var/Present Value**
Equity instruments	64,139	8,173	12.74%	2,585	4.03%
Mutual funds and Sicavs	-	-	0.00%	-	0.00%
Derivatives/Transactions to be settled	(12,503)	5,059	-40.46%	1,597	-12.77%
Effect of diversification		(10,403)		(2,965)	
Total portfolio 2023	**51,636**	**2,829**	**5.48%**	**1,217**	**2.36%**
Total portfolio 2022	**58,361**	**3,843**	**6.59%**	**1,217**	**2.09%**

1.2.2 Interest rate risk and price risk - Banking book

Qualitative Information

A. General aspects, management processes and measurement methods for interest rate risk and price risk

Interest rate risk represents the potential impact of unexpected changes in market rates on current profits and the equity value of the Parent Company. This risk typically affects the positions included in the banking book.
The exposure to interest rate risk can be further analysed into:
- income risk;
- investment risk.

Income risk derives from the possibility that an unexpected change in interest rates may reduce net interest income, being the difference between interest received and interest paid. This risk is measured by maturity gap models and depends on:
- the mismatch in the maturity structures of lending and funding, in cases where the related assets and liabilities are remunerated at fixed rates until final maturity;
- the mismatch of the review periods for rate conditions, in the case of floating-rate assets and liabilities.

The timing mismatches mentioned above expose BPER Banca to:
- refinancing risk: the risk arising when the average maturity period (period until the next rate review) is shorter for funding than for lending. In this case, the Bank is exposed to possible increases in interest rates (the Bank is Liability Sensitive);
- reinvestment risk: the risk arising when the average maturity period (period until the next rate review) is shorter for lending than for funding. In this case, the Bank's net interest income will decline if interest rates fall (the Bank is Asset Sensitive).

Investment risk derives from the possibility that adverse changes in the value of all assets, liabilities and off-balance sheet instruments held by the Bank, following changes in interest rates, may destabilise the equilibrium of the balance sheet. This risk is measured by Duration Gap and Sensitivity Analysis techniques.

The following types of interest rate risk are identified:
- Repricing Risk: risk associated with differences in the maturities (fixed rate) and the repricing dates (floating rate) of the assets and liabilities held in the portfolio.
- Yield Curve Risk: risk associated with changes in the gradient and shape of the yield curve.
- Refixing Risk: risk associated with the timing of changes in market parameters, for floating rate positions. More specifically, this is the risk that rate of rise in interest rates is more marked in the refixing periods for funding than in those for lending.
- Basis Risk: risk arising from the imperfect correlation between the indexation parameters for lending and funding, or from unfavourable changes in the gradient of the curve.
- Optionality Risk: risk associated with "explicit" or "embedded" options embedded in the banking book's assets and liabilities (e.g. cap/floor/collar, loan prepayment options).

Every month, BPER Banca monitors at both consolidated and legal entity level the impact that unexpected changes in market interest rates might have on the positions in the banking book, according to the following prospects:
- standpoint of current profits: the purchase of considering the impact on current profits is to evaluate interest risk with reference to the sensitivity of net interest income to rate changes over a given period of time. Adverse changes in net interest income potentially affect the financial stability of a bank by weakening its capital adequacy. The change in net interest income depends on the various types of risk;
- standpoint of economic value: changes in interest rates may affect the economic value of the Parent Company's assets and liabilities. The economic value of a bank is represented by the present value of its expected cash flows, defined as the sum of the present value of the cash flows to be generated by its assets, liabilities and positions in derivatives. By contrast with the standpoint of current profits, the standpoint of economic value identifies the risk generated by the repricing or maturity gap over a long time horizon.

The objectives to be pursued in support of the proper management of interest rate risk are:
- reduce the adverse effects of the volatility of net interest income (standpoint of current profits). The stability of net interest income is mainly influenced by the Yield Curve Risk, Repricing Risk, Basis Risk and Optionality Risk;
- immunise the economic value, being the sum of the present values of all the expected cash flows, generated by both sides of the balance sheet. By contrast with the standpoint of current profits, the standpoint of economic value takes a medium/long-term view and is mainly associated with the repricing risk;

- ensure compliance with the related organisational requirements envisaged by the domestic and international supervisory bodies.

The model for the governance of interest rate risk is based on the following principles:
- assignment to the Parent Company of guidance and coordination rights over the strategic planning and control processes, treasury and financial management, the commercial area and the governance of lending for the entire Group, in order to ensure the consistent management of interest-rate risk and compliance with regulatory requirements;
- segregation between governance processes and the management of interest rate risk.

The strategic decisions at Group level regarding the management of risk are made by the corporate bodies of the Parent Company. The decisions made take account of the operational specifics and related risk profiles of each Group company, in order to establish an integrated and consistent risk management policy.
Given the above, the BPER Group has adopted a centralised model for the governance and management of risk.
As the Parent Company, BPER Banca is responsible for defining guidance for the governance, acceptance and management of interest-rate risk at Group level.

The model for the management of interest rate risk focuses on the following measures of risk:
- sensitivity of net interest income;
- sensitivity of economic value.

The sensitivity analysis of net interest income identifies the impact of changes in interest rates as a result of parallel and other shocks.
The Bank calculates the sensitivity of net interest income holding volumes constant. According to this model, maturing amounts are reinvested in transactions of similar size and financial characteristics to those maturing during the analysis period.
The indicator is calculated at both Group and Legal Entity levels.

The sensitivity analysis of economic value identifies the impact on the value of shareholders' equity of parallel and other shocks to the yield curve. This change is calculated by discounting all the cash flows using two different yield curves: the current curve at the analysis date and that following the shock, and comparing the two values.

$$\Delta VA = VA_{(Curve1)} - VA_{(Curve2)}$$

In order to include the prepayment phenomenon (early repayment, in whole or in part, of the residual debt by the borrower) when measuring the sensitivity of economic value, a statistical model has been adopted whereby the potential prepayment of loan principal is estimated using different variables, both of financial nature (such as market interest rates) and contractual (such as the original duration of the loan, the type of loan, the personal characteristics of the borrower, etc.).
For the calculation of sensitivity, demand balances outstanding with customers are simulated using an econometric model which identifies a portfolio that replicates them, by allocating demand funding (lending) to a portfolio of liabilities (assets) with an identified effective repricing profile.

In addition to the risk measures mentioned above, the capital absorbed in relation to interest rate risk is also calculated. Sensitivity analysis is applied in order to estimate the capital absorbed. Under this approach, the capital absorbed in relation to the banking book's interest rate risk is the change in the economic value (defined as the present value of expected cash flows) caused by an adverse interest-rate shock.

Credit spread risk arising from the banking book, CSRBB, captures the risk of changes in the credit spread of an instrument of the same credit quality, i.e. the trend of the credit spread within a given rating/probability of default range. The CSRBB is a combination of two elements:
- market credit spread: i.e. changes in the market price of credit risk (as opposed to the idiosyncratic credit spread), which represents the credit risk premium demanded by market operators for a given credit quality;
- market liquidity spread: i.e. changes in the market liquidity spread, which represents the liquidity premium that stimulates market appetite for investment and the presence of willing buyers and sellers.

The reference perimeter is represented by the securities portfolio in the Banking Book.

With regard to price risk, the banking book essentially includes transactions in equity instruments, mutual funds and SICAVs classified in the financial statements as measured at fair value through profit or loss and other comprehensive income.
The monitoring of the aforementioned portfolio takes place through the Value at Risk (VaR) methodology presented in detail in the section on qualitative information: “Interest rate risk and price risk - Trading portfolio reported for regulatory purposes”.
The Financial Risks Service records and monitors on a daily basis the exposure to price risk through the production of specific reporting containing the main risk metrics (mainly expressed in terms of Value-at-Risk) and, where appropriate, the associated exposure limits for said type of risk.

Quantitative information

2. Banking book: Internal models and other methodologies for the analysis of sensitivity

Below are the year-end figures at 31 December 2023 and their trends (minimum, average, maximum) of the management reporting year relating to the banking book’s net interest income, against a parallel shift of 100/-50 bps.

	+100 bps	-50 bps
31 December 2023	**32,286**	**(17,043)**
maximum change	77,158	(39,670)
minimum change	31,665	(16,856)
average change	50,297	(26,449)
31 December 2022	**75,672**	**(40,220)**

Below are the year-end figures at 31 December 2023 and their trends (minimum, average, maximum) of the management reporting year relating to the change in the value of the banking book, against a parallel shift of +/- 100 bps (sensitivity analysis).

	+100 bps	-100 bps
31 December 2023	**(174,739)**	**214,115**
maximum change	(174,739)	214,115
minimum change	11,163	(21,307)
average change	(1,069)	1,098
31 December 2022	**(43,697)**	**36,678**

In relation to the measurement of interest-rate risk, the VaR of the overall securities portfolio (banking and trading) amounts to Euro 350 million (Euro 654 million at 31 December 2022) and is principally attributable to the Italian government securities held in the portfolio, which account for approximately 18% of the indicator, Euro 63 million (Euro 248 million at 31 December 2022).

3. Price risk - Banking book: internal models and other methodologies for the sensitivity analysis

The VaR determined over time horizons of ten days and one day is set out below, in relation to the price risk associated with the banking book at 31 December 2023.

Descriptive data		VaR		VaR	
		Time horizon: 10 days		Time horizon: 1 day	
		Confidence interval: 99%		Confidence interval: 99%	
Type of transaction	**Present value**	**VaR**	**Var/Present Value**	**VaR**	**Var/Present Value**
Equity instruments	590,583	32,908	5.57%	10,407	1.76%
Mutual funds and Sicavs	667,358	17,754	2.66%	5,614	0.84%
Derivatives/Transactions to be settled	-	-	0.00%	-	0.00%
Effect of diversification		487		154	
Total portfolio 2023	**1,257,941**	**51,149**	**4.07%**	**16,175**	**1.29%**
Total portfolio 2022	**1,205,688**	**58,995**	**4.89%**	**18,656**	**1.55%**

1.2.3 Exchange risk

Qualitative Information

A. General aspects, management and measurement of exchange risk

The BPER Banca Group is exposed to exchange risk in connection with routine funding and lending activities and, to a marginal extent, in relation to speculative activities.
The Financial Risks Service of the Parent Company records and monitors on a daily basis the exposure to currency risk through the production of specific reporting containing the main risk metrics (mainly expressed in terms of Value-at-Risk) and, where appropriate, the associated exposure limits for said type of risk.

B. Hedging of exchange risk

The BPER Banca Group uses plain vanilla instruments for the operational hedging of exchange risk.

Quantitative information

1. Breakdown of assets, liabilities and derivatives by currency

Items	Currency					
	USD	GBP	CHF	JPY	PLN	OTHER CURRENCIES
A. Financial assets	**3,222,398**	**451,434**	**218,749**	**17,792**	**2,322**	**37,834**
A.1 Debt securities	2,779,865	412,417	-	-	-	-
A.2 Equity instruments	34,150	-	110	-	-	-
A.3 Loans to banks	124,253	8,503	10,850	16,604	1,099	26,605
A.4 Loans to customers	284,130	30,514	207,789	1,188	1,223	11,229
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**47,931**	**2,616**	**3,179**	**259**	**206**	**1,504**
C. Financial liabilities	**3,127,919**	**331,298**	**28,583**	**10,165**	**20,946**	**21,590**
C.1 Deposits from banks	2,342,037	290,702	32	3	931	3
C.2 Deposits from customers	785,882	40,596	28,551	10,162	20,015	21,587
C.3 Debt securities in issue	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**10,504**	**17**	**171**	**-**	**9**	**3,978**
E. Financial derivatives	**1,428,825**	**195,071**	**211,136**	**41,117**	**22,215**	**136,376**
- Options	-	-	-	-	-	-
+ Long positions	105,209	1,292	-	529	-	2,458
+ Short positions	149,227	401	53	3,645	6	11,219
- Other derivatives	-	-	-	-	-	-
+ Long positions	574,145	34,177	3,478	16,128	21,201	59,804
+ Short positions	600,244	159,201	207,605	20,815	1,008	62,895
Total assets	**3,949,683**	**489,519**	**225,406**	**34,708**	**23,729**	**101,600**
Total liabilities	**3,887,894**	**490,917**	**236,412**	**34,625**	**21,969**	**99,682**
Net balance (+/-)	**61,789**	**(1,398)**	**(11,006)**	**83**	**1,760**	**1,918**

2. Internal models and other methodologies for the analysis of sensitivity

The VaR determined over time horizons of ten days and one day is set out below, in relation to the risk faced by the BPER Banca Group at 31 December 2023.

	VaR Time horizon: 10 days Confidence interval: 99%	VaR Time horizon: 1 day Confidence interval: 99%
Amount 2023	**24,028**	**7,403**
Amount 2022	23,506	7,295

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivative instruments

A. Financial derivatives

A.1 Trading financial derivatives: notional values at the end of the period

Underlying asset/ Type of derivative	Total 31.12.2023				Total 31.12.2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**-**	**10,393,233**	**4,314,544**	**-**	**-**	**9,182,516**	**4,926,591**	**-**
a) Options	-	1,084,286	345,939	-	-	688,873	259,904	-
b) Swaps	-	9,259,452	2,767,134	-	-	8,443,916	3,182,284	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	1,159,263	-	-	-	1,437,799	-
e) Other	-	49,495	42,208	-	-	49,727	46,604	-
2. Equities and stock indexes	**-**	**11,384,067**	**50,043**	**-**	**-**	**6,227,457**	**37,443**	**-**
a) Options	-	11,384,067	142	-	-	6,227,457	162	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	49,901	-	-	-	37,281	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**953,136**	**665,047**	**-**	**-**	**1,757,181**	**719,804**	**-**
a) Options	-	26,557	261,986	-	-	63,414	251,384	-
b) Swaps	-	-	-	-	-	1	-	-
c) Forwards	-	805,742	403,061	-	-	1,693,766	468,420	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	120,837	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**6,362**	**-**
5. Other	**-**	**47,523**	**49,596**	**-**	**-**	**-**	**6,854**	**-**
Total	**-**	**22,777,959**	**5,079,230**	**-**	**-**	**17,167,154**	**5,697,054**	**-**

A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

Type of derivatives	Total 31.12.2023				Total 31.12.2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive Fair Value								
a) Options	-	289,600	5,089	-	-	143,693	7,125	-
b) Interest rate swaps	-	256,499	14,981	-	-	358,288	1,160	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	6,328	4,591	-	-	44,413	11,182	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	18,606	5,991	-	-	26,943	519	-
Total	**-**	**571,033**	**30,652**	**-**	**-**	**573,337**	**19,986**	**-**
2. Negative Fair Value								
a) Options	-	29,781	9,823	-	-	40,106	17,096	-
b) Interest rate swaps	-	122,440	109,407	-	-	158,231	207,076	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	8,691	4,134	-	-	15,930	9,115	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	2,465	14,213	-	-	290	23,705	-
Total	**-**	**163,377**	**137,577**	**-**	**-**	**214,557**	**256,992**	**-**

A.3 OTC trading financial derivatives - notional values, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	1,159,263	187,114	2,968,167
- positive fair value	X	-	2,600	18,778
- negative fair value	X	-	717	127,158
2) Equities and stock indexes				
- notional value	X	49,901	113	29
- positive fair value	X	-	6	13
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	362	37,508	627,177
- positive fair value	X	102	1,312	5,994
- negative fair value	X	-	228	6,850
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	49,596
- positive fair value	X	-	-	1,847
- negative fair value	X	-	-	2,624
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	9,215,846	289,303	888,084
- positive fair value	-	281,438	968	15,007
- negative fair value	-	133,524	9,021	7,159
2) Equities and stock indexes				
- notional value	-	11,384,066	-	-
- positive fair value	-	264,055	-	-
- negative fair value	-	2,620	-	-
3) Currencies and gold				
- notional value	-	953,137	-	-
- positive fair value	-	6,791	-	-
- negative fair value	-	9,233	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	47,523	-	-
- positive fair value	-	2,774	-	-
- negative fair value	-	1,820	-	-

A.4 Residual life of OTC trading financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	> 1 year to 5 years	> 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	2,904,413	9,674,123	2,129,241	14,707,777
A.2 Financial derivatives on equity securities and stock indexes	3,101,206	8,332,793	111	11,434,110
A.3 Financial derivatives on currencies and gold	1,557,116	61,068	-	1,618,184
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	97,118	-	-	97,118
Total 31.12.2023	**7,659,853**	**18,067,984**	**2,129,352**	**27,857,189**
Total 31.12.2022	**7,913,453**	**12,388,081**	**2,562,674**	**22,864,208**

B. Credit derivatives

B.1 Trading credit derivatives: end-of-period notional amounts

Types of transactions	Trading derivatives	
	with a single counterparty	with more than one counterparty (basket)
1. Protection purchases		
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total 31.12.2023	**-**	**-**
Total 31.12.2022	**-**	**30,000**
2. Protection sales		
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total 31.12.2023	**-**	**-**
Total 31.12.2022	**-**	**-**

B.2 Trading credit derivatives: positive and negative gross fair value - breakdown by product

Types of derivatives	Total 31.12.2023	Total 31.12.2022
1. Positive Fair Value		
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**-**	**-**
2. Negative Fair Value		
a) Credit default products	-	3
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**-**	**3**

B.3 OTC trading credit derivatives: notional values, gross positive and negative fair value by counterparty

These Consolidated Financial Report do not include this type of derivatives.

B.4 Residual life of OTC trading credit derivatives: notional values

Underlying assets/Residual life	Up to 1 year	Over 1 year up to 5 years	Over 5 years	Total
1 Protection sales	-	-	-	-
2 Protection purchases	-	-	-	-
Total 31.12.2023	**-**	**-**	**-**	**-**
Total 31.12.2022	**-**	**30,000**	**-**	**30,000**

B.5 Credit derivatives connected with the fair value option: annual changes

There are no amounts for this item in this Consolidated Financial Report.

1.3.2 Accounting hedges

Qualitative information

From 1 July 2020, the BPER Banca Group has adopted Chapter 6 Hedge Accounting of IFRS 9. For more details on the choices applied, please refer to Part A.2 of the Explanatory Notes, paragraph 4. “Hedging transactions”.

A. Fair value hedges

Hedged Risk - Rate Risk

As already mentioned previously and in other parts of the financial report, the corporate strategies provide for specific interventions aimed at the best possible management of interest rate risk. Among the intervention levers, the Group has recourse to derivative contracts (classified from an accounting point of view both as “hedging” and “trading”), used to reduce the sensitivity of the proprietary securities portfolio, loans granted and own liabilities (bond issues and on demand items), compared with a movement in risk-free rates.
The derivatives used for this purpose are:

- Interest Rate Swaps (IRS), also in currencies other than the Euro, traded over the counter, that are specific for each asset or liability instrument to be hedged, or refer to several instruments with the same maturity;
- Futures, listed, generic with underlying bonds (typically German, Italian and US bonds).

Compared with what is shown, micro-hedge accounting relationships are qualified only for hedging the interest rate risk connected to bonds in the banking book, classified among Financial assets measured at fair value through other comprehensive income and Financial assets measured at amortised cost, loans disbursed and classified as Financial assets measured at amortised cost, using IRS-type derivatives for this purpose. Hedging relationships of fixed rate bond loans issued by the Group and sight deposits were treated similarly under the micro-hedging arrangement.
In addition, starting from 2022, the BPER Banca Group qualified macro hedging relations (macro-hedge accounting) for the hedging of interest rate risk connected with some liability items – Sight Items – modelled according to the results of the behavioural model adopted by the BPER Banca Group and therefore characterised by features of “inelastic core” funding, i.e. those that are substantially characterised by a trend-based fixed cost and a stable duration over time.

Hedged risk - Credit/Counterparty Risk

Given the unexpected increase in credit/counterparty risk, the BPER Banca Group may use derivative instruments to reduce the sensitivity of the investment portfolio to this type of risk.

The derivatives used for this purpose are:

- Credit Default Swaps – CDS, traded over-the-counter, generic and linked to sub-indexes;
- Futures, listed, generic with underlying bonds (typically German, Italian and US bonds).

Compared with what is shown, the credit risk is hedged only by management, as no Hedge Accounting relationship has been qualified.

Hedged risk – Price risk

The coverage of potential unwanted changes in fair value also includes transactions involving equity securities.
The derivatives used for this purpose are generally Total Return Swap (TRS), traded over the counter, specific for each individual exposure.

B. Cash flow hedges

Hedged Risk – Rate Risk

The objective pursued by the Group in this case is to stabilise the contribution made by the securities portfolio to the net interest income of the Bank should risk-free rates rise and fall.
Cash flow hedging generally requires the use of Interest Rate Swaps - IRS, traded over the counter, specific for each instrument to be hedged or for multiple instruments with the same maturity.

Hedged Risk – Exchange Rate Risk

The objective pursued by the Group in this case is to stabilise the contribution made by the foreign currency securities portfolio to the net interest income of the Bank should the exchange rate depreciate.
Also in this case, hedging tends to be very limited (at the end of 2022 there was just one currency hedge in place) and generally requires the use of Cross Currency Swaps - CCS, traded over the counter, specific for each issue to be hedged or for multiple issues with the same maturity.

C. Hedging of foreign investments

The BPER Banca Group does not have any foreign investment hedging relationships.

D. Hedging instruments

The hedge accounting implemented by the BPER Banca Group is therefore achieved by the use of OTC IRS derivative contracts, either plain vanilla or with cap & floor options, and CCS or TRS derivatives.

E. Hedged items

The BPER Banca Group currently has accounting hedges on securities (bonds and equities) in the banking book, on loans (mortgages) granted and on its own bond issues. For these instruments, either just the interest rate risk component or the interest rate risk and inflation rate risk components are hedged.
From 2022, in addition to previous hedges, some new accounting hedges were entered into on sight items, i.e. funding. In particular, Macro Fair Value Hedges were created, in order to hedge the core fixed-rate inelastic component.

Quantitative information

A. Hedging financial derivatives

A.1 Hedging financial derivatives: end-of-period notional amounts

Underlying assets/ Type of derivatives	Total 31.12.2023				Total 31.12.2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**-**	**18,718,404**	**-**	**-**	**-**	**17,448,792**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	18,718,404	-	-	-	17,448,792	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equities and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**54,299**	**-**	**-**	**-**	**54,446**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	54,299	-	-	-	54,446	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**18,772,703**	**-**	**-**	**-**	**17,503,238**	**-**	**-**

A.2 Hedging financial derivatives: gross positive and negative fair value - breakdown by product

Type of derivatives	Positive and negative fair value								Changes in the value used to calculate hedge effectiveness	
	Total 31.12.2023				Total 31.12.2022				Total 31.12.2023	Total 31.12.2022
	Over the counter			Organised markets	Over the counter			Organised markets		
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements			
1. Positive Fair Value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	1,122,566	-	-	-	1,808,515	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**1,122,566**	**-**	**-**	**-**	**1,808,515**	**-**	**-**	**-**	**-**
2. Negative Fair Value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	265,130	-	-	-	507,974	-	-	-	-
c) Cross currency swaps	-	1,428	-	-	-	5,007	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**266,558**	**-**	**-**	**-**	**512,981**	**-**	**-**	**-**	**-**

A.3 OTC hedging financial derivatives - notional values, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equities and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	18,718,404	-	-
- positive fair value	-	1,122,566	-	-
- negative fair value	-	265,130	-	-
2) Equities and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	54,299	-	-
- positive fair value	-	-	-	-
- negative fair value	-	1,428	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	Over 1 year up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	1,326,113	11,363,872	6,028,419	18,718,404
A.2 Financial derivatives on equity securities and stock indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	54,299	54,299
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2023	**1,326,113**	**11,363,872**	**6,082,718**	**18,772,703**
Total 31.12.2022	**2,546,228**	**6,699,695**	**8,257,315**	**17,503,238**

B. Credit hedging derivatives

There are no amounts to be disclosed in these Consolidated Financial Report.

C. Non-hedging derivatives

There are no amounts to be disclosed in these Consolidated Financial Report.

D. Hedged instruments

D.1 Fair value hedges

	Micro-hedges: book value	Micro-hedges - net positions: book value of assets or liabilities (prior to netting)	Micro-hedges			Macro-hedges: Book Value
			Cumulative fair value changes (hedged instrument)	Termination of hedging: residual cumulative fair value changes	Change in value used to assess hedge ineffectiveness	
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging of:	**1,822,223**	**-**	**(157,776)**	**-**	**(157,776)**	**-**
1.1 Debt securities and interest rates	1,815,692	-	(162,722)	-	(162,722)	X
1.2 Equities and stock indexes	6,531	-	4,946	-	4,946	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortised cost - hedging of:	**7,525,827**	**-**	**(942,473)**	**-**	**(942,473)**	**-**
1.1 Debt securities and interest rates	7,525,827	-	(942,473)	-	(942,473)	X
1.2 Equities and stock indexes	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
Total 31.12.2023	**9,348,050**	**-**	**(1,100,249)**	**-**	**(1,100,249)**	**-**
Total 31.12.2022	**12,368,816**	**-**	**(2,034,608)**	**-**	**(2,034,608)**	**-**
B. Liabilities						
1. Financial liabilities measured at amortised cost - hedging of:	**5,946,419**	**-**	**133,615**	**-**	**133,615**	**-**
1.1 Debt securities and interest rates	5,946,419	-	133,615	-	133,615	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31.12.2023	**5,946,419**	**-**	**133,615**	**-**	**133,615**	**-**
Total 31.12.2022	**1,055,468**	**-**	**(77,446)**	**-**	**(77,446)**	**3,990,502**

D.2 Hedging of cash flows and foreign investments

	Change in value used to calculate hedging ineffectiveness	Hedging reserves	Termination of hedging: residual value of hedging reserves
A. Cash flow hedges			
1. Assets	-	(1,651)	-
1.1 Debt securities and interest rates	-	-	-
1.2 Equities and stock indexes	-	-	-
1.3 Currencies and gold	-	(1,651)	-
1.4 Loans	-	-	-
1.5 Other	-	-	-
2. Liabilities	-	-	-
1.1 Debt securities and interest rates	-	-	-
1.2 Currencies and gold	-	-	-
1.3 Other	-	-	-
Total (A) 31.12.2023	**-**	**(1,651)**	**-**
Total (A) 31.12.2022	**-**	**(3,332)**	**13,967**
B. Hedges of foreign investments	**X**	**-**	**-**
Total (A+B) 31.12.2023	**-**	**(1,651)**	**-**
Totale (A+B) 31.12.2022	**-**	**(3.332)**	**13.967**

E. Effects of hedging on shareholders' equity

E.1 Reconciliation of components of shareholders' equity

	Cash flow hedging reserve				
	Debt securities and interest rates	Equities and stock indexes	Currencies and gold	Loans	Other
Initial balance	**13,967**	**-**	**(3,332)**	**-**	**-**
Changes in Fair Value (effective portion)	-	-	1,681	-	-
Transfer to P&L	(13,967)	-	-	-	-
of which: future transactions not expected	-	-	-	-	-
Other changes	-	-	-	-	-
of which: transfer to initial book value	-	-	-	-	-
Closing balance	**-**	**-**	**(1,651)**	**-**	**-**

The parts of the table relating to hedging reserves for foreign investments and hedging instruments (non-designated elements) are not shown as they do not apply.

1.3.3 Other information on derivative instruments (trading and hedging)

At 31 December 2023, the BPER Banca Group does not have any derivatives that satisfy the criteria envisaged in IAS 32, para. 42 for offsetting financial assets and liabilities.

1.4 Liquidity risk

Qualitative Information

A. General aspects, management and measurement of liquidity risk

The BPER Banca Group has a specific policy for the management of liquidity and funding risk (Group Policy for Liquidity and Funding Risk Governance), which includes the plan covering the objectives, processes and strategies for action (Contingency Funding Plan).

Group Policy for Liquidity and Funding Risk Governance

This document, which forms an integral part of the Risk Appetite Framework – RAF of the BPER Banca Group, defines the principles, objectives and methods of governance and monitoring of liquidity and funding risk at Group level.
More specifically, it contains:

- the definition of the governance model in terms of the parties involved in risk governance and their roles and responsibilities;
- definition of limits and mitigating actions aimed at risk containment;
- the formalisation of risk management methods, through the establishment of rules, procedures and metrics for the measurement and monitoring of liquidity and funding risk and describing the stress test model adopted to evaluate the risk exposure in stress scenarios.

Liquidity risk typically crystallises in the form of failure to meet payment obligations; it may take various forms, depending on the circumstances in which the risk arises. With reference to the definitions adopted at international level, a distinction is made between funding liquidity risk and market liquidity risk.

Funding liquidity risk is the risk that the Group will not be able to make, in an efficient manner, expected and unexpected cash payments, both current and future, nor will it be able to meet collateral obligations, without an adverse effect on the Group's current operations or its financial position.
Market liquidity risk, on the other hand, is the risk that the Group is not able to sell a financial asset without incurring a capital loss due to poor liquidity or disruption in the reference market.
These two forms of liquidity risk are often highly correlated, and may crystallise as a result of the same underlying factors. Market liquidity risk is usually considered to be a type of market risk (price risk); accordingly, the processes and rules for measuring, controlling and mitigating liquidity risk focus on the funding risk aspect.
In the context of funding risk, a distinction is made between:

- mismatch liquidity risk, being the liquidity risk implicit in the structure of the Group's assets and liabilities due to the transformation of maturities typical of financial intermediaries, when the profile of cash outflows is not perfectly matched by the profile of cash inflows (with reference to contractual maturities and routine behaviour);
- contingency liquidity risk, being the risk that future events may require access to significantly more liquidity than previously planned by the Group; in other words, this is the risk of not being able to settle sudden and unexpected payment commitments in the short or very short term.

Liquidity risk can derive from different types of sources. In particular, two macro-categories are considered:

- endogenous sources of liquidity risk: these include, among specific adverse events for the Group, a rating downgrade or other event that causes the market to lose confidence in the Group. Such a downgrade or a widespread market perception of a deterioration in the Group's solidity (which could arise from other risks, such as major losses on the trading book or loan portfolio) might also result in:
  - reduced access to the market for unsecured funds (e.g. commercial paper) by institutional investors;
  - a reduction in or cancellation of interbank lines of credit;
  - the withdrawal of deposits by retail customers;
  - an increased need for liquidity, for example a request to increase margins and guarantees due, or the need to finance assets that can no longer be sold or converted into securities through securitisations.
- exogenous sources of liquidity risk include:
  - systemic events that cause a liquidity crisis in the market (political and financial crises, catastrophic events, etc.);
  - specificity of some financial products (derivative contracts, stock-borrowing contracts), where events, such as sudden market movements, bankruptcies or downgrades in the ratings, could trigger a request for further collateral from counterparties;
  - commitments relating to committed lines that in the event of a crisis could generate an increase in the demand for liquidity on the part of customers; endorsement credits or committed lines facilities stipulated with special purpose vehicles in connection with securitisations act in a similar way;
  - structural changes in the market that can lead to an increase in the liquidity risk perceived overall (increasing system demand for more volatile funding sources such as wholesale funds, rapid movement of accounts via internet banking).

Consistent with the Group Guidelines - Internal Control System, the management of liquidity risk can be broken down into the following components:
- definition of risk objectives;
- risk-taking;
- definition of risk exposure and operational limits;
- risk management.

The Group's governance model of short-term liquidity (operating liquidity) is based on centralised governance of liquidity and the related risk. In particular, the Parent Company:
- is responsible for the Group Policy for Liquidity and Funding Risk Governance;
- governs short-term liquidity;
- determines and manages the funding plan;
- monitors liquidity risk;

for all Group banks and companies in scope.

Funding/lending transactions involving liquidity are centralised at the Treasury and Institutional Liquidity Office to ensure that the Group's overall liquidity is managed efficiently:
- by optimising access to liquidity markets in terms of volumes and costs, exploiting the creditworthiness of the Group and minimising the cost of funding;
- by centralising "rating sensitive" funding transactions, as well as interventions on the money market;
- by implementing a principle of functional specialisation through centres of competence for secured funding transactions (issues of secured instruments, funding from particular categories of institutional investors, etc.).

The Group's governance model for long-term liquidity (or "structural liquidity") is based on the following principles:
- attribution to the Parent Company of the prerogatives for the guidance and coordination of the commercial and credit policies of Group Companies to ensure consistency in the overall governance of funding risk and to ensure compliance with the requisites envisaged by the regulations;
- communication of decisions and clear division of responsibilities between management, control and operational bodies;
- development of processes for the governance and control of funding risk that are consistent with the Group's reporting structure and by using the governance model formalised in the Group policy for the governance of liquidity and funding risk.

The principles listed above give rise to a centralised model for the governance and management of the structural liquidity risk among all Group Banks and Companies included in the scope of consolidation.

The Group's model for the governance of liquidity and funding risk has the following objectives:
- guarantee solvency in the ordinary course of business and under crisis conditions;
- ensure enough liquidity to satisfy the contractual commitments of the Group at all times, while also optimising the cost of funding given both current and expected market conditions;
- apply the instructions issued by the Supervisory Authorities, while also taking account of the Group's own operating characteristics.

Pursuit of the above objectives takes account of the following aspects:
- separation of responsibilities and roles between the corporate bodies that govern liquidity and funding and those with control functions;
- distinction between the metrics that monitor short-term risk and those focused on the medium-long term;
- the metrics that monitor short-term liquidity risk, being the ability of the Group to meet both routine and unexpected payment obligations, while minimising the related cost, envisage:
  - calculation of the exposure using the Liquidity Risk Mismatch Model, considering the eligible assets that are readily convertible into liquid funds, as well as any reserves held in the form of working capital;
  - maintenance of the lending-funding due to mature in the various time bands within a cumulative limit; verification both daily for internal operational purposes and weekly in accordance with the frequency requirements specified by the Supervisory Authorities;
- the metrics that monitor funding risk are designed to maintain suitable dynamics in the ratio of medium/long-term assets and liabilities, avoiding pressure on the sources of current and expected short-term liquidity while optimising the cost of funding. These metrics envisage:
  - calculation of the liquidity mismatch which, in practical terms, means calculating the gap ratios between assets and liabilities in the time bands beyond one year;
  - calculation of the funding gap, being the difference between lending and commercial funding as a percentage of total lending;

  - the use of statistical/quantitative behavioural models for items without contractual maturities or which are subject to options;
- definition of a Group Contingency Funding Plan that establishes the most suitable methods of managing Group liquidity in a stress and/or crisis scenario caused by endogenous and/or exogenous factors;
- monitoring the liquidity position in the ordinary course of business and under stress conditions;
- performance of periodic stress tests considering both endogenous and exogenous shock scenarios; when carrying out stress analysis, scenarios are constructed with reference to events of a systemic, idiosyncratic and combined nature;
- development of processes for the governance and management of liquidity and funding risk, using a model that involves the appropriate corporate bodies and functions;
- conformity of the processes for the governance and management of liquidity and funding risk with the prudential supervision instructions.

Contingency Funding Plan

The Contingency Funding Plan formalises the process of liquidity management under stress or crisis scenarios. The business functions responsible for monitoring and managing liquidity risk must be able to carry out their activities both under normal conditions and at times of stress and/or liquidity crises that are unlikely to occur, but which would have a significant impact.
In view of the governance model of the liquidity and funding risk previously illustrated, BPER Banca – as the lender of last resort for all Group subsidiaries – guarantees their short, medium and long-term solvency and is responsible for activating the Contingency Funding Plan, regardless of where in the Group the liquidity crisis arises.
The purpose of the Contingency Funding Plan is to safeguard the net assets of the Bank/Company at the early stages of liquidity stress and to guarantee the Group's continuity in the event of a serious and/or prolonged liquidity crisis, by:
- defining a process for the identification and monitoring of risk indicators that signal and measure the stages in a liquidity crisis;
- identifying ex ante a system of predetermined but flexible actions to be implemented in the early stages of a crisis;
- determining the roles and responsibilities of each business function;
- identifying the internal regulations that may be invoked to justify the actions of the Group's management, which at a time of crisis must be authorised to modify on a timely and perhaps radical basis the structure of the assets and liabilities in the balance sheet.

A state of liquidity crisis is defined as a situation in which a Group finds it difficult or impossible to settle the cash payments falling due, except by activating procedures and/or using tools with an intensity or in a manner not envisaged as part of ordinary administration.
Liquidity crises fall into two broad categories:
- systemic liquidity crises generated by market, political or macroeconomic crises;
- specific liquidity crises limited to the Group or to one or more Group Companies/Banks.

Considering the types of liquidity crisis and their scale, four operational scenarios have been identified:
- ordinary course of business;
- Points of attention;
- state of stress;
- state of crisis.

Depending on the scenario, the actions required and the functions involved in its management can be identified.
The operational scenario in which the Group operates is identified by monitoring a quantitative warning system and the reporting of stepwise levels of stress/crisis associated with one or more drivers. Stress and/or crisis management procedures are also defined in the document.

The Contingency Funding Plan and its revisions must be approved by the Board of Directors of the Parent Company.

B. Liquidity indicators

The harmonised rules for banks and investment companies contained in EU Regulation 575/2013 (CRR), as subsequent updates, introduced the following liquidity indicators, to be calculated at a consolidated level:

- Liquidity Coverage Ratio (LCR): this is an indicator of coverage of short-term liquidity whose purpose is to force banks to accumulate sufficient high-quality assets that are readily convertible into cash, in order to deal with a scenario of high stress on the funding side over a period of thirty days. At 31 December 2023 it was 160.9% calculated as a ratio of Euro 24,598 million of highly liquid assets and Euro 15,288 million of net cash outflows.
- Net Stable Funding Ratio (NSFR): a structural long-term indicator that is measured with a view to reporting any mismatches between assets and liabilities. As at 31 December 2023, the ratio stood at 128.4%, calculated as the ratio between Euro 102,646 million of available stable funding and Euro 79,941 million of required stable funding.

The liquidity requirements are over 100%, so above the minimum requirements.

Alongside these indicators, the legislation also sets the Leverage Ratio which is highlighted in the Directors' Report on Operations under the heading "Key figures".

Quantitative information

1. Time breakdown of financial assets and liabilities by contractual residual maturity

EURO

Items/time bands	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months
On balance sheet assets	**17,723,467**	**657,556**	**1,578,540**	**3,575,826**	**5,379,273**
A.1 Government securities	-	10,000	25,736	50,064	72,361
A.2 Other debt securities	68,868	1,731	70,435	46,996	247,692
A.3 UCITS units	693,178	-	-	-	-
A.4 Loans	16,961,421	645,825	1,482,369	3,478,766	5,059,220
- Banks	9,315,052	2,428	422	1,300	304,524
- Customers	7,646,369	643,397	1,481,947	3,477,466	4,754,696
On balance sheet liabilities	**96,582,602**	**2,262,754**	**211,026**	**1,911,856**	**3,436,078**
B.1 Deposits and current accounts	94,345,229	35,730	163,075	224,290	401,449
- Banks	220,698	-	-	934	-
- Customers	94,124,531	35,730	163,075	223,356	401,449
B.2 Debt securities	11,608	76,057	2,179	51,229	55,363
B.3 Other liabilities	2,225,765	2,150,967	45,772	1,636,337	2,979,266
Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	66	70,977	78,105	230,824	121,633
- Short positions	-	16,869	27,446	89,905	284,783
C.2 Financial derivatives without exchange of principal					
- Long positions	301,323	-	-	-	-
- Short positions	256,674	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	2,021,581	-	-	-
- Short positions	-	2,021,581	-	-	-
C.4 Irrevocable commitments to disburse funds					
- Long positions	1,130,160	-	-	251	7,896
- Short positions	3,264,439	-	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

1. Time breakdown of financial assets and liabilities by contractual residual maturity

EURO

(cont.)

Items/time bands	From 3 to 6 months	From 6 months to 1 year	Over 1 to 5 years	Over 5 years	Undefined maturity
On balance sheet assets	**4,757,594**	**8,255,975**	**40,969,977**	**42,922,864**	**1,018,611**
A.1 Government securities	205,171	801,376	4,921,474	5,803,930	-
A.2 Other debt securities	319,174	480,856	6,466,795	5,346,530	437
A.3 UCITS units	-	-	-	-	-
A.4 Loans	4,233,249	6,973,743	29,581,708	31,772,404	1,018,174
- Banks	7,263	14,718	5,527	9,115	1,015,717
- Customers	4,225,986	6,959,025	29,576,181	31,763,289	2,457
On balance sheet liabilities	**1,242,751**	**2,839,877**	**10,947,272**	**5,626,053**	**-**
B.1 Deposits and current accounts	838,913	1,187,734	4,469	1	-
- Banks	-	-	-	-	-
- Customers	838,913	1,187,734	4,469	1	-
B.2 Debt securities	281,289	1,529,507	10,206,233	3,994,851	-
B.3 Other liabilities	122,549	122,636	736,570	1,631,201	-
Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	115,005	112,911	28,744	54,446	-
- Short positions	104,354	106,585	31,364	-	-
C.2 Financial derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds					
- Long positions	9,633	59,887	656,916	183,581	-
- Short positions	-	-	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

1. Time breakdown of financial assets and liabilities by contractual residual maturity

OTHER CURRENCIES

Items/time bands	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months
On balance sheet assets	**207,367**	**13,927**	**28,712**	**105,197**	**190,862**
A.1 Government securities	-	-	-	-	-
A.2 Other debt securities	23	-	9,067	42,618	28,309
A.3 UCITS units	-	-	-	-	-
A.4 Loans	207,344	13,927	19,645	62,579	162,553
- Banks	141,422	192	587	-	247
- Customers	65,922	13,735	19,058	62,579	162,306
On balance sheet liabilities	**753,003**	**40,623**	**304,584**	**800,217**	**1,571,276**
B.1 Deposits and current accounts	705,886	194	82,498	2,590	97,233
- Banks	25,516	-	-	-	-
- Customers	680,370	194	82,498	2,590	97,233
B.2 Debt securities	-	-	-	-	-
B.3 Other liabilities	47,117	40,429	222,086	797,627	1,474,043
Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	-	6,590	61,202	146,811	138,588
- Short positions	66	90,340	111,563	289,655	294,597
C.2 Financial derivatives without exchange of principal					
- Long positions	522	-	-	-	-
- Short positions	520	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds					
- Long positions	-	-	556	-	-
- Short positions	548	8	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

1. Time breakdown of financial assets and liabilities by contractual residual maturity

OTHER CURRENCIES

(cont.)

Items/time bands	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years	Undefined maturity
On balance sheet assets	**146,236**	**190,355**	**1,886,582**	**1,289,581**	**-**
A.1 Government securities	21,912	192	152,036	895,928	-
A.2 Other debt securities	65,034	178,054	1,671,759	281,028	-
A.3 UCITS units	-	-	-	-	-
A.4 Loans	59,290	12,109	62,787	112,625	-
- Banks	45,576	-	-	-	-
- Customers	13,714	12,109	62,787	112,625	-
On balance sheet liabilities	**39,318**	**2,538**	**6,335**	**-**	**-**
B.1 Deposits and current accounts	39,318	2,538	-	-	-
- Banks	-	-	-	-	-
- Customers	39,318	2,538	-	-	-
B.2 Debt securities	-	-	-	-	-
B.3 Other liabilities	-	-	6,335	-	-
Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	104,502	105,052	31,314	-	-
- Short positions	113,516	111,448	28,913	54,299	-
C.2 Financial derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

As required by the regulations, liquidity risk includes the self-securitisations carried out by the BPER Banca Group and outstanding as at 31 December 2023.

Sardegna Re-Finance self-securitisation

During 2017, the subsidiary Banco di Sardegna completed a securitisation of performing residential mortgage loans pursuant to Law 130 dated 30 April 1999 to strengthen the funding available - through the Parent Company BPER Banca - to control liquidity risk.
This transaction involved the without-recourse bulk sale of 19,494 performing loans, comprising residential mortgage loans granted to developers and residential mortgage loans granted to home owners, totalling Euro 1,494,858,369, to Sardegna Re-Finance s.r.l., a company formed pursuant to Law 130. The vehicle company financed the transaction via issue of the asset-backed bonds described in the following table, all of which were taken up by Banco di Sardegna.
The objective of this transaction, which did not involve the market, was to create a reserve of liquidity via the issue of securities eligible for refinancing with the ECB – through the Parent Company BPER Banca – and for use as collateral for other funding transactions. It represents one aspect of the liquidity management activities arranged by the BPER Banca Group.
The securities have been rated by Moody's and DBRS.
As structured, the sale does not transfer to third parties, with respect to the originator bank, the real credit risk associated with the underlying loans. Based on the provisions of IAS 39 regarding derecognition (replaced by IFRS 9 starting from 1 January 2018, maintaining the same approach for the derecognition of assets), the transactions subject to securitisation remain on the books of Banco di Sardegna (and therefore of the BPER Banca Group) and are discussed in the Explanatory Notes.
Since the possibility of subsequent sales of loan portfolios was envisaged - within 24 months from the December 2017 closing date - to be followed by an adjustment of the securities issued due to an increase in their respective pool factor values, there were two further sales of mortgages, selected with criteria similar to those used for the first sale, of Euro 443 million and Euro 175 million, respectively, in June and December 2018. The portfolio has therefore reached its maximum capacity already after 12 months and the transaction has been consolidated as follows.

Classes	A	J
Issue amount	1,668,800,000	531,200,000
Current Pool Factor	0.32029236	0.85649877
Currency	Euro	Euro
Maturity	22.12.2060	22.12.2060
Listing	Dublin Stock Exchange	Unlisted
ISIN code	IT0005317034	IT0005317042
Depreciation	Pass Through	Pass Through
Indexation	Euribor 3m	Unindexed
Spread	0.80%	Residual
Issue Moody's Rating	Aa2	Unrated
Issue DBRS Rating	AA (low)	Unrated
Current Moody's Rating	Aa3	Unrated
Current DBRS Rating	AAA (sf)	Unrated

Lanterna Finance 5

On 2 December 2021, Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A. entered into a deed of assignment of loans for an amount of roughly Euro 683 million in principal in favour of the vehicle company Lanterna Finance S.r.l. which, on 22 December 2021, issued three classes of securities for a total amount of Euro 687 million, which were fully subscribed for by the transferor banks. The securitisation is STS compliant and STS verified.
With the merger of Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A., which took place by deed of 24 November 2022, the securities of the securitisation are available to BPER Banca S.p.A. to improve its counterbalancing capacity in implementing the Group's funding policy.

Disposal date:	2 December 2021
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Lanterna Finance s.r.l., with registered office in Via della Cassa di Risparmio 15, 16123 - Genoa
Servicer:	BPER Banca S.p.A. (former Banca Carige s.p.a.), in the role of Servicer - Corporate Servicer and Cash Manager
Issue date of securities	22 December 2021
Type of transaction	Traditional - STS compliant
Organisation	BNY Mellon in the role of Account Bank, Calculation Agent and Paying Agent; Zenith Services as Representative of the Noteholders and BUS; Prime Collateralised Securities EU SAS as Third Party Verifying STS compliance
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator. This activity has been delegated to Servicer since the absorption date of Banca Carige into BPER Banca

The operational aspects are summarised below:

Assets sold	Mortgage and non-mortgage loans to SMEs
Quality of assets securitised	Performing loans
Amount of securitised assets	The total claimed principal amount of the loan portfolio sold is Euro 683 million.
Disposal price of securitised assets	The disposal price was Euro 687 million
Guarantees and credit lines granted by the bank	Subordinated loan for Euro 7.575 million disbursed pro rata by Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A.
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements stipulated with legal entities with SME status pursuant to Law 662/96
Analysis by geographical area	Securitised loans refer to borrowers based in Italy

ISIN code	Seniority	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	Rating DBRS	S&P rating
IT0005473910	A1	Jan-61	425,000	425,000	36,028	AAA (sf)	AA
IT0005473928	A2	Jan-61	75,000	75,000	75,000	AAA (sf)	AA
IT0005473936	B	Jan-61	187,000	187,000	187,000	n.r.	n.r.
Total			**687,000**	**687,000**	**298,028**		

Diamantino RMBS

On 9 May 2023, BPER Banca S.p.A. signed a contract for the sale of loans relating to residential mortgages and property loans of Euro 3.7 billion in favour of the Diamantino RMBS vehicle that, on 22 June 2023, issued securities for a total of Euro 3,648,422,000 (of which Euro 2,645,100,000 in class A and Euro 1,003,322,000 in class J), which were fully subscribed for by BPER Banca S.p.A. in order to optimise the counterbalancing capacity with securities highly rated by the refinancing market.

Disposal date:	9 May 2023
Seller:	BPER Banca S.p.A.
Special purpose vehicle:	DIAMANTINO RMBS S.r.l., Via Vittorio Emanuele II 24/28, 20122 Milan
Servicer:	BPER Banca S.p.A., as Servicer, Account Bank and Paying Agent, Zenith Services as Calculation Agent and Corporate Servicer
Issue date of securities	22 June 2023
Type of transaction	Traditional
Organisational structure	(BPER Banca S.p.A.) provides a quarterly report on the collections in which it comments on the activity carried out with indications relating to collections, providing specific details about interest and principal payments. The Corporate Servicer activities has been delegated to Zenith Service S.p.A.
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator

The operational aspects are summarised below:

Assets sold	Property loans and residential mortgage loans
Quality of assets securitised	Performing loans
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 3.7 billion
Disposal price of securitised assets	The disposal price is Euro 3.7 billion
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements entered into with both natural and legal persons. excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023
IT0005549594	Senior	Dec-75	2,645,100	2,384,822
IT0005549602	Junior	Dec-75	1,003,322	1,003,322
Total			**3,648,422**	**3,388,144**

Multi Lease AS self-securitisation

The “MultiLease 4” transaction (abbreviated as “ML4”), completed in the third quarter of 2021 and effective for legal purposes from 1 July 2021, with underlying portfolio of performing lease receivables for a total amount of Euro 1,796,045,000.00, met the expected cash collection levels in 2023. There are no customers in default and reminders were promptly sent for past due receivables to ensure the immediate collection in observance of the provisions of the Servicing Agreement.

Under the Servicing Agreement, the credit collection and monitoring service was carried out regularly; the Corporate Servicer (Zenith S.r.l.) punctually issued monthly reports on the performance of the transaction.

It should be noted that, in March 2023, the Audit Function of the Parent Company concluded an annual audit on the Servicing process carried out by BPER Leasing; said audit was conducted in application of the provisions of the Bank of Italy which, – under Circular no. 288/2015 Supervisory provisions for financial intermediaries” – sets forth that of a financial company exercises the role of Servicer in a securitisation, the internal audit function must verify, at least annually, the adequacy and the functionality of the process of managing and monitoring the performance of securitised assets, and monitor compliance of the transaction with the law and the Prospectus.

The objective of the audit was to evaluate: I) the actions of management and governance of activities assigned to the Servicer according to the regulatory provisions and the contracts relating to the securitisation in place; II) the information provided to the corporate bodies; III) the adequacy and functionality of the overall servicing process, structured to manage securitised assets (segregation of credit assets; management, registration and repayment of collections of securitised assets); IV) compliance with the threshold values defined by the servicing and transfer agreements; V) the operating and control procedures on the correct performance of the transaction (controls on: arrears; trend in collections; “trigger events”; maturity of payments of coupons of ABS notes; observance of contractual limits); VI) the controls required by the supervisory provisions assigned to the Risk Management Function; VII) the consistency of the regulatory and contractual structure that defines the responsibilities and the duties of the Servicer vis-à-vis the Vehicle Company and, in general, the stakeholders in the securitisation.

The audit ended with a positive result (Low residual risk and no findings and/or recommendations).

In June 2023, no. 523 contracts sold to the vehicle (for a total outstanding amount of Euro 64,681,346) were placed on Flood Moratorium, resulting in the suspension of lease payments for May and June 2023.
It is specified that the ex Lege Flood Moratorium (Italian Decree Law no. 61) did not affect contractual triggers providing for repurchase in case of renegotiation.

It should also be noted that the current “MultiLease IV” transaction could be terminated early in 2024 due to the significant reduction in the outstanding portfolio and the Class A - Senior Notes issued in 2021 at the start of the transaction, assuming that a new “MultiLease V”securitisation transaction is launched in 2024.
This hypothesis has already been discussed and shared with the Parent Company’s Structured Finance Management office.

The total amount of these Notes after the repayment on the payment date (27 December 2023) – repayment of principal Euro 24,445,633.40 and interest Euro 1,795,106.90 - is Euro 920,413,809.20 made up as follows:
- Class A Notes – Senior Euro 445,368,809.20;
- Class B Notes – Junior Euro 475,045,000.00.

The residual balance of the portfolio at 31 December 2023 amounted to Euro 1,020,993,494.59 for a total of 5,043 contracts, including Euro 3,936,921.31 of Unpaid Principal Instalments.

1.5 Operational risks

Qualitative Information

A. General aspects, governance and measurement of operational risk

Operational risk is "the risk of losses due to inadequate or dysfunctional procedures, human resources or internal systems, or to exogenous events, including the legal risk[54]".
The BPER Banca Group adopts the Traditional Standardised Approach (TSA) to calculate the capital requirement for operational risk. The Own Funds requirement is calculated using the standardised approach by determining the three-year average of the sum of the annual Own Funds requirement for the lines of business in which the relevant indicator was classified[55].
Note that, on the basis of the principles of organisational separation and independence of functions exercising second and third level control activities, it is envisaged that there is:

- a first level control of operational risk;
- a function that performs second level controls of operational risk within the Risk Management Department, part of the Operational, ICT and Reputational Risk Unit;
- a function for third-level controls that is attributed to the Internal Audit Department, in accordance with the Group's internal control system.

Operational risk management is based on the following principles:

- identification: operational risks are identified, highlighted and reported to senior management;
- measurement and assessment: the risk is quantified by determining the impact on business processes, inclusive of the financial impact thereon;
- monitoring: monitoring of operational risk and of exposure to significant losses is ensured, generating information flows that favour active risk management;
- mitigation: appropriate measures have been taken to mitigate operational risk;
- reporting: a reporting system has been set up to report on operational risk management.

The collection and storage of data relating to loss events is done by means of the Group's Loss Data Collection process.
The process of Loss Data Collection is supported by special IT tools, which are under constant development, to ensure the integrity and quality of data.
The assessment of operational risk exposure, which is performed by means of risk self assessment, is aimed at determining, with an annual time horizon and for significant operating segments:

- the extent of exposure to operational risk;
- an assessment of the adequacy of line processes and controls.

The management of operational risk also includes assessment of the risks associated with the approval of new products and services, the start-up of new activities, the entry into new markets and the outsourcing of corporate functions.

As of 2015, the Group has implemented an analytical framework for IT risk, in compliance with Circular 285 of 17 December 2013, with the aim of providing an overview of the current risk situation and the remedy plan needed to avoid exceeding the threshold set for the Group's risk appetite.
Following the new regulatory provisions (Directive (EU) 2015/2366 implemented in the 28th update of Circular 285 of July 2019), every year the Group carries out an in-depth assessment of the operational and security risks related to the payment services provided and the adequacy of the mitigation measures and control mechanisms put in place to address them.

The Parent Company prepares a quarterly report for Senior Management and the managers of central organisational units on the operational losses incurred during the period, as well as an annual report that analyses the forward-looking assessments of operational risk, based on the risk self assessments carried out, and describes the various risk mitigation actions planned. Specific reporting requirements have also been established by the IT risk management framework.

54 See (EU) Regulation 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment companies (CRR) – Part one, Title I, art. 4. Legal risk is the risk of losses resulting from violations of laws or regulations, from contractual or extra-contractual liability or from other disputes.

55 See CRR – Part three, Title III, Chapter 3, art. 317.

Membership by the BPER Banca Group of the DIPO consortium[56] allows the Bank to obtain feedback about the operational losses reported by the other Italian banks that are members. The Parent Company currently uses this feedback to analyse the positioning of the Group with respect to the system as a whole, to update the map of operational risks and to support the estimates made during the Risk Self Assessment process.
Operational risk management includes the various steps involved in the process of Business Continuity Management. This process is designed to maintain an appropriate level of attention regarding operational continuity and to avoid the progressive obsolescence of organisational measures (rules, impact assessment, scenarios, emergency measures, operating plans etc.) taken to ensure the continuity of critical business processes.

Quantitative information

The following is the distribution of the number of events and operating losses recorded in 2023, divided into the following risk categories:
- internal fraud: losses due to fraud, embezzlement or circumvention of regulations, laws or company policies, excluding incidents of discrimination or failure to apply equal treatment, which involves at least one internal resource of the entity;
- external fraud: losses due to fraud, embezzlement or violation/circumvention of laws, by a third party;
- employment and safety at work: losses arising from acts not in compliance with laws or agreements in respect of employment, health and safety at work, from the payment of compensation for personal injuries or incidents of discrimination or failure to apply equal treatment;
- customers, products and business practices: losses arising from unintentional or negligent non-performance relating to professional obligations to specific clients (including fiduciary and suitability requirements), or from the nature or characteristics of the product;
- damage to fixed assets: losses resulting from loss or damage to assets from natural disasters or other events;
- business interruption and system failures: losses arising from business interruption or system failures;
- performance, delivery and management of processes: losses due to weaknesses in the handling of transactions or management of processes, as well as losses due to relations with business partners and suppliers.

56 Database Italiano Perdite Operative (Italian Database of Operational Losses) which the BPER Banca Group has participated in since 2003. The DIPO observatory is a service provided by the Italian Banking Association designed to support the development of Operational Risk Management and to create a methodology for gathering and exchanging information on operational losses suffered by members.

FIGURE 1: BREAKDOWN BY FREQUENCY

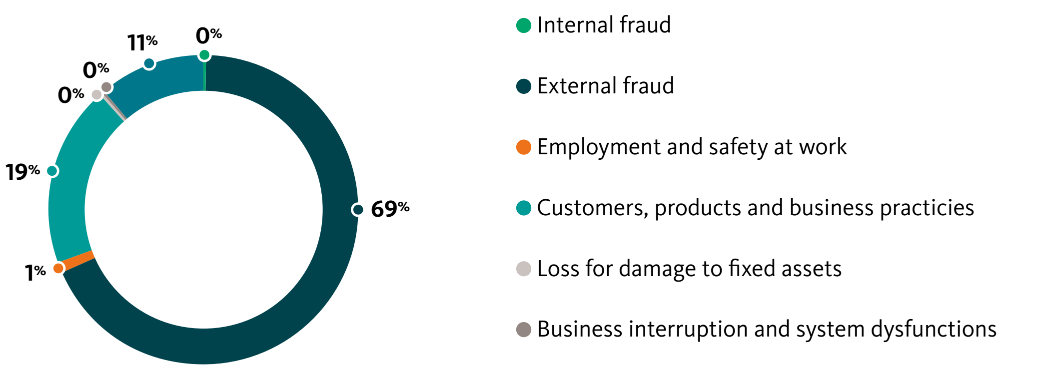
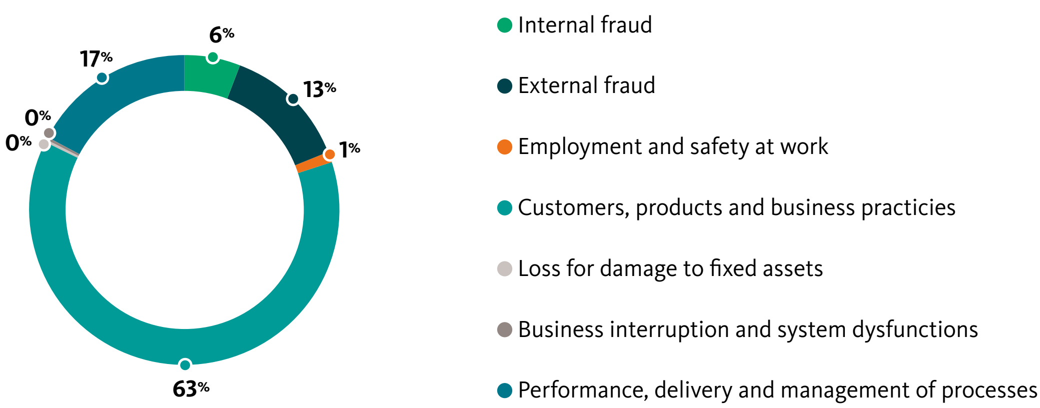


FIGURE 2: BREAKDOWN BY GROSS ACTUAL LOSS



An analysis of the graphs shows that the most relevant type of event in terms of frequency is:
- “External fraud” with 69% of the total frequency;
- “Customers, products and business practices”, with 19% of the total frequency;

In terms of economic impact the most significant events related to:
- “Customers, products and business practices”, with 63% of the total gross loss.
- “Performance, delivery and management of processes”, with 17% of the total gross loss.

Reputational risk

Qualitative Information

A. General aspects, management and methods to measure reputational risk

Reputational risk is "the current or prospective risk of a decline in earnings or capital arising from an adverse perception of the Group by customers, employees, counterparties, shareholders, investors or Supervisory Authorities".

The framework for the management of reputational risk is supervised by the Reputational & Other non Financial Risk office within the Risk Management Function, with support from the organisational units involved (Reputational Risk Owner) in managing risk and monitoring the corrective actions needed to mitigate any vulnerabilities identified.

The system of reputational risk management adopted by the BPER Group has the following components:
- identification and assessment of risk based on Reputational Data Collection and Reputational Self-Assessment;
- monitoring of the Group's exposure to reputational risk using a series of specific Key Risk Indicators;
- management of critical reputational events (escalation): management of particularly critical reputational events, by means of a functional escalation process and the determination of short and long term responses and mitigation;
- reporting: preparation of suitable reports, based on the various processes/sub-processes comprising the framework, in order to present in summary form the outcome of the risk management activities to all bodies and functions concerned.

With reference to the reputational risk management process, the following results are reported (specifying that the analyses relating to the monitoring of Reputational Risk Indicators and the Reputational Risk Self-Assessments are to date carried out only at Group level):
- In 2023, 0 reputational events were recorded with high risk, 8 with medium risk and 172 with low risk on a rating scale with 3 levels (low, medium, high);
- no reputational critical issues identified in the monitoring of the Parent company's KRIs;
- no reputational critical issues identified as part of the RSA campaign of the Parent company;
- presence of some previous events in 2023 (ongoing criminal proceedings) potential future reputational impacts.

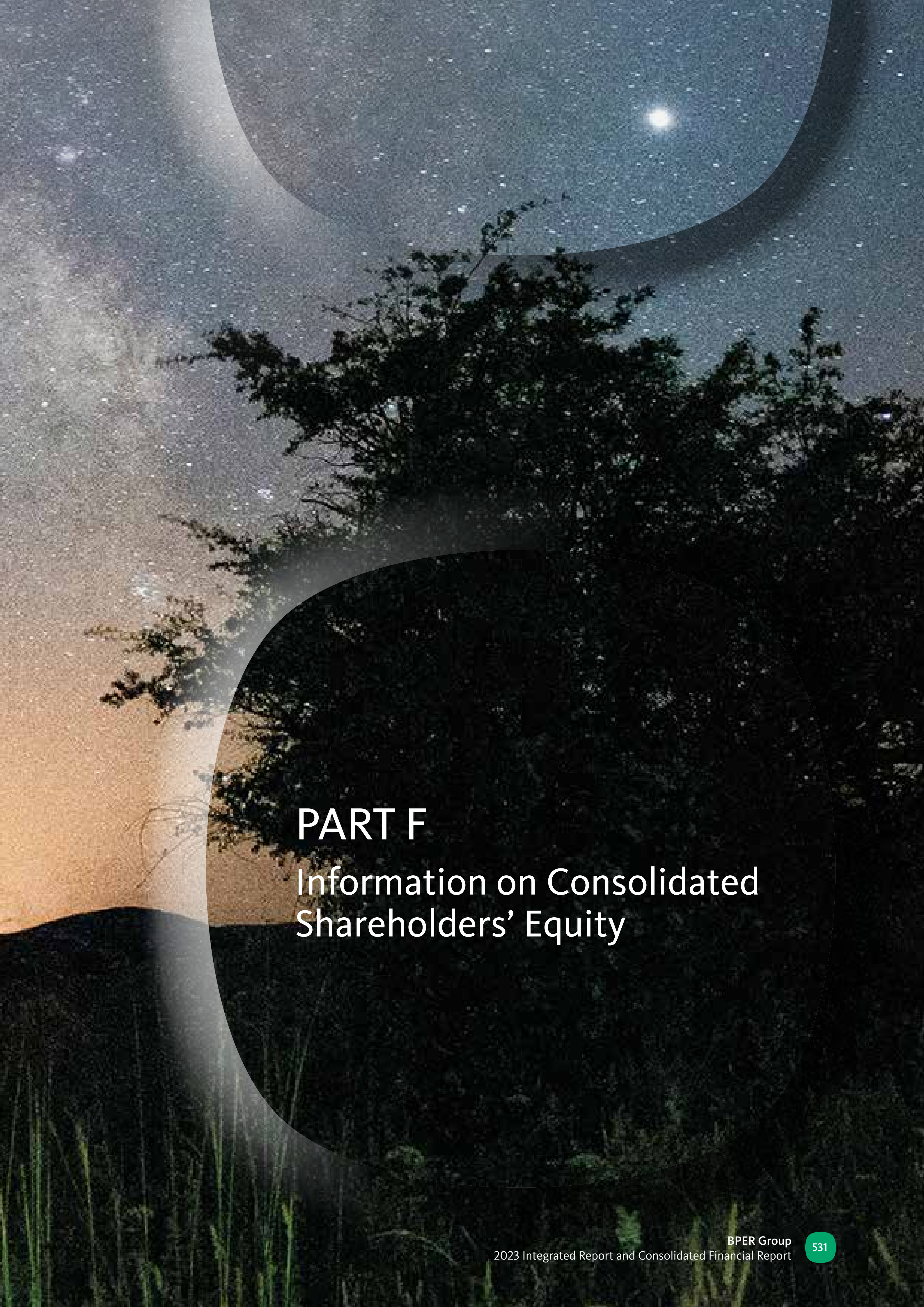
No internal capital is allocated to cover reputational risk (since it is included in other risk categories).

Section 3 – Risks of insurance companies

This section is not applicable as the BPER Banca Group does not include insurance companies.

Section 4 – Risks of other companies

This section is not applicable because, as already explained in part A of these Explanatory Notes, the BPER Banca Group has decided to align the scope of consolidation with that used for regulatory purposes.



PART F

Information on Consolidated Shareholders' Equity

Section 1 – Consolidated shareholders' equity

Qualitative Information

Equity management and its continuous monitoring in terms of size and quality compared with the risks assumed is an activity that the BPER Banca Group carries on constantly to ensure an adequate level of capitalisation in compliance with the prudential rules.

As Parent Company, BPER Banca performs the role of coordination and guidance of Group banks and companies, coordinating the management of capital in each individual entity and providing appropriate guidelines.

By means of active capital management, a suitable combination of different capitalisation instruments and continuous monitoring, the Parent Company has managed to combine projects for capital growth and optimisation that have enabled the Group to maintain one of the strongest capital profiles among Italian banking groups.

The size of the Group's consolidated capital resources and those of the individual Group companies are verified periodically and brought to the attention of management and of the Board of Directors and Board of Statutory Auditors. The capital position is monitored as part of the RAF (Risk Appetite Framework) process, at meetings of the Risk Committee, in periodic reports relating to the financial statements and in the impact simulations relating to extraordinary transactions and regulatory changes.

The capital management and planning activities are aimed at governing and improving the current and prospective financial strength of the Group. There are also plans to improve the capital base, such as conservative pay-out policies, strategic finance operations (capital increases, convertible loans, subordinated bonds) and levers connected to the containment of risks, such as insurance coverage, management of loans as a function of counterparty risk, technical form and guarantees assumed.

The Parent Company is subject to the capital adequacy requirements established by the Basel Committee, in accordance with the rules defined by EU Regulation 575/2013 (CRR). In regulatory terms, BPER Banca, Banco di Sardegna and Bibanca were authorised from 30 June 2016 to use the AIRB approach for measuring credit risk for the Corporate and Retail segments. Other BPER Banca Group companies apply the Standardised Approach (SA) for the measurement of credit risk while, at the same time, continuing preparations to extend the use of advanced methodologies to other Group entities whose IT systems have already been aligned.

Quantitative information

B.1 Consolidated Shareholders' equity: breakdown by business type

Items	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Share capital	2,882,465	-	-	(754,023)	2,128,442
2. Share premium reserve	1,553,530	-	-	(314,923)	1,238,607
3. Reserves	5,394,920	-	-	(1,050,232)	4,344,688
4. Equity instruments	150,000	-	-	-	150,000
5. (Treasury shares)	(2,250)	-	-	-	(2,250)
6. Valuation reserves:	143,221	-	-	11,000	154,221
- Equity instruments measured at fair value through other comprehensive income	137,530	-	-	(1,292)	136,238
- Hedging of equity instruments measured at fair value through other comprehensive income	(3,756)	-	-	1,255	(2,501)
- Financial assets (no equity instruments) measured at fair value through other comprehensive income	(143,851)	-	-	3,007	(140,844)
- Property, plant and equipment	125,572	-	-	-	125,572
- Intangible assets	-	-	-	-	-
- Foreign investment hedges	-	-	-	-	-
- Cash flow hedges	(1,105)	-	-	-	(1,105)
- Hedging instruments [non-designated elements]	-	-	-	-	-
- Foreign exchange differences	-	-	-	-	-
- Non-current assets and disposal groups held for sale	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (variation due to changes in creditworthiness)	(5,459)	-	-	-	(5,459)
- Actuarial gains (losses) on defined benefit plans	(145,321)	-	-	-	(145,321)
- Share of valuation reserves of equity investments valued at equity	-	-	-	8,030	8,030
- Financial revenues or costs relating to insurance contracts issued	-	-	-	-	-
- Financial revenues or costs relating to outwards reinsurance	-	-	-	-	-
- Special revaluation laws	179,611	-	-	-	179,611
7. Profit (loss) for the year (+/-) of the Group and minority interests	1,646,830	-	-	(95,061)	1,551,769
Total	**11,768,716**	**-**	**-**	**(2,203,239)**	**9,565,477**

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

Assets / Amounts	Prudential consolidation		Insurance companies		Other companies		Consolidation adjustments and eliminations		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	6,685	150,536	-	-	-	-	3,997	990	10,682	151,526
2. Equity instruments	151,925	14,395	-	-	-	-	(1,292)	-	150,633	14,395
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**158,610**	**164,931**	**-**	**-**	**-**	**-**	**2,705**	**990**	**161,315**	**165,921**
Total 31.12.2022	**171,164**	**273,943**	**-**	**-**	**-**	**-**	**2,860**	**990**	**174,024**	**274,933**

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity instruments	Loans
1. Opening balance	**(248,884)**	**147,975**	**-**
2. Increases	**186,359**	**14,035**	**-**
2.1 Fair value increases	170,692	12,165	-
2.2 Impairment losses for credit risk	1,011	X	-
2.3 Reclassification to profit and loss of negative reserves following disposal	8,417	X	-
2.4 Transfer to other components of shareholders' equity (equity instruments)	-	7	-
2.5 Other increases	6,239	1,863	-
3. Decreases	**78,319**	**25,772**	**-**
3.1 Fair value decreases	6,074	24,495	-
3.2 Write-backs for credit risk	954	-	-
3.3 Reclassification to profit or loss of positive reserves: -from disposal	12,869	X	-
3.4 Transfer to other components of shareholders' equity (equity instruments)	-	305	-
3.5 Other decreases	58,422	972	-
4. Closing balance	**(140,844)**	**136,238**	**-**

B.4 Valuation reserves about actuarial gains (losses) on defined benefit plans: annual changes

	31.12.2023	31.12.2022
1. Opening balance	**(134,093)**	**(159,928)**
2. Increases	**3,385**	**56,933**
2.1 Actuarial gains	598	56,428
2.2 Other increases	2,787	505
3. Decreases	**14,613**	**31,098**
3.1 Actuarial losses	14,528	99
3.2 Other decreases	85	30,999
4. Closing balance	**(145,321)**	**(134,093)**

Section 2 – Own funds and capital adequacy ratios

The disclosures about own funds and capital adequacy are provided in the document entitled “Public Disclosure as at 31 December 2023 – Pillar 3”, prepared in accordance with the regulatory framework consisting of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (the Capital Requirements Regulation or CRR) as later amended.

The disclosure is published on the Parent Company’s website https://istituzionale.bper.it on the same date as or as soon as possible after the Integrated Report and the Consolidated Financial Report of the BPER Banca Group as at 31 December 2023.

PART G
Business Combinations

Section 1 – Transactions carried out during the year

1.1 Business combinations

No business combinations pursuant to IFRS 3 were carried out during the period to 31 December 2023.

1.2 Transactions between entities under common control

The merger by absorption of BPER Credit Management s.c.p.a. into BPER Banca s.p.a. took place on 29 March 2023, with accounting and tax effective date as of 1 January 2023.

The Merger fits within the framework of the initiatives for the rationalisation and simplification of the BPER Banca Group structure, including with a view to restructuring and improving non-performing loan management as part of an elaborate, broad project that also envisages the value enhancement and deconsolidation of the unlikely-to-pay and bad loan recovery platforms.

The merger by absorption of Italiana Valorizzazioni Immobiliari s.p.a. into BPER REOCO s.p.a. took place on 1 April 2023, with accounting and tax effective date as of 1 January 2023. The merger is part of the initiatives aimed at rationalising and simplifying the structure of the BPER Banca Group in the real estate sector.

The merger of Optima s.p.a. SIM into Banca Cesare Ponti s.p.a. took place on 13 November 2023, with accounting and tax effects from 1 October 2023.

The merger is part of the initiatives, in line with the BPER Group's 2022 - 2025 Business Plan, aimed at rationalising and simplifying the Group's structure by centralising the wealth & asset management activities of the BPER Group within Banca Cesare Ponti.

Please refer to the Directors' Report on Group Operations for more details on the strategic rationale behind transactions that qualify as Business Combinations between entities under common control, which are excluded from the scope of IFRS 3 and recognised in the financial report of the merging companies in continuity of values with the Consolidated financial report.

Section 2 – Transactions carried out after the end of the reporting period

2.1 Business combinations

No business combinations falling within the scope of IFRS 3 have occurred after 31 December 2023 and before the date of approval of the Consolidated financial report by the Board of Directors of the Parent Company.

2.2 Transactions between entities under common control

On 8 February 2024, BPER Banca s.p.a. signed the deed of transfer of the “Private Banking” business unit, specialised in Wealth Management and Asset Management, to Banca Cesare Ponti s.p.a. against an increase in share capital approved on the same date by the Extraordinary Shareholders’ Meeting of Banca Cesare Ponti and offered for subscription to BPER Banca, the sole shareholder of Banca Cesare Ponti.

BPER Banca’s contribution of the business unit to Banca Cesare Ponti to service the increase in share capital is part of a broader and more extensive initiative, in line with the BPER Banca Group’s 2022 - 2025 Business Plan, aimed at centralising the wealth management activities of the BPER Banca Group within Banca Cesare Ponti. This project also contemplates the merger by absorption of Optima S.p.A. SIM in Banca Cesare Poniti, referred to in the previous section.

For more details on the strategic rationale behind the transaction, please refer to the Directors’ Report on Group Operations.

Section 3 – Retrospective adjustments

No retrospective adjustments to business combinations performed in previous years were necessary.

PART H
Related-party transactions

1. Information on the remuneration of Managers with strategic responsibilities

	Board of Directors	Statutory Auditors	Other managers with strategic responsibilities
short-term benefits (1)	3,591	350	6,456
post-employment benefits (2)	-	-	480
other long-term benefits (3)	618	-	1,592
indemnities for termination of employment (4)	-	-	810
share-based payments (5)	947	-	1,824
Total 31.12.2023	**5,156**	**350**	**11,162**
short-term benefits (1)	3,837	336	3,768
post-employment benefits (2)	-	-	263
other long-term benefits (3)	571	-	840
indemnities for termination of employment (4)	-	-	1,398
share-based payments (5)	-	-	38
Total 31.12.2022	**4,408**	**336**	**6,307**

The information provided is consistent with that required by IAS 24.
The amounts shown for the Directors (including the emoluments of the Chief Executive Officer), the Statutory Auditors and other Managers with strategic responsibilities, represent their emoluments for the year, regardless of when they are paid.

(1) The item includes salaries, indemnities in lieu of untaken vacation, paid leave of absence and any fringe benefits, such as insurance, housing and car, in addition to social security contributions.
As regards the Directors, note that the amount shown (Euro 3,591 thousand) consists of their emoluments for the period in accordance with art. 11 of the Articles of Association. More specifically:
- Euro 1,872 thousand (Euro 2,129 thousand at 31 December 2022), comprising the fees payable to the Directors (Euro 1,091 thousand), the additional emoluments due to members of the Board committees (Euro 494 thousand), as well as the attendance fees payable to the Directors for participating in meetings of the Board of Directors (Euro 126 thousand) and amounts earned for positions held in subsidiaries not paid directly to the Parent Company (Euro 161 thousand as at 31 December 2023);
- Euro 365 thousand (unchanged as compared to the prior period) of additional emoluments payable to Directors appointed to particular positions in compliance with the Articles of Association (specifically Chair and Deputy Chair); in fact, this remuneration has to be set by the Board of Directors, after having sought the opinion of the Board of Statutory Auditors;
- Euro 1,200 thousand (unchanged from prior period) as additional emoluments, again with reference to the same clause of the Articles of Association mentioned above, for the office of Chief Executive Officer, plus Euro 154 thousand of variable remuneration.
The amounts shown for other Key Management Personnel (the General Manager, 2 Deputy General Managers, the Manager responsible for preparing the company's financial reports and 11 other Group Senior Managers in the Parent Company BPER Banca) belong to the types of costs detailed above. They are disclosed in the Report on Remuneration (art. 123-ter of Legislative Decree 58/1998) in accordance with CONSOB's instructions. The values relating to the comparison period refer to a perimeter of 9 Managers with strategic responsibilities.

(2) The item includes payments to the supplementary pension funds and provisions for termination indemnities.
(3) The item includes deferred variable remuneration relating to annual variable incentive plans, as specified in the Remuneration Report.
(4) The item includes termination indemnities.
(5) The item includes the costs accrued for the Long-Term Incentive Plan during the year.

2. Information on related-party transactions

The BPER Banca Group has adopted a series of regulations that include the "Group policy governing non-compliance risk in relation to conflicts of interest with related parties and risk activities with associated persons". This regulatory framework complies with the Bank of Italy's requirements in terms of "Risk activities and conflict of interest with related parties and associated persons" as contained in Circular 285 dated 17 December 2013 and subsequent updates. The Policy describes the prudential limits placed on risk activities involving related parties and associated persons, the continuous monitoring of limits, the management of situations where the limits have been exceeded. An "internal threshold of attention" establishes an individual limit on the weighted consolidated exposure that is lower than the regulatory threshold. This threshold is set at such a level as to constitute an adequate precaution against accepting particularly significant exposures to related parties and persons associated with them.

The following shows the transactions with related parties, identified in application of IAS 24.

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Subsidiaries (*)	48,169	7,206	20,700	6,602	661
Associates	896,820	58,732	236,763	34,887	2,349
Directors, Statutory Auditors and Managers	569	2,072	272	36	63
Other related parties	340,444	1,998,436	75,277	243,121	74,747
Total 31.12.2023	**1,286,002**	**2,066,446**	**333,012**	**284,646**	**77,820**
Subsidiaries	604,477	16,947	47,278	7,472	903
Associates	667,897	21,500	282,395	6,659	1,697
Directors, Statutory Auditors and Managers	66	1,242	326	18	47
Other related parties	379,072	2,006,567	162,174	253,952	21,114
Total 31.12.2022	**1,651,512**	**2,046,256**	**492,173**	**268,101**	**23,761**

(*) Not fully consolidated.

Balances and transactions with related parties all relate to routine banking and other services and arose normally during the year, as a consequence of needs and requirements in the common interests of the parties or, where applicable, of the Group. The conditions applied to the individual accounts are in line with those currently applied in the market.
"Other related parties" are situations other than those set out in the table, such as entities controlled by associated companies of BPER Banca, entities which have a significant influence on the BPER Banca Group and entities subject to the control of Directors, Statutory Auditors or Managers, or by subjects that may have significant influence over them, as defined by IAS 24.
The total amount of cash and endorsement loans to Directors, Statutory Auditors, Managers and other related parties comes to Euro 416.6 million (Euro 541.6 million at 31 December 2022). The above amount accounts for 0.23% of total cash and endorsement loans.

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Total reference amounts - 31.12.2023	**142,128,359**	**132,562,882**	**41,142,926**	**7,453,657**	**5,089,626**
Total reference amounts - 31.12.2022	**152,302,794**	**144,182,265**	**38,992,102**	**5,070,380**	**3,838,221**

The total reference amounts for revenues include interest income (item 10), commission income (item 40) and other operating income (detail of item 230); costs include interest expense (item 20), commission expense (item 50), other operating expenses (detail of item 230) and administrative expenses (item 190).

Related party transactions stated as a percentage of reference amounts (financial position and economic results)

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Subsidiaries (*)	0.03%	0.01%	0.05%	0.09%	0.01%
Associates	0.63%	0.04%	0.58%	0.47%	0.05%
Directors, Statutory Auditors and Managers	0.00%	0.00%	0.00%	0.00%	0.00%
Other related parties	0.24%	1.51%	0.18%	3.26%	1.47%
Total 31.12.2023	**0.90%**	**1.56%**	**0.81%**	**3.82%**	**1.53%**
Subsidiaries	0.40%	0.01%	0.12%	0.15%	0.02%
Associates	0.44%	0.01%	0.72%	0.13%	0.04%
Directors, Statutory Auditors and Managers	0.00%	0.00%	0.00%	0.00%	0.00%
Other related parties	0.26%	1.39%	0.42%	5.02%	0.55%
Total 31.12.2022	**1.10%**	**1.41%**	**1.26%**	**5.30%**	**0.61%**

(*) Not fully consolidated.

PART I
Equity-based payments

Qualitative Information

1. Description of equity-based payments

On 26 April 2023, the Shareholders' Meeting, based on a prior resolution of the Board of Directors of 9 March 2023, approved the Remuneration policies of the BPER Banca Group for the year 2023 containing guidelines on the use of remuneration plans based on equity (financial) instruments.

In order to pursue the objective of encouraging alignment of the interests of management with those of shareholders, the "Supervisory Provisions for banks" regarding "Remuneration and incentive policies and practices (Bank of Italy Circular no. 285 of 17 December 2013 and subsequent updates) establish that at least 50% of variable remuneration provided to "key employees" (or "Material Risk Takers" or "MRT") should be paid in the form of shares or associated financial instruments (pursuant to article 114-bis of Legislative Decree no. 58 of 24 February 1998 and paid through upfront payment systems or deferred for a period of no less than 4-5 years. "Variable remuneration" refers to both variable performance-linked components or other parameters, and to amounts paid as incentives for the early termination of the employment relationship or for the early exit from office recognised to recipients ("severance").

In compliance with the aforementioned regulatory provisions, the BPER Banca Group has therefore made provision for:
- A short-term incentive plan on an annual basis - MBO 2023: the plan identifies the following beneficiaries: in addition to the Chief Executive Officer and the General Manager, the executives with strategic responsibilities of the BPER Banca Group and selected persons from other categories of employees or associates of the BPER Banca Group classified as "Material Risk Takers" pursuant to the applicable legislation. As far as the structure is concerned, the Plan envisages paying part of the incentive through the assignment of BPER Banca shares, subject to the fulfilment of the conditions for its activation ("entry gates") and based on the bonus amount accrued by each MRT. The period for implementing the Plan runs between 2023 (the period in which the results for the financial year 2023 are recognised) and the actual availability of the last deferred portion in BPER shares (2030). If the annual variable remuneration is ≤ Euro 50 thousand and ≤ 1/3 of total annual remuneration, the bonus will be paid up-front and 100% in cash.
- 2022-2025 Long-Term Incentive (LTI) Plan: the plan identifies the following beneficiaries: in addition to the Chief Executive Officer and the General Manager, some executives with strategic responsibilities of the BPER Banca Group and certain selected persons from managers of the BPER Banca Group included in the perimeter of "Material Risk Takers". As regards the structure, the Plan makes provision, subject to the achievement of specific long-term company performance targets in line with the Strategic Plan in force, for the assignment to beneficiaries of an individual bonus, to be paid solely in ordinary BPER Banca shares at the end of the four-year vesting period (1 January 2022 - 31 December 2025). The period for implementing the 2022-2025 LTI Plan runs between the year of the shareholders' meeting approval (2022) and the actual availability of the last deferred portion in BPER shares (2032).

For detailed information, please refer to the document "2024 Report on remuneration policy and compensation paid", published on the Bank's website www.bper.it – Homepage > Governance > Documents.

Methods of implementation of the short-term incentive plan on an annual basis -MBO 2023

The assignment of variable remuneration is provided on the condition that the BPER Group achieves the economic-financial targets established on an ex-ante basis ("entry gates") tied to the following parameters targeted at ensuring the maintenance of adequate income and capital standards:
- Consolidated Common Equity Tier 1 Ratio (CET1);
- Consolidated Return On Risk-Weighted Assets (RORWA);
- Consolidated Liquidity Coverage Ratio (LCR).

After checking that the entry gates have been exceeded, the bonus allocation and the deriving extent of the variable remuneration are defined by evaluating individual performances using a process that includes an analysis of various qualitative and quantitative indicators.

If the variable remuneration determined for each individual beneficiary is greater than Euro 50 thousand or 1/3 of the total annual remuneration, this Plan is activated, which envisages payment (also through quotas with deferred vesting) of a part of the bonus through the free-of-charge, personal assignment of a given number of BPER shares. With regard to the share bonus component deferred over time, the Plan envisages its allocation in equal portions to the years subsequent to that of the bonus assignment (subject to a retention period of 1 year starting from the maturity date of each deferred portion), after having exceeded the entry gates set for the year prior to the year of disbursement of each deferred quota.

The deferred instalments are subject to malus rules that can reduce the instalment to zero in the event of failure to achieve the entry gates for the financial year preceding the year of payment of each deferred instalment. The malus mechanism, which can block payment of the deferred portions of the Bonus, also acts on activation of the clawback clauses.

The total number of BPER Banca shares derives from the size of the bonus assigned and the average price of the share established in the period prior to the date of the Board of Directors' meeting which approves the Group's consolidated results.

On 14 January 2021, the Board of Directors of the Parent Company decided that from 2021 "actual" BPER Banca shares would be used instead of "phantom" shares as the financial instruments serving the MBO short-term incentive plan, adapting to market benchmarks and standardising the tools used in incentive schemes. The use of "actual" shares is already envisaged for the LTI plan.

The Bank asks Beneficiaries - through specific individual agreements - not to make use of personal hedging or insurance strategies, in compliance with the regulatory framework in force.

Note that there are Compensation Plans still outstanding for the years 2018, 2019, 2020 (in phantom stocks), 2021 and 2022 in shares.

For detailed information on the contents of the Plan, please refer to the "2023 Information Document on the compensation plan based on financial instruments" prepared in accordance with article 114-bis of the Consolidated Law on Finance and article 84-bis of the Issuers' Regulation available to the public at the company's registered office, on the Bank's website www.bper.it – Homepage > Governance > Shareholders' Meeting.

Methods of implementation of the 2022-2025 Long-Term Incentive (LTI) Plan

In line with market practices, the entry gates defined for the LTI Plan are in line with those defined for the MBO Plan: consolidated Common Equity Tier 1 (CET1) ratio, consolidated Return On Risk-Weighted Assets (RORWA) and consolidated Liquidity Coverage Ratio (LCR) In particular, the assignment of variable remuneration (exclusively in BPER Banca shares) in the 2022-2025 LTI Plan is linked to the achievement, in 2026 with reference to 2025, of the entry gate objectives as defined. Failure to achieve even only one of the entry gates means not paying any bonus under this long-term incentive scheme.

If the entry gates are exceeded, the company performance to which to link the total bonus amount to be determined (bonus pool) is based on the measurement of the following metrics (KPIs):
- Return On Tangible Equity or also "ROTE" at 2025 (earnings objective);
- Cost/Income ratio at 2025 (operating efficiency target);
- Gross NPE Ratio at 2025 (credit quality objective);
- ESG at 2025: mix of objectives structured into "sustainable finance", "energy transition", "diversity and inclusion" and Project «Futuro».

2022-2025 LTI scorecard

KPIs	Weight
Rote at 31/12/2025	50%
Cost/Income at 31/12/2025	20%
Gross NPE Ratio at 31/12/2025	15%
ESG[1]	15%

[1] Composed of 4 indicators of equal weight (25%): Sustainable Finance (Green loans), Energy Transition (Reduction of CO2 Emissions), Diversity and Inclusion (Gender Gaps: less represented gender among Managers and Executives), "Future" Project (financial education projects and definition of a youth inclusion project).

Attainment of the above-mentioned KPIs is verified in 2026 in relation to the last year of the vesting period (2025). However, continuous monitoring of the indicators is required under the Plan to verify compliance with the objectives of the Strategic Plan. The target values of the KPIs of the 2022-2025 LTI Plan are indicated in the Remuneration Report approved by the Shareholders' Meeting on 26 April 2023.

The target amount of the individual bonus (on an annual and four-year basis)[57] is determined as a percentage of the individual gross annual remuneration: (i) 60% (240% on a four-yearly basis) for top management and C-Level (these include the Chief Executive Officer and the General Manager of the Parent Company and (ii) 40% (160% on a four-yearly basis) for senior management and (iii) 15% (60% on a four-yearly basis) for beneficiaries identified from the selected key personnel for the pursuit of the strategic guidelines. Excluded from the Plan are the heads of the control and similar functions, whose variable remuneration is expected not to exceed 33% of their fixed remuneration, taking into account the specific regulatory restraints of the industry for usable indicators.

The manner in which bonuses are awarded is structured as an up-front portion, awarded at the end of the four-year vesting period, and as a portion deferred pro-rata in equal tranches, over a number of years (5 years). The payment structure for the shares provides for a retention period of one year for the up-front portion and for the deferred portions.

The exact identification of the number of ordinary BPER Banca shares to be assigned in each fiscal year of the Plan term is conditional on the opening of gates and the level of achievement of the specific performance indicators upon payment of the Bonus at 2025.

The Bank cannot assign shares to beneficiaries, in whole or in part, and also reserves the right to ask the beneficiaries to return the shares, in whole or in part, if malus and claw-back clauses are triggered.

The Bank asks beneficiaries - through specific individual agreements - not to make use of personal hedging or insurance strategies which may alter or nullify the effects of the alignment with the risk inherent in the Plan, in compliance with the regulatory framework in force.

For detailed information on the contents of the Plan, please refer to the "Information Document relating to the long-term incentive plan "2022-2025 LTI plan" prepared in accordance with article 114-bis of the Consolidated Law on Finance and article 84-bis of the Issuers' Regulation available to the public at the company's registered office, on the Bank's website www.bper.it – Homepage › Governance › Shareholders' Meeting.

Quantitative information

As regards the LTI Plan, the grant of shares without charge in execution of the Plan will take place using treasury shares that derive from purchases authorised at the Shareholders' Meeting, pursuant to articles 2357 and 2357-ter of the Italian Civil Code.

Please refer to the relevant chapter "Other information" of the Directors' Report on Group Operations, paragraph 'Treasury shares in the portfolio' for a description of the authorisation obtained from the ECB.

The determination of the short-term variable remuneration referred to 2022 involved the assignment of 1,078,404 BPER Banca s.p.a. shares.

57 In respect of the variable:fixed ratio defined by the relevant remuneration policies at the moment of participation and in compliance with the regulations in force from time to time.

2. Other information

Determination of the fair value and accounting treatment

Short-term variable component

The determination of the variable remuneration for 2023 is being finalised at the date of approval of this Consolidated Financial Report.
In relation to 2022, the short-term variable remuneration involved the assignment of 1,078,404 BPER Banca S.p.A. shares.

Long-term variable component - Long-Term Incentive (2019-2021 LTI Plan)

The achievement of the entry gates and performance levels obtained have entailed the assignment of 1,714,223 BPER Banca shares, as of June 2022, according to the procedures set out in the Plan.

PART L
Segment reporting

According to IAS/IFRS, financial reporting must include descriptive information or more detailed analysis of the figures shown in the financial statements.

In addition, the Conceptual Framework of Financial Information points out that financial statements can include additional information compared with what is specifically requested by the Standards, when, in the opinion of preparers of financial statements, this is likely to give a clearer explanation of the company's business.

In this sense, paragraph 1 of IFRS 8 states that the objective of the Standard is to disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business activities of an entity and the economic environments in which it operates.

Segmentation of the various items analysed is based on criteria consistent with the "behavioural model" adopted by the Group for the clustering of customers for commercial purposes.

The segments were identified on the basis of the following criteria:
- legal nature and risk profile of the counterparty;
- balance sheet and income statement parameters such as turnover, agreed lending facilities of the BPER Banca Group and total assets;
- behavioural variables.

Segments

Income statement and balance sheet information is presented for the following segments:

Retail

This segment comprises the income statement and balance sheet items deriving from relations with the following types of customers:
- natural persons with assets at Bank level of less than Euro 50,000 (identified as "Family" customers);
- natural persons with assets at Bank level higher than Euro 50,000 and lower than Euro 500,000 (identified as "Personal" customers);
- sole proprietorships or legal entities that have at least a turnover of less than Euro 1 million or facilities granted at Group level of less than Euro 50,000 or total assets of less than Euro 2.5 million (identified as "POE" - *Piccoli Operatori Economici*);
- legal entities with at least a turnover of between Euro 1 million and Euro 5 million or facilities granted at Group level of between Euro 50,000 and Euro 2 million or total assets of between Euro 2.5 million and Euro 25 million (identified as "Small Business" customers).

The income statement and balance sheet data of Optima SIM S.p.A. are also included (limited to the economic data of the first nine months of the financial year), Finitalia s.p.a. and Arca Holding s.p.a. (sub-consolidation) is also included as, by their nature, these Group companies offer products and services to retail customers.

Private

This segment comprises the income statement and balance sheet items deriving from relations with the following types of customers:
- natural persons with assets at Bank level equal to or greater than Euro 500,000 (identified as "Private Banking" or "Private" customers).

The income statement and balance sheet figures of Banca Cesare Ponti s.p.a. which, by nature, offers products and services to private customers, are included.

Corporate

This segment comprises the income statement and balance sheet items deriving from relations with the following types of customers:
- legal entities with at least a turnover of between Euro 5 million and Euro 500 million or facilities granted at Group level of between Euro 2 million and Euro 20 million or total assets exceeding Euro 25 million (identified as "Corporate" customers);
- Central Governments and Public Administrations (identified as "Entities and Treasuries");
- Financial companies or sole proprietorships/legal entities attributable to insolvency proceedings/bankruptcies (identified as "Institutional Counterparties").

This segment also includes the income statement and balance sheet information of Group companies that, by their nature, offer products and services to Corporate customers (Sardaleasing s.p.a. and BPER Factor s.p.a.).

Large Corporate

This segment comprises the income statement and balance sheet items deriving from relations with the following types of customers:

- legal entities with at least a turnover exceeding Euro 500 million or agreed facilities at Group level of more than Euro 20 million.

Finance

This segment includes the income statement and balance sheet items deriving from treasury activities, management of the Group's investment portfolio, access to financial markets and specialist operational support for the commercial network.

Corporate centre

Included herein are income statement and balance sheet items arising from activities related to the governance of the Group, to strategic decisions and results thereof (shareholders' equity, equity investments, etc.) or from activities not directly connected to other areas of the business.

Other assets

This segment also includes the income statement and balance sheet data of non-banking Group companies that are not allocated to the other segments.

A.1 BREAKDOWN BY SEGMENT: INCOME STATEMENT

Based on the requirements established in IFRS 8, the income statement by segment contains the following information:

Items	Retail	Private	Corporate	Large Corporate	Finance	Corporate centre	Other assets	Total
Net interest income	1,459,819	(29,897)	716,095	285,888	625,868	185,138	8,906	3,251,817
Net commission income	1,490,794	162,809	209,524	117,233	-	-	6,118	1,986,478
Net interest and other banking income	2,967,167	126,124	931,788	404,067	763,055	185,138	15,830	5,393,169
Net income from financial activities 31.12.2023	**2,602,670**	**125,583**	**914,592**	**365,502**	**752,162**	**185,138**	**14,210**	**4,959,857**
Net income from financial activities 31.12.2022	2,084,436	118,732	569,816	300,242	207,171	35,793	6,989	3,323,179
Operating costs	(1,777,480)	(101,738)	(458,956)	(16,091)	(15,261)	(802,400)	(28,383)	(3,200,309)
Profit (Loss) from current operations before tax 31.12.2023	**825,189**	**23,845**	**448,775**	**349,411**	**736,901**	**(622,502)**	**(36,976)**	**1,724,643**
Profit (Loss) from current operations before tax 31.12.2022	448,204	28,716	60,855	273,303	192,201	412,139	(27,323)	1,388,095

The above Items have been allocated to the various Segments using the information held in the management information system, which can be reconciled with the accounting system.
With respect to the comparative figures as at 31 December 2022, it should be noted that the gross profit from current operations of the Corporate Centre segment was heavily influenced by the badwill stemming from the Carige business combination, amounting to Euro 948.1 million.
The figures for the comparison period are those published in the Consolidated Financial Report as at 31 December 2022.

Detailed information about net commission income by segment is presented below, pursuant to paras. 114 and 115 of IFRS 15 “Revenues from contracts with customers”.

Items	Retail	Private	Corporate	Large Corporate	Other assets	Total
Financial instruments	206,580	99,299	313	3,595	1,111	310,898
of which: placement of securities	156,446	64,564	12,043	3,403	-	236,456
Collective portfolio management	380,982	-	-	-	-	380,982
Payment services	587,063	4,665	133,302	18,818	403	744,251
of which: current accounts	*342,811*	*3,202*	*28,532*	*5,027*	-	*379,572*
of which: cards	*121,191*	*216*	*53,794*	*(326)*	-	*174,875*
of which: bank transfers and other payment instruments	*123,062*	*1,246*	*50,976*	*14,117*	*403*	*189,804*
Distribution of third-party services	193,810	54,445	(1,884)	15,890	-	262,261
of which: insurance products	*164,036*	*56,230*	*9,807*	*2,924*	-	*232,997*
Financial guarantees granted	9,401	171	22,705	15,478	22	47,777
Financing operations	125,835	642	107,786	21,651	-	255,914
Other commission income	57,061	5,411	54,603	47,373	4,876	169,324
Total Commission Income 31.12.2023	**1,560,732**	**164,633**	**316,825**	**122,805**	**6,412**	**2,171,407**

Management commissions are recognised periodically in line with fulfilment of the performance obligation, while performance commissions are recorded only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the performance commission is subsequently resolved as specified in IFRS 15, para. 56.

A.2 BREAKDOWN BY SEGMENT: BALANCE SHEET

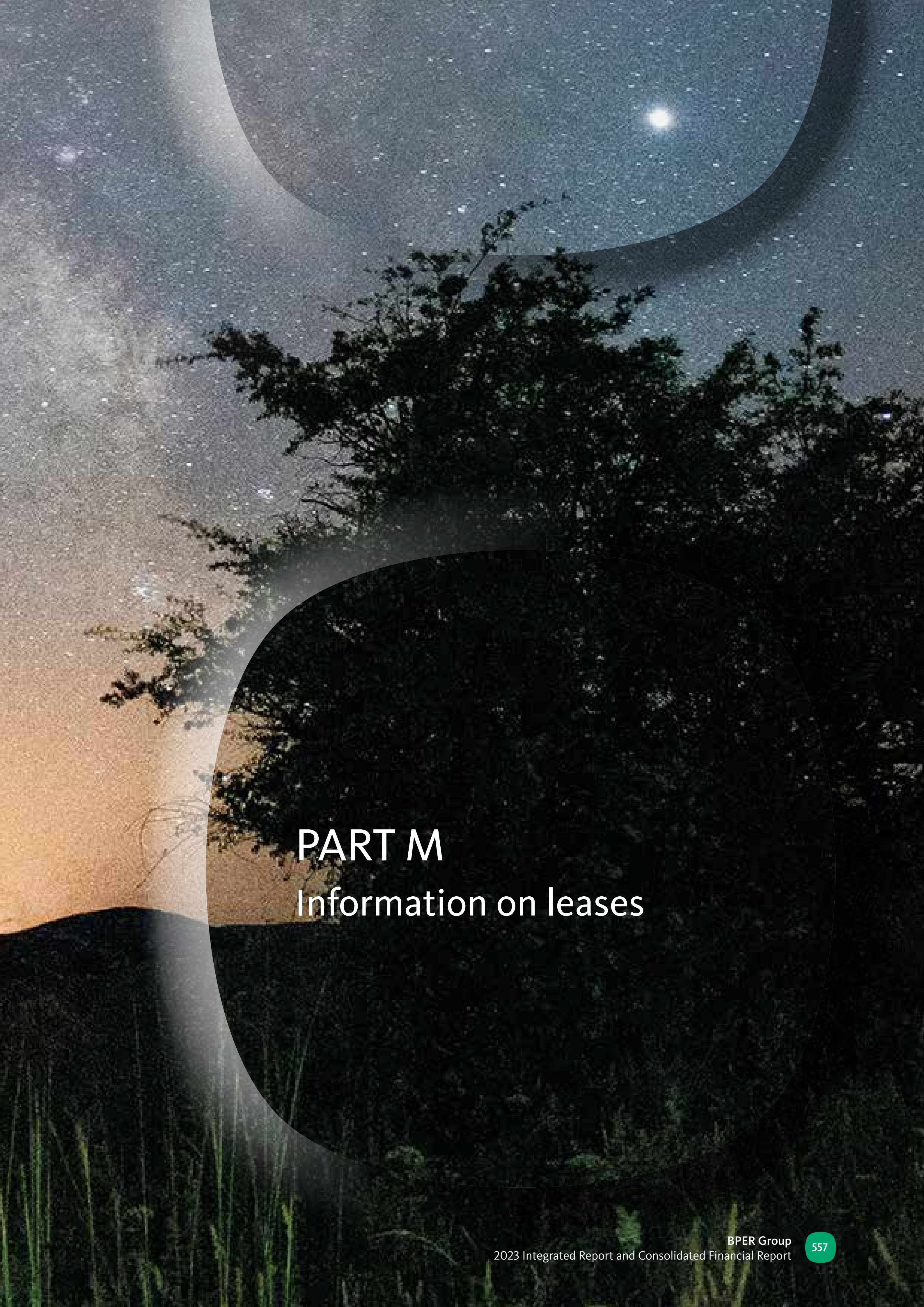
Based on the requirements established in IFRS 8, the balance sheet by segment contains the following information:

Items	Retail	Private	Corporate	Large Corporate	Finance	Corporate centre	Other assets	Total
Financial assets measured at fair value	231,049	56,145	80,129	-	7,936,065	-	100,263	8,403,651
Loans to banks	-	317	649	-	8,282,936	-	98,708	8,382,610
- debt securities at amortised cost					*6,695,904*	-	*25,625*	*6,721,529*
- loans	-	*317*	*649*	-	*1,587,032*	-	*73,083*	*1,661,081*
Loans to customers	51,647,916	544,459	26,522,413	9,237,404	13,496,712	-	358,457	101,807,361
- debt securities at amortised cost		*41,793*			*13,496,712*		*44,502*	*13,583,007*
- loans	*51,647,916*	*502,666*	*26,522,413*	*9,237,404*	-	-	*313,955*	*88,224,354*
Other assets	1,815,710	101,345	235,816	20,762	1,141,748	19,797,988	421,368	23,534,737
Total Assets 31.12.2023	**53,694,675**	**702,266**	**26,839,007**	**9,258,166**	**30,857,461**	**19,797,988**	**978,796**	**142,128,359**
Total Assets 31.12.2022	**53,942,785**	**704,803**	**30,730,226**	**8,106,936**	**34,863,686**	**23,083,472**	**870,886**	**152,302,794**
Due to banks	-	157	239,333	-	7,514,623	-	337	7,754,450
Due to customers	74,331,588	6,106,266	20,443,349	3,519,710	-	-	453,639	104,854,552
Debt securities issued	949,300	348,363	10,597,030	7,776	-	-	-	11,902,469
Financial liabilities designated at fair value	-	100,502	-	-	1,909,139	-	-	2,009,641
Other liabilities and shareholders' equity	857,154	89,580	267,339	3,117	412,330	13,814,126	163,601	15,607,247
Total liabilities 31.12.2023	**76,138,042**	**6,644,868**	**31,547,051**	**3,530,603**	**9,836,092**	**13,814,126**	**617,577**	**142,128,359**
Total liabilities 31.12.2022	**79,530,304**	**7,276,576**	**24,322,334**	**3,551,478**	**23,210,386**	**13,421,226**	**990,490**	**152,302,794**

Balance sheet information has been allocated to the segments using the criteria adopted for the allocation of the income statement.
The total assets of the Corporate Centre segment fell by Euro 5,758.1 million compared to 31 December 2022, mainly due to the reduction of investments in "overnight" deposits at Central Banks (down, more specifically, by Euro 3.3 million compared to 31 December 2022), resulting from the lower cash and cash equivalents once the repayments at maturity of the two TLTRO tranches were made.

Financial information by geographical area

All the activities of the BPER Banca Group are essentially concentrated in Italy.



PART M
Information on leases

Section 1 – Lessee

Qualitative Information

With regard to the contracts entered into as lessee, BPER Banca recognises both the leased right-of-use asset and the liability for the future lease instalments envisaged in the contract.

In the context of the elections allowed by IFRS 16, BPER Banca decided not to recognise right-of-use assets or lease payables in relation to the following lease contracts:
- lease of intangible assets;
- short-term leases with less than 12 months remaining;
- lease of assets with a low unit value (as described further in the Explanatory notes – Part A – Accounting policies, an asset is deemed to have a low unit value if its fair value when new was not more than Euro 5 thousand).

Consequently, the lease payments for these assets are charged to Item "160. Administrative expenses" on an accruals basis; for further information about this, see the Explanatory Notes - Part C - Income statement, Table 10.5 "Other administrative expenses: breakdown".

Quantitative information

Rights of use acquired through leases: see the Explanatory Notes - Part B - Assets, table 8.1 "Property, plant and equipment used in operations: breakdown of assets measured at cost".

Lease liabilities: see the Explanatory Notes – Part B – Liabilities, table 1.1 "Financial liabilities measured at amortised cost: breakdown by product of due to banks", table 1.2 "Financial liabilities measured at amortised cost: breakdown by product of due to customers", and table 1.6 "Lease liabilities".

Interest expense on lease liabilities: see the Explanatory Notes - Part C – Income statement, table 1.3 "Interest and similar expense: breakdown".

Other expenses associated with right-of-use assets acquired under leases: see the Explanatory Notes - Part C – Income statement, table 12.1 "Net adjustments to property, plants and equipment: breakdown".

Income from sub-lease transactions: see the Explanatory Notes - Part C – Income statement, table 1.1 "Interest and similar income: breakdown".

1.1 Right-of-use assets acquired under leases: changes in right-of-use assets relating to property, plant and equipment used in operations

Property, plant and equipment used in operations	Right-of-use assets acquired under leases 31.12.2022	Depreciation of the year	Other changes of the year	Impairment losses of the year	Book value 31.12.2023
a) land	-	-	-	-	-
b) buildings	335,398	(60,393)	32,901	(6,094)	301,812
c) furniture	-	-	-	-	-
d) electronic systems	16,688	(12,680)	3,179	-	7,187
e) other	7,003	(3,143)	1,697	-	5,557
Total	**359,089**	**(76,216)**	**37,777**	**(6,094)**	**314,556**

As regards "Other changes during the year", the impact is mainly linked to the new contracts acquired (approximately Euro 32 million) and to the remeasurement of the rights of use mainly due to ISTAT adjustments, changes in the lease term on the opening and closing of contracts.

1.2 Expense and Income relating to leases other than right of use

	Total 31.12.2023	Total 31.12.2022
Costs relating to short-term leases	1,972	4,518
Expense relating to leases of low-value assets (*)	5,143	16,892
Income from finance subleases	1,312	1,945

(*) Including VAT.

1.3 Lease liabilities: changes

	Lease liabilities 31.12.2022	Interest expense	Lease payments made	Other changes	Book value 31.12.2023
Total lease liabilities	369,124	9,159	(102,064)	52,223	328,442

As regards "Other changes during the year", the impact is mainly linked to the new contracts acquired (approximately Euro 32 million) and to the remeasurement of the lease payables mainly due to ISTAT adjustments, changes in the lease term on the opening and closing of contracts.

Section 2 – Lessor

Qualitative Information

The lease contracts in which BPER Banca is the lessor are classified as either finance leases or operating leases.

- Finance leases transfer to the lessee substantially all the risks and rewards of ownership. In substance, under finance leases, the lessee obtains the economic benefits deriving from use of the leased asset over most of its economic life, in exchange for a commitment to pay the lessor a consideration that is substantially the same as the fair value of the asset and the related financial charges. The lease contract is therefore recognised by the lessor in the following manner:
  - the value of the credit granted is recognised as an asset, net of the principal portion of the lease payments due and paid by the lessee;
  - interest income is credited to the income statement.
- Operating leases do not transfer to the lessee substantially all the risks and rewards incidental to ownership, which remain with the lessor. Under operating leases, the lessor shall recognise the lease payments in profit or loss on an accruals basis.

See the Explanatory notes – Part A – Accounting policies for additional information.

Given the legal structure of finance leases, the credit risk faced by the Bank is limited by retaining ownership of the asset until the end-of-lease payment is made by the lessee. This factor is particularly important in relation to property leases and those in which the asset concerned is highly fungible. In particular, in order to limit more effectively the risk of losses and whenever indicated in the lease origination report, BPER Banca may request the customer to provide additional secured guarantees (typically pledged securities) and/or unsecured guarantees (personal or bank sureties). In addition, finance leases may also be secured by commitments to take over the lease or repurchase the asset (sometimes obtained from the supplier of the asset concerned).

Quantitative information

1. Balance Sheet and Income Statement information

Finance leases: see the Explanatory Notes – Part B – Assets, table 4.2 "Financial assets measured at amortised cost: breakdown of loans to customers".

Interest income on finance leases: see the Explanatory Notes - Part C – Income statement, table 1.1 "Interest and similar income: breakdown".

Other income from operating leases: see the Explanatory Notes - Part C - Income statement, table 14.2 “Other operating income: breakdown”.

2. Finance leases

2.1 Breakdown by time bands of lease payments receivable and reconciliation with finance leases recognised as assets

Time bands	31.12.2023 Lease payments receivable	31.12.2022 Lease payments receivable
Up to 1 year	621,820	618,622
Over 1 year up to 2 years	500,607	522,226
Over 2 year up to 3 years	444,195	451,468
Over 3 year up to 4 years	372,803	399,298
Over 4 year up to 5 years	300,836	323,478
Over 5 years	1,092,856	1,197,006
Total lease payments receivable	**3,333,117**	**3,512,098**
RECONCILIATION WITH FINANCE LEASES		
Unearned finance income (+)	350,101	374,647
Unguaranteed residual value (-)	-	-
Finance leases	**2,983,016**	**3,137,451**

“Not accrued gains” derive from unearned interest embedded in lease payments receivable.

2.2 Other information

2.2.1 Other information about finance leases: type and credit quality

	31.12.2023		31.12.2022	
	Performing	Non-performing	Performing	Non-performing
A - Real estate assets	**1,882,812**	**49,568**	**1,959,735**	**112,375**
Land	-	-	-	-
Buildings	1,882,812	49,568	1,959,735	112,375
B - Operating assets	563,191	3,051	515,704	4,378
C - Movable assets	**323,969**	**1,640**	**336,720**	**678**
Motor vehicles	187,380	1,197	184,151	341
Aircraft and rolling stock	136,589	439	152,569	335
Other	-	4	-	2
D - Intangible assets	**158,396**	**389**	**205,779**	**2,082**
Trademarks	-	-	-	-
Software	-	-	-	-
Other	158,396	389	205,779	2,082
Total	**2,928,368**	**54,648**	**3,017,938**	**119,513**

2.2.2 Other information about finance leases: unopted assets, assets returned after termination, other assets

	31.12.2023			31.12.2022		
	Unopted assets	Assets returned after termination	Other assets	Unopted assets	Assets returned after termination	Other assets
A - Real estate assets	**-**	**13,959**	**1,915,343**	**14**	**9,436**	**2,062,184**
Land	-	-	-	-	-	-
Buildings	-	13,959	1,915,343	14	9,436	2,062,184
B - Operating assets	**-**	**512**	**566,007**	**-**	**289**	**519,991**
C - Movable assets	**-**	**19**	**325,581**	**50**	**5,241**	**332,147**
Motor vehicles	-	19	188,552	-	4,130	180,354
Aircraft and rolling stock	-	-	137,029	50	1,111	151,793
Other	-	-	-	-	-	-
D - Intangible assets	**-**	**-**	**158,784**	**-**	**-**	**207,861**
Trademarks	-	-	158,784	-	-	-
Software	-	-	-	-	-	-
Other	-	-	-	-	-	207,861
Total	**-**	**14,490**	**2,965,715**	**64**	**14,966**	**3,122,183**

3. Operating leases

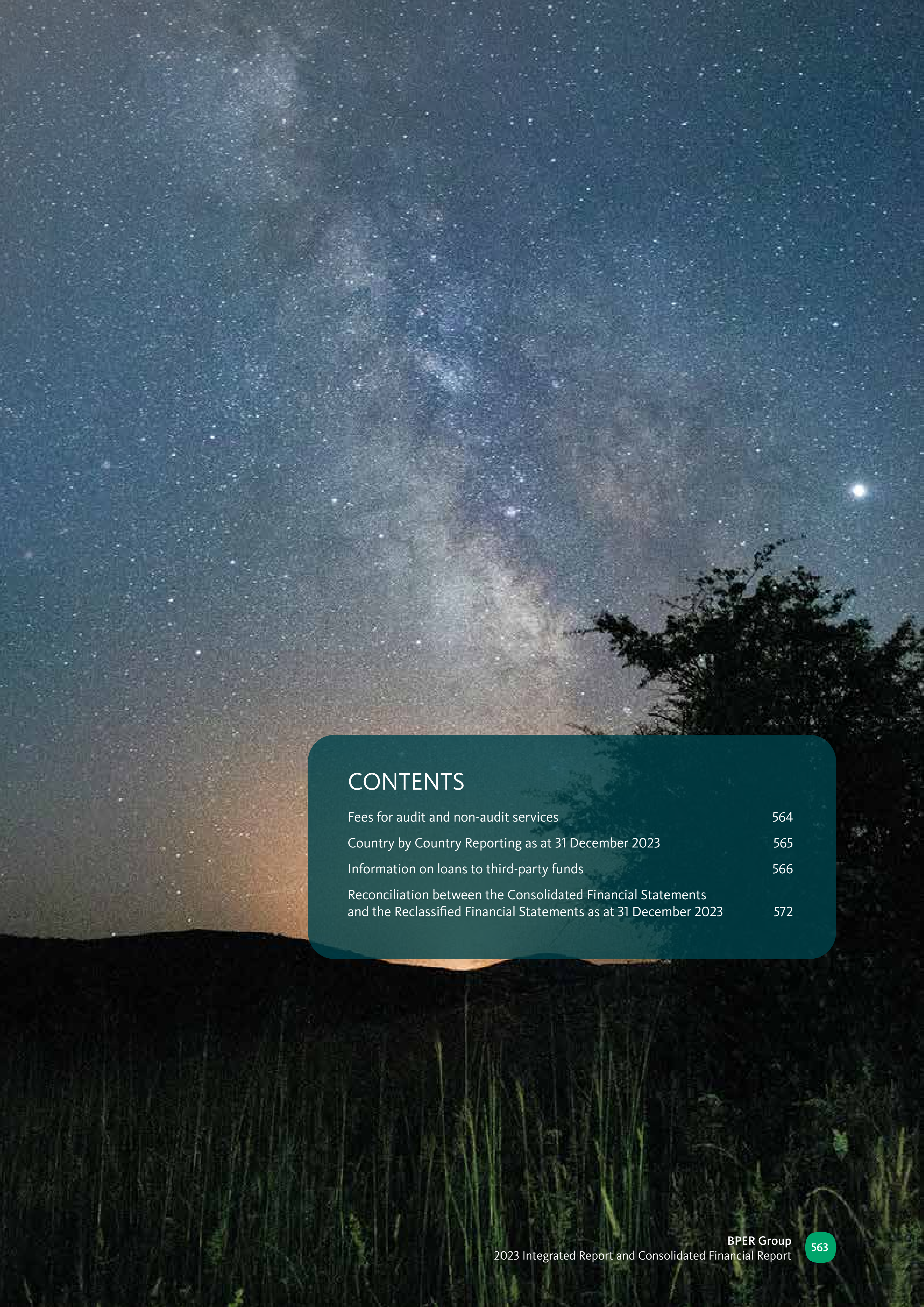
3.1 Breakdown of lease payments receivable by time bands

Time bands	31.12.2023 Lease payments receivable	31.12.2022 Lease payments receivable
Up to 1 year	11,348	12,645
Over 1 year up to 2 years	10,637	12,255
Over 2 year up to 3 years	9,640	11,592
Over 3 year up to 4 years	8,656	10,547
Over 4 year up to 5 years	8,102	9,582
Over 5 years	28,028	55,223
Total	**76,411**	**111,844**

3.2 Other information

No additional information is deemed necessary to meet the disclosure objective specified in paragraph 92 of IFRS 16.

ATTACHMENTS



CONTENTS

Fees for audit and non-audit services

Information pursuant to art. 149-duodecies of Consob Issuers' Regulation

This schedule, prepared pursuant to art. 149-*duodecies* of CONSOB Issuers' Regulation (Resolution 11971 of 14 May 1999 and subsequent amendments), reports the 2023 fees for audit and non-audit services provided by the Independent Auditors and member firms of its network. These fees represent the costs incurred and recorded in the consolidated financial statements, net of expenses, unrecoverable VAT and the CONSOB contribution.

(in thousands)

Type of services	Party providing the service	Recipient		Fees
Audit services	Deloitte & Touche s.p.a.	Parent Company BPER Banca		1,637
	Deloitte & Touche s.p.a.	Subsidiaries in Italy		677
	Deloitte Audit S.à r.l.	Subsidiaries in Luxembourg		173
Certification services	Deloitte & Touche s.p.a.	Parent Company BPER Banca	(1a)	492
	Deloitte & Touche s.p.a.	Subsidiaries in Italy	(1b)	162
Other services	Deloitte & Touche s.p.a.	Parent Company BPER Banca	(2a)	51
	Deloitte & Touche s.p.a.	Subsidiaries in Italy	(2b)	29
Total				**3,221**

It should be noted that Statutory Auditing also includes the Limited Review of the consolidated Financial Statements as at 31 March and 30 September prepared for the purpose of determining the result for the period for the calculation of the common equity tier 1 capital as required by Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(1a) Certification services rendered to the Parent Company by Deloitte & Touche s.p.a.:
- activities carried out in relation to the translation into English of the independent auditors' reports on the condensed consolidated half-year financial statements at 30 June 2023 and the separate and consolidated financial statements at 31 December 2023;
- activities performed as part of the covered bond issue programmes, EMTN programme and securitisation transactions;
- activities to check the GHG Statement that will be attached to the CDP Questionnaire – Reporting on Climate Change;
- activities carried out for the issue of the compliance opinion on the Consolidated Non-Financial Statement (Consolidated Sustainability Report);
- activities carried out for the purpose of issuing the Report pursuant to art. 23 paragraph 7 Bank of Italy Regulation 5 December 2019 - Mifid II;
- activities carried out for the voluntary audit of the financial statements of the Merchant Acquiring and POS Management Business Unit of BPER Banca S.p.A.

(1b) Certification services rendered to Group Companies by Deloitte & Touche s.p.a.:
- activities carried out in relation to the translation into English of the independent auditors' report on the separate financial statements;
- activities carried out for the purpose of issuing the Report pursuant to art. 23, paragraph 7 of the Bank of Italy Regulation of 5 December 2019 - Mifid II;
- activities carried out for the purposes of the Report on the procedures required on statements containing detailed information on the capital composition of investment funds (LT);
- activities carried out for the voluntary audit of the financial statements of the Merchant Acquiring and POS Management Business Unit of Banco di Sardegna S.p.A.

(2a) Other services rendered to the Parent Company by Deloitte & Touche s.p.a.:
- activities carried out to verify the conformity of the 2023 tax returns and the supplementary 2022 tax returns.

(2b) Other services rendered to Group companies by Deloitte & Touche s.p.a.:
- activities carried out to verify the conformity of the 2023 tax returns and the supplementary 2022 tax returns.

Country by Country Reporting as at 31 December 2023

Information pursuant to Circular 285/2013 of the Bank of Italy

This information is disclosed following the introduction into Italian law, with the 4th update of the Bank of Italy's Circular 285 of 17 December 2013, of the rules laid down in art. 89 of EU Directive 2013/36/EU (CRD IV) on Country by Country Reporting.

Name	Head Office	Nature of the activity	Turnover (a)	Number of employees (FTEs)	Profit (Loss) before tax (b)	Income taxes (c)	Government grants received
BPER Banca s.p.a.	Italy	Banking	4,173,920	15,909	1,313,251	(36,884)	-
Banco di Sardegna s.p.a.	Italy	Banking	348,478	1,754	163,011	(57,327)	-
Bibanca s.p.a.	Italy	Banking	253,976	194	120,322	(28,927)	-
Banca Cesare Ponti s.p.a.	Italy	Banking	(272)	40	120	(1,305)	-
Sardaleasing s.p.a.	Italy	Leasing	165,027	54	2,569	726	-
BPER Factor s.p.a.	Italy	Factoring	77,180	57	10,207	(5,467)	-
Optima s.p.a. S.I.M. (*)	Italy	Asset management	2,021	31	7,822	(2,301)	-
Arca Holding s.p.a.	Italy	Holding company	296,131	90	102,280	(30,818)	-
Finitalia s.p.a.	Italy	Consumer credit	60,879	86	25,188	(8,415)	-
BPER Real Estate s.p.a.	Italy	Real estate	(1,493)	-	(14,383)	(44)	-
Modena Terminal s.r.l.	Italy	Storage and safekeeping warehouse	-	30	874	(310)	-
BPER Reoco s.p.a.	Italy	Real estate	-	-	(19,229)	178	
Total Italy			**5,375,847**	**18,245**	**1,712,032**	**(170,894)**	**-**

(*) The Company was merged into Banca Cesare Ponti with accounting effect from 1 October 2023.

Description	Head Office	Nature of the activity	Turnover (a)	Number of employees (FTEs)	Profit (Loss) before tax (b)	Income taxes (c)	Government grants received
BPER Bank Luxembourg s.a.	Luxembourg	Banking	17,324	27	12,611	(3,155)	-
Total Luxembourg			**17,324**	**27**	**12,611**	**(3,155)**	**-**
Total			**5,393,171**	**18,272**	**1,724,643**	**(174,049)**	**-**

Key

(a) net interest and other banking income, in thousands of euro, net of inter-company eliminations where necessary.

(b) profit (loss) from current operations added to gains (losses) before tax on groups of assets classified as held for sale, in thousands of euro, net of inter-company eliminations where necessary.

(c) income taxes on current operations for the year and on assets classified as held for sale, in thousands of euro, net of inter-company eliminations where necessary.

(d) refers to government grants not considered in the transactions covered by the State aid schedules in Part A of the Notes to the Financial Statements.

Information on loans to third-party funds

Jessica Sardinian Urban Development Fund

The Autonomous Region of Sardinia and the European Investment Bank (EIB) signed a loan agreement for the creation of the JESSICA Sardinia Investment Fund to manage the resources available under Axes III and V of the ERDF Regional Operational Programme 2007-2013. Banco di Sardegna was selected for lot 1: Urban Renewal (Axis V).

In July 2012, the EIB and Banco di Sardegna signed the operational agreement for a loan of Euro 33.1 million that, based on the performance achieved, was supplemented in 2015 with an additional Euro 6.3 million. Pursuant to art. 2447 *decies* of the Italian Civil Code, a separate fund has been set up as part of the Urban Development Fund (UDF) for the specific purpose of managing JESSICA project loans.

The resources may be made available in the following ways:
- direct loans to authorities and public entities;
- loans to private companies;
- investment in the equity of private companies.

(in Euro)

Description	Investment (*)	JESSICA loan Jessica	Capitale di rischio Jessica	Agreement date	Disbursements	
					Loan	Risk capital
					Outstanding debt as at 31.12.2023	Disbursed and not yet paid back as at 31.12.2023
Purchase of 12 modern trolleybuses Two loans	7,126,000	6,769,700	-	18,12,2013	3,806,147	-
Construction and management of a natural gas distribution network (*)	45,120,239	7,000,000	-	15,04,2014	-	-
Construction and management of a new cruise terminal at the “Molo Rinascita” in Cagliari. Two loans	715,000	534,173	-	18,12,2014 08,07,2016	272,002	-
Two projects involving the construction and management of a natural gas distribution network based on two separate catchment areas (*)	38,913,569	8,000,000	4,000,000	16,02,2015	7,742,100	4,000,000
Renovation and expansion of the Municipal Market of Oristano with adjacent parking	4,133,055	1,140,000	-	12,06,2015	532,000	-
Redevelopment of a building owned by the Municipality of Borutta destined to bar diner	265,000	251,750	-	22,06,2015	109,092	-
Construction of a residential and daytime comprehensive rehabilitation centre for the intellectually and relationally disabled in the Municipality of Selargius	2,150,000	1,432,695	-	31,08,2015	965,102	-
Redevelopment of Alghero Town Hall	600,000	570,000	-	30,10,2015	266,000	-
Construction of the municipal indoor swimming pool in Alghero	2,100,000	1,915,026	-	30,05,2016	957,513	-
Redevelopment of the multi-purpose sports area in the Latte Dolce district of Sassari	560,000	532,000	-	24,06,2016	301,467	-
Redevelopment of the multi-purpose sports area in the Monte Rosello district of Sassari	750,000	712,500	-	24,06,2016	403,750	-
Redevelopment of the multi-purpose sports area in the Carbonazzi district of Sassari	600,000	570,000	-	24,06,2016	323,000	-
Redevelopment of the “Roberta Serradimigni” sports hall in Sassari	4,300,000	4,085,000	-	24,06,2016	2,314,833	-
Total	**107,332,863**	**33,512,844**	**4,000,000**		**17,993,006**	**4,000,000**

(*) The capital expenditure indicated only considers the technical costs associated with the project. This excludes the financial costs of the operation (costs associated with working capital, interest, commissions, DSRA etc. which still have to be financed during construction).

The following table shows simplified accounts for the JESSICA Urban Development Fund at 31 December 2023.

Balance Sheet

(in Euro)

Voci dell'attivo		31.12.2023	31.12.2022
40.	Financial assets measured at amortised cost	8,922,952	13,695,161
	a) loans to banks	8,922,952	13,695,161
120.	Other assets	65,857	44,077
	Total assets	**8,988,809**	**13,739,238**

(in Euro)

Liabilities and shareholders' equity		31.12.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	8,889,867	13,890,674
	a) due to banks	8,889,867	13,890,674
80.	Other liabilities	66,630	70,348
180.	Profit (loss) for the year	32,312	(221,784)
	Total liabilities and shareholders' equity	**8,988,809**	**13,739,238**

Income Statement

(in Euro)

Items		31.12.2023	31.12.2022
10.	Interest and similar income	389,025	154,244
30.	Net interest income	389,025	154,244
50.	Commission expense	(356,713)	(376,028)
60.	Net commission income	(356,713)	(376,028)
300.	**Profit (loss) for the year**	**32,312**	**(221,784)**

Fund of the NOP Research and Innovation Funds of MIUR-EIB

As the Managing Authority for the National Operational Programme (NOP) "Research and Innovation 2014-2020", the Ministry of Universities and Research ("MUR"), signed an agreement with the EIB in December 2016 to manage a Fund of Funds financed by NOP resources. Banco di Sardegna was one of the financial intermediaries that won the EIB public call for financial intermediaries selection. Separate equity allocated for a specific purpose was established in order to manage the Financial Instrument, pursuant to art. 2447-*decies* of the Italian Civil Code.

The fund's investment period ended as at 31 December 2023, at which time it had 13 projects under management with a total value of Euro 8.4 million.

(in Euro)

Description	Project (**)	R&I Fund Loan Jessica	Investment in the capital of the R&I Fund	Agreement date	Disbursements	
					Loan	Risk capital
					Outstanding debt as at 31.12.2023	Disbursed and not yet paid back as at 31.12.2023
Construction of a testing platform for advanced materials to be used in the aerospace industry	229,108	47,200	-	31,10,2019	30,340(*)	-
Development of software (SW) for the application of Artificial Intelligence (AI) algorithms to SAR satellite images	1,293,541	799,778	-	03,12,2019	706,196(*)	-
Development of diagnostic device on robotic platform for microbiological diagnosis	962,340	632,100	-	05,12,2019	554,924(*)	-
Development of a device for extracting water from emulsions, solutions and granulates	1,362,165	953,516	-	19,12,2019	824,786(*)	-
Research into new bio-preservation biotechnologies to extend shelf life of baked goods using modern packaging systems	757,021	285,614	-	19,05,2020	285,614(*)	-
Development of an innovative automatic station to inspect visual quality of industrial products	857,158	600,010	-	20,05,2020	458,364(*)	-
Development of an AI-based hardware and software system to simplify access to corporate information	1,851,207	1,241,358	-	02,09,2020	1,241,358	-
Define, design and build an Equipment Testing Laboratory (Modular Iron Bird) to test the flight control equipment of different types of aircrafts	1,553,902	649,750	-	03,09,2020	494,189(*)	-
Construction of a unique infrastructure with a built-in interactive system to control the most diverse environmental and anthropogenic risks/alerts.	1,174,906	814,844	-	12,05,2021	814,844	-
Provide visually impaired people with a tool that can read any type of paper document by interacting with a smart speaker in the home environment.	403,278	282,295	-	21,01,2022	282,295	-
The project aims to provide a system based on artificial intelligence to automatically classify respiratory illnesses in slaughtered swine.	606,869	424,808	-	29,04,2022	424,808	-
Production of an innovative infusion solution for peritoneal dialysis and an innovative peritoneal dialysis device for automated treatment, which is usually performed overnight.	1,439,660	1,007,762	-	06,07,2023	1,007,762	-
Creation of a "Design collaboration room", a tool based on virtual reality technology that provides the user with a set of functionalities that, based on input data and information, allow the operator to carry out the process of designing, planning, manufacturing and testing satellites directly in VR.	1,561,959	702,882	-	11,09,2023	702,882	-
Total	**14,053,114**	**8,441,917**	**-**		**7,828,362**	**-**

(*) Outstanding debt.

(**) The value indicated is the value accepted in the preliminary investigation for projects not yet completed and the value definitively accepted for completed projects.

The following is a simplified accounting report of the NOP Research and Innovation-MIUR-EIB Fund of Funds at 31 December 2023.

Balance Sheet

(in Euro)

Assets		31.12.2023	31.12.2022
40.	Financial assets measured at amortised cost	506,355	9,941,104
	a) loans to banks	506,355	9,941,104
120.	Other assets	6,016	-
Total assets		**512,371**	**9,941,104**

(in Euro)

Liabilities and shareholders' equity		31.12.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	370,204	9,849,698
	a) due to banks	370,204	9,849,698
80.	Other liabilities	-	154,228
180.	Profit (loss) for the year	142,167	(62,822)
Total liabilities and shareholders' equity		**512,371**	**9,941,104**

Income statement

(in Euro)

Items		31.12.2023	31.12.2022
10.	Interest and similar income	276,108	58,735
30.	**Net interest income**	**276,108**	**58,735**
50.	Commission expense	(133,941)	(121,557)
60.	Net commission income	(133,941)	(121,557)
300.	**Profit (loss) for the year**	**142,167**	**(62,822)**

Sardinia Business Emergency Fund - RAS-EIB

The Sardinia Region and the EIB on 26 May 2020 signed a Financing Agreement for the establishment of a Fund of Funds called “Sardinia Enterprise Emergency Fund” (“Sardinia FoF”) for the management of resources relating to the 2014-2020 Regional Operational Program (“POR”), with the aim of addressing market failures further increased by the COVID-19 pandemic effects.

Banco di Sardegna was the winner of the EIB selection tender, due to the largest available ceiling, equal to Euro 66.66 million. Separate equity allocated for a specific purpose was established in order to manage the Financial Instrument, pursuant to art. 2447-*decies* of the Italian Civil Code.

The resources allocated are intended for companies operating in the Sardinian territory that have suffered damage from Covid-19. They will disbursed in the form of long, medium and short-term loans to support investments and working capital needs, as part of the “Temporary Framework for State aid measures in support of the economy in the current epidemic of COVID-19”of the EC and in particular under Articles 3.1 and 3.3.

Following the stipulation of the Operational Agreement with the EIB, signed on 1 September 2020, the Bank, as per the public notice of the Region, received the loan requests from 9 am on 14 September 2020. The applications received were then sorted by priority of arrival time and prioritizing those complete with the required documentation, ensuring that 40% of the ceiling was destined for tourism companies. On 23 February 2021 and 26 July 2022, Banco di Sardegna signed two contractual addenda with the EIB following the Region’s allocation of additional funds, bringing the total available ceiling to Euro 112.75 million.

As at 31 December 2023, all of the Banco di Sardegna’s relevant activities were fully completed. Out of the 159 applications processed, 150 were approved by the Investment Committee for a total of over Euro 110 million. Under these resolutions, 149 loans were stipulated for a total of Euro 108.6 million. The remaining position will not be financed as it lacks essential elements to enable it to be finalised.

The following is a simplified accounting report of the Enterprise Emergency Fund at 31 December 2023.

Balance Sheet

(in Euro)

Assets		31.12.2023	31.12.2022
40.	Financial assets measured at amortised cost	2,395,532	6,751,936
	a) loans to banks	2,395,532	6,751,936
120.	Other assets	3,893	-
Total assets		**2,399,425**	**6,751,936**

(in Euro)

Liabilities and shareholders’ equity		31.12.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	3,480,249	7,651,035
	a) due to banks	3,480,249	7,651,035
80.	Other liabilities	-	415,312
180.	Profit (loss) for the year	(1,080,824)	(1,314,411)
Total liabilities and shareholders' equity		**2,399,425**	**6,751,936**

Income statement

(in Euro)

Items		31.12.2023	31.12.2022
10.	Interest and similar income	460,671	93,847
30.	Net interest income	460,671	93,847
50.	Commission expense	(1,541,495)	(1,408,258)
60.	Net commission income	(1,541,495)	(1,408,258)
300.	**Profit (loss) for the year**	**(1,080,824)**	**(1,314,411)**

Jessica2 Sardinian Urban Development Fund

Following the successful completion of the due diligence by the European Investment Bank for the refinancing of the Jessica Fund, the EIB and Banco di Sardegna signed the Euro 21 million loan agreement on 17 June 2021. The Fund's resources are intended to finance projects submitted by private companies or public institutions in the Region of Sardinia in the following areas:

- integrated urban development (urban infrastructure; commercial and retail activities, part of a wider urban regeneration project; sports infrastructure, providing a service to the local community; office buildings if part of a wider urban regeneration project; reclamation and redevelopment of brownfield sites; restoration of environmentally compromised sites);
- energy efficiency (energy efficiency in buildings; public lighting, if the interventions are aimed at improving the energy performance of existing public lighting; cogeneration plants);
- renewable energy (solar energy; hydroelectric energy; biomass energy; biogas energy; onshore wind energy).

As at 31 December 2023, the three positions already approved in 2022 for a total amount of Euro 9.6 million had been positively approved by the Investment Committee and two further applications were under consideration. The resources were credited by the EIB on 15 December 2023.

The following is the first simplified accounting statement of the Jessica2 Sardinia Urban Development Fund as at 31 December 2023, showing the crediting of the financing received.

Balance Sheet

(in Euro)

Assets		31.12.2023
40.	Financial assets measured at amortised cost	21,000,000
	a) loans to banks	21,000,000
Total assets		**21,000,000**

(in Euro)

Liabilities and shareholders' equity		31.12.2023
10.	Financial liabilities measured at amortised cost	21,000,000
	a) due to banks	21,000,000
180.	Profit (loss) for the year	-
Total liabilities and shareholders' equity		**21,000,000**

Reconciliation between the Consolidated Financial Statements and the Reclassified Financial Statements as at 31 December 2023

Reclassified balance sheet - Assets

(in thousands)

	Circular no. 262/2005 8° update - Assets	31.12.2023	Cash and cash equivalents	Financial assets						Loans			Hedging derivatives	Equity investments	Property, plant and equipment	Intangible assets	- of which: goodwill	Other assets
				a) Financial assets held for trading	b) Financial assets designated at fair value	c) Other financial assets mandatorily measured at fair value	d) Financial assets measured at fair value through other comprehensive income	e) Debt securities measured at amortised cost - banks	e) Debt securities measured at amortised cost - customers	a) Loans to banks	b) Loans to customers	c) Loans mandatorily measured at fair value						
10.	Cash and cash equivalents	10,085,595	10,085,595															
20.	Financial assets measured at fair value through profit or loss	1,544,410																
	a) financial assets held for trading	672,598		672,598														
	b) financial assets designated at fair value	1,991			1,991													
	c) other financial assets mandatorily measured at fair value	869,821				762,059						107,762						
30.	Financial assets measured at fair value through other comprehensive income	6,859,241					6,859,241											
40.	Financial assets measured at amortised cost	110,189,971																
	a) loans to banks	8,382,610						6,721,529		1,661,081								
	b) loans to customers	101,807,361			-				13,583,007		88,224,354							
50.	Hedging derivatives	1,122,566											1,122,566					
70.	Equity investments	422,046												422,046				
90.	Property, plant and equipment	2,456,850	-												2,456,850			
100.	Intangible assets	648,981														648,981		
	of which:	-																
	- goodwill	170,018															170,018	
110.	Tax assets	2,711,737																
	a) current	877,248																877,248
	b) deferred	1,834,489																1,834,489
120.	Non current assets and disposal groups classified as held for sale	13,969																13,969
130.	Other assets	6,072,993																6,072,993
	Total assets	**142,128,359**	**10,085,595**	**672,598**	**1,991**	**762,059**	**6,859,241**	**6,721,529**	**13,583,007**	**1,661,081**	**88,224,354**	**107,762**	**1,122,566**	**422,046**	**2,456,850**	**648,981**	**170,018**	**8,798,699**

Reclassified balance sheet - Liabilities and shareholders' equity

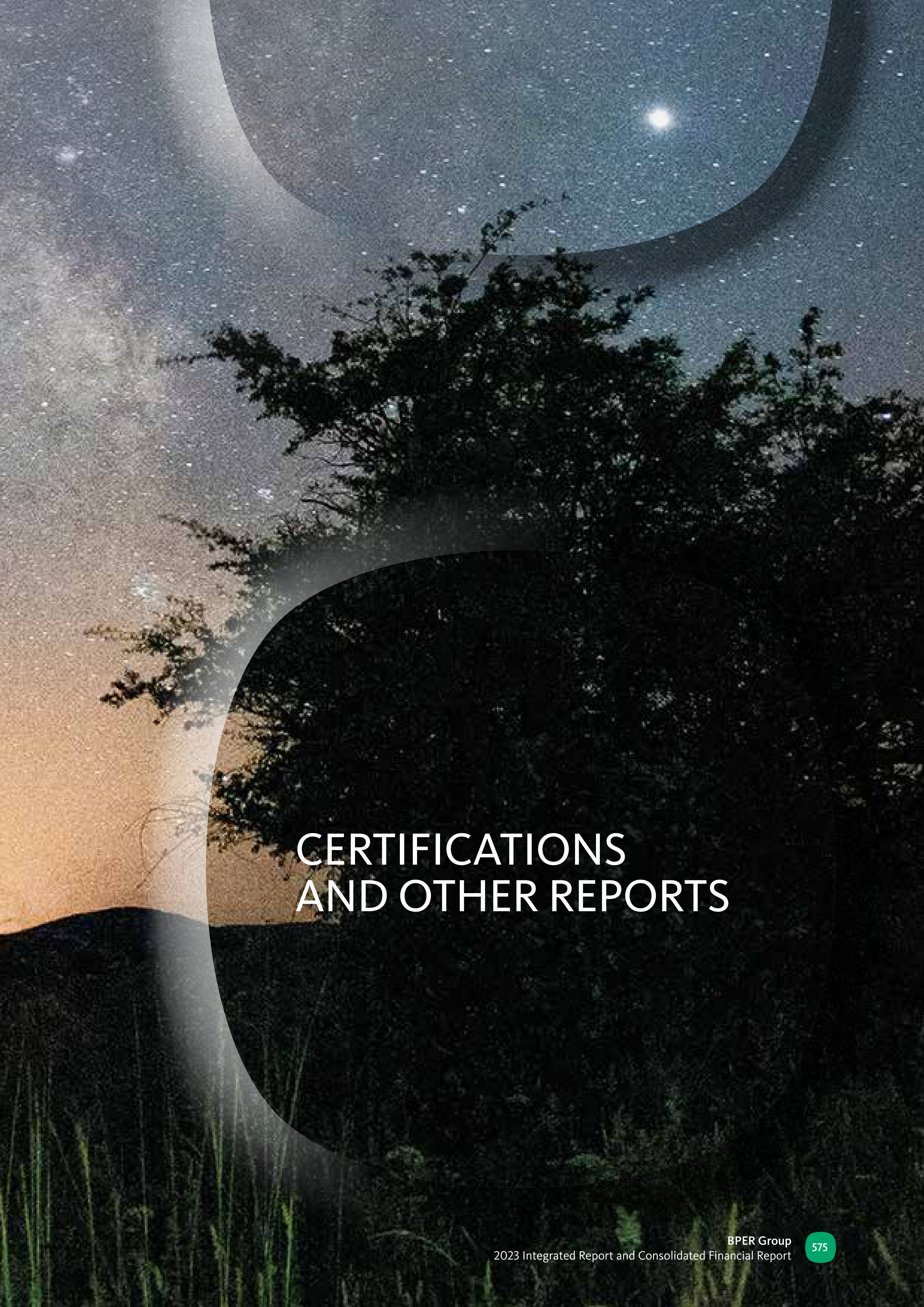
(in thousands)

	Circular no. 262/2005 8° update - Liabilities and shareholders' equity	31.12.2023	Due to banks	Direct deposits			Financial liabilities held for trading	Macro-hedge accounting		Other liabilities	Minority interests	Shareholders' equity						
				a) Due to customers	b) Debt securities issued	c) Financial liabilities designated at fair value		a) Hedging derivatives	b) Change in value of macro-hedged financial liabilities (+/-)			a) Valuation reserves	b) Reserves	c) Equity instruments	d) Share premium reserve	e) Share capital	f) Treasury shares	g) Profit (Loss) for the year
10.	Financial liabilities measured at amortised cost	124,511,471																
	a) due to banks	7,754,450	7,754,450															
	b) due to customers	104,854,552		104,854,552														
	c) debt securities issued	11,902,469			11,902,469													
20.	Financial liabilities held for trading	300,955					300,955											
30.	Financial liabilities designated at fair value	2,009,641				2,009,641												
40.	Hedging derivatives	266,558						266,558										
50.	Change in value of macro-hedged financial liabilities (+/-)	(155,184)							(155,184)									
60.	Tax liabilities	67,412																
	a) current	10,641								10,641								
	b) deferred	56,771								56,771								
80.	Other liabilities	3,993,288								3,993,288								
90.	Employee termination indemnities	149,492								149,492								
100.	Provisions for risks and charges	1,419,249																
	a) commitments and guarantees granted	123,323								123,323								
	b) pension and similar obligations	120,401								120,401								
	c) other provisions for risks and charges	1,175,525								1,175,525								
120.	Valuation reserves	151,396										151,396						
140.	Equity instruments	150,000												150,000				
150.	Reserves	4,206,666											4,206,666					
160.	Share premium reserve	1,236,525													1,236,525			
170.	Share capital	2,104,316														2,104,316		
180.	Treasury shares (-)	(2,250)															(2,250)	
190.	Minority interests (+/-)	199,328									199,328							
200.	Profit (Loss) for the year (+/-)	1,519,496																1,519,496
	Total liabilities and shareholders' equity	**142,128,359**	**7,754,450**	**104,854,552**	**11,902,469**	**2,009,641**	**300,955**	**266,558**	**(155,184)**	**5,629,441**	**199,328**	**151,396**	**4,206,666**	**150,000**	**1,236,525**	**2,104,316**	**(2,250)**	**1,519,496**

Reclassified Income statement

(in thousands)

	Circular no. 262/2005 8° update - Income statement	31.12.2023	Net interest income	Net commission income	Dividends	Net income from financial activities	Other operating expense/income	Staff costs	Other administrative expenses	Net adjustments to property, plant and equipment and intangible assets	Net impairment losses to financial assets at amortised cost - loans	Net impairment losses to financial assets at amortised cost - other financial assets	Net impairment losses to financial assets at fair value	Gains (Losses) from contractual modifications without derecognition	Net provisions for risks and charges	Contributions to SRF, DGS, IDPF - VS	Gains (Losses) on investments	Income taxes on current operations for the year	Profit (Loss) for the year pertaining to minority interests	Profit (Loss) for the year pertaining to the Parent Company
10.	Interest and similar income	4,762,627	4,762,627																	
20.	Interest and similar expense	(1,510,810)	(1,510,810)																	
30.	**Net interest income**	**3,251,817**																		
40.	Commission income	2,171,407		2,171,407																
50.	Commission expense	(184,929)		(184,929)																
60.	**Net commission income**	**1,986,478**																		
70.	Dividends and similar income	30,884			30,884															
80.	Net income from trading activities	152,200				152,200														
90.	Net income from hedging activities	22,386				22,386														
100.	Gains (Losses) on disposal or repurchase of:	72,082																		
	a) financial assets measured at amortised cost	59,078				59,078														
	b) financial assets measured at fair value through other comprehensive income	13,001				13,001														
	c) financial liabilities	3				3														
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(122,678)																		
	a) financial assets and liabilities designated at fair value	(140,363)		23,948		(164,311)														
	b) other financial assets mandatorily measured at fair value	17,685				17,685														
120.	**Net interest and other banking income**	**5,393,169**																		
130.	Net impairment losses for credit risk relating to:	(436,318)																		
	a) financial assets measured at amortised cost	(436,261)									(425,583)	(10,678)								
	b) financial assets measured at fair value through other comprehensive income	(57)											(57)							
140.	Gains (Losses) from contractual modifications without derecognition	3,006												3,006						
150.	**Net income from financial activities**	**4,959,857**																		
180	**Net income from financial and insurance activities**	**4,959,857**																		
190.	Administrative expenses:	(3,252,002)																		
	a) staff costs	(1,980,567)						(1,980,567)												
	b) other administrative expenses	(1,271,435)							(1,110,194)							(161,241)		-		
200.	Net provisions for risks and charges	(62,481)																		
	a) commitments and guarantees granted	30,624													30,624					
	b) other net provisions	(93,105)													(93,105)					
210.	Net adjustments to property, plant and equipment	(166,488)								(166,488)										
220.	Net adjustments to intangible assets	(97,076)								(97,076)										
230.	Other operating expense/income	377,738					100,737		277,001											
240.	**Operating costs**	**(3,200,309)**																		
250.	Gains (Losses) of equity investments	46,270															46,270			
260.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	(47,656)															(47,656)			
270.	Impairment losses on goodwill	(34,374)															(34,374)			
280.	Gain on a bargain purchase	855															855			
290.	**Profit (Loss) from current operations before tax**	**1,724,643**																		
300.	Income taxes on current operations for the year	(172,874)																(172,874)		
310.	**Profit (Loss) from current operations after tax**	**1,551,769**																		
330.	**Profit (Loss) for the year**	**1,551,769**																		
340.	Profit (Loss) for the year pertaining to minority interests	(32,273)																	(32,273)	
350.	**Profit (Loss) for the year pertaining to the Parent Company**	**1,519,496**	**3,251,817**	**2,010,426**	**30,884**	**100,042**	**100,737**	**(1,980,567)**	**(833,193)**	**(263,564)**	**(425,583)**	**(10,678)**	**(57)**	**3,006**	**(62,481)**	**(161,241)**	**(34,905)**	**(172,874)**	**(32,273)**	**1,519,496**



CERTIFICATIONS AND OTHER REPORTS

Certification of the consolidated financial statements at 31 December 2023 pursuant to art. 81-ter of Consob Regulation no. 11971 dated 14 May 1999 and subsequent additions and amendments

- The undersigned
  - Piero Luigi Montani, as Chief Executive Officer,
  - Marco Bonfatti, as the Manager responsible for preparing the Company's financial report,

  of BPER Banca S.p.A., having considered the requirements of paras. 3 and 4 of art. 154-*bis* of Decree no. 58 dated 24 February 1998, confirm:
  - the adequacy in relation to the characteristics of the Bank and
  - the proper application,

  during 2023, of the administrative and accounting procedures adopted for the preparation of the consolidated financial statements.

- This assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the consolidated financial statements at 31 December 2023 is based on a model developed by BPER Banca S.p.A., consistent with the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This framework represents reference standards for systems of internal control that are generally accepted at an international level.

- It is also certified that:
  - the consolidated financial statements at 31 December 2023:
    a) have been prepared in accordance with the applicable international accounting standards recognised within the European Union pursuant to European Parliament and Council Regulation (EC) no. 1606/2002 dated 19 July 2002, Decree 38/2005 and the enabling regulations for art. 9 of this Decree;
    b) agree with the underlying accounting records and entries;
    c) present a true and fair view of the financial position and results of operations of the Bank and of the companies included within the scope of consolidation;
  - the report on operations includes a reliable analysis of performance and the results of operations, as well as of the position of the Bank and of the companies included within the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Modena, 6 March 2024

Signed by
Piero Luigi Montani

Chief Executive Officer

Signed by
Marco Bonfatti

Manager responsible for preparing the Company's financial report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
BPER Banca S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of BPER Banca S.p.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2023, and the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and the explanatory notes including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of BPER Banca S.p.A. (the Bank) in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Classification and valuation of performing loans to customers measured at amortised cost	
Description of the key audit matter	As reported in paragraph *5.1 Balance sheet aggregates* of the Directors' Report on Group Operations and in the *quantitative information relating to credit quality disclosed in Part E – Information on risks and related hedging policies* in the Explanatory notes, performing loans to customers measured at amortised cost of BPER Banca Group as at December 31, 2023 amount to a gross exposure of Euro 87,834 million, where impairment losses are associated for Euro 653 million, and consequently to a net exposure of Euro 87,181 million, highlighting a coverage ratio equal to 0.74%. In the Explanatory notes *Part A.2 - Main items in the financial statements Paragraph 3 - Financial assets measured at amortised cost and Paragraph 23. Method for determining the extent of impairment*, are described with reference to performing loans to customers: • Group's rules for classifying non-performing loans to customers measured at amortised cost in compliance with the current instructions of the Supervisory Authorities and the applicable accounting standards; • the methods for determining their recoverable amounts which are based on the estimate of the present value of expected cash flows deriving from a lump sum valuation; • the methods with which managerial corrective measures (so-called management overlays) have been applied in the assessment of credit risk and consequently in determining the expected credit losses also to take into account a macroeconomic environment affected by significant uncertainty induced by geopolitical tensions which, after the start of the Russia-Ukraine conflict and the consequent international sanctions, they also affected the Middle East area, in a context already characterised by the continuing inflationary pressure and the consequent increase in market interest rates. Furthermore, as reported in the qualitative information relating to credit risk disclosed in *Part E – Information on risks and related hedging policies, Section 2 – Risk of prudential consolidation, Chapter 2. Credit risk management policies, Paragraph 2.2. Systems for managing, measuring and monitoring* in the Explanatory notes as at December 31, 2023, the Group, as part of its policies for managing loans to customers, adopted rules and procedures for monitoring credit exposures, which have entailed, among other things, a structured action of classification into homogeneous risk categories. In particular, on the basis of "rating" and "Early Warning" systems, the Group identified among performing loans to customers measured at amortised cost those most at risk.

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	Considering the significance of the amount of the performing loans to customers recorded in the financial statements and the complexity of the classification and estimation processes adopted by the Group, we have identified the classification of performing loans to customers with particular reference to exposures with a higher level of management risk (“high risk” exposures) as well as the related process for determining the loan loss provisions, as a key audit matter of the consolidated financial statements of the Group as at December 31, 2023.
Audit procedures performed	The audit procedures performed included, among others, the following: • analysis and understanding of the Group's internal control system as well as the related internal regulations concerning the credit process which included, in particular, the identification of the organizational and procedural safeguards implemented by the Group for monitoring credit quality, for the adequacy of the classification according to the provisions of the sector regulations and for the credit valuation in compliance with the applicable accounting standards; • analysis and understanding of the IT systems and applications used and the test of the operating effectiveness of the relevant controls, also with the support of IT experts belonging to the Deloitte network; • check of the implementation of the procedures and of the relevant controls, as well as their operating effectiveness for the purposes of the classification and valuation process; • analysis and understanding of the criteria used by the Group for the classification in the different categories envisaged by IFRS9 (so-called "staging") as well as for the assessment of the riskiness of the counterparties; • analysis and understanding of the main valuation models adopted by the Group and the related updates, as well as a check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network; • checks on a sample basis of the classification of "high risk" loans according to the provisions of the sector and internal regulations, as well as of the related valuation in compliance with the applicable accounting standards; • analysis and check of the methods of determination and related quantification of the management overlays adopted by the Group in determining collective impairment losses;

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- analysis and check of performing loans collective impairment losses also through the development of independent estimates;
- comparative and trend analyses on the volumes of loans to customers and on related coverage ratios, through comparison with the data of the previous year and with sector data;
- analysis of subsequent events occurring after the reference date of the financial statements;
- check of the completeness and compliance of the disclosures provided in the financial statements in accordance with the regulatory framework and applicable accounting standards.

Classification and valuation of non-performing loans to customers measured at amortised cost classified as bad loans and unlikely to pay loans	
Description of the key audit matter	As reported in paragraph *5.1 Balance sheet aggregates of the Directors' Report on Group Operations and in the quantitative information relating to credit risk disclosed in Part E – Information on risks and related hedging policies* of the Explanatory notes, non-performing loans to customers measured at amortised cost of BPER Banca Group as at December 31, 2023 amount to a gross exposure of Euro 2,197 million, where impairment losses are associated for Euro 1,154 million and consequently to a net exposure of Euro 1,043 million, highlighting a coverage ratio equal to 52.52%. The Directors' Report on Group Operations also shows that the above-mentioned loans to customers, classified in accordance with IFRS 9 "Financial Instruments" as "Third Stage", include bad loans for a net value of Euro 175 million with a coverage ratio equal to 72.38% and unlikely to pay loans for a net value of Euro 715 million with a coverage ratio equal to 47.19%. In the Explanatory notes *Part A.2 - Main items in the financial statements Paragraph 3 - Financial assets measured at amortised cost and Paragraph 23. Method for determining the extent of impairment*, are described with reference to non-performing loans to customers: • Group's rules for classifying non-performing loans to customers measured at amortised cost in compliance with the current instructions of the Supervisory Authorities and the applicable accounting standards; • the methods for determining their recoverable amounts which are based on the estimate of the present value of expected cash flows deriving from an analytical valuation of bad loans and unlikely to pay loans whose exposure is higher than the thresholds established by internal regulations, and from a lump sum valuation of the remaining non-performing loans to customers measured at amortised cost.

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Furthermore, the quantification of the recoverable amount of non-performing loans which are included in the Group's strategy, that envisages the recovery of those loans through disposals, reflects also the estimate of their disposal value, duly weighted on the basis of the probability of occurrence of the possible "workout" and "disposal" scenarios.

Considering the complexity of the estimation processes adopted by the Group, which implied a structured action of classification of non-performing loans to customers measured at amortised cost into homogeneous risk categories, as well as the relevance of the discretionary components linked to the estimate of the related recoverable amount (such as the estimate of expected cash flows, the time of recovery, the value of the collateral, if any, and the possible recovery strategies), we have identified the classification of non-performing loans to customers measured at amortised cost classified as bad loans and unlikely to pay loans and their valuation as a key audit matter of the consolidated financial statements of the Group as at December 31, 2023.

Audit procedures performed	The audit procedures performed included, among others, the following: • analysis and understanding of the Group's internal control system as well as the related internal regulations concerning the credit process which included, in particular, the identification of the organizational and procedural safeguards implemented by the Group for the monitoring of credit quality and management of non-performing loans, for the adequacy of the classification according to the provisions of the sector regulations and for the related valuation in compliance with the applicable accounting standards; • analysis and understanding of the IT systems and applications used and the test of the operating effectiveness of the relevant controls, also with the support of IT experts belonging to the Deloitte network; • check the implementation of the procedures and relevant controls, as well as their operating effectiveness for the purposes of the classification and valuation process; • analysis and understanding of the main valuation models adopted by the Group and the related updates, as well as a check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network; • analysis and understanding of the process of identification and determination of the strategy to reduce credit exposures included in the "disposal" perimeter;

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- analysis and understanding of the valuation model adopted for the determination of additional impairment losses relating to non-performing loans belonging to the "disposal" perimeter valued on the basis of recovery expectations through sale and verification of the reasonableness of the expected market prices;

- checks on a sample basis for each category of non-performing loans of the classification and of the related valuation in compliance with the Group's internal regulations;

- comparative and trend analyses, for each category of non-performing loans, on the volumes and on related coverage ratios, through comparison with the data of the previous year and with sector data;

- analysis of subsequent events occurring after the reference date of the financial statements;

- check of the completeness and compliance of the disclosures provided in the financial statements in accordance with the regulatory framework and applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Bank or for the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate related threats or safeguards applied.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of BPER Banca S.p.A. has appointed us on November 26, 2016 as auditors of the Bank for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of BPER Banca S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in XHTML format and has been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of BPER Banca S.p.A. are responsible for the preparation of the Directors’ report on Group operations and the report on corporate governance and ownership structure of BPER Banca Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the Directors' report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements of BPER Banca Group as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors' report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of BPER Banca Group as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of BPER Banca S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Merlo
Partner

Bologna, Italy
March 22, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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SEPARATE FINANCIAL REPORT OF BPER BANCA AS AT 31 DECEMBER 2023

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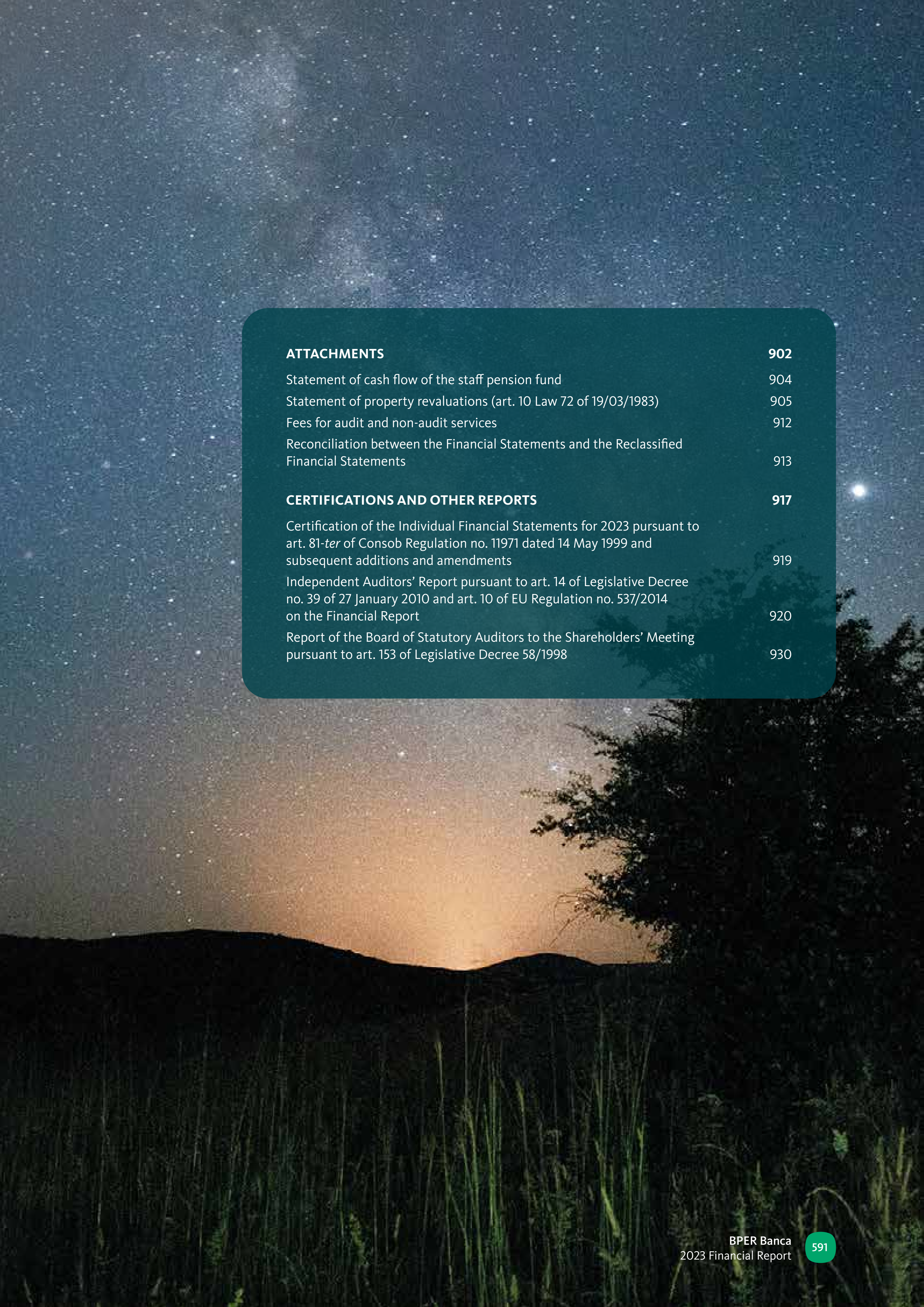
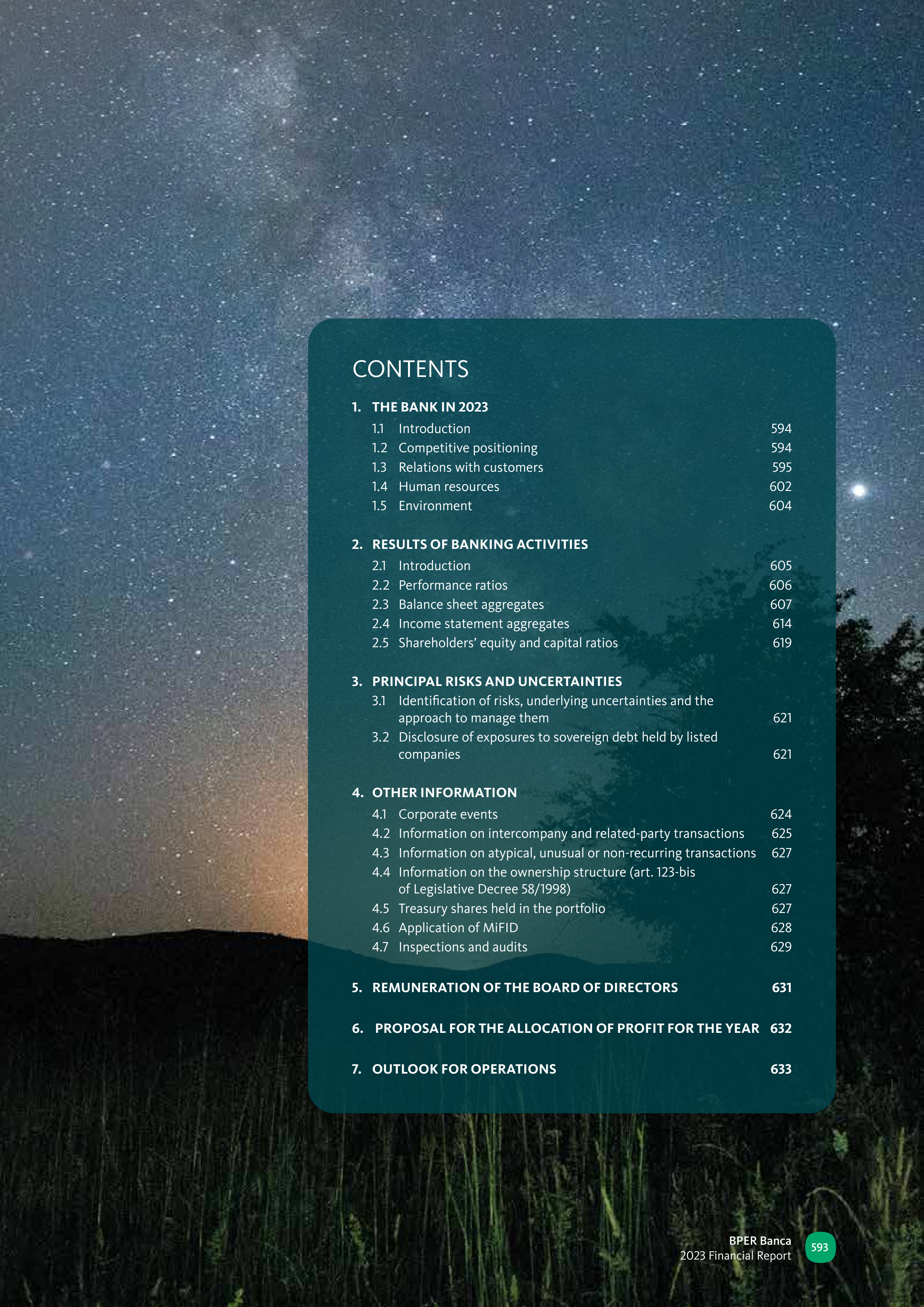
2023 Financial Report



DIRECTORS' REPORT ON OPERATIONS



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1. THE BANK IN 2023

1.1 Introduction

To avoid repetition, the common disclosure along with the Directors' Report on Group operations is not being reproposed. Reference should be made to it as it is substantially valid for the Parent Company as well.

To be more specific, reference is made to the content of the following paragraphs of the consolidated report:
- The macroeconomic context;
- Significant events and strategic transactions, including, in particular, the "BPER e-volution" 2022-2025 Business Plan and the associated objectives achieved in 2023 (*inter alia*: the Disposal to Banco Desio of a business unit consisting of bank branches, the strategic commercial partnership entered into with UnipolSai in Long -Term Rental, the concentration of the BPER Group's Wealth & Asset Management units in Banca Cesare Ponti, the Framework Agreement with Gardant and AMCO for the creation of a strategic partnership for the management of the NPE portfolios, the Workforce optimisation effort) and events after the reporting period as at 31 December 2023;
- Principal risks and uncertainties (though some quantitative information that is specific to BPER Banca will be presented below).

1.2 Competitive positioning

Market positioning: deposits and loans

The trend in BPER Banca's market share of direct funding and lending on a national level is shown in the following tables.

Market shares - Direct funding

Period	Total Customers	Consumer households	Corporates	Producer households
30 September 2023	4.76%	4.21%	6.08%	8.12%
31 August 2023	4.81%	4.20%	6.14%	8.11%
31 July 2023	4.80%	4.20%	5.98%	8.15%
30 June 2023	4.73%	4.19%	6.01%	7.95%
31 May 2023	4.83%	4.23%	6.01%	7.97%
30 April 2023	4.84%	4.29%	6.11%	8.04%
31 March 2023	4.78%	4.27%	5.97%	8.04%
28 February 2023	4.90%	4.29%	6.08%	8.01%
31 January 2023	5.01%	4.39%	6.32%	8.09%
31 December 2022	4.90%	4.43%	6.07%	8.06%
30 November 2022	4.95%	4.41%	6.05%	8.00%
31 October 2022	4.18%	3.69%	5.35%	7.35%
30 September 2022	4.11%	3.69%	5.27%	7.36%

Market shares - Lending

Period	Total Customers	Consumer households	Corporates	Producer households
30 September 2023	4.43%	4.65%	5.43%	8.59%
31 August 2023	4.49%	4.65%	5.53%	8.65%
31 July 2023	4.49%	4.61%	5.55%	8.61%
30 June 2023	4.49%	4.61%	5.53%	8.40%
31 May 2023	4.47%	4.58%	5.55%	8.37%
30 April 2023	4.48%	4.59%	5.57%	8.35%
31 March 2023	4.48%	4.61%	5.57%	8.35%
28 February 2023	4.52%	4.62%	5.64%	8.37%
31 January 2023	4.57%	4.70%	5.68%	8.50%
31 December 2022	4.62%	4.74%	5.71%	8.41%
30 November 2022	4.57%	4.75%	5.67%	7.70%
31 October 2022	3.92%	3.94%	4.96%	6.89%
30 September 2022	3.92%	3.94%	4.97%	6.89%

Source: Market shares - Source: Planus Corp. for supervisory reporting.

Branch network

BPER distribution network across the country decreased by 256 branches compared to 2022, as a result of the:

- rationalisation of the distribution network and subsequent closure of 216 BPER branches in 2023 (of which 96 on 24 March, 1 on 17 November, 117 on 15 December and 2 on 29 December);
- Disposal of 40 BPER branches to Banco Desio, effective from 20 February 2023 for legal purposes.

At 31 December 2023 there were 1,347 branches (including 44 limited service branches).

The Bank has a widespread presence of branches in 19 of Italy's 20 regions (excluding Sardinia): Emilia-Romagna (249), Abruzzo (65), Campania (84), Lazio (76), Calabria (50), Lombardy (272), Apulia (51), Veneto (50), Basilicata (25), Sicily (43), Molise (7), Marche (88), Tuscany (72), Trentino-Alto Adige (3) Umbria (17), Liguria (114), Friuli Venezia Giulia (2), Piedmont (78) and Aosta Valley (1).

1.3 Relations with customers

Commercial and service policies

Processes

BPER uses a Customer Relationship Management – CRM platform to coordinate customer contact activity by the Distribution Network, the Online Branch and direct/digital channels.

Commercial planning gets under way at the start of the year, has a periodic frequency and an omnichannel distribution model. In specific cases, sales initiatives not included in the plans can be implemented to meet needs that arise during the year.

The initiatives, carried out as part of planning, are decided centrally based on a top-down approach to direct corporate priorities and support budget objectives and other commercial and relational priorities. They have a predefined duration, a mono-step or multi-step structure and are of a commercial, relational and management nature based on the intended purpose (e.g. promotion of products/services, improving the customer relationship, managing regulatory obligations, etc.).

These types of actions also include customer journeys, which involve multiple phases and communication channels, both digital and assisted, aimed at capturing the customer's interest in "real time" and directing the contact to assisted channels (Network and the On Line Branch).

The Network also has the option of independently making contact again with customers to implement additional sales proposition opportunities.

The tasks and responsibilities of the principal functions within the CRCBO Area, as well as the mechanisms for interactions between the centre and the network (vertical), are defined in the commercial statement, which describes the methods, timing, tools and objectives for centre-network dialogue focused on the monitoring of performance.

The marketing plans for each Service Model are defined on the basis of a structured commercial planning process, in accordance with the rules and principles of Product Governance, fairness and transparency, in order to ensure that planned initiatives are consistent with the company's positioning and aimed at best satisfying the characteristics and needs of the different customer segments.

In compliance with the European legislation on "Product Governance", BPER Banca has implemented a structured process to govern the development and approval of new products and services, for entering new markets and signing distribution agreements. The definition of BPER Banca's commercial offer is governed by the "Group Policy for the governance of non-compliance risk on Product Governance" and by the "Group Regulation for Product Governance".

The objectives of this process are:
- ensuring the improvement and timely evolution of products and services on offer in compliance with the needs of customers and in line with the company's strategy and objectives;
- ensuring the correct mapping, assessment and management of risks deriving from new operations, in line with BPER Banca's risk appetite;
- defining the customer groups to which the company intends to distribute new products and services in relation to their complexity and any existing regulatory constraints;
- assessing the structure of the products, with reference to the extent to which they are comprehensible to customers, their characteristics and risks, particularly for complex forms of remuneration and reimbursement;
- ensuring transparency and fairness in the marketing phase;
- ensuring full compliance in the development and approval of products and services on offer, by ensuring respect for the various stages envisaged and the involvement of various corporate functions.

As regards the consultancy and sales relationship between branches and customers, BPER Banca has an advanced sales front-end (called "BStore"), available to all retail and corporate relationship managers in the branches, which guides the user in proposing the principal services available to customers from the Group's computerised product catalogue.

Listening to customers

Customer satisfaction is one of the main levers of the service quality planning and control system and a strategic competitive factor in the market. This principle gave rise to the need to build a system to monitor the quality perceived, whose ambition is to cover all customer segments and all of the various phases of the bank-customer relationship. Since 2019, the BPER Group has implemented a customer listening system, which provides for continuous monitoring system of the entire customer base: the metric chosen is the Net Promoter Score (NPS), an indicator that measures the difference between the percentage of "promoters" (customers who would recommend the bank) and the percentage of "detractors". The main contact channel is e-mail, in order to collect feedback from the greatest number of customers possible with the least effort in terms of costs and time. In 2023, the findings that emerged from previous years referring to BPER Banca and Banco di Sardegna were confirmed: the level of customer satisfaction is substantially aligned between the Family and Personal segments, while it is lower, although still positive, for POE customers (Small Economic Operators). The NPS survey was also introduced in 2022 for Small Business customers: in 2023, the survey revealed a healthy level of satisfaction for this cluster of customers. Starting from early March 2023, customers acquired from Carige and Banca Monte di Lucca as a result of the Lanterna extraordinary transaction of November 2022 were also included in the sample of respondents: over the course of the year, the satisfaction of these customers gradually improved, reaching positive levels as early as the end of 2023, particularly in the retail customer segment.

The "Voice of Customer" project also seeks to capture customers' reaction soon after certain specific activities have taken place. As of today, the active ones regard the subscription of six products (current accounts, payment cards, insurance policies, mortgages, loans and instalment products) and the interaction with five Bank channels (Branch, ATM, Self-Service cash desk, Smart Web and Online Branch). Starting from 2023, Private banking customers were included in the sample of respondents, particularly through the surveys involving interactions with the Bank's three channels: Branches, the Smart Web and the On Line Branch.

Every year, two waves of customer Satisfaction surveys are also taken on Corporate customers and Private Banking customers: the first in June and the second in November. Despite confirming a high level of satisfaction, a slight decrease was recorded for Corporate customers compared to 2022, both for BPER Banca and Banco di Sardegna. Satisfaction of Private Banking customers is improving, particularly satisfaction with the Private Banking Manager.

The contact channels

The Digital Branch

The Digital Branch is the customer remote contact point, supporting the physical network in managing customers' requirements. The Digital Branch is present with 8 On Line Branches ("FOL": Filiali On Line) across the country. Online Consultants manage the customer relationship, both for commercial issues and for assistance with digital products and payment instruments.

The Digital Branch operates in an extended contact time slot: the online consultants are available for most sales and service activities from Monday to Friday, even after branch opening hours in the area. The service is also guaranteed 24 hours a day for certain urgent needs related to the security of payment instruments and the blocking of Internet banking users.

With a view to offering customers various possibilities to get in touch with the bank, multiple remote contact channels are active, some are traditional, such as the telephone, and others more digital such as the chat. For a specific security process related to Internet banking, the On Line Branch also manages the customer relationship on WhatsApp. In addition, thanks to the increasingly stronger integration with BPER's digital ecosystem, customers can now contact the Digital Branch more easily and more immediately. For example, the chat service was extended in both the App and in terms of operator coverage hours after its popularity in previous years as a contact point on the website.

In 2023, the FOL handled more than 2,200,000 incoming contacts with customers on the various channels for assistance requests and, in the first months of the year, continued to provide support to new Carige customers (post migration in November '22) on the new Smart Web Internet banking and on the continuity of products and services during the transition to the new bank. One of the specialised teams in the Digital Branch is dedicated exclusively to handling the more sensitive cases, such as complaints, claims and contacting customers affected by technical anomalies in the Smart Web.

The Digital Branch also carries out commercial activities with the aim of proposing the underwriting of products offered remotely or in the physical branch, by making an appointment on behalf of the customer. The commercial activities of the FOL are developed through:
- outbound campaigns: proactive contact initiatives with specific customer targets with the aim of encouraging customers to underwrite products offered remotely or by arranging an appointment at the customer's preferred physical branch;
- reactive inbound campaigns: the customer contacts the Digital Branch for service reasons, the consultant handles the request, collects the customer's needs by proposing the underwriting of a commercial product offered remotely or by arranging an appointment at the customer's preferred physical branch;
- contacts from the public website BPER.IT: management of contact requests made from the public website BPER.IT for the underwriting of commercial products.

The commercial activities of the Digital Branch underwent significant development in 2023, both in terms of their contribution to the Bank's objectives (as at 31 December 2023, the catalogue included 5 products that could be sold remotely: personal loans, Paga Poi, debit, credit and prepaid cards) and in terms of greater synergy with the physical network, thanks to the reactive inbound activity of making an appointment with a physical branch for a commercial proposal.

All activities also benefit from an application system that enables management of the customer's omni-channel experience, regardless of the physical or remote touchpoint used.

Digital channels

Internet services, the mobile banking Smart Web and the Smart Banking App offer customers a safe and quick way to access, manage their products and services, communicate with the Digital Branch to sell, receive support and authorise payments.

In 2023, the channels have been on a strategic evolutionary path with the launch of numerous initiatives to drive digital capabilities, engagement, sales and sales support in an integrated and omnichannel perspective. The main areas of intervention were:

Experience and Digital Identity
- Review of the Digital user and customer experience;
- Introduction of Educational elements corresponding to each function;
- Release of various upgrades based on behavioural analysis and suggestions from customers and colleagues;
- Possibility to independently update and validate identity documents and health cards by uploading document images;
- Adaptation to the Privacy framework;
- App-based MIFID questionnaire.

Portfolio
- Launch of the PagaPoi product for instalment payments from accounts and cards;
- Remote offer for the purchase of Debit/Credit Cards;
- Online account opening with digital process for new customers;
- Online Personal Loan Redesign and Boost;
- Launch of the first fully digital insurance product (Unisorriso);
- Launch of the Smartdesk function for the digital signing of contracts for the purchase of products in distance selling mode;
- Introduction of the new FEQ signature for digital sales processes.

Cards and Payments
- Discontinuation of the BPERCard app and introduction of advanced card management features in the Smart Banking app;
- Launch of new e-money products and revamping of existing products, with associated insurance value services;
- Activation of Home Delivery function;
- Launch of F24 form payment via OCR scanning.

Campaigns and engagement
- Evolution of the engagement system through the introduction of new CRM strategies;
- Activation of Charity Campaign Initiatives;

Products and commercial activities

Retail customers

BPER Bank pays constant attention to the needs of customers at every stage of the business. In addition to the routine supervision and evolution of traditional banking particularly for the household target segment, the Bank has continued to structure its offer around the principles of flexibility, customisation and growing digitalisation, as reflected in particular in the BPER On Demand solution, a current account customisable in a modular logic according to one's needs, which can also be activated online.

2023 confirmed in particular a special focus on youth. In addition to the Conto On Demand account, which is free of charge until the age of 35, the new UniSalute Studente policy was launched, which aims to protect the health of young people under 30 studying away from home with special health care and services.

For those under 36 years of age, thanks also to the ABI protocol for access to the Fondo Garanzia Prima Casa (First Home Guarantee Fund), the home mortgage proposition has been renewed, with the possibility of coverage up to 100%. The choice for this target was to maintain the offer for both types of loan rates, fixed and floating, while maintaining a good positioning to further protect these categories of customers. To this end, financial education initiatives continued , enriching the offer of the "GRANDE!" savings account and the rewards related to the TEEN account aimed at developing the talent of young boys and girls.

In the Home Mortgages domain, to help buyers limit the impact of the increase in interest rates, the "Pro-tetto" mortgage was launched, which links the affordability of the floating rate with the peace of mind that a maximum instalment amount cannot be exceeded. Moreover, during the year, specific credit limits were granted for mortgage solutions with favourable conditions, such as subrogation for owners of properties with an EPC rating of A or B, reflecting a growing commitment to the market also in terms of environmental sustainability and energy efficiency.

In the area of financing and consumer credit, the new PagaPoi was launched, a new credit product that can be activated independently by the customer and is designed to divide the expenses and small to medium purchases into instalments, allowing flexible management of liquidity according to needs.

Finally, in 2023, great importance was also attached to the insurance offer dedicated to Health and Home, continuing the process of integrating the existing proposition with new products such as Ama&Proteggi - Casa a modo tuo, the personalised multi-guarantee solution for home and third-party liability for the whole family.

Wealth Management

In 2023, the BPER Banca Group continued to strengthen its Wealth Management services, in terms of production, product distribution, increasing the range and quality of services, digitalisation of services, and also thanks to the onboarding of new specialists who joined the group with the aim of strengthening and supporting the business.

The integration of Banca Carige, which took place in the last months of 2022, strengthened the competitive position of the BPER Group thanks to its widespread presence in Liguria and Tuscany and the integration of the Private banking structure of Banca

Cesare Ponti. In 2023, Optima SIM was merged into Banca Cesare Ponti. This extraordinary transaction, envisaged in the BPER Banca Group's 2022-2025 business plan, is part of the initiatives to rationalise and simplify the structure of the BPER Group and aims to achieve the objective of gradually concentrating the Group's Wealth Management and Asset Management divisions within Banca Cesare Ponti, in order to strengthen its control over asset management issues and guarantee the excellence of the services offered to customers.

In terms of product development and distribution, in 2023, the activity of revising the range continued with the aim of adapting the proposition to market conditions and selecting the best opportunities for customers.

The growing sensitivity of customers to sustainability-related issues (or, more generally speaking, in the Environmental, Social and Governance - ESG domain), the desire to meet all their needs and comply with the entry into force of the legislation on the transparency of sustainable investments, "SFDR", led to the expansion of the range of sustainable and responsible products in synergy with Arca SGR (the asset management company of the BPER Banca Group), embracing investment areas and strategies that are highly diversified between one another. A number of changes were also introduced to improve the reporting for customers that include information on the sustainability characteristics of the customer investments and Principal Adverse Impacts (PAIs), as required by MiFID II.

BPER Banca continued to disseminate information on financial topics, both through internal communication, aimed at providing constant support to bankers and in-depth information on products, and through external communication, producing monthly articles and infographics on financial education topics published on the Wealth mini-website.

Events were also organised with customers in collaboration with partnering asset management companies, focusing on financial investments in a given market environment.

The non-financial advisory service was expanded in 2023, thanks to the onboarding of new specialists, who offer constant support to customers and bankers in specific areas such as Trusts, wealth planning and generational transfer, succession, tax and real estate analysis and art advisory services (via partnerships with external professionals).

The advanced advisory service, a service platform for analysing customer requirements in relation to total wealth, was strengthened with the addition of a number of professionals to further enhance the level of service offered to retail and corporate customers.

In line with the objectives of the 2022-2025 business plan, which envisages improvements in the digitalisation of services, digital operations have been strengthened. The Bank has further developed its web application services, such as the possibility to complete the MiFID questionnaire directly from home banking and online trading, to meet the specific requirements of digitalised customers or to underwrite products and services via digital channels. The "BPER on demand" campaign was also launched, an initiative aimed at prospective customers that allows them to access the entire proposition of BPER by opening a current account directly through digital channels.

Corporates

The Bank put in place a proactive commercial proposition for Corporate customers, in terms of products/services, which made it possible to retain existing Corporate Customers and expand the range of services offered.

In particular, in 2023, in line with the EU and national regulatory framework, multiple financial support initiatives were put in place for Businesses thanks to the proposal of short, medium and long-term financial support solutions.

The main tools used to support businesses are presented below.

Loans with MCC guarantee

A form of financing used extensively in 2023, as in the previous years, was both short and medium/long-term loans, secured by a Guarantee from the Central Guarantee Fund of MCC (Banca del Mezzogiorno-MedioCredito Centrale).

The intention of MCC was to significantly widen as much as possible the type of financing eligible for this important form of guarantee, which allows the company to obtain economic benefits in terms of both borrowing conditions and access to credit. The extension concerned both short-term transactions (not envisaged earlier) and transactions involving small amounts.

The availability of this guarantee and the agreements with the Guarantor also benefitted the Bank, in terms of lower capital absorption.

The key products in this area are:

- Fin PMI
  An unsecured loan backed by a direct guarantee from the Central Guarantee Fund for small and medium-sized enterprises, aimed at facilitating access to financial sources and accompanying them in their development and investments for business growth.
- Fin PMI Female Entrepreneurship
  An unsecured loan backed by direct guarantee from the Guarantee Fund for small and medium-sized enterprises, to facilitate access to financial resources by SMEs with a predominantly female component.
- Fin PMI Crisis
  A medium- and short-term unsecured loan with a direct guarantee from the Central Guarantee Fund for SMEs, structured to support companies following Russia's aggression against Ukraine.
- Fin PMI Start UP – Start Up Innovative
  An unsecured loan backed by direct guarantee from the Guarantee Fund for small and medium-sized enterprises, to facilitate access to financial resources by traditional and innovative start-ups.

SACE Supportitalia

In 2023, the provision of short and medium-term loans backed by SACE guarantees continued in favour of companies that suffered negative economic repercussions as a result of the Russian-Ukrainian conflict.

Thanks to constant collaboration with SACE, in 2022, the SACE Green and SACE Green Loans were also introduced into the company's proposition, aimed at supporting the Green New Deal.

Loans backed by EIF guarantee

As a result of the agreement between BPER Banca and the European Investment Fund ("EIF"), in 2023, new loans were made available to corporate customers, namely: FIN CULTURAL (intended to support companies operating in the cultural and creative sectors), NEW INNOVFIN (intended to support technological innovation and the process of digitalisation of companies), FIN SUSTAINABILITY (intended to support "Sustainable Companies" or companies applying for loans for "Green Investments").

The loans are guaranteed by the EIF in percentages ranging from 30% to 80%.

Life 4 Energy

One of the Group's flagship financial products as part of sustainable development was the "Life 4 Energy" loan, aimed at covering investments in energy efficiency projects and supported by a form of EIB Guarantee (relating in particular to a risk-sharing mechanism with the EIB, characterised by the coverage of the first losses of a portfolio consisting in these loans).

As part of this project, BPER Banca plans to provide the companies involved with specialised consulting services regarding the main public subsidies available within the region and support in conducting energy performance diagnosis and in identifying possible solutions, with the involvement of selected partners.

There are several areas eligible for funding:

- works on buildings (insulation, windows, heating/cooling, lighting, etc.);
- initiatives related to production facilities;
- district heating/cooling systems;
- public lighting infrastructure;
- high efficiency heat and electricity cogeneration plants.

Confidi

In 2023, of particular importance was the disbursement of loans to small market players and SMEs with the assistance of the guarantees provided by the Credit Guarantee Consortia (Confidi), with which the Bank has agreements in the areas in which it is present with its own network of branches.

BPER 4 NEXT GENERATION

With total funding of Euro 235.1 billion, the National Recovery and Resilience Plan (NRRP) forms part of the European Union programme known as Next Generation EU and was approved by Italy in 2021 to kick-start the economy following the Covid-19 pandemic. BPER Banca wants to be at the side of companies to help them seize the opportunities that the NRRP offers.

NRRP "Social" Calls: Funding to Promote Inclusion and Diversity in Italian Companies in the Context of the NRRP

BPER Banca, which has always been committed to promoting a social context where everyone has the same opportunities and the same dignity, seized the opportunities presented by the NRRP to promote social inclusion in Italian companies. Part of the NRRP has set various missions, including social inclusion and cohesion. In the aforementioned context, BPER Banca focussed on investments incorporating a "Social" footprint, hence supporting female empowerment and job prospects for young people. One of the calls for tender focussed on by BPER Banca is "Fondo Impresa Femminile" which concerns investment projects in multiple sectors to restructure the current female entrepreneurs support systems and make it easier to implement new associated projects. Another call selected is "Smart&Start" for the implementation of projects concerning technological innovation and the economic valorisation of the results of public and private research in start- ups (among others), as well as "Beyond New Zero-rate Enterprises" to support the creation and development of new enterprises with predominantly or totally young or female participants. In order to help companies benefitting from the calls for tender focussed on to implement their projects, BPER Banca prepared the products Fin Business 4 Young & Women, Fin PMI Imprenditoria Femminile and Fin PMI Start Up Innovative e Incubatori Certificati.

Sustainable financing associated with the green NRRP calls: supporting the energy transition of Italian companies

Thanks to the opportunities arising from the NRRP, BPER Banca has taken steps to support companies wishing to embark on an energy transition path through the provision of sustainable and customised financing solutions associated with the NRRP's "Green" calls with a view, inter alia, to achieving the country's environmental sustainability. The "Green" calls for tenders focussed on by BPER Banca involve investments that make a substantial contribution to mitigating climate change and are selected by the bank according to a sector-based approach. As in the case of the Tourism sector, where measures relating to the "Financial Incentives for Tourism Operators" were selected, with the objective of redeveloping tourist facilities through diversified initiatives also targeted at sustainability, to which the "FIN Turismo 100%" product was associated, and the "Fondo Rotativo Imprese sezione Turismo" (revolving fund for companies - Tourism section), to which the "FRI Turismo" product was affiliated. In the Agri-food sector, the "FRI Agrifiliera" and "FIN Agrivoltaico" products were prepared, associated respectively to the NRRP calls for tenders "Contratti di Filiera e di Distretto" and "Parco Agrisolare", initiatives targeted at the sector's energy efficiency and energy development.

Agrivoltaic Financing

Product for SMEs (Small and Medium Enterprises) Installations of photovoltaic systems to be built on the roofs of buildings used in the agricultural, livestock and agro-industrial business, with a peak power of no less than 6 kWp and no more than 500 kWp, are eligible for financing through the incentive provided under NRRP Agrisolar Park Measure M2C1I2.2 (Ministry of Agriculture, Food Sovereignty and Forestry).

Financing for the circular economy: support for productive conversion for a better use of resources

BPER Banca is a "Circular Economy lending bank", part of the incentive that promotes the conversion of production activities towards an economy model that maintains the value of products, materials and resources for as long as possible and minimises the production of waste. With a budget of Euro 217 million, the measure was activated by the Ministry of Economic Development and is managed by Invitalia. The Fund supports industrial research and experimental development aimed at the creation or improvement of products, processes or services.

"Circular Economy" is dedicated to all companies of any size that carry out industrial and agro-industrial services, provide services to industry and research centres, to public and private research organizations as co-proponents in joint projects; about half is earmarked for projects carried out in the South.

In support of the transition to the circular economy, BPER Banca has also adhered to Italian Decree Law no. 76 of 16/7/2020 "Urgent measures for simplification and digital innovation" (a.k.a. Simplifications Decree), converted into Law no. 120 of 11 September 2020, which introduced the possibility for SACE to issue guarantees to support financing related to "Green New Deal" projects, specifically aimed at:

- facilitating the transition to a clean and circular economy and integrating production cycles with low-emission technologies for the production of sustainable goods and services;
- accelerating the transition to sustainable and intelligent mobility, with particular reference to projects to promote the advent of automated multimodal mobility, capable of reducing pollution and pollutant emissions, including through the development of intelligent traffic management systems made possible by digitisation.

Global Transaction Banking - International Banking

Following the consolidation of structures carried out in 2022, the Global Transaction Banking Service provided intensive support and a wide proposition to Customers in the CIB, Corporate and Small Business segments. The analysis and development of processes, as well as the professional qualification of resources, are ongoing, in line with the position in the international sector, which requires constant adaptation. The constantly changing international trends require regular attention and the ability to adapt to emerging critical issues. The aim of the Service is to provide support to the Bank's companies and structures through a network of foreign specialists located throughout the country. All this with the fundamental support of the International Banking Centres, which are always embedded in the territory, conceived and developed to be close to the companies, with the aim of providing a timely and adequate operational response to their needs. The combined effect of these two organisational structures was a significant increase in the volume of international banking transactions, precisely because of the organisational improvement. Also with the aim of facilitating and promoting the internationalisation activities of our customers, the development of the BPERestero.it portal was completed and launched on 10 January 2024. The aim of the portal is to put the bank on a par with its competitors, with a tool that is at the forefront of the market. A tool that can provide customers with detailed information on opportunities in foreign countries and a network of local advisors, which is essential when entering new markets. The development of digitalisation processes and the preparation of an operational corporate banking solution at the level of the best products on the market continue.

1.4 Human resources

Key data

During 2023, 490 new employees were hired, including no. 52 apprentices.

Agreements for contract staff (to meet temporary needs) were in place for 461 persons at the end of 2023 (with an average of 631 during the year).

In 2023, BPER Banca offered internships for 15 undergraduates and graduates from three-year bachelor's degree courses and master's degree courses.

During the course of 2023, 1,170 people terminated their employment with the Bank (including 212 resources due to transfer to a separate legal entity). The number of employees in service at the end of 2023 was 17,622 (excluding 25 who were on leave).

Overall, 114 Bank employees have been seconded to other companies within the Group; conversely, 204 people from other Group companies are on secondment with the Bank.

Industrial relations

In 2023, the methods of discussion and negotiation with the Trade Union Organisations, in continuity with previous years, confirmed a correct system of trade union relations, based on constructive dialogue.

Agreements were reached with the Group's Trade Unions to protect workers in carrying out the various extraordinary transactions set out in the 2022-2025 Business Plan.

Of the main agreements reached at Group level, the following are worthy of mention because of their importance:

- Disposal of bank branches to Banco di Desio e della Brianza; the agreement defined the measures and arrangements to be applied to the employees affected by the disposal transaction;
- extension of the Group's prior agreement on the voluntary exit of an additional 540 employees and hiring of 270 new resources;
- Rationalisation of the Group's Network of Branches - BPER and Banco di Sardegna branches: for branches identified according to the rationale of distance, profitability, local market potential and improvement of organisational and production efficiency

of the sales network, the BPER Banca Group and the Trade Union Organisations identified the measures relating to territorial/professional mobility and other specific safeguards, in order to manage the repercussions on personnel of the aforementioned initiative;
- Merger of BCM into BPER Banca: the terms and conditions have been defined for managing the impacts on the resources involved in the integration of the BPER Group consortium company;
- Transfer of two business units (NPEs and Bad Loans divisions) to Bridge Servicing S.p.A.; the arrangements and methods for the transfer were defined in the agreement along with some safeguards on how to manage the impacts for the resources involved;
- voluntary exits: definition of measures and arrangements aimed at favouring the exit of 1,000 employees by 31 December 2025 and acquire 500 new professionals;
- Branch rationalisation (December 2023) and B-customer reorganisation; under the agreement reached, the terms and conditions were defined for managing the impacts of the branch rationalisation implemented in December 2023 and the following reorganisation on the employees involved.

At Parent Company level, rules were defined to govern the variable portion of employee remuneration (not least the corporate bonus aimed at incorporating important regulatory changes to companies' welfare system and the special welfare bonus) and access to FBA (Fondo Banche Assicurazioni) contributions to finance Bank's training activities.

Protected categories pursuant to Law 68/1999

As regards the obligations under Law 68/1999, for the years from 2022 to 2024 BPER Banca obtained a suspension of employment obligations linked to the staff reduction plan. An agreement is also in place between the Company and the Province of Modena for the insertion of personnel belonging to the category of art. 1 of Law 68/1999, which guarantees compliance also in the event of uncovered positions. At 31 December 2023 the Bank has 1,133 employees with disabilities or who are in other protected categories.

Welfare Plan

The year 2023 further consolidated the welfare plan proposal with more than Euro 20 million used by all Group employees in goods and services.

During the year, tools were activated through the Welfare Portal to enable colleagues to take advantage of the tax benefits provided by Labour Decree 48/2023, which, among other regulations, provided - for the year 2023 only - that the value of goods sold and services provided to employees with dependent children, as well as the amounts disbursed or refunded to them by employers for the payment of domestic utilities for the integrated water service, electricity and natural gas, do not contribute to forming income within the overall limit of Euro 3,000.

This is in addition to the benefits already established in recent years:
- benefits paid for by the Company, for which the company bears the costs. The main benefits include the supplementary pension fund, established according to the defined contribution scheme to which the employee also contributes, health and dental policy, long-term care, coverage for risks of injury, coverage for death or permanent and total invalidity, meal vouchers, gift vouchers and personnel conditions;
- benefits provided by the company that the employee can purchase for themselves or their family using the so-called Welfare Credit (consisting of the company bonus allocated by the employee to welfare and other welfare payments) such as reimbursement of family education and assistance expenses, purchase of supplementary health backpacks, payments to the pension fund for themselves or their dependents (if included in their own fund), reimbursement of public transport passes, purchase of shopping vouchers and petrol, vouchers for recreational, sports, cultural activities, etc.

Activities continued geared towards reaching agreements with healthcare facilities in order to allow all employees to have a medical check-up and agreements with restaurants and cafeterias for discounted meals during lunch breaks.

In 2023, the "*Nati per Leggere*" (Born to Read) project continued. The National Programme promotes reading in the family from the very first months of life of the newborn with a book being donated to colleagues, mothers and fathers, who experience the birth of a child, as a gesture of good wishes but above all as an invitation to read together with their baby boy or girl from the first months of their life.

In 2023, a survey was also launched as part of the broader gender enhancement project with the aim of identifying needs and services that can be activated in line with market best practices and sector regulations useful for designing a 'tailor-made' welfare system for employees, intended as a tool for listening and responding to employees' needs.

BPER Infant Centre

In 2023 the Infant Centre continued its activities, namely as a nursery, which opened in 2008, and as a kindergarten, which was inaugurated in 2009. The two structures work together to maximise the well- being of their little guests.

The educational project and proposal are defined in close collaboration with families.

The structure consists of spacious and bright rooms, with play areas and "soft" furnishings designed specifically for children's safety in the nursery, whereas the kindergarten has separate environments equipped for independence, exploration and research.

The Centre is surrounded by a large garden where the children can play, explore and be involved in outdoor physical activities.

1.5 Environment

In 2023, BPER Banca confirms its attention for the environment.

For further information, please refer to Part II of the consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016 ("consolidated NFS") of the Directors' Report on Group Operations.

2. RESULTS OF BANKING ACTIVITIES

2.1 Introduction

This paragraph provides a summary, in thousands of Euro, of the main economic and financial results of the Bank as at 31 December 2023, compared with the figures at 31 December 2022. It should be noted that said comparison of the main financial data is influenced by the merger by absorption of Banca Carige and Banca del Monte di Lucca, which was completed in the second half of last year.

The Bank closed 2023 with a profit before tax of Euro 1,398.3 million; income taxes totalled Euro 36.9 million, leading to a profit for the year of Euro 1,361.4 million (Euro 1,293.9 million at 31 December 2022).

Operating income came to Euro 4,615.6 million, up by 32.98% compared with 31 December 2022 (Euro 3,470.8 million).

Operating costs, amounting to Euro 2,653.8 million, were 11.48% higher than at 31 December 2022 (Euro 2,380.5 million).

"Net impairment losses for credit risk" amounted to Euro 340.7 million (Euro 456.0 million at 31 December 2022). The cost of credit at 31 December 2023, calculated only on loans to customers, was 43 bps (54 bps at 31 December 2022).

In balance sheet terms, the results at 31 December 2023 can be summarised as follows:
- net loans to customers, just for the portion measured at amortised cost, total Euro 77,019.0 million (-4.18% compared with 31 December 2022);
- direct deposits of Euro 106,131.4 million have increased by 3.84% since 31 December 2022;
- indirect deposits of Euro 127,758.4 million have increased by 6.12% since 31 December 2022;
- Shareholders' equity, including profit for the year, amounts to Euro 8,776.2 million, up by 16.88% compared with 31 December 2022.

2.2 Performance ratios[1]

Financial ratios	31.12.2023	31.12.2022
Structural ratios		
Net loans to customers/total assets	57.80%	56.26%
Net loans to customers/direct deposits from customers	72.57%	78.64%
Financial assets/total assets	19.70%	19.94%
Gross non-performing loans/gross loans to customers	2.16%	2.65%
Net non-performing loans/net loans to customers	1.11%	1.27%
Texas Ratio	18.53%	26.20%
Profitability ratios		
ROE	22.60%	6.67%
ROTE	20.88%	6.77%
ROA	1.16%	0.28%
Cost to income ratio	57.50%	68.59%
Cost of credit	0.43%	0.54%
Prudential supervisory ratios	**31.12.2023**	**31.12.2022**
Own Funds (Fully Phased) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	6,533,351	4,990,999
Total Own Funds	8,426,579	6,860,013
Risk-weighted assets (RWA)	45,668,643	44,475,796
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1)	14.31%	11.22%
Tier 1 Ratio (T1 Ratio)	14.63%	11.56%
Total Capital Ratio (TC Ratio)	18.45%	15.42%
Leverage Ratio - Fully Loaded	5.3%	3.8%

The Texas ratio is calculated as total gross non-performing loans on net tangible equity plus impairment provisions for non-performing loans.
ROE has been calculated as net profit for the year (only recurring component of Euro 1,540.4 million) on average shareholders' equity not including net profit.
ROTE is calculated as the ratio between the net profit for the year (solely the recurring component amounting to Euro 1,540.4 million) and average shareholders' equity i) including net profit for the year (solely the recurring component amounting to Euro 1,540.4 million) stripped of the portion allocated to dividends and ii) excluding intangible assets and equity instruments.
ROA has been calculated as net profit for the year including net profit pertaining to minority interests (only recurring component of Euro 1,540.4 million) on total assets.
The Cost to income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income); when calculated on the basis of the schedules provided by the 8th update of Bank of Italy Circular no. 262, the Cost to income ratio is at 60.77% (77.48% at 31 December 2022 as per the Separate Financial Report for the year ending 31 December 2022).
The Cost of credit has been calculated as net impairment losses to loans to customers on net loans to customers as at 31 December 2023.
The Supervisory Ratios have been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by Commission Delegated Regulation (EU) 62/2015.

1 The information provided is consistent with the ESMA document of 5 October 2015 "Guidelines on Alternative performance measures", aimed at promoting the usefulness and transparency of Alternative Performance Measures included in prospectuses or regulated information. To construct ratios, reference was made to the balance sheet and income statement items of the reclassified statements providing an operational management view and commented on in chapter "2.3 Balance sheet aggregates and "2.4 "Income statement aggregates" of this Report.

2.3 Balance sheet aggregates

The most important balance sheet aggregates and items at 31 December 2023 are presented below on a comparative basis with 31 December 2022, in thousands of Euro, indicating the changes between periods in absolute and percentage terms.

For greater clarity in the presentation of the results for the year, the accounting schedules envisaged by the 8th update of Bank of Italy Circular no. 262/2005 are presented below on a reclassified basis[2]. In particular:

- debt securities measured at amortised cost (under item 40 "Financial assets measured at amortised cost") have been reclassified to item "Financial assets";
- loans mandatorily measured at fair value (included in item 20 c) "Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value") have been reclassified to the item "Loans";
- "Other assets" includes items 100 "Tax assets", 110 "Non-current assets and disposal groups classified as held for sale" and 120 "Other assets";
- "Other liabilities" includes items 60 "Tax liabilities", 80 "Other liabilities", 90 "Employee termination indemnities" and 100 "Provisions for risks and charges".

Assets reclassified as at 31 December 2023

(in thousands)

Assets	31.12.2023	31.12.2022	Changes	% Change
Cash and cash equivalents	10,367,851	14,279,707	(3,911,856)	-27.39
Financial assets	26,253,074	28,495,795	(2,242,721)	-7.87
a) Financial assets held for trading	697,195	737,978	(40,783)	-5.53
b) Financial assets designated at fair value	1,991	2,381	(390)	-16.38
c) Other financial assets mandatorily measured at fair value	406,046	389,737	16,309	4.18
d) Financial assets measured at fair value through other comprehensive income	6,614,110	7,727,554	(1,113,444)	-14.41
e) Debt securities measured at amortised cost	18,533,732	19,638,145	(1,104,413)	-5.62
- banks	6,717,474	6,607,091	110,383	1.67
- customers	11,816,258	13,031,054	(1,214,796)	-9.32
Loans	82,826,350	86,609,847	(3,783,497)	-4.37
a) Loans to banks	5,699,605	6,100,318	(400,713)	-6.57
b) Loans to customers	77,018,983	80,376,740	(3,357,757)	-4.18
c) Loans mandatorily measured at fair value	107,762	132,789	(25,027)	-18.85
Hedging derivatives	1,122,269	1,808,028	(685,759)	-37.93
Equity investments	2,256,389	2,174,728	81,661	3.75
Property, plant and equipment	1,794,776	1,882,311	(87,535)	-4.65
Intangible assets	464,655	349,522	115,133	32.94
- of which: goodwill	-	-	-	n.s.
Other assets	8,161,133	7,278,631	882,502	12.12
Total assets	**133,246,497**	**142,878,569**	**(9,632,072)**	**-6.74**

2 For further details on the methods of presentation of the reclassified statements, please refer to the attachment entitled "Reconciliation between the Consolidated financial statements and the Reclassified consolidated financial statements".

Loans to customers

Net loans to customers are made up solely of the loans allocated to asset item 40 b) "Financial assets measured at amortised cost – loans to customers" in the assets section of the balance sheet.

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Current accounts	6,741,198	7,167,282	(426,084)	-5.94
Mortgage loans	57,602,989	58,412,828	(809,839)	-1.39
Repurchase agreements	-	4,254	(4,254)	-100.00
Leases and factoring	5,070	2,250	2,820	125.33
Other transactions	12,669,726	14,790,126	(2,120,400)	-14.34
Net loans to customers	**77,018,983**	**80,376,740**	**(3,357,757)**	**-4.18**

Loans to customers, net of impairment provisions, total Euro 77,019.0 million (Euro 80,376.7 million at 31 December 2022) down by Euro 3,357.8 million. In terms of the various technical forms, the reduction of mortgages totalled Euro -809.8 million (-1.39%), Euro -426.1 million (-5.94%) on current accounts and Euro -2,120.4 million (-14.34%) on other transactions, the latter due primarily to the reduction of stage one and stage two loans attributable primarily to subject to collection advances, deposits at Cassa Depositi e Prestiti, in addition to other subsidies totalling Euro 2,041.3 million. The reduction in loans to businesses and households is primarily reflective of the slowdown in demand due to increased interest rates and the increased perception of uncertainty in the evolution of the macroeconomic scenario.

(in thousands)

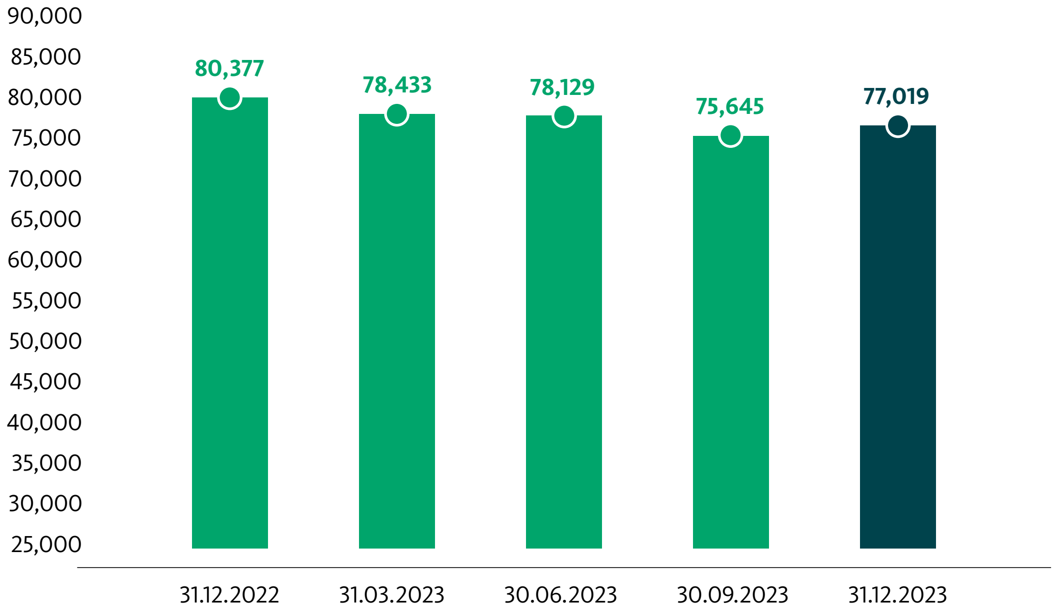
Items	31.12.2023	31.12.2022	Changes	% Change
Gross non-performing exposures	1,695,781	2,179,899	(484,118)	-22.21
Bad loans	404,839	453,215	(48,376)	-10.67
Unlikely-To-Pay loans	1,171,617	1,629,038	(457,421)	-28.08
Past due loans	119,325	97,646	21,679	22.20
Gross performing exposures	76,718,716	79,940,964	(3,222,248)	-4.03
Total gross exposure	78,414,497	82,120,863	(3,706,366)	-4.51
Impairment losses on non-performing exposures	841,135	1,162,413	(321,278)	-27.64
Bad loans	265,875	333,089	(67,214)	-20.18
Unlikely-To-Pay loans	547,959	798,810	(250,851)	-31.40
Past due loans	27,301	30,514	(3,213)	-10.53
Impairment losses on performing exposures	554,379	581,710	(27,331)	-4.70
Total impairment losses	1,395,514	1,744,123	(348,609)	-19.99
Net non-performing exposures	854,646	1,017,486	(162,840)	-16.00
Bad loans	138,964	120,126	18,838	15.68
Unlikely-To-Pay loans	623,658	830,228	(206,570)	-24.88
Past due loans	92,024	67,132	24,892	37.08
Net performing exposures	76,164,337	79,359,254	(3,194,917)	-4.03
Total net exposure	**77,018,983**	**80,376,740**	**(3,357,757)**	**-4.18**

At 31 December 2022, the provisions relating to non-performing loans amounted to Euro 841.1 million (Euro 1,162.4 million at 31 December 2022; -27.64%), for a coverage ratio of 49.60% (53.32% at 31 December 2022), while the provisions for performing loans amounted to Euro 554.4 million (Euro 581.7 million at 31 December 2022; 4.70%) and give a coverage ratio of 0.72% (0.73% at 31 December 2022).
Therefore, the overall level of credit coverage came to 1.78%, as against 2.12% as at 31 December 2022 as a result of the measures taken on the non-performing portfolio, as described in more detail below.
Net non-performing loans amount to Euro 854.6 million, equal to 1.11% of total net loans to customers (1.27% at 31 December 2022), whereas on a gross basis, the ratio between non-performing loans and loans to customers is 2.16% (2.65% at 31 December 2022). The level of coverage (49.60%) is down from the 53.32% level registered at the end of 2022. The decrease in the average coverage of non-performing loans is mainly due to the disposals made during the year (notably UTPs) and the partial write-off of Euro 250 million of bad loans.
Net bad loans amount to Euro 139.0 million (+15.68% compared with 31 December 2022), accounting for 0.18% of total net loans to customers (0.15% at 31 December 2022), whereas, on a gross basis, the bad loans on total loans to customers ratio comes to 0.52% (0.55% at 31 December 2022). The coverage of bad loans is 65.67% (73.49% at 31 December 2022).
Net unlikely-to-pay loans total Euro 623.7 million (-24.88% compared with 31 December 2022), representing 0.81% of total net loans to customers (1.03% at 31 December 2022), while on a gross basis the ratio is 1.49% (1.98% at 31 December 2022). The coverage of unlikely-to-pay loans decreased to 46.77%, compared with 49.04% as at 31 December 2022, due to the disposals completed during the year. In addition to the disposals related to the framework agreement entered into with Gardant and AMCO (Euro 852 million), the Bank disposed of single name UTPs of Euro 175.6 million.
The net amount of past due loans of Euro 92.0 million (+37.08% compared with 31 December 2022) represents 0.12% of total net loans to customers (0.08% as at 31 December 2022), whereas, on a gross basis, the past due loans on total loans to customers ratio is 0.15% (0.12% at 31 December 2022). The coverage of past due loans is 22.88% (31.25% at 31 December 2022).
Provisions for performing loans total Euro 554.4 million (Euro 581.7 million at 31 December 2022) and correspond to 0.72% coverage (0.73% at the end of the previous year).

The chart shows the dynamics of loans in the last five quarters:

NET LOANS TO CUSTOMERS

(amounts in millions)



The table below shows the amount of loan disbursements to non-financial companies at the year-end, broken down by the debtors' industry sector according to the Bank of Italy's ATECO classification.

(in thousands)

Breakdown of loans to non-financial corporates	31.12.2023	%
A. Agriculture, forestry and fishing	889,728	1.16
B. Mining and quarrying	59,379	0.08
C. Manufacturing	11,249,317	14.62
D. Provision of electricity, gas, steam and air-conditioning	851,050	1.10
E. Provision of water, sewerage, waste management and rehabilitation	694,111	0.90
F. Construction	2,564,500	3.33
G. Wholesaling and retailing, car and motorcycle repairs	5,859,920	7.61
H. Transport and storage	1,178,347	1.53
I. Hotel and restaurants	1,271,942	1.65
J. Information and communication	1,039,600	1.35
K. Financial and insurance activities	222,593	0.29
L. Real estate	2,875,017	3.73
M. Professional, scientific and technical activities	2,469,787	3.21
N. Rentals, travel agencies, business support services	1,063,828	1.38
O. Public administration and defence, compulsory social security	-	-
P. Education	42,552	0.06
Q. Health and welfare	469,565	0.61
R. Arts, sport and entertainment	168,749	0.22
S. Other services	192,064	0.25
Total loans to non-financial corporates	**33,162,049**	**43.06**
Individuals and other not included above	33,069,174	42.94
Financial companies	8,213,393	10.66
Governments and other public entities	2,482,129	3.22
Insurance	92,238	0.12
Total loans	**77,018,983**	**100.00**

Financial assets and equity investments

Among financial assets, debt securities measured at amortised cost solely consist of bonds allocated to balance sheet (assets) items 40 a) and b) "Financial assets measured at amortised cost – loans to banks and loans to customers".

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Financial assets measured at fair value through profit or loss	1,105,232	1,130,096	(24,864)	-2.20
- of which derivatives	*619,722*	*609,348*	*10,374*	*1.70*
Financial assets measured at fair value through other comprehensive income	6,614,110	7,727,554	(1,113,444)	-14.41
Debt securities measured at amortised cost	18,533,732	19,638,145	(1,104,413)	-5.62
a) banks	6,717,474	6,607,091	110,383	1.67
b) customers	11,816,258	13,031,054	(1,214,796)	-9.32
Total financial assets	**26,253,074**	**28,495,795**	**(2,242,721)**	**-7.87**

Financial assets totalled Euro 26,253.1 million (-7.87% compared with 31 December 2022), of which Euro 24,681.4 million (94.01% of the total) are represented by debt securities: compared to the latter, Euro 11,716.2 million refer to Sovereign States and Central Banks (down by 12.84% compared with 31 December 2022) and Euro 9,196.9 million to Banks (-3.11% on 31 December 2022).
Equity instruments come to Euro 610.4 million (2.32% of total), inclusive of Euro 529.7 million of stable equity investments classified in the FVOCI portfolio, Euro 63.3 million in securities held for trading (FVTPL) and Euro 17.4 million in other equity instruments (SICAV and UCITS), mandatorily measured at FVTPL.
"Financial assets held for trading" include derivatives of Euro 619.7 million (+1.70% compared with 31 December 2022), consisting of interest rate, currency, indices and commodity derivatives traded with customers, derivatives relating to securitisation transactions, and forward currency trading (with customers and/or used in the management of the foreign exchange position).

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Equity investments	2,256,389	2,174,728	81,661	3.75

"Equity investments", which comprise holdings in banks, subsidiaries and companies over which the Bank has significant influence, amount to Euro 2,256.4 million, up by Euro 81.7 million on 31 December 2022.
The increases mainly refer to:

- the purchase of 236,090 BPER Real Estate shares, for the subscription of the share capital increase called by the company (Euro 31.4 million);
- recognition of the shareholding in UnipolRental s.p.a. (Euro 50 million), acquired as part of the merger by absorption of Sifà (commented below);
- the contribution to the capital increase subsequently made by BPER Banca in favour of BPER REOCO s.p.a. (Euro 40.0 million);

The decreases refer primarily to the deconsolidation of Sifà (Euro 11.5 million), merged by absorption into UnipolRental s.p.a.,the merger of BCM (Euro 1 million) and the impairment tests which resulted in write-downs of the equity investments in BPER REOCO s.p.a. (Euro 17.4 million), BPER Real Estate s.p.a. (Euro 14.3 million), Gility s.r.l. (Euro 0.4 million) and Immobiliare Oasi nel Parco s.r.l. (Euro 0.1 million).

Intangible assets

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Intangible assets	464,655	349,522	115,133	32.94
of which goodwill	-	-	-	*n.s.*

Interbank and liquidity position

The values of loans to banks only include the component of "Loans" allocated to item 40 a) "Financial assets measured at amortised cost – loans to banks" and "Current accounts and demand deposits" allocated to item 10 "Cash and cash equivalents" in the assets section of the balance sheet.

(in thousands)

Net interbank position	31.12.2023	31.12.2022	Changes	% Change
A. Loans to banks	**15,368,497**	**19,677,985**	**(4,309,488)**	**-21.90**
- Loans	**5,699,605**	**6,100,318**	**(400,713)**	**-6.57**
1. Current accounts and deposits	2,686,501	2,214,967	471,534	21.29
2. Repurchase agreements	1,666,495	1,524,103	142,392	9.34
3. Compulsory reserve	1,032,467	1,341,909	(309,442)	-23.06
4. Other	314,142	1,019,339	(705,197)	-69.18
- Current accounts and demand deposits	**9,668,892**	**13,577,667**	**(3,908,775)**	**-28.79**
1. with Central Banks	8,155,778	12,706,014	(4,550,236)	-35.81
2. with Banks	1,513,114	871,653	641,461	73.59
B. Due to banks	**13,118,455**	**26,792,583**	**(13,674,128)**	**-51.04**
Total (A-B)	**2,250,042**	**(7,114,598)**	**9,364,640**	**-131.63**

The net interbank position as at 31 December 2023 improved by Euro 9,364.6 million compared to 31 December 2022. Investments decreased in "overnight" deposits at Central Banks which, as at 31 December 2023, amounted to Euro 8,155.8 million (-35.81% compared to 31 December 2022) due to lower cash and cash equivalents to be invested as a result of repayments at maturity of three tranches of TLTRO.

(in millions)

Refinancing operations with the European Central Bank	Currency	Principal	Maturity
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	eur	1,670	27.03.2024
Total		**1,670**	

As at 31 December 2023, BPER Banca had TLTRO III loans outstanding for an amount of Euro 1,670 million.
On 29 March 2023, the auction with value date 25 March 2020 came to maturity, for a nominal amount of Euro 800 million.
On 28 June 2023, the auction with value date 24 June 2020 came to maturity, for a nominal amount of Euro 9,700 million.
On 27 September 2023, the auction with value date 30 September 2020 came to maturity, for a nominal amount of Euro 3,710 million.

Liabilities reclassified as at 31 December 2023

(in thousands)

Liabilities and shareholders' equity	31.12.2023	31.12.2022	Changes	% Change
Due to banks	13,118,455	26,792,583	(13,674,128)	-51.04
Direct deposits	106,131,423	102,208,104	3,923,319	3.84
a) Due to customers	92,104,320	94,718,824	(2,614,504)	-2.76
b) Debt securities issued	12,117,964	6,706,368	5,411,596	80.69
c) Financial liabilities designated at fair value	1,909,139	782,912	1,126,227	143.85
Financial liabilities held for trading	331,598	500,555	(168,957)	-33.75
Hedging	94,940	217,271	(122,331)	-56.30
a) Hedging derivatives	250,124	498,563	(248,439)	-49.83
b) Change in value of macro-hedged financial liabilities (+/-)	(155,184)	(281,292)	126,108	-44.83
Other liabilities	4,793,901	5,651,583	(857,682)	-15.18
Shareholders' equity	8,776,180	7,508,473	1,267,707	16.88
a) Valuation reserves	(49,355)	(136,557)	87,202	-63.86
b) Reserves	3,975,546	2,865,230	1,110,316	38.75
c) Equity instruments	150,000	150,000	-	-
d) Share premium reserve	1,236,525	1,237,276	(751)	-0.06
e) Share capital	2,104,316	2,104,316	-	-
f) Treasury shares	(2,244)	(5,672)	3,428	-60.44
g) Profit (Loss) for the year	1,361,392	1,293,880	67,512	5.22
Total liabilities and shareholders' equity	**133,246,497**	**142,878,569**	**(9,632,072)**	**-6.74**

Deposits

(in thousands)

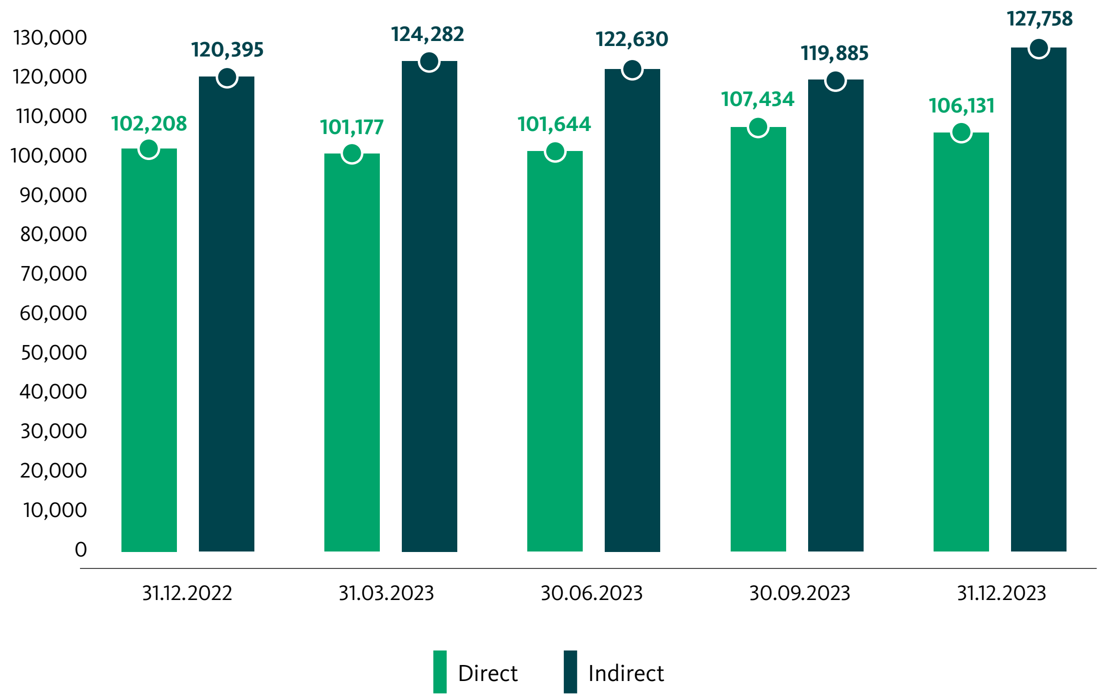
Items	31.12.2023	31.12.2022	Changes	% Change
Current accounts and demand deposits	82,443,334	90,320,810	(7,877,476)	-8.72
Time deposits	3,185,851	1,195,602	1,990,249	166.46
Repurchase agreements	2,087,467	-	2,087,467	n.s.
Lease liabilities	335,122	380,248	(45,126)	-11.87
Other short-term loans	4,052,546	2,822,164	1,230,382	43.60
Bonds	11,401,183	6,499,362	4,901,821	75.42
- subscribed for by institutional customers	10,528,372	6,133,336	4,395,036	71.66
- subscribed for by ordinary customers	872,811	366,026	506,785	138.46
Certificates	1,909,139	782,912	1,126,227	143.85
Certificates of deposit	716,781	207,006	509,775	246.26
Direct deposits from customers	**106,131,423**	**102,208,104**	**3,923,319**	**3.84**
Indirect deposits (off-balance sheet figure)	**127,758,364**	**120,395,078**	**7,363,286**	**6.12**
- of which under management	46,847,994	43,878,050	2,969,944	6.77
- of which under administration	80,910,370	76,517,028	4,393,342	5.74
Customer funds under administration	**233,889,787**	**222,603,182**	**11,286,605**	**5.07**
Deposits from banks	13,118,455	26,792,583	(13,674,128)	-51.04
Funds under administration or management	247,008,242	249,395,765	(2,387,523)	-0.96

Direct deposits from customers of Euro 106,131.4 million have increased by 3.84% since 31 December 2022. Among the various technical forms, the main item to record a negative balance change was current accounts and demand deposits, with Euro -7,877.5 million (-8.72%), which was more than offset by the increase in fixed-term forms of funding: time deposits of Euro 1,990.2 million, repurchase agreements of Euro 2,087.5 million, bonds of Euro 4,901.8 million (+75.42%), the latter as a result of new bond issues for institutional customers, and certificates for an amount of Euro 1,126.2 (+143.85%).
Indirect deposits, marked to market, amount to Euro 127,758.4 million, up by Euro 7,363.3 million (+6.12%) compared to 31 December 2022, given the positive effect on market prices.
Total funds under administration or management by the Bank, including deposits from banks (Euro 13,118.5 million) amount to Euro 247,008.2 million.

The chart shows the dynamics of direct and indirect deposits in the last five quarters:

DEPOSITS

(amounts in millions)



Direct deposits also include subordinated liabilities:

(in thousands)

Items	31.12.2023	31.12.2022	Changes	% Change
Non-convertible subordinated liabilities	1,681,160	1,646,723	34,437	2.09
Total Subordinated liabilities	**1,681,160**	**1,646,723**	**34,437**	**2.09**

Subordinated loans outstanding, with a book value of Euro 1,681.2 million, have increased by 2.09% compared with 31 December 2022 (when they amounted to Euro 1,646.7 million).
As was the case in December 2022, there are no convertible subordinated liabilities at 31 December 2023.
Indirect deposits reported above do not include the amount arising from placement of insurance policies.

(in thousands)

Bancassurance	31.12.2023	31.12.2022	Changes	% Change
Insurance premiums portfolio	20,180,912	23,338,767	(3,157,855)	-13.53
- of which life	*19,923,832*	*23,138,330*	*(3,214,498)*	-13.89
- of which non-life	*257,080*	*200,437*	*56,643*	28.26

The stock of customer assets invested in insurance products has decreased by 13.53% since 31 December 2022; this reduction is a natural consequence of the management of customer assets acquired from third-party banks and invested in products not affiliated with the BPER Group.

If life insurance premiums are added to indirect deposits, the total comes to Euro 66,771.8 million, which accounts for 45.21% of the overall total of indirect deposits (assets under administration and assets under management) and life insurance premiums (Euro 147,682.2 million).

2.4 Income statement aggregates

Summary data from the income statement at 31 December 2023 is presented below in thousands of Euro, appropriately compared with the amounts at 31 December 2022. Note that the comparison is influenced by the increase in size of the Bank, occurred in the second half of the previous year, as a result of the acquisition of the business units from Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A.

The accounting schedules envisaged by the 8th update of Bank of Italy Circular no. 262/2005 are presented below on a reclassified basis.[3] The principal reclassifications relate to the following items:

- "Net commission income" includes placement fees for Certificates, allocated to item 110 "Net income on other financial assets and liabilities measured at fair value through profit or loss" of the accounting statement (Euro 23.9 million as at 31 December 2023 and Euro 19.6 million as at 31 December 2022);
- "Net income from financial activities" includes items 80, 90, 100 and 110 in the accounting statement, net of the Certificates placement fees under the item above;
- indirect tax recoveries, allocated for accounting purposes to item 200 "Other operating expense/income", have been reclassified as a reduction in the related costs under "Other administrative expenses" (Euro 239.8 million at 31 December 2023 and Euro 214.2 million at 31 December 2022);
- "Net adjustments to property, plant, equipment and intangible assets" include items 180 and 190 in the standard reporting format;
- "Gains (Losses) on investments" include items 220, 230, 240 and 250 of the accounting schedule;
- "Income taxes on current operations for the year" includes, in the comparative figure as at 31 December 2022, the commission for the conversion of the tax losses of Banca Carige into DTAs (Euro 111.5 million), allocated in the accounts to item 190 b) "Other administrative expenses";
- "Contributions to the SRF, DGS, and IDPF-SV funds" have been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative expenses" as a better reflection of the trend in the Group's operating costs. In particular, at 31 December 2023, this item represents the component allocated for accounting purposes to administrative costs in relation to:
  - the 2023 regular contribution to the SRF (European Single Resolution Fund) of Euro 47.2 million;
  - the 2023 contribution to the DGS (Deposit Guarantee Schemes) for Euro 98.3 million.

3 For further details on the methods of presentation of the reclassified statements, please refer to the attachment entitled "Reconciliation between the Consolidated financial statements and the Reclassified consolidated financial statements".

Reclassified Income Statement as at 31 December 2023

(in thousands)

Items		31.12.2023	31.12.2022	Changes	% Change
10+20	Net interest income	2,668,638	1,409,057	1,259,581	89.39
40+50	Net commission income	1,591,511	1,553,518	37,993	2.45
70	Dividends	134,188	56,612	77,576	137.03
80+90+100+110	Net income from financial activities	86,999	145,671	(58,672)	-40.28
200	Other operating expense/income	134,298	305,956	(171,658)	-56.11
	Operating income	**4,615,634**	**3,470,814**	**1,144,820**	**32.98**
160 a)	Staff costs	(1,725,374)	(1,435,212)	(290,162)	20.22
160 b)	Other administrative expenses	(686,134)	(740,386)	54,252	-7.33
180+190	Net adjustments to property, plant and equipment and intangible assets	(242,301)	(204,876)	(37,425)	18.27
	Operating costs	(2,653,809)	(2,380,474)	(273,335)	11.48
	Net operating income	**1,961,825**	**1,090,340**	**871,485**	**79.93**
130 a)	Net impairment losses to financial assets at amortised cost	(343,345)	(455,507)	112,162	-24.62
	- loans to customers	(330,711)	(436,634)	105,923	-24.26
	- other financial assets	(12,634)	(18,873)	6,239	-33.06
130 b)	Net impairment losses to financial assets at fair value	(66)	(418)	352	-84.21
140	Gains (Losses) from contractual modifications without derecognition	2,730	(29)	2,759	--
	Net impairment losses for credit risk	**(340,681)**	**(455,954)**	**115,273**	**-25.28**
170	Net provisions for risks and charges	(58,144)	(111,572)	53,428	-47.89
###	Contributions to SRF, DGS, IDPF - VS	(145,571)	(154,437)	8,866	-5.74
220+230+240+250	Gains (Losses) on investments	(19,152)	(45,402)	26,250	-57.82
245	Gain on a bargain purchase	-	948,123	(948,123)	-100.00
260	**Profit (Loss) from current operations before tax**	**1,398,277**	**1,271,098**	**127,179**	**10.01**
270	Income taxes on current operations for the year	(36,885)	22,782	(59,667)	-261.90
300	**Profit (Loss) for the year**	**1,361,392**	**1,293,880**	**67,512**	**5.22**

Reclassified income statement by quarter as at 31 December 2023

(in thousands)

Items	1st quarter 2023	2nd quarter 2023	3rd quarter 2023	4th quarter 2023	1st quarter 2022	2nd quarter 2022	3rd quarter 2022	4th quarter 2022
Net interest income	584,799	674,991	688,940	719,908	288,928	311,181	367,684	441,264
Net commission income	404,180	382,424	383,555	421,352	361,163	370,891	403,109	418,355
Dividends	1,691	127,221	4,359	917	286	50,167	3,228	2,931
Net income from financial activities	50,506	(1,098)	43,251	(5,660)	59,973	46,546	28,985	10,167
Other operating expense/income	35,102	12,302	16,828	70,066	16,095	3,497	25,765	260,599
Operating income	**1,076,278**	**1,195,840**	**1,136,933**	**1,206,583**	**726,445**	**782,282**	**828,771**	**1,133,316**
Staff costs	(372,193)	(371,871)	(333,375)	(647,935)	(299,289)	(308,056)	(311,369)	(516,498)
Other administrative expenses	(161,313)	(163,409)	(161,238)	(200,174)	(129,669)	(148,979)	(197,934)	(263,804)
Net adjustments to property, plant and equipment and intangible assets	(52,972)	(54,109)	(54,763)	(80,457)	(40,961)	(43,416)	(55,520)	(64,979)
Operating costs	**(586,478)**	**(589,389)**	**(549,376)**	**(928,566)**	**(469,919)**	**(500,451)**	**(564,823)**	**(845,281)**
Net operating income	**489,800**	**606,451**	**587,557**	**278,017**	**256,526**	**281,831**	**263,948**	**288,035**
Net impairment losses to financial assets at amortised cost	(121,646)	(108,063)	(60,324)	(53,312)	(103,003)	(49,816)	(83,954)	(218,734)
- loans to customers	*(119,276)*	*(111,067)*	*(46,893)*	*(53,475)*	*(87,142)*	*(43,855)*	*(84,459)*	*(221,178)*
- other financial assets	*(2,370)*	*3,004*	*(13,431)*	*163*	*(15,861)*	*(5,961)*	*505*	*2,444*
Net impairment losses to financial assets at fair value	(17)	510	(822)	263	12	(234)	(1)	(195)
Gains (Losses) from contractual modifications without derecognition	1,908	713	406	(297)	(1,122)	72	537	484
Net impairment losses for credit risk	**(119,755)**	**(106,840)**	**(60,740)**	**(53,346)**	**(104,113)**	**(49,978)**	**(83,418)**	**(218,445)**
Net provisions for risks and charges	(52,617)	(14,028)	(500)	9,001	(20,426)	(17,315)	(10,908)	(62,923)
Contributions to SRF, DGS, IDPF - VS	(66,500)	19,276	(110,888)	12,541	(32,170)	(10,565)	(109,016)	(2,686)
Gains (Losses) on investments	653	(392)	38,738	(58,151)	(180)	(530)	184	(44,876)
Gain on a bargain purchase	-	-	-	-	-	1,188,433	(17,111)	(223,199)
Profit (Loss) from current operations before tax	**251,581**	**504,467**	**454,167**	**188,062**	**99,637**	**1,391,876**	**43,679**	**(264,094)**
Income taxes on current operations for the year	(69,925)	(51,894)	(116,965)	201,899	(22,480)	(61,067)	(89,562)	195,891
Profit (Loss) for the year	**181,656**	**452,573**	**337,202**	**389,961**	**77,157**	**1,330,809**	**(45,883)**	**(68,203)**

Net interest income

"Net interest income" amounted to Euro 2,668.6 million, an increase with respect to 31 December 2022 (Euro 1,409.1 million); the positive change was impacted not only by the increased size of the Bank, but by the rise in market interest rates which led to an increase in both the commercial spread on the customer operations (loans and direct deposits) and the average yield of the portfolio of owned securities.

The result includes the upside attributable to participation in the TLTRO-III issues, including sums deposited with the ECB, for Euro 230.3 million.

In addition to recalling the dynamics of loans and interest-bearing deposits, already highlighted in paragraph 2.3 "Balance sheet aggregates", an indication of the trend in average lending/funding rates is given below for a better understanding of the trend in net interest income:
- the average interest rate for the period, based on the Bank's lending rates to customers was 3.92%, an increase of about 1.90% compared with the average rate of the prior year;
- the average yield on the securities portfolio is 2.57%, up by 193 bps compared to the previous year;
- the average cost of direct deposits from customers was 0.92%, up by about 63 bps compared to 2022 (0.29%);
- total interest-bearing liabilities involved a cost of 1.27% (0.27% at 31 December 2022);
- the spread between lending and deposit rates of the Bank's relationships with customers came to 2.99% (1.73% at 31 December 2022);
- the overall spread between the average annual rate of return on interest-bearing assets and the average annual cost of interest-bearing liabilities amounts to 2.22% (1.10% at 31 December 2022).

Net commission income

Net commission income, amounting to Euro 1,591.5 million, was higher than at 31 December 2022 (Euro 1,553.5 million +2.45%). The positive performance was driven by the good result in assets under management, bancassurance and payment systems and resulted in an increase in commission income from asset management, insurance and payment systems, which more than offset the loss of income from the sale of the acquiring business.

Net income from financial activities

Net income from financial activities (including dividends of Euro 134.2 million) was positive for Euro 221.2 million, an increase compared with the previous year (Euro 202.3 million).

The result was brought about in particular by:
- net profits deriving from the disposal of securities for an amount of Euro 55.5 million;
- net profit from disposal of loans for an amount of Euro 7.9 million;
- net income on financial assets and liabilities measured at fair value through profit or loss (trading, FVO, FVTPLM) of Euro 1.4 million;
- net income from hedging for Euro 22.2 million (of which Euro 26.9 million resulting from the early repayment of a hedged loan (FV hedge) in the year).

Other operating expense/income

The item Other operating expense/income, amounting to Euro 134.3 million (Euro 306.0 million as at 31 December 2022, a result influenced by the capital gain of Euro 227.1 million arising from the sale of the merchant acquiring and POS management business unit to Nexi), includes several significant components that impacted the result for the year:
- net contingent liabilities from the settlement of early terminations of former Carige commercial agreements, for Euro 17.5 million;
- contingent assets in relation to the settlement of lawsuits against the bank, for a total of Euro 7.5 million;
- the recognition of charges for an amount of Euro 5.1 million for the refund of fast-track loan approval process fees (CIV) to customers;
- other net income not attributable to a specific item (e.g. Fast-track facility fee and rental income) totalling Euro 21.6 million;
- the fair value measurement of tax receivables in the portfolio that are expected to be recovered through sale to third parties resulted in a revaluation of Euro 11.4 million;
- contingent assets arising from the settlement of past business combinations for an amount of Euro 13.5 million.

As a result of the dynamics illustrated above, Operating income amounted to Euro 4,615.6 million (+32.98% compared to the previous year).

Operating costs

Operating costs amount to Euro 2,653.8 million, an increase of 11.48% compared with 31 December 2022, mainly reflecting the increased size of the Bank.

The main components of operating costs are reported below.

Staff costs totalled Euro 1,725.4 million, up from the previous year (+20.22%); in addition to the increase in the size of the Group, non-recurring costs of Euro 248.8 million were set aside in connection with the workforce optimisation manoeuvre, as envisaged in the Business Plan, owing to the agreement signed with the Trade Unions on 23 December 2023.

Other administrative expenses, shown net of indirect taxes recovered (Euro 239.8 million) and of the contributions paid to the Single Resolution Fund (Euro 145.6 million), amount to Euro 686.1 million, down 7.33% on the previous year.

Net adjustments to property, plant, equipment and intangible assets totalled Euro 242.3 million (Euro 204.9 million at 31 December 2022).

Depreciation of assets owned amounted to Euro 162.1 million (Euro 122.0 million as at 31 December 2022); net reversal adjustments were registered on assets owned, mainly on impairment from previous years for Euro 2.3 million (net impairment losses for Euro 5.1 million were registered as at 31 December 2022, primarily on software).

The depreciation of rights of use related to leased assets amounted to Euro 77.2 million (Euro 74.2 million at 31 December 2022), while adjustments due to early termination of contracts totalled Euro 5.4 million (Euro 3,6 million at 31 December 2022).

Net operating income therefore amounts to Euro 1,961.8 million (Euro 1,090.3 million at 31 December 2022).

Net impairment losses for credit risk

Net impairment losses for credit risk amounted to Euro 340.7 million (Euro 456.0 million as at 31 December 2022), relating primarily to net impairment losses on loans measured at amortised cost, equal to Euro 330.7 million (Euro 436.6 million as at 31 December 2022).

The overall cost of credit at 31 December 2023, calculated only on loans to customers, was 43 bps (54 bps at 31 December 2022). With regard to the various components of this aggregate, the majority of the annual cost is attributable to the non-performing portfolio as a result of an increase in the expected loss from both the workout scenario and the disposal component (as noted above, the disposals made in 2023 relate mainly to the UTP category for a total gross claimed value of over Euro 1 billion). The expected losses on the performing portfolio, as a result of the update of the overall risk models ("ordinary" models and the "overlay" component), led to a net write-back, against the improved perceived quality of the Bank's portfolio. Among the components that moved in the opposite direction, we highlight the adjustment due to the assessment of climate risk which, transitioning from being a management overlay to an in-model adjustment, resulted in Euro 20.7 million worth of higher adjustments.

Net provisions for risks and charges

Net provisions for risks and charges total Euro 58.1 million (Euro 111.6 million at 31 December 2022). Net reversals on guarantees and commitments were recognised for an amount of Euro 20.1 million, whereas "Other provisions for risks and charges" amount to Euro 78.2 million and mainly refer to:
- ordinary allocations for disputes of Euro 39.6 million, relating in particular to compound interest/usury and bankruptcy clawbacks;
- the allocation of Euro 19.6 million, estimated with respect to operational/compliance risk connected with the tax credits acquired from customers during the period.

Contributions to SRF, DGS, IDPF - VS

The total amount of contributions paid during the year was Euro 145.6 million (Euro 154.4 million at 31 December 2022). This amount comprises the ordinary contribution for 2023 paid to the SRF (European Single Resolution Fund), equal to Euro 47.2 million (Euro 42.7 million at 31 December 2022) and the ordinary contribution paid to the DGS (Deposit Guarantee Scheme) equal to Euro 98.3 million (Euro 111.7 million at 31 December 2022).

Gains (Losses) on investments

This item shows a negative balance of Euro 19.2 million (Euro 45.4 million negative at 31 December 2022), mainly deriving from:
- Euro 25.4 million in write-downs due to the fair value measurement of properties;
- Euro 32.2 million in write-downs referring primarily to the equity investments in BPER Reoco s.p.a. (Euro 17.4 million), BPER Real Estate (Euro 14.3 million), Gility s.r.l. (Euro 0.4 million);
- the profit arising from the deconsolidation of SIFA (Società Italiana Flotte Aziendali), merged by absorption into UnipolRental, against the recognition of the shareholding in the latter (Euro 38.5 million).

Net profit

Profit from current operations before tax amounted to Euro 1,398.3 million (Euro 1,271.1 million at 31 December 2022).

"*Income taxes for the year*", amounting to Euro 36.9 million, were determined by applying the regulations in force as at 31 December 2023, including the provisions contained in article 1, paragraphs 233 et seq. of Law no. 178 of 30 December 2020 which, in the case of business combinations carried out through mergers, demergers and business transfers that took place between approved independent parties or resolved upon between 1 January 2021 and 30 June 2022, enable the entity resulting from the merger or the merging entity, beneficiary and the transferee, to arrange for the conversion into tax credits of the DTAs relating to tax losses and surplus ACE (Allowance for Corporate Equity) accrued until the tax period prior to the one in progress at the date of legal effectiveness of the transaction.

In particular, the Bank exercised the conversion option following the business combination concluded with the merger by absorption of Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A. completed on 28 November 2022. Due to said option, in 2023, DTAs amounting to Euro 334.6 million were converted into tax credits, equal to three quarter of the total amount convertible (the residual share was converted in 2022); therefore, the item 'taxes' was negatively impacted by the cancellation of the DTAs converted and positively by the recognition of the tax credit.

The tax item was positively impacted, for approximately Euro 406.1 million, by the recognition of deferred tax assets on tax losses and ACE surplus following the probability test, for approximately Euro 27.0 million by the recognition in the income statement of the income for the use in the tax consolidation of tax losses and surplus ACE for which no deferred tax assets had been recognised and by the recognition of lower taxes concerning previous years, and was negatively impacted, for approximately Euro 39.7 million, by the taxes paid and set aside by the Bank in 2023 for the settlement of the pending litigation for the years from 2013 to 2016 and for similar disputes formulated for the period from 2017 to 2021 relating to the conversion of the DTAs posted in relation to the goodwill recognised in the 2012 financial report of the merged Banca Carige.

No deferred tax assets have been recognised on temporary differences due to reverse after the five-year time horizon considered for the probability test (2024-2028).

The profit for the year after tax amounted to Euro 1,361.4 million (Euro 1,293.9 million at 31 December 2022).

2.5 Shareholders' equity and capital ratios

2.5.1 Shareholders' equity

At the end of the previous year the Bank's shareholders' equity, excluding the profit (loss) for the year, amounted to Euro 6,214.6 million. It increased by Euro 1,200.2 million during the year, due to the following changes:
- Euro +1,124.0 million following the allocation of 2022 profit;
- Euro +83.3 million for the net changes in the valuation reserve, net of the tax effect, created in connection with financial assets measured at fair value through other comprehensive income;
- Euro +34.2 million for the net changes in the valuation reserve, net of the tax effect, created in connection with property, plant and equipment measured at fair value;
- Euro -11.0 million to adjust the reserve for actuarial gains or losses, net of the tax effect;
- Euro -30.3 million, for the recognition of other changes.

Shareholders' equity therefore comes to Euro 7,414.8 million, up by 19.31% on 31 December 2022. Taking into account the profit for the year 2023 (Euro 1,361.4 million), shareholders' equity comes to Euro 8,776.2 million (16.88% on the figure at 31 December 2022).

At 31 December 2023, the share capital amounted to Euro 2,104,315,691.40 corresponding to 1,415,850,518 shares; of these, 678,397 are allocated to the Bank's own portfolio, changed from December 2022 as treasury shares were granted free of charge to employees, in line with the provisions of the Remuneration Policies (e.g. for short-term and long-term incentive and/or severance schemes).

As regards the profits from unrealised capital gains (net of tax) as per art. 6 of Legislative Decree 38/2005, which in 2022 amounted to Euro 5,800.4 thousand, they were assigned to the "Non- distributable reserve pursuant to art. 6, paragraph 1, letter a) of Legislative Decree 38/2005". This non-distributable reserve at 31 December 2023 comes to Euro 14,709.8 thousand.

2.5.2 Own funds and capital ratios

The harmonised rules for banks and investment firms contained in Regulation (EU) 575/2013 (CRR) and in the 2013/36/EU Directive (CRD IV) approved on 26 June 2013 and published in the Official Journal of the European Union the next day, entered into force on 1 January 2014.

These rules were later amended by Regulation (EU) 2019/876 of the European Parliament and of the Council ("CRR2") and Directive 2019/878/EU of the European Parliament and of the Council (CRDV) of 20 May 2019, published in the Official Journal of the European Union on 7 June 2019. Subject to certain exceptions, the CRR2 Regulation applies from 28 June 2021.

This regulatory framework, which is the only set of rules that seeks to harmonise prudential regulations of the Member States of the European Community, was made applicable in Italy by the Bank of Italy's Circular 285, published on 17 December 2013 and subsequent updates.

On 24 January 2022, after completion of the annual Supervisory Review and Evaluation Process for 2021, BPER Banca received its SREP Letter from the ECB. On 31 August 2022, in light of the acquisition of Banca Carige, the European Central Bank notified BPER Banca of its updated decision on the prudential requirements to be complied with on a consolidated basis, pursuant to art. 16 of Regulation (EU) n. 1024/2013. Finally, on 9 December 2022, as a result of the "pragmatic approach for SREP 2022" adopted by the ECB following the acquisition of the Carige Group, BPER Banca received an additional letter which confirmed the validity of the content of the SREP Letter of 24 January 2022 and the associated amendment of 31 August 2022, in particular with reference to the minimum capital requirements to be complied with on a consolidated basis.

It should further be noted that the results of BPER Banca as at 31 December 2023 are not affected by any charges related to the "Extraordinary tax on the increase in net interest income", as provided for by Legislative Decree No. 104/2023, converted with amendments into Law No. 136 of 9 October 2023. In accordance with the provisions of the law, the Board of Directors of BPER Banca resolved to preliminarily exercise the option under Article 26, paragraph 5-bis of the Decree and, therefore, to submit a proposal to the Shareholders' Meeting called to approved the financial report as at 31 December 2023 to book part of the 2023 profit, for an amount of Euro 289.2 million, to a non-distributable reserve corresponding to 2.5 times the amount of the tax of Euro 115.7 million. Only in the event that this reserve is used for distribution to shareholders, will the extraordinary tax under article 26, plus interest per annum for an amount equal to the annual interest rate on deposits with the European Central Bank, become payable by the Bank.

(in thousands)

	31.12.2023 Fully Phased	31.12.2022 Fully Phased	Change	% Change
Common Equity Tier 1 capital - CET1	**6,533,351**	**4,990,999**	**1,542,352**	**30.90**
Additional Tier 1 capital (AT1)	150,000	150,000	-	-
Tier 1 capital (Tier 1)	**6,683,351**	**5,140,999**	**1,542,352**	**30.00**
Tier 2 capital (Tier 2 - T2)	1,743,228	1,719,014	24,214	1.41
Total Own Funds	**8,426,579**	**6,860,013**	**1,566,566**	**22.84**
Total Risk-weighted assets (RWA)	**45,668,643**	**44,475,796**	**1,192,847**	**2.68**
CET1 Ratio (CET1/RWA)	**14.31%**	**11.22%**	**309 bps**	
Tier 1 Ratio (Tier 1/RWA)	***14.63%***	***11.56%***	***307 bps***	
Total Capital Ratio (Total Own Funds/RWA)	**18.45%**	**15.42%**	**303 bps**	
RWA/Total assets	**34.27%**	**31.13%**	**314 bps**	

3. PRINCIPAL RISKS AND UNCERTAINTIES

3.1 Identification of risks, underlying uncertainties and the approach to manage them

Please refer to the consolidated financial report for information on risk management and related uncertainties because, it being an activity that is coordinated at Group level, the same considerations made in the relevant section of the Directors' report on Group operations are also valid for the Bank.

3.2 Disclosure of exposures to sovereign debt held by listed companies

As required by CONSOB Communication DEM/11070007 of 5 August 2011 (and in the letter sent to listed Banking Issuers dated 31 October 2018), details are provided below about the holdings of bonds issued by Central and Local Governments and by Government entities, as well as about the loans granted to them.

Debt securities

(in thousands)

Issuer	Rating	Cat	Nominal value	Book Value	Fair Value	OCI Reserves	%
Governments:			**11,808,743**	**11,338,663**	**10,768,649**	**(13,119)**	**96.78%**
Italy	BBB		7,576,685	7,449,414	7,154,762	(7,936)	63.58%
		FVTPLT	137	154	154	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	1,622,548	1,640,557	1,640,557	(7,936)	
		AC	5,954,000	5,808,703	5,514,051	#	
Spain	A-		1,185,400	1,161,068	1,096,554	(1,005)	9.91%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	18,500	17,626	17,626	(1,005)	
		AC	1,166,900	1,143,442	1,078,928	#	
U.S.A.	AA+		890,000	793,771	660,235	-	6.77%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	890,000	793,771	660,235	#	
Germany	AAA		714,501	666,225	599,717	-	5.69%
		FVTPLT	1	2	2	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	714,500	666,223	599,715	#	
European Stability Fund	AA		316,000	291,791	286,553	(581)	2.49%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	95,000	84,809	84,809	(581)	
		AC	221,000	206,982	201,744	#	

(CONTINUE)

(in thousands)

Issuer	Rating	Cat	Nominal value	Book Value	Fair Value	OCI Reserves	%
Belgium	AA-		246,400	223,333	219,627	-	1.91%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	246,400	223,333	219,627	#	
Other	_		879,757	753,061	751,201	(3,597)	6.43%
		FVTPLT	57	4	4	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	44,000	40,033	40,033	(3,597)	
		AC	835,700	713,024	711,164	#	
Other public entities:			**418,400**	**377,545**	**365,152**	**(2,815)**	**3.22%**
Italy	-		14,000	13,068	13,022	-	0.11%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	14,000	13,068	13,022	#	
France	-		356,400	317,856	305,508	(2,874)	2.71%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	77,000	68,014	68,014	(2,874)	
		AC	279,400	249,842	237,494	#	
Other	-		48,000	46,621	46,622	59	0.40%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	48,000	46,621	46,621	59	
		AC		-	1	#	
Total debt securities			**12,227,143**	**11,716,208**	**11,133,801**	**(15,934)**	**100.00%**

Figures are expressed in thousands of Euro. The ratings indicated are those of Fitch Ratings at 31 December 2023.

Loans

(in thousands)

Issuer	Rating	Cat	Nominal value	Book Value	Fair Value	OCI Reserves	%
Governments:			**2,059,640**	**2,059,640**	**2,122,897**	**-**	**82.98%**
Italy	BBB+		2,059,640	2,059,640	2,122,897	-	82.98%
		FVTPLT				#	
		FVO				#	
		FVTPLM				#	
		FVOCI				#	
		AC	2,059,640	2,059,640	2,122,897	#	
Other public entities:			**422,489**	**422,489**	**446,549**	**-**	**17.02%**
Italy	-		422,489	422,489	446,549	-	17.02%
		FVTPLT				#	
		FVO				#	
		FVTPLM				#	
		FVOCI				#	
		AC	422,489	422,489	446,549	#	
Total loans			**2,482,129**	**2,482,129**	**2,569,446**	**-**	**100.00%**

Figures are expressed in thousands of Euro. The ratings indicated are those of Scope Ratings at 31 December 2023.

Based on their book value, repayment of these exposures is broken down as follows:

(in thousands)

	on demand	up to 1 year	1 to 5 years	> 5 years	Total
Debt securities	-	700,041	4,842,636	6,173,531	11,716,208
Loans	177,764	4,482	42,423	2,257,460	2,482,129
Total	**177,764**	**704,523**	**4,885,059**	**8,430,991**	**14,198,337**

Control over the risks inherent in the portfolio is maintained by the directors who monitor the effects on profitability, liquidity and the Bank's capital base, also through sensitivity analyses. No critical elements have been identified on the basis of these analyses.

4. OTHER INFORMATION

4.1 Corporate events

Shareholders' Meeting of 26 April 2023

On 9 March 2023, the Board of Directors of BPER Banca S.p.A. resolved to call the company's ordinary shareholders' meeting for 26 April 2023 to discuss and resolve on the following agenda:

- 2022 Financial Report:
  - Financial Report as at 31 December 2022, Reports of the Board of Directors, of the Board of Statutory Auditors and of the Independent Auditors; related and ensuing resolutions. Presentation of the consolidated financial report as at 31 December 2022 and the 2022 consolidated non-financial statement;
  - Allocation of 2022 profit and dividend payout; related and ensuing resolutions.
- Supplementary fees paid to Deloitte & Touche s.p.a., the company responsible for auditing the accounts for the period 2017-2025, based on a reasoned proposal by the Board of Statutory Auditors; related and ensuing resolutions.
- Remuneration:
  - Report on Remuneration Policy and Compensation Paid, comprising:
    - remuneration policies of the BPER Banca Group for 2023; related and ensuing resolutions (binding);
    - compensation paid in 2022; related and ensuing resolutions (not binding).
  - Incentive plan based on financial instruments pursuant to art. 114-bis of Legislative Decree no. 58 of 24 February 1998; related ad ensuing resolutions;
  - Authorisation to purchase and dispose of treasury shares to service the 2023 MBO incentive scheme, the 2022-2025 Long-Term Incentive (LTI) Plan (as last approved by the Shareholders' Meeting of 5 November 2022), in addition to any severance payments due; related and ensuing resolutions.

In relation to the manner in which the above-mentioned Meeting is held, pursuant to Decree no. 198 dated 29 December 2022, enacted by Law no. 14 of 24 February 2023, extending until 31 July 2023 the provisions set forth in art. 106, para. 4, of Law Decree no.18 of 17 March 2020, as enacted by Law no. 27 of 24 April 2020, as later amended, and art. 3, para. 1, of Law Decree no. 228 of 30 December 2021 enacted by Law no. 15 of 25 February 2022, the Company has decided to make use of the option to establish that parties entitled to attend the Shareholders' Meeting and vote may participate exclusively via the Designated Representative (identified in Computershare s.p.a.) pursuant to art. 135-undecies of Legislative Decree 58/1998.

The ordinary shareholders' meeting, in one call, chaired by Flavia Mazzarella, passed the following resolutions:

- approval of the statutory financial report for 2022, the proposal for the allocation of profit and the proposed distribution of a cash dividend of Euro 0.12 per share for each of the 1,415,850,518 ordinary shares representing the share capital, for a maximum total amount of Euro 169,902,062.16 (net of those which will be held in the portfolio on the ex-date, on which no dividend will be paid);
- Approval of the integration, on the reasoned proposal of the Board of Statutory Auditors, of the fees of Deloitte & Touche s.p.a., appointed as independent auditors for the period 2017-2025;
- approval of the 2023 Report on the Remuneration Policy and Compensation Paid, pursuant to art. 123-*ter* of Legislative Decree no. 58 of 24 February 1998, including the section on remuneration policies of the BPER Banca Group for 2023 and the section on compensation paid in 2022;
- approval of the short-term incentive plan based on financial instruments pursuant to art. 114-*bis* of the Consolidated Law on Finance;
- authorisation of the purchase and the disposal of up to 6,700,000 BPER Banca S.p.A. ordinary shares (not exceeding a total value of Euro 13 million), with no par value, to service the 2023 MBO Incentive scheme and the 2022-2025 Long-Term Incentive (LTI) Plan (as last approved by the Shareholders' Meeting of 5 November 2022), in addition to any severance payments due.

Exclusively through the Designated Representative, a total of 566 Shareholders with voting rights attended the Shareholders' Meeting representing a total of no. 831,920,870 ordinary shares, equal to 58.757677% of the total share capital. BPER Banca's Board of Directors, which met on 27 April 2023, ratified the outcomes of the shareholders' meeting. The dividend will be paid as of 24 May 2023, with date of detachment of coupon on Monday, 22 May 2023 and date of entitlement to payment under art. 83-terdecies of the Consolidated Law on Finance (record date) on Tuesday, 23 May 2023.

4.2 Information on intercompany and related-party transactions

Relations between the various companies included within the scope of consolidation and with significant investee companies and their related parties were conducted properly.

For details, as required by art. 2497 bis of the Italian Civil Code and by CONSOB Communication DEM 6064293 of 28 July 2006, reference should be made to Part H of the Explanatory Notes.

In accordance with the Regulation on transactions with related parties adopted by Consob with resolution n. 17221/10 (and subsequent amendments), the BPER Banca Group has adopted specific internal rules to ensure transparency and substantive and procedural correctness of transactions with related parties.

In this context, the Parent Company BPER Banca adopted the "Group policy for the governance of non-compliance risk concerning conflicts of interest with related parties and risk activities with associated persons", which was also implemented by the other Group banks and companies. This Policy also complies with the Bank of Italy's requirements in terms of "Risk activities and conflict of interest with associated persons" as contained in Circular 285 dated 17 December 2013 - 34th update made on 22 September 2020.

The document is published on BPER Banca's website (https://istituzionale.bper.it, in the Governance > Documents section) and on the websites of the other Group banks.

Without prejudice to the disclosure requirements of IAS 24 (see Part H of the Explanatory Notes in relation to the scope of application of the international accounting standard), the following is a summary of transactions with related parties, for which information is provided under Regulation 17221/2010.

At 31 December 2023, the only company belonging to the BPER Banca Group issuing listed shares is BPER Banca.

a) Most significant individual transactions concluded during the reporting period:

No.	Company that initiated the transaction	Name of the counterparty	Nature of the relationship with the counterparty	Object of the transaction	Consideration for each transaction completed (Euro/000)	Other information
1	BPER Banca S.p.A.	Alba Leasing S.p.A.	Directly associated company	Credit line	645,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
2	BPER Banca S.p.A.	Unipolsai Assicurazioni S.p.A.	Significant shareholder	Merger by absorption of Sifà S.p.A., previously a wholly-owned subsidiary of BPER and operating in the long-term rental sector, into UnipolRental S.p.A., previously a wholly-owned subsidiary of UnipolSai Assicurazioni, likewise operating in the long-term rental sector. As a result of this transaction, BPER Banca holds 19.987%, while the remaining 80.013% is held by UnipolSai Assicurazioni. As part of the merger, an agreement was also signed to establish a strategic commercial partnership between the BPER Group and the Unipol Group in the long-term rental sector.	1,000,000	Information Document pursuant to art. 5 of Reg. Consob 17221/2010
3	BPER Banca S.p.A.	BiBanca S.p.A.	Direct subsidiary	Credit line	500,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
4	BPER Banca S.p.A.	BiBanca S.p.A.	Direct subsidiary	Credit line	3,000,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
5	BPER Banca S.p.A.	Finitalia S.p.A.	Direct subsidiary	Credit line	619,800	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
6	BPER Banca S.p.A.	BPER Factor S.p.A.	Direct subsidiary	Credit line	2,000,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
7	BPER Banca S.p.A.	Sardaleasing S.p.A.	Direct subsidiary	Credit line	1,200,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
8	BPER Banca S.p.A.	Banco di Sardegna S.p.A.	Direct subsidiary	Treasury transaction	935,187	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
9	BPER Banca S.p.A.	Alba Leasing S.p.A.	Directly associated company	Credit line	645,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
10	BPER Banca S.p.A.	Banco di Sardegna S.p.A.	Direct subsidiary	Treasury transaction	500,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221
11	BPER Banca S.p.A.	BPER Factor S.p.A.	Direct subsidiary	Credit line	2,250,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221

With reference to the transaction completed by BPER Banca S.p.A. with UnipolSai Assicurazioni S.p.A., more details can be found in the specific Information Document drafted in accordance with the aforementioned CONSOB Regulation 17221/2010 and published on 30 March 2023.

Pursuant to said regulation, the transaction was approved by BPER Banca's Board of Directors, based on the prior favourable opinion of the Related Parties Committee on the existence of the company's interest in concluding said transaction and the convenience and substantive fairness of the relevant terms and conditions.

The Committee - which for the activities within its competence, availed itself of the support of independent experts appointed by the latter, both for their legal and strategic-financial profiles - was promptly involved in the negotiations and preliminary phase by receiving a complete and updated flow of information with the right to ask for information and to make observations to the delegated Bodies and to those in charge of carrying out the negotiations.

The Transaction's value was estimated at roughly Euro 1 billion, by calculating its various economic components.

Further information is presented in the "Significant events and strategic transactions" section of the Directors' report on Group operations.

b) other individual transactions with related parties, entered into in the reporting period, that have materially impacted the financial position and results of the company

As required by CONSOB Regulation 17221/2010 with regard to other transactions with related parties, it is confirmed that no transactions have had a significant effect on the balance sheet or results of the Bank.

c) changes or developments in related-party transactions disclosed in the last Annual report that have had a material effect on the financial position or results of the companies during the period

During the period, there have been no changes or developments in the related-party transactions described in the last annual report that would have an effect on the financial position or results of the Company.

4.3 Information on atypical, unusual or non-recurring transactions

In the course of 2023 there were no atypical or unusual transactions, as defined by CONSOB Communication DEM 6064293 dated 28 July 2006.

It should also be noted that there were no transactions defined as non-recurring during the year.

4.4 Information on the ownership structure - (art. 123-bis of Legislative Decree 58/1998)

The information required by article 123-bis of the Consolidated Law on Finance is detailed in a specific report issued by the Board of Directors ("Report on corporate governance and ownership structure"). This report, pursuant to the aforementioned art.123-bis, paragraph 3, together with the separate financial report, is made available to the public on the Bank's website www.istituzionale.bper.it in the Governance - Documents section, as well as on the website of the authorised storage system1info storage (www.1info.it).

4.5 Treasury shares held in the portfolio

On 19 January 2023, an application was submitted to the European Central Bank (ECB) for authorisation to purchase and dispose of treasury shares in order to provide the funding needed to:

- to the payment of bonuses deriving from the application of short-term incentive systems (Management by Objectives - MBO 2023);
- to guarantee the additional supply of shares needed to cover the adjustment of the duration of the Long-Term Incentive (LTI) Plan to that of the 2022-2025 Business Plan in force. In this regard, it should be noted that, in order to ensure full consistency between the duration of the vesting period of the instrument and the Group's multi-year strategic planning, this has been increased from 3 to 4 years with payout remaining the same;
- to allow for payment of any Severance due that may require the use of equity instruments.

Purchases of treasury shares will be carried out within the limits of distributable profits and available reserves, as determined in the financial report (annual report) most recently approved.

After submission of the application, BPER Banca obtained authorisation from the ECB to purchase and dispose of treasury shares on 17 April 2023.

In the first twelve months of the year, treasury shares were also granted free of charge to employees, in line with the provisions of the Remuneration Policies (e.g. for short-term and long-term incentive and/or severance schemes).

No quotas or shares in Group companies are held through trust companies or other third parties.

Shares of BPER Banca S.p.A.	Number of shares	Book value
Total as at al 31.12.2023	678,397	2,243,974
Total as at al 31.12.2022	1,714,504	5,671,809

4.6 Application of MiFID

On 3 March 2023, the translation into all official languages of the European Union of the Guidelines on the assessment of MiFID II suitability requirements applying from 3 October 2023, was published on the ESMA website, as an update to the previous version of the Guidelines of 2018, primarily with the objective of integrating the client's sustainability preferences among the factors that need to be assessed in the provision of any type of investment advice and portfolio management services. In particular, ESMA provided operators with a guide for correctly assessing the aforementioned sustainability preferences as part of the suitability test required for advisory services relating to investments and portfolio management. In a regulatory framework on sustainability in financial services that is still in the process of consolidation, the Bank has started to integrate sustainability preferences into its investor protection model as of 2022, envisaging a "granular" model for the collection of sustainability preferences through the registration of sustainability preferences for the ESG pillars and the minimum percentage of the portfolio to be allocated to ESG investments via the profiling questionnaire. In 2024, as part of a special project, further innovations are planned to integrate the profiling questionnaire and suitability assessment with additional questions aimed at identifying detailed preferences for the characteristics of "eco-sustainability", "sustainability" and "considering key negative effects on sustainability" or "PAI" of products, as required by MiFID regulations.

Legislative Decree no. 31 of 10 March 2023 was published on 24 March 2023, which transposed Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 into national law, amending directive MiFID II regarding information requirements, product governance and position limits. The Legislative Decree simplifies/amends, in the presence of certain circumstances, the obligations determined by MiFID II, including the amendments made to article 21 (General criteria) with regard to the performance of investment services and activities, to articles 68, 68 bis and 68 quater regarding position limits and controls on the management of commodity derivative positions. Following this regulatory amendment, the Bank has begun to carry out analyses in order to adapt, in particular with regard to the automatic switch to the digital mode for sending the mandatory communications required by the regulations to all customers holding accounts with the bank, except those who have explicitly refused and who have requested to receive hard copies, as well as the related modification of contracts and zeroing of the conditions for the recovery of expenses for customers who request hard copies.

On 27 March 2023, ESMA published the "Final Report" containing the Guidelines on MiFID II product governance requirements. In particular, the main changes introduced by the Guidelines in question concern: i) the specification of any sustainability-related objectives the product is compatible with; ii) the practice of identifying a target market per cluster of products instead of per each product ("clustering approach"); iii) the determination of a compatible distribution strategy where a distributor believes that a more complex product may be distributed under non-advised sales; iv) the periodic review of products, including based on the principle of proportionality. In pursuing the objective of ensuring a consistent and harmonised application of the product governance requirements, the Guidelines aim to ensure the harmonised application of the governance requirements across Member States. On 3 August 2023, ESMA published the Italian translation of the Guidelines, which became applicable as from 3 October 2023. Consob informed ESMA, in a communication dated 27 September 2023, of its intention to comply with these Guidelines and to incorporate them into its supervisory practices. As part of the project to adapt to the regulatory requirements on sustainability in the provision of investment services, the Bank has planned to update the model for classifying financial products as "suitable" for sustainability preferences as from 23 October 2023 in order to improve the information received from producers through the standardised "European MiFID Template" (EMT) on the actual suitability of products to meet customers' sustainability preferences. The Bank has also provided for a specific target market check to be carried out during the provision of the advisory service, taking into account the sustainability information received from producers via the EMT template.

On 28 March 2023, ESMA issued a Public Statement addressing the critical aspects of investor protection as regards derivatives on fractions of shares. In particular, the Public Statement in question underlines that derivatives on fractions of shares do not qualify as corporate shares, and, furthermore, in line with the obligation of ensuring customers are reasonably able to understand the nature of the risks of the specific type of financial instrument, companies should prominently describe in plain language that the investor is buying a derivative instrument. The Public Statement also reminds companies that: i) all information to clients shall be fair, clear, and not misleading and firms offering these derivatives must clearly disclose all direct and indirect costs and charges relating to them and the services provided; ii) as derivatives, these instruments are complex products and this is expected to result in a narrower target market; iii) as derivatives are complex financial instruments, an appropriateness assessment needs to be carried out where non-advised services are provided.

Finally, 3 April 2023 saw the publication on ESMA's website of the translation into all the official languages of the European Union of the Guidelines on certain aspects of the MiFID II remuneration requirements, superseding the previous guidelines on the same topic issued by ESMA in 2013. ESMA aims to promote greater convergence in the interpretation of, and supervisory approaches to, the MiFID II remuneration requirements, as well as the MiFID II conflicts of interest and conduct of business requirements in the area of remuneration. By helping to ensure that firms comply with regulatory standards, ESMA anticipates a corresponding strengthening of investor protection. The Bank adopts rules in accordance with these guidelines.

In line with the revision of the MiFID II regulatory framework for the acknowledgement of sustainability-related aspects, on 11 May 2023, the Italian Institute for insurance supervision, IVASS, published Measure no. 131 of 10 May 2023 which integrates four IVASS Regulations, in order to bring the industry regulations into line with the European legislation on sustainable finance. For the purposes of alignment with the MiFID directive, the amendments to regulations no. 40 and no. 45 are relevant, through which the following are acknowledged: i) the amendments and additions introduced by Delegated Regulation (EU) 2021/1257 to Delegated Regulation (EU) 2017/2359 governing conflicts of interest and conduct of business rules applicable to investment advisory services for the distribution of insurance-based investment products which integrate policyholders' sustainability preferences, with particular regard to the suitability assessment and ii) aspects of product governance and, in particular, regarding the identification of the target market, including therein the negative market, as well as with regard to product testing, monitoring and revision of the product and of the information flows between producer and distributor.

It should be noted that the European Commission published a proposed Directive which aims to modify the current regulatory framework protecting retail investors, which also incorporates MiFID II. At present, the Bank is monitoring the evolution through participation in round-table talks promoted by the trade associations. It is expected to come into force within the next two years.

On 11 July 2023, ESMA published a document that outlines the supervisory expectations on the understanding of the definition of advice pursuant to MiFID II. More specifically, the document in question addresses, among other issues, i) the provision of personal recommendations and whether other forms of information could constitute investment advice; ii) guidance on when recommendations will be considered as based on a view of a person's specific circumstances; iii) perimeter issues around the definition of personal recommendation; iv) issues around the form of communication, including use of social media posts.

4.7 Inspections and audits

Note that the disclosure provided below is for information purposes only with regards to the checks carried out as part of the ordinary supervisory activity to which BPER Banca is subject, as it operates in a highly regulated sector. As indicated in the Explanatory notes to this Financial Report, the Directors are of the opinion that the observations that emerged in the various inspection areas do not entail significant impacts in terms of income, assets and cash flows of BPER Banca. In any case, the Bank always prepares suitable action plans to implement the Supervisory Authority's recommendations as quickly as possible.

Information is provided below on the main inspections performed on BPER Banca, by the Supervisory Authority.

European Central bank – ECB

Inspection (2021)

From 25 October 2021 to 11 February 2022, BPER Banca was subject to an on-site inspection by the ECB regarding credit and counterparty risk, with the objective of performing a Credit Quality Review on selected portfolios and evaluating the credit risk governance and management processes.

On 28 October 2022, a follow-up letter was received summarising the findings and recommendations established by the Supervisory Authority.

To acknowledge the recommendations formulated by the Supervisory Authority, on 25 November 2022, BPER Banca sent the ECB an Action Plan containing the remedial actions, which centre primarily on the following aspects: governance of risks and data quality, second and third level controls, IFRS 9 methodology, ratings framework, and risk identification, monitoring and reporting.

From 8 November 2021 to 4 March 2022, BPER Banca was subject to an on-site inspection (Internal Model Investigation) by the ECB with the objective of evaluating internal credit risk models. The Bank received the ECB's Follow-up letter on 16 February 2023, containing the authorisation for the release into production of the new models. In response to the recommendations made, on 16 March 2023 BPER Banca submitted an Action Plan containing the remedial actions currently being implemented.

Inspection (2022)

From 10 October 2022 to 3 February 2023, BPER Banca was subject to an on-site inspection regarding credit and counterparty risk with the aim of assessing compliance with and the implementation of the IFRS9 accounting standard, as well as carrying out a Credit Quality Review on selected portfolios and assessing the credit risk processes. The Final Follow up Letter summarising the findings and their recommendations and deadlines was received on 9 January 2024. In response to the recommendations made, on 08 February 2024 BPER Banca submitted an Action Plan containing the remedial actions currently being implemented.

Inspection (2023)

From 20 March 2023 until June 2023, BPER Banca was subject to an on-site inspection regarding the business model and profitability, with the objective of reviewing the corporate governance and strategy management process. On 13 October 2023, the Final Report was received regarding the outcomes of the inspection and the relevant findings.

Bank of Italy - BI

Inspection (2023)

From 25 September 2023 to 17 November 2023, BPER Banca was the subject of an on-site inspection targeted at verifying, in relation to consumer credit and real estate credit to consumers, the adequacy of the organisational and control structures, and policies and procedures on responsible lending, for protecting consumers in difficulty and preventing the risk of over-indebtedness. On 7 February 2024, the inspection report was received regarding the outcomes of the inspection and the relevant findings. On 7 March 2024, BPER Banca will send to the Bank of Italy its considerations on the findings made by the Supervisory Authority, together with an indication of the measures already taken, or to be taken, to resolve the findings and the related implementation timeframe.

Inspection (2024)

Since 19 February 2024, BPER Banca has been subject to on-site inspections by the Bank of Italy to verify the adequacy of the Group's Anti-Money Laundering Function and the system of second-level anti-money laundering controls.

CONSOB - the Italian Securities and Exchange Commission

Inspection (2020)

From 9 October 2020 to 19 May 2021, BPER Banca was subject to an inspection by CONSOB to ascertain the state of compliance with the new MiFID II regulation following the transposition of Directive 2014/65/EU into Italian law.

On 15 November 2021, the Technical Note was received in which the results of the inspection and the observations regarding the areas inspected were reported, namely:

- the procedural arrangements defined in the field of product governance, also in relation to the definition of commercial policies;
- the procedures for assessing the suitability of client transactions.

To address the areas of attention identified, on 25 February 2022, BPER Banca sent CONSOB a detailed document in response to the observations formulated by the Supervisory Authority. On 29 September 2023, at the request of CONSOB, further information was provided on the actions taken to address the shortcomings identified.

5. REMUNERATION OF THE BOARD OF DIRECTORS

We bring to your attention the topic of the determination of the amount of Directors' emoluments, as provided for by art. 11 of the Articles of Association.

The Shareholders' Meeting held on 20 April 2022 established that the amount of fees payable to Directors, in accordance with art. 11 of the Articles of Association, for the financial years 2022 and 2023 was a total of Euro 1,700 thousand and that this amount was for the payment of emoluments of the members of the Board of Directors as well as additional emoluments payable to the other internal Committees. The shareholders' meeting also established attendance fees of Euro 500 for the Directors, based on their participation in the meetings of the Board of Directors. Excluded, however, were additional emoluments payable to Directors appointed to particular positions in compliance with the Articles of Association (specifically Chair, Deputy Chair and Chief Executive Officer): pursuant to art. 11 of the Articles of Association, this remuneration is established, in fact, by the Board of Directors, on the proposal of the Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors.

The total amount of fees, determined as indicated and charged to the income statement of the year on an accrual basis, in compliance with IAS 19 under "Staff costs – Directors and Statutory Auditors", was Euro 1,585.3 thousand (Euro 1,626.9 thousand at 31 December 2022), below the set limit of Euro 1,700 thousand. In detail, this amount includes the fees due to members of the Board of Directors of Euro 1,091.1 thousand (1,113.3 thousand at 31 December 2022), the fees for participation in various Internal Committees set up to meet the obligations of Corporate Governance of Euro 494.2 thousand (Euro 513.6 thousand at 31 December 2022).

In addition to these amounts, there were also attendance fees for Directors taking part in meetings of the Board of Directors of Euro 126 thousand (Euro 216 thousand at 31 December 2022), additional emoluments payable to the Chair and Deputy Chair of Euro 365 thousand (the same as at 31 December 2022) and to the Chief Executive Officer of Euro 1,200 thousand (unchanged as compared to 31 December 2022).

The total amount is therefore Euro 3,276.3 thousand, compared with Euro 3,407.9 thousand for 2022.

6. PROPOSAL FOR THE ALLOCATION OF PROFIT FOR THE YEAR

Having completed our presentation of the results of operations and the various events that took place in the year just ended, we now submit to you the proposed allocation of profit, Euro 1,361,391,526.94, which follows the criteria of prudence and attention to the strengthening of capital, in line with the guidance provided by the Supervisory Authorities. The proposed allocation of profit envisages the allocation of a portion of the 2023 profits, for an amount of Euro 3,153,215.51, to the legal reserve, as is necessary to comply with art. 2430 of the Italian Civil Code, and the allocation of Euro 22,060,859.92, to the restricted reserve under Legislative Decree 38/2005 (art. 6, paragraph 1.a) for unrealised gains, net of the related tax effects.

With regard to the Extraordinary tax on the increase of the interest margin, as envisaged by Italian Decree Law no. 104/2023 and its conversion, with amendments into Italian Law no. 136 of 9 October 2023, the allocation to a non-distributable equity reserve is envisaged for an amount fixed at Euro 289,177,270.81, equal to 2.5 times the amount of the tax itself, exercising the option provided for by Article 26, paragraph 5-bis of the aforementioned Decree.

Taking account of the capital adequacy of the Parent Company and the Group, in accordance with parameters established by prudential supervision regulations, we submit to you the proposed payment of a dividend of Euro 0.30 for each of the 1,415,850,518 shares representing the share capital, excluding those held in portfolio at the ex-dividend date (there were 678,397 at 31 December 2023). The total amount allocated for dividends therefore comes to Euro 424,755,155.40, corrisponding to 31.20% of the profit for the year.

The residual amount of profits, equal to Euro 622,245,025.30, is allocated to the extraordinary reserve.

On the basis of the foregoing, the share of profit for the year to be allocated to equity, net of the portion to be distributed to the Shareholders, amounts to Euro 936,636,371.54.

Trusting that you will grant your consent, we therefore present in accordance with the Articles of Association the following proposed allocation of the profit for the year:

(in Euro)

Profit for the year	**Euro**	**1,361,391,526.94**
- allocation to the legal reserve	Euro	3,153,215.51
- allocation to non-distributable reserve for the extraordinary tax on the increase in net interest income, pursuant to Law Decree 104/2023 art 26 c. 5-bis	Euro	289,177,270.81
- allocation to the restricted reserve - art. 6, para. 1, letter A of Legislative Decree 38/05	Euro	22,060,859.92
- allocation to the extraordinary reserve	Euro	622,245,025.30
- allocation to the Shareholders as a dividend of Euro 0.30 for the 1,415,850,518 shares making up the share capital	Euro	424,755,155.40

According to Borsa Italiana s.p.a.'s calendar, the dividend will be paid as of 22 May 2024 (payment date), with date of detachment of coupon (ex-date) on Monday, 20 May 2024 and date of entitlement to payment under art. 83-terdecies of the Consolidated Law on Finance (record date) on Tuesday, 21 May 2024.

It is important to note that the dividend is subject to withholding tax or forms part of taxable income to a varying extent depending on the status of the recipients. It should be noted that pursuant to the Ministerial Decree of 26 May 2017, for taxation purposes, the dividend is to be considered made up of profits generated between 1 January 2008 and 31 December 2016.

7. OUTLOOK FOR OPERATIONS

Stagnation in the euro area continued in the final months of 2023 and GDP was down 0.1% q/q in the summer months. The expansion of household consumption was countered by stagnating fixed investment and the negative contribution to growth from destocking. As regards supply, manufacturing and -to a lesser extent- construction value added continued to decline, while services value added increased, particularly in the information, communications and, to a lesser extent, the real estate sector. GDP was essentially at zero growth in all major countries except Spain, where it continued to increase driven by consumption expansion. The most recent economic indicators point to a level of GDP for the Euro area in the fourth quarter that is almost unchanged compared to the prior period. In its October and December meetings, the ECB Governing Council decided to keep the key interest rates unchanged. Past increases in key interest rates continue to be vigorously transmitted to the economy. Tighter lending conditions are dampening demand and contributing to the fall in inflation. According to the ECB projections[4] published in December, GDP growth is expected to recover to 0.8% in 2024 (from an estimated 0.6% in 2023), before stabilising at 1.5% in 2025 and 2026. Compared with last September, projections have been revised downwards for 2023 and 2024 on account of the slowdown in the international economic cycle and tighter financing conditions for households and businesses.

Growth in Italy remained close to zero in the final months of 2023, dampened by tighter credit conditions and by the persistence of high energy prices. Consumption stagnated and investment contracted. Economic activity turned downwards again in manufacturing, while holding stable in services. It grew in construction, which continued to benefit from tax incentives. According to the Bank of Italy's latest projections[5], prepared as part of the Eurosystem's coordinated exercise, GDP will grow by 0.6% in 2024 (compared with an estimated 0.7% in 2023) and by 1.1% in each of the following two years.

In this scenario, the Bank's profitability will continue to be underpinned by net interest income, net commissions, and actions to offset the impact of inflationary dynamics on costs. The capital position is expected to remain robust.

For financial year 2024, a guidance[6] is assumed for a slight decrease in net interest income arising from a potentially narrower banking spread in relation to a less restrictive monetary policy, positive dynamics in net commission income on the back of growing revenues from asset management and advisory services, operating costs in line with 2023, with additional consideration of the full effect from the renewal of the national labour agreement (CCNL) for the Financial Sector. On the asset quality front, the expectation is to maintain sound coverage levels and a conservative provisioning approach with a stable cost of credit with respect to 2023. Recurring net profit is expected to be in line with 2023, net of DTAs on tax losses. The Bank's capital strength will be confirmed and strengthened.

Modena, 6 March 2024

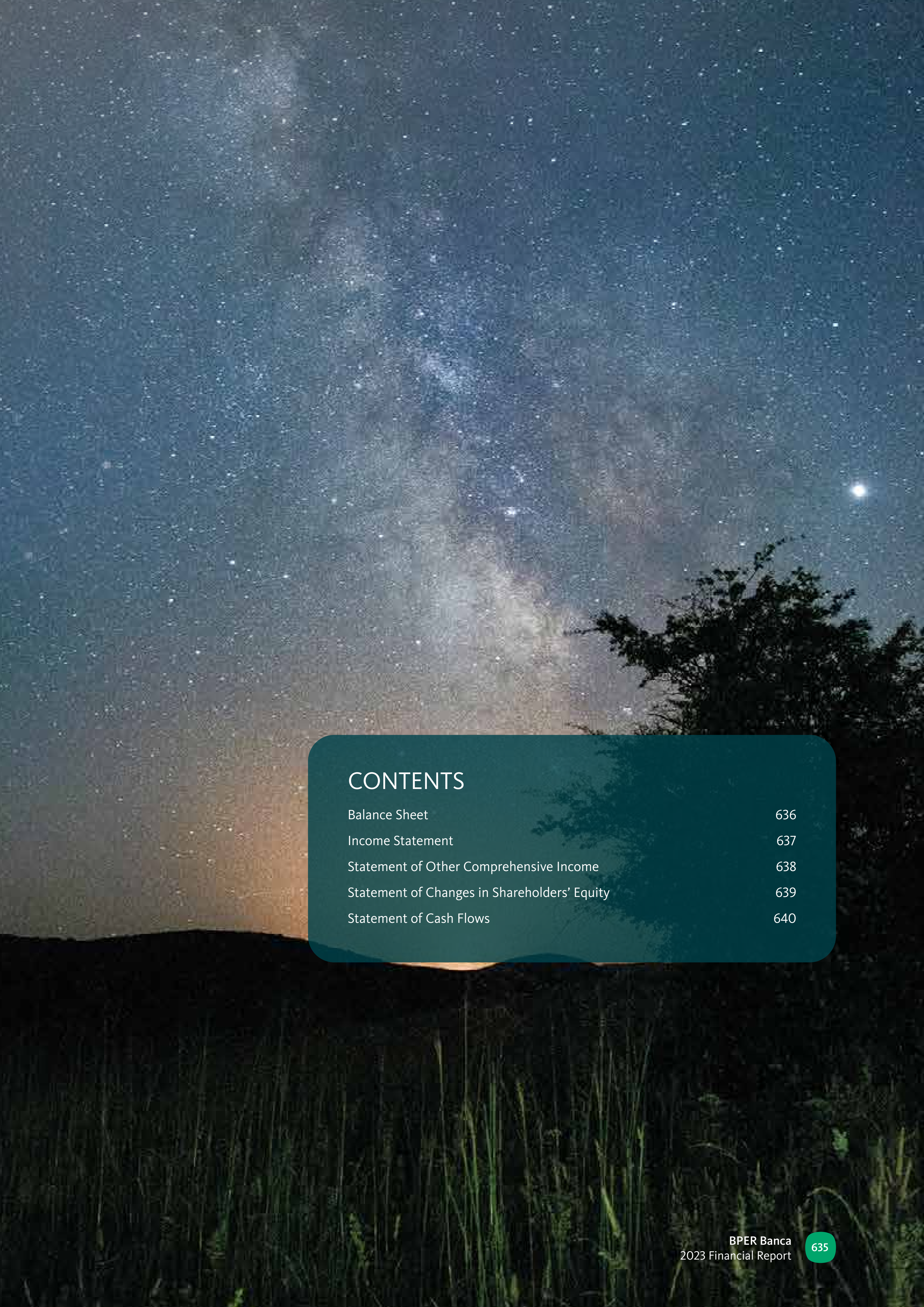
The Board of Directors
The Chair
Flavia Mazzarella

4 ECB – ECB Eurosystem staff macroeconomic projections for the euro area countries, December 2023.

5 Bank of Italy, Economic Bulletin no. 1, 19 January 2024.

6 Guidance is understood as based on recurring figures, hence not including any potential non-recurring items.

FINANCIAL STATEMENTS
as at 31 December 2023



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Balance Sheet

(in Euro)

Assets		31.12.2023	31.12.2022
10.	Cash and cash equivalents	10,367,851,338	14,279,707,315
20.	Financial assets measured at fair value through profit or loss	1,212,994,219	1,262,885,550
	a) financial assets held for trading	697,194,974	737,978,464
	b) financial assets designated at fair value	1,991,000	2,381,110
	c) other financial assets mandatorily measured at fair value	513,808,245	522,525,976
30.	Financial assets measured at fair value through other comprehensive income	6,614,109,883	7,727,554,084
40.	Financial assets measured at amortised cost	101,252,319,871	106,115,203,457
	a) loans to banks	12,417,078,743	12,707,408,963
	b) loans to customers	88,835,241,128	93,407,794,494
50.	Hedging derivatives	1,122,269,444	1,808,027,716
70.	Equity investments	2,256,388,640	2,174,728,306
80.	Property, plant and equipment	1,794,776,311	1,882,311,424
90.	Intangible assets	464,655,177	349,522,220
100.	Tax assets	2,463,248,691	2,624,102,773
	a) current	862,527,223	550,442,780
	b) deferred	1,600,721,468	2,073,659,993
110.	Non-current assets and disposal groups classified as held for sale	12,405,001	940,312,734
120.	Other assets	5,685,478,160	3,714,213,437
	Total assets	**133,246,496,735**	**142,878,569,016**

(in Euro)

Liabilities and shareholders' equity		31.12.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	117,340,739,578	128,217,775,477
	a) due to banks	13,118,455,416	26,792,583,363
	b) due to customers	92,104,319,971	94,718,823,868
	c) debt securities issued	12,117,964,191	6,706,368,246
20.	Financial liabilities held for trading	331,597,742	500,555,397
30.	Financial liabilities measured at fair value	1,909,139,358	782,911,608
40.	Hedging derivatives	250,123,914	498,563,387
50.	Change in value of macro-hedged financial liabilities (+/-)	(155,183,866)	(281,292,022)
60.	Tax liabilities	34,265,632	39,326,066
	b) deferred	34,265,632	39,326,066
70.	Liabilities associated with assets classified as held for sale	-	1,218,693,234
80.	Other liabilities	3,425,446,444	3,139,102,812
90.	Employee termination indemnities	130,974,547	152,928,804
100.	Provisions for risks and charges	1,203,214,658	1,101,531,261
	a) commitments and guarantees granted	111,764,352	132,147,596
	b) pension and similar obligations	119,781,912	115,166,014
	c) other provisions for risks and charges	971,668,394	854,217,651
110.	Valuation reserves	(49,355,251)	(136,557,032)
130.	Equity instruments	150,000,000	150,000,000
140.	Reserves	3,975,545,595	2,865,229,865
150.	Share premium reserve	1,236,525,140	1,237,276,126
160.	Share capital	2,104,315,691	2,104,315,691
170.	Treasury shares (-)	(2,243,974)	(5,671,809)
180.	Profit (Loss) for the year (+/-)	1,361,391,527	1,293,880,151
	Total liabilities and shareholders' equity	**133,246,496,735**	**142,878,569,016**

Income Statement

(in Euro)

Items		31.12.2023	31.12.2022
10.	Interest and similar income	4,243,279,191	1,855,697,087
	of which: interest income calculated using the effective interest method	4,041,926,260	1,787,120,215
20.	Interest and similar expense	(1,574,640,815)	(446,639,556)
30.	**Net interest income**	**2,668,638,376**	**1,409,057,531**
40.	Commission income	1,708,074,014	1,650,684,209
50.	Commission expense	(140,511,029)	(116,741,309)
60.	**Net commission income**	**1,567,562,985**	**1,533,942,900**
70.	Dividends and similar income	134,187,535	56,611,693
80.	Net income from trading activities	147,439,424	75,539,137
90.	Net income from hedging activities	22,194,663	(1,284,631)
100.	Gains (Losses) on disposal or repurchase of:	63,376,940	72,153,164
	a) financial assets measured at amortised cost	50,374,557	62,138,532
	b) financial assets measured at fair value through other comprehensive income	12,999,230	3,181,607
	c) financial liabilities	3,153	6,833,025
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(122,064,094)	18,837,658
	a) financial assets and liabilities designated at fair value	(129,328,669)	61,592,112
	b) other financial assets mandatorily measured at fair value	7,264,575	(42,754,454)
120.	**Net interest and other banking income**	**4,481,335,829**	**3,164,857,452**
130.	Net impairment losses for credit risk relating to:	(343,410,660)	(455,924,801)
	a) financial assets measured at amortised cost	(343,344,555)	(455,507,053)
	b) financial assets measured at fair value through other comprehensive income	(66,105)	(417,748)
140.	Gains (losses) from contractual modifications without derecognition	2,730,381	(28,911)
150.	**Net income from financial activities**	**4,140,655,550**	**2,708,903,740**
160.	Administrative expenses:	(2,796,851,194)	(2,655,738,734)
	a) staff costs	(1,725,373,847)	(1,435,212,045)
	b) other administrative expenses	(1,071,477,347)	(1,220,526,689)
170.	Net provisions for risks and charges	(58,144,390)	(111,572,324)
	a) commitments and guarantees granted	20,105,363	(36,236,179)
	b) other net provisions	(78,249,753)	(75,336,145)
180.	Net adjustments to property, plant and equipment	(142,393,518)	(131,586,494)
190.	Net adjustments to intangible assets	(99,906,853)	(73,289,850)
200.	Other operating expense/income	374,068,156	520,111,494
210.	**Operating costs**	**(2,723,227,799)**	**(2,452,075,908)**
220.	Gains (Losses) of equity investments	6,253,669	(28,065,551)
230.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	(25,425,657)	(20,012,087)
245.	Gain on a bargain purchase	-	948,123,149
250.	Gains (Losses) on disposal of investments	20,447	2,675,758
260.	**Profit (Loss) from current operations before tax**	**1,398,276,210**	**1,159,549,101**
270.	Income taxes on current operations for the year	(36,884,683)	134,331,050
280.	**Profit (Loss) from current operations after tax**	**1,361,391,527**	**1,293,880,151**
300.	**Profit (Loss) for the year**	**1,361,391,527**	**1,293,880,151**

(Euro)

	Earnings per share 31.12.2023	Earnings per share 31.12.2022
Basic EPS	0.962	0.916
Diluted EPS	0.939	0.891

Statement of Other Comprehensive Income

(in Euro)

		31.12.2023	31.12.2022
10.	**Profit (loss) for the year**	**1,361,391,527**	**1,293,880,151**
	Other comprehensive income, after tax, that will not be reclassified to profit or loss	**(1,985,915)**	**112,392,282**
20.	Equity instruments measured at fair value through other comprehensive income	(14,102,913)	57,612,982
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	(8,147,781)	3,294,667
40.	Hedge of equity instruments measured at fair value through other comprehensive income:	(2,918,530)	57,180
50.	Property, plant and equipment	34,154,356	10,260,569
70.	Defined benefit plans	(10,971,047)	41,166,884
	Other comprehensive income, after tax, that may be reclassified to profit or loss	89,185,041	(209,491,243)
120.	Cash flow hedges	(8,223,028)	(9,867,723)
140.	Financial assets (no equity instruments) measured at fair value through other comprehensive income	97,408,069	(199,623,520)
170.	**Total other comprehensive income after tax**	**87,199,126**	**(97,098,961)**
180.	**Total other comprehensive income (Items 10+170)**	**1,448,590,653**	**1,196,781,190**

Statement of Changes in Shareholders' Equity as at 31 December 2023

	Balance as at 31.12.2022	Changes in opening balances	Balance as at 1.1.2023	Allocation of prior year results		Changes during the year								Shareholders' equity as at 31.12.2023
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity						Other comprehensive income as at 31.12.2023	
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options		
Share capital:	**2,104,316**	**-**	**2,104,316**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,104,316**
a) ordinary shares	2,104,316	-	2,104,316	-	-	-	-	-	-	-	-	-	-	2,104,316
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,237,276**	**-**	**1,237,276**	**-**	**-**	**-**	**(751)**	**-**	**-**	**-**	**-**	**-**	**-**	**1,236,525**
Reserves:	**2,865,230**	**-**	**2,865,230**	**1,124,175**	**-**	**(13,859)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,975,546**
a) from profits	2,365,321	-	2,365,321	1,124,175	-	(8,852)	-	-	-	-	-	-	-	3,480,644
b) other	499,909	-	499,909	-	-	(5,007)	-	-	-	-	-	-	-	494,902
Valuation reserves	**(136,557)**	**-**	**(136,557)**	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**87,200**	**(49,355)**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**
Treasury shares	**(5,672)**	**-**	**(5,672)**	**-**	**-**	**-**	**3,428**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,244)**
Profit (Loss) for the year	**1,293,880**	**-**	**1,293,880**	**(1,124,175)**	**(169,705)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,361,392**	**1,361,392**
Shareholders' equity	**7,508,473**	**-**	**7,508,473**	**-**	**(169,705)**	**(13,857)**	**2,677**	**-**	**-**	**-**	**-**	**-**	**1,448,592**	**8,776,180**

Statement of Changes in Shareholders' Equity as at 31 December 2022

	Balance as at 31.12.2021	Changes in opening balances	Balance as at 1.1.2022	Allocation of prior year results		Changes during the year								Shareholders' equity as at 31.12.2022
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity						Other comprehensive income as at 31.12.2022	
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options		
Share capital:	**2,100,435**	**-**	**2,100,435**	**-**	**-**	**-**	**3,881**	**-**	**-**	**-**	**-**	**-**	**-**	**2,104,316**
a) ordinary shares	2,100,435	-	2,100,435	-	-	-	3,881	-	-	-	-	-	-	2,104,316
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,240,428**	**-**	**1,240,428**	**-**	**-**	**-**	**(3,152)**	**-**	**-**	**-**	**-**	**-**	**-**	**1,237,276**
Reserves:	**2,375,590**	**-**	**2,375,590**	**482,536**	**-**	**5,936**	**1,168**	**-**	**-**	**-**	**-**	**-**	**-**	**2,865,230**
a) from profits	1,893,124	-	1,893,124	482,536	-	(10,339)	-	-	-	-	-	-	-	2,365,321
b) other	482,466	-	482,466	-	-	16,275	1,168	-	-	-	-	-	-	499,909
Valuation reserves	**(11,327)**	**-**	**(11,327)**	**-**	**-**	**(28,132)**	**-**	**-**	**-**	**-**	**-**	**-**	**(97,098)**	**(136,557)**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**
Treasury shares	**(9,546)**	**-**	**(9,546)**	**-**	**-**	**-**	**5,315**	**(1,441)**	**-**	**-**	**-**	**-**	**-**	**(5,672)**
Profit (Loss) for the year	**567,203**	**-**	**567,203**	**(482,536)**	**(84,667)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,293,880**	**1,293,880**
Shareholders' equity	**6,412,783**	**-**	**6,412,783**	**-**	**(84,667)**	**(22,196)**	**7,212**	**(1,441)**	**-**	**-**	**-**	**-**	**1,196,782**	**7,508,473**

Statement of Cash Flows

Indirect method

(in thousands)

A. OPERATING ACTIVITIES	31.12.2023	31.12.2022
1. Operations	**2,743,004**	**1,469,386**
- profit (loss) for the year (+/-)	1,361,392	1,293,880
- gains/losses from financial assets held for trading and financial assets/liabilities measured at fair value through profit and loss (-/+)	(132,842)	5,148
- gains (losses) from hedging activities (-/+)	(22,195)	1,285
- net impairment losses for credit risk (+/-)	391,601	566,604
- net impairment losses/write-backs to property, plant and equipment and intangible assets (+/-)	267,727	224,888
- net provisions for risks and charges and other expense/income (+/-)	409,495	276,729
- unsettled taxes (+/-)	427,887	14,141
- other adjustments (+/-)	39,939	(913,289)
2. Cash generated/absorbed by financial assets	**5,648,264**	**18,362,626**
- financial assets held for trading	247,639	(389,162)
- financial assets designated at fair value	(71)	122,378
- other financial assets mandatorily measured at fair value	(577)	24,456
- financial assets at fair value through other comprehensive income	1,328,243	1,018,488
- financial assets measured at amortised cost	4,925,165	19,788,582
- other assets	(852,135)	(2,202,116)
3. Cash generated/absorbed by financial liabilities	**(11,924,853)**	**(6,831,981)**
- financial liabilities measured at amortised cost	(11,347,720)	(7,759,924)
- financial liabilities held for trading	(168,957)	324,148
- financial liabilities designated at fair value	1,062,019	866,062
- other liabilities	(1,470,195)	(262,267)
Net cash flow from (used in) operations	**(3,533,585)**	**13,000,031**

B. INVESTMENT ACTIVITIES	31.12.2023	31.12.2022
1. Cash generated by:	**152,899**	**62,855**
- disposal of equity investments	5	-
- dividends collected on equity investments	104,428	34,780
- disposal of property, plant and equipment	48,466	28,075
2. Cash absorbed by:	**(364,092)**	**(42,550)**
- purchase of equity investments	(32,185)	(179,091)
- purchase of property, plant and equipment	(111,968)	(149,031)
- purchase of intangible assets	(219,939)	(165,520)
- purchase of business branches		451,092
Net cash generated/absorbed by investment activities	**(211,193)**	**20,305**

C. FUNDING ACTIVITIES	31.12.2023	31.12.2022
- issue/purchase of treasury shares	2,677	5,771
- distribution of dividends and other scopes	(169,705)	(84,667)
Net cash generated/absorbed by funding activities	(167,028)	(78,896)
Net cash generated/absorbed in the year	**(3,911,806)**	**12,941,440**

Key: (+) generated (-) absorbed

Reconciliation

Items	31.12.2023	31.12.2022
Cash and cash equivalents at the beginning of the year	14,279,707	1,338,507
Total net cash generated/absorbed in the year	(3,911,806)	12,941,440
Cash and cash equivalents: effect of change in exchange rates	(50)	(240)
Cash and cash equivalents at the end of the year	**10,367,851**	**14,279,707**

EXPLANATORY NOTES
SEPARATE FINANCIAL REPORT

CONTENTS

Key to abbreviations in tables:
FV: Fair value
FV* = fair value calculated excluding value adjustments due to changes in the credit rating of the issuer since date of issuance.
NV: Nominal or notional value
BV: Book value
L1: Fair value hierarchy – Level 1
L2: Fair value hierarchy – Level 2
L3: Fair value hierarchy – Level 3
X: not applicable

PART A
Accounting policies

A.1 – GENERAL INFORMATION

Section 1 – Declaration of compliance with international financial accounting standards

The financial report for the year ended 31 December 2023 have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Commission, as provided by EU Regulation no. 1606 dated 19 July 2002, and currently in force, including the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

Reference is also made, where necessary, to the "Conceptual Framework for Financial Reporting" and to the documents prepared by the Italian Accounting Body (OIC) and the Italian Banking Association (ABI).
In the absence of a standard or interpretation specifically applicable to a particular transaction, the Parent Company makes use of the professional opinion of its own staff, in particular the Financial Reporting and Reports Department, to develop a rule for accounting recognition that makes it possible to provide reliable financial information and to ensure that the financial report give a true and fair view of the financial position, result of operations and cash flows of the Bank, reflecting the economic substance of the transaction and its key aspects.
In formulating these accounting rules, reference is made as far as possible to International Accounting Standards and interpretations dealing with similar or comparable matters.
As part of its guidance and coordination activity, the Bank requires the other Group Banks and Companies to apply the Group's own accounting recognition rules, in the right circumstances.

As required by IAS 8, the following table shows the new international accounting standards or amendments to standards already in force, with the related Approval Regulations, whose application is mandatory from 2023.

EC Approval Regulation	Title	In force from years beginning
2036/2021	Commission Regulation (EU) no. 2021/2036 of 19 November 2021 adopting IFRS17 Insurance Contracts was published in the Official Journal of the European Union L 416 on 23 November 2021. The Regulation gives companies the possibility not to apply the requirement laid down in paragraph 22 of the principle (i.e. grouping into annual cohorts) to contracts characterised by intergenerationally-mutualised and cash flow matched contracts.	1 January 2023
357/2022	Commission Regulation (EU) no. 2022/357 of 2 March 2022, adopting amendments to IAS 1 – Presentation of Financial Statements and IAS 8 - Accounting policies, changes in accounting estimates and errors, was published in the Official Journal of the European Union L 68 on 3 March 2022. The amendments clarify the differences between accounting policies and accounting estimates in order to ensure consistent application of accounting policies and comparability of financial statements.	1 January 2023
1392/2022	Commission Regulation (EU) no. 2022/1392 of 11 August 2022 adopting IAS 12 Income Taxes was published in the Official Journal of the European Union L 211 on 12 August 2022. These amendments specify how companies must account for deferred tax liabilities on operations such as leasing and disposal obligations and seek to reduce the diversity in recognising deferred tax assets and liabilities on leasing and disposal obligations in the financial statements.	1 January 2023
1491/2022	Commission Regulation (EU) no. 2022/1491 of 8 September 2022 adopting IFRS 17 Insurance Contracts was published in the Official Journal of the European Union L 234 on 9 September 2022. The amendment to the transitional provisions of IFRS 17 allows companies to overcome the one-off classification differences of comparative information from the previous financial year upon first-time application of IFRS 17 and IFRS 9 Financial Instruments.	1 January 2023
1803/2023 (*)	Commission Regulation (EU) no. 2023/1803 of 13 September 2023 adopting amendments to IFRS 17 Insurance Contracts was published in the Official Journal of the European Union L 237 of 26 September 2023 (later amended by L 239 of 28 September 2023). The Regulation governs the exemption from t the annual cohort requirement for groups of contracts, set forth by the International Financial Reporting Standard 17 - Insurance Contracts (IFRS 17), for contracts with intergenerationally mutualised and cash flow-matched contracts.	1 January 2023
2468/2023	Commission Regulation (EU) no. 2023/2468 of 08 November 2023 adopting IAS 12 Income Taxes was published in the Official Journal of the European Union L 211 on 09 November 2023. The amendments introduced a temporary exception to the accounting for deferred taxes in connection with the application of the provisions of Pillar II published by the OECD, as well as targeted disclosures for affected entities.	- 1 January 2023 with regard to the disclosure requirements (*) - immediately after the publication of the amendments by the IASB and retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the application of the temporary exception (*) A company is not required to apply the disclosure requirements to interim financial statements for interim periods ending on or before 31 December 2023.

(*) Commission Regulation (EU) 1803/2023 of 13 August 2023, published in the Official Journal Series L 237/1 of 26 September 2023, not only adopts the amendments to IFRS 17, but also repeals Commission Regulation (EC) No 1126/2008.

The following table shows the new international accounting standards or amendments to standards already in force, whose application is mandatory from 1 January 2024 or later date.

EC Approval Regulation	Title	In force from years beginning
2579/2023	Commission Regulation (EU) no. 2023/2579 of 20 November 2023 adopting IFRS 16 Leasing was published in the Official Journal of the European Union L 234 on 21 November 2023. The amendments to IFRS 16 specify how the selling lessee subsequently measures sale and leaseback transactions.	1 January 2024
2822/2023	Commission Regulation (EU) 2023/2822 of 19 December 2023 adopting amendments to International Financial Reporting Standard 1 - Presentation of Financial Statements (IAS 1) was published in the Official Journal of the European Union, L series, on 20 December 2023. These amendments follow those adopted by the IASB on 23 January 2020 in relation to IAS 1, which relate to the implementation of how an entity should present debt and other liabilities with an uncertain settlement date in the statement of financial position. Under these amendments, debt or other liabilities must be classified as current ((due or potentially due to be settled within one year) or non-current.	1 January 2024

The Bank has not availed itself of the option of early application of the Regulations in force from 1 January 2024, given that these amendments are not expected to have significant impacts on the Bank's balance sheet and income statement.

The 2004/109/EC Directive (the "Transparency" Directive) and Delegated Regulation (EU) 2019/815 (Regulation ESEF) introduced the obligation for issuers of securities listed on regulated markets of the European union to prepare their annual financial reports in XHTML language, based on the ESEF (European Single Electronic Format), approved by ESMA.
On 30 December 2022, Commission Delegated Regulation (EU) 2022/2553of 21 September 2022 was published in the Official Journal of the European Union, amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy for the single electronic reporting format. The entry into force was set for 1 January 2023, with early application being permitted. The Bank adopted said option, applying the 2022 Taxonomy as early as to the separate financial report as at 31 December 2022, integrating it with the extensions defined by the ABI/Xbrl Italia work group (in which the Bank of Italy and Assirevi also took part).
For 2023, the Financial Statements and Explanatory Notes to the Separate Financial Report were tagged using the ESEF 2022 Taxonomy.
Due to certain technical limits, some information contained in the Explanatory Notes to the Separate Financial Report, when extracted from the XHTML to the XBRL reporting format, may not be reproduced identically to the corresponding information visible in the financial report in XHTML format.

The documents for which, at the date of this financial report, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of said amendments, are reported below.
- On 15 August 2023, the IASB published an amendment called "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates". The document requires users to apply a consistent approach in determining whether one currency can be exchanged for another currency and, if it cannot, in determining the exchange rate to be used and the disclosure to be provided in the financial report. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this amendment on the separate financial report.
- On 25 May 2023, the IASB published an amendment called "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document aims to improve the transparency of reverse factoring agreements and their effects on entities' liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this amendment on the separate financial report.

Section 2 – Basis of preparation

In terms of the schedules presented and its technical form, these separate financial report have been prepared on the basis of the Bank of Italy's Circular no. 262/2005, as amended (most recently by the 8th amendment dated 17 November 2022, effective for annual reporting periods beginning on or after 31 December 2023) – issued in implementation of art. 9 of Legislative Decree 38/2005 – and the additional instructions provided in separate communications[7].

7 These include the indications contained in communication of 14/03/2023 (repealing previous communications of 15 December 2020 and 21 December 2021) with provisions concerning the impacts of Covid-19 and the measures to support the economy and amendments to IAS/IFRS.

During preparation, account has been taken of the interpretative and support documents for the application of the accounting standards, issued by the Italian and European regulatory and supervisory bodies and by the standard setters, to the extent applicable[8]. In particular, the most recent ones provided guidelines for better management of "Uncertainties in the use of accounting estimates", better highlighted in the next paragraph dedicated to the topic.

Where not already included in the documents mentioned above, Italian laws on the financial report of companies[9] and the Italian Civil Code have been taken into consideration.
The Financial Report consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the Explanatory Notes. They are accompanied by the Directors' Report on Operations.
The currency used in the financial report is the Euro. Figures are expressed in thousands of Euro[10].

The general criteria underlying the preparation of the financial report are presented below:
- Going Concern[11]: assets, liabilities and off-balance sheet transactions are measured in the context of continuity over time.
- Accrual Basis of Accounting: costs and revenues are recognised on the accrual basis, regardless of when they are settled.
- Materiality and Aggregation: each material class of similar items is presented separately in the financial report. Items that are dissimilar in terms of their nature or use are only aggregated if they are individually immaterial.
- Offsetting: assets and liabilities, income and expenses are not offset unless required or permitted by a standard or an interpretation, or by the Bank of Italy's regulations for the preparation of financial statements.
- Frequency of disclosures: information must be prepared annually or more frequently; if an entity changes its accounting reference date, the reason must be indicated together with the fact that the information provided is not comparable.
- Comparative Information: comparative information is disclosed in respect of the previous period for all amounts reported in the financial report, unless required otherwise by a standard or an interpretation.
- Consistency of Presentation: the presentation and classification of items is maintained over time to ensure that information is comparable, unless specified otherwise in new accounting standards or their interpretations, or unless a change is required to improve the meaningfulness and reliability of the amounts reported. The nature of changes in account presentation or classification is described, together with the related reasons; where possible, the new criterion is applied on a retroactive basis.

Uncertainties in the use of estimates

The preparation of the financial report requires recourse to estimates and assumptions that may affect the amounts recorded in the balance sheet and the income statement, as well as the information about contingent assets and liabilities. The development of such estimates involves the use of available information and the adoption of subjective assessments, partly based on historical experience, in order to make reasonable assumptions for the recognition of operating events. By their nature, the estimates and assumptions used may change from period to period and, accordingly, it may be that the actual amounts recorded in the financial report in subsequent periods are significantly different as a consequence of changes in the subjective assessments made.
The principal situations in which management is required to make subjective assessments include:
- quantification of the losses arising from the impairment of loans and, in general, other financial assets;
- determination of the fair value of financial instruments, in particular the use of measurement models to determine the fair value of financial instruments that are not listed in active markets and those that are not routinely measured at fair value;
- determination of the fair value of owned properties;
- quantification of the provisions for employee benefits and the provisions for risks and charges;
- estimates and assumptions about the recoverability of deferred tax assets;
- measurement of other intangible assets.

8 Reference should be made, inter alia, to the public statement of ESMA of 25 October 2023 "European Common Enforcement Priorities for 2023 Annual Financial Reports", the public statement of ESMA of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports", the public statement of ESMA of 29 October 2021 "European Common Enforcement Priorities for 2021 Annual Financial Reports" and of 28 October 2022 "European Common Enforcement Priorities for 2022 Annual Financial Reports".

9 In particular, Legislative Decree 136 of 18 August 2015 - Implementation of Directive 2013/34/EU relating to financial statements, consolidated financial statements and related reports of certain types of companies, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Directives 78/660/EEC and 83/349/EEC, for the part relating to the annual accounts and consolidated accounts of banks and other financial institutions, as well as the publication of the accounting documents of branches, established in a Member State, of credit institutions and financial institutions with registered offices outside that Member State, which repeals and replaces Legislative Decree 87 of 27 January 1992.

10 As regards roundings, reference has been made to the instructions given in Bank of Italy's Circular 262/2005 and subsequent updates, entering the amount due to rounding in "Other assets/other liabilities" in the balance sheet and "Other operating expense/income" in the income statement.

11 Please refer to the paragraph below, dedicated to the going concern principle, for more information on the assessment conducted.

Also with reference to the IASB document dated 27 March 2020[12], the usual measurement models adopted by the BPER Banca Group (in particular, the models used to estimate the ECL and determine the Significant Increase in Credit Risk (SICR) within the framework of IFRS 9 impairment) can be supplemented, also on a recurring basis, for example through the application of "post-model adjustments" in relation to the ECL estimate, or through "collective assessments"[13] supplementing the analytical staging rules, if the information needed for their implementation is not characterised by the "reasonableness and sustainability" requirements needed to fully incorporate the effects of some relevant events for quantifying credit risk, but still not managed by the econometric models used to determine the risk parameters.
Given that this situation continued in 2023, as a result of the events mentioned later in paragraph "23. Method for determining the extent of impairment - Risks and uncertainties inherent in the current macroeconomic environment - Management Overlays applied in the assessment of credit risk" as causes of uncertainty, the valuations as at 31 December 2023 were also carried out by applying Management Overlays, it being understood that these were also consistent with the indications of the IAS/IFRS standards.

Going Concern[14]

In preparing the financial report for the year ended 31 December 2023, the Directors considered the going-concern assumption to be appropriate because they did not find any uncertainties related to events or circumstances that, individually or collectively, could give rise to doubts about the going concern. This assessment took account of the capitalisation of the Bank, which has significant buffer capital with respect to the minimum requirement established by the European Central Bank, as well as the liquidity position and related buffer with respect to the regulatory threshold, and the likely outlook for operations despite the uncertainties linked to the current macroeconomic context.

Inspections and audits

Directors believe that the observations arising from the various inspection areas to which the Bank is subject will not have a significant impact on the income, balance sheet and cash flows of the Bank. Nevertheless, in all cases, suitable action plans are prepared by the Bank in order to ensure a timely response to the recommendations made by the Supervisory Authorities[15].

Section 3 – Events after the reporting period

These separate financial report were approved on 6 March 2024 pursuant to IAS 10 by BPER Banca's Board of Directors, which authorised their publication.
The significant events that took place between 31 December 2023 (reporting date of these Separate Financial Report) and the date of approval of the separate financial report are presented and described in the section of the Directors' Report on Group operations entitled "Significant events and strategic transactions", to which reference should be made for details.
In relation to the start of the strategic partnership with the Gardant Group for the management of the recovery of Bad loans and UTP exposures of BPER Banca and Banco di Sardegna, carried out through the sale of a controlling interest (equal to 70%) in Gardant Bridge Servicing s.p.a. (formerly Bridge servicing s.p.a., 100% owned by BPER Banca) to companies of the Gardant Group and settled in cash on 15 January 2024, the capital gain totalling Euro 150 million will be accrued in 2024.
With regard to the transfer of BPER Banca's Private Banking business unit to Banca Cesare Ponti in connection with a share capital increase, please refer to the following paragraph for further details.
Qualifying as "non-adjusting" subsequent events under IAS 10, the above significant events did not have an impact on the economic and financial situation of the Bank as at 31 December 2023, as presented in this Financial Report.

Contribution by BPER Banca to Banca Cesare Ponti of the Private Banking business unit in connection with a share capital increase

On 4 January 2024, the ECB approved the request for the contribution of the Private Banking business unit by BPER Banca to its subsidiary Banca Cesare Ponti in connection with a share capital increase offered for subscription to BPER Banca itself. The above is part of a broader and more complex initiative, consistent with the BPER Group's 2022-2025 business plan, aimed at centralising the Wealth Management and Asset Management activities of the BPER Banca Group within Banca Cesare Ponti.

12 IASB 27 March 2020: "IFRS 9 and Covid-19 – Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of the current uncertainty resulting from the Covid-19 pandemic".

13 Reference is made to IFRS 9 §§ B.5.5.4-B5.5.9 and the "EBA Guidelines on credit institutions' credit risk management practices and accounting for expected credit losses" (EBA/GL/2017/06) of 20 September 2017.

14 As required by document No. 2 issued with joint signature by the Bank of Italy, CONSOB and ISVAP (now IVASS) on 6 February 2009.

15 For the update of events occurred in 2023 in relation to the inspection areas in which the BPER Banca Group has been involved, please refer to paragraph 7.9 - "Inspections and audits" of the Directors' Report on Group Operations.

On 8 February 2024, following the subscription and release of the share capital increase against payment of Euro 50 million resolved by the Shareholders' Meeting of Banca Cesare Ponti, the deed was signed for the contribution by BPER Banca ("Transferring Company") to Banca Cesare Ponti ("Transferee Company") of the business unit, consisting, briefly, of: (a) the resources belonging to the Wealth Business Department of BPER Banca, including those assigned to the relevant Services and Offices and, consequently, the private bankers and private key clients of BPER, as well as the IT assets assigned to them and the licences in use; (b) the investment accounts and related assets under management of BPER Banca's private banking customers and retail key clients; (c) "direct deposits" accounts and the related balances on current accounts in the settlement currency of securities deposits within the scope of migration and certificates of deposit of private banking customers and retail key clients of BPER Banca; and (d) lease agreements entered into by BPER Banca relating to properties owned by third parties for "private banking" use as well as all legal relations arising therefrom, both as accounts payable and accounts receivable.

The contribution of the business unit took legal, accounting and tax effect as from 19 February 2024. The net book value of the contribution was Euro 50 million, which represents the balance of the assets and liabilities of the business unit.

At the date of approval of this Financial Report, work is in progress to definitively determine the transferred asset and liability balances, although the categories of transferred assets and liabilities have been accurately identified. In particular, there are approximately 50,000 transferred customers; total deposits amounted to approximately Euro 30,045.7 million, being the sum of indirect deposits for an amount of approximately Euro 29,848 million (of which Euro 13,900 million in assets under management, Euro 9,779 million in assets under custody and Euro 6,169 million in life insurance policies and pension funds) and direct deposits for an amount of approximately Euro 197.7 million (mainly consisting of the balances of current accounts held with the bank and of certificates of deposit); finally, more than 500 units belonging to the Wealth Business Department of BPER were transferred with the business unit.

General and regulatory aspects

From a regulatory standpoint, the transaction qualifies as an exempt related party transaction for the Parent company BPER Banca, as it is an intra-group transaction, in which no significant interests of other related parties are involved.

Considering that the Transferring Company is the sole shareholder of the Transferee Company, Article 2441, paragraph 4, of the Italian Civil Code is not applicable. In particular, the Directors' Report and the opinion of the auditors on the fairness of the issue price of the shares pursuant to art. 2441, paragraph 6 of the Italian Civil Code are not required.

The statutory regulations on contributions in kind allow, pursuant to art. 2343-ter of the Italian Civil Code, the report pursuant to art. 2343, paragraph 1 of the Italian Civil Code to not be required if the value attributed - for the purposes of determining the amount of the share capital increase and any share premium - to the assets in kind contributed is equal to or lower than the value resulting from a valuation referring to a date of no more than six months prior to the contribution carried out by an "independent expert" with adequate and proven expertise. To this end, PricewaterhouseCoopers Business Services S.r.l. was engaged as an independent expert to value the business unit on the basis of its balance sheet as at 31 August 2023 (reference date). The expert issued their valuation report on 13 October 2023, according to which the value of the business unit, determined at the reference date is not lower than the value allocated to it for the purposes of the contribution.

Accounting treatment of the transaction

For the purpose of preparing this Financial Report, the Bank carried out the analyses required to check whether the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations" ("IFRS 5") have been met for the accounting treatment, presentation and disclosure of the assets and liabilities of the transferred business unit at the date of approval of these Financial report as at 31 December 2023.

These analyses have led to the conclusion that the above requirements are met because: In particular, the legal relations and the relative amounts of assets transferred by BPER Banca are a marginal part of the balance sheet figures of BPER Banca itself, especially when compared to the balances of the items 'Loans to customers' and amounts 'due from customers' in the balance sheet statements as at 31 December 2023 and in the "Private Banking" segmentation referred to in Part L - Segment Reporting of the Explanatory Notes to the Financial Report. A similar conclusion is reached when considering the economic contribution (mainly represented by the item Commission Income) transferred with the business unit.

For the reasons set out above, it is deemed that the business unit transferred after the reporting period but before the approval of these Financial Report:

- does not meet the requirements of paragraph 32, letter a) of IFRS 5 to identify a "separate major line of business" in order to be treated as a "discontinued operation";
- would make the accounting presentation of the transferred balances in accordance with IFRS 5 on non-current assets (discontinued operations) classified as held for sale less meaningful.

Section 4 – Other aspects

Risks and uncertainties inherent in the current macroeconomic environment - Management Overlays applied in the assessment of credit risk

The persistent uncertainty in the general and sectoral macroeconomic scenario, mainly due to the geopolitical tensions caused by the armed conflicts in Russia-Ukraine and the Middle East, as well as by the persistent inflationary pressure and the consequent increase in market interest rates, accompanied by measures to combat climate risk with unpredictable effects on the economic and production system, have led the BPER Banca Group to maintain constant control and continuous monitoring in particular of credit risk and its assessment for treatment in the financial statements.
In this regard, the Parent Company also carried out specific analyses in 2023, as described in more detail in paragraph 23 below. "Methods for determining the extent of impairment"- aimed at identifying the best methods of intervention on the credit risk measurement and forecasting systems, later aligning them with the prevailing context and trying to avoid being excessively pro-cyclical in the definition of collective provisions, as indicated by the Regulators (among others especially ESMA and the ECB).

The following is a summary of the changes made to the assessment of the Expected Credit Loss of the Loan portfolio in relation to the Management Overlays applied as at 31 December 2023 and their impact on the year then ended.

(Figures in Euro millions)

Top-down adjustments	Add-on 31.12.2023	Add-on 31.12.2022	Impatto a CE 2023
Multi-scenario ECL "expert" correction - macroeconomic scenario weights	(47.6)	(57.3)	9.7
High-risk economic sectors (particularly energy-intensive and exposed to Russia risk)	(142.7)	(164.8)	22.1
The Emilia-Romagna flooding	(49.9)	-	(49.9)
Climate risk	-	(17.7)	17.7

With regard to Climate risk overlays, it should be noted that the intervention carried out in 2023 to introduce a similar correction factor in the model used to determine the PD parameter in order to take due account of this risk (replacing the overlay with an in-model adjustment), as described in more detail in paragraph 23 of Section A.2 below, resulted in an increase in loan adjustments for an amount of approximately Euro 20.7 million compared to those previously made via the overlays (the additional adjustments brought about by the in-model adjustment amounted to Euro 38.4 million).

Implementation of the global minimum tax rules for multinational and domestic groups under Pillar 2 and related amendments to IAS 12 on income taxes

In 2013, as part of the BEPS (Base Erosion and Profit Shifting) Project, a complex process of reform of international tax standards was launched at the initiative of the OECD and the G20 countries to address the main gaps in national and international regulations and eliminate the mismatch created by the interaction of individual tax systems. Two closely related projects, known as Pillar 1 and Pillar 2, are part of this process.
The first stems from the need to counter the phenomenon, which has become widespread among certain types of transnational groups (high-tech groups and large digital platforms), of operating with continuity and stability in the jurisdictions of the market by generating revenue without a real physical presence, but by operating remotely; Pillar 2, instead, is aimed at ensuring a level playing field for companies worldwide, preventing a race to the bottom in tax rates and promoting efficient investment and localisation of decisions. This competitive equality would be achieved by applying a system of common rules to ensure that the transnational group pays an effective tax rate of no less than 15 per cent (OECD agreed rate) in each jurisdiction in which it is established.
The Pillar 2 system of rules developed at international level on the basis of the OECD technical guidance was implemented at EU and single market level with Directive No. 2022/2523/EU, adopted by the Council of the European Union on 14 December 2022 and published in the Official Journal of the European Union L 328/2022 of 22 December 2022.
The European provisions were then implemented in Italy by Legislative Decree no. 209 of 27 December 2023, published in the Official Gazette of the Italian Republic No. 301 General Series of 28 December 2023 (the "Decree"). However, in order to define the full regulatory framework, it is necessary to await the publication of an implementing ministerial decree, which has not yet been issued.
In particular, the Decree establishes a minimum top-up tax to be paid by the parent company of multinational or domestic groups resident in Italy in respect of the companies belonging to the group with an effective tax rate of less than 15% and a national minimum tax to be paid by the companies of a multinational or domestic group resident in Italy with a low tax rate until the minimum effective tax rate of 15% is reached. The purpose of this second tax is to allow supplementary tax to be levied in the country where a low level of taxation has occurred, thus avoiding that all tax is levied in the country of location of the direct or indirect parent company.
The scope of application of the new taxes is limited to companies belonging to multinational and domestic groups with annual revenues of Euro 750 million or more.
The provisions of the Decree apply with respect to financial years beginning on or after 1 January 2024.

In view of the imminent implementation of the new Pillar 2 tax provisions in some jurisdictions, the IASB approved a number of amendments to IAS 12 on income taxes. In particular, the amendments to the standard introduce a temporary mandatory exception to the recognition of deferred tax assets and liabilities related to the minimum additional tax introduced with the implementation of the Pillar 2 regulations and some specific disclosure requirements both for periods when the Pillar 2 legislation is in force or substantially in force but not yet effective, and for periods when the regulations will be effective. These disclosure requirements can be applied as from annual financial report beginning on or after 1 January 2023.
In subjective terms, BPER Banca Group meets the quantitative requirement of the new Pillar 2 regulation and is therefore potentially impacted by it; for this reason, it is closely monitoring the progress of regulations in Italy and Luxembourg, where it currently operates.
On the basis of the estimates available to date, the BPER Banca Group does not appear to be exposed to the obligation to pay the minimum additional tax; however, activities are underway to put in place the necessary organisational and procedural structures to determine the effective tax rate and to manage any additional tax that may be due.

Extraordinary tax on the increase in the net interest income of Banks

Article 26 of Decree Law no. 104 of 10 August 2023 ("Decree Law no. 104/2023"), converted with Law no. 136 of 9 October 2023, introduced a one-off extraordinary tax on banks pursuant to article 1 of Italian Legislative Decree 385/1993, calculated on the increase in the net interest income, to be paid by the sixth month after that of the close of the financial year prior to the one in progress as at 1 January 2024 (therefore, for the majority of banking players, by 30 June 2024).
The extraordinary tax is determined by applying the rate of 40% on the tax base comprised of the amount of the net interest income under item 30 of the income statement drafted according to the layouts approved by the Bank of Italy relating to the financial year prior to the one in progress as at 1 January 2024, which exceeds, by at least 10%, the same net interest income in the financial year prior to the one in progress as at 1 January 2022.
Pursuant to paragraph 3 of the aforementioned article 26, the amount of the tax cannot, in any case, be higher than an amount equal to 0.26% of the total amount of the risk exposure ("RWAs") on a separate basis, determined in accordance with paragraphs 3 and 4 of article 92 of Regulation (EU) no. 575/2013 with reference to the closing date of the financial year prior to the one in progress as at 1 January 2023.
It should also be noted that paragraph 5-bis, introduced to article 26 during the conversion of the Decree, gives banks the option, in place of payment of the aforementioned tax, at the time of approval of the financial statements relating to the financial year prior to the one in progress as at 1 January 2024, to allocate an amount of no less than two and a half times the extraordinary tax to a non-distributable reserve identified for this purpose.

On 6 March 2024, the Board of Directors of BPER Banca resolved to exercise the option under Article 26, paragraph 5-bis of the Decree and, therefore, to submit a proposal to the Shareholders' Meeting (soon to be convened for the approval of the draft financial report) to book part of the 2023 profit, for an amount of Euro 289.2 million, to a non-distributable equity reserve, corresponding to 2.5 times the amount of the tax of Euro 115.7 million. Only in the event that this reserve is used for distribution to shareholders, will the extraordinary tax under article 26, plus interest per annum for an amount equal to the annual interest rate on deposits with the European Central Bank, become payable by the Bank.

Domestic tax group election

BPER Banca has exercised the option as the consolidating company together with its subsidiaries listed in the table below for the "domestic tax consolidation" regime, governed by Articles 117-129 of the Consolidated Income Tax Act and introduced by Legislative Decree No. 344/2003 and subsequent amendments.
Domestic tax consolidation consists of a scheme, applicable on an optional binding basis for three years, by individual companies connected by a relationship of control pursuant to article 117 of the Consolidated Income Tax Act, whereby, for the consolidating company or entity, a single IRES tax base (taxable income or tax loss) is determined for the group of companies calculated as the algebraic sum of the tax base of the individual companies adhering to this scheme, as emerges from their respective tax returns.
With effect from 1 January 2023, Banca Cesare Ponti S.p.A. exercised the option to join BPER Banca's consolidated taxation.
On the other hand, the consolidated taxation regime was discontinued with effect from 1 January 2023 for SIFA' Società Italiana Flotte Aziendali S.p.A. following its merger into UnipolRental S.p.A. and with effect from 13 November 2023 for Optima S.p.A. SIM following the company's merger by absorption into Banca Cesare Ponti S.p.A.
Moreover, when BPER Banca filed its tax return for the 2023 tax period, the option for the three-year period 2023-2025 relating to the companies Bper Factor S.p.A., Finitalia S.p.A., Arca Fondi SGR spa and Arca Holding S.p.A., which expired on 31 December 2022, was renewed.

Consolidated companies	2021	2022	2023	2024	2025
Banca Cesare Ponti s.p.a.			x	x	x
Bibanca s.p.a.	x	x	x		
Banco di Sardegna s.p.a.		x	x	x	
BPER Factor s.p.a.			x	x	x
Sardaleasing s.p.a.	x	x	x		
BPER Trust Company s.p.a.		x	x	x	
BPER Real Estate s.p.a.		x	x	x	
Finitalia s.p.a.			x	x	x
Arca Fondi SGR s.p.a.			x	x	x
Arca Holding s.p.a.			x	x	x

Information on public disbursements pursuant to art. 1, paragraph 125 of Law 124 of 4 August 2017 ("Annual market and competition law")

Law 124 of 4 August 2017 "Annual law for the market and competition" (hereafter Law 124/2017) introduced a series of measures designed to ensure transparency in the public disbursements system (art. 1, paragraphs 125[16] to 129). In particular, this law states that companies should provide in the Explanatory Notes to the financial report and in any consolidated Explanatory Notes, information relating to "grants, contributions, remunerated offices and economic advantages of any type" (hereinafter referred to as "public disbursements") received from public administrations and other subjects indicated by the said law. Non-compliance with the disclosure requirement results in an administrative penalty of 1% of the amount received, with a minimum of Euro 2,000. At a later stage, the law requires return of the public disbursement[17].
In order to avoid publishing insignificant information, there is no disclosure requirement for public disbursements of less than Euro 10,000 received by the same party.
Since August 2017, the National State Aid Register has been active in the Executive Board for incentives to companies of the Ministry of Economic Development, in which State aid and de minimis aid payments to any company by subjects that grant or manage such aid have to be published. For individual aid granted to the Bank, please refer to the "Transparency of the Register" section, whose access is publicly available.
That said, in compliance with the provisions of art. 1, paragraph 125, of law 124 of 4 August 2017, the amounts collected during 2023 by BPER Banca and by the subsidiaries by way of "grants, contributions, remunerated offices and economic advantages of any type" are listed below.

(in thousands of Euro)

Companies	Type of grants	Amounts received in 2023
BPER Banca s.p.a.	Regulation for inter-professional funds for continuing education for the granting of exempted State aid pursuant to EC regulation 651/2014 and under a *de minimis* aid scheme pursuant to EC regulation 1407/2013	247
BPER Banca s.p.a.	Grants for photovoltaic incentives	20
BPER Banca s.p.a.	Company nursery/kindergarten contributions	3

Audit

The financial report of BPER Banca S.p.A. have been audited by Deloitte & Touche s.p.a., which was appointed for the period 2017-2025 at the Shareholders' Meeting held on 26 November 2016, as required by Legislative Decree 39 of 27 January 2010.

16 Paragraph expanded by art. 35 of Law Decree 34/2019. Paragraphs 126 to 129 not amended.

17 As stated in Assonime Circular no. 32 dated 23 December 2019.

A.2 – MAIN ITEMS IN THE FINANCIAL STATEMENTS

Classification of Financial assets - Business Model and SPPI test (items 20, 30 and 40)

IFRS 9 requires financial assets represented by loans and receivables and debt securities to be classified into three accounting categories, using the following criteria:
- the business model used to manage them;
- the contractual characteristics of the cash flows of financial assets (or SPPI tests).

The classification of financial assets depends on a combination of these two criteria, as indicated below:
- Financial assets measured at amortised cost (AC): assets that include the "Hold to collect" business model (HTC) and pass the SPPI test;
- Financial assets measured at fair value through other comprehensive income (FVTOCI): assets that include the "Hold to Collect & Sell" business model (HTCS) and pass the SPPI test;
- Financial assets measured at fair value through profit or loss (FVTPL): assets that provide for an "Other" business model or, on a residual basis, assets that cannot be classified in the previous categories due to the negative outcome of the SPPI test.

Business Model

The Bank has identified its own Business Models taking into consideration the core business sectors in which it operates, the strategies adopted to date in order to realise the cash flows of the assets in portfolio, as well as the strategic forecasts of business development.

The Bank's core business is related to the generation and management of credit relationships for the Retail and Corporate sectors (including Large Corporate) and, therefore, follows a logic of holding them presumably until they expire in order to collect the contractual cash flows. According to IFRS 9, this operation is attributable to a "Hold to Collect" type Business Model.

Another sector of activity for the Bank, supporting the pursuit of banking objectives, is the Finance sector which includes the balance sheet and income statement items of the Bank deriving from treasury activities, management of proprietary portfolios, access to financial markets and specialist operational support to the sales network.

For the purpose of identifying the Business Model in the Finance sector, the analysis linked the relevant activities carried on by the finance department to management of the proprietary portfolios. It is therefore possible to identify the following proprietary portfolios:
- Investment Banking Book, consisting of the set of instruments managed collectively in order to reduce volatility on the interest margin. This type of portfolio mainly pursues a strategy of holding financial instruments to maturity, thereby sterilising market risk.
  The strategy of this portfolio therefore involves management of the principal risks such as credit risk, interest rate risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the "Hold to Collect" Business Model.
- Liquidity Banking Book, consisting of a set of financial instruments whose strategy is aimed at holding them in order to manage liquidity and optimise the risk-return profile at Group level. This type of portfolio pursues investment strategies in order to:
  - optimise net interest income;
  - increase the amount of assets that can be readily liquidated to mitigate the Group's exposure to liquidity risk;
  - diversify credit risk.

  The strategy of this portfolio therefore involves management of the principal risks such as liquidity risk, credit risk, interest rate risk, market risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the "Hold to Collect & Sell" Business Model.
- Trading portfolio, consisting of a set of financial instruments for trading purposes (government securities, ETFs, structured securities, UCITS units, ABS, etc.), guaranteeing the management of market risk. The profit purpose of this portfolio is mainly pursued through the change in the fair value of the instruments.
  The strategy of this portfolio therefore involves management of the principal risks such as market risk, credit risk, interest rate risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the "Other" Business Model.
- Customer Trading Portfolio, consisting of financial assets repurchased from customers, or held to offer an investment service to them (residual portfolio).
  In application of IFRS 9, this portfolio has been included in the "Other" Business Model.

- Capital Market, consisting of financial instruments held for market making on securities (government, supranational, corporate, covered bond and government guaranteed debt securities), guaranteeing the management of market risk. The profit purpose of this portfolio is mainly pursued through the change in the fair value of the instruments. The strategy of this portfolio therefore involves management of the principal risks such as market risk, credit risk, interest rate risk and sovereign risk.
  In application of IFRS 9, this portfolio has been included in the "Other" Business Model.

IFRS 9 envisages the possibility of modifying the Business Model, highlighting that the situations that lead to this change are "very infrequent", to be attributed to significant events (internal or external) that affect the management strategy (and therefore derive from decisions of Senior Management of the Entity); in addition, they must be adequately supported by resolutions and linked to events or objective facts evidenced also towards third parties.
The change in business model must also take place before the consequent reclassification of the assets affected by that change, which is possible only on the first day of the next reporting period.

Regarding the combination of frequency and significance thresholds, the Bank has defined quantitative limits (both in relative terms with respect to the portfolio size, and in absolute terms) to be applied to sales made on the "Hold to Collect" portfolio.
It also defines the concepts of "proximity to maturity", identifying the 12 months prior to the repayment date, and "increasing credit risk" in line with the staging criteria described below (classification in Stage 2 allows the sale of instruments).

SPPI Test

In order to analyse the characteristics of the contractual cash flows deriving from financial assets (loans and receivables, and debt securities), BPER Banca has defined an SPPI test based on 12 decision-making trees, so as to consider all the contractual characteristics relevant to the test.
BPER Banca has also adopted some assumptions regarding both the loan portfolio and the debt securities portfolio. The main choices are shown below:

- In relation to the debt securities portfolio, the mutual fund units, both open and closed-end, fail the SPPI test. In relation to the securities issued as part of securitisation transactions, for the purposes of credit risk assessment it has been assumed that the mezzanine and junior tranches generally bear a higher credit risk than the average risk of the underlying portfolio of instruments and, consequently, fail the test;
- In relation to the Benchmark Cash Flow Test (BCFT) required in situations of mismatch between "tenor" and periodicity of the "refixing" of interest rates, it was agreed that the change in the "time value of money element" should be considered significant for instruments indexed to parameters with a tenor higher than a year and, consequently, these fail the SPPI test;
- For financial instruments (in credit or securities portfolios) with sustainability (or ESG) characteristics, the SPPI test focuses on verifying that the ESG targets on which the variability of future cash flows depends are specifically related to the borrower's economic activity.

The following are references to the accounting policies applied for the main items in the financial statements or transactions, where applicable, in preparing the financial report.

1. Financial assets measured at fair value through profit or loss

Recognition

Financial assets represented by debt or equity instruments are initially recognised on the settlement date, while derivative contracts are recognised on the date of signature.
In particular, any changes in the fair value of the asset to be received between the settlement date and the earlier arrangement date are recognised at the time of settlement, in the same way in which the asset acquired is recorded.
Financial assets measured at fair value through profit or loss are initially recorded at fair value; unless stated otherwise, this is represented by the consideration paid for the transaction, without considering any related costs or income attributable to them, which are recorded directly in the income statement.

Classification

a) financial assets held for trading

Financial assets held for trading comprise those whose business model is defined as "Other". This business model applies to financial assets whose cash flows will be generated from their sale.
This also includes equity securities held for trading, for which it is not possible to exercise the irrevocable choice to present subsequent changes in fair value in the statement of other comprehensive income.
Additionally, the model includes investments in mutual funds that are held for trading and trading derivatives.

b) financial assets designated at fair value

This category comprises the financial assets for which the fair value option has been exercised.

c) other financial assets mandatorily measured at fair value

This category includes financial assets whose business model is defined as "Hold to Collect" or "Hold to Collect & Sell", but which fail the SPPI test and therefore do not satisfy the requirements for classification therein.
It also includes equity instruments not held for trading for which no irrevocable election was made to recognise subsequent changes in fair value in the statement of other comprehensive income.
Additionally, the category includes investments in mutual funds that are not held for trading.

Measurement

Subsequent to initial recognition, these assets continue to be measured at fair value. If the fair value of derivatives classified as "*Financial assets held for trading*" becomes negative, this item is recognised as a financial liability in the "*Financial liabilities held for trading*".
The methods used to determine the fair value are reported in the chapter "Information on fair value".

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows deriving from them expire, when substantially all the risks/benefits associated with them are assigned, or when substantial changes are made to them.
If the Bank sells a financial asset classified among the "*Financial assets measured at fair value through profit or loss*", it is derecognised on the transfer date (settlement date).

Criteria for the recognition of income

The positive components of income, represented by the interest income deriving from financial assets classified as "*Financial assets measured at fair value through profit or loss*", are recognised on an accruals basis in the "interest" item of the income statement.
Gains and losses deriving from changes in the fair value of "*Financial assets measured at fair value through profit or loss – financial assets held for trading*" are recognised in income statement item "*Net income from trading activities*".
Gains and losses deriving from changes in the fair value of financial assets designated at fair value are recognised in income statement item "*Net income on other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated at fair value*", while the other financial assets mandatorily measured at fair value are recognised in item "*Net income on other financial assets and liabilities measured at fair value through profit or loss: b) other financial assets mandatorily measured at fair value*".

2. Financial assets measured at fair value through other comprehensive income

Recognition

Financial assets represented by debt or equity instruments are initially recognised on the settlement date, while loans are recognised on the pay-out date.
On initial recognition, these financial assets are recorded at their fair value, which usually corresponds to the consideration paid, inclusive of the transaction costs or income directly attributable to the instruments concerned.

Classification

This category comprises:

- financial assets whose defined business model is "Hold to Collect & Sell" (HTC&S) and whose contractual terms pass the SPPI test;
- investments in equity instruments, held for purposes other than trading, for which an irrevocable election was made on initial recognition to record subsequent changes in fair value in the statement of other comprehensive income.

Measurement

Subsequent to initial recognition, these financial assets continue to be measured at fair value. Changes in the fair value of financial assets included in the HTC&S business model (debt securities) are classified in a specific equity reserve, net of Expected Credit Losses and the related tax effect. Changes in the fair value of investments in equity instruments for which the above irrevocable election was made are also classified in a specific equity reserve, net of the related tax effect.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows deriving from them expire, when substantially all the risks/benefits associated with them are assigned, or when substantial changes are made to them.
If the Bank sells a financial asset classified among the *Financial assets measured at fair value through other comprehensive income*"", it is derecognised on the transfer date (settlement date).

Recognition of components affecting the income statement

The components of income deriving from "*Financial assets measured at fair value through other comprehensive income*", excluding investments in equity instruments for which the above irrevocable election has been made, are recognised as described below:

- interest is calculated using the effective interest rate, i.e. the rate that exactly discounts cash flows over the expected life of the instrument (IRR rate). The IRR is determined taking into account any discounts or premiums on the acquisition, costs or commissions that are an integral part of the carrying amount;
- Expected Credit Losses recognised during the period are recorded in the item "Net impairment losses for credit risk relating to: b) financial assets measured at fair value through other comprehensive income";
- on derecognition, the amount accumulated in the specific equity reserve is released to the income statement item "*Gains/ Losses on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income*".

With regard to investments in equity instruments for which the above irrevocable election has been made, only the related dividends are recognised in the income statement, in the item "*Dividends and similar income*". Changes in fair value subsequent to initial recognition are recorded in a specific equity reserve; on derecognition, the amount accumulated in the above reserve is not released to the income statement but is reclassified among the profit reserves.

3. Financial assets measured at amortised cost

Recognition

Financial assets represented by debt instruments are initially recognised on the settlement date, while loans are recognised on the pay-out date; this item includes:

- loans to banks[18];
- loans to customers.

The initial value reflects the fair value of the financial instrument, generally representing the amount of the loan granted inclusive of the costs/income directly attributable to each instrument, or the subscription price in the case of debt instruments.

Classification

This category comprises the financial assets whose defined business model is "Hold to Collect" and whose contractual terms pass the SPPI test.
The "*Financial assets measured at amortised cost*" item includes loans to customers and loans to banks.
These items comprise commercial loans, repurchase agreements, loans originated by finance leases (recognised using the "financial method" pursuant to IFRS 16) and debt securities.
The Bank has classified financial instruments (loans) purchased without recourse as "*Financial assets measured at amortised cost*", after checking that no contractual clauses prevent the transfer of substantially all risks and benefits. Advances paid to the assignor of portfolios purchased with recourse are also classified in that category.

18 In accordance with the Bank of Italy Circular 262, all on demand loans to banks and central banks in the technical forms of deposits and current accounts, are recognised in item 10 "Cash and cash equivalents", despite continuing to respect the criteria for the recognition, measurement and derecognition of income statement items of the category "Assets at amortised cost".

Measurement

After initial recognition, loans are valued at their amortised cost, corresponding to the initially recognised amount less principal repayments, net adjustments and amortisation - calculated using the effective interest method – of the difference between the amount paid out and the amount repayable on maturity, which is generally attributable to the costs/income directly allocated to the individual loans.
The effective interest rate is the rate that discounts the flow of estimated payments over the expected duration of the loan back to its initial net book value, inclusive of directly-related costs and revenues. In financial terms, this method of recognition distributes the economic effect of these costs and revenues over the expected residual life of the loan.
The amortised cost method is not used in relation to short-term loans (up to 12 months), since the effect of discounting would be negligible. These loans are stated at historical cost.
Costs and revenues relating to loans without a fixed term or repayable on demand are recorded directly in the income statement.
At each reporting date, financial assets measured at amortised cost are adjusted for impairment by recognising any Expected Credit Losses. Any adjustments are recorded in the income statement.

The following items fall within this sphere, with specific assessment methods:

- Non-performing loans (in "Stage 3") which have been assigned the status of bad, unlikely to pay or past due loans in compliance with the current rules of the Bank of Italy's supervisory regulations, in line with IAS/IFRS and European supervisory regulations[19]. The amount of the adjustment of each balance is equal to the difference between its book value at the time of measurement (amortised cost) and the present value of expected future cash flows. The estimate of expected cash flows, as part of the internal recovery scenario (known as: "workout scenario"), comes from assessing analytically the position of bad loans and unlikely-to-pay loans with exposures above the thresholds set by internal procedures. The expected losses on bad loans and UTP loans below the thresholds established by internal regulations and on past due loans are determined using statistical impairment methodologies. The alternative scenario to internal recovery, i.e. related to the sale of non-performing loans on the secondary market (known as the "disposal scenario"), generally involves flows estimated on a statistical basis. For further details on the models adopted by the BPER Banca Group to estimate the Expected Credit Losses (ECL) on non-performing loans, please refer to paragraph 23 below, entitled "Methods for determining impairment losses - Impairment". Any adjustments are recorded in the income statement.
- The original value of loans is reinstated in subsequent periods, to the extent that the reasons for the provisions made cease to apply, on condition that this assessment is objectively linked with events that took place subsequent to such impairment loss. Possible write-backs, also recognised in the income statement, may not exceed the amortised cost that the loan would have had if no impairment losses had been previously recognised.
- Ordinary loans, classified as performing loans, feed "Stage 1" and "Stage 2"; the measurement is carried out periodically in a differentiated manner, according to ECL model adopted by the BPER Banca Group, at 12 months or lifetime, respectively, the characteristics of which are summarised in paragraph 23 "Method for determining the extent of impairment".

Forborne exposures, which by their nature can be classified as either non-performing or performing, are subject to the same valuation methods described above. If these are performing loans, the classification is in Stage 2. Any contractual modifications made subsequent to initial recognition generally result, for Forborne exposures, in a change in the amount of the loan, with an impact on the income statement item "Gains (Losses) from contractual modifications without derecognition".
With regard to the way in which Forborne receivables are identified, please refer to the indications set forth in the internal regulations[20], as well as in the Part E -Credit risk of these Explanatory Notes.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows deriving from them expire, when they are assigned with transfer of substantially all the risks/benefits associated with them, or when substantial changes are made to them (including, for example, change of the debtor, modification of the reference currency, modification of the technical form of disbursement, or introduction of clauses that could modify the positive outcome of the SPPI test).

19 *The scope of non-performing loans (or those in default) defined in art. 178 of EU Reg. 575/2013 (CRR) complies with EBA Guidelines for applying the definition of default and the subsequent EU Reg. 1845/2018. The application of this regulation ("New Definition of Default - NDoD") has in fact resulted in:*
- alignment of internal classifications within the Group;
- application of the materiality thresholds to credit obligations past due, without any offset between lines of credit;
- application of the concept of "unlikely to pay", in relation to which a change in NPV of more than 1% following contractual modifications is considered substantial;
- application of the "classification contagion" rules to counterparties that are associated with or belong to groups of connected customers;
- application of rules for managing the cure period that, in addition to an observation period of 12 months for forborne positions, envisages a minimum period of 3 months for other UTP positions.

20 Reference is made to the "Regolamento di Gruppo del processo di gestione del credito problematico".

The partial write-off of non-performing exposures made in accordance with the Bank's policies set out in paragraph 3.2 of Part E, Section 2.1 - Credit Risk of these Explanatory Notes also constitute grounds for partial derecognition.
If the Bank sells a financial asset classified among the "*Financial assets measured at amortised cost*", it is derecognised on the transfer date (settlement date).

Recognition of components affecting the income statement

The interest on instruments measured at amortised cost (loans to banks and loans to customers) is calculated using the effective interest method, i.e. using the rate (IRR) that discounts the related cash flows exactly over the expected life of the instrument concerned. The IRR and, therefore, the amortised cost are determined having regard for any acquisition discounts or premiums, costs or commissions that are an integral part of the discounted cost.
Interest on non-performing loans is calculated on the net exposure of the Expected Credit Losses.
Write-downs or write-backs deriving from the model of adopted Expected Credit Losses are recognised in the income statement in the item "Net impairment losses for credit risks".
Amounts deriving from alignment of the carrying amounts of financial assets to reflect changes in their contractual cash flows that do not result in accounting derecognition are recognised in the income statement item "Gains (losses) from contractual modifications without derecognition".

4. Hedging

BPER Banca has adopted Chapter 6 Hedge Accounting of IFRS 9. Only macro-hedging is still accounted for under IAS 39.

Recognition

Hedges are arranged to neutralise losses that may be incurred in relation to a given element or group of elements, as a consequence of a given risk, via profits that would be earned on another element or group of elements should that particular risk crystallise. There are two types of hedge:

- fair value hedges: arranged to hedge the exposure to changes in the fair value of a balance sheet item;
- cash flow hedges: arranged to hedge the exposure to changes in future cash flows attributable to specific balance sheet items.

Classification

Financial instruments are designated as hedges when the relationship between the hedged and the hedging instrument is adequately documented and formalised, if the hedge is effective both at the start and prospectively throughout its life.

Measurement

Hedging derivatives are measured at their fair value.
The method of accounting for the gains and losses deriving from changes in fair value depends on the type of hedge:

- fair value hedge: the change in the fair value of the hedged element representing the hedged risk is recognised in the income statement, together with the change in the fair value of the derivative instrument; any difference, which represents the ineffective portion of the hedge, determines the consequent net economic effect;
- cash-flow hedge: to the extent that the hedge is effective, changes in the fair value of the derivative are recognised in shareholders' equity; they are only recognised in the income statement when changes in the cash flows from the hedged item need to be offset, or when the hedge becomes ineffective.

Micro-hedging

In application of the IFRS 9, hedging relationships must satisfy the following requirements:

- there has to be an economic relationship between the hedged item and the hedging instrument;
- there must not be a predominance of credit risk within the fair value changes relating to this economic relationship;
- the definition of a hedge ratio that identifies the quantities of hedged items and hedging instruments considered in the hedging relationship, so as not to create a mismatch that generates an element of ineffectiveness that does not correctly reflect the objectives of the hedge.

BPER Banca monitors compliance with these requirements when defining the hedging strategy and throughout its duration; in particular, the presence of an economic relationship between the hedged item and the hedging instrument is identified in the first instance through a qualitative analysis of the characteristics of the two instruments and, in the event that they are imperfectly matched, a further quantitative analysis is carried out to verify the presence of a high degree of prospective correlation between the two (so-called "prospective hedge effectiveness testing" as explained below).

Even if not required by IFRS 9, for the sole purpose of further confirming the qualitative verification that there is an economic relationship between the hedged item and the hedging instrument, BPER Banca has chosen to maintain the pre-existing system of quantitative tests to verify the effectiveness of hedging relationships (adapted to the new characteristics of the relationships) according to the so-called "Dollar Offset Method". This method involves comparing the change in fair value of the hedging instrument with that of the hedged instrument within a given time frame. The two changes must be attributable only to the type of risk being hedged.

The Bank confirms the existence of the economic relationship when changes in the fair value of (or cash flows from) the hedging instrument, caused by the hedged risk factor, almost entirely offset those of the hedged instrument (the percentage limits fall into the range between 80% to 125%).
This monitoring is carried out on a quarterly basis, using:
- prospective tests that justify the application of hedge accounting, by demonstrating the expected effectiveness of the hedge, especially in situations of imperfect matching between the characteristics of the hedging instrument and the hedged item;
- retrospective tests that show the effectiveness of the hedge during the period under review. In other words, they measure by how much the actual results differ from the perfect hedge, even if they no longer provide binding elements with respect to maintaining the relationship.

Macro-hedging

BPER Banca has qualified portfolio relations having exclusively fair value hedge purposes. Pursuant to para. 78 c) of IAS 39, the hedged item in a portfolio hedge of interest rate risk can be a portion of the portfolio of financial assets or financial liabilities that share the risk being hedged. Designation of a net amount including assets and liabilities as a hedged item is not permitted. All of the assets or liabilities from which the hedged amount is drawn must be:
- items whose fair value changes in response to changes in the interest rate being hedged; and
- items that may be individually fair value hedged.

In the case of a portfolio hedge, the changes in the fair value of the hedged instrument are recognised as a gain or loss in profit or loss, but with no need for them be allocated to individual assets or liabilities. These changes are in fact classified in a separate Balance Sheet item that includes the adjustments to the value of the assets or liabilities that make up the hedged item (if the hedged items are financial assets: *the item "Change in value of macro-hedged financial assets"*; if they are financial liabilities: *the item "Change in value of macro-hedged financial liabilities"*).

As part of the identified hedging relationship, the methodology used to identify the hedged amount and to measure the effectiveness of the hedge must be specified. In particular, BPER Banca provides for the following to be indicated:
- the methodology used to determine repricing dates;
- the number and duration of the repricing period;
- the expected frequency of effectiveness tests;
- the methodology used to determine the amount of assets/liabilities that is designated as the hedged amount;
- the methodology used to test the effectiveness of hedges.

The hedge effectiveness test is carried out periodically, specifically on a quarterly basis. The method chosen for conducting the test is the Dollar Offset Method, with relevant thresholds for the ratio of the change in fair value between the hedged item and the hedging instrument set at 80%-125%.

Derecognition

If transactions do not meet the effectiveness test, hedge accounting – as described above – is terminated and the derivative contract is reclassified as an instrument held for trading, with recognition of the related impacts in the income statement. Hedge accounting is also terminated in the following situations:
- the hedged item is sold and redeemed;
- the hedging instrument expires, is sold, terminated or exercised.

Recognition of components affecting the income statement

Income elements are allocated to the relevant income statement items on the following basis:
- spreads earned on derivatives that hedge interest-rate risk (and the interest on the hedged positions) are allocated to the items "*Interest and similar income*" or "*Interest and similar expense*";
- capital gains and losses deriving from the measurement of hedging instruments and the positions covered by fair value hedges are allocated to the "*Net income from hedging activities*" item;
- capital gains and losses deriving from measurement of the effective part of cash flow hedges are allocated to a specific valuation reserve in equity called "*Reserve for cash flow hedges*", net of the related deferred tax effect. Gains and losses relating to the ineffective part of such hedges are recorded in the *"Net income from hedging activities"* item of the income statement.

In the case of hedging equity instruments for which the option for recognition in the statement of other comprehensive income of subsequent fair value changes has been irrevocably exercised, the capital gains and losses deriving from the measurement of hedging derivatives, relating to the hedged component, are allocated to the same shareholders' equity item.

5. Equity investments

Recognition

Equity investments are recognised on the settlement date. Equity investments are recorded at cost on initial recognition, including any costs and revenues directly attributable to the transaction.

Classification

This item includes the following interests:
- Subsidiaries;
- jointly controlled companies;
- lower-value investments.

Assessment

IAS 27, IAS 28 and IFRS 11 require that subsidiaries, companies subject to joint control and associates shown in the company's financial report should be measured either at cost, the solution that which the Bank has chosen, or at fair value, in compliance with IFRS 9, or according to the equity method.

If there is evidence that an investment in an associate may be impaired, its recoverable amount is estimated with reference to the present value of future cash flows, including the expected proceeds from the future sale of the investment.
If the recoverable amount is lower than the carrying amount, the difference is charged to the income statement under item "*Gains (Losses) on equity investments*", as described in paragraph 23 "Method for determining the extent of impairment" below.
If the reasons for making the impairment loss cease to apply as a result of an event subsequent to recognition of the impairment loss, the related write-back is credited to the income statement without exceeding the amount of the impairment loss previously recorded.
The Parent Company's share of any losses of the investee, exceeding the book value of the investment, is recorded in a specific reserve to the extent that the company is required to fulfil legal or implicit obligations of the investee, or, in any case, to cover its losses.

Derecognition

Equity investments are derecognised when the contractual rights to the cash flows deriving from them expire, or when they are assigned with transfer of substantially all the risks/benefits associated with them.

Recognition of components affecting the income statement

Dividends are recorded in the "*Dividends and similar income*" item when the right to collection is established.
Any impairment losses/write-backs relating to the impairment of equity investments and gains or losses on the disposal of equity investments are recorded in the item "*Gains (Losses) of equity investments*".

6. Property, plant and equipment

Recognition

Property, plant and equipment are initially recorded at purchase price, including all directly attributable costs of purchasing and bringing the asset to working condition.
Expenditure on improvements that will generate future economic benefits is added to the value of the assets concerned, while routine maintenance costs are charged to the income statement.
Leases (in which the Bank is the lessee) are recognised (pursuant to IFRS 16) using the "right of use" model. At the initial recognition date, the value of the right of use is equal to the initial recognition value of the lease liability, adjusted for the following components:

- payments due for leases made on or before the effective date, net of lease incentives received;
- direct initial costs incurred by the lessee;
- an estimate of the costs that the lessee will incur for the dismantling and removal of the underlying asset and for the restoration of the site on which it is located or for the restoration of the underlying asset under the conditions set by the terms and conditions of the lease.

When the asset is made available to the BPER Banca Group for its use (initial recognition date), the related right of use is recognised.
In identifying the rights of use, the BPER Banca Group applies the "simplifications" permitted by IFRS 16; contracts with the following characteristics are therefore not considered:

- "Short-term", i.e. with a residual life of less than 12 months;
- "Low-value", i.e. with an estimated value of the asset of less than Euro 5,000.

As regards the other application choices adopted by the Bank, it should be noted that:

- with reference to the duration of the "property" leases, the Bank considers as "reasonably certain" only the first renewal period, subject to contractual clauses and specific circumstances that involve considering different contractual durations;
- as regards "Cars" and "Other contracts", the Bank makes use of the practical expedient by which the lessee is allowed to not separate the lease components from the other components, treating them as a single lease component. As regards property leases, the Bank considers the non-lease component as not material.

Classification

Property, plant and equipment comprise land, property used for operating purposes, installations, furniture, furnishings and all types of equipment.
These are property, plant and equipment that will be used for more than one accounting period and which are held for use in the production of business or the supply of goods and services, for rental to third parties or for administrative purposes.
Rights of use acquired under leases (in the capacity of lessee) are included, if these rights relate to assets classified as property, plant and equipment.
This item also includes assets awaiting finance lease and assets under construction intended for finance leasing (in the capacity of lessor), in the case of contracts "with retention of risks", as well as assets granted under operating leases (again as lessor).
This item also includes certain real estate assets classified in accordance with IAS 2 "Inventories" within the portfolios of the Group's real estate companies, including construction land, buildings under construction, completed buildings and property development initiatives held for sale, to be achieved within a reasonable time horizon.
This item also includes leasehold improvements, relating to identifiable and separable property, plant and equipment.

Measurement

After their initial recognition, property, plant and equipment, including rights of use, are measured under the cost model, net of accumulated depreciation and impairment, with the exception of the following categories:

- own properties used in operations (IAS 16), which are measured under the revaluation model, according to which property, plant and equipment, whose fair value can be reliably determined, are recognised at a restated value, equal to the fair value at the date of the restatement, net of accumulated depreciation and any accumulated impairment losses;
- properties held for investment purposes (IAS 40), including rights of use, which are measured according to the fair value method, by which all property investments are measured at fair value and no longer subject to depreciation or impairment test;
- Inventories of property (IAS 2), which are measured at the lower of cost and net realisable value, represented by the estimated selling price less the estimated costs of completion and other costs necessary to make the sale.

After initial recognition, at the end of each financial period, the following accounting entries may take place for properties used in operations (IAS 16):

- if the carrying amount has increased following a restatement, the increase must be recognised in a specific revaluation reserve in shareholders' equity. However, the increase has to be recognised in the income statement to the extent that it reinstates a write-down of the same asset previously recognised in the income statement;
- if the carrying amount has decreased following a restatement, the decrease must be recognised in the income statement. However, the decrease has to be recognised in the statement of other comprehensive income as a revaluation surplus, to the extent that there are any credit balances in the revaluation reserve that refer to this asset. The decrease recognised in the statement of other comprehensive income reduces the amount accumulated in equity under the revaluation reserve.

When a property used in operations (IAS 16) is revalued, the carrying amount of the asset is brought into line with the revalued amount by eliminating accumulated depreciation against the gross carrying amount of the asset (a.k.a. the "elimination approach").
For properties held for investment purposes (IAS 40), on the other hand, following initial recognition and at each balance sheet date, the following is recognised in the income statement:

- a positive income component in the event of a positive difference between the fair value and the carrying amount;
- a negative income component in the event of a negative difference between the fair value and the carrying amount.

For more information on how to determine the fair value of properties, please refer below to paragraphs - "*Information on fair value*", "*Methods and frequency of identifying the fair value of own properties*".

Property, plant and equipment are systematically depreciated over their useful life, identified by single homogeneous category or, for real estate assets, charged to the individual property at the time of initial registration, adopting the straight-line method of depreciation, with the exception of:

- land acquired separately or included in the value of property (excluding value in use on buildings), since it has an indefinite useful life. The value of land included in property is deemed to be separable from the value of buildings; the division between the value of the land and the value of the building takes place on the basis of independent expert appraisals;
- properties held for investment purposes as, being valued at fair value, they are not subject to depreciation;
- works of art, since the useful life of a work of art cannot be estimated and its value normally appreciates over time;
- inventories classified in accordance with IAS 2.

The useful life of business assets is reviewed at least once a year, at the end of each accounting period, and any change with respect to the previous year is treated as a change in accounting estimate, governed by IAS 8. It is therefore accounted for prospectively, determining an impact on the depreciation charge of the year in which the change takes place and on the depreciation charges of subsequent years.
If there is any evidence at a reporting date that the value of an asset may be impaired, its carrying amount is compared with its recoverable value, being the higher of its fair value net of any selling costs or its value in use, as represented by the present value of the cash flows generated by the asset, as explained in paragraph 23 "*Method for determining the extent of impairment*". Any adjustments are recorded in the income statement.
Property held for investment purposes is excluded from impairment testing.
If the reasons for recognising an impairment loss cease to apply, the loss is written back but without exceeding the carrying amount that the asset would have had (net of depreciation) if no impairment losses had been recognised in prior years.
Properties used in operations, measured under the revaluation model, any loss due to impairment of a revalued asset must be treated as a decrease in the revaluation up to its amount, after which any difference is recognised in the income statement.
Assets recognised pursuant to IAS 2 are measured at the lower of cost or net realisable value. Any adjustments are recognised in the income statement.

Change of use of properties

BPER Banca only transfers properties between the various categories (regulated respectively by IAS 16, IAS 40 and IAS 2) if there is an effective change in the use of the property. In the event of a change in use from being an property held for investment recognised at fair value to being a property used in operation by the owner or held for sale in inventory, the fair value at the date of the change in use must be considered as a replacement for the cost of the property for subsequent accounting, according to the provisions of IAS 16, IFRS 16 or IAS 2.
If a property used in operation becomes a property held for investment that has to be recognised at fair value, BPER Banca applies IAS 16 for its own properties and IFRS 16 for properties held by the lessee as an asset consisting of the right of use until the date on which the change of use occurs. BPER Banca treats any difference existing at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and the fair value in the same way as a revaluation, in accordance with IAS 16.
Up to the date on which a property used by the owner becomes a property held for investment recorded at fair value, BPER Banca depreciates the property (or the right of use asset) and recognises any impairment that may occur. BPER Banca treats any difference existing at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and the fair value in the same way as a revaluation, in accordance with IAS 16. In particular, any resulting decrease in the carrying amount

of the property is charged to profit or loss for the year. However, to the extent that the amount is included in the revaluation reserve of that particular property, the decrease is recognised in the statement of other comprehensive income and reduces the revaluation reserve included in shareholders' equity.
Any resulting increase in the carrying amount is treated as follows:

- to the extent that if the increase adjusts a previous loss due to a reduction in the value of that property, it is charged to the income statement. The amount recognised in the income statement must not exceed the amount needed to restore the carrying amount that would have been (net of depreciation) if no impairment loss had been recognised;
- any remainder of the increase is recognised in the statement of other comprehensive income and increases the revaluation reserve included in equity. At the time of subsequent disposal of the property held for investment, the revaluation reserve included in shareholders' equity is transferred to retained earnings. The transfer from the revaluation reserve to retained earnings does not go through the income statement.

Derecognition

Property, plant and equipment are derecognised on disposal, or when the assets concerned are permanently taken out of use and no further economic benefits are expected from their disposal. In the case of property, plant and equipment held for use (IAS 16) to which the revaluation criterion is applied, any gain arising from disposal/derecognition, including that accumulated in the item "Valuation reserves", is transferred directly to the item "*Reserves - Retained earnings (losses) carried forward*", without passing through profit or loss.

Recognition of components affecting the income statement

Depreciation, calculated *pro-rata temporis*, of assets measured at cost or fair value in accordance with the requirements of IAS 16 are recognised in the income statement under "*Net adjustments to property, plant and equipment* ".
Positive restatements of properties used in operations are recognised in equity under "*Valuation reserves*", unless they are restoring a decrease in the value of the asset previously recognised in the income statement (in this case, the positive changes in value are recognised in the income statement under "*Gains (Losses) on property, plant and equipment and intangible assets measured at fair value*").
Negative restatements of properties used in operations are recognised in the income statement under "*Gains (Losses) on property, plant and equipment and intangible assets measured at fair value*" unless the "*Valuation reserve*" for the specific property is not sufficiently large (in which case, the negative changes are recognised in equity as a decrease in the "*Valuation reserve*").
Any adjustments or write-backs due to the impairment of property, plant and equipment valued under the cost or revaluation models are recognised in the income statement under "*Net adjustments to property, plant and equipment*", unless, for the assets measured under the revaluation model, the valuation reserve relating to the specific property is not sufficiently large.
The changes in fair value, both positive and negative, relating to properties held for investment purposes are recognised in the income statement under "*Gains (Losses) on property, plant and equipment and intangible assets measured at fair value*".
Any write-downs on inventories of property, plant and equipment (IAS 2) resulting from the application of measurement at the lower of cost and net realisable value, are recognised under "*Net adjustments to property, plant and equipment*" in the income statement.
Disposal gains and losses are however recorded in the income statement item "*Gains (Losses) on disposal of investments*".

7. Intangible assets

Recognition

Intangible assets other than goodwill are initially recognised at cost, as represented by the purchase price paid plus any directly-related costs incurred to obtain use of the assets concerned.
Goodwill may be recognised as an intangible asset when the positive difference between the acquisition cost of an equity interest (including related charges) and the fair value of the net assets acquired, including those identified as part of the Purchase Price Allocation (PPA), is representative of the investee's ability to generate income in the future (goodwill).
If the difference is negative (badwill) or the goodwill is not justified by the investee's ability to generate income in the future, the difference is recognised in the income statement.

Classification

Intangible assets are identifiable, non-monetary assets without physical form that are expected to generate economic benefits.
The qualifying characteristics of intangible assets are:

- identifiability;
- control over the resources concerned;
- expectation of economic benefits.

In the absence of any one of the above characteristics, the acquisition or internal production costs are expensed in the year incurred.

Goodwill is represented by the difference between the acquisition cost of an equity investment and the fair value, at the acquisition date, of the assets and liabilities acquired.
Other intangible assets are recognised if they are identifiable and reflect legal or contractual rights. Among these, rights of use acquired under operating leases (in the capacity of lessee) and relating to the use of an intangible asset are not included since BPER Banca , with respect to the faculty given by IFRS 16.4, has decided not to apply IFRS 16 to any operating leases on intangible assets other than those that can be acquired under licence.

Intangible assets include licensed software that satisfies the conditions specified in IAS 38. More specifically, with reference to the indications provided in the IFRIC Staff Paper dated November 2018 (Agenda ref 5 – Customer's right to access the supplier's software hosted on the cloud (IAS 38)), BPER Banca has identified the following conditions as significant for the recognition of purchased software as an intangible asset:
- existence of an exclusive right of use (linked to the user licence acquired);
- right and ability to obtain copies of the software ("download right");
- possession and real ability to use the copy of the software acquired, recognised if installed on its servers.

If these three conditions are satisfied in relation to purchased software, BPER Banca will recognise it an intangible asset to be amortised over its estimated useful life. The initial expenses incurred (even in the form of external services) to set-up, customise and implement the software can also be considered part of the initial carrying amount of the intangible asset, if linked to the functional analyses and subsequent implementation phases.

By contrast, if the above conditions for the recognition of an intangible asset are not satisfied, the purchase will relate to services giving access to software that, in substance, remains in the possession of the provider (these situations generally arise in relation to Cloud software). These purchased services are recognised as "*Administrative expenses: b) other administrative expenses*" on an accrual basis; when the initial cost incurred refers to a long-term time horizon it can be deferred (prepaid expenses – Other assets) and released to the income statement over the duration of the entire contract. If the total fee paid to the supplier for access to the software covers a variety of services, the cost will be allocated and recognised on an accruals basis with reference to each specific service.

Measurement

An intangible asset with an indefinite useful life, such as goodwill, is not amortised, but is tested periodically for impairment. An impairment test is performed annually, or whenever there is an indication of impairment, as explained in paragraph 23 "*Method for determining the extent of impairment*". Any impairment loss is recognised in the income statement and the reversal thereof is prohibited.
In contrast to the treatment of goodwill, the cost of intangible assets with a finite useful life is amortised on a straight-line basis or, possibly, by use of the reducing balance method based on the flow of economic benefits expected from the asset. If there is any evidence of impairment, it is envisaged that an asset would be assessed for impairment by comparing its recoverable value to its carrying amount.
An estimate of recoverable value is made if there is any evidence of asset impairment at the reporting date. The impairment loss, expensed to income statement, is the difference between the book value of an asset and its recoverable amount, if the latter is lower, as explained in the following paragraph 23 . "*Method for determining the extent of impairment*".

Derecognition

Intangible assets are derecognised on disposal and when no further economic benefits are expected.

Recognition of components affecting the income statement

Both the amortisation charge and any net adjustments to intangible assets other than goodwill are recorded in the item "Net adjustments to intangible assets" of the income statement.
Disposal gains and losses are however recorded in the "Gains (Losses) on disposal of investments" item.
Any impairment losses to the value of goodwill are recorded in the item "Impairment losses on goodwill".

8. Non-current assets and disposal groups classified as held for sale

Recognition and classification

Non-current assets and groups of assets/liabilities subject to a disposal process (tangible, intangible and financial assets) are classified in the asset item “Non-current assets and disposal groups classified as held for sale” and the liability item “Liabilities associated with assets classified as held for sale”, when such sale is deemed to be highly probable.

Assessment

These assets and liabilities are valued at the lower of their carrying amount, determined according to the relevant IFRS, and their fair value, less costs to sell, unless they are properties held for investment purposes, which, on the basis of paragraph 5 of IFRS 5, even if they are classified in “Non-current assets and disposal groups held for sale”, are valued in accordance with IAS 40 and therefore at fair value through profit or loss.

Derecognition

Non-current assets or groups of assets/liabilities held for sale and discontinued operations are derecognised from the balance sheet upon disposal.

Recognition of components affecting the income statement

Income and charges (net of tax effect) relating to disposal groups held for sale are classified in the *“Gains (Losses) from non-current assets and disposal groups classified as held for sale after tax “* item of the income statement.

9. Current and deferred taxation

Taxes for the period were calculated by applying the regulations in force at financial reporting date, also taking into account the changes introduced by the latest Finance Act.
Deferred tax assets and liabilities are recorded following the positive outcome of the probability test required by IAS 12 relating to temporary changes, tax losses and tax credits. The Bank has adopted a time horizon of 5 years when forecasting recoveries, consistent with other types of estimates made by projecting future results.

Recognition and classification

Current taxation comprises the net balance of income tax payable for the year and the current tax receivable due from the tax authorities consisting of advances and other withholding tax credits or other tax credits recoverable by future offset.
Current tax assets also represent tax credit that the Group companies have requested the relevant authorities to reimburse.
Deferred taxes represent the income taxes recoverable in future periods as a result of deductible temporary differences and past tax losses (deferred tax assets), and the income taxes payable in future periods as a result of taxable temporary differences (deferred tax liabilities).

Measurement

Deferred tax assets, representing the future tax benefit deriving from deductible temporary differences and tax losses carried forward, are recognised to the extent that their recovery is highly likely. The estimate is made by performing the “probability test”, as required by IAS 12. This test is based on an economic forecast developed over a prospective 5-year horizon, adjusting the pre-tax profit to consider future temporary and permanent changes in accordance with the tax legislation in force at the measurement date, so as to arrive at an estimate of the future tax profits able to reabsorb the deferred tax assets.

Derecognition

Net current taxes are generally derecognised from the balance sheet at the time of payment of the tax charge in the reference year.
Deferred tax assets and deferred tax liabilities are instead cancelled following the realignment of the tax and financial statement accrual for each income statement or balance sheet component that originated the deferred tax asset or liability. Deferred tax assets are also derecognised from the balance sheet for any portion no longer deemed recoverable following the “probability test” carried out periodically.

Recognition of components affecting the income statement

Changes in tax assets and liabilities are normally recorded in the “Income taxes on current operations” item.
As an exception, those deriving from transactions recognised directly in equity are treated in the same way, and those deriving from business combinations are included in the calculation of goodwill (or badwill).

10. Provisions for risks and charges

Recognition

The provisions for risks and charges cover liabilities whose timing and extent are uncertain, when all the following conditions are met:

- a current obligation exists at the balance sheet date, deriving from a past event. The origin of the obligation must either be legal (deriving from a contract, regulation or the provisions of law) or implicit (arising when the business causes third parties to expect that commitments will be met, even if these do not fall into the category of legal obligations);
- a financial outflow is likely;
- the extent of the obligation can be estimated reliably.

No provision is recognised for liabilities that are only possible and not probable, but information on the related contingencies is provided in the Explanatory notes.

Classification

This item includes the provisions relating to long-term benefits and post-employment benefits governed by IAS 19, discussed in paragraph 3.6.3 "*Other Information*" - "*Employee benefits*" below, and the "*Provisions for risks and charges*" governed by IAS 37.
Sub-item "commitments and guarantees granted" comprises the credit risk provisions for funding commitments and financial guarantees given that are subject to the impairment rules of IFRS 9 (see para. 2.1, letter e); para. 5.5; appendix A), as well as the provisions for other commitments and other guarantees not subject to IFRS 9 impairment rules.

Measurement

Where the time element is significant, the provisions are discounted using current market rates. Provisions are charged to the income statement.
The measurement of "commitments and guarantees granted" is described in paragraph 23. "*Method for determining the extent of impairment*".

Derecognition

The allocated provisions are re-examined as at each financial reporting date and adjusted to reflect the best current estimate. When the use of resources aimed at producing economic benefits to fulfil the obligation becomes unlikely, the provision is cancelled.
In addition, each provision is used solely to cover outgoings for which it was originally established.

Recognition of components affecting the income statement

Impairment losses and write-backs of commitments and other guarantees granted are recorded in item "*Net provisions for risks and charges – commitments and guarantees granted*" of the income statement.
Provisions for risks and charges and the related write-backs, including the effects of the passage of time, are classified in item 170. b) "*Net provisions for risks and charges – Other net provisions" of the income statement*". The provisions for employee remuneration recognised pursuant to IAS 19 are classified in income statement item "*Administrative expenses - a) Staff costs*".

Provisions are made on the basis of the best estimate of the amount that the company would reasonably pay to settle the obligation or to transfer it to third parties on the reporting date. When the financial effect of time is significant and the payment dates of obligations can be reliably estimated, the provision is calculated by discounting the expected future cash flows taking into account the risks associated with the obligation; the increase in the provision due to the passage of time is recognised in the income statement.

11. Financial liabilities measured at amortised cost

Recognition

These liabilities are initially recognised at their fair value, usually corresponding to the amount collected or the issue price, plus any additional costs/proceeds directly attributable to the individual funding transaction or issue.
This item includes:
- due to banks;
- due to customers;
- debt securities issued;
- lease liabilities.

On the start date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease contract, if that rate can be readily determined, or at the incremental borrowing rate that, for the BPER Banca Group, is the Internal Transfer Rate (ITR) of funding.

The future lease payments to be included in the measurement of the lease liability comprise the following:
- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Classification

"*Due to banks*", "*Due to customers*" and "*Debt securities issued*" comprise the various forms of interbank and customer funding. These items also include liabilities recognised by the lessee under leases, as well as funding through certificates of deposit and debt securities in issue, net of any repurchases.

Assessment

Following initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for current liabilities given the negligible effect of the time factor. Modifications to the contractual conditions of the medium-long term items (also including lease liabilities) will entail the adjustment of the carrying amount by discounting the flows envisaged by the revised contract to the original effective interest rate, without prejudice to the changes made to lease liabilities which, as clarified in IFRS 16, shall use a revised discount rate (for example if there is a change either in the lease term or in the lease payments).
Debt securities issued are recognised net of the repurchased amount.

Derecognition

Financial liabilities are derecognised when they expire or are settled. The repurchase of debt securities in issue in prior periods results in their derecognition.
In the event of a change in the contractual conditions, if the discounting of the new flows would lead to a change in the carrying amount of the liability greater than 10%, the change is deemed by the Bank to be "substantial" and relevant for the purpose of derecognition of the original liability.
The difference between the carrying amount of the liability and the amount paid to repurchase it is recorded in the income statement.

Recognition of components affecting the income statement

The negative elements of income represented by interest and similar expense are recorded in the interest items of the income statement on an accrual basis, using the effective interest method.
Costs/revenues relating to short-term payables are recorded directly in the income statement.
The difference between the carrying amount of a liability and the amount paid to acquire it is recorded in income statement item "*Gains (Losses) on disposal or repurchase of financial liabilities*".

12. Financial liabilities held for trading

Recognition

These financial instruments are recognised at their fair value on the subscription or issue date, without considering any transaction costs or income directly attributable to them.

Classification

This category of liabilities includes trading derivatives with a negative fair value, as well as derivatives with negative fair value that are embedded in complex contracts - in which the primary contract is a financial liability - but not closely correlated with them and therefore they are represented separately in the financial report.

Measurement

All financial liabilities held for trading are measured at fair value. The methods used to determine fair value are described in the following section “Information on fair value” of these Explanatory notes.

Derecognition

Financial liabilities held for trading are derecognised on expiry of the contractual rights over the related cash flows, or when the financial liability is assigned with the transfer of substantially all the risks and benefits deriving from its ownership.

Recognition of components affecting the income statement

The criteria applied for the recognition of income components of financial assets held for trading are adopted with suitable modifications.

13. Financial liabilities designated at fair value

Recognition

These liabilities are initially recognised at fair value, net of transaction costs or revenues.

Classification

A financial liability is designated at fair value if one of the following conditions applies:

- classification in this category eliminates “accounting mismatch”, i.e. it makes it possible to significantly reduce a lack of consistency in the valuation or recognition of assets and liabilities that would otherwise lead to the recognition of gains/losses on a different measurement basis;
- it is part of groups of liabilities, or of assets and liabilities, managed together whose performance is measured at fair value, according to a documented risk-management strategy;
- there is a hybrid contract containing one or more embedded derivatives and the embedded derivative is such that it would significantly alter the cash flows that would otherwise be under the contract.

The option to designated a liability at fair value is irrevocable, is made on the individual financial instrument and does not require the same application to all instruments with similar characteristics. However, the designation at fair value of only a portion of a financial instrument attributable to a single component of risk to which the instrument is subject is not allowed.

Certificates issued

The Bank classifies its issuances of certificates as financial liabilities designated at fair value.
Certificates are securitised derivative instruments issued by the Bank and traded on multilateral trading facilities that replicate, with or without leverage, the performance of the underlying assets. Such products may provide for protection of the amount subscribed by the client or a portion thereof unconditionally with respect to the performance of the financial parameters to which they are indexed. From a substantive point of view, certificates can be defined as combinations of derivative strategies or of basic financial assets and derivatives, thanks to which it is possible to generate financial instruments with their own characteristics, substantially different from those of the assets from which they originate.
In general, market practice has traced certificates back to the following two main types of instruments:

- *Certificates with unconditional capital protection*: these are products that provide an unconditional guarantee of more than 50% of the capital initially invested. For accounting purposes, these instruments are considered “structured securities”, given the preponderance of the guaranteed component over the variable component based on the performance of the certificate’s underlying;

- *Other certificates*: these are products without any protection, with conditional protection, or with unconditional protection of the initial capital of 50% or less. For such products, the value depends exclusively or predominantly on the performance of the parameter to which it is indexed. For this reason, they are classified as "derivative financial instruments", and in particular among the options issued. For such instruments, the only permissible accounting portfolio is "Financial liabilities held for trading".

That said, BPER Banca issues unconditionally protected capital certificates, mainly for funding purposes and classified in the accounting portfolio of "*Financial liabilities measured at fair value*". The aforementioned classification derives primarily from the reconciliation of these liabilities to the portfolios managed by the Capital Market, which, according to Bank policy considering the objectives pursued and related reporting on performance, are measured at fair value. In addition, this classification makes it possible to pursue a kind of "natural hedge" with respect to derivatives stipulated in order to "balance" the risks assumed with derivatives embedded in issued liabilities.
With reference to the criteria for recognising the balance sheet and income statement components of certificates recognised under "Financial liabilities designated at fair value" and the related management hedging instruments, it is noted that:

- The profit and loss components related to the issues under review are included in the item "Net income on other financial assets and liabilities measured at fair value through profit or loss - financial assets and liabilities designated at fair value". This item also includes the valuation effects related to the measurement of fair value, resulting from changes in the market parameters to which the certificate is indexed, as well as spreads paid to customers, either periodically or at maturity. The effects attributable to changes in own creditworthiness, recognised in a specific equity reserve ("Valuation reserves") are the only exception;
- derivatives that are, in management terms, linked to financial liabilities measured at fair value are classified in the assets under "Financial assets measured at fair value through income statement : a) Financial assets held for trading" or in the liabilities under "Financial liabilities held for trading". Capital losses and valuation gains, as well as any spreads received and paid, are recognised in the Income statement under the item "Net income from trading activities".

Assessment

Subsequent to initial recognition, these assets continue to be measured at fair value: the methodologies used in this regard are described in the section "*Information on fair value*".

The accounting treatment required by IFRS 9 for such liabilities requires that changes in fair value associated with the creditworthiness of the issuer must be recognised as a contra-entry to a specific equity reserve. The standard also establishes that the amount recognised in the specific equity reserve must not be "released" to the income statement, even if the liability is settled or expires.

Derecognition

Financial liabilities measured at fair value are derecognised when they expire or are settled.
The repurchase of debt securities in issue in prior periods results in their derecognition.
The renewed placement of treasury securities subsequent to their repurchase is deemed to represent a new issue, with recognition at the new placement price, with no effect on the income statement.

Recognition of components affecting the income statement

The entire margin related to the issues under review is included in the item "*Net income on other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated at fair value*". Only the valuation effects attributable to changes in own creditworthiness are recognised as opposite entries to a specific equity reserve (item "*Valuation reserves*").

14. Foreign currency transactions

Recognition

On initial recognition, foreign currency transactions are recorded in the reporting currency, by translating the foreign currency amounts using the exchange rates prevailing on the transaction dates.

Measurement

At each reporting date, the amounts originally denominated in a foreign currency are measured as follows:

- monetary items are translated using the closing rate for the period;
- non-monetary items carried at historical cost are translated using the exchange rate on the date of the transaction;
- non-monetary items carried at fair value are translated at the rates at the end of the reporting period.

Classification
These comprise all assets and liabilities not denominated in euro.

Derecognition
The criteria applying to the balance sheet items concerned are used. The exchange rate applying on the settlement date is used.

Recognition of components affecting the income statement
Exchange differences deriving from the settlement of monetary items or from the translation of monetary items using rates other than the initial translation rate, or the closing rate at the end of prior periods, are recorded in the income statement for the period in which they arise.
When gains or losses relating to a non-monetary item are recorded in shareholders' equity, the related exchange differences are also recorded in shareholders' equity. Conversely, when gains or losses are recorded in the income statement, the related exchange differences are also recorded in the income statement.

15. Other information

Treasury shares
Treasury shares held following repurchase are stated at purchase cost and shown with a negative sign in item "Treasury shares" under liabilities in the balance sheet. Profits or losses deriving from their subsequent sale are recorded as changes in shareholders' equity in the item "*Share premium reserve*" under liabilities in the balance sheet.

Leasehold improvement expenditures
These costs are classified as "*Other assets*", since they cannot be recorded as part of "Property, plant and equipment", as required by Bank of Italy instructions.
The related amortisation is recorded in the "*Other operating expenses (income)*" item.

16. Income statement: Revenues
In addition to the information about the principal balance sheet items provided above in the sections on the "Recognition of components affecting the income statement", it is noted that revenue from contracts with customers is recognised, as required by IFRS 15, at an amount equal to the consideration that the BPER Banca Group is entitled to collect in exchange for the transfer of goods or services to the customer. Revenues may be recognised:
- at a specific point-in-time, when the entity fulfils the obligation to transfer the promised goods or services to the customer, or
- over time, as the entity fulfils the obligation to transfer the promised goods or services to the customer.

In this context, goods are transferred when, or over the period in which, the customer obtains control over them.
- The price of the transaction is the amount of consideration that the entity is entitled to receive in exchange for the transfer to the customer of the promised goods or services, excluding any amounts collected on behalf of third parties (e.g. sales taxes). In order to determine the price of the transaction, the BPER Banca Group considers the contract terms and conditions and its normal business practices, including all the following elements to the extent applicable:
- variable consideration, if it is highly likely that the amount will not be adjusted in the future;
- restrictions on the estimates of variable consideration;
- existence in the contract of a significant financial component;
- non-monetary consideration;
- consideration payable to the customer.

BPER Banca has identified types of revenue linked to services provided to customers only as regards item 40 "Commission income". The BPER Banca Group has not identified any significant situations in relation to:
- fees relating to various performance obligations given to customers;
- costs incurred and suspended to obtain and fulfil contracts with customers.

Other types of revenue, such as interest and dividends, are recognised applying the following criteria:
- interest on instruments measured at amortised cost is calculated using the effective interest method;
- dividends are recognised when the shareholders' right to receive payment is determined.

17. Income statement: Costs

In addition to the information about the principal balance sheet items provided above in the sections on the “Recognition of components affecting the income statement”, costs are recognised in the income statement on an accrual basis; as already highlighted, no costs were identified for obtaining and fulfilling contracts with customers to be recognised in the income statement in a manner correlated with the related revenue.
Marginal costs and revenues directly attributable to the acquisition of an asset or issue of a financial liability measured at amortised cost are recognised in the income statement together with the interest on the financial asset or liability using the effective interest method.

18. Employee benefits

Classification

Employee benefits, excluding short-term amounts such as wages and salaries, comprise:
- post-employment benefits;
- other long-term benefits.

Post-employment benefits are, in turn, divided into defined-contribution plans and defined benefit plans, depending on the nature of the benefits envisaged:
- under defined contribution plans, the employer makes fixed contributions and has no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employee benefits;
- defined benefit plans are all post-employment benefit plans other than defined contribution plans.

Pursuant to Law 296 dated 27 December 2006 (2007 Finance Law):
- the employee termination indemnities earned from 1 January 2007 are deemed to be a defined contributions plan for which no actuarial calculations are required;
- the employee termination indemnities already earned up to the date indicated above, on the other hand, continue to be treated as a defined benefits plan, even though such benefits have already been fully earned. As a consequence, the actuarial value of the liability must be restated at every accounting date subsequent to 31 December 2006.

Other long-term benefits comprise employee benefits that are not due entirely within twelve months of the end of the year in which employees accumulated their right to them.

Recognition and measurement

The value of a defined-benefit obligation is represented by the present value of the future payments necessary to settle the obligations deriving from work performed by employees in the current and prior years.
This present value is determined using the “Projected Unit Credit Method”.
The employee benefits included as other long-term benefits, such as long-service bonuses that are paid on reaching a pre-determined level of seniority, are recorded for an amount determined at the reporting date using the “Projected Unit Credit Method”.
Employee termination indemnities are recorded as a separate liability, while the other post-employment benefits and long-term benefits are recorded among the “Provisions for risks and charges”.

Recognition of components affecting the income statement

Service costs are recorded as staff costs, together with the related accrued interest.
Actuarial gains and losses (remeasurements) relating to post-employment, defined benefit plans are recorded in shareholders’ equity in the year they are identified. These actuarial gains and losses are reported in the “Statement of other comprehensive income”, as required by IAS 1.
The actuarial gains and losses (remeasurements) relating to other long-term benefits are recognised in full as part of staff costs in the year in which they arise. On this last point, in 2012 the BPER Banca Group aligned itself to the guidance given by the National Institute of Actuaries in Circular 35 dated 21 December 2012, valid with effect from the measurements carried out at 31 December 2012. This document confirmed the guidelines already issued with the previous Circular dated 22 May 2012, in which it was expected that the component represented by interest cost should be calculated using the rate of the curve corresponding to the duration of the liability, instead of the 1-year rate of the same curve used up to 31 December 2011.

19. Share-based payment plans

In general, share-based payments to employees (or other equivalent parties) represent consideration for services received.
In 2019, the BPER Banca Group approved its first share-based payment plan. This plan envisages granting without charge a certain number of ordinary shares in the Bank to beneficiaries who are considered Material Risk Takers at BPER Banca level, without any increase in capital and therefore by using outstanding shares temporarily purchased by the Bank for this purpose (by contrast, no stock option plans have been activated).
In accordance with IFRS 2 - Share-based payments, the cost of employee compensation plans based on own equity instruments is recognised in the income statement with reference to their fair value on the grant date spreading the related charge over the vesting period.
Since it is difficult to measure reliably the fair value of the services received in exchange for the equity instruments, reference is made to the fair value of the latter, determined on the grant date. Based on the instructions contained in IFRS 2, this date corresponds to the moment in which the parties to the agreement become aware of its existence.
The charges relating to share-based compensation plans are recognised on an accruals basis as a cost in income statement item "*Administrative expenses: a) staff costs*", with a matching entry to equity item "*Reserves*".

Long-Term Incentive Plan – LTI of BPER Banca Group

The LTI Plan (in its two releases: "2019-2021" and "2022-2025", respectively approved at the Ordinary Shareholders' Meetings held on 17 April 2019 and 20 April 2022[21]) is a share-based incentive plan for the key personnel of the Parent Company and other Group companies.
The 2019-2021 LTI Plan is designed to award beneficiaries an incentive that will be paid exclusively in BPER Banca ordinary shares, in compliance with the relevant regulations and consistent with the Group Business Plan.
As part of the remuneration policies adopted by the Group, the LTI Plan pursues the following objectives:

- align management's interests with the creation of long-term shareholder value;
- motivate management to achieve the objectives of the Business Plan, within a framework of healthy, prudent risk management and ESG sustainability;
- strengthen key persons' sense of belonging in order to implement the Group's medium-long term strategy.

Implementation of the Plan is subject to achieving predetermined access conditions that guarantee not only profitability, but also the Group's capital stability and liquidity.
The bonus recognised at the end of the performance period - the size of which also depends on the achievement of specific objectives in terms of results, stock performance and sustainability - is paid by means of a free allocation of BPER Banca ordinary shares, subject to deferral and retention clauses.
The bonus is deferred between 55% and 60%, depending on the amount recognised at the end of the three-year/four-year reference period. Deferral lasts for five years, during which the deferred portion is allocated in five annual instalments of the same amount, subject to verification of the malus conditions. Each portion that is allocated, whether up-front or deferred, is then subjected to a retention period of one year.

The LTI Plan of the BPER Banca Group is an operation with payment settled using equity instruments and, therefore, is governed by IFRS 2.
The overall cost of the plan is equal to the sum of the cost of each tranche, calculated with reference to the fair value of BPER Banca shares at the grant date (considering in each case the period until the expected vesting date), multiplied by the number of shares that may vest in relation to the performance condition, the probability of satisfying the service condition and achievement of the entry gate condition.
This cost is allocated over the vesting period of 8/9 years, starting from the date on which the parties become aware of its existence or, in the specific case of the BPER Banca plan, the date on which the individual plan beneficiaries were informed about their participation. The cost of the services (work) provided by the employees/recipients only includes the costs associated with the LTI Plan from that date. The costs recognised are matched by a specific equity reserve.

21 The terms of the second release were subsequently amended by the Shareholders' Meeting of 5 November 2022.

20. Targeted Longer-Term Refinancing Operation – TLTRO-III

Generally speaking, Targeted Longer-Term Refinancing Operations (TLTRO) have since their introduction offered banks in the Eurozone loans with multi-year maturities designed to improve the functioning of the monetary policy transmission mechanism, supporting the provision of bank credit to the real economy.
In March 2019, the Governing Council of the ECB announced a third series of Targeted Longer-Term Refinancing Operations TLTRO-III) to be carried out quarterly from September 2019 to December 2021.
In connection with the Covid-19 emergency, the Governing Council had introduced more favourable conditions for these transactions until June 2022.
Lastly, on 27 October 2022, the Governing Council of the ECB decided to adopt monetary policy measures aimed at quickly returning inflation to the ECB's 2% medium-term target. As part of said set of measures, the Governing Council established that, effective from 23 November 2022 and until the maturity date or the date of early reimbursement of each transaction in place, the interest rate applied to each transaction in place is indexed to the average reference interest rates of the ECB applicable to said period.

Based on the guidance provided by the ECB Governing Council over time, the characteristics of the TLTRO-III operations are considered to be such that it is impossible to equate them easily to cases specifically dealt with in IAS/IFRS; to identify the accounting treatment of the following situations in particular:
- change in the estimates of achievement of the objectives;
- recording of economic effects, "special interests" in particular;
- management of early repayments.

It is thought that reference can be made by analogy to "IAS 20 – Accounting for government grants and disclosure of public assistance" or to "IFRS 9 – Financial instruments".
The choice made by the Bank in accounting for such transactions is to refer to IFRS 9, given that the funding to which banks have access through the ECB's TLTRO is at market conditions. In our opinion, in fact, the ECB rates can be considered as "market rates" since it is the ECB itself that establishes the level, keeping this level in line with the lending objectives to be achieved (monetary policy operations). The ECB also has the power to change the TLTRO III interest rate at any time. This right of modification by the ECB has to be traced back to what is indicated in para. B.5 4.5 of IFRS 9 (floating rate loans), resulting in a change in the Internal Rate of Return (IRR) of the loan to reflect changes in the benchmark rate. On the other hand, the situation is different where the lending rate gets changed because of a modification of the forecasts of whether the benchmark will be reached in terms of net lending; in this situation, with the same IRR, a modification in the future flows can only lead to a change of the loan at amortised cost[22].

21. Purchase of tax credits originated from benefits mentioned in the "Cura Italia" and "Rilancio" Decree Laws (the so-called "Ecobonus" and "Sismabonus")

In order to counter the negative economic effects of the spread of the Covid-19 pandemic, by Law no. 77 of 17 July 2020 converting, with amendments, Decree-Law no. 34 of 19 May 2020 (the so-called "Relaunch" Decree) containing urgent measures in the field of health, support for work and the economy, Parliament issued a series of measures which, among other things, make it possible under certain conditions to benefit from a deduction of the expenses incurred for specific interventions (e.g. interventions to increase the level of energy efficiency of existing buildings or reduce their seismic risk can attract a deduction of 110% of the costs incurred).
The law also introduced the possibility for taxpayers to opt, instead of using the deduction directly, for an advance contribution in the form of a discount from the suppliers of goods or services "invoice discount") or, alternatively, for the assignment of the credit corresponding to the deduction due to other entities, including therein credit institutions and other financial intermediaries. The Italian Government further ruled on the subject by issuing Decree Law no. 50/2022 "Decreto Aiuti" - Aid Decree) primarily by restructuring the target of potential of re-assignees.
As part of its commercial policies, the Bank has decided to operate as an assignee of tax credits to its customers.
The transferee bank may in turn use these credits to offset tax payments through the F24 form or, alternatively, transfer these credits to other parties. The tax credit must be used with the same breakdown into annual instalments with which the deduction would have been used by the seller (for example in five annual instalments of the same amount). The portion of the tax credit not used during the year cannot be used in subsequent years and cannot be requested as a refund.

22 This accounting choice is consistent with the Public Statement issued by ESMA on 6 January 2021 dedicated to "[...] the third series of the ECB's Targeted Longer-Term Refinancing Operations (TLTRO III)"

As regards the responsibilities as to the existence of the credit, the law provides that:

a) suppliers and buyers of credits are liable only for any use of the tax credit that is irregular or for a larger amount than the tax credit received;
b) if the Revenue Agency finds out that one does not have all or some of the requisites that give the right to a tax deduction, it will recover the amount of the deduction not due from those to whom the bonus was granted (i.e. the seller).

With reference to the accounting treatment to be adopted in the financial report of the buying bank, since the case in question is not subject to clear instructions in the IAS/IFRS, in application of the provisions of IAS 8, paras. 10 and 11, various possible scenarios were assessed concerning the applicability of the following international accounting standards by analogy:

a) IAS 20 “Accounting for government grants and disclosure of government assistance”;
b) IAS 12 “Income Taxes”;
c) IAS 38 “Intangible Assets”;
d) IFRS 9 “Financial Instruments”.

The choice made by the Bank is to refer by analogy to the indications of IFRS 9, considering that these tax credits are in essence financial assets, as they can be:

- used to pay off a debt (e.g. a tax debt);
- incorporated in a HTC business model, or with a hold-to-maturity strategy for offsetting, if acquired within the limits of its tax capacity;
- incorporated in a HTC&S business model, or according to a mixed strategy of holding and/or sale by the date of offsetting, if the technical/business conditions are satisfied;
- incorporated in a trading business model when already in excess of its tax capacity at the purchase date;
- classified in item “Other assets”.

Furthermore, the tax credits are bought by the bank at a price that discounts both the time value of money and the ability to use/sell them within a certain time limit. So at the time of initial recognition the tax credit is recognised at the price of the individual transaction - equating it to the fair value of a Level 3 instrument, as there are no official markets or comparable transactions - and thereby allowing to satisfy the condition set by IFRS 9 according to which financial assets and liabilities are to be initially recognised at fair value.

The subsequent valuation (measurement) of said assets, always in accordance with the guidelines of IFRS 9, is carried out:

- at amortised cost, if classified as HTC;
- at fair value through other comprehensive income, if classified as HTC&S;
- at fair value through profit or loss, if classified in the trading portfolio.

The amortised cost is defined considering: i) the time value of money; ii) the use of a correct effective interest rate; and iii) the uses made of the tax credit through offsets.
The effective interest rate is originally set so that the discounted cash flows of the estimated future offsets over the expected duration of the tax credit equal the purchase price of the tax credits.
In relation to the determination of fair value, owing to the unique nature of these instruments, fair value fluctuations are linked to changes in market interest rates with respect to the internal rate characterising the individual transaction.
In addition, if the Bank were to revise its estimates of the use of the tax credit through offsets, it would have to adjust the gross carrying amount of the tax credit to reflect the estimated, actual and restated uses of the tax credit through offsets. In such situations, as part of the HTC business model, the Bank would recalculate the gross carrying amount of the tax credit as the present value of the new estimated uses of the tax credit through offsets discounted back to the original effective interest rate. In this restatement, taking into account that there is no chance of reimbursement by the counterparty (i.e. the Treasury), an impairment loss due to any failure to use the tax credits bought would be included. Within the trading BM, the revision of its recoverability estimates would be reversed directly in the fair value measurement of the instruments.

Considering the operations arranged by BPER Banca, it is believed that the risk of losses/a negative change in the fair value resulting from the non-use as offsetting is unlikely given that, with reference to the HTC business model, the balances acquired are consistent with the Group’s overall tax capacity (constantly monitored); in relation to the trading portfolio (and, if applicable, in the case in which the technical/business conditions apply, in relation to the HTC&S portfolio), in respect of the credits acquired, assignment agreements are gradually stipulated with counterparties identified from the Group’s corporate customers, with the objective of ensuring the recoverability of the credit booked under assets.

Moreover, as part of the remeasurement at amortised cost, not finding a counterparty credit risk as realising the instrument takes place exclusively through offsetting against tax liabilities and not by receiving money from the counterparty, the IFRS 9 rules on Expected Credit Losses are not applicable.

22. Macro Fair Value Hedge on Demand (PAV) items

Within the BPER Banca Group, the macro fair value hedge regime is currently applied to hedge the interest rate risk inherent in formally on-demand funding items, limited to the portion of such items with "inelastic core" funding characteristics, i.e. those that are substantially characterised by a tendentially fixed cost and a stable duration over time, according to the results of the behavioural model adopted by the Bank.

"Inelastic core" funding is therefore assimilated to a portfolio of fixed-rate deposit liabilities, each with a rate of return equal to the fixed market rate relative to its maturity. More specifically, the elaborated model is constructed as a series of monthly fixed-rate deposits with different maturities and periodic interest payments. Liabilities identified as fixed-rate by the behavioural model are therefore considered hedged items and are subject to macro fair value hedges for accounting purposes.

Any change in the amounts identified by the behavioural model with these characteristics, resulting from the periodic updating of the estimates themselves (either in relation to the parameters used by the behavioural model, or in relation to the decrease in the amount of funding), does not give rise to ineffectiveness in the relationship until the amount of funding included in the bucket reaches the minimum level hedged (a decrease exceeding the amount of unhedged funding). In such a case, the withdrawal of part of the hedge constitutes voluntary discontinuing.

23. Method for determining the extent of impairment[23]

A. Financial assets

Impairment models

The calculation of adjustments of financial assets according to the Expected Credit Losses (ECL model envisaged by IFRS 9 is the result of a complex process of estimates that includes numerous subjective variables regarding the criteria used to identify a significant increase in credit risk, for the purpose of allocating financial assets to the stages provided for in the Standard; it also involves defining models for measuring expected losses, with the use of assumptions and parameters, which take into account current and future (or "forward-looking") macroeconomic and environmental information (physical and transition risks) including, for non-performing exposures, possible sale scenarios where the Bank's strategy envisages recovery of the loans by selling them.
In accordance with the instructions contained in the standard, the impairment model adopted by the Bank is based on the concept of "forward-looking" evaluation, i.e. on the concept of expected loss, whether calculated for the next 12 months (Stage 1) or for the residual life of the instrument (Stage 2 and Stage 3), based on the concept of a Significant Increase in Credit Risk (SICR) with respect to the date of origin of the instrument. According to the Expected Credit Loss model, the losses must be recorded not only on the basis of objective evidence of impairment losses already manifest as of the reporting date, but also on the basis of the expectation of future losses in value not yet manifest as of the reporting date, and must reflect:

- the probability of occurrence of the various system scenarios;
- the discounting effect using the effective interest rate;
- historical experiences and current and future assessments.

To this end, the Bank has adopted a model for calculating the expected lifetime loss of the financial instrument, applied to instruments classified in Stage 2, which takes into consideration the following multi-period parameters:

$$LtEL_t = \sum_{t=1}^{T} PDF_t x\ LGD_t\ x\ EaD_t\ x\ D_t$$

where:

- PDFt is the Probability of Default between 1 and t;
- LGDt is the Loss Given Default at a forward default event between 1 and t;
- EaDt is the Exposure at Default at time t;
- Dt is the discounting factor for the expected loss at time t, up to the current reporting date, determined using the effective interest rate;
- T is the contract maturity date.

23 As required by document No. 2 issued with joint signature by the Bank of Italy, CONSOB and ISVAP (now IVASS) on 6 February 2009.

The calculation parameters contained in the Lifetime Expected Loss formula, as they are multi-period, they evolve over time, or in the time frame coinciding with the expected life of the exposure that must be evaluated. In particular, the criteria adopted by the Bank envisage that:
- the EaD evolves in accordance with the amortisation plans, if they exist, and with the contractual repayment plans in general, possibly amended by "behavioural" hypotheses (e.g. loans with pre-payment options);
- the PD and LGD parameters evolve as a result of the changes in the credit quality observed over time and represented, as for PD, by the transition or migration matrices (e.g. migrations between rating classes).

The calculation of the expected 12-month loss (applied to instruments classified in Stage 1) can therefore be considered as the sum of expected multi-period losses for the first prospective year, or less if the deadline is within 12 months, of the Lifetime Expected Loss:

$$EL = EaD \times LGD \times PD \times D$$

where:
- EaD is Exposure at Default;
- LGD is the Loss Given Default;
- PD is the 12-month Probability of Default;
- D is the discounting factor for the expected loss, discounted for 12 months from the first period subsequent to the reporting date.

Lastly, for loans already classified in Stage 3 whose amount is lower than the threshold set in the Group's internal regulations for analytical assessment, a statistical write-down is applied using the following formula:

$$LtEL_t = EaD \times LGD$$

where:
- EaD is Exposure at Default;
- LGD is the loss resulting from a default event, which can differ according to the administrative status at the calculation date.

For the purposes of a homogeneous application of the impairment model described to the financial asset portfolios of the Bank, the same methods of calculating the value adjustments described above are applied, in addition to the on- and off-balance sheet scope of the loans, also to the portfolio of debt securities. With regard to the latter portfolio, it should be noted that, where the risk information deriving from internal models (PD and LGD) is missing, external information from qualified info providers was used.

The Expected Credit Loss (ECL) model adopted by the Bank is based on the use of risk parameters estimated for regulatory purposes (disclosure of which is given in the relevant internal regulations and in Part E of the Explanatory Notes, to which reference should be made), appropriately amended to guarantee full consistency with the requirements of IFRS 9. The main changes concerned the following aspects:
- introduction of "point-in-time" elements in the regulatory parameters estimated according to "through-the-cycle" logic;
- implementation of components based on forecast information (scenario analysis);
- extension of the time horizon (multi-year) of the credit risk parameters.

Estimate of the PD parameter

The Probability of Default (PD) represents the probability that the individual debtor (or pool of debtors) will go into default.
The introduction of a Lifetime Expected Loss model implies the need to estimate the probability of default not only in the twelve months following the reporting date, but also in subsequent years.
For this purpose, multi-year PD dynamics accumulated by rating class were defined for each model of the internal rating system based on the product among the matrices of Point-In-Time (PIT) migrations conditioned to the expected economic cycle in the first three years and among the matrices of Through-The-Cycle (TTC) migrations conditioned to the "Current Policy" climate scenario from the fourth year onwards.
More specifically, the cumulative PD curves are determined, for the first three years from the reporting date, by multiplying future PIT matrices derived from the conditioning of PIT matrices, according to the application of satellite models, to different weighted macroeconomic scenarios with the relative probabilities of occurrence. From the fourth year onwards, climate elements are also introduced through the introduction of the "Current Policy"[24] climate scenario, which envisaged an inertial behaviour

24 The climate scenarios represent a readjustment of the official scenarios released by NGFS (Network for Greening the Financial System) in the light of the latest historical data available in the Forecast Report prepared by the provider used by BPER Banca, with the aim of reflecting the trends outlined by the NGFS into the current macroeconomic context.

of the economic system with respect to the energy transition and a temperature rise well above the limits agreed in Paris. Due to its characteristics, the scenario adopted is the most conservative of those available from the infoprovider. Consequently, the TTC ESG matrices obtained by conditioning the long-term TTC matrices (obtained as an average of the historical PIT migration matrices) to the "Current Policy" scenario according to the application of the same satellite models applied in the first three years are used.

The ordinary "satellite models", used to link risk parameters to the evolution of macroeconomic variables, have been supplemented by some prudential elements in the estimates which, if activated, generate more conservative default rate forecasts. These include:

- "trend" adjustment, which is an econometric mechanism to reduce the sharp decline in default rates in recent years so that the long-term component of the time series is given more weight in forecasts;
- sectoral adjustments, which aim to quantify an adjustment for the economic activities most affected by measures reducing people circulation, so as to incorporate a more conservative profile in the default rate projections.

The introduction of these prudential elements is, moreover, optional, as a operational management choice made by the BPER Banca Group depending on the observed evolution of the macroeconomic context and the consequent perceived risk of the loan portfolio.

Estimate of the LGD parameter

Loss Given Default (LGD) is the percentage of loss incurred by the Bank in the event of a debtor default.

The need to implement a long-term approach, also through the inclusion of "forward looking" factors has involved the removal of the corrective components required for regulatory purposes ("downturn", indirect costs and margins of conservatism) and conditioning to the expected economic cycle to obtain point-in-time and forward-looking parameters by using satellite models. In particular, the conditioned components requiring specific satellite models include the probability of migration to bad loan status and the loss given default of bad loans.

Estimate of the EAD parameter

Exposure at Default (EAD) is the expected exposure value in the event of a counterparty default. EAD is one of the factors required for the entire credit risk measurement process and its quantification is required not only for Basel II purposes and the calculation of the RWA IRB, but also for accounting purposes in order to determine collective provisions in accordance with the International Financial Reporting Standard IFRS 9.

The concept of exposure (EAD) considered in the various future payment moments foreseen in the amortisation plan is based on the residual debt, increased by any unpaid or overdue instalments.

With reference to off-balance sheet exposures (guarantees and margins), EAD is determined by applying a credit conversion factor (CCF) to the nominal value of the exposure.

Multi-scenario approaches used for estimating ECL:

a) Macroeconomic scenarios and forward-looking factors

As required by IFRS 9, the Bank's impairment model is reflected in the risk parameters used to calculate the ECL (and the stage assignment explained below):

- current conditions in the economic cycle (Point-in-Time risk measures);
- forward-looking information about risks, considering the dynamics of the (external) macroeconomic factors that affect the lifetime expected loss;
- the probability that three possible scenarios might occur (Probability weighted).

Therefore, all the risk parameters (with the exception of Exposure At Default, for which the econometric conditioning model was not applied due to the volatility of the parameter, in favour of stability) are conditioned by macroeconomic scenarios.

With reference to the multiple prospective scenarios similar to those used to estimate the ECL, the Bank has decided to use the same scenarios used by the Bank's main processes such as Planning and Budget, Risk Appetite Framework (RAF) and Lending Policies, limiting the forward-looking time horizon to a maximum of 3 years following the date of each assessment.

b) Application of the disposal scenario for non-performing loans

Paragraph B5.5.41 of IFRS 9 states that the purpose of estimating expected credit losses is neither to estimate the worst-case scenario nor to estimate the best-case scenario. Instead, an estimate of expected credit losses must shall always reflect the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the most likely outcome is no credit loss.
As described in the ITG "Inclusion of cash flows expected from the sale on default of loans" from the staff of the IFRS Foundation and in the "Guidelines for banks on non-performing loans (NPL)" published by the ECB in March 2017 to encourage their pro-active management, the BPER Banca Group has included forward-looking factors in the assessment of non-performing loans (classified in particular as bad and UTP loans) by forecasting recoveries on a multi-scenario basis. More specifically, in line with the current processes of recovery of non-performing assets, which envisage their realisation also through sale on the market, the impairment model has integrated a sale scenario (so-called "Disposal Scenario), in line with what is defined in the Group's NPE Strategy plans for the management and reduction of the non-performing portfolio, as a possible method of recovering exposures, as an alternative to internal recovery ("Workout Scenario").
When envisaged and possible, loans classified in Stage 3 are therefore measured by weighting their estimated realisable value determined under the two possible scenarios ("workout" and "disposal") by applying a probability of occurrence to each. To this end, the Bank has adopted a model for calculating the multi-scenario net value of impaired financial assets, which considers the following parameters:

$$\text{NBV}_{\text{Multiscenario}} = \textit{FMV} \times \textit{Disposal Scenario}\ \% + \text{NBV}_{\text{Workout}} \times (1 - \textit{Disposal Scenario}\ \%)$$

where:
- FMV is the best estimate of the "disposal" price;
- is the net book value of the loan according to internal management logic ("workout");
- Disposal Scenario% is the probability of occurrence of the disposal scenario;
- (1 – Disposal Scenario %) is the probability of occurrence of the workout scenario.

This methodology for measuring Stage 3 exposures provides the best representation of possible recoveries from, on the one hand, the application of routine internal procedures and, on the other, market disposals in implementation of the specific strategies (NPE Strategy) and targets that the Bank has committed to achieving in communications with the financial community.
The measurement process therefore retains unchanged the methodology for identifying recoverable value under the workout scenario, but is supplemented by an assessment based on market parameters under the disposal scenario. The two measurement processes are carried out in parallel and their results are summarised by determining a weighted average based on the relative probabilities of occurrence.
The resulting impairment model requires the parameters used for both scenarios to be updated constantly. Specifically with regard to the workout scenario, the internal assessment of the recoverability of the exposure is revised constantly,based on the strategies/rescheduling/recovery actions implemented in application of a methodology that is both customised and "expert"; with reference to the disposal scenario, the FMV is updated regularly (every quarter) with reference to the information available about disposal conditions until the selling prices are matched by a "welcome" binding offer from a potential purchaser (probability of disposal close to 100%). The best estimate of the disposal price of the individual positions is determined by considering, where available, the potential market value of the portfolio concerned and, where unavailable, the likely disposal value of each position under a mark-to-model approach.
The probability of disposal is determined by taking into account the expected timing of the disposal, the type of transaction contemplated and the characteristics (also in terms of expected classification at the time of disposal) of the exposures identified for disposal.
The probabilities associated with the workout and disposal scenarios for each position are not fixed over time, but in turn are subject to amendments and changes due, principally, to conditions in the NPE market and cumulative achievement of the objectives established in the current NPE Strategy of the Bank. Dynamic management of the Bank's non-performing portfolio in fact requires the addition of new positions and the exclusion of others initially identified for disposal, depending on the interest of operators in the NPE market and the internal assessments carried out by Bank management; these circumstances must be recognised as entirely physiological and unavoidable in such a dynamic context, with accounting consequences in terms of loan impairment losses and write-backs.
Notably, during the time dedicated to the selection of disposal opportunities and completion of the operation, the positions concerned are still managed in accordance with the normal workout procedures that, understandably, often result in resolution of the problem before the positions are actually sold. It follows that the ideal disposal perimeter identified originally must be updated constantly, in terms of quality, quantity and provisions, to keep it aligned with the objectives established in the NPE Strategy.

Criteria for the classification of financial instruments in Stages

The Stage Assignment Framework adopted by the Bank establishes the requirements for classifying financial instruments with reference to the actual "deterioration" of credit risk, consistent with the requirements of IFRS 9, applying an approach that is consistent among the various portfolios. This classification in stages of increasing risk is determined using all the significant information contained in Bank processes, as supported where applicable by updates and the credit monitoring processes.
Specifically, financial assets are classified into three stages of risk, each of which applies a different method to calculate the related impairment adjustments, while consistently applying the "Expected Loss" or "Expected Credit Losses" (ECL) concept:

- Stage 1: includes all performing loans (originated or acquired) for which there is no "significant increase in credit risk" (SICR) since initial recognition; impairments are equal to the expected losses that could occur if a default occurs in the next 12 months (12-month ECL);
- Stage 2: comprises all performing loans with a "SICR" since initial recognition; the impairment adjustments reflect the expected losses that might arise on default at any time in the life of the financial instrument (lifetime ECL);
- Stage 3: comprises all accounts in default at the reporting date, the impairment adjustments for which consider the lifetime ECL.

In particular, regarding the classification of loans in Stage 2, it is essential to identify correctly the SICR criteria used in the stage assignment process. For this purpose, the Bank has structured a framework designed to identify the increase in credit risk before the credit lines granted show clear signs of impending default.
While the distinction between performing and non-performing is made at counterparty level, classification into stages of risk is carried out at account level. In order to distinguish loans within the performing portfolio that do not show SICR (Stage 1) from those that do (Stage 2), the Bank has decided to use all the following available significant factors as criteria for the analysis of credit quality:

- relative quantitative criteria, reflected in the internal thresholds of change between the PD identified on originating the contractual relationship and the PD at the measurement date, that identify a significant increase in credit risk if exceeded. In this context, an estimation framework is in use to identify the changes in PD and related thresholds, which makes reference to the Lifetime PD curves, containing forward-looking information derived from the application of the reference macroeconomic scenario in the first three years and information derived from the application of the "Current Policy" climate scenario from the fourth year onwards. The SICR thresholds, with the quantitative criterion being triggered if breached, are differentiated by counterparty risk segment, residual maturity cluster of the financial instrument and source rating class.

The table below offers a summary view of the granularity of definition of the relevant "lifetime PD delta" thresholds for SICR, i.e. the internal thresholds of change between the PD identified on originating the contractual relationship and the PD at the measurement date and used by the Bank:

Rating class at origination	PD Model segment IFRS9	Residual maturity cluster
From 1 to 9 years	Large Corporate	<= 2 years
		<= 5 years
		> 5 years
	Holding	<= 3 years
		<= 8 years
		> 8 years
From 1 to 13 years	SMEs Corporate	<= 16 years
		> 16 years
	Real Estate - Multi-annual SMEs Centre South Islands	<= 2 years
		<= 5 years
		<= 10 years
		> 10 years
	Real Estate - Multi-annual SMEs North	<= 5 years
		<= 9 years
		<= 10 years
		> 10 years
	Retail SMEs - Centre South Islands	<= 3 years
		<= 4 years
		<= 5 years
		<= 9 years
		> 9 years
	Retail SMEs - North	<= 4 years
		<= 8 years
		<= 13 years
		> 13 years
	Private individuals - Centre South Islands	<= 3 years
		<= 4 years
		<= 5 years
		<= 7 years
		<= 16 years
		> 16 years
	Private individuals - North	<= 3 years
		<= 4 years
		<= 5 years
		<= 6 years
		<= 7 years
		<= 13 years
		<= 16 years
		> 16 years
	Small Business Operators	<= 5 years
		> 5 years
	Financial corporations	<= 5 years
		> 5 years

- absolute qualitative criteria that, via the identification of a risk threshold, identify the transactions to be classified in Stage 2 based on the specific risk information available. This category includes the adverse events impacting credit risk that are identified by the Early Warning credit performance monitoring system ("watchlist"). In order to avoid overlapping, some qualitative counterparty information has not been included among the staging criteria, as it is already considered in the rating models;
- backstop indicators, including:
  - the presence of exposures with a significant past due balance for more than 30 days;
  - the presence of a regulatory probation period of 24 months for forbearance measures;
  - the absence of a rating or the presence of a default status at the credit origination date;
  - the presence of exposures with a rating class at the reporting date that is considered "high risk";
  - the presence of a threefold increase in PD lifetime at the reporting date compared to PD lifetime at origin ("Threefold increase").

The Bank has not made provision, to date, for the possibility of manually overriding the classification obtained from applying the staging rules described.
For a homogeneous application of the impairment model between portfolios of the Bank, the classification criteria in stages for the portfolio of debt securities were taken, where possible, from the staging logic applied to the loan portfolio. Specifically, the Bank has defined a staging model for debt securities based on the following criteria:

- management of an "inventory" of debit securities for staging purposes, applying the FIFO method to relieve sold tranches from the portfolio;
- model for identifying significant increases in credit risk, in order to classify debt securities in Stage 1 or Stage 2, based on the following criteria:
  - primary use of the internal rating model and, if unavailable, reference to an external rating agency;
  - determination of the rating downgrade threshold based on a comparison of rating classes at origination with rating classes at the measurement date (notching between rating classes);
- classification in Stage 3 of all debt securities in default at the reporting date, applying the definition of default contained in the ISDA document entitled "Credit Derivatives Definition" of 2003.

The standard also envisages the possible use of a practical expedient, intended to reduce the implementation burden for transactions that, at the measurement date, have a *low credit risk* and can be classified in Stage 1 without first carrying out the SICR test. The standard considers an asset to have a low credit risk if the debtor is well able to meet the short-term cash flow requirements deriving from its contractual obligations and adverse changes in the long-term economic situation might reduce that ability, but not necessarily.
The Bank has decided not to adopt this practical expedient.
Should the conditions giving rise to the SICR cease to apply at a subsequent measurement date, the financial instrument is once again measured with reference to the 12-month ECL, which might result in a write-back to the income statement.
It should be noted, however, that in the event of reclassification of a loan from non-performing (Stage 3) to performing, the Bank does not deem necessary a forced classification in Stage 2 with the application of a Lifetime ECL, since no probation period has been set for the return from Stage 3 to Stage 1. In this case, the stage assignment approach mentioned previously will be valid.
In line with this approach and with the regulatory requirements, also in the event of a return from Stage 2 to Stage 1, probation periods are not envisaged as the combination of the various SICR rules implemented already permits an adequate level of prudence in the case of a return to Stage 1.
The only exception to this concerns the application of the regulations on "forborne exposures", for which the Bank expects that the official rating valid on the day the forborne attribute is activated may not be changed before twelve months have elapsed.

Risks and uncertainties inherent in the current macroeconomic environment - Management Overlays applied in the assessment of credit risk

As highlighted in the comments in the Report on Operations[25], the general and sectoral macroeconomic scenario are still affected by significant uncertainty caused by geopolitical tensions, which have spread to the Middle East following the outbreak of the Russia-Ukraine conflict and the international sanctions that followed; there is also a growing international awareness of climate risk and the measures being taken to address it. The context is, moreover, affected by the persistence of the inflationary pressure and the subsequent increase in market interest rates. As a direct manifestation of the aforementioned climate risk, account has also been taken of the recent extreme atmospheric event (flood) which hit Emilia-Romagna and some surrounding regions in May 2023 and the subsequent difficulty faced by BPER Banca, highly exposed in said areas, in conducting a complete assessment of the repercussions on borrowing customers, also in light of the Government intervention to support local business initiatives.

25 Please refer to Chapter 6 - "Main risks and uncertainties" of the Directors' Consolidated Report on operations.

Said elevated uncertainty prompts BPER Banca to continuously control and monitor, in particular, credit risk and the related balance sheet assessments.
In this regard, even in 2023 BPER Banca carried out dedicated analyses, aimed at identifying the best methods of intervention on the credit risk measurement and forecasting systems, later aligning them with the prevailing context and trying to avoid being excessively pro-cyclical in the definition of collective provisions, as indicated by the Regulators (among others especially ESMA and the ECB).

An explanation is also provided of the method of application of the Management Overlays as 'correction factors' applied to the ECL, already introduced in the previous paragraph "Uncertainties in the use of estimates" in Section 2.

As part of the application of the ECL model used by BPER Banca in preparing the financial report as at 31 December 2023, as regards the macroeconomic scenarios adopted, reference was made to the up-to-date forecasts made available by the specialised infoprovider usually consulted by BPER Banca and customised according to the guidelines of the BPER's Market Study and Research office, which duly make it so that the forecasts of the economic, financial and physical variables include the repercussions at national and sectoral level of the new macro-economic context, including the Russian-Ukrainian conflict, inflationary pressure and climate change.

In order to exclude pro-cyclical effects, a number of "top-down" adjustments have been applied, including:
- the "expert" attribution of the probability of occurrence of the macroeconomic scenarios considered by the model (so-called "multi-scenario") of ECL, in particular by intervening on the choice of the adverse scenario considered (so-called "extreme adverse" scenario as the most pessimistic macroeconomic scenario, formulated by the provider used by BPER Banca and customised by BPER according to the guidelines of its Market Study and Research office), and increasing the relative probability of occurrence to 50% (same approach as adopted for the period ending 31 December 2022). The probability of occurrence of the "baseline" scenario was also set at 50% (same approach as adopted for the period ending 31 December 2022), leading to the absence of impact of the remaining "best" scenario - probability of occurrence equal to 0% (same approach as adopted for the period ending 31 December 2022);
- the application of a prudential correction factor to the ECL, downstream of the model's results, which pays special attention to the "high-risk" economic sectors, in order to take account of the probability of the customer encountering financial difficulties, also considering fears of negative effects on the economy stemming from the explosion of energy costs and raw materials, as well as the correlated increase in inflation; the latter also fuelled by the ongoing conflict between Russia and Ukraine. Similarly, the adjusting provisions of direct exposures to banks resident in Russia were booked to the same overlay;
- the application of an "expert" and prudential correction factor to take account of the recent weather event (flood) that hit Emilia-Romagna and some other regions in May 2023 in order to take account of the probability that customers resident in or with businesses operating in the areas hit hardest may run into financial difficulties.

The "top down" overlays described above, aimed at including in the Group's ECL calculation model specific safeguards against the still widespread market uncertainty, were applied to the results of the Group's ECL 'standard' model which, even in 2023, underwent some additional parameter finetuning (mainly PD and LGD thresholds), described in greater detail in previous paragraphs, as in Part E, Section 2, para. 1.1 Credit Risk of these Explanatory Notes.

Among these, we highlight the inclusion in the model used to determine the PD parameter of the correction for climate risk, which was previously managed in the Management overlay through the introduction of the "Current Policy" climate scenario from the fourth year after the reporting date, as described in the previous paragraphs. The introduction of an in-model adjustment for climate risk resulted in an increase in adjustments of approximately Euro 20.7 million compared to those previously made by the overlay (which is no longer applied).

As at 31 December 2023, BPER Banca did not apply any "collective assessment" adjustments to the results of its analytical SICR model.

B. Purchased or Originated Credit Impaired (POCI) financial assets

If a credit exposure (including those acquired through business combinations) classified at the time of initial recognition in the balance sheet item 30 *"Financial assets measured at fair value through other comprehensive income"* or in item 40 *"Financial assets measured at amortised cost"* becomes impaired, it is identified as "Purchased or Originated Credit Impaired - POCI".
By convention, POCI financial assets are classified in Stage 3 on initial recognition.
Should these assets become performing, following an improvement in the creditworthiness of the counterparty, they are reclassified to Stage 2.
They can never be classified in Stage 1, as the expected credit loss must always be calculated over the residual duration.
In addition to what was said above, the Bank identifies as POCI financial assets any credit exposures originating from the restructuring of impaired exposures that resulted in the granting of significant new funds.

C. Intangible assets with an indefinite useful life

As regards testing goodwill for impairment, when preparing the financial report, BPER Banca carries out specific impairment tests on an annual basis as required by the accounting standards, normally at 31 December of each year, unless there have been changes or there are completely new situations that are likely to have had a material impact on the carrying amounts of assets and on the assumptions used the previous time the assets were measured (particularly the assumptions used to calculate the discount rate (Ke) and profit forecast (budget and business plans) of the Companies or CGUs whose goodwill is to be tested, i.e. subsidiaries and associates).
Para. 9 of IAS 36 requires an assessment to be made on each accounting reference date about whether or not an asset may be impaired; in addition, paras. 12 to 14 of IAS 36 describe certain situations that might be evidence of impairment.
In the case of goodwill, the cash generating unit (CGU) to which it has been allocated is tested for impairment. Any reduction in the value of goodwill is based on the difference between the recoverable amount of the CGU and its carrying amount if the latter is higher, up to the amount of goodwill on the books. The recoverable amount is the higher of the cash-generating unit's fair value, net of any selling costs, or its related value in use. The difference between the book value and the value in use is recognised in the income statement as "*Net adjustments to intangible assets*".

D. Equity investments

The Bank's equity investments are also subjected to impairment testing. In particular, the impairment test is carried out on an annual basis as required by the accounting standards, normally as at 31 December each year, unless there are changes or situations of discontinuity of particular importance with respect to the values and assumptions taken as a point of reference in the previous test; if specific impairment triggers are identified, the recoverable amount shall be determined, represented by the higher of the asset's fair value less costs of disposal and its value in use. These valuations are conducted in accordance with best market valuation practices (such as mainly income/financial valuation methods and, only residually, equity methods).

E. Property, plant, equipment and intangible assets with a finite useful life

Property, plant, equipment and intangible assets with a finite useful life, with the exception of properties held for investment purposes, are subjected to impairment testing if there is evidence that their carrying amounts may no longer be recoverable. The recoverable amount is determined with reference to the fair value of the property, plant and equipment or intangible asset, less costs of disposal, or to its value in use if this can be determined and exceeds fair value.
With regard to property, plant and equipment consisting in Property used in operations (IAS 16), paragraph 5 of IAS 36[26] applied by the Bank leads to the conclusion that the only difference between an asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset. Two options are therefore possible:

- If the disposal costs are negligible, the recoverable amount of the revalued asset is necessarily close to its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired;
- If the disposal costs are not negligible, the fair value less costs of disposal of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired.

If there is an indication that the remaining useful life of property may need to be significantly reviewed, this may also be relevant for the recognition of an impairment.
In relation to the methods for determining the fair value, please refer to the following paragraph "*Information on fair value*".

As with property owned by the Bank, the right-of-use assets recognised in relation to leased buildings used in operations (IFRS 16) are also subjected to periodic impairment tests that consider their expected use (decisions to close branches and related contract amendments already carried out) and suitable market indications regarding the costs to be incurred in order to rent them out.

24. Business combinations: purchase price allocation

Introduction

The following description covers the general process required by IFRS 3 for the recognition of business combinations, being transactions or other events in which a company acquires control over one or more business activities and expects to consolidate the assets, liabilities and contingent liabilities acquired at their respective fair values, including any identifiable intangible assets not already recorded in the financial statements of the acquired business.

26 Pursuant to para. 5 of IAS 36, impairment tests apply to assets that are carried at revalued amount in accordance with other IFRSs, such as the revaluation model in IAS 16 (i.e. fair value at the date of the revaluation less any subsequent accumulated depreciation).

According to IFRS 3[27], a specific analysis to identify the characteristics of "Company's Business", has to be carried out with respect to the acquired entity, in order to identify a business combination to be accounted for according to the Acquisition Method.
BPER Banca then proceeds with a qualitative analysis of the characteristics of the assets acquired in order to verify the simultaneous presence of i. Factors of production, ii. Processes, iii. Production as defined in IFRS 3, in particular with respect to the concept of Substantive Process.
Subsequently, on the basis of the Acquisition Method and on the date of acquisition of control, BPER Banca allocates the price of the combination (Purchase Price Allocation - PPA) by recognising the assets acquired, liabilities assumed (including contingent liabilities) and minority interests to the related fair value, in addition to identifying the implicit intangible assets previously not accounted for in the accounts of the acquiree. Any differences that emerge between the price paid for the acquisition (also measured at fair value and considering any "potential consideration") and the fair value (net of tax effect) of the assets and liabilities acquired are, if positive, recognised as goodwill in the balance sheet and, if negative, credited to the income statement as badwill (or "gain on a bargain purchase").
IFRS 3 allows for the final allocation of the cost of the business combination to be made within twelve months of the acquisition date.

Fair value of purchased assets and liabilities

When accounting for a business combination, the Bank determines the fair value of the assets, liabilities and contingent liabilities purchased. Such amount is only identified separately if, at the acquisition date, the following criteria are met:
- in the case of assets other than intangible assets, it is likely that the purchaser will obtain any future economic benefits;
- in the case of liabilities other than contingent liabilities, it is likely that their settlement will require the use of resources capable of producing economic benefits;
- in the case of an intangible asset (IAS 38) or a contingent liability (IAS 37), the related fair value can be measured in a reliable manner.

Financial assets and liabilities must be measured at their fair value on the date of the business combination, even if they are measured using other criteria in the financial statements of the acquired company. The fair value of financial instruments not listed in active markets is determined in the manner described in chapter "Information on fair value", applying the internal measurement model that is most appropriate for the instrument concerned.

Identification of intangible assets

Depending on the characteristics of the business acquired, an analysis is performed to identify any unrecorded assets that should be recognised separately, for example customer-related intangibles or client relationship, and marketing-related intangibles (brand name).

Customer-related intangible assets: these are recognised as intangible assets when they are separable and can be measured reliably, even though they may not always derive from contractual rights such as marketing-related intangibles.
This category includes:
- client lists: these comprise all the information held about clients (database containing: names, addresses, transaction history, demographic information etc.) that has a recognised market value, on condition that it can be rented or exchanged; such information cannot be treated as an intangible asset if it is considered so confidential that the combination agreement forbids its sale, rental or exchange in other forms;
- contracts with clients and the client relationships established as a consequence: contracts with clients satisfy the contractual/legal requirement for the recognition of an intangible asset, even if the combination contract forbids their sale or transfer separately from the business acquired; this category also includes long-established contacts with clients, even if there is no formal contract, and all other non-contractual relationships that can be separated and measured on their own;
- non-contractual relations with clients: this category includes all intangible assets that, being separable and transferable independently of the business acquired, may be valued individually and recognised as intangibles.

Marketing-related intangible assets: trademarks, commercial names, service brands, collective names and quality marks that derive from contractual rights or which are usually separable. Such assets reflect the collection of productive conditions that are economically correlated with the commercial name, the relationship with the market, and the reach of distribution.
An intangible asset must be measured initially at cost. If acquired as part of a business combination, its cost is its fair value at the time control is obtained.

27 The amendments made to IFRS 3 with Commission Regulation (EU) 2020/551 have modified para. 3 and ii) introduced paras. B7 - B12D, substantially revising the definition of "business" for the purpose of identifying transactions that can be classified as "business combinations".

Fair value, in this context, reflects market expectations about the likelihood that the owner will obtain the future economic benefits deriving from the asset. The entity must assess the probability of obtaining future economic benefits using reasonable and justifiable assumptions that reflect Management's best estimate of the economic conditions that will apply over the useful life of the asset.
The accounting standards do not specify the methodology to be used to measure the fair value of such assets but, among the possible alternatives, preference is given to those making reference to observable market prices. Failing this, the accounting standards allow the use of valuation models that include assumptions which are generally used and recognised by the market.
The fair value of customer-related intangible assets is determined by discounting the profit flows generated by deposits over the expected residual period of the relationships outstanding at the time of acquisition.
In general, brands are valued using market methods as well as methods based on the flows deriving from their management or a royalty recognised by the market.

Determination of Goodwill (Gain on a bargain purchase or "Badwill")

Goodwill represents the unallocated amount of purchase cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired (including those intangibles and contingent liabilities that satisfy the requirements for recognition in the financial statements).
This represents the consideration recognised by the purchaser in exchange for the future economic benefits deriving from assets that cannot be identified individually and recognised separately. In substance, this includes the value of the expected synergies, the corporate image of the company acquired, its know-how, its professionalism, its procedures and other non-specific factors.
The goodwill acquired as a result of a business combination is not amortised. The Bank verifies each year, or at the end of the period in which a business combination was carried out and whenever there is evidence of possible impairment, that the recorded value of goodwill has not been impaired (impairment test).
If the residual amount allocated to the purchase value is negative, it is recognised as a benefit in the income statement under item *"Gain on a bargain purchase"*.

Business combinations among entities under common control

A business combination involving entities or businesses under common control ("Business combination under common control") is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the combination and such control is not transitory[28].
This type of transaction[29] is excluded from the scope of IFRS 3[30].
In the event that such transactions occur, the BPER Banca Group defines their accounting treatment in accordance with Assirevi preliminary guidelines on IFRS (OPI) No. 1 "Accounting treatment of "business combinations under common control" in the separate and consolidated financial statements and No. 2 "Accounting treatment of mergers in the separate financial statements".
With particular reference to transactions that do not have economic substance (or that do not have a significant influence on the future cash flows of the net assets transferred), the BPER Banca Group applies the "Principle of continuity of values", which results in the recognition in the statement of financial position of values equal to those that would have resulted if the combined companies had always been combined[31].

28 IFRS 3 § B1:

29 Except for own mergers.

30 IFRS 3 § 2(c).

31 The net assets of the entity acquired and of the acquiring entity are recorded at the book values that they had in their respective accounts before the transaction. Subsequent accounting entries continue by carrying forward the values used for the previous entry. The income statement is the sum of the income statements of the two integrated entities at the date of the transaction. Adjustments are made to standardise the application of accounting policies and to eliminate intercompany items.

A.3 – INFORMATION ON TRANSFERS OF FINANCIAL ASSETS BETWEEN PORTFOLIOS

No financial assets were reclassified during the year.

A.4 – Information on fair value

Qualitative Information

Techniques for the determination of fair value

Paragraph 9 of IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".
When determining whether the fair value at initial recognition equals the transaction price, it is necessary to take into account factors specific to the transaction and to the asset and liability. It follows that, if the transaction price (consideration) differs from fair value, the difference should be recognised in the income statement.
It is also established that fair value excludes transaction costs.
In addition to the measurement of stand-alone financial instruments at fair value, the Bank may also measure groups of similar assets and liabilities at fair value, where it is permitted to do so.
Measurement at fair value assumes that the transaction to sell an asset or transfer a liability takes place in a principal market, defined as the market with the greatest volume and level of trading for the asset or liability to be measured. In the absence of a principal market, reference should be made to the most advantageous market, which is the market that maximises the amount that would be received to sell an asset or minimises the amount that would be paid to transfer a liability, after taking into account transaction costs.

Identification of active markets

The process for measurement of fair value starts with determining whether there is an active market with regularly available quoted prices.
In order to consider a market as active, the Bank takes account of the following factors:
- number of participants;
- frequency of price quotation or price update;
- the presence and size of a bid-ask spread;
- trading volume.

Whether a financial instrument qualifies as traded on an active market can only be determined through extensive research of all the existing markets in order to identify the principal or most advantageous market, taking into account "all information that is reasonably available" (IFRS 13 § 17). This needs to be done for each financial instrument for which the fair value has to be determined.
To determine whether, based on the information that is available, a market can be considered to be active, the Bank assesses the importance and relevance of factors that include the following:
- low level of recent trading activity;
- available prices are not current;
- available prices vary significantly over time or between market-makers;
- it can be demonstrated that indices that previously had a close correlation with the fair value of an asset or a liability no longer have this correlation based on recent indications of fair value of that asset or liability;
- the presence of a significant increase in the embedded risk premiums (or default rates) of the transactions being considered or in quoted prices;
- the presence of a wide bid-ask spread or of a significant increase in it;
- a significant decline in the level of trading activity;
- a lack of publicly available information.

If compliance with the necessary requirements is verified periodically, a financial instrument can be considered to be traded on one or more active markets. Within the possible markets, a search is undertaken to identify the principal market or, in the absence of a principal market, the most advantageous market.
Fair value is determined with reference to:
- the closing bid price for assets held or liabilities to be issued;
- the closing ask price for liabilities already issued or assets to be purchased.

Closing bid and ask prices are the bid and ask prices referred to by the entity that regulates the market on which an instrument is traded.
In the absence of reference bid and ask prices, the last price set by the entity which regulates the market could be taken, provided that this price has the following features: advertising, liquidity, prompt adaptation to changing conditions and availability as envisaged by the standards.
For assets and liabilities with offsetting positions in market risks, the average of the bid and ask price can be used, provided that this is commonly used by market participants and is consistent with the objective of measuring fair value in accordance with IFRS 13.

In the case of open-ended mutual funds, the Bank considers the Net Asset Value (NAV) as the best expression of the fair value of the instrument. No adjustments are made to the NAV to take into account the interval between the date redemption is requested and the actual redemption date (considered insignificant).
In the case of listed closed-end funds, the fair value is derived from the market quotation.

With regard to foreign shares, if these are listed on regulated stock exchanges, then they are considered to be traded in an active market. The price provided for this type of share, if the bid-ask spread is not available, is the last price. On the contrary, equity trading in OTC markets is not considered to take place in an active market.
Listed derivatives are measured using the last prices supplied by the clearing house.
Financial instruments listed on non-active markets are considered as “unlisted” instruments.
With regard to bonds not listed on regulated markets, in view of the role played by the Bank in the institutional market for financial instruments, the Bloomberg Professional system has been identified as an active market for front office operations, if the prices recorded therein have the appropriate features mentioned above.

Identification of the fair value of financial instruments not listed on active markets

If the market for a financial instrument does not meet the conditions required to qualify as an active market, the fair value of the instrument is determined through the use of valuation techniques.
Valuation techniques indicated by international accounting standards are:
- market approach: this uses prices and other relevant information generated by market transactions involving comparable assets;
- cost approach: this reflects the amount that would be required currently to replace the service capacity of an asset (“current replacement cost”);
- income approach: this converts future cash flows or income and expenses to a single current amount.

For the Bank, the following valuation techniques are valid:
- market approach for identical or comparable assets and liabilities;
- use of matrix pricing;
- present value techniques;
- option pricing models;
- the multi-period excess earnings method.

These techniques may be used if:
- they maximise the use of market data, while minimising the use of Bank estimates and assumptions;
- they reasonably reflect how the market expects the price to be determined;
- the fair value measurement is determined on the basis of the value indicated by current market expectations and the risk and yield of the instrument being valued;
- they reflect the assumptions that market participants would use when pricing an asset or liability;
- they are consistent with commonly accepted methodologies;
- they are periodically subjected to verification and calibration to verify their capability to determine a fair value in line with actual trading prices for the instrument being valued.

In summary, the Bank’s preference is to adopt a market approach for the determination of fair value, even if an active market does not exist. Only in the event that it is not possible to apply the above valuation techniques, quantitative valuation methods may be used.

It is apparent that regulations governing valuation techniques do not authorise a neutral and objective use of quantitative methods. However, their use should be understood to be the development by the Bank of an internal process that matches the fair value measurement with a price at which an instrument could be exchanged in a market transaction at current conditions.

As part of this process, it would thus appear necessary to give priority to the use of recent transaction prices (prices on non-active markets, prices provided by third-party participants), or the prices of similar instruments. In this context, quantitative methods can provide a benchmark to supplement, or correct, any differences between the instrument being valued and that observed in the market, or to reflect the impact of changes in the economic environment on market transactions.
Valuation techniques used to measure fair value are applied consistently. A change in a valuation technique or its application is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances. That might be the case if any of the following events take place:

- new markets develop;
- new information becomes available;
- information previously used is no longer available;
- valuation techniques improve;
- market conditions change.

A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used

Valuation techniques

Specific techniques are applied in relation to particular types of financial instrument, in order to correctly identify their characteristics.

Equity instruments

For all unlisted shares, the valuation methodologies set out above apply. Failing this, they are measured at cost.
For unlisted shares, other than equity investments, the methods used the most for fair value measurement fall into the following categories:

- discounted cash flow;
- the use of multiples.

These methods require the availability of a significant amount of data to estimate future cash flows generated by a company or to identify the correct market multiples. They use uncertain estimates of various parameters (cash flows, dividends, beta, risk premium, cost of capital, asset values, etc.), the measurement of which is subjective and which do not always reflect market conditions. This leads to a valuation of a distribution of theoretical fair values. Where it is not possible to reliably determine the fair value with the above methods, securities and instruments are measured at cost.
As an alternative to the valuation techniques above, the value of the share may be based on book value, computed as the ratio between equity and the number of issued ordinary shares.

Plain vanilla debt securities

With regard to plain vanilla debt securities, the valuation technique applied is discounted cash flow analysis. There are three steps:

- mapping of cash flows: recognition of the cash flows expected from the instrument and their distribution of the duration of the contract;
- selection of the discounting curve, having regard for the risk factors affecting the cash flows;
- calculation of the present value of the instrument at the measurement date.

Having identified the cash flows, the appropriate discounting curve is calculated using the discount rate adjustment approach, which takes account of both rate risk and credit/liquidity risk. This information is used to calculate the instrument's fair value, as the sum of the present values of its cash flows.

Structured debt securities

With regard to certificates issued by the Company, in the absence of observable prices in active markets, measurement is performed using valuation techniques based on a discounted cash flow model, capable of considering all factors deemed relevant by market participants in determining the price of a hypothetical transaction.
In particular, to determine its creditworthiness, BPER Banca uses market prices, if available, or the spreads implicit in comparable issuances in active markets (Euro TLX).
The derivative components embedded in the instruments are valued using the most widely accepted derivative valuation techniques on the market, as described below.

Closed-end funds

In order to take into account certain specific problems of unlisted closed-end real estate funds, such as the underlying's lack of liquidity, the absence of a liquid market and the specificity of the underlying, the most up-to-date NAV available may be corrected by a difference that takes account of credit risk, non-disposal risk and market risk.

Private equity funds

Closed-end private equity funds are first measured at the NAV determined from time to time by the SGR concerned. In addition, the NAV determined using the principles envisaged by the Bank of Italy for the preparation of management reports is compared periodically with the NAV determined by calculating the fair market value of the initiatives underlying[32] the fund, in order to identify any differences that might be reflected immediately in market value, but not in the NAV calculated in the normal way. Should the market value of a fund turn out to be lower than the official NAV or should additional evidence become available compared to market valuation of the instruments in question, further analyses are required in order to correct the NAV and determine the fair value to be recognised in the financial statements.

Funds that specialise in managing NPLs

In order to take into consideration some specific problems of unlisted closed-end funds that invest in non-performing loans (NPLs), such as the fair value measurement of the underlying and the absence of a liquid market, the most up-to-date NAV available is used as input, together with the other market parameters generally used in measuring this type of asset at fair value (mainly the expected rate of return), in a model that is able to simulate the perspective of an operator in the NPL market, considering its limited liquidity.

Asset-Backed Securities (ABS)

With regard to the Asset-Backed Securities (ABS) held in the portfolio, the Bank has defined specific measurement criteria that maximise the use of market information, applying the following hierarchy:

- "qualified" contributions (contribution approach);
- method based on market information (comparable approach);
- internal measurement model (waterfall).

Derivative instruments

The fair value of derivatives is determined using quantitative models that differ depending on the type of instrument concerned. In particular, a distinction is made between:

- Over-The-Counter (OTC) options represented by either stand-alone options or options embedded in complex financial instruments. Pricing techniques include:
  - options with pay-off that can be calculated precisely, priced using models generally accepted by the market (e.g. Black & Scholes and variants);
  - options with pay-off that cannot be calculated precisely, usually priced using "Montecarlo" simulation techniques;
- Interest Rate Swaps (IRS): the fair value of IRS is determined using net discounted cash flow analysis. In the case of a structured IRS, the instrument is decomposed into a plain component and an optional component ("building blocks"), so that their separate values can be determined and summed;
- Forward Outright contracts: the fair value measurement of FX Forward Outrights is given by the amount to be traded forward times the strike price, adjusted for the current difference between the spot exchange rate and the forward exchange rate;
- Credit default swaps (CDS): for the fair value measurement of CDS, the Standard ISDA model (v1) developed by Markit Group Ltd. is used;
- Commodity Swap: the "net discounted cash flow analysis" technique is used for fair value measurement, applied to both fixed price flows (strike) and variable price flows;
- FX Swap: the "net discounted cash flow analysis" technique is used for FX Swap measurement, applied to the spot leg and the forward leg;
- Equity Swap: the "net discounted cash flow analysis" technique is used for fair value measurement, applied to the leg referring to the underlying stock and the fixed-rate leg.

Tax credits classified in the trading portfolio

Depending on the characteristics of the assets in question, the fair value at initial recognition - which represents the total price paid to acquire the tax credit (including any additional charges) - incorporates the time value of money and the ability to use it within the relevant maturity period, thus incorporating elements of uncertainty related to the absence of an active market. At subsequent measurement dates, fair value is determined by discounting the future cash flows, as specified in the forward sale agreements entered into by BPER Banca (dates and forward sale prices set), at current market risk-free rates, increased by the

32 Fair market value included, for example, in the EVCA reports.

same risk/commercial spread determined at initial recognition (which is not expected to change significantly over time), so that only the change in the risk-free component that has occurred since the purchase date is recognised.

Forward currency transactions

These transactions are measured with reference to the forward rates at period end for maturities corresponding to those of the contracts to be priced.

Balance sheet items measured at amortised cost

For financial instruments measured at amortised cost, the fair value is determined for the sole purpose of providing appropriate information in the financial statements.
The fair value of loans with a contractual duration of less than twelve months is estimated to be their book value; the fair value of other loans is obtained by discounting the contract cash flows, net of the expected losses determined with reference to the credit rating of the borrower, using the corresponding rate curve for their maturities.

Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA)

Current regulations state that the pricing of a derivative, in addition to being based on market factors, should also reflect the Credit risk of the counterparty determined by a Credit Valuation Adjustment (CVA) and a Debit Valuation Adjustment (DVA).
To assess the credit risk of the counterparty, the Bank adopts the following methodology.
The term Credit Valuation Adjustment (CVA) refers to an adjustment in order to properly reflect the credit risk of the derivative counterparty made on the valuation of an OTC derivative (on positions with a positive fair value) transaction entered into by the Bank with an external counterparty and may be considered to be the market value of a potential loss amount derived from changes in market prices, due to a worsening of the credit or default risk of the counterparty.

Conversely, the term Debit Valuation Adjustment (DVA) refers to an adjustment in order to properly reflect the Bank's own default risk made on the valuation of an OTC derivative (on positions with a negative fair value) entered into by the Bank with an external counterparty, i.e. the market value of a potential gain derived from changes in market prices, due to a worsening of the Bank's credit or default risk.
For the quantification of a CVA and a DVA, under certain conditions, IFRS 13 refers to a calculation that must be made by netting set or by counterparty and, thus, based on net exposure and not at individual contract level. In addition, it is necessary to consider whether any collateral has been provided or if there are any netting agreements.
The Bank currently makes use of bilateral agreements for the netting of derivative contracts, in accordance with which the reciprocal mark to market receivable and payable positions are offset automatically on a daily basis, leading to a single net balance, without any novation: this results in margin settlement being made solely by the net creditor. The foregoing has led to a considerable reduction in exposure to credit risk and, consequently, the impact of CVAs and DVAs on fair value.
In particular, for the Bank, there are two factors that mitigate the impact of creditworthiness on fair value:

- the signing of ISDA (International Swap and Derivatives Association, the international standard of reference on OTC derivatives) agreements with major corporate counterparties and all institutional counterparties in OTC derivatives. Credit Support Annexes(CSA) were also concluded with institutional counterparties to regulate the pledging of collateral and further reduce the current exposure and resulting risk;
- the entry into force of the new platform on EMIR (European Market Infrastructure Regulation), with reference to the exclusion of derivatives stipulated on this platform/market from the scope of the CVA/DVA. On the basis of the assessments made, it is presumable that a large part of derivative transactions will be included in the new system as they are mainly composed of derivatives eligible for the purposes of the regulation.

IFRS 13 does not indicate a specific methodology for the calculation of CVAs and DVAs, but it requires the use of valuation techniques that, on the one hand, must be appropriate for the data available and, on the other hand, maximise the use of observable market data.
With reference to the above, in order to align with the best market practice, the Bank decided to make use of use the bilateral CVA approach that considers the presence of two components to the calculation, with the aim of including the potential loss/gain arising from changes in the credit risk of the counterparty/Bank, but taking into account the joint probability of default by counterparties.

Market parameters

The following types of yield curve are used:

- "par swap" curves;
- bond curves derived from baskets of bonds;
- corporate curves by issuer, rating, and sector.

The following are derived from the “par swap” curves:
- zero-coupon curves;
- forward rate curves;
- discount factor curves.

The zero-coupon rate curves are obtained using the bootstrapping technique. These are used to extrapolate the discount factors used to determine the present value of the cash flows generated by the financial instruments to be priced. The forward rates are implicit in the zero-coupon curve are determined with reference to the non-arbitrage theory.
The issuer curves are obtained by adding to the par swap rates the spreads that reflect the credit rating of the instrument’s issuer. These are used to price unlisted bonds.
The credit rating curve of the Bank is obtained by creating a basket of issues by banking issuers that have similar characteristics and ratings. This is used to price all issued bonds.
The prices thus obtained are applied daily to organised systems of trading for the bonds issued by the Group Banks (HI-MTF) that are reflected in the fair value valuation in the financial statements.

Volatility and other parameters

Volatilities and correlations are used principally to price unlisted derivatives. The volatilities are classified as follows:
- historical volatilities, estimated as the standard deviation of a time series of daily observations of the logarithm of the yields of the underlying concerned;
- contributed volatilities, obtained from information providers;
- implicit volatilities, obtained from the market prices of listed options.

With regard to the correlations, multi-variant derivatives are priced using historical correlations.

Methods and frequency of identifying the fair value of own properties

For the purpose of determining the fair value of its properties, the Bank uses an independent external firm of expert appraisers. The mandate given to this firm envisages the possible methods of estimating fair values, depending on the characteristics, intended use and potential of each property, with the most relevant ones including[33]:
- comparative method: the value of the property derives from a comparison with current market prices for comparable properties through an adjustment process that appreciates the peculiarities of the property being valued with respect to the characteristics of the comparable properties. Specifically, unit market values and lease payments are determined on the basis of surveys of the reference real estate market for each individual asset, using the “Asking Prices” and “Asking Rents” found for similar assets at the date of the estimate, appropriately adjusted to reflect the characteristics of the assets being measured. Data from past transactions was not used as the information available is limited and does not reflect the most recent macroeconomic/financial conditions.
- Discounted Cash Flow (DCF) method: the value of the property derives from discounting the cash flows expected from the lease agreements and/or from the proceeds of sales, net of costs pertaining to the property; the procedure applied to determine the discount rates and capitalisation (or return) rates used in the DCF model was the “BuildUp Approach” was applied, according to which spreads commensurate with the investment risk related to each individual asset are added to the “risk-free” financial yields (10-year BTPs and 10-year EURIRS) found at the date of the estimate. Additional risk-outs were also prudently considered for the rates of return. The rates of return thus obtained were also compared, where available, with data obtained from the real estate market of reference;
- transformation method: transformation value means the market value of the asset in the hypothesis of its transformation according to the use envisaged by the urban planning instruments. The transformation value is obtained by determining the final market value of the property after the transformation, after deducting the costs to be incurred to carry out the transformation, taking into account the element of risk related to the uncertainty of the timing of the intervention and the future trend of the property market.

Real estate valuations also take due account of “climate risk”, understood as the physical risk and transition risk to which the properties themselves are exposed, considering that: i. the parameters used for the valuations vary according to the geographical area in which the properties are located and the degree of exposure to extreme climatic events; ii. the valuations specifically implement certain certifications (e.g. “well”, “lead” or “breem”) on the individual property, while the Energy Performance Certificates - APE *(Attestazioni di Prestazione Energetica)* are already summarised in the valuation parameters used.

33 The specific characteristics of some assets could require different valuation methodologies from those indicated, whose application is shared by the specialised company with the competent functions of BPER Banca, once the consistency with the need to determine a fair value has been evaluated.

With regard to the frequency of evaluation updates, for properties held for investment purposes, the Bank requests a “desktop” valuation every year from a firm of expert appraisers, according to which the fair value is determined on the basis of the average value of comparable properties, without requiring an on-site inspection. Only for properties (individual buildings) with a value greater than the materiality threshold internally defined or in the event of a significant difference in value compared with the previous year, the Bank requests a “full” valuation from appraisal firms, according to which the fair value is determined on the basis of all information relating to the property, also acquired through an on-site inspection.
For properties used in operations, the Bank provides for an annual updating of the valuations in “desktop” mode. On the other hand, a “full” valuation is carried out only for properties that show a significant difference between their carrying amount at the measurement date and the “desktop” fair value estimate.
For the purposes of determining the fair value and useful life, the external appraiser takes into account any extraordinary maintenance costs (e.g. costs incurred for the expansion, modernisation or improvement of the structural elements of the property).

A.4.2 Measurement process and sensitivity

Financial assets and liabilities measured at fair value and classified in Level 3 of the fair value hierarchy mainly consist of:
- minority equity investments (unlisted equity instruments), often held in order to preserve local roots, or for the development of commercial relationships (measured at fair value mainly on the basis of equity methods);
- investments in asset-backed securities (ABS) classified as “Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value”[34];
- investments in closed-end real estate investment funds, classified as “Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value” and acquired in exchange for real estate sales;
- investments in closed-end alternative investment funds, classified as “Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value” and acquired in exchange for sales of UTP loan portfolios.

IFRS 13 requires that an analysis of the sensitivity of the fair value measurement to changes in unobservable inputs be provided for assets measured at fair value on a recurring basis and classified in Level 3 of the fair value hierarchy. The following analysis is provided for ABS instruments, Real Estate Funds and Non-Performing Loans Funds measured at fair value:

Financial asset/liability	Non-observable parameter	Change in parameter	Sensitivity (in thousands)	Change in parameter	Sensitivity (in thousands)
Investments in Asset Backed Securities	Credit Spread (*)	+50 bps	(7)	-50 bps	7
Investments in Real Estate Funds	Financial charges (**)	+50 bps	(164)	-50 bps	164
Investments in Non-Performing Loan Funds	Financial charges (**)	+50 bps	(1,438)	-50 bps	1,438

(*) Investments in Asset-Backed Securities: the unobservable parameter used to construct the sensitivity is the credit spread used in the construction of the rate used to discount future cash flows.

(**) Real Estate Funds and Non-performing Loans Funds: the unobservable parameter used to construct the sensitivity is the opportunity cost considered in the construction of the NAV adjustment component dedicated to the appreciation of the liquidity risk of the instruments.

For the other instruments held in the portfolio (derivatives and equity instruments, in particular), no quantitative sensitivity analysis of the fair value was carried out with respect to the change in unobservable inputs, as either the fair value was drawn from third-party sources without making any adjustment, or it is the result of a model whose inputs are specific to the entity being valued (for example, the company’s equity figures) and for which it is not reasonably conceivable to provide alternative amounts.

A.4.3 Fair value hierarchy

The Bank classifies its financial assets and liabilities by decreasing levels of fair value quality on the basis of the following principles:
- Fair value Level 1. Measurement is based on the price of the financial instrument concerned, being a quoted price in an active market.

34 For the sake of completeness, it should be noted that the portfolio contains ABS securities measured at amortised cost as they are part of the Hold To Collect (HTC) business model and with technical-financial characteristics such as to have passed the SPPI test required by IFRS 9. The fair value is also calculated for these instruments and provided for disclosure purposes only.

- Fair value level 2. Measurement is not based on quoted prices in active markets for the financial instrument concerned, but on meaningful prices obtained from non-active markets or reliable info-providers, or on prices determined using an appropriate valuation technique largely based on observable market parameters, including credit spreads, derived from quotations of instruments that are substantially similar in terms of risk factors considered. The objective of the use of valuation techniques is to reaffirm the aim of obtaining a closing price at the valuation date from the point of view of a market participant that holds the financial instrument.
- Fair value level 3. Measurement is based on various inputs that include subjective parameters, that is, parameters whose value cannot be derived from quoted prices observable in active markets. Since the parameters are not observable directly in the market, it follows that the value is required to make estimates and assumptions.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Bank has defined the analyses to be carried out [35]in the event of:
- the analyses to be performed in the event of changes in valuation techniques used to measure fair value;
- the policy for determining when transfers between fair value hierarchy levels are deemed to have occurred and which is constantly adhered to.

As a general principle, to be allocated to Level 1 of the fair value hierarchy, if there is a quoted price in an active market for an asset or a liability, that price should be used without adjustment when measuring fair value. In fact, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.
An allocation to Levels 2 and 3 depends on how the inputs used for the fair value measurement of an asset or liability are categorised within different levels of the fair value hierarchy: in those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

The availability of relevant inputs and their relative subjectivity might affect the selection of appropriate valuation techniques.

A.4.4 Other information

IFRS 13 requires an entity to “disclose information that helps users of an entity’s financial statements to assess the following:
- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements;
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.”

The Bank has a procedure in place to:
- identify transfers between levels;
- analyse and document the reasons for such transfers;
- monitor and control the reliability of the fair value of financial instruments.

In particular, for assets and liabilities measured at fair value on a recurring and non-recurring basis, adequate disclosure is made of the following aspects:
- the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement;
- the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3);
- for assets and liabilities categorised within Level 2 or 3, a description of the valuation techniques and inputs used and the reasons for any changes in valuation techniques used.

The Bank provides, for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the policy for determining when transfers between levels are deemed to have occurred, while, for those categorised on a recurring basis within Level 3 of the fair value hierarchy, a reconciliation is provided from the opening balances to the closing balances.

35 Please refer to the set of regulations that the Group has adopted: Group Guidelines for the application of the Fair Value Option, Group Guidelines for fair value measurement of financial instruments, Group Regulation for determining the fair value of financial instruments and Group Manual of valuation techniques for financial instruments of the BPER Banca Group.

Information is also provided on the policy for determining when transfers between fair value hierarchy levels are deemed to have occurred.

For assets or liabilities categorised within Level 3 of the fair value hierarchy, the following disclosures are provided:
- quantitative information about the significant unobservable inputs used in the fair value measurement;
- for recurring fair value measurements, the amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period, and the item(s) in profit or loss in which those unrealised gains or losses are recognised;
- a description of the valuation processes used for recurring and non-recurring fair value measurements;
- a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.

For financial assets and liabilities measured at amortised cost (not thus measured at fair value, but with fair value disclosure obligations) the following information is provided:
- the fair value hierarchy level;
- a description of the valuation techniques adopted for Levels 2 and 3, as well as the inputs used;
- if there has been any change in the valuation technique, a description of the change and the reason for it.

For own financial liabilities measured at fair value with credit enhancement (e.g. inseparable guarantees), information is provided on the existence of credit enhancement and the impact thereof on the determination of the fair value of the liability.
The application of the fair value option to loans and receivables and financial liabilities requires disclosure of the change in fair value attributable solely to changes in the credit risk associated with the instrument.
As mentioned, the risk factors are included in the discount curve using the discount rate adjustment approach.
This approach involves making separate and independent estimates of the various risk components (rate risk and credit risk), so that the partial fair value can be determined considering the changes in just one risk factor.

The following factors are considered in relation to credit risk:
- the risk-free market rate observed at the valuation date;
- the credit spread observed at the initial recording date or the previous valuation date;
- the credit spread observed at the valuation date.

The market fair value at the measurement date is compared with the fair value calculated using the credit risk observed at the initial recording date (or, alternatively, at the previous valuation date). This makes it possible to determine the changes in fair value due solely to changes in credit risk on a cumulative or periodic basis.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

Assets/Liabilities measured at fair value	31.12.2023			31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	105,982	708,413	398,599	174,840	671,924	416,121
a) Financial assets held for trading	62,850	628,750	5,595	105,415	624,847	7,716
b) Financial assets designated at fair value	-	1,991	-	-	1,920	461
c) Other financial assets mandatorily measured at fair value	43,132	77,672	393,004	69,425	45,157	407,944
2. Financial assets measured at fair value through other comprehensive income	5,627,562	472,096	514,452	6,682,564	522,713	522,277
3. Hedging derivatives	-	1,122,269	-	-	1,808,028	-
4. Property, plant and equipment	-	-	1,217,008	-	-	1,267,784
5. Intangible assets	-	-	-	-	-	-
Total	**5,733,544**	**2,302,778**	**2,130,059**	**6,857,404**	**3,002,665**	**2,206,182**
1. Financial liabilities held for trading	1	326,519	5,078	65	488,457	12,033
2. Financial liabilities measured at fair value	-	1,909,139	-	-	782,912	-
3. Hedging derivatives	-	250,124	-	-	498,563	-
Total	**1**	**2,485,782**	**5,078**	**65**	**1,769,932**	**12,033**

Transfers of assets from Level 2 to Level 1 of the fair value hierarchy during the period amounted to Euro 67,849 thousand and those from Level 1 to Level 2 amounted to Euro 82,643 thousand.
The former were marked by an improvement in the market tradability of the instruments in terms of the volume, breadth and depth of the prices quoted and the number of contributors. The latter are due to the loss of the meaningfulness of the price quoted in the principal market and a reduction in the number of contributors below the minimum threshold.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**416,121**	**7,716**	**461**	**407,944**	**522,277**	**-**	**1,267,784**	**-**
2. Increases	**128,661**	**2,063**	**-**	**126,598**	**18,570**	**-**	**139,690**	**-**
2.1. Purchases	78,433	-	-	78,433	10,464	-	12,776	-
2.2. Gains recognised to:	45,670	2,063	-	43,607	8,065	-	53,200	-
2.2.1. Profit or loss	45,670	2,063	-	43,607	-	-	17,975	-
- of which capital gains	31,522	2,063	-	29,459	-	-	-	-
2.2.2. Shareholders' equity	-	X	X	X	8,065	-	35,225	-
2.3. Transfers from other levels	2,379	-	-	2,379	-	-	72,595	-
2.4. Other increases	2,179	-	-	2,179	41	-	1,119	-
3. Decreases	**146,183**	**4,184**	**461**	**141,538**	**26,395**	**-**	**190,466**	**-**
3.1. Sales	10,957	-	-	10,957	1,269	-	47,560	-
3.2. Refunds	101,277	4,181	461	96,635	699	-	-	-
3.3. Losses recognised to:	33,872	3	-	33,869	24,234	-	43,089	-
3.3.1. Profit or loss	33,872	3	-	33,869	-	-	42,081	-
- of which capital losses	33,468	3	-	33,465	-	-	-	-
3.3.2. Shareholders' equity	-	X	X	X	24,234	-	1,008	-
3.4. Transfers from other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	77	-	-	77	193	-	99,817	-
4. Closing balance	**398,599**	**5,595**	**-**	**393,004**	**514,452**	**-**	**1,217,008**	**-**

A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**12,033**	**-**	**-**
2. Increases	**-**	**-**	**-**
2.1 Issues	-	-	-
2.2 Losses recognised to:	-	-	-
2.2.1 Profit or loss	-	-	-
- of which capital losses	-	-	-
2.2.2 Shareholders’ equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**6,955**	**-**	**-**
3.1 Refunds	4,168	-	-
3.2 Repurchases	-	-	-
3.3 Profits recognised to:	2,787	-	-
3.3.1 Profit or loss	2,787	-	-
- of which capital gains	2,787	-	-
3.3.2 Shareholders’ equity	X	-	-
3.4 Transfers from other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing balance	**5,078**	**-**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

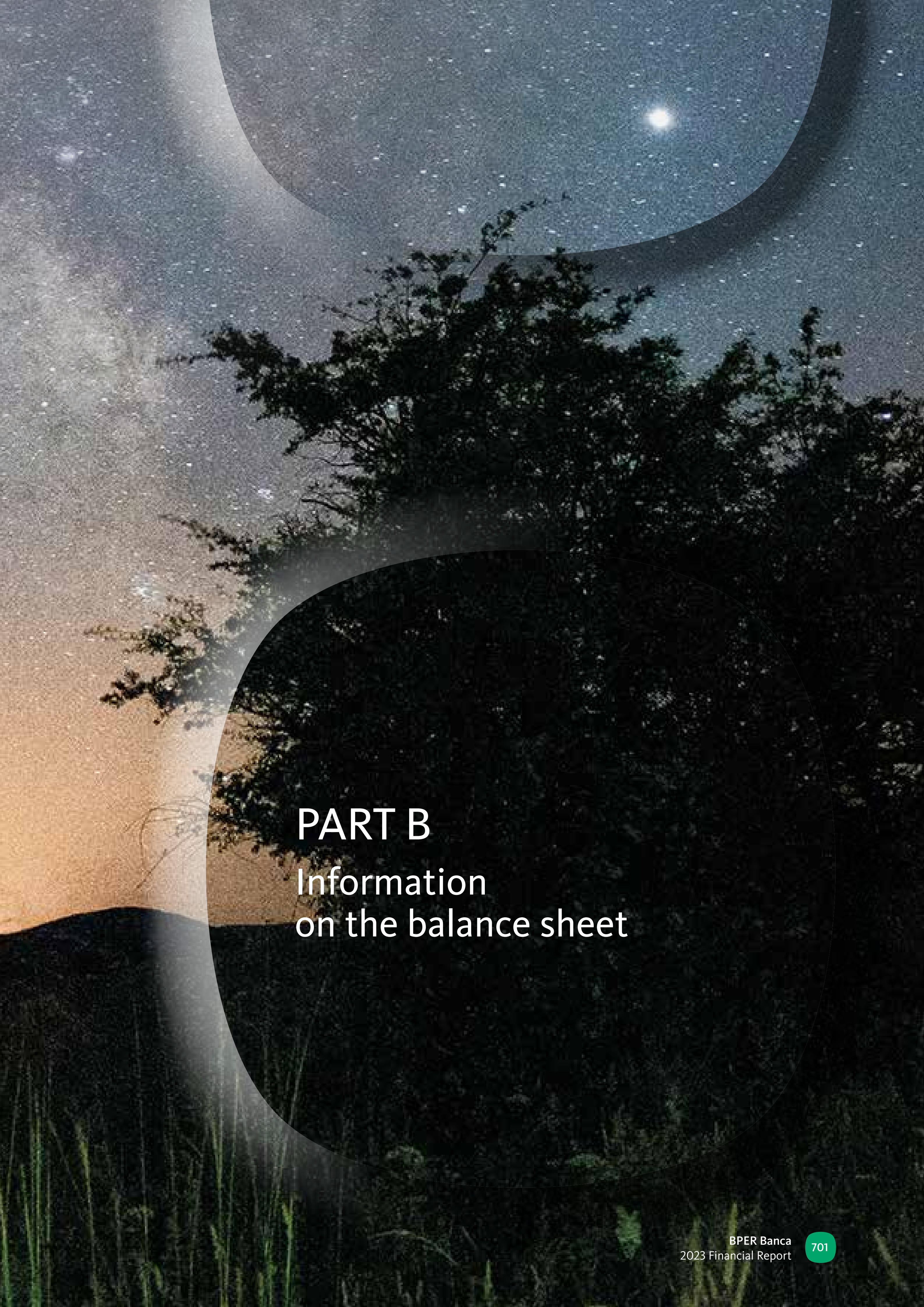
Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2023				31.12.2022			
	BV	L1	L2	L3	VB	L1	L2	L3
1. Financial assets measured at amortised cost	101,252,320	16,540,861	374,262	85,602,207	106,115,203	17,081,384	398,708	89,024,639
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	12,405	-	-	12,405	940,313	-	-	940,313
Total	**101,264,725**	**16,540,861**	**374,262**	**85,614,612**	**107,055,516**	**17,081,384**	**398,708**	**89,964,952**
1. Financial liabilities measured at amortised cost	117,340,739	5,052,052	6,235,420	105,939,556	128,217,775	4,395,269	1,807,402	121,718,413
2. Liabilities associated with assets classified as held for sale	-	-	-	-	1,218,693	-	-	1,218,693
Total	**117,340,739**	**5,052,052**	**6,235,420**	**105,939,556**	**129,436,468**	**4,395,269**	**1,807,402**	**122,937,106**

Key: BV = Book value; L1 = Level 1; L2 = Level 2; L3 = Level 3

A.5 – INFORMATION ON “DAY ONE PROFIT/LOSS”

In the case of Level 3 transactions, the fair value according to the model may differ from the transaction price: in the case of a positive difference (day one profit), this is amortised over the residual life of the instrument; in case of a negative difference (day-one loss), it is charged to the income statement for prudential purposes.

There were no differences at 31 December 2023 between the value of transactions and their corresponding fair values.



PART B

Information on the balance sheet

ASSETS

Section 1 – Cash and cash equivalents

Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31.12.2023	Total 31.12.2022
a) Cash	698,959	702,040
b) Current accounts and on demand deposits with Central Banks	8,155,778	12,706,014
c) Current accounts and on demand deposits with banks	1,513,114	871,653
Total	**10,367,851**	**14,279,707**

The balance of the item as at 31 December 2023 includes, as envisaged in the 8th update of Bank of Italy Circular 262/2005, all on demand loans to banks and central banks in the technical forms of deposits and current ac-counts, having the nature of cash and cash equivalents pursuant to IAS 7, despite continuing to respect the cri-teria for the recognition, measurement and derecognition of income statement items of the category "Assets at amortised cost". As at 31 December 2023, a reduction was observed in investments in "overnight" deposits with Central Banks which, as at 31 December 2023, amounted to Euro 8.156 million due to lower cash and cash equiv-alents to be invested as a result of repayments at maturity of two tranches of TLTRO.

Section 2 – Financial assets measured at fair value through profit or loss

Item 20

2.1 Financial assets held for trading: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	1,197	13,014	1	49,340	20,361	1
1.1 Structured securities	-	5,896	-	22,440	1,427	-
1.2 Other debt securities	1,197	7,118	1	26,900	18,934	1
2. Equity instruments	61,645	1,561	48	56,075	2,830	23
3. UCITS units	7	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**62,849**	**14,575**	**49**	**105,415**	**23,191**	**24**
B. Derivative instruments						
1. Financial derivatives	1	614,175	5,546	-	601,656	7,692
1.1 trading	1	614,175	5,546	-	601,656	7,692
1.2 connected with the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 connected with the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**1**	**614,175**	**5,546**	**-**	**601,656**	**7,692**
Total (A+B)	**62,850**	**628,750**	**5,595**	**105,415**	**624,847**	**7,716**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

Description/Amounts	Total 31.12.2023	Total 31.12.2022
A. Cash assets		
1. Debt securities	**14,212**	**69,702**
a) Central Banks	-	-
b) Public Administrations	160	8,266
c) Banks	10,748	26,489
d) Other financial companies	946	34,041
of which: Insurance companies	-	5,098
e) Non-financial companies	2,358	906
2. Equity instruments	**63,254**	**58,928**
a) Banks	10,773	9,361
b) Other financial companies	6,056	7,419
of which: Insurance companies	1,932	2,011
c) Non-financial companies	46,425	42,148
d) Other issuers	-	-
3. UCITS units	**7**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	**77,473**	**128,630**
B. Derivative instruments	**-**	**-**
a) Central counterparties	-	-
b) Other	619,722	609,348
Total (B)	**619,722**	**609,348**
Total (A+B)	**697,195**	**737,978**

2.3 Financial assets designated at fair value: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1.Debt securities	**-**	**1,991**	**-**	**-**	**1,920**	**461**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	1,991	-	-	1,920	461
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	**-**	**1,991**	**-**	**-**	**1,920**	**461**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

2.4 Financial assets designated at fair value: breakdown by borrowers/issuers

Description/Amounts	Total 31.12.2023	Total 31.12.2022
1. Debt securities	**1,991**	**2,381**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	1,991	1,920
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	461
2. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**1,991**	**2,381**

2.4 bis Financial assets measured at fair value: method of use of the fair value option

Description	31.12.2023	31.12.2022
a) Natural hedges through derivatives	-	-
a) Natural hedges with other financial instruments	-	-
c) Other types of accounting mismatch	-	-
d) Financial instruments managed and measured at fair value	1,991	2,381
e) Embedded structured derivative products	-	-
Total	1,991	**2,381**

2.5 Other financial assets mandatorily measured at fair value: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**46,984**	**-**	**-**	**66,183**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	46,984	-	-	66,183
2. Equity instruments	**3,401**	**297**	**13,752**	**1,613**	**297**	**18,235**
3. UCITS units	**39,731**	**-**	**301,881**	**67,812**	**-**	**235,597**
4. Loans	**-**	**77,375**	**30,387**	**-**	**44,860**	**87,929**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	77,375	30,387	-	44,860	87,929
Total	**43,132**	**77,672**	**393,004**	**69,425**	**45,157**	**407,944**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

2.6 Other financial assets mandatorily measured at fair value: breakdown by borrowers/issuer

	Total 31.12.2023	Total 31.12.2022
1. Equity instruments	**17,450**	**20,145**
of which: banks	297	297
of which: other financial companies	9,488	9,178
of which: non-financial companies	7,665	10,670
2. Debt securities	**46,984**	**66,183**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	46,984	66,183
of which: Insurance companies	-	-
e) Non-financial companies	-	-
3. UCITS units	**341,612**	**303,409**
4. Loans	**107,762**	**132,789**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	27,100	83,878
of which: Insurance companies	27,100	26,747
e) Non-financial companies	80,242	48,583
f) Households	420	328
Total	**513,808**	**522,526**

2.6 bis UCITS units breakdown

Description	31.12.2023	31.12.2022
1. Equities	8,409	15,576
2. Property - closed end	23,119	24,224
3. Equities - open end	18,975	17,461
4. Balanced - open end	7,047	6,669
5. Bonds - open end	4,550	4,019
6. Equities - closed end	75,038	58,755
7. Speculative securities	8,413	7,876
8. Bonds - short term	-	-
9. Bonds - long term	-	7,637
10. Other	196,061	161,192
Total	**341,612**	**303,409**

Section 3 – Financial assets measured at fair value through other comprehensive income

Item 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by product

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**5,615,460**	**468,980**	**-**	**6,681,266**	**520,476**	**656**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	5,615,460	468,980	-	6,681,266	520,476	656
2. Equity instruments	**12,102**	**3,116**	**514,452**	**1,298**	**2,237**	**521,621**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**5,627,562**	**472,096**	**514,452**	**6,682,564**	**522,713**	**522,277**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by borrow-ers/ issuers

Description/Amounts	Total 31.12.2023	Total 31.12.2022
1. Debt securities	**6,084,440**	**7,202,398**
a) Central Banks	-	-
b) Public Administrations	1,897,660	2,583,605
c) Banks	2,466,655	2,857,050
d) Other financial companies	837,945	933,561
of which: Insurance companies	31,477	45,121
e) Non-financial companies	882,180	828,182
2. Equity instruments	**529,670**	**525,156**
a) Banks	251,593	251,846
b) Other issuers:	278,077	273,310
- other financial companies	216,876	224,990
of which: Insurance companies	184,351	201,148
- non-financial companies	61,159	48,279
- other	42	41
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**6,614,110**	**7,727,554**

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total impairment provisions

	Gross value					Total impairment provisions				Total partial write-offs (*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
Debt securities	5,978,068	-	108,266	1,642	-	2,595	162	779	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**5,978,068**	**-**	**108,266**	**1,642**	**-**	**2,595**	**162**	**779**	**-**	**-**
Total 31.12.2022	**7,145,717**	**-**	**60,152**	**-**	**-**	**3,273**	**198**	**-**	**-**	**-**

(*) Amount to be shown for information purposes.

At 31 December 2023 none of the debt securities classified in Stage 3 have been written off.

For the approach used in the presentation of the gross value and total impairment provisions of impaired fi-nancial assets, reference should be made to Part A of these Explanatory Notes.

Section 4 – Financial assets measured at amortised cost

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4.1 Financial assets measured at amortised cost: breakdown by product of loans to banks

Type of transaction/Amounts	Total 31.12.2023						Total 31.12.2022					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3
A. Loans to Central Banks	**1,032,467**	**-**	**-**	**-**	**-**	**1,032,467**	**1,341,909**	**-**	**-**	**-**	**-**	**1,341,909**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	1,032,467	-	-	X	X	X	1,341,909	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	**11,384,612**	**-**	**-**	**6,241,093**	**245,908**	**4,667,138**	**11,365,500**	**-**	**-**	**6,019,897**	**256,521**	**4,758,409**
1. Loans	4,667,138	-	-	-	-	4,667,138	4,758,409	-	-	-	-	4,758,409
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	2,686,501	-	-	X	X	X	2,214,967	-	-	X	X	X
1.3. Other loans:	1,980,637	-	-	X	X	X	2,543,442	-	-	X	X	X
- Repurchase agreements	1,666,495	-	-	X	X	X	1,524,103	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	314,142	-	-	X	X	X	1,019,339	-	-	X	X	X
2. Debt securities	6,717,474	-	-	6,241,093	245,908	-	6,607,091	-	-	6,019,897	256,521	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	6,717,474	-	-	6,241,093	245,908	-	6,607,091	-	-	6,019,897	256,521	-
Total	**12,417,079**	**-**	**-**	**6,241,093**	**245,908**	**5,699,605**	**12,707,409**	**-**	**-**	**6,019,897**	**256,521**	**6,100,318**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

4.2 Financial assets measured at amortised cost: breakdown by product of loans to customers

Type of transaction/Amounts	Total 31.12.2023						Total 31.12.2022					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3
1. Loans	**75,863,338**	**723,742**	**431,903**	**-**	**-**	**79,136,372**	**79,111,685**	**556,859**	**708,196**	**-**	**-**	**82,073,110**
1.1 Current accounts	6,644,066	53,610	43,522	X	X	X	7,031,094	48,775	87,413	X	X	X
1.2 Repurchase agreements	-	-	-	X	X	X	-	4,254	-	X	X	X
1.3 Mortgage loans	56,717,722	553,172	332,095	X	X	X	57,419,472	433,366	559,990	X	X	X
1.4 Credit cards, personal loans and assignments of one-fifth of salary	841,730	5,781	2,562	X	X	X	853,281	6,789	3,863	X	X	X
1.5 Finance leases	4,798	272	-	X	X	X	1,947	275	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	28	-	X	X	X
1.7 Other loans	11,655,022	110,907	53,724	X	X	X	13,805,891	63,372	56,930	X	X	X
2. Debt securities	**11,816,258**	**-**	**-**	**10,299,768**	**128,354**	**766,230**	**13,031,054**	**-**	**-**	**11,061,487**	**142,187**	**851,211**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	11,816,258	-	-	10,299,768	128,354	766,230	13,031,054	-	-	11,061,487	142,187	851,211
Total	**87,679,596**	**723,742**	**431,903**	**10,299,768**	**128,354**	**79,902,602**	**92,142,739**	**556,859**	**708,196**	**11,061,487**	**142,187**	**82,924,321**

The sub-item "Other loans", limited to the performing component (consisting of Stage 1 and 2 equal to Euro 11,655 million, as well as the portion of POCI assets classified in Stage 2, equal to Euro 31.8 million), is composed as follows: Euro 7,181 million of short-term bullet loans (-14.48%), Euro 2,879 million of advances on invoices and bills subject to collection (-5.26%), Euro 1,116 million of import/export advances (-18.48%), Euro 40 million of credit assignments (-9.09%) and Euro 471 million of other miscellaneous items (-51.19%).
The portfolios of Loans and Debt Securities shown in the table include instruments with flow variability clauses depending on whether or not the financed counterparty achieves certain ESG KPIs (known as "Sustainability Linked Instruments"); more detailed information on the objectives pursued by the Bank with these instruments, their characteristics and amounts as at 31 December 2023 are shown in Part 2 - CNFS 2023 of the Directors' Re-port on Group Operations (para. 4.7.3. "Other products and services with ESG purposes" and para. 4.7.4 "ESG Investments"), to which reference is made.

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: L1 = Level 1, L2 = Level 2, L3 = Level 3

4.3 Financial assets measured at amortised cost: breakdown by borrowers/issuers of loans to customers

Type of transaction/Amounts	Total 31.12.2023			Total 31.12.2022		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Stage 1 and 2	Stage 3	Purchased or originated credit impaired
1. Debt securities	**11,816,258**	**-**	**-**	**13,031,054**	**-**	**-**
a) Public Administration	9,818,388	-	-	10,850,826	-	-
b) Other financial companies	1,606,647	-	-	1,704,145	-	-
of which: Insurance companies	28,463	-	-	27,372	-	-
c) Non-financial companies	391,223	-	-	476,083	-	-
2. Loans:	**75,863,338**	**723,742**	**431,903**	**79,111,685**	**556,859**	**708,196**
a) Public Administration	2,481,763	294	72	2,410,649	444	75
b) Other financial companies	8,295,948	8,965	718	9,607,582	10,224	27,968
of which: Insurance companies	92,238	-	-	77,944	-	-
c) Non-financial companies	32,456,215	421,037	284,797	34,358,710	354,290	440,281
d) Households	32,629,412	293,446	146,316	32,734,744	191,901	239,872
Total	**87,679,596**	**723,742**	**431,903**	**92,142,739**	**556,859**	**708,196**

4.3 bis - Financial assets measured at amortised cost: - details of loans to customers: breakdown by type of product, stage and type of counterparty

Type of Product/Counterparty	Public administrations			Other financial companies		
	Gross expo-sure	Total impairment provisions	Net exposure	Gross expo-sure	Total impairment provisions	Net exposure
Loans						
Current accounts	**73,079**	**(218)**	**72,861**	**2,638,144**	**(8,019)**	**2,630,125**
of which Stage 1	72,604	(175)	72,429	2,603,135	(2,160)	2,600,975
of which Stage 2	177	(1)	176	25,517	(384)	25,133
of which Stage 3	298	(42)	256	9,364	(5,416)	3,948
of which: purchased or originated credit impaired	-	-	-	128	(59)	69
Repurchase agreements	**-**	**-**	**-**	**-**	**-**	**-**
of which Stage 1	-	-	-	-	-	-
of which Stage 2	-	-	-	-	-	-
of which Stage 3	-	-	-	-	-	-
of which: purchased or originated credit impaired financial assets	-	-	-	-	-	-
Mortgage loans	**2,312,987**	**(947)**	**2,312,040**	**2,420,688**	**(15,458)**	**2,405,230**
of which Stage 1	2,307,982	(851)	2,307,131	2,333,227	(7,222)	2,326,005
of which Stage 2	4,971	(92)	4,879	78,306	(4,084)	74,222
of which Stage 3	34	(4)	30	7,855	(3,495)	4,360
of which: purchased or originated credit impaired	-	-	-	1,300	(657)	643
Other loans	**97,248**	**(20)**	**97,228**	**3,282,872**	**(12,596)**	**3,270,276**
of which Stage 1	96,982	(14)	96,968	3,226,492	(4,765)	3,221,727
of which Stage 2	182	(2)	180	52,656	(4,770)	47,886
of which Stage 3	12	(4)	8	3,701	(3,044)	657
of which: purchased or originated credit impaired	72	-	72	23	(17)	6
Total	**2,483,314**	**(1,185)**	**2,482,129**	**8,341,704**	**(36,073)**	**8,305,631**

(cont.)

Type of Product/Counterparty	Non-financial companies			Households			Total (net exposure)
	Gross exposure	Total impairment provisions	Net exposure	Gross exposure	Total impairment provisions	Net exposure	
Loans							
Current accounts	**3,234,866**	**(169,701)**	**3,065,165**	**1,031,883**	**(58,836)**	**973,047**	**6,741,198**
of which Stage 1	2,562,994	(12,883)	2,550,111	726,777	(4,933)	721,844	5,945,359
of which Stage 2	476,358	(27,988)	448,370	242,092	(17,064)	225,028	698,707
of which Stage 3	112,568	(78,471)	34,097	42,054	(26,745)	15,309	53,610
of which: purchased or origi-nated credit impaired	82,946	(50,359)	32,587	20,960	(10,094)	10,866	43,522
Repurchase agreements	**-**	**-**	**-**	**-**	**-**	**-**	**-**
of which Stage 1	-	-	-	-	-	-	-
of which Stage 2	-	-	-	-	-	-	-
of which Stage 3	-	-	-	-	-	-	-
of which: purchased or origi-nated credit impaired financial assets	-	-	-	-	-	-	-
Mortgage loans	**22,352,519**	**(506,911)**	**21,845,608**	**31,415,261**	**(375,150)**	**31,040,111**	**57,602,989**
of which Stage 1	18,752,763	(57,012)	18,695,751	27,851,463	(37,470)	27,813,993	51,142,880
of which Stage 2	2,802,099	(143,609)	2,658,490	2,991,920	(154,669)	2,837,251	5,574,842
of which Stage 3	485,243	(194,452)	290,791	392,716	(134,725)	257,991	553,172
of which: purchased or origi-nated credit impaired	312,414	(111,838)	200,576	179,162	(48,286)	130,876	332,095
Other loans	**8,473,421**	**(222,145)**	**8,251,276**	**1,081,528**	**(25,512)**	**1,056,016**	**12,674,796**
of which Stage 1	7,391,582	(20,454)	7,371,128	959,595	(1,985)	957,610	11,647,433
of which Stage 2	761,087	(28,722)	732,365	76,478	(2,792)	73,686	854,117
of which Stage 3	212,804	(116,655)	96,149	35,877	(15,731)	20,146	116,960
of which: purchased or origi-nated credit impaired	107,948	(56,314)	51,634	9,578	(5,004)	4,574	56,286
Total	**34,060,806**	**(898,757)**	**33,162,049**	**33,528,672**	**(459,498)**	**33,069,174**	**77,018,983**

4.4 Financial assets measured at amortised cost: gross value and total impairment provisions

	Gross value					Total impairment provisions				Total partial write-offs (*)
	Stage 1	of which: Low credit risk in-struments	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
Debt securities	17,971,974	-	584,416	-	-	5,346	17,312	-	-	-
Loans	74,585,449	-	7,534,218	1,302,528	714,530	150,224	406,500	578,786	282,627	31,712
Total 31.12.2023	**92,557,423**	**-**	**8,118,634**	**1,302,528**	**714,530**	**155,570**	**423,812**	**578,786**	**282,627**	**31,712**
Total 31.12.2022	**96,559,400**	**-**	**8,885,622**	**1,250,218**	**1,193,107**	**185,545**	**409,329**	**693,359**	**484,911**	**34,066**

(*) Amount to be shown for information purposes.

For the approach used in the presentation of the gross value and total impairment provisions of impaired fi-nancial assets, reference should be made to Part A of these Explanatory Notes. Note that default interest is only recorded at the time of actual collection.
An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and re-covery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. For this perimeter, it was therefore considered appropriate to partially write off the gross exposure for a total of Euro 250 million, adjusting it to the expected recoverable amount. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.

Gross value				Overall impairment provisions			
Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
4,495,016	837,322	140,295	17,864	4,257	8,974	16,228	1,811

Section 5 – Hedging derivatives

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5.1 Hedging derivatives: breakdown by type of hedge and hierarchy level

	Fair value 31.12.2023			NV 31.12.2023	Fair value 31.12.2022			NV 31.12.2022
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1. Fair Value	-	1,122,269	-	13,604,369	-	1,808,028	-	11,966,523
2. Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**1,122,269**	**-**	**13,604,369**	**-**	**1,808,028**	**-**	**11,966,523**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of these Explanatory Notes.

Key: NV = Notional Value L1=Level1 L2=Level2 L3=Level3

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair value							Cash flows		Foreign investments
	Specific						General			
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other		Specific	General	
1. Financial assets meas-ured at fair value through other compre-hensive income	101,140	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	921,237	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**1,022,377**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial Liabilities	99,892	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**99,892**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 6 – Change in value of macro-hedged financial assets

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There are no amounts in this Financial Report.

Section 7 – Equity investments

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7.1 Equity investments: information on shareholdings

Company name	Registered office	Operational head office	% held	% Available votes
A. Wholly-owned companies				
Direct:				
1. Adras s.p.a.	Milan	Milan	100.000	
2. Annia s.r.l.	Milan	Milan	100.000	
3. Arca Holding s.p.a.	Milan	Milan	57.061	
4. Banca Cesare Ponti s.p.a.	Milan	Milan	100.000	
5. Bibanca s.p.a.	Sassari	Sassari	78.609	
6. BPER Bank Luxembourg S.A.	Luxembourg	Luxembourg	100.000	
7. Banco di Sardegna s.p.a.	Cagliari	Sassari	99.461	100.000
8. BPER Factor s.p.a.	Bologna	Bologna	100.000	
9. BPER Real Estate	Modena	Modena	74.687	
10. BPER Trust Company s.p.a.	Modena	Modena	100.000	
11. Bridge Servicing s.p.a.	Modena	Modena	100.000	
12. Carige Covered Bond S.r.l.	Genoa	Genoa	60.000	
13. BPER REOCO s.p.a.	Genoa	Genoa	100.000	
14. Centro Fiduciario C.F s.p.a. - in liquidation (*)	Genoa	Genoa	96.950	
15. Commerciale Piccapietra s.r.l.	Genoa	Genoa	100.000	
16. Estense Covered Bond s.r.l.	Conegliano	Conegliano	60.000	
17. Estense CPT Covered Bond s.r.l.	Conegliano	Conegliano	60.000	
18. Finitalia s.p.a.	Milan	Milan	100.000	
19. Lanterna Finance s.r.l.	Genoa	Genoa	5.000	
20. Lanterna Mortgage s.r.l.	Genoa	Genoa	5.000	
21. Modena Terminal s.r.l.	Campogalliano	Campogalliano	100.000	
22. Sant'Anna Golf s.r.l.	Genoa	Genoa	100.000	
23. Sardaleasing s.p.a.	Sassari	Milan/Bologna	52.846	
B. Companies subject to significant influence				
1. Alba Leasing s.p.a.	Milan	Milan	33.498	
2. Atrikè s.p.a. - in liquidation	Modena	Modena	45.000	
3. Autostrada dei Fiori S.p.A.	Imperia	Imperia	20.620	
4. Cassa di Risparmio di Fossano s.p.a.	Fossano	Fossano	23.077	
5. Cassa di Risparmio di Savigliano s.p.a.	Savigliano	Savigliano	31.006	
6. Immobiliare Oasi nel Parco s.r.l. (**)	Milan	Milan	36.800	
7. Lanciano Fiera - Polo Fieristico d'Abruzzo Consorzio	Lanciano	Lanciano	33.333	
8. Nuova Erzelli S.r.l.	Genoa	Genoa	40.000	
9. Resiban s.p.a.	Modena	Modena	20.000	
10. Gility s.r.l.	Milan	Milan	49.084	
11. UnipolRental s.p.a.	Reggio Emilia	Reggio Emilia	19.987	
12. Unione Fiduciaria s.p.a.	Milan	Milan	24.000	

(*) On 6 March 2024, the company was removed from the Register of Companies.
(**) On 23 February 2024, the deed of transfer of the company was finalised.

The "% Available votes" column is only used if the actual share of votes exercisable at the Ordinary Shareholders' Meeting is different from the interest held in the company's share capital.

7.2 Significant equity investments: book value, fair value and dividends earned

Please refer to information disclosed in the Consolidated financial report.

7.3 Significant equity investments: accounting information

Please refer to information disclosed in the Consolidated financial report.

7.4 Non-significant equity investments: accounting information

Please refer to information disclosed in the Consolidated financial report.

Impairment tests of equity investments

As required by IAS/IFRS, and in compliance with the provisions of IAS 36, the carrying amount of each equity investment was subjected to impairment testing in order to verify the existence or otherwise of objective evidence that would be grounds for considering that the carrying amount of the assets is not fully recoverable or check that it was reasonable with respect to its recoverable value. In the presence of impairment indicators, the impairment test is carried out, which requires the estimation of the recoverable value of the investment, which is the greater of the fair value less costs to sell and the value in use, and the comparison with the relevant carrying value. Where the recoverable value is lower than the carrying value and in the event of any impairment, a value adjustment must be booked to the financial statements; on the contrary, if the recoverable value of the equity investment is higher than the carrying value the latter must not be modified unless it had been written down in previous years. In the latter case, a write-back must be recognised in the financial statements for the amount of the positive difference between the recoverable value and the carrying value with the maximum limit of the write-downs effected previously.

With reference to significant interests or interests in companies subject to joint control, evaluations were carried out based on market methodologies (such as transaction or market multiples) or, alternatively, evaluations based on the estimate of expected cash flows discounted using the Dividend Discount Model or Discounted Cash Flow or, lastly, alternative methods; the selection of one or more evaluation methodologies was made taking into account the information set available.

As regards significant controlling interests, the carrying amounts of the individual equity investments held were verified, some of which corresponding to the legal entities/CGUs to which goodwill is allocated, by comparing it with the associated recoverable value, generally estimated as equal to the value in use, by discounting future flows at an appropriate cost of capital. "Section 10 – Intangible assets" of the consolidated Explanatory Notes discusses the elements supporting the projections made and the assumptions underlying the estimated recoverable value of the principal subsidiaries and associates, measured with the financial method.

In the absence of the necessary forecasts for estimating future flows, one or more analytical and/or market methods are used based on the information available and the nature of the entity, including therein the estimate of the recoverable value based on the amount of the updated company's net assets.

Based on the checks conducted, no elements of criticality came to light on the carrying values of the equity investments, except for the investments held by BPER Banca in BPER Real Estate and BPER Reoco. The comparison of the recoverable amount of each company, which is estimated to be equal to the assets base that takes into account the value of the assets held on the basis of the most up-to-date market parameters, with the relevant book value, showed the need to make a write-down for a total amount of Euro 31.7 million, of which Euro 14.3 million to the equity investment held in BPER Real Estate and Euro 17.4 million to the equity investment held in BPER Reoco.

7.5 Equity investments: annual changes

	Total 31.12.2023	Total 31.12.2022
A. Opening balance	**2,174,728**	**2,006,574**
B. Increases	**171,952**	**330,925**
B.1 Purchases	34,935	314,909
- of which: business combinations	-	*135,818*
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other increases	137,017	16,016
C. Decreases	**90,292**	**162,771**
C.1 Sales	5	-
C.2 Adjustments	32,249	28,038
C.3 Depreciations	-	-
C.4 Other decreases	58,038	134,733
D. Closing balance	**2,256,388**	**2,174,728**
E. Total revaluations	**-**	**-**
F. Total adjustments	**311,876**	**279,628**

The increases (item B.1) refer to:

- the purchase of 236,090 BPER Real Estate shares, for the subscription of the share capital increase called by the company (Euro 31.4 million);
- the purchase of 92,869 shares of Banco di Sardegna at a price of Euro 0.7 million;
- the payment of the "variable" component of the consideration envisaged by the sale and purchase agreement for the shares of SIFA' - Società Italiana Flotte Aziendali s.p.a., signed on 30 December 2020 (Euro 2.75 million).

"Other increases" (item B.4) refer to:

- the acquisition of 19.987% of the share capital of UnipolRental s.p.a. as the exchange ratio for the merger by absorption of SIFA'- Società Italiana Flotte Aziendali s.p.a. (Euro 50 million);
- the increase of the investment in the share capital of Banca Cesare Ponti s.p.a., the merging company of Optima SIM s.p.a. (Euro 42.4 million);
- the contribution for the capital increase subsequently made by BPER Banca in favour of BPER REOCO s.p.a. (Euro 40.0 million);
- the increase of the investment in BPER REOCO s.p.a., the merging company of Italiana Valorizzazioni Immobiliari s.r.l. (Euro 1.69 million);
- contribution to the subsequent capital increase made by BPER Banca in favour of Commerciale Piccapietra s.r.l. (Euro 2.0 million).

"Impairment losses" (item C.2) refer to:

- impairment carried out on the investee BPER REOCO s.p.a. (Euro 17.4 million);
- impairment on investee company BPER Real Estate s.p.a. (Euro 14.3 million).

"Other decreases" (item C.4) refer to:

- the deconsolidation of SIFA' - Società Italiana Flotte Aziendali s.p.a. merged by absorption into UnipolRental s.p.a. (Euro 11.5 million);
- the deconsolidation of Optima SIM s.p.a., following its merger into Banca Cesare Ponti s.p.a. (Euro 42.4 million);
- the deconsolidation of Italiana Valorizzazioni Immobiliari s.r.l., following its merger into BPER REOCO s.p.a. (Euro 1.69 million);
- the deconsolidation of BPER Credit Management s.p.a., following its merger into BPER Banca s.p.a. (Euro 1.0 million).

7.6 Commitments referred to equity investments in companies subject to joint control

Please refer to information disclosed in the Consolidated financial report.

7.7 Commitments related to equity investments in companies subject to significant influence

Please refer to information disclosed in the Consolidated financial report.

7.8 Significant restrictions

Please refer to information disclosed in the Consolidated financial report.

7.9 Other information

Please refer to information disclosed in the Consolidated financial report.

Section 8 – Property, plant and equipment

Item 80

8.1 Property, plant and equipment used in operations: breakdown of assets measured at cost

Description/Amounts	Total 31.12.2023	Total 31.12.2022
1. Assets owned	**236,048**	**218,770**
a) land	-	-
b) buildings	-	-
c) furniture	60,667	60,844
d) electronic systems	72,507	67,909
e) other	102,874	90,017
2. Rights of use acquired through leases	**341,720**	**395,757**
a) land	-	-
b) buildings	331,072	375,324
c) furniture	-	-
d) electronic systems	5,970	15,312
e) other	4,678	5,121
Total	**577,768**	**614,527**
of which: arising from the enforcement of guarantees received	-	-

8.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

There is no property, plant or equipment held for investment purposes measured at cost in this Financial Report.

8.3 Property, plant and equipment used in operations: breakdown of revalued assets

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Assets owned	**-**	**-**	**938,737**	**-**	**-**	**1,005,585**
a) land	-	-	489,625	-	-	498,177
b) buildings	-	-	449,112	-	-	507,408
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	**-**	**-**	**938,737**	**-**	**-**	**1,005,585**
of which: arising from the enforcement of guar-antees received	-	-	-	-	-	-

Key L1 = Level 1; L2 = Level 2 L3 = Level 3

8.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

Description/Amounts	Total 31.12.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Assets owned	**-**	**-**	**278,271**	**-**	**-**	**262,199**
a) land	-	-	128,205	-	-	114,926
b) buildings	-	-	150,066	-	-	147,273
2. Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**278,271**	**-**	**-**	**262,199**
of which: arising from the enforcement of guar-antees received	-	-	-	-	-	-

For more information, please see part A – Accounting Policies in these Explanatory Notes.

Key: L1 = Level 1; L2 = Level 2: L3 = Level 3

8.5 Inventories of property, plant and equipment governed by IAS 2: breakdown

There are no amounts in this Financial Report.

8.6 Property, plant and equipment used in operations: annual changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	**454,520**	**1,073,679**	**250,130**	**295,176**	**455,190**	**2,528,695**
A.1 Total net value adjustments	(43,657)	190,947	189,286	211,955	360,052	908,583
A.2 Net opening balance	**498,177**	**882,732**	**60,844**	**83,221**	**95,138**	**1,620,112**
B. Increases:	**50,940**	**77,046**	**3,148**	**36,303**	**46,311**	**213,748**
B.1 Purchases	5,638	42,000	2,940	22,197	37,778	110,553
B.2 Capitalised expenditure on improve-ments	-	955	-	-	-	955
B.3 Write-backs	1,965	543	-	-	-	2,508
B.4 Positive changes in fair value allocated to	40,757	737	-	-	-	41,494
a) shareholders' equity	35,226	-	-	-	-	35,226
b) profit or loss	5,531	737	-	-	-	6,268
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfers from property, plant and equipment held for investment	2,580	2,985	-	-	-	5,565
B.7 Other increases	-	29,826	208	14,106	8,533	52,673
C. Decreases:	**59,492**	**179,594**	**3,325**	**41,047**	**33,897**	**317,355**
C.1 Sales	24,469	11,787	34	462	823	37,575
C.2 Depreciation	-	83,068	3,120	28,484	24,661	139,333
C.3 Impairment losses allocated to	-	6,021	-	-	-	6,021
a) shareholders' equity	-	-	-	-	-	-
b) profit or loss	-	6,021	-	-	-	6,021
C.4 Negative changes in fair value allocated to	1,202	4,301	-	-	-	5,503
a) shareholders' equity	-	1,008	-	-	-	1,008
b) profit or loss	1,202	3,293	-	-	-	4,495
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	33,821	33,210	-	-	-	67,031
a) property, plant and equipment held for investment	33,821	33,210	-	-	-	67,031
b) Non-current assets and groups of assets held for sale	-	-	-	-	-	-
C.7 Other decreases	-	41,207	171	12,101	8,413	61,892
D. Net closing balance	**489,625**	**780,184**	**60,667**	**78,477**	**107,552**	**1,516,505**
D.1 Total net value adjustments	(85,177)	227,879	189,906	239,891	377,326	949,825
D.2 Gross closing balance	**404,448**	**1,008,063**	**250,573**	**318,368**	**484,878**	**2,466,330**
E. Carried at cost	**291,948**	**530,711**	**-**	**-**	**-**	**822,659**

Impairment losses amounting to Euro 6 million relate to rights of use for leases.

8.7 Property, plant and equipment held for investment: annual changes

	Total	
	Land	Buildings
A. Opening balance	**114,926**	**147,273**
B. Increases	**40,848**	**36,673**
B.1 Purchases	81	379
B.2 Capitalised expenditure on improvements	-	165
B.3 Increases in fair value	6,946	2,919
B.4 Write-backs	-	-
B.5 Positive exchange differences	-	-
B.6 Transfers from property, plant and equipment used in operations	33,821	33,210
B.7 Other increases	-	-
C. Decreases	**27,569**	**33,880**
C.1 Sales	3,999	6,892
C.2 Depreciation	-	-
C.3 Decreases in fair value	17,899	19,688
C.4 Impairment losses	-	-
C.5 Negative exchange differences	-	-
C.6 Transfers to:	5,671	7,285
a) property, plant and equipment used in operations	2,580	2,985
b) Non-current assets and groups of assets held for sale	3,091	4,300
C.7 Other decreases	-	15
D. Closing balance	**128,205**	**150,066**

8.7 bis Useful life of the main categories of fixed assets

Category	Useful life
Land	not depreciated
Real estate	based on the useful life identified from specific appraisals
Office furniture and machines	100 months
Furnishings	80 months
Lifting equipment	160 months
Motor vehicles	48 months
Alarm systems	40 months
EDP hardware	60 months

8.8 Inventories of property, plant and equipment governed by IAS 2: annual changes

There are no amounts to be disclosed in this Financial Report.

8.9 Commitments to purchase property, plant and equipment

There are no amounts to be disclosed in this Financial Report.

Section 9 – Intangible assets

Item 90

9.1 Intangible assets: breakdown by asset type

Description/Amounts	Total 31.12.2023		Total 31.12.2022	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	**X**	**-**	**X**	**-**
A.2 Other intangible assets	**464,655**	**-**	**349,522**	**-**
of which Software	464,609	-	314,783	-
A.2.1 Assets measured at cost	464,655	-	349,522	-
a) intangible assets generated internally	-	-	-	-
b) other assets	464,655	-	349,522	-
A.2.2 Assets measured at fair value	-	-	-	-
a) intangible assets generated internally	-	-	-	-
b) other assets	-	-	-	-
Total	**464,655**	**-**	**349,522**	**-**

"Other intangible assets" mainly comprise applications software measured at cost and amortised on a straight-line basis over a period, not exceeding five years, that depends on the degree of obsolescence involved.

9.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		FIN	INDEF	FIN	INDEF	
A. Opening balance	**284,810**	**-**	**-**	**655,237**	**-**	**940,047**
A.1 Total net value adjustments	284,810	-	-	305,715	-	590,525
A.2 Net opening balance	**-**	**-**	**-**	**349,522**	**-**	**349,522**
B. Increases	**-**	**-**	**-**	**220,006**	**-**	**220,006**
B.1 Purchases	-	-	-	219,939	-	219,939
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other increases	-	-	-	67	-	67
C. Decreases	**-**	**-**	**-**	**104,873**	**-**	**104,873**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	-	-	99,907	-	99,907
- Depreciation	X	-	-	99,907	-	99,907
- Impairment losses	-	-	-	-	-	-
+ shareholders' equity	X	-	-	-	-	-
+ profit or loss	-	-	-	-	-	-
C.3 Decreases in fair value:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- profit or loss	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other decreases	-	-	-	4,966	-	4,966
D. Net closing balance	**-**	**-**	**-**	**464,655**	**-**	**464,655**
D.1 Total net value adjustments	284,810	-	-	405,622	-	690,432
E. Gross closing balance	**284,810**	**-**	**-**	**870,277**	**-**	**1,155,087**

All intangible assets are measured at cost. The impairment test carried out in compliance with IAS 36 did not identify any need to recognise an impairment loss.

Key: DEF definite life INDEF: indefinite life

9.3 Intangible assets: other information

There are no amounts to be disclosed other than those already provided in this section.

Section 10 – Tax assets and liabilities

Asset item 100 and liability item 60

10.1 Deferred tax assets: breakdown

	IRES	IRAP	Total 31.12.2023	Total 31.12.2022
Impairment losses on loans to customers	275,886	26,649	302,535	448,276
Impairment losses on equity investments and securities	59,207	13,226	72,433	123,657
Goodwill convertible into tax credits	240,706	46,741	287,447	314,302
Non-convertible goodwill	23,287	4,717	28,004	40,759
Personnel provisions	188,338	27,774	216,112	165,913
Endorsement credits, clawback action during bankruptcy proceedings and outstanding lawsuits	88,568	5,847	94,415	101,208
Impairment losses on loans to customers FTA IFRS 9	149,156	30,211	179,367	192,691
Non-convertible tax losses	320,000	-	320,000	157,930
Tax losses convertible into tax credits	-	-	-	417,518
ACE carried forward	61,000	-	61,000	21,175
Property, plant and equipment and intangible assets	4,831	480	5,311	5,618
Other deferred tax assets	33,584	513	34,097	84,613
Total	**1,444,563**	**156,158**	**1,600,721**	**2,073,660**

"Deferred tax assets" are determined on the basis of IRES and IRAP tax rates which are expected to be in force at the time of their recovery.

The total includes deferred tax assets of Euro 590.0 million relating to impairment losses on loans to customers, goodwill convertible to tax credits pursuant to Italian Law 214/2011.

The remaining deferred tax assets, for a total of Euro 1,010.7 million, refer for Euro 629.7 million to deductible temporary differences, for Euro 320.0 million to non-convertible tax losses and Euro 61.0 million to surplus ACE (Allowance for Corporate Equity). These deferred tax assets were recognised on the basis of the positive outcome of the probability test carried out in compliance with the provisions of IAS 12, assuming that a time horizon of 5 years is used for the purposes of the recovery forecasts; the future taxable income considered is consistent with the financial forecasts updated recently in 2023. The decrease in the item "Tax losses convertible into tax credits" is due to the conversion of DTAs recognised as at 31 December 2023 on IRES and IRAP tax losses in application of the provisions of article 2, paragraphs 55 et seq. of Italian Decree Law 225/2010 and article 1, paragraphs 233 et seq. of Italian Law 178/2020.

As at 31 December 2023, no deferred tax assets were recognised on tax losses for Euro 42.4 million, and Euro 4.2 million on ACE(Allowance for Corporate Equity) surplus. Moreover, no deferred tax assets recoverable beyond the time horizon considered for the probability test on the realignment of goodwill and personnel provisions of Euro 33.9 million were recognised.

10.2 Deferred tax liabilities: breakdown

	IRES	IRAP	Total 31.12.2023	Total 31.12.2022
Payments to IDPF (Interbank Deposit Protection Fund)	149	30	179	179
Revaluations of equity investments and securities	5,648	9,230	14,878	18,361
Capital gains on shares and other securities	1,778	269	2,047	2,155
Personnel provisions	1,579	-	1,579	1,578
Property, plant and equipment and intangible assets	10,172	2,060	12,232	12,232
Other deferred taxes	3,313	38	3,351	4,821
Total	**22,639**	**11,627**	**34,266**	**39,326**

"Deferred tax liabilities" are determined on the basis of IRES and IRAP tax rates which are expected to be in force at the time of their recovery.

The item "Other deferred taxes" refers entirely to the mismatch between the carrying value and the tax value of CFH derivatives.

At 31 December 2023, there are no temporary differences relating to investments in subsidiaries, branches, associates and companies under joint control for which the related deferred tax liabilities have not be recognised.

10.3 Changes in deferred tax assets (through profit or loss)

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	**1,930,396**	**1,041,998**
2. Increases	**549,103**	**1,229,312**
2.1 Deferred tax assets recognised in the year	548,953	431,223
a) relating to previous years	416,719	38,569
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) other	132,234	392,654
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	150	798,089
- of which: business combinations	-	*798,089*
3. Decreases	**973,801**	**340,914**
3.1 Deferred tax assets derecognised in the year	892,831	322,503
a) reversals	246,053	144,699
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	646,778	177,804
3.2 Decreases in tax rates	-	-
3.3 Other decreases:	80,970	18,411
a) conversion into tax credit under Law no. 214/2011	80,970	10,643
b) other	-	7,768
4. Final amount	**1,505,698**	**1,930,396**

The amount recognised under 2.1 a) “Deferred tax assets recognised in the year relating to previous years” mainly refers to DTAs recognised in the year following the passing of the probability test relating to tax losses, ACE surpluses, as well as the portion of the impairment losses on loans taken under FTA of IFRS 9 and the amortisation of tax-aligned goodwill recoverable in 2028.

Item d) “Other increases” consists mainly of deferred tax assets relating to provisions for redundancies of Euro 69.8 million, provisions for legal disputes of Euro 22.7 million, provisions for claw-back actions and unsecured loans of Euro 6.7 million, and, finally, personnel provisions of Euro 25.4 million.

The amount recognised under 3.1 a) “Deferred tax assets cancelled for the year - reversals” mainly includes cancellations of deferred tax assets pursuant to Italian Law 214/2011 related to the impairment of loans to customers and the tax amortisation of goodwill of Euro 174.9 million, the tax amortisation of goodwill against which convertible DTAs are not recognised of Euro 13.3 million, the tax amortisation of other tangible and intangible assets of Euro 1.8 million, and the misalignments between the book and tax values of the assets constituting the business unit transferred to Banco Desio in 2023, plus the cancellations of the deferred tax assets on the portion of impairment deducted in the period, registered at the time of the first-time adoption of IFRS 9 for an amount of Euro 38.5 million.

The amount recognised under 3.1 d) “Deferred tax assets cancelled for the year - other” includes the reversal of deferred tax assets related to uses of personnel provisions of Euro 47.0 million, uses of provisions for risks of Euro 36.3 million, and the reduction of the misalignment between the book value and the tax value of the provision for employee severance indemnity and the pension fund section A of Euro 2.0 million. The amount also refers to Euro 186.8 million worth of DTAs related to the portion of tax losses and ACE surpluses used to reduce individual and group taxable income, and represents, for Euro 334.6 million, the portion of deferred tax assets relating to tax losses converted into tax credit on 1 January 2023 pursuant to Article 1, paragraphs 233 et seq. of Law no. 178/2020 following the business combination that was completed with the merger by absorption of Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A. into BPER finalised by the deed of merger of 28 November 2022.

The amount recognised under item 3.3 a) “Other decreases/conversion into tax assets as per Law 214/2011” reflects the decrease in DTAs recognised on the IRES tax loss for 2022 and on the negative value of production for 2022, which were converted into tax credits in 2023.

10.3 bis Changes in deferred tax assets pursuant to Law 214/2011 (with offsetting entry to profit and loss)

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	**845,449**	**672,003**
2. Increases	**2,334**	**271,278**
- of which: business combinations	-	*187,116*
3. Decreases	**257,801**	**97,832**
3.1 Reversals	174,929	87,176
3.2 Conversion into tax credit	80,970	10,643
a) from losses for the year	-	-
b) from tax losses	80,970	10,643
3.3 Other decreases	1,902	13
4. Final amount	**589,982**	**845,449**

Article 2, paragraph 55 et seq. of Law Decree no. 225/2010 introduced the option of converting into tax credits the DTAs recognised in the financial report relating to value adjustments pursuant to article 106, paragraph 3 of the Consolidated Income Tax Act, to the value of goodwill and other intangible assets and the part of the IRES tax losses resulting from (and within the limits of) the deduction of the aforementioned items for the year.

Subsequently, Law 147/2013 (Stability Law 2014) extended the conversion of IRAP DTAs relating to impairment losses on loans, goodwill and other intangible assets, also in the case of "negative net value of production".

This table shows the changes that took place during the year limited to these categories of DTAs (called "noble").

The amount under item "2. Increases" mainly refers to deferred tax assets on goodwill related to previous years.

Item 3.1 "Reversals" represents the reversals for the year as a result of the deduction in the year of value adjustments on loans recognised in previous years and the deduction of which had been deferred in accordance with the regulations in force at the time, and of the amortisation of goodwill.

Item 3.2 b) "Conversion into tax credits from tax losses" represents the decrease in DTAs recognised on the IRES tax loss for 2022 and on the negative value of production for 2022, which were converted into tax credits in 2023.

10.4 Changes in deferred tax liabilities (through profit or loss)

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	**3,869**	**1,829**
2. Increases	**3,702**	**4,861**
2.1 Deferred tax liabilities recognised in the year	3,702	3
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	3,702	3
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	4,858
- of which: business combinations	-	*4,858*
3. Decreases	**662**	**2,821**
3.1 Deferred tax liabilities derecognised in the year	662	2,821
a) reversals	-	-
b) due to changes in accounting criteria	-	-
c) other	662	2,821
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**6,909**	**3,869**

Item 2.1 c) "Deferred tax assets recognised for the year - other" refers to deferred tax assets of Euro 0.6 million recognised on the taxable portion of capital gains from the fair value measurement of securities and equity investments and to deferred tax assets of Euro 3.1 million recognised on the revaluation of tax receivables held for sale.

Item 3.1 c) "Deferred tax assets derecognised for the year - other" refers to deferred tax liabilities cancelled following the realisation of securities and equity investments.

10.5 Changes in deferred tax assets (through shareholders' equity)

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	**143,264**	**43,036**
2. Increases	**4,444**	**114,095**
2.1 Deferred tax assets recognised in the year	4,444	103,181
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	4,444	103,181
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	10,914
- of which: business combinations	-	*10,914*
3. Decreases	**52,685**	**13,867**
3.1 Deferred tax assets derecognised in the year	52,685	13,867
a) reversals	-	74
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	52,685	13,793
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**95,023**	**143,264**

Item 2.1 c) "Deferred tax assets recognised in the year - other" refers mainly to deferred tax assets (Euro 2.6 million) related to the provision for Section A pension fund and the fair value measurement of securities in the HTC&S portfolio (Euro 1.8 million).

Item 3.1 d) "Deferred tax assets cancelled for the year - other" refers mainly to deferred tax assets recognised against the fair value measurement of securities in the HTC&S portfolio for an amount of Euro 52.1 million and the impact of the measurement of CFH derivatives for an amount of Euro 0.6 million.

10.6 Changes in deferred tax liabilities (through shareholders' equity)

	Total 31.12.2023	Total 31.12.2022
1. Initial amount	**35,457**	**34,027**
2. Increases	**2,965**	**17,708**
2.1 Deferred tax liabilities recognised in the year	2,964	8,399
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	2,964	8,399
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	1	9,309
- of which: business combinations	-	*9,309*
3. Decreases	**11,065**	**16,278**
3.1 Deferred tax liabilities derecognised in the year	11,065	16,278
a) reversals	-	-
b) due to changes in accounting criteria	-	-
c) other	11,065	16,278
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**27,357**	**35,457**

Item 2.1 c) "Deferred tax liabilities recognised for the year - other" refers mainly to deferred tax liabilities recognised on the fair value measurement of securities in the HTC&S portfolio for an amount of Euro 3 million.

Item 2.3 "Other increases" includes the accounting balances of deferred tax liabilities of BPER Credit Management S.C.p.A. migrated to BPER following the merger by absorption completed by deed of 29 March 2023, primarily attributable to the actuarial component of the of termination indemnities.

Item 3.1 c) "Deferred tax liabilities derecognised in the year" relates mainly to the valuations of securities of the HTC&S portfolio for Euro 6.4 million and the impact of the valuation of CFH derivatives for Euro 4.6 million.

10.7 Other information

Current tax assets

	31.12.2023	31.12.2022
IRES provisions	115,335	110,589
IRAP provisions	29,885	29,876
Additional provisions	151	151
Other assets and withholdings	778,284	513,991
Gross current tax assets	**923,654**	**654,607**
Offset current tax liabilities	61,126	104,164
Net current tax assets	**862,527**	**550,443**

Current tax liabilities

	31.12.2023	31.12.2022
Tax debt for IRES	461	103,295
Tax debt for IRAP	60,665	869
Other payables for current income taxes	-	-
Gross current tax liabilities	**61,126**	**104,164**
Offset current tax assets	61,126	104,164
Gross current tax liabilities	**-**	**-**

Changes in gross current tax liabilities

	31.12.2023	31.12.2022
Balance at the end of the prior year	**104,164**	**92,906**
Decreases	**104,164**	**91,742**
- uses for payment of income taxes	-	-
- uses for payment of other taxes		
- other decreases	104,164	91,742
Increases	**61,126**	**103,000**
- provisioning:	-	-
- income taxes: parent company	61,058	67,009
- income taxes: members of domestic tax group	68	35,991
- substitute tax pursuant to law 147/2013, art. 1, paragraph 150	-	-
- substitute tax (Pres. Decree 185/2008, art. 15, para. 10	-	-
- substitute tax pursuant to law 244/2007, art. 1, paragraph 48	-	-
- other increases	-	-
Total gross current tax liabilities	**61,126**	**104,164**

Section 11 – Non-current assets and disposal groups classified as held for sale and related liabilities

Asset item 110 and liability item 70

11.1 Non-current assets and disposal groups classified as held for sale: breakdown by assets

	31.12.2023	31.12.2022
A. Assets held for sale		
A.1 Financial assets	-	914,516
A.2 Equity investments	-	-
A.3 Property, plant and equipment	12,405	25,797
of which: arising from the enforcement of guarantees received	3,485	6,012
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**12,405**	**940,313**
of which measured at cost	-	914,516
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	12,405	25,797
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
Financial assets held for trading	-	-
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: arising from the enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

(cont.)

	31.12.2023	31.12.2022
C. Liabilities associated with assets classified as held for sale		
C.1 Due to banks/customers	-	1,163,721
C.2 Securities	-	3
C.3 Other liabilities	-	54,969
Total C	**-**	**1,218,693**
of which measured at cost	-	1,218,693
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total D	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

Non-current assets and disposal groups classified as held for sale and related liabilities were reduced to zero following the sale of two separate business units to Banco Desio e della Brianza s.p.a. For more details on this transaction, please refer to chapter 3 of the Directors' Report on Group operations entitled "Significant events and strategic transactions", para. 3.2 "Targets achieved in 2023".

"Property, plant and equipment" also includes buildings owned by the Bank totalling Euro 6.62 million for which preliminary sale contracts have been signed, or a purchase and sale proposal has been accepted at the reporting date.

11.2 Other information

There are no amounts to be disclosed other than those already provided in this section.

Section 12 – Other assets

Item 120

12.1 Other assets: breakdown

	31.12.2023	31.12.2022
Taxes withheld on interest, withholdings and tax credits on dividends, advance taxation	202,010	281,295
Sundry amounts to be charged to customers	324,168	627,892
Bank charges to be debited to customers or banks	128,432	119,416
Cheques being processed	73	32
Cheques drawn on other banks	73,563	88,839
Items relating to securities transactions	87,682	63,250
Leasehold improvement expenditure	10,556	11,329
Gold, silver and precious metals	43,437	17,030
Accrued income and prepaid expenses	11,310	11,253
Tax credits purchased	4,488,337	2,217,623
Other items for sundry purposes	277,990	232,529
Credit for tax consolidation	37,922	43,727
Total	**5,685,480**	**3,714,215**

There are no contract assets, as defined in IFRS 15.

The item "Tax credits purchased from third parties" includes tax credits purchased from third parties under the Relaunch Decree no. 34/2020, measured at amortised cost, for the portion to be recovered by offsetting, and measured at fair value, for the amount corresponding to the sales contracts entered into at the end of the reporting period. The nominal value of tax credits acquired as at 31 December 2023, net of offsets, amounted to Euro 4,488.3 million (2,217.6 million at 31 December 2022).

In light of the complexity of the regulatory scenario described, despite the control protocols adopted by the Bank both in the phase of acquiring the tax credit and in its technical assessment, it is believed that BPER Banca remains exposed to a compliance/operational risk that, in the event of irregularities by the selling parties, could cause a deferral in the use of the receivables acquired. In respect of said risk, the Bank made an allocation to the Provisions for risks and charges, better detailed in a later section of these Explanatory Notes, dedicated to liability items.

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost

Item 10

1.1 Financial liabilities measured at amortised cost: breakdown by product of due to banks

Type of transaction/Amounts	Total 31.12.2023				Total 31.12.2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to Central Banks	**1,733,120**	X	X	X	**15,970,641**	X	X	X
2. Due to banks	**11,385,335**	X	X	X	**10,821,942**	X	X	X
2.1 Current accounts and demand deposits	4,855,599	X	X	X	4,796,833	X	X	X
2.2 Time deposits	734,678	X	X	X	414,796	X	X	X
2.3 Loans	4,412,312	X	X	X	3,921,267	X	X	X
2.3.1 Repurchase agreements	4,301,708	X	X	X	3,783,286	X	X	X
2.3.2 Other	110,604	X	X	X	137,981	X	X	X
2.4 Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	20,567	X	X	X	25,559	X	X	X
2.6 Other liabilities	1,362,179	X	X	X	1,663,487	X	X	X
Total	**13,118,455**	**-**	**-**	**13,118,455**	**26,792,583**	**-**	**-**	**26,792,583**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes in chapter “Techniques for the determination of fair value”.
Fair value is assumed to be the same as the carrying amount since they are sight or short-term transactions.
As at 31 December 2023, refinancing operations in place at the European Central Bank (TLTRO-III) amounted to Euro 1,670 million.

Key: BV = Book value; L1 = Level 1; L2 = Level 2; L3 = Level 3

1.2 Financial liabilities measured at amortised cost: breakdown by product of due to customers

Type of transaction/Amounts	Total 31.12.2023				Total 31.12.2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	**82,443,334**	X	X	X	**90,320,810**	X	X	X
2. Time deposits	**3,185,851**	X	X	X	**1,195,602**	X	X	X
3. Loans	**5,398,473**	**X**	**X**	**X**	**1,849,127**	**X**	**X**	**X**
3.1 Repurchase agreements	2,087,467	X	X	X	-	X	X	X
3.2 Other	3,311,006	X	X	X	1,849,127	X	X	X
4. Payables for commitments to repurchase own equity instruments	**-**	**X**	**X**	**X**	**-**	**X**	**X**	**X**
5. Lease liabilities	**335,122**	**X**	**X**	**X**	**380,248**	**X**	**X**	**X**
6. Other liabilities	**741,540**	**X**	**X**	**X**	**973,037**	**X**	**X**	**X**
Total	**92,104,320**	**-**	**-**	**92,104,320**	**94,718,824**	**-**	**-**	**94,718,824**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes in chapter “Techniques for the determination of fair value”.
Fair value is assumed to be the same as the carrying amount since they are sight or short-term transactions.

Key: BV = Book value; L1 = Level 1; L2 = Level 2; L3 = Level 3

1.3 Financial liabilities measured at amortised cost: breakdown, by product, of securities issued

Type of transaction/Amounts	Total 31.12.2023				Total 31.12.2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	11,401,183	5,052,052	6,235,420	-	6,499,362	4,395,269	1,807,402	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	11,401,183	5,052,052	6,235,420	-	6,499,362	4,395,269	1,807,402	-
2. other securities	716,781	-	-	716,781	207,006	-	-	207,006
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	716,781	-	-	716,781	207,006	-	-	207,006
Total	**12,117,964**	**5,052,052**	**6,235,420**	**716,781**	**6,706,368**	**4,395,269**	**1,807,402**	**207,006**

"Bonds" include Euro 1,681.2 million of subordinated debt, none of which are convertible into shares. In the "Level 3" column of point 2.2, the fair value is assumed to be the same as the book value as these are short-term transactions.

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes in chapter "Techniques for the determination of fair value".

Key: BV = Book value; L1 = Level 1; L2 = Level 2; L3 = Level 3

1.4 Breakdown of subordinated securities

	Book Value 31.12.2023	Nominal value 31.12.2023	Book Value 31.12.2022	Nominal value 31.12.2022
BPER Banca EMTN Tier II subordinated non-convertible bond 3.625%, 2020-2030 callable	407,042	400,000	403,245	400,000
BPER Banca EMTN Tier II subordinated non-convertible bond 3.875%, 2022-2032 callable	617,106	600,000	608,756	600,000
BPER Banca Tier II subordinated non-convertible bond 5%, 2022-2032 callable	12,014	12,000	12,014	12,000
BPER Banca EMTN Tier II subordinated non-convertible bond 8.625%, 2022-2033 callable	436,053	400,000	407,590	400,000
Banca Carige S.p.A. Subordinated bond loan 2018-2028 Tasso Fisso Tier II	1,853	1,800	6,965	6,800
Banca Carige S.p.A. Subordinated bond loan Tasso Fisso con Reset Tier II, 2019-2029 callable	206,098	200,000	207,184	200,000
Banca Monte Lucca S.p.A. bond loan Fixed rate with Reset, Tier II, 2020-2030 callable	994	1,208	969	1,208
Total non-convertible bonds	**1,681,160**	**1,615,008**	**1,646,723**	**1,620,008**
Total bonds	**1,681,160**	**1,615,008**	**1,646,723**	**1,620,008**

There are no convertible subordinated bonds outstanding at 31 December 2023 (as was the case in December 2022).

1.5 Breakdown of structured debts

There are no amounts to be disclosed in this Financial Report.

1.6 Lease liabilities

Time bands	Present value 31.12.2023	Present value 31.12.2022
Up to 3 months	19,216	20,963
>3 months to 1 year	43,891	60,041
> 1 to 5 years	166,892	194,639
> 5 years	125,690	130,164
Total	**355,689**	**405,807**

Section 2 – Financial liabilities held for trading

Item 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transaction/Amounts	Total 31.12.2023					Total 31.12.2022				
	NV	Fair value			Fair value (*)	NV	Fair value			Fair value (*)
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	1	-	-	1	47	-	46	-	46
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**1**	**-**	**-**	**1**	**47**	**-**	**46**	**-**	**46**
B. Derivative instruments										
1. Financial derivatives	X	-	326,519	5,078	X	X	65	488,408	12,033	X
1.1 Trading	X	-	326,519	5,078	X	X	65	488,408	12,033	X
1.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	X	-	-	-	X	X	-	3	-	X
2.1 Trading	X	-	-	-	X	X	-	3	-	X
2.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**326,519**	**5,078**	**X**	**X**	**65**	**488,411**	**12,033**	**X**
Total (A+B)	**X**	**1**	**326,519**	**5,078**	**X**	**X**	**65**	**488,457**	**12,033**	**X**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes in chapter "Techniques for the determination of fair value".

Key: BV = Book value; L1 = Level 1; L2 = Level 2; L3 = Level 3
Fair value* = Fair value calculated excluding value adjustments due to changes in the credit rating of the issuer since the date of issue.

2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities

There are no amounts in this Financial Report.

2.3 Breakdown of "Financial liabilities held for trading": structured debts

There are no amounts in this Financial Report.

Section 3 – Financial liabilities designated at fair value

Item 30

3.1 Financial liabilities designated at fair value: breakdown by product

Type of transaction/Amounts	Total 31.12.2023					Total 31.12.2022				
	NV	Fair value			Fair value (*)	NV	Fair value			Fair value (*)
		L1	L2	L3			L1	L2	L3	
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
2. Due to customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
3. Debt securities	**1,922,900**	**-**	**1,909,139**	**-**	**1,914,471**	**782,912**	**-**	**782,912**	**-**	**4,077,579**
3.1 Structured	1,922,900	-	1,909,139	-	X	782,912	-	782,912	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**1,922,900**	**-**	**1,909,139**	**-**	**1,914,471**	**782,912**	**-**	**782,912**	**-**	**4,077,579**

The item includes certificates with unconditionally protected capital (structured debt securities). Classification into this category derives primarily from the reconciliation of these liabilities to the portfolios managed by Capital Market, which, according to the Group's policies, are measured at fair value considering the objectives pursued and reported performance. In addition, this classification makes it possible to pursue a "natural hedge" of derivatives entered into in order to "balance" the risks assumed with derivatives embedded in issued liabilities (derivatives that were classified as "trading" when recognised).The increase recorded in 2023 is due to the issuing of 11 new certificates, for a currently outstanding total nominal value of Euro 1,072 thousand.

NV = Nominal Value; L1=Level1; L2=Level2; L3=Level3

Fair value* = Fair value calculated excluding value adjustments due to changes in the credit rating of the issuer since the date of issue.

3.1 bis Financial liabilities designated at fair value: method of use of the fair value option

Description/Amounts	31.12.2023	31.12.2022
a) Natural hedges through derivatives	-	-
a) Natural hedges with other financial instruments	-	-
c) Other types of accounting mismatch	-	-
d) Financial instruments managed and measured at fair value	1,909,139	782,912
e) Embedded structured derivative products	-	-
Total	**1,909,139**	**782,912**

3.2 Breakdown of "Financial liabilities designated at fair value": subordinated liabilities

There are no amounts in this Financial Report.

Section 4 – Hedging derivatives

Item 40

4.1 Hedging derivatives: breakdown by type of hedge and hierarchy levels

	Fair value 31.12.2023			NV 31.12.2023	Fair value 31.12.2022			NV 31.12.2022
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	**-**	**250,124**	**-**	**5,128,444**	**-**	**498,563**	**-**	**5,496,526**
1) Fair value	-	248,696	-	5,074,145	-	493,556	-	5,442,080
2) Cash flows	-	1,428	-	54,299	-	5,007	-	54,446
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**250,124**	**-**	**5,128,444**	**-**	**498,563**	**-**	**5,496,526**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes in chapter "Techniques for the determination of fair value".

NV = Nominal Value; L1=Level1; L2=Level2; L3=Level3

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair value							Cash flows		Foreign investments
	Specific						General			
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other		Specific	General	
1. Financial assets measured at fair value through other comprehensive income							X	-	X	X
2. Financial assets measured at amortised cost	56,155	X	-	-	X	X	X	1,428	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**56,699**	**3,050**	**-**	**-**	**-**	**-**	**-**	**1,428**	**-**	**-**
1. Financial Liabilities	34,105	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	154,842	X	-	X
Total liabilities	**34,105**	**-**	**-**	**-**	**-**	**-**	**154,842**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 5 – Change in value of macro-hedged financial liabilities

Item 50

5.1 Change in value of hedged financial liabilities: breakdown by hedged portfolio

Change in value of hedged financial liabilities/Values	Total 31.12.2023	Total 31.12.2022
1. Positive adjustment of financial liabilities	-	-
2. Negative adjustment of financial liabilities	(155,184)	(281,292)
Total	**(155,184)**	**(281,292)**

The balance of the item represents the valuation effect as at 31 December 2023 of the liability items (modelled direct funding, qualifying as "Demand Items") identified as subject to macro hedging of interest rate risk, as part of the macro-hedge accounting strategy qualified in 2023.

Section 6 – Tax liabilities

Item 60

Please refer to the information provided in section 10, Assets.

Section 7 – Liabilities associated with assets classified as held for sale

Item 70

Please refer to the information provided in section 11, Assets.

Section 8 – Other liabilities

Item 80

8.1 Other liabilities: breakdown

	31.12.2023	31.12.2022
Amounts due to banks	17,921	14,113
Amounts due to customers	1,285,159	1,711,640
Net adjustments on collection of receivables for third parties	57,065	31,192
Staff emoluments and related social contributions	83,994	78,424
Amounts due to third parties for coupons, securities and dividends to be collected	783,898	204,925
Amounts due to the tax authorities on behalf of customers and personnel	247,120	232,900
Bank transfers for clearance	15,282	22,321
Advances for the purchase of securities	15	46
Due to suppliers	350,303	327,212
Third-party payments as surety for loans	544	585
Accrued expenses and deferred income	127,449	130,487
Other liabilities to third parties	453,349	371,315
Payables due to members of the tax group	3,347	13,943
Total	**3,425,446**	**3,139,103**

From the analysis carried out for the purposes of IFRS 15, a single type of contract liability has been identified, amounting to Euro 16.5 million classified under the item "Accrued liabilities and deferred income", which refers to the portion of consideration paid in advance by customers for warranty services provided by the Bank for a period of time ("over time performance obligation"), relating to the portion not yet accrued at the end of the period.

Section 9 – Employee termination indemnities

Item 90

9.1 Employee termination indemnities: annual changes

	31.12.2023	31.12.2022
A. Opening balance	**152,929**	**174,110**
B. Increases	**9,405**	**26,374**
B.1 Provisions for the year	5,134	674
B.2 Other increases	4,271	25,700
C. Decreases	**31,359**	**47,555**
C.1 Benefits paid	22,019	23,901
C.2 Other decreases	9,340	23,654
D. Closing balance	**130,975**	**152,929**
Total	**130,975**	**152,929**

The item "Other increases" (B.2) includes Euro 4.0 million of actuarial losses.
The item "Other decreases" (C.2) refers to the portion of termination indemnities transferred to complementary pension funds (Euro 9.3 million).

9.2 Other information

The following tables detail the changes in employee termination indemnities, as well as the principal demographic and financial assumptions made in order to quantify the provision using the Projected Unit Credit Method (pursuant to IAS 19 Revised, § 65-67); lastly, table 9.2.3 presents the comparative information required by law.

9.2.1 Changes in employee termination indemnities during the year

Description/Amounts	31.12.2023	31.12.2022
A. Opening balance	**152,929**	**174,110**
B. Increases	**9,405**	**26,374**
1. Current service cost	-	-
2. Financial charges	5,134	674
3. Contribution to the plan by employees	-	-
4. Actuarial losses	4,043	-
5. Exchange differences	-	-
6. Past service cost	-	-
7. Other increases	228	25,700
C. Decreases	**31,359**	**47,555**
1. Benefits paid	22,019	23,901
2. Past service cost	-	-
3. Actuarial gains	-	16,414
4. Exchange differences	-	-
5. Curtailments	-	-
6. Settlement	-	-
7. Other decreases	9,340	7,240
D. Closing balance	**130,975**	**152,929**

The item "Other changes" (C.7) refers to the portion of termination indemnities transferred to complementary pension funds (Euro 9.3 million).

9.2.2 Description of the main actuarial assumptions - termination indemnities

Main actuarial assumptions/Percentages	31.12.2023	31.12.2022
Discount rates	3.03%	3.71%
Expected increase in remuneration	n/a	n/a
Turnover	1.99%	1.99%
Inflation rate	2.00%	2.30%
Interest rate adopted for the calculation of interest cost	3.71%	0.42%

In addition to the average data included in the table, the approach taken to identify the principal actuarial assumptions is described below:

- Discount rates: the curve of "Euro Composite AA" rates for prime corporate bonds listed in the Euro market on the measurement date has been used.
- Turnover: time series analysis of the events giving rise to terminations and adjustments to take account of any "anomalies" that occurred in the past. The assumptions made about turnover took account of grade, seniority, age and gender.
- Inflation rate: a rate of 2.00% was used.
- Net interest cost: it was calculated at a rate that reflected the duration of the liability.

Demographic assumptions

As regards the demographic bases, the analyses performed on the time series of staff of companies included in the scope of consolidation focused on monitoring the trend in the following reasons for elimination:

- rate of employee mortality: the ISTAT life expectancy table of resident population was used, broken down by age and gender;
- rate of employee disability: the tables used for the INPS model to generate "Initial projections for 2010" were used;
- frequency and amount of advances on termination indemnities: in order to take into account the effects that these advances have on the timing of severance payments and, consequently on the discounting of the Company's liability, a probability table for the release of part of the accrued volumes was created. The frequency of advance payments and the average percentage of termination indemnities requested as an advance were taken from corporate data;
- probability of retirement, resignation, dismissal: this was taken from corporate data; in particular, a table showing the propensity of departure from the Company was created, based on age and gender. With regard to retirement, the calculation considered a 100% probability of satisfying the AGO requirements aligned with Decree 4/2019.

9.2.3 Comparative information: history of plan

Description/Amounts	31.12.2023	31.12.2022	31.12.2021	31.12.2020
1. Present value of provisions (+)	130,975	152,929	174,110	107,416
2. Fair value of assets servicing the plan (-)	-	-	-	-
3. Plan deficit (surplus) (+/-)	130,975	152,929	174,110	107,416
4. Adjustments to plan liabilities based on historical experience - actuarial (gains)/losses	4,043	(16,414)	2,833	997
5. Adjustments to plan assets based on historical experience	-	-	-	-

The “Adjustments to plan assets based on historical experience” solely comprise actuarial gains and losses.

9.2.4 Sensitivity analysis and information on the amount, timing and uncertainty of financial cash flows

As required by IAS 19 Revised, we carried out a sensitivity analysis on employee termination indemnities with respect to the more significant actuarial assumptions to show how the liability would change in relation to possible fluctuations in each of these assumptions. In particular, the following table shows how the provision would change in the event of a 50 basis point increase or decrease in the discount and inflation rates compared with the parameters actually used.

Employee termination indemnities	31.12.2023	+50 bps	-50 bps
	DBO	DBO	DBO
discount rates	130,975	126,864	135,316
inflation rate	130,975	133,823	128,208

In compliance with the requirements of IAS 19 Revised with regard to additional disclosures, an estimate of future cash flows was carried out at 31 December 2023, as shown in the following table:

Employee termination indemnities	1st year	2nd year	3rd year	4th year	5th year
Future cash-flows	19,396	9,597	9,060	6,395	8,678

Section 10 – Provisions for risks and charges

Item 100

10.1 Provisions for risk and charges: breakdown

Description/Amounts	31.12.2023	31.12.2022
1. Impairment provisions for credit risk related to commitments and financial guarantees granted	50,426	60,071
2. Impairment provisions related to other commitments and guarantees granted	61,338	72,077
3. Provisions for pension and similar obligations	119,782	115,166
4. Other provisions for risk and charges	971,668	854,218
4.1 legal and fiscal disputes	212,404	215,539
4.2 personnel charges	612,116	452,903
4.3 other	147,148	185,776
Total	**1,203,214**	**1,101,532**

10.2 Provisions for risks and charges: annual changes

	Impairment provisions related to other commitments and guarantees granted	Provisions for pensions and similar obligations	Other provisions for risk and charges	Total
A. Opening balance	**72,077**	**115,166**	**854,218**	**1,041,461**
B. Increases	**11,159**	**13,735**	**422,180**	**447,074**
B.1 Provisions for the year	11,159	-	401,937	413,096
B.2 Time value changes	-	4,138	8,200	12,338
B.3 Increases due to discount-rate adjustments	-	9,597	-	9,597
B.4 Other increases	-	-	12,043	12,043
C. Decreases	**21,898**	**9,119**	**304,730**	**335,747**
C.1 Use during the year	21,632	9,119	218,262	249,013
C.2 Decreases due to discount rate adjustments	-	-	534	534
C.3 Other decreases	266	-	85,934	86,200
D. Closing balance	**61,338**	**119,782**	**971,668**	**1,152,788**

The changes due to discount rate adjustments also include actuarial gains and losses, considering not just interest rate movements, but also other demographic and financial factors, where applicable.
The item “Provisions in the year”, relating to “Other provisions for risks and charges”, includes mainly:

- the provision of Euro 248.8 million for charges related to the manoeuvre for streamlining the workforce formalised on 23 December 2023 with the Trade Unions. The manoeuvre to encourage generational and professional turnover, together with a reduction in the workforce; this agreement entails the exit of 1,000 resources. In response to the exits, the Agreement envisages 500 new hires and the fixed-term stabilisation of 200 temporary employment contracts, focusing on the areas where the Group is present;
- the allocation of Euro 19.6 million, estimated with respect to operational/compliance risk connected with the tax credits acquired by customers. More specifically, the bank estimated the expense connected to any irregularities caused by the assignor (customer) which may delay the timeframe for using the credits, given that the BPER Banca Group has put stringent control protocols in place both in the phase of acquisition of the individual credit and in the credit’s technical analysis.

10.3 Impairment provisions for credit risk related to commitments and financial guarantees granted

	Impairment provisions for credit risk related to commitments and financial guarantees granted				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
1. Commitments to distribute funds	7,974	2,511	-	-	10,485
2. Financial guarantees granted	1,767	1,984	36,190	-	39,941
Total	**9,741**	**4,495**	**36,190**	**-**	**50,426**

10.4 Provisions for other commitments and other guarantees granted

	31.12.2023
1. Other guarantees granted	27,338
2. Other commitments	34,000
Total	**61,338**

10.5 Provisions for pension with defined-benefits

10.5.1 Features of provisions and related risks

FIP BPER Banca (BPER Banca Supplementary Pension Fund)
The in-house supplementary pension fund is not a separate legal entity and its assets are held together with those of the Bank; it is made up entirely of Section "A", classifiable as a "defined benefit" scheme.

Under the Regulations for Section A, beneficiaries receive a supplementary pension subject to revaluation, the cost of which is borne entirely by the Bank.

This section comprises all current employees hired by the Bank prior to 28 April 1993; it also includes all retired beneficiaries, or their heirs, of supplementary pension payments deriving from earlier agreements signed by BPER Banca or by the banks absorbed by the latter over time.

The following tables report the changes in the Fund.

The actuarial gains and losses relating to Section A are recognised as an equity reserve.

The benefits provided by Fund Section A represent post-employment defined benefits, as governed by IAS 19 Revised; accordingly, the liability for these benefits is determined using the actuarial "Projected Unit Credit Method" applied in relation to termination indemnities.

The attachments to the financial report include a "Statement of the staff pension fund", in accordance with the provisions of Bank of Italy's Circular 262/2005.

Following the merger by absorption of Banca Carige, the following pension provisions established within the merged company remained separate, also from an accounting perspective, in BPER Banca S.p.A.:
- The Fund of Banca CARIGE S.p.A. ("FIP Carige -Carige Supplementary Pension Fund);
- the Provision of Cassa di Risparmio di Savona ("FIP Carisa");
- the Provision of Cassa di Risparmio di Carrara ("FIP Carrara").

The three Funds are supplementary pension funds which already existed when Law no. 421 of 23 October 1992 entered into force, and as such, they have been registered with the Registry of Pension Funds under special section III since 14 October 1999. The Carige, Carisa and Carrara funds are respectively registered under no. 9004, 9026 and 9154 and are subject to the supervision of COVIP (Pension Fund Supervisory Commission).

The Funds lack independent legal status; both the Carige and Carisa funds are an item in the Balance Sheet which guarantees the Bank's obligation to maintain the resources necessary at any given time for each Fund to pay the benefits payable. They are therefore a provisioning fund of the Bank which guarantees payment of a future obligation.

FIP Carrara was established as a separate and autonomous fund pursuant to art. 2117 of the Italian Civil Code, as part of the Bank's overall assets.

The Funds are not structured in individual accounts and are closed to new participants.

A brief description is provided below.

FIP Carige (Carige Supplementary Pension Fund)
During 2015 the Bank and the unions agreed to undertake a project involving the transformation of the Fund for working participants, retired employees and former employees awaiting a deferred pension from the Fund ("deferred pension recipients"). As a result of this transformation, individual asset packages were calculated on the basis of the benefits accrued to each participant as at 30 June 2015 ("transferable packages"). Such transferable packages are to be transferred, following voluntary enrolment, to another defined-contribution pension fund, along with the employer's future contribution; in the cases

of retirees and deferred pension recipients, the transformation called for payment of (current or future) pensions in lump-sum form and the calculation of the sums to be offered at 30 June 2015, also through voluntary enrolment, with the exclusion of all other benefits from the Bank.

In implementation of the resolution of the Board of Directors of 27 October 2015, agreements were entered into with the unions to formalise the arrangements indicated above.

Following the aforementioned operation, which continued even after 2015 and which provided, in the case of working participants, for their voluntary enrolment to another defined contribution pension fund, along with the employer's future contribution and, in the case of retirees and deferred pension recipients, payment of the pension principal amount, likewise on a voluntary enrolment basis; the group of participants in the Fund as at the end of the period consisted of 2 deferred pension recipients and 117 retirees.

FIP Carisa (Carisa Supplementary Pension Fund)
During 2016, the same actions as those concerning FIP Carige were implemented for FIP Carisa, with only 1 deferred pension recipients and 5 retirees participating in the Carisa Fund as at the end of the period.

FIP Carrara (Carrara Supplementary Pension Fund)
Only retired employees are registered with FIP Carrara, as the defined contribution section which the employees participated in, was settled in February 2015, in compliance with the resolution taken by the Board of Directors of Cassa di Risparmio di Carrara on 10 November 2014.

Currently, the Carrara Fund has functions limited to a group of 33 retired employees.

10.5.2 Changes in the year of net liabilities (assets) with defined-benefits and redemption rights

Description/Amounts	31.12.2023	31.12.2022
Opening balance	**15,166**	**139,744**
A. Increases	**13,735**	**18,701**
1. Current service cost	-	-
2. Financial charges	4,138	1,312
3. Contribution to the plan by employees	-	-
4. Actuarial losses	9,597	-
5. Exchange differences	-	-
6. Past service cost	-	-
7. Other	-	17,389
B. Decreases	**9,119**	**43,279**
1. Benefits paid	9,119	7,964
2. Past service cost	-	-
3. Actuarial gains	-	35,315
4. Exchange differences	-	-
5. Curtailments	-	-
6. Settlement	-	-
7. Other	-	-
Closing balance	**19,782**	**115,166**

10.5.3 Information on fair value of plan assets

As mentioned already, the staff pension funds are in-house defined-benefit plans; the resources to be utilised to cover these liabilities are invested, without separate identification, in operating assets.

10.5.4 Description of the main actuarial assumptions

Main actuarial assumptions/Percentages	31.12.2023	31.12.2022
Discount rates	3.06%	3.75%
Expected increase in remuneration	n/a	n/a
Turnover	n/a	n/a
Inflation rate	2.00%	2.30%
Interest rate adopted for the calculation of interest cost	3.74%	0.81%

In addition to the average data included in the table, the approach taken to identify the principal actuarial assumptions is described below:

- the demographic assumptions made for the measurement were based on A62 tables on the probability of death of retired staff by gender;
- discount rates: the curve of "Euro Composite AA" rates for prime corporate bonds listed in the Euro market on the measurement date has been used;
- inflation rate: a fixed rate of 2.00% was used;
- interest cost: it was calculated at a rate that reflected the duration of the liability.

10.5.5 Information on the amount, timing and uncertainty of financial cash flows

As required by IAS 19 Revised, a sensitivity analysis was carried out on the obligation of pension funds with respect to the more significant actuarial assumptions to show how the liability would change in relation to reasonably possible movements in each of these assumptions. The following table shows how the provision would change in the event of a 50 basis point increase or decrease in the discount rate compared with the parameters actually used.

Funds	31.12.2023	Discount rate +50 basis points	Discount rate -50 basis points
	DBO	DBO	DBO
Fund Section A	104,761	99,526	110,488
FIP Carige (Carige Supplementary Pension Fund)	11,950	11,569	12,356
FIP CR Savona	222	215	230
FIP CR Carrara	2,849	2,767	2,936

In compliance with the requirements of IAS 19 Revised with regard to additional disclosures, an estimate of future cash flows was carried out at 31 December 2023, as shown in the following table:

Funds	1st year	2nd year	3rd year	4th year	5th year
Fund Section A	7,411	7,283	7,148	7,007	6,856
FIP Carige (Carige Supplementary Pension Fund)	1,495	1,378	1,266	1,159	1,058
FIP CR Savona	30	27	25	22	19
FIP CR Carrara	389	357	325	295	266

10.5.6 Multi-employer plans

At 31 December 2023 there were no multi-employer plans in place.

10.5.7 Defined-benefit plans that share risks between entities under common control

At 31 December 2023 there were no plans of this type.

10.6 Provisions for risks and charges - other provisions

10.6.1 Legal disputes

	31.12.2023	31.12.2022
A. Opening balance	**215,539**	**133,504**
B. Increases	**58,311**	**114,814**
Provisions for the year	50,303	51,232
Other increases	8,008	63,582
C. Decreases	**61,446**	**32,779**
Other decreases	29,438	18,880
Uses for the year	32,008	13,899
D. Closing balance	**212,404**	**215,539**

The Bank operates in a highly regulated sector, that of banking, which exposes banks to various types of legal risks. We refer mainly to the disputes relating to the banking and financial services typically provided to Group customers, therefore relating mainly to aspects of compound interest and usury, contractual invalidity and unauthorised activities, tax disputes, loan origination and management in its various phases, performing or non-performing, including therein bankruptcy claw-backs.

The Bank and legal entities merged by absorption into the Parent Company were also subject to various audits by the Tax Authorities. These activities concerned the taxable income declared for the purpose of income tax, VAT, registration tax, and more generally the manner in which the tax legislation in force at the time was applied. As a consequence of said inspections, the BPER Banca Group is involved in a number of legal proceedings.

All Legal and tax disputes are subject to specific analysis by the competent structures of the Parent Company, in order to identify those for which the settlement is likely to require the use of resources intended to produce economic benefits and, consequently, require the allocation of provisions.

The legal and tax risks in respect of which no allocations were recognised were identified as “contingent liabilities”, consisting in:
- possible obligations, in that it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits;
- present obligations that do not meet the recognition criteria in this Standard (because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

Lastly, contingent liabilities with the possibility of any outflow in settlement being deemed “remote” do not require any disclosure, pursuant to the provisions of IAS 37.

In relation to the contingent liabilities (possible risks) stemming from disputes brought in civil proceedings by customers who were the recipients of banking and financial services provided by the bank, it should be noted that the high number of cases makes it difficult to provide a detailed list, while their varying natures makes it extremely difficult to group them into similar types. The total damages claimed by the claimants amounted to Euro 198.3 million as at 31 December 2023. In respect of this risk, even though not expressly required by IAS 37, the Bank has provisions in place mainly due to the acquisition of positions of possible risk from business combinations[36], the estimate and allocation of non-recurring legal expenses and the substantially prudential approach adopted in the risk assessments.

The update of the main situations of legal risk is presented below.

BPER Banca (formerly Emro Finance Ireland Ltd) - fiscal years 2005-2009

Recalling that the Bologna Regional Tax Commission ruled on the appeal filed by the Revenue Agency, reversing the first instance sentences, entirely in favour of the Bank, the Bank submitted an appeal to the Court of Cassation in partial acceptance of the appeal filed by the Revenue Agency and in the absolute conviction of the correctness of its actions, as early as on 13 June 2018 and is still awaiting a date to be set for the hearing.

In the meantime, the Commission accepted the Bank’s request to suspend the enforceability of the second-level sentence.

36 Pursuant to IFRS 3 - Business Combinations, possible risks also require fair value measurement at the Purchase Price Allocation stage.

Also in light of the fiscal opinion issued by professionals and advisors with proven experience who do not consider the risk of losing as probable, at the date of preparation of these financial report no amount was set aside in the provisions for risks and charges, but a provision for the estimated legal fees was recorded.

BPER Banca (former Banca Carige): DTA and ACE goodwill tax alignment

On 24 March 2023, an agreement was reached with the Regional Directorate of the Italian Revenue Agency - Liguria for the settlement of pending disputes relating to the goodwill recognised in the 2012 financial report of the Merged Banca Carige.

It should be noted that the event stemmed from an official tax audit report, notified to the former Banca Carige on 26 February 2016 by the Italian Revenue Agency - Regional Department of Revenue of Liguria, in which the time sequence of the impairment procedure was contested concerning the goodwill recognised in 2012 by the subsidiary Banca Carige Italia S.p.A. (in the meantime merged by absorption into Banca Carige) upon transfer of a banking carve-out and regarding the tax relief pursuant to article 176 of the Consolidated Income Tax Act.

Said specific accounting dispute led to the derecognition of a portion of the deferred tax assets (DTAs) recognised in connection with the tax relief of the aforementioned goodwill and then subject to conversion into tax credit for the years 2013, 2014 and 2015.

The agreement reached with the Regional Directorate provided for the closure of the pending disputes relating to the above-mentioned tax periods and the waiver by the Italian Revenue Agency of any future disputes attributable to the same case; the finding on the ACE (Allowance for Corporate Equity), which had been raised in relation to the 2013 tax year, was cancelled in full.

At the same time, the Agency confirmed the recognition in favour of the Bank of the excess substitute tax paid when the original goodwill was tax-aligned.

In consideration of the serial nature of the dispute, the Agreement reached with the Italian Revenue Agency covered the subsequent tax periods (2016-2021).

In total, the negotiations were concluded at a cost to the Bank of approximately Euro 39.7 million.

10.6.2 Personnel charges

Description/Amounts	Other personnel provisions	
	31.12.2023	31.12.2022
Opening balance	**452,903**	**288,202**
Change in opening balances	-	-
A. Increases	**314,273**	**286,313**
1. Current service cost	311,151	203,562
2. Financial charges	2,816	2,732
3. Contribution to the plan by employees	-	-
4. Actuarial losses	286	94
5. Exchange differences	-	-
6. Past service cost	-	-
7. Other	20	79,925
B. Decreases	**155,060**	**121,612**
1. Benefits paid	127,928	93,402
2. Past service cost	-	-
3. Actuarial gains	72	10,327
4. Exchange differences	-	-
5. Curtailments	-	-
6. Settlement	-	-
7. Other	27,060	17,883
Closing balance	**612,116**	**452,903**

The item "Current service cost" includes the provision of Euro 248.8 million for charges related to the workforce optimisation manoeuvre formalised on 23 December 2023 with the Trade Unions. The manoeuvre to encourage generational and professional turnover, together with a reduction in the workforce; this agreement entails the exit of 1,000 resources. In response to the exits, the Agreement envisages 500 new hires and the fixed-term stabilisation of 200 temporary employment contracts, focusing on the areas where the Group is present.

10.6.3 Other provisions

Items	31.12.2023		31.12.2022	
	Other provisions	Provision for charitable donations	Other provisions	Provision for charitable donations
A. Opening balance	**185,776**	**-**	**28,968**	**18**
B. Provisions	49,134	-	225,796	-
C. Uses	(87,762)	-	(68,988)	(18)
D. Closing balance	**147,148**	**-**	**185,776**	**-**

Section 11 – Redeemable shares

Item 120

There are no amounts in this Financial Report.

Section 12 – Shareholders' equity

Items 110, 130, 140, 150, 160, 170 and 180

12.1 "Share capital" and "Treasury shares": breakdown

As at 31 December 2023, the share capital amounts to Euro 2,104,316 thousand, corresponding to 1,415,850,518 ordinary shares fully paid-up and with no par value; of these, 678,397 are allocated to the proprietary portfolio.

12.2 Share capital – Number of shares: annual changes

Description/Types	Ordinary	Other
A. Initial number of shares	**1,415,850,518**	**-**
- fully paid-in	1,415,850,518	-
- not fully paid-in	-	-
A.1 Treasury shares (-)	(1,714,504)	-
A.2 Shares outstanding: opening balance	**1,414,136,014**	**-**
B. Increases	**1,036,293**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- for free:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sales of treasury shares	1,036,293	-
B.3 Other increases	-	-
C. Decreases	**186**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	186	-
C.3 Business disposal transactions	-	-
C.4 Other decreases	-	-
D. Shares outstanding: closing balance	**1,415,172,121**	**-**
D.1 Treasury shares (+)	678,397	-
D.2 Final number of shares	1,415,850,518	-
- fully paid-in	1,415,850,518	-
- not fully paid-in	-	-

Item B.2 Sales of treasury shares refers to treasury shares that BPER Banca has assigned free of charge to employees, in line with the provisions of the Remuneration Policies (e.g. for short-term and long-term incentive and/or severance schemes).

Item C.2 Purchase of treasury shares includes the shares taken on following prescription of the dividend right as set out in the 2011 profit distribution, which made provision for the payment to be partly in cash and partly through the free allocation of the treasury shares of BPER Banca.

Information about transactions in treasury shares is presented in section 4.5 "Treasury shares held" of the Directors' Report on Operations.

12.3 Share capital - other information

The shares that make up the share capital of the Bank are not subject to rights, privileges or restrictions.

At the reporting date, the Bank directly owns 678,397 treasury shares.

12.4 Reserves from profits: other information

Nature and description of shareholders' equity	Amount	Tax–deferred reserves	(1) portion available for:		
			Cover losses	Increase in share capital	Allocation
Share capital	**2,104,316**				
Share capital reserves:	**1,731,427**		**1,880,460**	**1,880,460**	**1,880,460**
Share premium reserve	1,236,525		1,236,525	1,236,525	1,236,525
other reserves	494,902		643,935	643,935	643,935
- differences of shareholders' equity	(25,377)		-	-	-
- surplus/deficit from mergers	532,723		613,935	613,935	613,935
- reserve for reserved share capital increase	(42,444)		-	-	-
reserve for call option premium on AT1 equity instruments	30,000		30,000	30,000	30,000
Reserves from profits:	**3,480,644**	**89,785**	**4,277,891**	**3,854,665**	**3,843,780**
ordinary/legal reserve	417,710		417,710	-	-
other reserves	3,062,934	89,785	3,860,181	3,854,665	3,843,780
- extraordinary reserve (2)	3,474,785	87,606	3,474,785	3,474,785	3,474,785
- reserve for other risks	-		-	-	-
- taxed reserve pursuant to Decree Law 660/1973	2,872		2,872	2,872	2,872
- reserve pursuant to art. 55 of Presidential Decree 917/86 (3)	9	9	-	-	-
- special reserve pursuant to art. 6 Law 461/1998	45,711		45,711	45,711	45,711
- concentration reserve under Law 218/1990 (Amato Law) (4)	1,207	1,207	1,207	1,207	1,207
- special reserve pursuant to art. 6 Law 124/93 (5)	963	963	963	963	-
- reserve of dividends on treasury shares held in the portfolio	9,849		9,849	9,849	9,849
- non-allocatable reserve - gains from FV or SE(6)	14,710		14,710	-	-
- reserve from gains on FVO securities - available portion	258,692		258,692	258,692	258,692
- equity element of convertible instruments - available portion	6,771		6,771	6,771	6,771
- reserve for adjustments to pension Fund Section B	(2,941)		-	-	-
- contribution reserve	728		728	728	-
- reserve for disposal of business unit	1,209		-	-	-
- reserve for acquisition of business unit	(4)		-	-	-
- FTA reserves	35,733		35,733	35,733	35,733
- profit (Loss) for the year (2004)	8,160		8,160	8,160	8,160
- reserve for First Time Adoption IFRS 9	(744,892)		-	-	-
- reserve for First Time Adoption IFRS 16	(382)		-	-	-
- reserve for revaluation of investment properties under IAS 40 investment	(6,196)		-	-	-
- reserve for Stock Option plan	9,194		-	9,194	-
- interest on AT1 equity instruments	(51,409)		-	-	-
- other reserves (7)	(1,835)		-	-	-
Valuation reserves:	**(49,355)**	**54**	**-**	**-**	**-**
- valuation reserves of financial assets measured at fair value through other comprehensive income	(5,604)		-	-	-
- Hedging of equity instruments designated at fair value through other comprehensive income	(3,756)		-	-	-
- fair value valuation reserve for property, plant and equipment	85,525		-	-	-
- reserve for cash flow hedges	(1,105)		-	-	-
- reserve for actuarial gains (losses)	(119,616)		-	-	-
- reserve on financial liabilities designated at fair value through profit or loss (variation due to changes in creditworthiness)	(4,853)		-	-	-
- reserve for income balances of revaluation pursuant to art. 23 of Law no. 576/1975 (4)	54	54	-	-	-
Treasury shares	**(2,244)**		**-**	**-**	**-**
Equity instruments	**150,000**		**-**	**-**	**-**
Total shareholders' equity	**7,414,788**	**89,839**	**6,158,351**	**5,735,125**	**5,724,240**

(1) There have been no utilisations in the past 3 years.

(2) The portion of the extraordinary reserve under tax suspension derives from the restriction put in place as a result of the realignment of tax values to the higher carrying values of certain properties and goodwill to the carrying values carried out in accordance with art. 110, paragraphs 8 and 8-bis of the Decree Law. 104/2020. Any distribution of the reserve subject under tax suspension to shareholders determines taxation for the corresponding amount - before substitute tax paid for realignment purposes - at both the company and the recipient shareholders.

(3) The reserve contributes to the formation of income in the year and to the extent in which it is utilised for purposes other than the coverage of operating losses.

(4) In the event of distribution of the reserve to shareholders, the amount distributed contributes to the formation of the company's taxable income and the taxable income of shareholders. If the reserve is used to cover losses, profits shall not be distributed until the reserve has been reinstated or accordingly reduced through a resolution by the Extraordinary Shareholders' Meeting.

(5) The reserve contributes to the formation of the company's income in the year if and to the extent in which it is utilised for purposes other than the coverage of operating losses and the classification as capital.

(6) Pursuant to art. 6 of Legislative Decree 38/05, these reserves can only be used after using all other available reserves and the legal reserve.

(7) The other reserves include the transfer to Other reserves of the Valuation reserves from realised gains/losses on equities at fair value through other comprehensive income, the transfer to Other reserves of the Valuation reserves from realised gains/losses on property used in operations and the deferred tax assets recorded on the impact of transition to IFRS 9, also taking into account the modification of the reference tax law, implemented with the 2019 Budget Law.

The negative elements of shareholders' equity reduce the availability of the positive elements.

Reserves from profits are generally established when the profit shown in the financial report is specifically allocated to reserves.

The Italian Civil Code requires companies to set aside at least 5% of their profit for the year to a special reserve until it reaches one-fifth of the share capital. If, for whatever reason, the amount of the legal reserve falls below this limit of one-fifth of share capital, it has to be reinstated by setting aside at least one-twentieth of the profit until the shortfall is covered.

This item also includes the effects generated by the transition to international accounting standards.

For further details regarding the allocation of the profit for the year, please refer to the Directors' report on operations contained in these separate financial report.

12.5 Equity instruments: breakdown and annual changes

Issuer	Interest rate	Step up	Issue date	Maturity date	Currency	Nominal Value (in Euro)
BPER Banca	8.75% fixed rate (up to the first Reset Date)	NO	25.07.2019	perpetual	Euro	150,000,000

During the year, the "Additional Tier 1" convertible bond did not show any changes.

12.6 Other information

There are no amounts to be disclosed other than those already provided in this section.

OTHER INFORMATION

1. Commitments and financial guarantees given (other than those designated at fair value)

	Nominal value on commitments and financial guarantees granted				Total 31.12.2023	Total 31.12.2022
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
1. Commitments to distribute funds	**31,482,648**	**1,890,292**	**209,122**	**-**	**33,582,062**	**32,157,684**
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	1,040,889	982	119	-	1,041,990	868,263
c) Banks	1,529,482	25,504	-	-	1,554,986	1,407,366
d) Other financial companies	3,019,888	59,540	1,347	-	3,080,775	2,431,549
e) Non-financial companies	24,310,241	1,631,525	203,202	-	26,144,968	25,449,599
f) Households	1,582,148	172,741	4,454	-	1,759,343	2,000,907
2. Financial guarantees granted	**1,105,428**	**26,735**	**39,634**	**-**	**1,171,797**	**989,082**
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	23,448	-	6	-	23,454	24,566
c) Banks	46,162	-	-	-	46,162	47,818
d) Other financial companies	284,193	66	62	-	284,321	301,077
e) Non-financial companies	718,555	24,397	38,418	-	781,370	574,375
f) Households	33,070	2,272	1,148	-	36,490	41,246

2. Other commitments and other guarantees granted

	Nominal value	
	31.12.2023	31.12.2022
Other guarantees granted	**4,934,285**	**4,918,861**
of which: non-performing	65,361	93,464
a) Central Banks	-	-
b) Public Administrations	23,783	21,898
c) Banks	324,728	313,424
d) Other financial companies	128,140	121,509
e) Non-financial companies	4,328,060	4,318,812
f) Households	129,574	143,218
Other commitments	**1,774,000**	**31,500**
of which: non-performing	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	1,774,000	31,500
f) Households	-	-

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount 31.12.2023	Amount 31.12.2022
1. Financial assets measured at fair value through profit or loss	-	1,920
2. Financial assets measured at fair value through other comprehensive income	2,854,716	5,299,667
3. Financial assets measured at amortised cost	21,559,660	10,014,402
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

The assets sold to vehicle companies as part of Covered Bond transactions amounted to Euro 8,634 million.

4. Asset management and trading on behalf of third parties

Type of service	Amount
1. Trading on behalf of customers	**-**
a) purchases	-
1. settled	-
2. unsettled	-
b) sales	-
1. settled	-
2. unsettled	-
2. Individual portfolio management	**6,839,983**
3. Custody and administration of securities	**307,971,533**
a) third party securities held in deposit: related to depositary bank activities (excluding portfolio management)	-
1. securities issued by the Bank preparing the financial statements	-
2. other securities	-
b) third party securities held in deposit (excluding portfolio management): other	134,579,985
1. securities issued by the Bank preparing the financial statements	5,527,568
2. other securities	129,052,417
c) third party securities deposited with third parties	132,623,218
d) own portfolio securities deposited with third parties	40,768,330
4. Other transactions	**28,894,791**

5. Financial assets subject to offsetting, master netting agreements and similar

Type	Gross amount of financial assets (a)	Amount of financial liabilities offset in the balance sheet (b)	Net amount of financial assets shown in the balance sheet (c=a-b)	Related amounts not subject to offsetting in the balance sheet		Net amount (f=c-d-e) 31.12.2023	Net amount (f=c-d-e) 31.12.2022
				Financial instruments (d)	Cash deposit received as collateral (e)		
1. Derivatives	1,712,794	-	1,712,794	392,659	1,218,669	**101,466**	**916,341**
2. Repurchase agreements	1,666,495	-	1,666,495	1,655,341	-	**11,154**	**18,512**
3. Securities lending	-	-	-	-	-	**-**	**-**
4. Other	-	-	-	-	-	**-**	**-**
Total 31.12.2023	**3,379,289**	**-**	**3,379,289**	**2,048,000**	**1,218,669**	**112,620**	**X**
Total 31.12.2022	**3,925,512**	**-**	**3,925,512**	**1,627,526**	**1,363,133**	**X**	**934,853**

The amounts shown in the table relate to standard master agreements such as ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex) agreements for derivatives and GMRA (Global Master Repurchase Agreement) for repurchase agreement transactions.
Under the agreements executed using the ISDA standard, offsetting of OTC derivative contracts is permitted in the event of default of either party to the agreement and, for almost all institutional counterparties, the terms of the CSA provide for cash collateral that is revised daily based on the contracts' underlying value. Repurchase agreement transactions entered into with institutional counterparties are governed by the GMRA standard, which, in addition to the delivery of the securities pertaining to the transactions, provide for cash collateral that is revised daily based on the value of the securities. None of the amounts shown has been offset in the financial report as the criteria in paragraph 42 of IAS 32 are not satisfied.
For derivatives, the gross amounts (a) are recognised under item 20 a) "Financial assets measured at fair value through profit or loss - Financial assets held for trading" for Euro 590.5 million and under item 50 "Hedging derivatives" for Euro 1,122. thousand; the related financial instruments (d) consist of derivatives recorded under item 20 "Financial liabilities held for trading" and under item 40 "Hedging derivatives", whereas cash deposits received (e) are recorded under item 10 a) "Due to banks" and under item 10 b) "Due to customers".
For repurchase agreements, the gross amounts (a) are recognised under Item 40 a) "Financial assets measured at amortised cost - Loans to banks" for an amount of Euro 1,666.5 million; the related financial instruments (d) represent the value of the securities pertaining to the transactions, whereas cash deposits received (e) are recognised under item 10 a) "Due to banks".

6. Financial liabilities subject to offsetting, master netting agreements and similar

Type	Gross amount of financial assets (a)	Amount of financial assets offset in the balance sheet (b)	Net amount of financial liabilities shown in the balance sheet (c=a-b)	Related amounts not offset in the balance sheet		Net amount (f=c-d-e) 31.12.2023	Net amount (f=c-d-e) 31.12.2022
				Financial instruments (d)	Cash deposit pledged as collateral (e)		
1. Derivatives	444,783	-	444,783	392,659	41,898	**10,226**	**399,569**
2. Repurchase agreements	6,389,175	-	6,389,175	6,372,289	-	**16,886**	**5,686**
3. Securities lending	-	-	-	-	-	**-**	**-**
4. Other	-	-	-	-	-	**-**	**-**
Total 31.12.2023	**6,833,958**	**-**	**6,833,958**	**6,764,948**	**41,898**	**27,112**	**X**
Total 31.12.2022	**4,498,408**	**-**	**4,498,408**	**3,901,016**	**192,137**	**X**	**405,255**

The same considerations of the previous table are valid for framework agreements.

None of the amounts shown has been offset in the financial report as the criteria in paragraph 42 of IAS 32 are not satisfied.

For derivatives, the gross amounts (a) are recorded under item 20 "Financial liabilities held for trading" for an amount of Euro 194.6 million and under item 50 "Hedging derivatives" for an amount of Euro 250.1 million; the related financial instruments (d) consist of opposite sign derivatives recorded under item 20 a) "Financial assets measured at fair value through profit or loss - Financial assets held for trading" and under item 50 "Hedging derivatives", whereas cash deposits made (e) are recorded under item 40 a) "Loans to banks" and item 40 b) "Loans to customers".

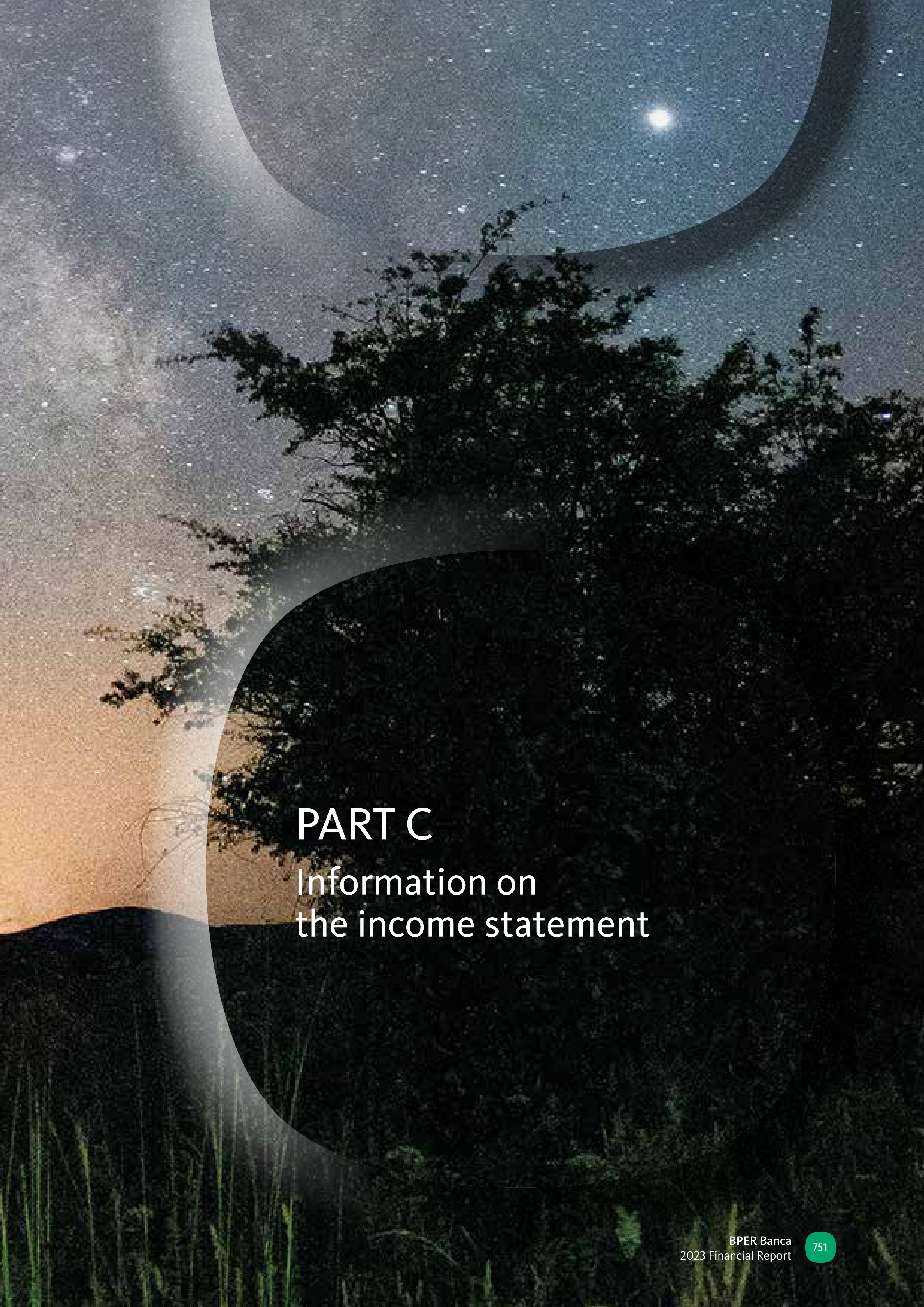
For repurchase agreements, the gross amounts (a) are recognised under item 10 a) "Due to banks" for an amount of Euro 4,301.7 million, and under item 10 b) "Due to customers" for an amount of Euro 2,087.5 million. The related financial instruments (d) represent the value of the securities pertaining to the transactions, whereas cash deposits made (e) are recognised under item 40 a) "Loans to banks" and, if any, 40 b) "Loans to customers".

7. Securities lending

Type of lender/Use	As collateral of own financing operations	Sold	Subject to repurchase agreements	Other	31.12.2023
a) Banks	461,467	-	-	-	**461,467**
b) Public Entities		-	-	-	**-**
c) Non-financial companies		-	-	-	**-**
d) Financial companies	445,483	-	-	-	**445,483**
e) Insurance companies		-	-	-	**-**
f) Other	-	-	-	-	**-**
Total	**906,950**	**-**	**-**	**-**	**906,950**

8. Disclosure on joint control activities

There are no amounts to be disclosed in this Financial Report.



PART C

Information on the income statement

Section 1 – Interest

Items 10 and 20

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31.12.2023	Total 31.12.2022
1. Financial assets measured at fair value through profit or loss:	15,658	354	-	16,012	31,968
1.1 Financial assets held for trading	2,639	-	-	2,639	2,189
1.2 Financial assets designated at fair value	71	-	-	71	27,037
1.3 Other financial assets mandatorily measured at fair value	12,948	354	-	13,302	2,742
2. Financial assets measured at fair value through other comprehensive income	**116,737**	**-**	**X**	**116,737**	**39,493**
3. Financial assets measured at amortised cost:	**214,456**	**3,377,889**	**X**	**3,592,345**	**1,742,126**
3.1 Loans to banks	70,609	536,424	X	607,033	154,042
3.2 Loans to customers	143,847	2,841,465	X	2,985,312	1,588,084
4. Hedging derivatives	**X**	**X**	**331,998**	**331,998**	**(15,300)**
5. Other assets	**X**	**X**	**185,118**	**185,118**	**35,773**
6. Financial Liabilities	**X**	**X**	**X**	**1,069**	**21,637**
Total	**346,851**	**3,378,243**	**517,116**	**4,243,279**	**1,855,697**
of which: interest income on impaired financial assets	-	75,034	-	75,034	73,150
of which: interest income on finance lease	X	207	X	207	4,169

1.2 Interest and similar income: other information

1.2.1 Interest income on foreign currency financial assets

Items	31.12.2023	31.12.2022
Interest income on foreign currency financial assets	45,432	9,708

The item includes flows from derivatives hedging securities shown under assets.

1.3 Interest and similar expense: breakdown

Items/Technical forms	Loans	Debt Securities	Other transactions	Total 31.12.2023	Total 31.12.2022
1. Financial liabilities measured at amortised cost	**1,108,371**	**323,303**	**X**	**1,431,674**	**367,763**
1.1 Due to central banks	182,235	X	X	182,235	-
1.2 Due to banks	405,051	X	X	405,051	93,080
1.3 Due to customers	521,085	X	X	521,085	121,119
1.4 Debt securities issued	X	323,303	X	323,303	153,564
2. Financial liabilities held for trading	**5**	**-**	**-**	**5**	**26,843**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and provisions	**X**	**X**	**-**	**-**	**-**
5. Hedging derivatives	**X**	**X**	**142,116**	**142,116**	**4,821**
6. Financial assets	**X**	**X**	**X**	**846**	**47,213**
Total	**1,108,376**	**323,303**	**142,116**	**1,574,641**	**446,640**
of which: interest expense on lease liabilities	10,421	X	X	10,421	6,739

1.4 Interest and similar expense: other information

1.4.1 Interest expense on foreign currency liabilities

Items	31.12.2023	31.12.2022
Interest expense on foreign currency liabilities	179,425	64,902

Interest in foreign currency relates mainly to repurchase agreements with non-resident banks.

1.5 Spreads on hedging transactions

Items	Total 31.12.2023	Total 31.12.2022
A. Positive spreads on hedging transactions	520,550	139,541
B. Negative spreads on hedging transactions	(330,668)	(159,662)
C. Balance (A-B)	**189,882**	**(20,121)**

Section 2 – Commissions

Items 40 and 50

2.1 Commission income: breakdown

Type of service/Amounts	Total 31.12.2023	Total 31.12.2022
a) Financial instruments	406,566	371,582
1. Placement of securities	341,414	315,127
1.1 Through underwriting and/or on a firm commitment basis	1,939	517
1.2 Without a firm commitment basis	339,475	314,610
2. Reception, transmission and execution of orders on behalf of customers	25,302	19,925
2.1 Reception and transmission of orders for one or more financial instruments	25,302	19,925
2.2 Execution of orders on behalf of customers	-	-
3. Other commission income related to activities connected to financial instruments	39,850	36,530
of which: dealing on own account	1,934	137
of which: individual portfolio management	37,916	36,393
b) Corporate Finance	3,546	2,639
1. Mergers and acquisitions advisory	918	756
2. Treasury services	-	-
3. Other commission income related to corporate finance services	2,628	1,883
c) Investment advice	1,700	2,202
d) Clearing and settlement	-	-
e) Custody and administration	35,581	37,272
1. Depositary bank	-	-
2. Other commission income related to custody and administration services	35,581	37,272
f) Central administrative services for collective portfolio management	-	-
g) Fiduciary services	-	-
h) Payment services	593,975	584,048
1. Current accounts	331,732	325,757
2. Credit cards	-	-
3. Debit cards and other payment cards	88,249	98,616
4. Bank transfers and other payment orders	118,878	100,181
5. Other commission income related to payment services	55,116	59,494
i) Distribution of third-party services	300,478	321,605
1. Collective portfolio management	7,375	5,241
2. Insurance products	213,777	198,364
3. Other products	79,326	118,000
of which: individual portfolio management	6,875	9,979
j) Structured finance	38,863	29,073
k) Securitisation servicing	66	941
l) Commitments to disburse funds	-	-
m) Financial guarantees granted	46,212	43,416
of which: credit derivatives	-	-
n) Financing operations	211,668	191,936
of which: factoring transactions	-	-
o) Currency dealing	16,101	14,516
p) Commodities	-	-
q) Other commission income	53,318	51,454
of which: management of multilateral trading facilities	-	-
of which: management of organised trading facilities	-	-
Total	**1,708,074**	**1,650,684**

With respect to the qualitative information on the types of revenue from relations with customers falling within the scope regulated by IFRS 15, we think that the level of detail required by Bank of Italy Circular n. 262 is adequate.

Commission income includes the following types of variable income:

- commissions related to the placement of "profit share" mutual funds, the amount of which is only estimated in the financial statements, although the related Performance Obligation (PO) is satisfied in full by the end of the year;
- placement fees for "credit protection" insurance products with a single initial premium, which incorporate the possibility of having to repay (ultimately to customers) part of the placement fees received by the distributor, for the portion of the premium not received up front of an insurance contract terminated in advance of the contractual expiry date. This type of product therefore requires an estimate of the amount of commission not subject to repayment risk (hence the variable nature of the revenue), against an OP that has been fully fulfilled at the balance sheet date (placement of the insurance product);
- performance fees provided for in asset management mandates, calculated as a percentage of the difference between the actual operating result and the benchmark result for the period. These commissions are determined quarterly or annually and recognised once the result of the managed line has been ascertained, which required them to be estimated at the end of the period;
- additional commission amounts on insurance products, which represent the additional remuneration of the bank's performance with respect to certain quality levels. The variable amount is based on the total placed and is estimated at the end of the year based on the degree of achievement of the objectives required to obtain it.

2.2 Commission income: distribution channels of products and services

Channels/Amounts	Total 31.12.2023	Total 31.12.2022
a) at own branches:	**679,808**	**673,125**
1. portfolio management	37,916	36,393
2. securities placement	341,414	315,127
3. third party services and products	300,478	321,605
b) out-of-branch offer:	**-**	**-**
1. portfolio management	-	-
2. securities placement	-	-
3. third party services and products	-	-
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. securities placement	-	-
3. third party services and products	-	-

2.3 Commission expense: breakdown

Type of services/Amounts	Total 31.12.2023	Total 31.12.2022
a) Financial instruments	18,705	18,985
of which: trading in financial instruments	1,373	2,116
of which: placement of financial instruments	3,289	3,394
of which: individual portfolio management	14,043	13,475
- Own portfolios	-	-
- Third party portfolios	14,043	13,475
b) Clearing and settlement	-	-
c) Custody and administration	5,857	5,327
d) Collection and payment services	51,941	46,300
of which: credit cards, debit cards and other payment cards	44,838	39,465
e) Securitisation servicing	-	-
f) Commitments to receive funds	-	-
g) Financial guarantees received	4,467	3,635
of which: credit derivatives	-	-
h) "Out-of-branch" offer of financial instruments, products and services	6,908	7,783
i) Currency dealing	-	-
j) Other commission expense	52,633	34,711
Total	**140,511**	**116,741**

Section 3 – Dividends and similar income

Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 31.12.2023		Total 31.12.2022	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	2,074	-	2,305	-
B. Other financial assets mandatorily measured at fair value	86	6,002	812	4,433
C. Financial assets measured at fair value through other comprehensive income	21,598	-	14,281	-
D. Equity investments	104,428	-	34,781	-
Total	**128,186**	**6,002**	**52,179**	**4,433**

Section 4 – Net income from trading activities

Item 80

4.1 Net income from trading activities: breakdown

Transactions/Income items	Capital gains (A)	Profits on trading (B)	Capital losses (C)	Losses on trading (D)	Net Result [(A+B) - (C+D)]
1. Financial assets held for trading	**11,741**	**6,796**	**(995)**	**(3,197)**	**14,345**
1.1 Debt securities	255	4,469	(5)	(2,685)	2,034
1.2 Equity instruments	11,485	2,327	(990)	(512)	12,310
1.3 UCITS units	1	-	-	-	1
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**35,856**
4. Derivative instruments	**467,757**	**390,498**	**(307,503)**	**(446,249)**	**97,238**
4.1 Financial derivatives:	467,757	389,762	(307,503)	(445,775)	96,976
- on debt securities and interest rates	298,336	346,785	(261,112)	(346,884)	37,125
- on equities and stock indexes	164,799	28,628	(41,947)	(89,427)	62,053
- on currency and gold	X	X	X	X	(7,265)
- other	4,622	14,349	(4,444)	(9,464)	5,063
4.2 Credit derivatives	-	736	-	(474)	262
of which: natural hedges connected with the fair value option	X	X	X	X	-
Total	**479,498**	**397,294**	**(308,498)**	**(449,446)**	**147,439**

The item includes capital gains from valuation relating to the operational hedging of Certificates, for a total of Euro 104.8 million.

Section 5 – Net income from hedging activities

Item 90

5.1 Net income from hedging activities: breakdown

Income items/Amounts	Total 31.12.2023	Total 31.12.2022
A. Income from:		
A.1 Fair value hedging derivatives	304,585	1,797,916
A.2 Hedged financial assets (fair value)	596,749	1,416
A.3 Hedged financial liabilities (fair value)	19	350,641
A.4 Cash-flow hedging derivatives	-	-
A.5 Foreign currency assets and liabilities	-	-
Total income from hedging activity (A)	**901,353**	**2,149,973**
B. Charges from:		
B.1 Fair value hedges	573,375	352,742
B.2 Hedged financial assets (fair value)	37,909	1,798,470
B.3 Hedged financial liabilities (fair value)	267,874	46
B.4 Cash-flow hedging derivatives	-	-
B.5 Foreign currency assets and liabilities	-	-
Total charges from hedging activity (B)	**879,158**	**2,151,258**
C. Net income from hedging activities (A-B)	**22,195**	**(1,285)**
of which: result of hedging on net positions	-	-

Section 6 – Gains (Losses) on disposal or repurchase

Item 100

6.1 Gains (Losses) on disposal or repurchase: breakdown

Items/Income items	Total 31.12.2023			Total 31.12.2022		
	Gains	Losses	Net result	Gains	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	53,988	(3,613)	50,375	72,179	(10,040)	62,139
1.1 Loans to banks	269	(115)	154	-	-	-
1.2 Loans to customers	53,719	(3,498)	50,221	72,179	(10,040)	62,139
2. Financial assets measured at fair value through other comprehensive income	13,888	(889)	12,999	3,883	(701)	3,182
2.1 Debt securities	13,888	(889)	12,999	3,883	(701)	3,182
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**67,876**	**(4,502)**	**63,374**	**76,062**	**(10,741)**	**65,321**
B. Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities issued	3	-	3	7,641	(808)	6,833
Total liabilities (B)	**3**	**-**	**3**	**7,641**	**(808)**	**6,833**

The net result relating to "Financial assets" includes net profits deriving from disposal of loans for Euro 7.9 million and from debt securities classified in the HTC and HTC&S portfolios for Euro 55.5 million.

Section 7 – Net income on other financial assets and liabilities measured at fair value through profit or loss

Item 110

7.1 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

Transactions/Income items	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net Result [(A+B) - (C+D)]
1. Financial assets	**-**	**-**	**(461)**	**-**	**(461)**
1.1 Debt securities	-	-	(461)	-	(461)
1.2 Loans	-	-	-	-	-
2. Financial Liabilities	**45,699**	**45**	**(109,907)**	**(64,705)**	**(128,868)**
2.1 Debt securities issued	45,699	45	(109,907)	(64,705)	(128,868)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**45,699**	**45**	**(110,368)**	**(64,705)**	**(129,329)**

The results shown on Securities in Issue refer to the Certificates issued and are attributable to the change in fair value attributable to interest rate risk, to the change in fair value of the derivative component embedded in the instruments issued (which is similarly recognised with an entry of opposite sign in Item 80 "Net income from trading activities" against the valuation of derivatives entered into on the market to balance the bank's position), as well as to so-called "commercial margins", which pass through the Income Statement at the time of the first valuation of the financial instrument.

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income items	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net Result [(A+B) - (C+D)]
1. Financial assets	**33,170**	**17,992**	**(41,518)**	**(1,432)**	**8,212**
1.1 Debt securities	37	2,016	(26,632)	-	(24,579)
1.2 Equity instruments	2,113	80	(3,824)	(493)	(2,124)
1.3 UCITS units	30,811	6,534	(11,062)	(939)	25,344
1.4 Loans	209	9,362	-	-	9,571
2. Foreign currency financial assets: exchange differences	**X**	**X**	**X**	**X**	**(947)**
Total	**33,170**	**17,992**	**(41,518)**	**(1,432)**	**7,265**

Section 8 – Net impairment losses for credit risk

Item 130

8.1 Net impairment losses for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions/ Income items	Impairment losses (1)						Write-backs (2)				Total 31.12.2023	Total 31.12.2022
	Stage 1	Stage 2	Stage 3		Impaired acquisite o originate		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
			Write-off	Other	Write-off	Other						
A. Loans to banks	**(76)**	**(2,741)**	**-**	**-**	**-**	**-**	**5,800**	**-**	**-**	**-**	**2,983**	**(18,683)**
- Loans	-	(2,741)	-	-	-	-	5,800	-	-	-	3,059	(18,686)
- Debt securities	(76)	-	-	-	-	-	-	-	-	-	(76)	3
B. Loans to customers	**-**	**(17,312)**	**(6,659)**	**(541,968)**	**(14,228)**	**(114,324)**	**29,638**	**858**	**234,473**	**83,194**	**(346,328)**	**(436,824)**
- Loans	-	-	(6,659)	(541,968)	(14,228)	(114,324)	27,943	858	234,473	83,194	(330,711)	(436,634)
- Debt securities	-	(17,312)	-	-	-	-	1,695	-	-	-	(15,617)	(190)
Total	**(76)**	**(20,053)**	**(6,659)**	**(541,968)**	**(14,228)**	**(114,324)**	**35,438**	**858**	**234,473**	**83,194**	**(343,345)**	**(455,507)**

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. It was therefore considered appropriate to partially write off the gross exposure for a total of Euro 250 million, adjusting it to the expected recoverable amount, with marginal economic impact. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.

8.2 Net impairment losses for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/ Income items	Impairment losses (1)						Write-backs (2)				Total 31.12.2023	Total 31.12.2022
	Stage 1	Stage 2	Stage 3		Impaired acquisite o originate		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
			Write-off	Other	Write-off	Other						
A. Debt securities	**-**	**(844)**	**-**	**-**	**-**	**-**	**678**	**100**	**-**	**-**	**(66)**	**(418)**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**(844)**	**-**	**-**	**-**	**-**	**678**	**100**	**-**	**-**	**(66)**	**(418)**

Section 9 – Gains (Losses) from contractual modifications without derecognition

Item 140

9.1 Gains (losses) from contractual modifications: breakdown

The item in question includes the economic impact of contractual modifications that do not qualify for derecognition of the assets and which, as a result, entail a change in the related amortised cost based on discounting the new contractual flows at the original Internal Rate of Return (IRR).

The scope of the exposures under consideration is represented by a portion of the forborne exposures (performing and non-performing) or situations in which the contractual modification is linked to the borrower's financial difficulty and does not fall within the concept of a "substantial modification" for BPER Banca.

The impact calculated on the basis of this scope is added to the write-downs envisaged by the Bank in application of its own policies for the assessment of performing and non-performing loans and, for the two types of exposures, comes to a total amount of Euro 2.7 million.

Section 10 – Administrative expenses

Item 160

10.1 Staff costs: breakdown

Type of costs/Amounts	Total 31.12.2023	Total 31.12.2022
1) Employees	**1,676,296**	**1,399,258**
a) wages and salaries	1,020,869	907,176
b) social security charges	266,532	238,707
c) termination indemnities	58,249	47,024
d) pension expenses	-	-
e) provision for employee termination indemnities	5,134	674
f) provision for pension and similar commitments:	3,431	1,071
- defined contribution plan	-	-
- defined benefit plans	3,431	1,071
g) payments to external supplementary pension funds:	34,051	32,948
- defined contribution plan	34,051	32,948
- defined benefit plans	-	-
h) costs from share-based payments	5,733	539
i) other personnel benefits	282,297	171,119
2) Other not-retired employees	**37,604**	**29,653**
3) Directors and Statutory Auditors	**5,825**	**5,531**
4) Retired employees	**766**	**302**
5) Recovery of costs for employees seconded to other companies	**(11,568)**	**(17,321)**
6) Reimbursement of cost of third-party employees seconded to the Bank	**16,451**	**17,789**
Total	**1,725,374**	**1,435,212**

The item “other personnel benefits” includes the provision of Euro 248.8 million for charges related to the manoeuvre for streamlining the workforce formalised on 23 December 2023 with the Trade Unions. The manoeuvre to encourage generational and professional turnover, together with a reduction in the workforce; this agreement entails the exit of 1,000 resources. In response to the exits, the Agreement envisages 500 new hires and the fixed-term stabilisation of 200 temporary employment contracts, focusing on the areas where the Group is present.

10.2 Average number of employees by category

	31.12.2023	31.12.2022
Employees:	**16,765**	**15,807**
a) Managers	281	248
b) Middle managers	6,126	5,757
c) Remaining employees	10,358	9,802
Other personnel	**631**	**516**

10.2 bis Final number of employees by category

	31.12.2023	31.12.2022
Employees:	**17,622**	**18,302**
a) Managers	308	288
b) Total 3rd and 4th level middle managers	2,487	2,413
c) Total 1st and 2nd level middle managers	3,948	4,110
d) Remaining employees	10,879	11,491
Other personnel	**461**	**808**

The number of employees does not include staff on leave.

10.3 Defined benefit company pension funds: costs and revenues

Type of costs/Amounts	31.12.2023	31.12.2022
Provisions for defined-benefit pension plans	3,431	1,071

For more information on defined-benefit pension plans, please refer to Part B of these Explanatory notes, section 10 “Provisions for risks and charges”.

10.4 Other employee benefits

Type of costs/Amounts	31.12.2023	31.12.2022
Other employee benefits	282,297	171,119

For more information on the composition of the item, please refer to the footnotes in table 10.1 Personnel expenses: breakdown

10.5 Other administrative expenses: breakdown

Items	31.12.2023	31.12.2022
Indirect taxes and duties	**275,941**	**354,204**
Stamp duty	226,485	199,554
Other indirect taxes with right of recourse	14,599	16,256
Municipal property tax	15,455	12,507
Other	19,402	125,887
Other costs	**795,536**	**866,323**
Maintenance and repairs	101,509	113,553
Rental expense	21,931	22,315
Post office, telephone and telegraph	19,125	16,259
Data transmission fees and use of databases	88,019	83,441
Advertising	30,091	19,169
Consulting and other professional services	135,197	163,392
Lease of IT hardware and software	57,526	58,357
Insurance	20,719	15,934
Cleaning of office premises	9,374	10,291
Printing and stationery	4,687	5,517
Energy and fuel	47,196	45,124
Transport	13,683	13,790
Staff training and expense refunds	18,155	11,876
Information and surveys	12,666	12,574
Security	8,174	9,067
Administrative services	18,735	35,384
Use of external data gathering and processing services	4,433	40,733
Membership fees	8,734	7,928
Condominium expenses	11,501	8,351
Contribution to SRF, DGS, IDPF-VS	145,571	154,437
Sundry other	18,510	18,831
Total	**1,071,477**	**1,220,527**

The item “Contributions to SRF, DGS, IDPF-VS” includes the 2023 ordinary contribution to the SRF (European Single Resolution Fund) of Euro 47.2 million and the 2023 ordinary contribution of Euro 98.3 million to the DGS (Deposit Guarantee Scheme).

Section 11 – Net provisions for risks and charges

Item 170

11.1 Net provisions for credit risk on commitments to distribute funds and financial guarantees granted: breakdown

Type of risks and charges	Impairment losses				Write-backs				31.12.2023	31.12.2022
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
Commitments to disburse funds	(23)	(77)	-	-	3,411	2,728	-	-	6,039	(2,111)
Financial guarantees granted	-	-	(4,693)	-	170	688	7,430	-	3,595	(1,486)
Total	**(23)**	**(77)**	**(4,693)**	**-**	**3,581**	**3,416**	**7,430**	**-**	**9,634**	**(3,597)**

11.2 Net provisions on other commitments and other guarantees granted: breakdown

Type of risks and charges	Impairment losses	Write-backs	31.12.2023	31.12.2022
Other guarantees granted	(7,000)	4,500	(2,500)	(14,100)
Other commitments	(4,159)	17,130	12,971	(18,539)
Total	**(11,159)**	**21,630**	**10,471**	**(32,639)**

11.3 Net provisions for other risks and charges: breakdown

Type of risks and charges	31.12.2023	31.12.2022
A. Provisions	**(96,807)**	**(88,292)**
1. for legal disputes	(56,324)	(51,232)
2. other	(40,483)	(37,060)
B. Write-backs	**18,557**	**12,956**
1. for legal disputes	18,548	11,960
2. other	9	996
Total	**(78,250)**	**(75,336)**

Section 12 – Net adjustments to property, plant and equipment

Item 180

12.1 Net adjustments to property, plant and equipment: breakdown

Asset/Income items	Depreciation	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, plant and equipment				
1. Used in operations	(139,332)	(6,021)	2,508	(142,845)
- Owned	(62,166)	-	1,841	(60,325)
- Rights of use acquired through leases	(77,166)	(6,021)	667	(82,520)
2. Held for investment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
3. Inventories	X	-	-	-
B. assets available for sale	**X**	**(604)**	**1,055**	**451**
Total	**(139,332)**	**(6,625)**	**3,563**	**(142,394)**

The item “Impairment losses” (Euro 6.0 million) refers to rights of use acquired through leases following the early closure of certain branches.

Section 13 – Net adjustments to intangible assets

Item 190

13.1 Net adjustments to intangible assets: breakdown

Asset/Income items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(70,180)	-	-	(70,180)
A.1 Owned	(99,907)	-	-	(99,907)
- Generated internally by the company	-	-	-	-
- Other	(99,907)	-	-	(99,907)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(99,907)**	**-**	**-**	**(99,907)**

Section 14 – Other operating expense (income)

Item 200

14.1 Other operating expense: breakdown

Description/Amounts	31.12.2023	31.12.2022
Loss from loss data collection	13,823	22,121
Amortisation of leasehold improvement expenditure	2,873	3,645
Other expense	67,687	44,681
Total	**84,383**	**70,447**

The item “Other expenses” includes charges for the refund of fast-track loan approval process fees (CIV) to customers for the years 2012 - 2015 (Euro 5.1 million), charges for the settlement of early terminations of former Carige commercial agreements (Euro 32.5 million) and compensation relating to loan assignment transactions (Euro 4.5 million).

14.2 Other operating income: breakdown

Description/Amounts	31.12.2023	31.12.2022
Rental income	6,084	5,320
Recovery of taxes	239,772	214,155
Income from Loss data collection	27,834	22,295
Fast-track facility fee	7,466	8,802
Recovery for intercompany services	59,867	67,081
Other income	117,431	272,905
Total	**458,454**	**590,558**

The item “Other income” includes the fair value measurement of tax receivables in the portfolio that are expected to be recovered through sale to third parties (Euro 11.4 million); contingent assets from the settlement of past business combinations of (Euro 28.6 million).

Section 15 –Gains (Losses) of equity investments

Item 220

15.1 Gains (Losses) on equity investments: breakdown

Income items/Amounts	Total 31.12.2023	Total 31.12.2022
A. Gains	**38,502**	**-**
1. Revaluations	-	-
2. Gains on disposals	38,502	-
3. Write-backs	-	-
4. Other income	-	-
B. Losses	**(32,248)**	**(28,066)**
1. Write-downs	-	-
2. Impairment losses	(32,248)	(28,066)
3. Losses from disposals	-	-
4. Other expense	-	-
Net result	**6,254**	**(28,066)**

The amount shown under “Impairment losses” refers to the impairment test on equity investments which led to the write-down, among others, of the interest held in BPER Reoco (Euro 17.4 million), BPER Real Estate (Euro 14.3 million) and Gility (Euro 0.4 million).
The item “Gains on disposal” refers to the deconsolidation of Sifà - Società Italiana Flotte Aziendali, merged into UnipolRental, against the recognition of the stake in the latter (Euro 38.5 million).

Section 16 – Valuation differences on property, plant and equipment and intangible assets

Item 230

16.1 Net result of measurement at fair value (or at a revalued amount) or at the estimated realisable value of property, plant and equipment and intangible assets: breakdown

Asset/Income items	Revaluations (a)	Write-downs (b)	Exchange differences		Net result (a-b+c-d)
			Positive (c)	Negative (d)	
A. Property, plant and equipment	**9,493**	**(34,919)**	**-**	**-**	**(25,426)**
A.1 Used in operations:	6,269	(4,495)	-	-	1,774
- Owned	6,269	(4,495)	-	-	1,774
- Rights of use acquired through leases	-	-	-	-	-
A.2 Held for investment	3,224	(30,424)	-	-	(27,200)
- Owned	3,224	(30,424)	-	-	(27,200)
- Rights of use acquired through leases	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned	-	-	-	-	-
B.1.1 Generated internally by the company	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
Total	**9,493**	**(34,919)**	**-**	**-**	**(25,426)**

Section 17 – Impairment losses on goodwill

Item 240

There are no amounts in this Financial Report.

Section 18 – Gains (Losses) on disposal of investments

Item 250

18.1 Gains (losses) on disposal of investments: breakdown

Income items/Amounts	Total 31.12.2023	Total 31.12.2022
A. Real estate	490	2,947
- Gains on disposal	655	2,999
- Losses on disposal	(165)	(52)
B. Other assets	(470)	(271)
- Gains on disposal	-	6
- Losses on disposal	(470)	(277)
Net result	**20**	**2,676**

Section 19 – Income taxes for the year on current operations

Item 270

19.1 Income taxes for the year on current operations: breakdown

Income items/Amounts	Total 31.12.2023	Total 31.12.2022
1. Current tax (-)	(41,578)	34,715
2. Change in current taxes of prior years (+/-)	16,949	(8,435)
3. Reduction in current taxes of the year (+)	334,661	111,549
3. bis Reductions in current taxes of the year due to tax credit pursuant to Law 214/2011 (+)	80,970	10,643
4. Changes in deferred tax assets (+/-)	(424,847)	(16,960)
5. Changes in deferred tax liabilities (+/-)	(3,040)	2,819
6. Tax for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(36,885)**	**134,331**

19.2 Reconciliation of theoretical and actual tax charges

IRES	31.12.2023
Profit (loss) from current operations before tax (A)	**1,398,276**
Negative components of the gross result definitively considered not relevant (+)	**133,433**
Non-deductible taxes (other than on income)	306
Administrative expenses of limited deductibility	4,581
Other non-deductible costs	1,739
Impairment of property, plant and equipment and intangible assets (from write-down of properties)	31,446
Impairment of equity investments	32,742
Other	62,617
Positive components of the gross result definitively considered not relevant (-)	**(216,405)**
Non-relevant portion of dividends	(109,292)
Gains on securities under participation exemption (PEX)	(13,099)
Other definitive changes	(94,014)
Definitive increases not linked to elements of the gross result (+)	**-**
Other	-
Definitive decreases not linked to elements of the gross result (-)	**(178,494)**
FTA IFRS 9	(76,244)
Other	(102,250)
Basis of calculation of IRES shown in the income statement- (B)	**1,136,810**
A.C.E. deduction	(104,313)
Taxable amount (C)	**1,032,497**
IRES tax rate (D)	27.50%
Actual IRES (E) = (C)*(D)	**283,937**
Tax Rate IRES (F) =(E)/(A)	20.31%

IRAP	31.12.2023
Profit (loss) from current operations before tax (G)	**1,398,276**
Negative components of the gross result definitively considered not relevant (+)	**288,317**
non-deductible interest expense	-
Non-deductible portion of depreciation/amortisation on assets used in business	26,986
Other non-deductible administrative expenses	97,320
Staff costs net of permitted deductions	48,501
Net provisions for risks and charges	75,682
Losses of equity investments	493
Unified Municipal Tax (IMU)	13,910
Other (other income)	25,426
Positive components of the gross result definitively considered not relevant (-)	**(172,642)**
Non-relevant portion of dividends	(64,093)
Other operating income	(83,759)
Other (capital gains from the sale of properties, gains on equity investments, contribution in kind of real estate properties) (former badwill)	(21,874)
Other write-downs/write-backs - item 130	(2,917)
Other	-
Definitive increases not linked to elements of the gross result (+)	**24,577**
Temporary differences recoverable beyond the time horizon of the probability test	19,100
Negative value of production	-
Other	5,477
Definitive decreases not linked to elements of the gross result (-)	**(117,367)**
FTA IFRS 9	(76,244)
Other (negative net production value effect + recording of 245 DTAs)	(41,123)
Basis of calculation of IRAP shown in the income statement (H)	**1,421,161**
Weighted average nominal rate of IRAP (I)	5.57%
Actual IRAP (L) = (H)*(I)	**79,159**
Tax Rate IRAP (M) = (L)/(G)	5.66%

Out-of-period IRES and IRAP tax rates and other taxes	31.12.2023
Total impact (N)	**(326,211)**
Impacts of domestic tax group	-
Change in IRES and IRAP - deferred tax assets/deferred tax liabilities	(326,211)
Real estate FV impact	-
Other (substitute tax on tax alignment)	-
Out-of-period IRES and IRAP tax rates and other taxes	-23.33%

Total tax on gross result	31.12.2023
IRES + IRAP + other taxes (E)+(L)+(N)	**36,885**
Overall tax rate	2.64%

Section 20 – Gains (Losses) from non-current assets and disposal groups classified as held for sale after tax

Item 290

There are no amounts in this Financial Report.

Section 21 – Other information

The information contained in the above sections is deemed to be detailed and completed, thus providing a full picture of the income statement.

Section 22 – Earnings per share

IAS 33 requires disclosure of basic and diluted earnings per share (EPS), specifying how each is calculated.

Basic earnings per share reflect the relationship between:
- the earnings attributable to ordinary shareholders;
- and the weighted average number of shares outstanding during the year.

Diluted earnings per share reflect the relationship between:
- the earnings used to calculate Basic EPS, as adjusted by the economic effects of converting all outstanding convertible bonds into shares at period end;
- the number of shares in circulation used to calculate basic EPS, as adjusted by the weighted average of the potential ordinary shares with a diluting effect deriving from the conversion of bonds outstanding at period end.

	31.12.2023			31.12.2022		
	Attributable earnings	Weighted average ordinary shares	Earnings per share (Euro)	Attributable earnings	Weighted average ordinary shares	Earnings per share (Euro)
Basic EPS	1,361,392	1,414,727,277	0.962	1,293,880	1,411,912,243	0.916
Diluted EPS	1,361,392	1,450,441,563	0.939	1,290,271	1,447,626,529	0.891

The following tables reconcile the weighted average number of ordinary shares outstanding used to calculate basic earnings per share with the number of ordinary shares used to calculate diluted earnings per share; they also reconcile net profit for the year with the net income used to determine basic and diluted earnings per share.

22.1 Average number of ordinary shares (fully diluted)

	31.12.2023	31.12.2022
Weighted average number of outstanding ordinary shares for Base EPS calculation	1,414,727,277	1,411,912,243
Weighted dilutive effect deriving from the potential conversion of convertible bonds	35,714,286	35,714,286
Weighted average number of outstanding ordinary shares for diluted EPS calculation	1,450,441,563	1,447,626,529

22.2 Other information

	31.12.2023	31.12.2022
Profit (Loss) for the year	1,361,392	1,293,880
Allocations not attributable to the shareholders	-	-
Net profit for Basic EPS calculation	1,361,392	1,293,880
Change in income and charges deriving from conversion	-	(3,609)
Net profit for diluted EPS calculation	1,361,392	1,290,271

PART D
Comprehensive income

Detailed statement of Other Comprehensive Income

Items	31.12.2023	31.12.2022
10. Profit (Loss) for the year	1,361,392	1,293,880
Other comprehensive income that will not be reclassified to profit or loss	**(1,986)**	**112,392**
20. Equity instruments designated at fair value through other comprehensive income:	(15,190)	61,554
a) change in fair value	(14,892)	58,433
b) transfer to other components of shareholders' equity	(298)	3,121
30. Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	(8,626)	3,295
a) change in fair value	(8,644)	3,295
b) transfer to other components of shareholders' equity	18	-
40. Hedge of equity instruments designated at fair value through other comprehensive income	(3,130)	112
a) change in fair value (hedged instrument)	242	(597)
b) change in fair value (hedging instrument)	(3,372)	709
50. Property, plant and equipment	34,154	7,731
60. Intangible assets	-	-
70. Defined benefit plans	(13,599)	53,427
80. Non-current assets and disposal groups classified as held for sale	-	-
90. Share of the valuation reserves of equity investments carried at equity	-	-
100. Income taxes relating to other comprehensive income that will not be reclassified to profit or loss	4,405	(13,727)
Other comprehensive income that may be reclassified to profit or loss	**89,185**	**(209,490)**
110. Hedge of foreign investments:	-	-
a) changes in fair value	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Foreign exchange differences:	-	-
a) change in value	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
130. Cash flow hedges:	(12,286)	(14,744)
a) changes in fair value	1,681	(1,453)
b) reclassification to profit or loss	(13,967)	(13,291)
c) other changes	-	-
of which: result of net positions	-	-
140. Hedging instruments (non-designated elements):	-	-
a) change in value	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
150. Financial assets (no equity instruments) measured at fair value through other comprehensive income	145,537	(305,789)
a) changes in fair value	149,964	(302,913)
b) reclassification to profit or loss	(4,427)	(2,858)
- impairment losses for credit risk	66	418
- gains/losses on disposal	(4,493)	(3,276)
c) other changes	-	(18)
160. Non-current assets and disposal groups classified as held for sale	-	-
a) changes in fair value	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
170. Share of the valuation reserves of equity investments carried at equity	-	-
a) changes in fair value	-	-
b) reclassification to profit or loss	-	-
- impairment adjustments	-	-
- gains/losses on disposal	-	-
c) other changes	-	-
180. Income taxes relating to other comprehensive income that may be reclassified to profit or loss	(44,066)	111,043
190. Other comprehensive income	**87,199**	**(97,098)**
200. Total other comprehensive income (Items 10+190)	**1,448,591**	**1,196,782**

PART E

Information on risks and related hedging policies

Introduction

A summary of the organisation of the Group's risk governance and the related processes and key functions involved is described below. A description of the "culture of risk" in the BPER Banca Group and the methods through which it is disseminated is also provided.

The Board of Directors of the Parent Company[37] has defined the principles governing the design, implementation and assessment the BPER Banca Group's internal control system (the "internal control system) by issuing and implementing the "Group Policy - Internal Control System"[38], in line with the Supervisory instructions for banks[39].

A robust Internal Control System is essential to ensure that all actions are consistent with the Group's values and principles and the needs of all stakeholders.
To this end, the Board is committed to ensuring that the Group maintains high standards of professionalism and a constant focus on developing adequate risk & control awareness.
In this context, all the Structures contribute to the control of risks by defining, applying and continuously updating the control system; second and third level lines of defence have a critical role to play vis-à-vis the Board and the Group in promoting informed company management and disseminating the risk & control culture.

It should also be noted that, in compliance with the prudential regulations intended to strengthen the ability of banks to absorb shocks deriving from economic and financial tensions, the Group monitors capital adequacy, the exposure to risks and the general characteristics of the related management and control systems, in order to facilitate market discipline.
The document "Public Disclosure - Pillar 3" as at 31 December 2023, prepared pursuant to the requirements of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) and subsequent updates, illustrates the key metrics used by the BPER Banca Group (own funds, capital requirements, financial leverage and liquidity coverage ratio) as required by art. 447 of Regulation (EU) 575/2013, as later amended.

The disclosure at 31 December 2023 is published on the same date as or as soon as possible after this report is published on the Parent Company's website https://istituzionale.bper.it.

Risk management (RAF)

As part of the Group's Internal Control System, the BPER Banca Group identifies the Risk Appetite Framework (RAF) as a tool for overseeing the risk profile that the Group intends to take in the implementation of its business strategies, considering it as an essential element to ensure that the risk governance policy and process by which risks are managed comply with the principles of sound and prudent business management.
The key principles of the RAF are formalised and approved by the Parent Company, which periodically reviews them, ensuring that they are in line with the strategic guidelines, business model and regulatory requirements in force at the time.
Through a coordinated and representative series of metrics, the RAF outlines the risk objectives (risk appetite), any Early Warning thresholds, the tolerance thresholds (risk tolerance) and the operating limits, which the Group intends to comply with in the pursuit of its strategic guidelines, defining the levels of consistency with the maximum risk that can be accepted (risk capacity).
In order to ensure effective and pervasive transmission of the risk objectives, the Group sets its overall risk appetite, establishing risk limits that govern the operations of the organisational structures to which they are assigned (so-called "risk takers"), in a structured framework consistent with the policies of governance and control of individual risks.
The activities comprising the set-up process of the RAF are updated annually, or more frequently, and whenever necessary following changes in the internal or external conditions.
In 2023, the Risk Appetite Statement was calibrated on various occasions, considering the objectives established by the plan forecast and the expectations/guidelines of the Supervisory Authorities, involving the Corporate Bodies: the latest version was examined by the Board of Statutory Auditors and by the Control and Risk Committee on 26 September 2023 and by the Board of Directors on 28 September 2023.
Lastly, the Group periodically monitors the overall RAF metrics, in order to control on a timely basis any overruns of the tolerance thresholds (or of the Early Warning levels, if any) and/or risk limits assigned and, if appropriate, activate the envisaged escalation processes, by handling the necessary communications to the Corporate Bodies and subsequent remedies.

37 Throughout the chapter, any reference to the Board of Directors or the Chief Executive Officer or any other Corporate Bodies are to be understood as referring to the Parent Company BPER Banca, unless otherwise specified.

38 Last update approved by Board of Directors of the Parent Company on 28 April 2022.

39 Bank of Italy Circular no. 285/2013 and subsequent updates.

Development of the internal control system

The Parent Company manages the Group's Internal Control System through a process that involves the following phases:
- design;
- implementation;
- assessment;
- external communication.

Some additional information is provided below regarding the various stages of development and the related responsibilities of the Corporate Bodies[40].

Design of the internal control system

The Board of Directors of the Parent Company defines and approves:
- the Internal Control System of the Parent Company and the Group;
- the risk objectives, tolerance thresholds (where identified) and risk governance policies;
- the remedies needed to restore a normal situation after any overrun of the tolerance thresholds;
- the criteria for identifying significant transactions to be submitted to the risk management function;
- system standards for carrying out all activities;
- Code of Ethics of the Parent Company.

At least annually, the Parent Company's Board of Directors approves the programme of activities and examines the annual reports prepared by the Corporate Control Functions and by the Manager Responsible for Preparing the Company's Financial Reports - Financial Disclosure Unit. More specifically, the Board of Directors of the Parent Company, with the assistance of the Control and Risk Committee and at the proposal of the CEO, establishes and approves:
- the business model;
- the strategic plan and its periodic review;
- Internal system for reporting violations (whistleblowing);
- Stress testing programme;
- the structure of the corporate Control Functions and Control Functions and their coordination methods;
- internal information flows to ensure that the Corporate Bodies and Control Functions are fully aware of the various risk factors and have the ability to govern them;
- formalised coordination and liaison procedures between the Companies of the Group and the Parent Company;
- the ICAAP and ILAAP processes, ensuring consistency with the RAF;
- the Recovery Plan;
- the process for managing anomalies identified by the corporate Control Functions and Control Functions, as well as the methods of handling, and perhaps accepting, identified residual risk in compliance with the RAF;
- asset measurement policies and processes;
- the process for the development and validation of internal risk measurement;
- the "Product Governance" process for approving new products and services, the launch of new activities, entering new markets;
- Group policy for outsourcing business functions.

The Parent Company's Board of Directors ensures that:
- implementation of the RAF is consistent with the approved levels of risk appetite and risk tolerance thresholds (where identified);
- the strategic plan, the RAF, the ICAAP, ILAAP, budgets and Internal Control System are consistent, bearing in mind any developments in the internal and external conditions in which the Group operates;
- the amount and the allocation of capital and liquidity held are consistent with the risk appetite, risk governance policies and risk management process;
- adequate governance processes are in place to support resolution planning activities.

40 Corporate Bodies include all bodies with strategic supervision, management and control functions. The definition of Corporate Body also includes the sub-committees of the Board of Directors ("Board Committees").

The Board of Directors of the Parent Company appoints and dismisses the heads of the Corporate Control Functions and the Manager responsible for preparing the company's financial reports, based on prior identification and proposal by the Control and Risk Committee, with the contribution of the Nominations and Corporate Governance Committee, the Board of Statutory Auditors and the Chief Executive Officer, each for matters within their competence.
The Boards of Directors of the individual Group Companies integrates the framework of the respective Internal Control Systems in line with the coordination and reconciliation procedures defined by the Parent Company.

Implementation of the internal control system

The Board of Directors of the Parent Company vests the Chief Executive Officer with adequate duties, powers and resources to implement the strategic guidelines, RAF and risk governance policies defined by the Board when the Internal Control System is designed. The Chief Executive Officer is responsible for adoption of all the actions needed to ensure the compliance of the organisation and the Internal Control System with the standards and requirements provided for under supervisory laws, monitoring them to ensure continued compliance.

The Chief Executive Officer has the power to propose resolutions regarding the Internal Control and Risk Management System and oversees the execution of the resolutions of the Board of Directors.

The Chief Executive Officer, supported by the competent functions:
- ensures integrated management of all corporate risks, evaluating the internal and external factors from which they may originate and their reciprocal interrelationships and is responsible for adopting the necessary initiatives to ensure the compliance of the organisation and the Internal Control System with the regulatory principles and requirements, continuously monitoring their observance in the Bank and in the Group;
- assumes the provisions designed to ensure that the various Corporate Functions implement the risk management and control process for the Bank and the Group, also overseeing the set-up and the functioning of the internal risk measurement systems and the ICAAP and ILAAP processes, in line with the Supervisory Provisions, the strategic guidelines, the RAF and the risk governance policies defined and approved by the Board.

Furthermore, the Chief Executive Officer additionally has the power to request audits or investigations to be carried out, also with regard to specific irregularities, without prejudice to similar powers lying with the Bodies of strategic supervision, management and control, of the Parent Company and/or of the Group Companies.
The Board of Directors of each Group Company vests its corporate functions with the task of implementing the choices made by the Parent Company when planning the Internal Control Systems in their own organisations.

Assessment of the internal control system

With regard to internal risk measurement systems for the determination of capital requirements, the Board of Directors of the Parent Company:
- periodically verifies the choices of model made to ensure that they remain valid over time, approving significant changes to the system and carrying out overall supervision to ensure that it functions properly;
- monitors, with the assistance of the relevant functions, effective use of internal systems for management purposes and their compliance with regulatory requirements;
- reviews at least once a year the results of the validation process and passes a formal resolution, with the approval of the Board of Statutory Auditors, by which it certifies compliance with the requirements for the use of internal measurement systems.

The Parent Company's Board of Directors periodically assesses the adequacy and effectiveness:
- of the RAF and the compatibility between actual risk and the risk objectives;
- of the Group's[41] internal control and risk management system - with the help of the Control and Risk Committee - identifying possible areas of improvement and defining the steps needed to correct any weaknesses. To this end, the Internal Audit Function prepares the overall assessment of the Internal Control System which also capitalises on the results of the activities performed by the other Corporate Control Functions and by the Manager Responsible for Preparing the Company's Financial Reports - Financial Disclosure Unit.

41 Supervisory instructions for banks – Circular 285 of the Bank of Italy, Part I, Title IV, Chapter 3, Section II, paragraph 2 "assures that: [...] "b) the internal control system and corporate structure are consistently in line with the principles mentioned in Section I and the control functions satisfy the requirements and comply with the provisions of Section III. In the event of weaknesses or anomalies, it promotes timely adoption of appropriate corrective measures and assesses their effectiveness".

The Board of Directors:
- receives, either directly or through the CEO, the information flows required to gain full awareness of the various risk factors and the ability to govern them, so as to plan and implement interventions to ensure the compliance and adequacy of the Internal Control System;
- receives the reports drawn up by the Control Functions along with the Board of Statutory Auditors, the Control and Risk Committee and the Chief Executive Officer.

External communication on the internal control system

The Board of Directors of each Group Bank and Company, especially that of the Parent Company as regards the Group internal control system, ensures that information on the internal control and risk management system is given in all cases foreseen by law, guaranteeing the correctness and completeness of the information provided. In this context, it is important to make the disclosures to the general public required by Pillar 3. For this, the Board of Directors of the Parent Company assigns control responsibilities and duties to the Corporate Bodies and the various functions involved in the different stages of the process of governing internal controls.

Levels of control envisaged by the Supervisory Authority

As part of the Group internal control system, the following control functions are identified at the levels provided for in the Supervisory instructions for banks, taking into account of the fact that the second and third level control functions always apply to the entire Group:
- Third-level controls: designed to identify violations of procedures and regulations and to assess periodically the completeness, suitability, functionality (in terms of efficiency and effectiveness) and reliability of the Internal Control System and information systems, in relation to the nature and intensity of the risks involved. These controls are conducted on an ongoing basis, periodically or at random, including spot checks, by various structures that are independent of production. In the parent company BPER Banca, these activities are entrusted to the Internal Audit Function.
- Second-level controls (“risk and compliance controls”): the second level control functions have been developed and identified with the following objectives:
  - to check on an ongoing basis that company procedures are consistent with the goal of preventing money laundering and financing of terrorism and to prevent and combat money laundering and financing of terrorism by reporting suspicious transactions and by performing constant checks. This activity is entrusted to the Anti-Money Laundering Function;
  - to identify non-compliance risks, examining the standards applicable to the Group on an ongoing basis and assessing their impact on Group companies. To establish, depending on the risks that have been identified and assessed, the control objectives foreseen, by proposing organisational and procedural interventions to ensure adequate protection from any risks of non-compliance and monitoring their implementation. These activities are entrusted to the Compliance Function;
  - to collaborate in the definition and implementation of the Risk Appetite Framework (RAF) and the related risk governance policies, through an adequate risk management process. To define methodologies, processes and tools to be used for risk management. To ensure consistency of the measurement and risk control systems with processes and methodologies to assess business operations. To ensure the correct representation of the risk profile and assessment of loan positions, to perform assessments of loan monitoring and recovery processes, to supervise the process for the allocation/monitoring of the official rating and to perform second-level controls over the lending process. These activities are entrusted to various offices and units of the Risk Management Function;
  - qualitative and quantitative ratification of internal risk measurement models adopted by the Parent Company, as used to estimate internal capital and capital requirements, ensuring compliance with the instructions issued by the Supervisory Authority for this process, as well as consistency with the operational needs of the company and the evolution of the market. This activity is carried out by the Internal Validation Office which reports directly to the Chief Risk Officer. The organisational positioning of this Office guarantees independence from the structures responsible for the development and use of internal risk models subjected to validation.
- First level controls (“line controls”) (designed to ensure that operations are carried out properly by the operating teams or embedded in procedures or performed as part of back-office activities).

In addition to the levels of control laid down by Supervisory Regulations, the legal system and the sources of self-regulation attribute monitoring roles to specific structures/roles other than the Corporate Control Functions, whose activities are incorporated in the Internal Control System (Supervisory Body, Manager Responsible for Preparing the Company’s Financial Reports).

Control roles and duties attributed to BPER Banca Group functions

Internal Audit Function

The Internal Audit Function carries out an independent and objective assurance and consulting activity aimed at increasing and protecting the value of the Banks and Companies of the BPER Group by providing objective services to promote, through a systematic and structured professional approach:
- the effectiveness and efficiency of processes and controls;
- balanced and conscious risk management.

On the basis of the results of its controls, it:
- identifies the possible improvements – with specific reference to the RAF, the risk management process and their measurement and control tools – bringing them to the attention of the Corporate bodies;
- formulates specific recommendations to be submitted to a formal monitoring procedure in order to guarantee (and report about) their effectiveness and timely implementation.

Internal Audit contributes to the dissemination of risk & control culture awareness and the key principles that guide the BPER Banca Group.

The Function carries out its activities:
- as part of the management and coordination of the Parent Company, vis-à-vis the Group Banks and Companies;
- based on specific outsourcing contracts, for the Companies that have outsourced Internal Audit to the Parent Company, i.e. all Italian companies with an Internal Audit Department with the exception of Arca Fondi s.p.a. SGR.

The internal audit activity was rated "Generally compliant" with international professional standards by a leading certification company.

With a view to continuous improvement and in line with the Standards, the Function defined an internal evaluation process – Quality Assurance and Improvement Program (QAIP) – the results of which are submitted annually to the Parent Company's Board of Directors.
In 2024, an external assessment of the Internal Audit activity is envisaged to reassess its compliance with the Standards, also taking into account the ongoing strategic/transformational development of the Function.

Risk Management Function

The Risk Management Function, which also includes the model validation function[42], aims to collaborate in the definition and implementation of the Risk Appetite Framework and the related risk governance policies, through an adequate risk management process.
An integral part of its mission is to ensure adequate reporting to the Corporate Bodies of the Parent Company and Group companies.
The Risk Management Function extends its area of responsibility to all of the Group companies included in the current risk map, given that the "Group Policy - Internal Control System" provides for centralised management of the risk management function by the Parent Company.
The Group companies that have this function outsource it to the Parent Company, with the exception of the Luxembourg based company[43].
The mission of the Risk Management Function is carried out as part of the Parent Company's direction and coordination activity as an outsourcer for Group Banks and Companies.
The Risk Management Function operates at Group companies through a Contact identified at the various Group companies.
The Risk Management Function is independent of the business functions, which are responsible for the "operational management" of risks that affect the risk-taking of the business units and change the risk profile of the Bank. It reports directly to the Corporate Bodies and reports to these Bodies for the performance of its duties and responsibilities.

42 Bank of Italy Circular no. 285 of 2013 of the Bank of Italy, part I, title IV, section III, point 3.3. The banks adopt internal systems for risk measurement, if consistent with the nature, size and complexity of the activities carried out, and identify, within the risk control function, units responsible for validating said systems independent from the units responsible for developing them.

43 Circular CSSF 14/597 – Update of circular CSSF 12/552 on the central administration, internal governance and risk management " 117. Outsourcing the compliance function and risk control function is not authorised".

Responsibility for the Risk Management Function lies with the Chief Risk Officer, who reports directly to the Board of Directors of the parent company. The Contact Persons of the Risk Management Function, identified at the Companies falling within the sphere of competence, functionally depend on the function itself.

The main activities of the Risk Management Function are listed below:
- within the scope of the Risk Appetite Framework, proposing to the Corporate Bodies the quantitative and qualitative parameters necessary for its definition, both in the normal course of business and in situations of stress, ensuring their adequacy over time in relation to changes in the internal and external context;
- proposing the risk governance policies that do not fall within the competence of the other control functions, ensuring the adequacy and update with regard to risk management and exposure and operating limits, and helps in implementing them, ensuring consistency with the Risk Appetite Framework;
- developing risk management methodologies, processes and tools[44] via the identification, measurement/assessment, monitoring and reporting of risks inclusive of prospective and retrospective analyses, ensuring their adequacy over time through the development and application of indicators designed to highlight anomalous situations and inefficiencies;
- monitoring the actual risk profile assumed in relation to the risk objectives defined in the Risk Appetite Framework, collaborating in the definition and monitoring of operating limits for the assumption of various types of risk and constantly verifying their adequacy, reporting any overruns to Corporate Bodies;
- providing prior opinions on the consistency with the Risk Appetite Framework of the Most Significant Transactions;
- supporting the CEO in implementing the ICAAP and ILAAP;
- coordinating the various activities involved in the internal stress testing programme;
- checking the adequacy and effectiveness of the measures taken to correct weaknesses in the risk management macro-processes;
- controlling the macro process of assigning and monitoring the official rating;
- developing, ratifying[45] and maintaining the IFRS 9 model framework for calculation of provisions;
- analysis of risks deriving from new products/services and from entry into new business segments;
- performance of second-level checks on the lending process, verifying the existence of effective supervision over credit exposures (especially if impaired), the proper classification of risk and the adequacy of provisions; the comprehensive effectiveness of the bad loan recovery process;
- overseeing management of the Risk Committee of the Parent Company.

Moreover, the Risk Management Function, before their approval by the Corporate Bodies, is involved in defining:
- of the Group strategy, assessing the related impacts on risk;
- of the strategic developments of the Internal Control System of the Group.

Anti-money laundering function

The Anti-Money Laundering Function's duty is:
- to prevent and combat money laundering and financing of terrorism through the reporting of suspicious transactions and the execution of continuing control activities (Anti-Money Laundering control);
- to check that the IT and organisational procedures adopted by Group Banks and Companies are consistent with laws and regulations, as well as self-regulation in the field of money laundering and financing of terrorism (Anti-Money Laundering Function).

The organisational model adopted by the Group provides for centralised management at the Parent Company of the anti-money laundering function and supervision of the Italian Group Banks and Companies subject to money laundering regulations, except for Arca Fondi SGR S.p.A., in light of the specific nature of its business.
As regards the Parent Company's guidance and coordination activities, performed for all Group Banks and Companies subject to anti-money laundering regulations, the Anti-Money Laundering Function has the following responsibilities:
- it identifies and evaluates the Group's exposure to the risk of money laundering and financing of terrorism;
- it identifies any risk of non-compliance with anti-money laundering legislation to which the Group is exposed, continuously examining the rules applicable to the Group and assessing their impact;
- it makes an annual assessment of the principal money laundering and terrorism financing risks, at Group level and for each Group Bank and Company, and presents that assessment ("Report of the Anti-Money Laundering Function of the BPER Banca Group") to the Management Bodies of the Parent Company. This report identifies the action taken and the training provided to personnel, highlighting any issues and making planning proposals for the related corrective actions, as well as for the preventive actions needed to tackle any new non-conformity risks identified. The report also includes the results of the self-

44 With the participation of the organisational units of the Chief Operating Officer and the Chief Information Officer.

45 Through the Internal Validation Service.

assessment carried out. With regard to Arca Fondi SGR, a self-assessment carried out independently by the subsidiary is acquired. For the Luxembourg subsidiary, BPER Bank Luxembourg SA, it reports in the same document any critical issues arising from the opinions expressed and data provided by its relevant Corporate Functions;
- it proposes changes to the Group policy for governing the risks of money laundering and the financing of terrorism;
- it defines methods, processes and tools for performing the activities of the Anti-Money Laundering Function and uses the reports defined in coordination with other control functions (corporate or otherwise);
- for the foreign companies that have not outsourced the function to the Parent Company (the Luxembourg subsidiary BPER Bank Luxembourg SA), it defines the general standards regarding customer due diligence, retention of data and reports on suspicious transactions, making sure they are implemented;
- it ensures adequate reporting on the outcome of its activities to the Corporate Bodies, highlighting the main non-compliance issues and events of particular risk as they emerge;
- it proposes organisational and procedural changes to the guidance and coordination processes aimed at preventing and combating money laundering and terrorist financing, in order to ensure adequate control over the non-compliance risks that have been identified and to monitor that it is carried out;
- supports the CAMLO, as Group officer responsible for reporting suspicious transactions, in the in-depth analysis and assessment, at Group level, of the reports filed and transactions reported to the Financial Intelligence Unit(FIU) or to the various Competent local authorities by Italian and foreign Group companies. This type of support is also provided with reference to reports filed and transactions reported to the competent local authorities by the Group's Luxembourg subsidiary;
- supports the General Manager of the Parent Company in assessing the opening of correspondence accounts with correspondent entities of third Countries by the Parent Company and Group Companies, issuing a specific opinion;
- supports the Chief AML Officer (CAMLO) in their instructions regarding the authorisation to open, or maintain, ongoing relationships with residents or entities based in high-risk third Countries under current EU regulations or Group policies for the BPER Group and other Italian banking companies. For non-banking Companies, it receives the information report regarding the implementation of continuous relationships / maintenance of relationships with these persons and evaluates any weaknesses;
- supports the CAMLO in their instructions regarding the authorisation to open, or maintain, ongoing relationships or carry out occasional transactions with "politically exposed persons". For non-banking Companies, it receives the information report regarding the implementation of continuous relationships / maintenance of relationships/ performance of transactions with "Politically exposed persons" and evaluates any weaknesses.

Among other things, the Function also:
- manages relations with the UIF (Financial Intelligence Unit), the Investigative Authorities and the Judicial Authorities whenever there is need for in-depth investigation or discussion about the anti-money laundering and anti-terrorism legislation;
- supports the Company Delegate in assessing and investigating reports of suspicious transactions and their transmission to the Financial Intelligence Unit if considered justified;
- checks on proper compliance with the requirements for adequate verification, the risk profiling of customers, the recognition and reporting of suspicious transactions, the limits on cash usage, and data retention.

With reference to the Luxembourg subsidiary BPER Bank Luxembourg SA, which does not fall within the scope of the Anti-Money Laundering Function, the direction and coordination activity is supported by monitoring the reports on suspicious transactions and by specific instructions in the field of customer identification and data retention.

Compliance Function

The Compliance Function's task is to ensure the adequacy of internal procedures to prevent the violation of external rules (e.g. laws and regulations) and/or self-regulation (e.g. Articles of association, codes of conduct, corporate governance codes) applicable to Group Companies.

The Function also plays an important advisory role in the design of processes and projects that the bank intends to undertake, offering assistance and advice to the bank's corporate bodies in all matters in which compliance risk takes on significance, collaborating in personnel training activities with regard to the provisions applicable to the activities carried out and promoting the dissemination of a culture based on principles of integrity, fairness and respect for the spirit and letter of the law, as an indispensable element of the successful operation of the company.

The Data Protection Officer (DPO), who operates within the Function, possesses specialist knowledge of the legislation and of the cases regarding personal data protection, set forth in EU Regulation no. 2016/679 (GDPR), to which the legislation attributes the primary duties of verification of compliance and of control of respect for the privacy provisions.

The Compliance Function, as part of the management of compliance risk, oversees - directly or through the Specialist Controls - regulations that concern the entire banking activity, with the exception of those for which there are Corporate Functions and other dedicated control functions.

Pursuant to art. 88 of the Intermediaries Regulations adopted by CONSOB with resolution 20307 of 15 February 2018, the Compliance Function also carries out regular checks on the effective application (or functioning) of the procedures and the measures taken to resolve any weaknesses.

In line with its mission, it extends the scope of its guidance, control and coordination activities to all Group companies.

The organisational solution for supervised companies (Banks and Financial credit companies) provides for the centralisation of the Compliance Function at the parent company, for which a Contact person is designated.
For Companies not subject to the obligation to set up a Compliance Function (special purpose and service companies), the monitoring of the compliance risk is guaranteed, for regulatory areas that have an impact on the same companies, through the provision of compliance activities carried out by the Parent Company.

For the Group's bank based in Luxembourg (BPER Luxembourg) and the company Arca Fondi SGR, as an exception to the centralised model, only management and coordination activities are envisaged.

As part of the direction and coordination activity exercised by the Parent Company on behalf of the Group companies, the Compliance Function has the following duties:
- it identifies non-compliance risks, at Group level, examining the standards applicable to the Group on an ongoing basis and assessing their impact on Group companies;
- it establishes, depending on the risks that have been identified and assessed, the control objectives foreseen for the Companies that have outsourced this function to the Parent Company, and verifies that the planning of Compliance activities of the individual companies that did not outsource this function to the Parent Company guarantees adequate risk control;
- it ensures adequate reporting on the outcome of its activities to the Corporate Bodies, promptly highlighting the main non-compliance issues and events of particular risk as they emerge;
- it proposes organisational and procedural changes to processes of the Parent Company and Group companies in order to ensure adequate control over the non-compliance risks that have been identified and to monitor that it is carried out.

Other control functions

In addition to the levels of control laid down by Supervisory Regulations, the legal system and the sources of self-regulation attribute monitoring roles to specific structures/roles other than the Corporate Control Functions, whose activities are incorporated in the Internal Control System; in particular, the following are identified in the Group:
- Supervisory Bodies pursuant to Legislative Decree 231/2001;
- the Manager Responsible for Preparing the Company's Financial Reports established on the basis of the provisions of Law 262/2005, who, in order to carry out his/her duties, makes use of the Financial & Sustainability Reporting Supervision service (hereinafter also "Service"). The Manager responsible for preparing the Company's financial reports and this unit are therefore part of the Group's Internal Control System.

Manager responsible for preparing the Company's financial reports – Financial & Sustainability Reporting Supervision

The Executive in charge appointed by the Parent Company to prepare the corporate accounting documents – as a "Listed Issuer with Italy as its Member State of Origin" – in accordance with regulatory requirements, makes use of the Service, which reports directly to him/her; this Service is responsible for defining the "Financial Reporting Control Model", which is intended as a set of requirements to be complied with for the proper management and control of the risks of unintentional errors and fraud in financial disclosures, to be applied to BPER Banca and, with reference to the procedures for the preparation of the consolidated financial report, to the Companies falling within the scope of consolidation.
The definition of the Model includes the set of rules, procedures and resources aimed at identifying, measuring or evaluating, monitoring, mitigating and communicating the risk of unintentional errors and fraud in financial disclosure to the appropriate levels; the Unit also include reporting, with the objective of identifying, among other aspects, the responses to plausible risk in consideration of the risk profile identified and their disclosure to the different organisational levels concerned.

The DP is responsible for ensuring the reliability of the separate and consolidated financial reports, the financial disclosures, the supervisory reports on an individual and consolidated basis, and any other financial communication, pursuant to article 154-bis of the Consolidated Law on Finance, and governs the "Financial Disclosure Control Model" (hereinafter also "Model"), understood as the set of requirements to be complied with for the correct management and control of the risks of unintentional errors and fraud in financial disclosure.

For the process of appointing the Manager responsible for preparing the Company's financial reports, reference should be made to the Articles of Association[46] (updated as at 28 November 2022), or article 25, paragraph 3 "Without prejudice to the responsibilities that under current legislation cannot be delegated, the following decisions are the sole prerogative of the Board of Directors: ....the appointment and dismissal of the heads of the functions that the provisions of the Bank of Italy and the other Supervisory Authorities assign to the body that has the function of strategic supervision, and the appointment and dismissal of the Manager responsible for preparing the Company's financial reports".
Art. 37, para. 1 of the Articles of Association establishes that "the Board of Directors, having heard the required opinion of the Board of Statutory Auditors, shall appoint a person in charge of preparing the corporate accounting documents, allocating him suitable powers and resources for the performance of the assigned tasks pursuant to legal requirements. Having received the opinion required from the Board of Statutory Auditors, the Board of Directors is also entitled to revoke the appointment of the Manager responsible for preparing the Company's financial reports".
Article 37, paragraph 2 of the Articles of Association provides that "The Manager responsible for preparing the Company's financial reports shall be appointed from among the Company's managers who have held management responsibility for accounting and administrative matters for at least three years".

The Manager responsible for preparing the Company's financial reports has the duty to govern and supervise the Control Model and the organisational unit directly reporting to the Manager is in charge of the related planning, implementation and maintenance of the Control Model to be applied to the Parent Company and, with reference to the procedures for preparing the consolidated financial report, to the subsidiary banks and companies, regardless of whether they are registered or not with the banking Group. Moreover, the Service constantly strengthens the methodological tools to be adopted for monitoring and controlling financial disclosure at BPER Banca S.p.A. Group level, taking account of the various regulatory changes and the BPER Group's governance and operational structure.

The model is a set of requirements to be met for proper management and control of the risks of unintentional errors and fraud in financial reports. It is structurally made up of the following documents:
- Group policy for managing the risk of unintentional errors and fraud in financial reports (high level legislative source);
- Regulation of the Function of Manager Responsible for preparing the Company's financial reports (high level legislative source);
- Methodological note addressing macro-process management of unintentional errors and fraud in financial disclosures (high level atypical source).

In order to carry out their mission, the Manager Responsible for preparing the Company's financial reports and e the Financial & Sustainability Reporting Service make use of a Contact person, identified for each individual subsidiary Bank/Company, registered or not with the Banking Group, who reports functionally to the Manager Responsible for preparing the Company's financial reports.

For more details regarding the main characteristics of the current risk management and internal control systems in relation to the financial reporting process, please refer to the 2022 Report on corporate governance and ownership structure, prepared in accordance with art. 123-bis of the Consolidated Law on Finance.

Supervisory Body pursuant to Legislative Decree 231/01

The Parent Company, in compliance with arts. 6 and 7 of Legislative Decree 231/01, adopted a Model of Organisation and Management (MOM) in order to prevent the commission and/or the attempted commission of the types of offence provided for in this Decree. In accordance with this law, the Parent Company has established a Supervisory Body to supervise the functioning, compliance with and update of its Model of Organisation and Management.

These activities principally comprise:
- monitoring the functioning of the Model: in all business areas, checking that the risk of committing offences identified in Legislative Decree 231/01 is identified, mapped and monitored; with regard to the risk areas and sensitive processes identified, ensuring the adequacy of the protocols adopted to prevent and stop unlawful conduct and requiring their adoption or amendment in the event of weaknesses, inadequacies or changes in internal organisation and/or business activities;
- monitoring compliance with the Model: in the context of the risk areas and sensitive processes identified, checks compliance with the protocols adopted to prevent and impede unlawful conduct; checks the efficacy of the organisational/managerial changes following the update of the Model; promotes training, communications and dissemination of the Model and the Code of Ethics; receives reports and notifies infringements of the Model of Organisation and Management to the competent bodies;

46 In order to appoint the Manager responsible for preparing the Company's financial reports, reference is not made to the provisions contained in Circular 285 of 17 December 2013 - 41st update (Part I – Implementation in Italy of the CRD IV - Title IV - Corporate governance, internal controls, risk management - Chapter 3 – The internal control system - Section III – Control corporate functions. These provisions apply to the corporate control functions as defined by the aforementioned Circular.

- monitoring the updating of the Model: makes observations requiring the adjustment of the Model to the Board of Directors, or in cases of particular urgency, to the Chief Executive Officer in the event of changes in the laws on the administrative liability of entities pursuant to Legislative Decree 231/01, changes in the company's internal governance and/or business or significant findings of shortcomings/breaches of the Model.

The Supervisory Body supervises the functioning of and compliance with the Model by implementing and executing periodic audit activities, even without giving prior notice.
The Supervisory Body reports every six months to the Board of Directors and the Board of Statutory Auditors regarding the verification work and checks carried out, and on any Model weaknesses identified, suggesting as necessary the relevant corrective actions.

The Supervisory Body of the Parent Company also coordinates the Supervisory Bodies of the Companies subject to Group instructions in relation to Legislative Decree 231/01 (Banco di Sardegna, Bibanca, Banca Cesare Ponti, BPER Real Estate, BPER Factor, BPER Reoco, Sardaleasing and Finitalia) and monitors that they adopt these instructions, albeit with the necessary adjustments to take account of the special responsibilities and characteristics of each legal entity.

Section 1 – Credit risk

Qualitative Information

The Group's organisation provides for centralisation of the credit risk control function at the Parent Company; consequently, the qualitative information set out below also reflects the individual position of BPER Banca.

1. General aspects

In 2023, the Italian economy recorded a downward trend following the strong performances in 2022. The post-Covid expansionary cycle gradually gave way to widespread weakness in the various fundamentals and fears of a new long period of low growth, also due to geopolitical tensions and an uncertain international environment.
Household spending remains weak due to the reduction in purchasing power, already weighed down by the high inflation levels and the increase in interest rates, which reverberates negatively on debt servicing charges, reducing household liquidity buffers.
The gradual and steady increase in the cost of credit has also discouraged investment by companies, which were already weakened by lower financing requirements and the slowdown in production.
The downward trend in demand also reflects the weakness of the international component, leading to a decline in Italian exports, which are particularly sensitive to the downturn in the German economy.
The inflationary trend gradually slowed down: consumer prices increased by 5.7 % on average in 2023, down sharply from 8.1 % in 2022 due to the prevailing effect of the reduction in the energy component; the y/y change was 0.6% in December 2023, a further economic downturn[47].
As regards the labour market, the employment trend is positive, leading to a reduction in the unemployment rate and a stronger employment structure due to the expansion of the permanent component.
With a view to the future, while there will be a recovery in consumer purchasing power linked to the return of consumer prices and the positive effect of the implementation of the NRRP, the effects of the international economic slowdown and the still high cost of credit will be felt. This will be accompanied by a reduction in government subsidies to the construction sector, which have been a significant drain on public funds over the past two years, supporting the construction industry and the economy as a whole.
On the other hand, the macroeconomic environment remains uncertain in the longer term, partly because of Italy's high public debt.
Based on the trend in fundamentals and the characteristics of the macroeconomic context, growth of 0.6% in GDP is forecast for 2024, while a greater expansion linked to the slightly more contained interest rates and a recovery of international economies is expected for 2025-2026[48].

As a result of the gradual and significant hikes in interest rates, the trend in loans has tapered off, starting from the fourth quarter of 2022, especially for businesses.

The impairment rates for banking assets are still at very contained levels. The portion of performing loans for which banks have recognised a significant increase in credit risk remains limited.

47 Harmonised index of consumer prices, percentage change over the corresponding period, preliminary estimates by Istat, the Italian National Institute of Statistics.

48 Bank of Italy, Macroeconomic projections for the Italian economy, December 2023.

2. Credit risk management policies

Against the backdrop of a slowing economic scenario and uncertainty arising from geopolitical instability fueled by the protracted Russia-Ukraine conflict and the Israeli-Palestinian crisis, in 2023 the BPER Banca Group defined a number of actions targeted at the segments most exposed to market dynamics, in the aim to better calibrate the sectoral guidelines of its credit policy and hence its asset allocation targets, with the objective of supporting the system and its resilience. The guidelines for promoting "green financing" and "technological innovation" are confirmed, as they cross-cut all sectors of the economy and make it possible to ensure greater competitiveness for recipient companies. More specifically, in December 2022, the Group adopted a specific "ESG-linked Loan Origination Policy", which sets out the principles adopted by the Group during the credit assessment. In fact, this document[49] indicates:

- the general limitation and exclusion criteria for counterparty and/or project financeability, consistently with the "ESG Policy" of the BPER Group and its voluntary commitments (Net-Zero Banking Alliance, PRB);
- detailed criteria applying to counterparties belonging to "risk-sensitive" sectors;
- strategies to support transition and the increasing "alignment" of counterparties with the principles of the EU Taxonomy, including via dedicated products or services.

The credit management policy of the BPER Banca Group continues to pursue the aim of carefully selecting counterparties through an analysis of their creditworthiness, including the use of well-established tools such as the internal rating system, having regard for the achievement of commercial and support objectives, including in an ESG perspective.
In view of the Group's strategic objectives and operations, the general risk management strategy was to accept a moderate level of risk involving:

- the assessment of the current and prospective creditworthiness of counterparties;
- the diversification of the portfolio, limiting the concentration of exposures towards individual counterparties and sectors of economic activity.

2.1 Organisational aspects

The Group's credit risk management model has the following objectives:

- apply the instructions issued by the Supervisory Authorities, while taking account of the Group's specific operating characteristics;
- ensure that credit risk is managed appropriately by each bank/company and at a Group level.

These objectives are achieved via the segregation of responsibilities and duties between the bodies that manage credit risk and those with a control function.

The following elements underpin work to manage and control the exposure to credit risk:

- independence of the function responsible for the measurement of credit risk with respect to the various business functions;
- clear definition of delegated powers and the resulting structure of limits imposed by the Board of Directors of the Parent Company;
- coordination by the Parent Company of credit risk management processes, while leaving individual companies with operational autonomy for the management of credit risk;
- consistent application of measurement models throughout the Group, in line with international best practice;
- transparent methodology and measurement criteria to facilitate understanding of the risk measures adopted;
- performance of periodic stress tests which use endogenous and exogenous shock scenarios to provide deterministic and/or probability-based indicators of risk.

49 For more information on the "ESG-linked Loan Origination Policy", adopted by the Group, please refer to the disclosure provided in Part 2 of the Directors' Report on Group Operations (the Non-Financial Statement).

2.2 Systems for managing, measuring and monitoring

The management of risk involves applying a system of methodologies and approaches for the ongoing measurement and/or assessment of risk. This system helps to guide operational decisions and quantify the level of capital required by the Group in order to cover the risks that have been accepted. Each Group bank/company analyses the various components of credit risk and identifies the exposure associated with the loan portfolio using suitable measurement methodologies. In particular, the Group uses many tools to measure and monitor credit risk in relation to both performing and non-performing loans.

As part of its policies for managing loans to customers, the Group has adopted rules and processes for monitoring relationships, which have involved, among other things, a complex activity of classifying them into homogeneous risk categories. In particular, on the basis of "rating" and "early warning" systems, the Group has analysed performing loans to customers valued at amortised cost and identified those most at risk.

The characteristics of the rating models developed by the Parent Company for the calculation of PD (Probability of default: i.e. the probability that the borrower will not be able to meet their commitments) depend on the risk segment to which the counterparty belongs, the amount of the exposure and the stage in the lending process at which they are applied (initial pay-out or monitoring). The classifications are represented by 13[50] creditworthiness rating classes differentiated by business model segment. All of the Parent Company's systems share a number of common characteristics:

- the rating is determined with reference to the specific counterparty;
- the rating models are established with reference to the loan portfolio of the BPER Banca group (the rating is unique for each counterparty, even if shared by several Group Banks and Companies);
- the models process sociodemographic data and internal performance information (the latter derived from reports issued by the Central Credit Register database), as well as financial information in the case of businesses;
- the models for Corporate SMEs, Long-term Property SMEs, Holding Companies, Financial Companies and Large Corporates add a qualitative element to the purely statistical side. The rating assignment process for these segments involves expert attribution for counterparties that exceed a certain threshold[51] and all Financial Companies, via a central structure operating at Group level. For Corporate SMEs, Real Estate Multiannual, Large Corporates and Holding Companies that fall below the threshold, there is also the possibility for the relationship manager to activate an override, i.e. to request an exception from the quantitative rating on the basis of solid, documented information not processed by the model. In certain cases, the override can also be requested for Newco counterparties (newly established companies). The requested exception is evaluated by a central structure that operates at Group level;
- in addition to the model that evaluates the individual counterparty, the rating model for Large Corporates, Holding Companies, Financial Companies, Corporate SMEs and Multiannual-Real Estate SMEs is supplemented by a component that, where applicable, takes into consideration the fact that they belong to a consolidated corporate group;
- the Probability of Default is calibrated with reference to regulatory anomalies, which include past due amounts;
- the time series used in order to develop and calibrate the models cover a broad time horizon, consistent with the requirements of current regulations;
- the ratings are reviewed at least once each year; the Bank has also defined a process for the monitoring of each rating, causing the rating to lapse if it no longer represents the true risk profile of the counterparty and there are signs of deterioration in the quality of the related lending;
- use is made of a rating calculation model for counterparties acting as guarantors for individuals, aimed at the quantification and measurement of credit risk attributable to private counterparties that provide personal guarantees to BPER Banca Group's customers.

The estimation of LGD (Loss Given Default represents the extent of the loss expected to occur on default of the borrower, dependent on type of exposure to the counterparty) is based on information on the borrower (segment, geographical area, internal administrative status), the product (technical form, size of exposure), and the presence, type and coverage of guarantees. LGD estimation includes the impact of the recession phase in the economic cycle (downturn LGD).

In relation to the inspection activities concluded in the first quarter of 2022, on 16 February 2023, BPER Banca received the ECB's Final Decision, which authorised the "material model change" to internal models and the extension of the models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures. The new internal rating system has been in use since supervisory reports as at 31 March 2023 and for management purposes since May 2023.

Starting from 30 June 2023 for Supervisory Reports, the new IRB models were extended to former Unipol Banca exposures, with the ECB having authorised the extension.

50 Except for the Large Corporate and Holding models, which are stuctured into 9 classes.

51 Threshold defined based on turnover, balance sheet structure and status of the consolidating parent company.

In addition to indicating the principles of governance, assumption and management of credit risk, the Group Credit Risk Governance Policy defines the BPER Banca Group's credit risk appetite. For this purpose, the policy provides for a new system of credit risk exposure limits, establishing supervisory thresholds that have to be monitored periodically. The document also explains the principles for calculating analytical and collective loan loss provisions and for the classification of loans by status.

In order to manage credit risk, the Group has developed a system of credit limits designed to regulate the lending process, together with a system for authorisations that takes account of the riskiness of the customer and/or the transaction, consistent with the risk evaluation systems adopted. This system ensures compliance with the principle that the level of authorisation be consistent with the riskiness of the transaction, envisaging that the limits on decision making are established with reference to one or more aspects of the specific counterparty and transaction risk (in particular counterparty rating, expected loss, amount of the facility).

The internal rating system's risk measures are used for management reporting purposes; in particular:
- a Credit Risk Report is prepared for management every quarter and the results are included in the quarterly risk report, which is then sent to Top Management and the various Corporate Bodies of the Parent Company and of Group Banks and Companies. The information is discussed by the Risks Committee and presented by the Chief Risk Officer to the Control and Risk Committee and the Board of Directors of the Parent Company;
- a summary report is prepared on a monthly basis, including the monitoring of supervisory thresholds set for credit risk;
- a network reporting tool is also available, characterised by different views of the loan portfolio, with different levels of aggregation (Branch, Regional Department, General Management, Bank and Group) and hierarchical visibility cones.

Advanced methodologies (AIRB) have long been used as part of the process of defining capital adequacy (ICAAP). To be precise, the BPER Banca Group has adopted the advanced methodologies (AIRB) starting from the Supervisory Reports of June 2016 with reference to the Banks falling within the scope of first validation (BPER Banca, Banco di Sardegna and BiBanca), subsequently extended to the Cassa di Risparmio di Bra[52] starting from the Supervisory Reports of March 2019.
Starting from Supervisory Reporting as at 31 December 2021, after the ex-ante notification was sent to the Supervisory Authorities in October 2021, the use of the Group internal models for the calculation of credit risk capital requirements was extended to the credit exposures acquired from the Intesa Sanpaolo business units.
As represented previously, following the Final decision of the latest Internal Model Investigation and subsequent Follow-Up letter from the ECB, starting from the Supervisory Reports as at 31 March 2023, the calculation of the credit risk capital requirements was extended to former Cassa di Risparmio di Saluzzo and former UBI Banca credit exposures, and starting from the Supervisory Reports as at 30 June 2023 to former Unipol Banca exposures.

The following asset classes are subject to AIRB methodologies:
- "Exposures to retail businesses";
- "Exposure to companies".

The other Group Companies/Banks and asset classes for which Permanent Partial Use (PPU) is not required or which are not included in the roll-out plan, the BPER Group has continued to use the Standardised Approach and the external ratings supplied by the ECAIs (External Credit Assessment Institutions) recognised by the Supervisory Authority. In particular, the following were used:
- the Cerved, Fitch, Moody's and Standard &Poor's ratings were used for "Exposure to corporates";
- the Fitch, Moody's and Standard & Poor's ratings were used for "Exposures to supervised intermediaries" and "Covered bonds";
- Scope Ratings AG for "Exposures to central administrations or central banks";
- the Fitch Rating was used for financial Instruments pledged as collateral;
- Standard & Poor's ratings for "Exposures to securitisation".

Through the implementation of the "second best rating" rule, in compliance with the provisions approved by the CRR (Capital Requirements Regulation), article 138 (d)(e)(f), where two ratings of the same customer are present, the more prudential one is adopted; in the case of three ratings, the intermediate one; if all ratings are present, the second best one. In addition, in line with the contents of the CRR, article 444 (d) regarding the association of the external rating of each ECAI with the risk weights corresponding to the credit quality steps set out in said CRR, it is confirmed that the BPER Group respects the association published by the EBA.

52 Subsequently absorbed by BPER Banca in July 2020.

2.3 Methods for determining the extent of impairment

The ECL model for calculating expected credit losses is based on the risk parameters estimated for regulatory purposes, whose main characteristics were described in the previous paragraphs, appropriately modified to ensure that they fully comply with IFRS 9. For information on impairment models and related risk parameters, please refer to Part A of the Explanatory Notes to the Consolidated Financial Report as at 31 December 2023 unless otherwise specified in this Part A of the Explanatory Notes.

Update of macroeconomic scenarios and ECL sensitivity

As stated in Part A.1, Section 5 and Part A.2 of these Explanatory Notes, the BPER Banca Group develops forward-looking impairment models using three macroeconomic scenarios that are consistent with those considered in other business areas requiring similar forecasts, such as planning (including the determination of lending policies) and risk management.
The time horizon for the macroeconomic forecasts is 3 years for each of the 3 scenarios used:

- Adverse Scenario (in its “Extreme Adverse” version);
- Baseline Scenario;
- Best Scenario.

The development of the scenarios is outsourced to a leading provider that carries out economic research and provides the BPER Banca Group with short and medium-term forecasts for the Italian and international economies and long-term forecasts for the Italian economy. The scenarios are later customised according to the guidelines of the Bper Banca’s Market Study and Research office.
The macroeconomic scenarios used by the Bank for the estimate of the multi-scenario ECL as at 31 December 2023, are different from those used in relation to the financial report for the period ended 31 December 2022 as a result of an improvement in the context, in spite of some elements of uncertainty.
The main factors of improvement include:

- Inflation edging down, but core component still high: structural factors will drive inflation also in 2024 (energy, digital transition, military spending; wage renewals for Italy).
- The central banks’ fight against inflation will continue: the ECB may have closed its restrictive cycle for this year: rates are expected to be flat in 2024. Possible (slight) cut in interest rates at the end of next year in case of permanently low inflation.
- Italy’s weakness in 2Q23 (GDP -0.4%) was partially made up for in Q3 (GDP +0.1%), leaving room for a possible slight improvement by the end of the year, with no changes to the general trend for 2023 (GDP around +0.8%). For 2024, the slightly positive growth assumption is confirmed (GDP +0.7%), supported mainly by three demand driving factors:
  - delayed economic effect of the 110% green ‘Superbonus’ tax deduction;
  - cumulative savings from the pandemic;
  - upside from the measures of the National Resilience and Recovery Plan.

The updated macroeconomic scenarios also include elements of uncertainty:

- The world economy continues to lose momentum, especially in developed countries.
- Global geopolitical risk remains high, exacerbated by the Hamas-Israel conflict (with traders showing little concern).
- Energy commodities are exposed to high volatility with structurally high prices.
- Purchase Managers Indexes down across all sectors, Services PMIs on a downtrend along with persisting manufacturing contraction.
- Interest rate hike impact not fully reflected in the economy yet, potentially becoming more pronounced between 4Q23 and 1H24: an increase in bad loans is expected.

Scenarios used to determine the multi-scenario ECL in relation to the financial report as at 31 December 2023

		Starting point	BASELINE			EXTREME ADVERSE SCENARIO		
		2023	2024	2025	2026	2024	2025	2026
Brent oil: $ per barrel	lev	85	95	91	91	121	105	100
Italy equity index	% chg.	17,4	9,8	10,3	6,1	-18,1	3,4	5,2
Italian GDP	% chg.	0,8	0,7	0,7	0,7	-1,3	0,2	0
Public spending	% chg.	1,1	2,5	0,1	-0,2	4,4	-0,2	-0,5
Investments in machinery and means of transport	% chg.	4,6	3,0	4,6	2,6	-6,2	0,6	0,3
Export of goods and services	% chg.	0,3	1,8	2,4	2,5	-1,2	-0,8	0,2
Industrial production	% chg.	-2,1	1,4	1,0	1,0	-1,2	0,6	1,2
10Y BTP-Bund Spread	%	1,8	1,7	1,7	1,7	3,2	3,3	2,7
BTP 10Y interest rate	%	4,3	4,6	5,0	5,1	6,0	6,3	6,0
Commercial property price index	% chg.	1,1	1,2	1,7	1,4	0,5	2,0	0,4
Residential property price index	% chg.	0,9	1,1	1,8	2,0	0,2	0,6	-0,4

Scenarios used to determine the multi-scenario ECL in relation to the financial report as at 31 December 2022

		Starting point	BASELINE			EXTREME ADVERSE SCENARIO		
		2022	2023	2024	2025	2023	2024	2025
Brent oil: $ per barrel	lev	100	90	86	84	125	111	100
Italy equity index	% chg.	-6,5	2,9	6,3	5,3	-32,0	-5,2	3,1
Italian GDP	% chg.	3,8	0,3	1,1	1,3	-2,7	0,0	0,7
Public spending	% chg.	-1,5	1	-0,2	0,1	2,0	-0,2	0,1
Investments in machinery and means of transport	% chg.	7,2	-0,8	3,1	3,1	-12,6	-3,3	-1,2
Export of goods and services	% chg.	11,3	2,1	2,9	3,1	-1,1	0,7	2,4
Industrial production	% chg.	0,8	-0,8	1,5	1,9	-6,7	-2,7	0,3
10Y BTP-Bund Spread	%	1,9	2,3	2,1	2,0	5,4	5,4	5,2
BTP 10Y interest rate	%	3,1	4,7	4,7	4,6	7,5	7,6	7,4
Commercial property price index	% chg.	1,5	1,6	1,4	1,3	0,5	-0,1	-0,5
Residential property price index	% chg.	4,9	2,9	1,9	1,8	1,4	-0,7	-1,0

By comparing the indicators at both dates it is shown that:

- a forecast for the production of goods and services (ITALIAN GDP) revised downwards for 2023 compared to the forecast in December 2022;
- signs of an increase in the price of some commodities, including oil, with respect to December 2022 forecasts, with commodities continuing to be exposed to high volatility;
- significant growth in the financial markets, with markedly increased estimates in the FTSE-MIB over the three-year forecast period with respect to the forecasts of December 2022;
- the perception of a lower sovereign risk than forecast in December 2022 (BTP-BUND Spread);
- the real estate market, also impacted by the continuous rises in interest rates, which put the brakes on mortgage applications, recorded a decrease in price indexes (residential above all), with respect to the estimates of December 2022.

Shown below is the sensitivity of the ECL in response to a change in the probability of occurrence attributed to each of the (multiple) scenarios considered by the model adopted by the BPER Banca Group, applied on a “recurring” basis by the BPER Banca Group, without taking account of the overlays identified in relation to the uncertainties of the macroeconomic context (“post-model adjustments”).
As at 31 December 2023, ECL sensitivity to a change in the probability of occurrence attributed to the favourable and adverse (extreme) scenario with respect to the baseline scenario, ranges between -4.33 % / +15.43%.
The total amount of ECL in the account as at the reporting date, including the effect of the overlays applied, is confirmed 16.05% higher than at 31 December 2023, compared to the value resulting from the 100% risk weight of the adverse scenario.

2.4 Credit risk mitigation techniques

Mitigation techniques are an important tool for reducing or transferring part of the credit risk associated with the portfolio of exposure. Consistent with the low propensity to accept risk that characterises operations, the Group seeks to mitigate credit risk, in particular, by obtaining and managing secured and unsecured guarantees. For this purpose, the Group has prepared suitable IT procedures and systems for managing mortgages and financial guarantees in compliance with prudent supervisory requirements, as well as appropriate internal regulations for managing the life-cycles of other collateral obtained.

The collateral mostly used by the Group generally comprise mortgages on residential and non-residential property, as part of retail lending and, to a lesser extent, loans to Corporate customers, as well as pledges on securities, receivables and cash. An internal procedure developed over a number of years gathers information in an organised fashion on the property assets of borrowers and on the properties given in guarantee. As collateral for both performing and non-performing positions, properties are periodically revalued and updated with new appraisals or indexed revaluations based on the statistical databases of a leading market player. A dedicated procedure is used to check every month whether a new appraisal or index-based revaluation is needed, in compliance with the Guidelines for banks on non-performing loans (NPL) and EU Regulation no. 575/2013, as later amended. An internal function covering the entire banking group has been established to supervise this process and monitor constantly the value obtained to cover exposures, as required by current regulations. The Group also has a new appraisal management system that automatically directs requests to providers according to the rules consistent with the relevant legislation. The same application monitors the state of the appraisals in progress and acts as a historical archive that preserves the previous assessments in digital format with all the accompanying documents.
Likewise, the collateral represented by financial instruments is managed within a procedure that updates the fair value on the basis of market trends.

The principal types of unsecured guarantees consist of "specific guarantees" and "restricted omnibus guarantees", mainly given by entrepreneurs in favour of their companies and by parent companies in favour of their subsidiaries in the form of binding comfort letters. Guarantees given by various guarantee consortia in favour of their members firms are becoming more significant, as well as guarantees given by third party institutions, such as SACE, MCC (Guarantee Fund for SMEs), EIF (European Investment Fund), CONSAP (Guarantee Fund for the First Home), EIB (Life for Energy) and ISMEA, which are also subject to periodic monitoring and, lastly, the state guarantees issued following the crisis triggered off by the Covid-19 pandemic.

3. Non-performing exposures

3.1 Strategies and management policies

In relation to the general management aspects of the NPE portfolio, it should be noted that the classification of financial assets within the risk categories envisaged by supervisory regulations is based on the identified risk profile.
The classification of a position is determined both automatically and using an analytical methodology. These processes are governed by an internal regulation that applies the guidelines for identifying any deterioration in creditworthiness and assigns the most appropriate administrative status to the position. When not automatic, the classification of positions as anomalous is based on assessments made by account managers who actively monitor conditions within the lending system. The Early Warning tools available make it possible to detect, at an early stage, any signs of deterioration of relationships potentially at risk, enabling the analysis of creditworthiness and classification of the position to the correct risk category, if required.

The following are some of the most significant interventions developed at Banking Group level, which contributed to better processing of sub- and non-performing loans:

- Organisation and governance: as part of compliance with the Supervisory requirements (NPL Guidance) for the greater monitoring of loans and operational specialisation by segment, a process has started with a view to evolving the structures specialised in the management of default positions ('*Credito Anomalo*' and BPER Credit Management – BCM) and performing positions with anomalies ("*Gestione Proattiva*"). In particular:
  - following the integration of the former Carige Group, the geographical area structures were also reorganised in order to ensure adequate coverage of the sub- and non-performing portfolios and the application of models, processes and procedures to the new positions acquired by the Group; BPER Credit Management (BCM) was merged by absorption into BPER Banca at the end of March 2023, the structure and activities were continued by the 'Credito Anomalo' (Credit management and workout) function in a specialised manner;
  - the handling of non-performing loans has been focused on managing counterparties already classified as in default (non-performing past due exposures and unlikely to pay loans - Stage 3), which have been grouped into three clusters (Retail, Corporate and Real Estate);

  - Pro-active Management, supervises performing loans with (Stage 1 and 2) anomalies, in order to prevent the deterioration of the lending relationship and provide constant support to the commercial network in determining the best operational strategies. The loan counterparties at issue have been grouped into the Corporate and Retail clusters;
  - in November, the revised modelling was also put into production with the introduction of: (1) a new statistical component in the EWS for the detection of counterparties with a high probability of 30-day PD in the following months and (2) an NBA algorithm to provide an indication of self-cure positions on the performing credit portfolio;
  - further impact on the operational/organisational model was specified as part of the "Bridge" project, which envisages the activation of a Strategic partnership with the Servicer for the management of specific clusters of positions classified as UTP and bad loans as of January 2024. This project, combined with a new "lifecycle" management model that overcomes the distinction between Proactive and 'Credit management and workout', consists in the creation of new organisational units specialised by type of debtor, completing the evolutionary project in the management of sub- and non-performing loans.
- Processes and procedures acting on Sub- and Non-Performing Loans: non-performing loan management and monitoring processes are in use, with the adoption of procedures that have been further developed and improved over the last few years. In particular:
  - the Early Warning model, with the development over time of 6 specialised anomaly detection engines by customer segment (Corporate, Retail, Small Business, Construction, Real Estate and Finance & PA) and optimisation of anomaly detection performance, in particular with the inclusion of anomalies ("triggers") inspired by the NPL Guidance;
  - Electronic request for loan management action (*Pratica Elettronica di Gestione* – PEG), optimised with the gradual inclusion of new management measures and new information available to the manager to gain a better understanding of the potential evolution of the position, with targeted links to other procedures;
  - external collection system that seeks to recover smaller loans via "phone collection" and "home collection" activities;
  - a much more precise monitoring system, focused not only on the quality of the overall portfolio, but also on the performance of the individual structures;
  - more extensive use of the forbearance tool and introduction of sustainability tools and monitoring of the effectiveness of the agreed measures.
- Processes and procedures acting on Forbearance: a decision-making system is planned to be introduced to prevent potential deterioration already at the time of the forbearance. In particular:
  - development of precise credit policies, characterised by indications of asset allocation based on risk/return/capital absorption indicators. These indications, valid for each individual counterparty, have been included in the Electronic Loan File procedure, therefore visible to the proposer and to the decision maker. In this way the quality of the performing portfolio has improved over the years, shifting its concentration towards the best rating classes;
  - strengthening of the preliminary investigation of top management loan files, with theneed for a much more complete set of information, similar to structured finance transactions, strengthening the functions to which this task is delegated;
  - a very precise monitoring system also for the Granting process, the timing of approvals and the quality of the approved portfolio.
- Incentive systems: credit quality objectives are allocated to the network and head office teams, addressing the activities of each function, in order to achieve complementary results that are fully consistent with Group objectives.
- Training on lending activities: in order to strengthen credit monitoring in application of current legislation, (NPL Guidance and Guidelines on the application of the definition of default), training cycles segmented by functions are provided to central structures and training cycles with more general content and strategic management indications to pursue are provided to the network.

The consistency of the classification of a position in the right risk category, with respect to internal rules and Bank of Italy regulations, is also ensured by second-level checks that, by applying a suitable method, verify not only that classifications are correct, but also the adequacy of provisions, the presence of first-level controls and the effectiveness of recovery processes, so as to ensure strong supervision throughout the entire credit chain. The improvement in the risk profile of counterparties leads to a transfer to better internal classifications and may result in a return to "performing" status.

With regard to the cycle for the management of exposures showing initial signs of difficulty and non-performing exposures, macro strategies for internal recoveries are envisaged within the Group, which apply specific methods depending on the type of debtor, how critical the anomalies are and an assessment of the entire exposure to the debtor and any related parties.

The main strategies that can be followed are:
- management of arrears/overdrafts, also through outsourcing;
- reshaping of the credit line and/or guarantee framework;
- granting of forbearance measures;
- waiver of loan (with or without debt forgiveness, a.k.a.: Debt forgiveness);
- transfer of loans to third parties;
- repossession of the asset.

The recovery of arrears and the granting of forbearance measures without remission - even partial - of the debt, where judged practicable, are to be preferred to alternative strategies such as a waiver or assignment of loans and the use of debt recovery procedures and enforcement actions, and will be pursued as a matter of priority.
The resolution approving the management strategy envisages a system of increasing delegated powers, consistent with the powers of classification and the estimate of value adjustments, also with the intervention of specialist units competent in the various phases of the relationship, and with different degrees of centralisation of decision-making skills in relationship management.

3.2 Write-offs

In general, and in line with the relevant legislation, the elimination of the loan from the financial report must be carried out when:
- there is no reasonable prospect of recovery as a result of facts of any nature that make it impossible for the customer to fully meet their obligations ("write-off"), or
- the certainty of a loss materialises (for example, because of definitive legal events).

The assessment and proposal of write-offs, foreseen exclusively for the positions classified as "unlikely to pay" and "bad" loans according to certain events, must be adequately motivated and documented. In line with the recommendations of the supervisory authority, in cases of non-recoverability of the loan, it is best to write off a loan as soon as its non-recoverability has been ascertained.
In line with the reference guidelines:
- write-off of a financial asset in its entirety or in part constitutes an accounting elimination and the derecognised amount cannot be subject to write-backs. Write-offs should not be written-back and if cash or other assets are eventually collected these collections should be directly recognised as income in the statement of profit or loss;
- a write-off can take place before legal actions against the borrower to recover the debt have been concluded in full;
- a write-off does not involve the bank forfeiting the legal right to recover the debt. A bank's decision to forfeit the legal claim on the debt is called "debt forgiveness". Detailed evidence of NPL write-offs at portfolio level is maintained, as well as information on financial assets that, although written off the balance sheet, are subject to enforcement activity.

3.3 Purchased or originated credit-impaired financial assets

If a credit exposure classified in item 30 "Financial assets measured at fair value through other comprehensive income" or in item 40 "Financial assets measured at amortised cost" at the time of initial recognition becomes impaired, it is identified as "Purchased or Originated Credit Impaired - POCI".
By convention, POCI financial assets are classified in Stage 3 on initial recognition.
Should these assets become performing, following an improvement in the creditworthiness of the counterparty, they are reclassified to Stage 2.
They can never be classified in Stage 1, as the expected credit loss must always be calculated over the residual duration.

The BPER Banca Group identifies as "Purchased or originated credit-impaired financial assets":
- exposures already impaired at the time of purchase, also as part of business combinations;
- exposures originated as part of restructuring transactions of impaired exposures that led to the disbursement of new finance, or introduced substantial changes to the original contractual conditions.

4. Renegotiated financial assets and forborne exposures

The BPER Banca Group adopts the definition of "Forbearance Measure" of the Implementing Regulation EU 227/2015.
Measures of forbearance consist of concessions to debtors who are or are about to find themselves in difficulty in meeting their financial commitments (i.e. in financial difficulty). The exposures subject to forbearance measures are identified as forborne.
"Forbearance" means facilitating measures in favour of the customer which can be summarised in the following categories:
- "modifications", made to the terms and conditions of a loan agreement due to the debtor's inability to perform financially in the commitments assumed previously;
- total or partial "refinancing" of the debt.

An intrinsic characteristic of forbearance is the state of financial difficulty of the debtor: it is based on an overall assessment of the debtor for which the rating is one of the elements to be considered. Financial difficulty is objectively recognised when the counterparty position is classified among the non-performing loans, while it is presumed when loan anomalies envisaged under current regulations are detected, including but not limited to:
- existence during the past 3 months, or potential existence in the absence of assistance granted to the debtor, of past due and/or overdrawn relationships for periods of at least 30 days;
- allocation of new loans, in whole or in part, to paying down existing credit lines that were past due and/or overdrawn for 30 days at least once during the 3-month period prior to granting the new loans to the debtor.

The Group adopts standardised decision-making trees and/or customised solutions in order to apply efficient and effective debt rescheduling solutions, based on customer characteristics and type of exposure, which constitute one of the Group's strategies for reducing non-performing exposures.

The forbearance measures are divided, depending on the time horizon over which they extend, into:
- short-term forbearance measures, or temporary changes in the reimbursement conditions, aimed at facing short-term financial difficulties, and have a duration of less than 24 months;
- long-term forbearance measures, or changes in the reimbursement conditions aimed at definitively resolving the debtor's financial difficulty, and lasting more than 24 months (also in combination with short-term measures).

Not all contractual modifications in favour of the customer ("concessions") give rise to forborne exposures, but only if there are also elements of financial difficulty. In their absence, the concessions are configured as transactions for merely commercial purposes.

Forborne positions are monitored by the Bank to check the effectiveness and efficiency of the assistance provided, in order to verify that the financial difficulties have been overcome. The minimum observation period is:
- 24 months if the counterparty is classified as performing (probation period);
- 36 months if the counterparty is in default (12-month cure period and 24-month probation period).

Once the debtor's financial difficulty has been established, the conditions for classification as an unlikely to pay position must also be verified when the measure is granted.

Positions may be forborne in both macro-categories of credit classification ("performing" and "default") and, in accordance with current regulations, may result in the counterparty being classified as non-performing: for example, a counterparty with credit lines that are forborne under probation, that has therefore completed the 12-month cure period and is now in the probation period following reclassification as "performing" from "default", is automatically classified as unlikely to pay if they are overdrawn for more than 30 days or a new concession is made (re-forborne).

Quantitative information

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes and economic distribution

A.1.1 Breakdown of financial assets by portfolio classification and credit quality (book values)

Portfolios/quality	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	138,965	623,658	92,024	635,597	99,762,076	101,252,320
2. Financial assets measured at fair value through other comprehensive income	-	863	-	-	6,083,577	6,084,440
3. Financial assets designated at fair value	-	-	-	-	1,991	1,991
4. Other financial assets mandatorily measured at fair value	-	-	-	-	154,746	154,746
5. Financial assets held for sale	-	-	-	-	-	-
Total 31.12.2023	**138,965**	**624,521**	**92,024**	**635,597**	**106,002,390**	**107,493,497**
Total 31.12.2022	**120,126**	**837,738**	**67,867**	**853,714**	**112,554,025**	**114,433,470**

Details of forborne exposures (book values)

Portfolios/quality	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures	Performing past due exposures	Performing exposures	Total
1. Financial assets measured at amortised cost						
- Loans to customers	27,237	239,085	328	29,502	771,040	1,067,192

A.1.2 Breakdown of financial assets by portfolio classification and credit quality (gross and net values)

Portfolios/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total impairment provisions	Net exposure	Total partial write-offs (*)	Gross exposure	Overall impairment provisions	Net exposure	
1. Financial assets measured at amortised cost	1,695,781	841,134	854,647	31,712	100,997,334	599,661	100,397,673	101,252,320
2. Financial assets measured at fair value through other comprehensive income	1,642	779	863	-	6,086,334	2,757	6,083,577	6,084,440
3. Financial assets designated at fair value	-	-	-	-	X	X	1,991	1,991
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	154,746	154,746
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2023	**1,697,423**	**841,913**	**855,510**	**31,712**	**107,083,668**	**602,418**	**106,637,987**	**107,493,497**
Total 31.12.2022	**2,191,688**	**1,165,957**	**1,025,731**	**34,066**	**113,835,090**	**628,704**	**113,407,739**	**114,433,470**

(*) Amount to be shown for information purposes.

Details of counterparties	Total write-offs	
	31.12.2023	31.12.2022
Financial companies	-	-
- of which: financial and non-resident companies	-	-
Non-financial companies	31,487	33,335
- of which: non-financial and non-resident companies	-	-
Households	224	731
- of which: non-resident households	-	-
Total	**31,712**	**34,066**
- of which: non-resident	**-**	**-**

Previous write-offs do not include those carried out during the year on bad loans as part of credit extinction events, also reported in the tables A.1.9 and A.1.11, as detailed below.

Details of counterparties	Total gross derecognition	
	31.12.2023	31.12.2022
Financial companies	412	101
- of which: financial and non-resident companies	136	-
Non-financial companies	239,805	10,810
- of which: non-financial and non-resident companies	-	32
Households	45,382	9,379
- of which: non-resident households	68	-
Public administrations	38	
- of which: non-resident Public Administrations	-	
Total	**285,637**	**20,290**
- of which: non-resident	**204**	**32**

The amounts shown above are gross of default interest.

Portfolios/quality	Low credit quality assets		Other assets
	Cumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	1,363	632,571
2. Hedging derivatives	-	-	1,122,269
Total 31.12.2023	**-**	**1,363**	**1,754,840**
Total 31.12.2022	**-**	**1,340**	**2,485,738**

A.1.3 Breakdown of financial assets by past due buckets (book values)

Portfolios/Risk stage	Stage 1			Stage 2			Stage 3			Purchased or originated credit impaired		
	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days
1. Financial assets measured at amortised cost	281,157	-	4	191,916	126,919	23,502	25,885	57,398	433,938	14,514	14,680	81,070
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	863	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**281,157**	**-**	**4**	**191,916**	**126,919**	**23,502**	**25,885**	**57,398**	**434,801**	**14,514**	**14,680**	**81,070**
Total 31.12.2022	**412,301**	**34,767**	**293**	**204,078**	**167,113**	**23,723**	**26,784**	**47,135**	**325,190**	**23,722**	**24,801**	**277,931**

A.1.4 Financial assets, commitments to disburse funds and financial guarantees granted: changes in total impairment provisions

Sources/Risk stages	Overall impairment provisions											
	Financial assets classified in stage 1						Financial assets classified in stage 2					
	On-demand loans to banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses	On-demand loans to banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses
Total opening adjustments	**4,768**	**185,545**	**3,273**	**-**	**-**	**193,586**	**-**	**409,329**	**198**	**-**	**-**	**409,527**
Increases in purchased or originated financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Derecognitions other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment losses for credit risk (+/-)	(3,625)	(31,737)	(678)	-	-	(36,040)	-	19,195	(36)	-	-	19,159
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	1,762	-	-	-	1,762	-	(4,712)	-	-	-	(4,712)
Total closing adjustments	**1,143**	**155,570**	**2,595**	**-**	**-**	**159,308**	**-**	**423,812**	**162**	**-**	**-**	**423,974**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-

A.1.4 Financial assets, commitments to disburse funds and financial guarantees granted: changes in total impairment provisions

(cont.)

Sources/Risk stages	Overall impairment provisions										
	Financial assets classified in stage 3						Purchased or originated credit-impaired				
	On-demand loans to banks and Central Banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses
Total opening adjustments	**-**	**693,359**	**-**	**-**	**693,359**	**-**	**484,911**	**-**	**-**	**484,911**	**-**
Increases in purchased or originated financial assets	-	-	-	-	-	-	X	X	X	X	X
Derecognitions other than write-offs	-	-	-	-	-	-	-	-	-	-	-
Net impairment losses for credit risk (+/-)	-	310,033	779	-	310,812	-	31,131	-	-	31,131	-
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	(303,482)	-	-	(303,482)	-	-	-	-	-	-
Other changes	-	(121,124)	-	-	(121,124)	-	(233,415)	-	-	(233,415)	-
Total closing adjustments	**-**	**578,786**	**779**	**-**	**579,565**	**-**	**282,627**	**-**	**-**	**282,627**	**-**
Recoveries from financial assets subject to write-off	-	2,537	-	-	2,537	-	-	-	-	-	-
Write-offs recognised directly through profit or loss	-	6,659	-	-	6,659	-	14,226	-	-	14,226	-

A.1.4 Financial assets, commitments to distribute funds and financial guarantees granted: changes in total impairment provisions

(cont.)

Sources/Risk stages	Total provisions on commitments to disburse funds and financial guarantees issued			Commitments to disburse funds and financial guarantees granted, purchased or originated credit impaired	Total
	Stage 1	Stage 2	Stage 3		
Total opening adjustments	**13,406**	**7,947**	**38,718**	**-**	**1,841,454**
Increases in purchased or originated financial assets	-	-	-	-	-
Derecognitions other than write-offs	-	-	-	-	-
Net impairment losses for credit risk (+/-)	(3,558)	(3,339)	(2,737)	-	315,428
Contractual modifications without derecognition	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	-	-	-	(303,482)
Other changes	(107)	(113)	209	-	(357,500)
Total closing adjustments	**9,741**	**4,495**	**36,190**	**-**	**1,495,900**
Recoveries from financial assets subject to write-off	-	-	-	-	2,537
Write-offs recognised directly through profit or loss	-	-	-	-	20,885

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. For this perimeter, it was therefore considered appropriate to partially write off the gross exposure for a total amount of Euro 250 million, adjusting it to the expected recoverable amount, with marginal economic impact.

A.1.5 Financial assets, commitments to disburse funds and financial guarantees granted: transfers between different credit risk stages (gross and nominal values)

Portfolios/Risk stage	Gross exposure/Nominal value					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
1. Financial assets measured at amortised cost	4,858,891	3,971,454	407,551	98,979	236,735	17,778
2. Financial assets measured at fair value through other comprehensive income	20,373	6,694	-	-	863	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees granted	1,161,391	1,971,680	43,572	8,268	38,891	15,926
Total 31.12.2023	**6,040,655**	**5,949,828**	**451,123**	**107,247**	**276,489**	**33,704**
Total 31.12.2022	**6,453,317**	**1,667,868**	**389,437**	**168,220**	**244,028**	**21,601**

A.1.6 On- and off-balance sheet credit exposures to banks: gross and net values

Type of exposure/amount	Gross exposure					Total impairment provisions					Net exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
A.1. ON DEMAND	**9,670,035**	**9,670,035**	**-**	**-**	**-**	**1,143**	**1,143**	**-**	**-**	**-**	**9,668,892**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	9,670,035	9,670,035	-	X	-	1,143	1,143	-	X	-	9,668,892	-
A.2 OTHER	**14,922,116**	**14,722,998**	**186,379**	**-**	**-**	**25,643**	**2,987**	**22,656**	**-**	**-**	**14,896,473**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	22,378	4	22,374	X	-	22,323	-	22,323	X	-	55	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	14,899,738	14,722,994	164,005	X	-	3,320	2,987	333	X	-	14,896,418	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**24,592,151**	**24,393,033**	**186,379**	**-**	**-**	**26,786**	**4,130**	**22,656**	**-**	**-**	**24,565,365**	**-**
B. OFF-BALANCE SHEET CREDIT EXPOSURES						**-**	**-**	**-**	**-**	**-**		
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	3,622,514	1,877,199	47,403	X	-	5,549	74	5,475	X	-	3,616,965	-
TOTAL (B)	**3,622,514**	**1,877,199**	**47,403**	**-**	**-**	**5,549**	**74**	**5,475**	**-**	**-**	**3,616,965**	**-**
TOTAL (A+B)	**28,214,665**	**26,270,232**	**233,782**	**-**	**-**	**32,335**	**4,204**	**28,131**	**-**	**-**	**28,182,330**	**-**

(*) Amount to be shown for information purposes.

A.1.7 On- and off-balance sheet credit exposures to customers: gross and net values

Type of exposure/amount	Gross exposure					Total impairment provisions					Net exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
a) Bad loans	404,839	X	-	277,577	127,262	265,874	X	-	171,735	94,139	138,965	31,712
- of which: forborne exposures	77,892	X	-	60,782	17,110	50,655	X	-	36,729	13,926	27,237	2,868
b) Unlikely to pay loans	1,173,259	X	-	914,382	258,877	548,738	X	-	383,098	165,640	624,521	-
- of which: forborne exposures	450,994	X	-	318,747	132,247	211,909	X	-	130,044	81,866	239,085	-
c) Non-performing past due exposures	119,325	X	-	112,212	7,113	27,301	X	-	24,732	2,569	92,024	-
- of which: forborne exposures	414	X	-	393	21	86	X	-	86	-	328	-
d) Performing past due exposures	672,943	282,823	376,932	X	13,188	37,401	1,666	34,646	X	1,089	635,542	-
- of which: forborne exposures	36,358	-	34,367	X	1,991	6,856	-	6,648	X	208	29,502	-
e) Other performing exposures	91,659,558	83,633,112	7,667,909	X	308,089	539,374	153,513	366,671	X	19,190	91,120,184	-
- of which: forborne exposures	847,801	-	763,848	X	83,953	76,761	-	67,689	X	9,072	771,040	-
TOTAL (A)	**94,029,924**	**83,915,935**	**8,044,841**	**1,304,171**	**714,529**	**1,418,688**	**155,179**	**401,317**	**579,565**	**282,627**	**92,611,236**	**31,712**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	313,562	X	-	313,562	-	51,309	X	-	51,309	-	262,253	-
b) Performing	39,268,019	37,086,477	2,134,915	X	-	54,906	46,834	8,073	X	-	39,213,113	-
TOTAL (B)	**39,581,581**	**37,086,477**	**2,134,915**	**313,562**	**-**	**106,215**	**46,834**	**8,073**	**51,309**	**-**	**39,475,366**	**-**
TOTAL (A+B)	**133,611,505**	**121,002,412**	**10,179,756**	**1,617,733**	**714,529**	**1,524,903**	**202,013**	**409,390**	**630,874**	**282,627**	**132,086,602**	**31,712**

(*) Amount to be shown for information purposes.

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. For this perimeter, it was therefore considered appropriate to partially write off the gross exposure for a total amount of Euro 250 million, adjusting it to the expected recoverable amount, with marginal economic impact. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.

As at 31 December 2023, the performing loans to customers, limited to the portion measured at amortised cost, amounted to a gross exposure of Euro 76,719 million. Net of portfolio adjustments for Euro 554 million, the net exposure totalled Euro 76,164 million; the average coverage ratio is therefore 0.72%.
At the same date, non-performing loans to customers, limited to the portion of loans measured at amortised cost, amounted to a gross exposure of Euro 1,696 million. Net of impairment losses for Euro 841 million, the net exposure totalled Euro 855 million; the average coverage ratio for this cluster of loans is therefore 49.60%.

The following is a summary of non-performing and performing credit exposures (amounts and adjustments) by economic distribution.

	Non-performing assets				Performing assets		
	Gross exposure	Individual impairment provisions - analytical	Individual impairment provisions - automated	Net exposure	Gross exposure	Collective impairment provisions	Net exposure
On-balance sheet credit exposures to customers (loans and debt securities)	**1,695,781**	**604,028**	**237,106**	**854,647**	**88,555,767**	**575,171**	**87,980,594**
Governments and other public entities	416	2	48	366	12,303,891	3,740	12,300,151
- of which: foreign	-	-	-	-	3,996,802	187	3,996,616
Financial companies	22,163	10,624	2,050	9,489	9,944,194	41,404	9,902,789
- of which: foreign	8	7	1	-	835,104	2,340	832,763
Non-financial companies	1,096,715	475,570	116,795	504,350	33,355,497	306,574	33,048,922
- of which: foreign	104	61	21	23	647,107	719	646,388
Individuals and households	576,487	117,832	118,213	340,442	32,952,185	223,453	32,728,732
- of which: foreign	2,825	795	729	1,302	90,226	980	89,246

The loans measured at amortised cost, that constitute new liquidity granted through public guarantee mechanisms issued in response to the Covid-19 pandemic are reported below, when the stage of risk in which the exposures are found at the date of this disclosure is different from the stage in which the exposures were classified at the start of the period.

	Gross exposure					Total impairment provisions				Purchased or originated credit impaired	Exposure Net
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3		
A. Bad loans	139	-	-	83	56	139	-	-	83	56	-
B. Unlikely to pay loans	118,597	-	-	112,739	5,858	17,007	-	-	15,368	1,639	101,590
C. Non-performing past due exposures	27,915	-	-	27,473	442	786	-	-	776	10	27,129
D. Performing loans	45,361	8,401	36,330	-	630	870	8	856	-	6	44,491
E. Other performing loans	5,298,485	4,486,615	800,992	-	10,878	12,467	4,249	8,118	-	100	5,286,018
TOTAL (A+B+C+D+E)	**5,490,497**	**4,495,016**	**837,322**	**140,295**	**17,864**	**31,269**	**4,257**	**8,974**	**16,227**	**1,811**	**5,459,228**

A.1.8 On-balance sheet credit exposures to banks: change in gross non-performing exposures
There are no amounts to be disclosed in this Financial Report.

A.1.8bis On-balance sheet credit exposures to banks: change in gross forborne exposures broken down by credit quality
There are no amounts to be disclosed in this Financial Report.

A.1.9 On-balance sheet credit exposures to customers: change in gross non-performing exposures

Reasons/Category	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures
A. Opening balance (gross amount)	**453,215**	**1,639,878**	**98,595**
- of which: sold but not derecognised	-	-	-
B. Increases	**346,366**	**1,125,232**	**139,760**
B.1 inflows from performing exposures	44,535	618,668	119,230
B.2 inflows from purchased or originated credit impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures	226,042	48,837	200
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	75,789	457,727	20,330
C. Decreases	**394,742**	**1,591,851**	**119,030**
C.1 outflows to performing exposures	-	137,042	18,265
C.2 write-offs	285,637	17,844	-
C.3 recoveries	85,076	370,961	37,232
C.4 sales proceeds	5,227	297,701	-
C.5 losses on disposals	892	839	-
C.6 transfers to other non-performing exposures	1	211,545	63,533
C.7 contractual modifications without derecognition	-	-	-
C.8 other decreases	17,909	555,919	-
D. Closing balance (gross amounts)	**404,839**	**1,173,259**	**119,325**
- of which: sold but not derecognised	-	-	-

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. For this perimeter, it was therefore considered appropriate to partially write off the gross exposure for a total amount of Euro 250 million, adjusting it to the expected recoverable amount, with marginal economic impact. These write-offs differ from the write-offs shown in the table above in that they are not matched by an accounting movement to recognise the related loss.
During the course of 2023, non-performing loan disposals (explained more fully in para. 3.2 – "De-risking and credit control" of the Directors' Report on Group Operations) of approximately Euro 1 billion.

A.1.9bis On-balance sheet credit exposures to customers: change in gross forborne exposures broken down by credit quality

Description/Quality	Forborne exposures: impaired	Forborne exposures: non impaired
A. Opening balance (gross amount)	**967,567**	**1,920,122**
- of which: sold but not derecognised	-	-
B. Increases	**473,369**	**872,728**
B.1 inflows from performing non-forborne exposures	98,839	407,147
B.2 inflows from performing forborne exposures	145,240	X
B.3 inflows from non-performing forborne exposures	X	94,621
B.4 inflows from non-performing non forborne exposure	-	-
B.5 other increases	229,290	370,960
C. Decreases	**911,636**	**1,908,691**
C.1 outflows to performing non-forborne exposures	X	1,164,090
C.2 outflows to performing forborne exposures	94,621	X
C.3 outflows to non-performing forborne exposures	X	145,240
C.4 write-offs	72,696	-
C.5 recoveries	248,420	599,361
C.6 sales proceeds	211,616	-
C.7 losses on disposals	-	-
C.8 other decreases	284,283	-
D. Closing balance (gross amounts)	**529,300**	**884,159**
- of which: sold but not derecognised	-	-

A.1.10 On-balance sheet non-performing credit exposures to banks: change in total impairment provisions

There are no amounts for this item in this Financial Report.

A.1.11 On-balance sheet non-performing credit exposures to customers: change in total impairment provisions

Reasons/Category	Bad loans		Unlikely-To-Pay loans		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance: total impairment provisions	**333,089**	**63,189**	**802,140**	**414,463**	**30,728**	**40**
- of which: sold but not derecognised	-	-	-	-	-	-
B. Increases	**321,613**	**69,685**	**601,606**	**132,950**	**25,349**	**86**
B.1 impairment losses on purchased or originated impaired financial assets	-	X	-	X	-	X
B.2 other value adjustments	234,293	39,691	416,011	132,904	25,320	86
B.3 losses on disposals	892	-	839	-	-	-
B.4 transfers from other non-performing exposures	84,353	29,184	16,591	40	29	-
B.5 contractual modifications without derecognition	-	-	-	-	-	-
B.6 other increases	2,075	810	168,165	6	-	-
C. Decreases	**388,828**	**82,219**	**855,008**	**335,504**	**28,776**	**40**
C.1 write-backs from assessments	56,299	4,490	191,961	77,532	6,480	-
C.2 write-backs from recoveries	27,556	2,825	38,890	25,897	1,849	-
C.3 gains on disposal	1,089	1,017	8,526	7,091	-	-
C.4 write-offs	285,637	68,206	17,844	4,490	-	-
C.5 transfers to other categories of non-performing exposures	-	-	80,526	29,184	20,447	40
C.6 contractual modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	18,247	5,681	517,261	191,310	-	-
D. Closing balance: total impairment provisions	**265,874**	**50,655**	**548,738**	**211,909**	**27,301**	**86**
- of which: sold but not derecognised	-	-	-	-	-	-

An in-depth analysis of the latest results of the NPL portfolio recovery activities shows that the status and recovery process of certain types of non-performing loans, characterised in particular by critical elements such as high vintage and the absence or non-recoverability of collateral, indicate that expectations of further recovery are now extremely low. For this perimeter, it was therefore considered appropriate to partially write off the gross exposure for a total amount of Euro 250 million, adjusting it to the expected recoverable amount, with marginal economic impact.

A.2 Classification of financial assets, commitments to distribute funds and financial guarantees granted by external and internal ratings

A.2.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees granted: by external and internal ratings (gross amounts)

Exposures	External rating classes						Unrated	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets measured at amortised cost	6,025,130	3,752,815	8,199,390	2,510,561	258,807	6,907	81,939,503	102,693,113
- Stage 1	6,015,019	3,668,186	8,123,481	2,156,286	238,761	3,276	72,352,413	92,557,422
- Stage 2	10,111	84,629	73,029	349,655	18,342	125	7,582,743	8,118,634
- Stage 3	-	-	-	-	888	-	1,301,639	1,302,527
- Purchased or originated credit impaired	-	-	2,880	4,620	816	3,506	702,708	714,530
B. Financial assets measured at fair value through other comprehensive income	1,263,880	831,173	2,449,426	92,119	3,192	-	1,448,187	6,087,977
- Stage 1	1,263,880	809,779	2,405,646	92,119	3,192	-	1,403,452	5,978,068
- Stage 2	-	21,394	43,780	-	-	-	43,093	108,267
- Stage 3	-	-	-	-	-	-	1,642	1,642
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
C. Financial assets classified as held for sale	-	-	-	-	-	-	-	-
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**7,289,010**	**4,583,988**	**10,648,816**	**2,602,680**	**261,999**	**6,907**	**83,387,690**	**108,781,090**
D. Commitments to disburse funds and financial guarantees granted	92,751	3,224,366	2,267,426	1,740,002	155,597	1,232	35,722,721	43,204,095
- Stage 1	92,751	3,220,664	2,249,184	1,467,844	149,175	1,231	33,525,373	40,706,222
- Stage 2	-	3,702	18,242	272,158	6,422	-	1,881,796	2,182,320
- Stage 3	-	-	-	-	-	1	315,552	315,553
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (D)	**92,751**	**3,224,366**	**2,267,426**	**1,740,002**	**155,597**	**1,232**	**35,722,721**	**43,204,095**
Total (A + B + C + D)	**7,381,761**	**7,808,354**	**12,916,242**	**4,342,682**	**417,596**	**8,139**	**119,110,411**	**151,985,185**

As at 31 December 2023, BPER Banca avails itself of the external ratings provided by Moody's, Standard & Poor's and Fitch, for the calculation of the capital absorption for exposures to corporates, supervised intermediaries and covered bonds. Cerved is confirmed to be used for exposures to corporates, Fitch for financial instruments pledged as collateral and Standard & Poor's for exposures to securitisation.

In observance of the regulatory provisions, in the presence of three valuations, the second best one is used, while in the presence of two the most prudential one is adopted.

The rating agencies used by the BPER Banca Group are shown below, along with a table for the reconciliation between the external rating classes and the agencies' ratings.

Long-term rating for exposures to companies:

Class of creditworthiness	Risk weighting coefficients	ECAI Cerved Group	ECAI Fitch Ratings	ECAI Moody's Ratings	ECAI S&P Ratings
1	20%	A1.1, A1.2, A1.3	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	50%	A2.1, A2.2, A3.1	from A+ to A-	from A1 to A3	from A+ to A-
3	100%	B1.1, B1.2	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	100%	B2.1, B2.2	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-
5	150%	C1.1	from B+ to B-	from B1 to B3	from B+ to B-
6	150%	C1.2, C2.1	less than CCC+	lower than Caa1	less than CC+

Long-term rating for exposures to Banks and Supervised Intermediaries:

Class of creditworthiness	Risk weighting coefficients	ECAI Fitch Ratings	ECAI Moody's Ratings	ECAI S&P Ratings
1	20%	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	50%	from A+ to A-	from A1 to A3	from A+ to A-
3	50%	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	100%	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-
5	100%	from B+ to B-	from B1 to B3	from B+ to B-
6	150%	less than CCC+	lower than Caa1	less than CC+

Long-term rating for exposures to Covered Bonds:

Class of creditworthiness	Risk weighting coefficients	ECAI Fitch Ratings	ECAI Moody's Ratings	ECAI S&P Ratings
1	10%	from AAA to AA-	from Aaa to Aa3	from AAA to AA-
2	20%	from A+ to A-	from A1 to A3	from A+ to A-
3	20%	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-
4	50%	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-
5	50%	from B+ to B-	from B1 to B3	from B+ to B-
6	100%	less than CCC+	lower than Caa1	less than CC+

Long-term rating for exposures to securitisations:

Class of creditworthiness	Risk weighting coefficients	ECAI Fitch Ratings	ECAI S&P Ratings
1	20%	from AAA to AA-	from AAA to AA-
2	50%	from A+ to A-	from A+ to A-
3	100%	from BBB+ to BBB-	from BBB+ to BBB-
4	350%	from BB+ to BB-	from BB+ to BB-
5	1250%	less than BB-	less than BB-

Long-term rating for exposures to Public Administrations:

Class of creditworthiness	Risk weighting coefficients	ECAI Scope Ratings
1	0%	from AAA to AA-
2	20%	from A+ to A-
3	50%	from BBB+ to BBB-
4	100%	from BB+ to BB-
5	100%	from B+ to B-
6	150%	from CCC to D

A.2.2 Breakdown of financial assets, commitments to disburse funds and financial guarantees granted: by external and internal ratings (gross amounts)

Exposures	Internal rating classes							
	1	2	3	4	5	6	7	8
A. Financial assets measured at amortised cost	15,112,729	10,325,807	11,995,743	10,902,269	12,174,282	7,175,975	3,658,250	1,954,883
- Stage 1	14,754,423	9,819,335	10,954,209	9,763,823	10,943,167	6,055,526	2,976,450	1,304,060
- Stage 2	349,126	482,918	988,365	1,009,435	1,102,743	1,003,711	564,704	535,212
- Stage 3	4,184	9,900	34,901	87,798	68,099	88,951	82,703	74,726
- Purchased or originated credit impaired	4,996	13,654	18,268	41,213	60,273	27,787	34,393	40,885
B. Financial assets measured at fair value through other comprehensive income	415,128	101,530	269,723	486,726	367,172	1,157,277	436,546	289,971
- Stage 1	415,128	101,530	269,723	481,552	367,172	1,148,982	429,047	254,230
- Stage 2	-	-	-	5,174	-	6,653	7,499	35,741
- Stage 3	-	-	-	-	-	1,642	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
C. Financial assets classified as held for sale	-	-	-	-	-	-	-	-
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**15,527,857**	**10,427,337**	**12,265,466**	**11,388,995**	**12,541,454**	**8,333,252**	**4,094,796**	**2,244,854**
D. Commitments to disburse funds and financial guarantees granted	11,848,550	8,812,001	5,856,948	6,811,197	3,540,108	2,398,488	287,311	374,120
- Stage 1	11,626,407	8,565,678	5,504,566	6,423,331	3,301,833	1,999,937	195,473	249,543
- Stage 2	221,801	245,509	339,615	368,782	227,118	384,791	85,943	106,610
- Stage 3	342	814	12,767	19,084	11,157	13,760	5,895	17,967
- Purchased or originated credit impaired	-	-	-	-	-	-	-	-
Total (D)	**11,848,550**	**8,812,001**	**5,856,948**	**6,811,197**	**3,540,108**	**2,398,488**	**287,311**	**374,120**
Total (A + B + C + D)	**27,376,407**	**19,239,338**	**18,122,414**	**18,200,192**	**16,081,562**	**10,731,740**	**4,382,107**	**2,618,974**

(cont.)

Exposures	Internal rating classes					Total
	9	10	11	12	13	
A. Financial assets measured at amortised cost	7,030,675	527,246	632,900	60,816	116,208	81,667,783
- Stage 1	6,460,208	273,958	311,407	13,585	36,576	73,666,727
- Stage 2	504,290	194,032	295,091	37,077	58,962	7,125,666
- Stage 3	57,415	39,677	21,562	8,524	18,756	597,196
- Purchased or originated credit impaired	8,762	19,579	4,840	1,630	1,914	278,194
B. Financial assets measured at fair value through other comprehensive income	2,069,864	99,969	109,309	-	6,915	5,810,130
- Stage 1	2,062,419	99,969	109,309	-	6,915	5,745,976
- Stage 2	7,445	-	-	-	-	62,512
- Stage 3	-	-	-	-	-	1,642
- Purchased or originated credit impaired	-	-	-	-	-	-
C. Financial assets classified as held for sale	-	-	-	-	-	-
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- Purchased or originated credit impaired	-	-	-	-	-	-
Total (A + B + C)	**9,100,539**	**627,215**	**742,209**	**60,816**	**123,123**	**87,477,913**
D. Commitments to disburse funds and financial guarantees granted	47,671	17,300	22,464	991	6,651	40,023,800
- Stage 1	25,384	5,928	7,395	223	1,414	37,907,112
- Stage 2	18,457	10,605	13,577	606	1,691	2,025,105
- Stage 3	3,830	767	1,492	162	3,546	91,583
- Purchased or originated credit impaired	-	-	-	-	-	-
Total (D)	**47,671**	**17,300**	**22,464**	**991**	**6,651**	**40,023,800**
Total (A + B + C + D)	**9,148,210**	**644,515**	**764,673**	**61,807**	**129,774**	**127,501,713**

	With internal rating	Unrated	Total
On-balance-sheet exposures	87,477,913	21,303,177	108,781,090
Off-balance-sheet exposures	40,023,800	3,180,295	43,204,095
Total	**127,501,713**	**24,483,472**	**151,985,185**

On 24 June 2016, the ECB authorised the Group to use the IRB Advanced Method (PD, LGD, EAD parameters) for the quantification of the capital requirement for customers' credit risk.
The internal rating classes are shown as they are used in the management of credit risk. The Group's rating system for the valuation of counterparties is divided into a Large Corporate model, a Corporate model and an Individuals model. Creditworthiness classifications are represented by 13 rating classes regarding performing counterparties, differentiated by risk segment, and by a class relating to default (for the Large Corporate segment, there are 9 rating classes). In turn, the 13 rating classes have been grouped into 5 operational classes, which indicate aggregate risk levels:

Operational classes (of risk)	Rating classes
High	10 - 11 - 12 - 13
Significant	8 -9
Average	5 - 6 - 7
Low	3 - 4
Very low	1 - 2

On-balance sheet exposures include all the credit exposures of the "Financial assets measured at fair value through other comprehensive income" portfolio, and the "Financial assets measured at amortised cost" portfolio; "off-balance sheet" exposures include all financial transactions other than on-balance sheet transactions (guarantees granted, commitments, derivatives) that involve the assumption of a credit risk, whatever the purpose of such transactions is (trading, hedging, etc.).

A.3 Breakdown of guaranteed credit exposures by type of guarantee

A.3.1 Guaranteed on and off-balance sheet credit exposures to banks

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property - finance leases	Debt Securities	Other collateral	CLN	Other derivatives
								Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**2,782,570**	**2,782,498**	**-**	**-**	**1,655,219**	**-**	**-**	**-**
1.1 fully guaranteed	2,780,178	2,780,106	-	-	1,655,219	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partially guaranteed	2,392	2,392	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**52,163**	**52,160**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 fully guaranteed	874	874	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partially guaranteed	51,289	51,286	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.1 Guaranteed on- and off-balance sheet credit exposures to banks

(cont.)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Endorsement loans				
	Other derivatives			Public Administrations	Banks	Other financial companies	Other entities	
	Banks	Other financial companies	Other entities					
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**1,113,611**	**-**	**-**	**1,914**	**2,770,744**
1.1 fully guaranteed	-	-	-	1,113,611	-	-	-	2,768,830
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partially guaranteed	-	-	-	-	-	-	1,914	1,914
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**961**	**-**	**33,257**	**34,218**
2.1 fully guaranteed	-	-	-	-	412	-	462	874
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partially guaranteed	-	-	-	-	549	-	32,795	33,344
- of which non-performing	-	-	-	-	-	-	-	-

A.3.2 Guaranteed on- and off-balance sheet credit exposures to customers

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property - finance leases	Debt Securities	Other collateral	CLN	Other derivatives
								Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**54,317,758**	**53,257,207**	**35,168,219**	**5,030**	**979,361**	**465,700**	**-**	**-**
1.1 fully guaranteed	46,131,361	45,244,976	34,757,400	5,030	746,175	351,336	-	-
- of which non-performing	1,112,710	617,319	429,814	220	4,166	2,179	-	-
1.2 partially guaranteed	8,186,397	8,012,231	410,819	-	233,186	114,364	-	-
- of which non-performing	252,057	147,646	16,768	-	2,914	11,030	-	-
2. Guaranteed off-balance sheet credit exposures:	**5,429,531**	**5,421,460**	**48,060**	**-**	**278,846**	**226,355**	**-**	**-**
2.1 fully guaranteed	4,683,242	4,676,012	46,159	-	210,310	177,808	-	-
- of which non-performing	58,313	53,008	-	-	1,311	2,809	-	-
2.2 partially guaranteed	746,289	745,448	1,901	-	68,536	48,547	-	-
- of which non-performing	8,584	8,048	-	-	639	1,122	-	-

A.3.2 Guaranteed on- and off-balance sheet credit exposures to customers

(cont.)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Endorsement loans				
	Other derivatives			Public Administrations	Banks	Other financial companies	Other entities	
	Banks	Other financial companies	Other entities					
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**7,080,700**	**2,917**	**199,280**	**6,674,003**	**50,575,210**
1.1 fully guaranteed	-	-	-	3,963,700	1,416	171,061	5,243,349	45,239,467
- of which non-performing	-	-	-	117,078	-	1,609	62,253	617,319
1.2 partially guaranteed	-	-	-	3,117,000	1,501	28,219	1,430,654	5,335,743
- of which non-performing	-	-	-	78,797	-	715	15,527	125,751
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**200,770**	**11,888**	**75,593**	**4,266,559**	**5,108,071**
2.1 fully guaranteed	-	-	-	111,028	10,294	70,092	4,048,843	4,674,534
- of which non-performing	-	-	-	1,716	6,564	441	40,167	53,008
2.2 partially guaranteed	-	-	-	89,742	1,594	5,501	217,716	433,537
- of which non-performing	-	-	-	513	-	-	4,201	6,475

A.4 Financial and non-financial assets deriving from the enforcement of guarantees

	Derecognised credit exposure	Gross value	Total impairment provisions	Book Value	
					of which obtained during the year
A. Property, plant and equipment	**-**	**-**	**-**	**-**	**-**
A.1. Used in operations	-	-	-	-	-
A.2. Held for investment	-	-	-	-	-
A.3. Inventories	-	-	-	-	-
B. Equity instruments and debt securities	**-**	**-**	**-**	**-**	**-**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets and disposal groups classified as held for sale	**1,833**	**4,386**	**901**	**3,485**	**-**
D.1. Property, plant and equipment	1,833	4,386	901	3,485	-
D.2. Other assets	-	-	-	-	-
Total 31.12.2023	**1,833**	**4,386**	**901**	**3,485**	**-**
Total 31.12.2022	**4,483**	**6,012**	**-**	**6,012**	**2,366**

B. Distribution and concentration of credit exposures

B.1 Breakdown by sector of on- and off-balance sheet credit exposures to customers

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures						
A.1 Bad loans	72	2	292	1,415	-	-
- of which: forborne exposures	-	-	76	239	-	-
A.2 Unlikely-To-Pay loans	263	38	8,891	11,160	-	-
- of which: forborne exposures	-	-	1,539	3,380	-	-
A.3 Non-performing past due exposures	31	11	307	99	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.4 Performing exposures	14,197,971	4,398	10,815,763	41,929	179,279	72
- of which: forborne exposures	4,816	92	1,251	448	-	-
Total (A)	**14,198,337**	**4,449**	**10,825,253**	**54,603**	**179,279**	**72**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	764	123	1,359	60	-	-
B.2 Performing exposures	1,091,942	177	3,490,519	406	292,836	-
Total (B)	**1,092,706**	**300**	**3,491,878**	**466**	**292,836**	**-**
Total (A+B) 31.12.2023	**15,291,043**	**4,749**	**14,317,131**	**55,069**	**472,115**	**72**
Total (A+B) 31.12.2022	**16,814,156**	**8,350**	**15,319,226**	**50,694**	**214,312**	**25**

B.1 Breakdown by sector of on- and off-balance sheet credit exposures to customers

(cont.)

Exposures/Counterparties	Non-financial companies		Households	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures				
A.1 Bad loans	106,727	191,726	31,874	72,731
- of which: forborne exposures	21,955	34,604	5,206	15,812
A.2 Unlikely-To-Pay loans	367,668	392,630	247,699	144,910
- of which: forborne exposures	152,970	159,734	84,576	48,795
A.3 Non-performing past due exposures	30,818	8,787	60,868	18,404
- of which: forborne exposures	-	-	328	86
A.4 Performing exposures	34,012,839	306,994	32,729,153	223,454
- of which: forborne exposures	559,219	51,871	235,256	31,206
Total (A)	**34,518,052**	**900,137**	**33,069,594**	**459,499**
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	253,272	50,184	6,858	942
B.2 Performing exposures	32,719,866	46,387	1,909,786	7,936
Total (B)	**32,973,138**	**96,571**	**1,916,644**	**8,878**
Total (A+B) 31.12.2023	**67,491,190**	**996,708**	**34,986,238**	**468,377**
Total (A+B) 31.12.2022	**67,143,074**	**1,405,014**	**35,854,050**	**429,816**

B.2 Breakdown by geographical area of on- and off-balance sheet credit exposures to customers

Exposures/Geographical areas	Italy		Other European countries		America
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure
A. On-balance-sheet exposures					
A.1 Bad loans	138,838	265,191	38	156	89
A.2 Unlikely-To-Pay loans	623,601	547,893	809	744	83
A.3 Non-performing past due exposures	91,741	27,221	141	51	142
A.4 Performing exposures	84,396,405	571,811	5,123,582	4,394	1,481,397
Total (A)	**85,250,585**	**1,412,116**	**5,124,570**	**5,345**	**1,481,711**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	262,210	51,307	43	2	-
B.2 Performing exposures	38,868,646	54,744	276,960	162	56,225
Total (B)	**39,130,856**	**106,051**	**277,003**	**164**	**56,225**
Total (A+B) 31.12.2023	**124,381,441**	**1,518,167**	**5,401,573**	**5,509**	**1,537,936**
Total (A+B) 31.12.2022	**127,196,529**	**1,887,874**	**5,606,028**	**4,764**	**1,547,631**

B.2 Breakdown by geographical area of on- and off-balance sheet credit exposures to customers

(cont.)

Exposures/Geographical areas	United States	Asia		Rest of the world	
	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures					
A.1 Bad loans	527	-	-	-	-
A.2 Unlikely-To-Pay loans	52	5	23	23	26
A.3 Non-performing past due exposures	29	-	-	-	-
A.4 Performing exposures	393	251,361	106	502,981	71
Total (A)	**1,001**	**251,366**	**129**	**503,004**	**97**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	143	-	10,139	-
Total (B)	**-**	**143**	**-**	**10,139**	**-**
Total (A+B) 31.12.2023	**1,001**	**251,509**	**129**	**513,143**	**97**
Total (A+B) 31.12.2022	**1,094**	**273,718**	**77**	**506,600**	**65**

The territorial distribution of exposures to customers is presented below, considering just the component of loans and distinguishing between Stage classifications:

Exposures/ Geographical areas	ITALY			Other European countries			United States		
	Gross exposure	Total impairment provisions	Net exposure	Gross exposure	Total impairment provisions	Net exposure	Gross exposure	Total impairment provisions	Net exposure
Total	**77,933,624**	**(1,390,230)**	**76,543,394**	**412,516**	**(4,338)**	**408,178**	**59,126**	**(769)**	**58,357**
Stage 1	*68,444,493*	*(148,040)*	*68,296,453*	*377,150*	*(1,786)*	*375,364*	*56,111*	*(78)*	*56,033*
Stage 2	*7,476,579*	*(382,415)*	*7,094,164*	*31,862*	*(1,575)*	*30,287*	*2,094*	*(83)*	*2,011*
Stage 3	1,300,149	(577,520)	722,629	1,818	(912)	906	484	(304)	180
Purchased or originated credit-impaired financial assets	712,403	(282,255)	430,148	1,686	(65)	1,621	437	(304)	133

(cont.)

Exposures/Geographical areas	Asia			Rest of the world		
	Gross exposure	Total impairment provisions	Net exposure	Gross exposure	Total impairment provisions	Net exposure
Total	**7,619**	**(103)**	**7,516**	**1,612**	**(74)**	**1,538**
Stage 1	*6,869*	*(17)*	*6,852*	*971*	*(2)*	*969*
Stage 2	*723*	*(63)*	*660*	*586*	*(41)*	*545*
Stage 3	26	(22)	4	51	(28)	23
Purchased or originated credit-impaired financial assets	1	(1)	-	4	(3)	1

B.2 Breakdown by geographical area of on- and off-balance sheet credit exposures to customers

Exposures/Geographical areas	North West Italy		North East Italy		Centre Italy		South Italy and islands	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures								
A.1 Bad loans	53,384	90,886	26,732	57,278	26,090	42,285	32,632	74,742
A.2 Unlikely-To-Pay loans	258,725	195,193	126,247	137,372	112,702	111,619	125,927	103,709
A.3 Non-performing past due exposures	34,351	11,027	15,838	4,377	19,740	5,802	21,812	6,015
A.4 Performing exposures	28,854,545	241,343	20,838,099	124,215	20,890,934	116,187	13,812,827	90,066
Total (A)	**29,201,005**	**538,449**	**21,006,916**	**323,242**	**21,049,466**	**275,893**	**13,993,198**	**274,532**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	95,750	16,443	119,137	22,910	27,706	8,319	19,617	3,635
B.2 Performing exposures	17,437,104	40,653	10,992,984	8,453	5,696,780	2,675	4,741,778	2,963
Total (B)	**17,532,854**	**57,096**	**11,112,121**	**31,363**	**5,724,486**	**10,994**	**4,761,395**	**6,598**
Total (A+B) 31.12.2023	**46,733,859**	**595,545**	**32,119,037**	**354,605**	**26,773,952**	**286,887**	**18,754,593**	**281,130**
Total (A+B) 31.12.2022	**46,371,238**	**693,902**	**34,105,859**	**421,179**	**28,113,646**	**361,858**	**18,605,786**	**410,935**

B.3 Breakdown by geographical area of on- and off-balance sheet credit exposures to banks

Exposures/Geographical areas	Italy		Other European countries		America
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure
A. On-balance-sheet exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely-To-Pay loans	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-
A.4 Performing exposures	15,537,077	2,625	7,753,071	24,033	57,945
Total (A)	**15,537,077**	**2,625**	**7,753,071**	**24,033**	**57,945**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	1,315,728	18	1,140,013	5,501	125,435
Total (B)	**1,315,728**	**18**	**1,140,013**	**5,501**	**125,435**
Total A+B 31.12.2023	**16,852,805**	**2,643**	**8,893,084**	**29,534**	**183,380**
Total A+B 31.12.2022	**21,977,638**	**7,776**	**8,916,580**	**29,457**	**340,047**

B.3 Breakdown by geographical area of on- and off-balance sheet credit exposures to banks

(cont.)

Exposures/Geographical areas	United States	Asia		Rest of the world	
	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely-To-Pay loans	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-
A.4 Performing exposures	23	109,984	41	1,107,288	64
Total (A)	**23**	**109,984**	**41**	**1,107,288**	**64**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	9	815,055	18	219,744	3
Total (B)	**9**	**815,055**	**18**	**219,744**	**3**
Total A+B 31.12.2023	**32**	**925,039**	**59**	**1,327,032**	**67**
Total A+B 31.12.2022	**284**	**689,189**	**92**	**1,407,584**	**94**

B.3 Breakdown by geographical area of on- and off-balance sheet credit exposures to banks

Exposures/Geographical areas	North West Italy		North East Italy		Centre Italy		South Italy and islands	
	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions	Net exposure	Total impairment provisions
A. On-balance-sheet exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely-To-Pay loans	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	1,760,043	1,078	254,829	271	9,291,725	1,276	4,230,480	-
Total (A)	**1,760,043**	**1,078**	**254,829**	**271**	**9,291,725**	**1,276**	**4,230,480**	**-**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	1,100,955	14	87,380	4	36,435	-	90,958	-
Total (B)	**1,100,955**	**14**	**87,380**	**4**	**36,435**	**-**	**90,958**	**-**
Total (A+B) 31.12.2023	**2,860,998**	**1,092**	**342,209**	**275**	**9,328,160**	**1,276**	**4,321,438**	**-**
Total (A+B) 31.12.2022	**3,550,513**	**2,951**	**620,998**	**265**	**14,160,968**	**4,560**	**3,645,159**	**-**

B.4 Large exposures

	31.12.2023	31.12.2022
a) Book value	27,003,394	28,239,017
b) Weighted value	5,824,177	7,158,967
c) Number	15	17

This measurement was made on the basis of the updates to Circular 285 which regulate "large exposures".

The rules define as a "large exposure" the amount of on-balance-sheet assets at risk and off-balance sheet transactions of a single customer or group of related customers that come to 10% or more of eligible capital.
Note that repurchase agreements are included in the amount of risk activities. These transactions contribute to the value of the counterparty exposure for the amount of "securities to be received", while they contribute to the exposure after CRM and exemptions under art. 400 CRR only for the difference between the amount of "securities to be received" and the cash deposit received.
At 31 December 2023, there are 15 "large exposures" for an overall amount of Euro 27,003 million, corresponding to Euro 5,824 million after CRM and exemptions under art. 400 CRR. Of these, repurchase agreements account for Euro 6,988 million and Euro 784.9 million respectively.

For an amount of approximately 60% of the total, the positions shown include the State Treasury, the Ministry of Economy and Finance and the Cassa di Compensazione e Garanzia (Italian central clearing house) for a total exposure of Euro 15,219 million, Euro 1,305 million after CRM and exemptions.
The rest is made up of leading European and world companies/banks (for Euro 11,784 million - Euro 4,519 million after CRM and exemptions) and an associated/related company.
To facilitate an understanding of the degree of concentration of loans, the nominal value of major exposures has been provided.

Risk concentration:

Reference date: 31.12.2023	Amount of the exposure	Amount of the exposure after CRM and exemptions under art. 400 CRR
First 5 exposures	18,061,459	1,928,977
First 10 exposures	23,176,120	3,677,389
First 20 exposures	29,890,759	7,460,189

Reference date: 31.12.2022	Amount of the exposure	Amount of the exposure after CRM and exemptions under art. 400 CRR
First 5 exposures	18,289,310	1,847,281
First 10 exposures	23,571,825	3,574,335
First 20 exposures	29,781,856	8,122,975

C. Securitisation transactions

Qualitative Information

The primary objectives of the securitisation transactions arranged by the Group in relation to non-performing loans are:
- to improve the asset structure of the banks concerned;
- to facilitate loan recovery strategies and make them more efficient (by centralising work with one group of lawyers);
- to exercise rigorous, direct control over higher risk loans, without modifying the overall risk profile.

Transactions involving performing contracts are, on the other hand, arranged in order to optimise sources of funding.

The Bank's transactions, other than self-securitisations[53], still outstanding at 31 December 2023 as explained in Section 1.4 below, are as follows:
- Italian Credit Recycle
- Restart
- AQUI SPV
- Spring SPV
- Summer SPV
- Grogu SPV (execution of the "Skywalker" sale project)
- Pillarstone
- Sestante no. 2
- Sestante no. 3
- Brisca Securitisation
- Riviera NPL
- Lanterna Mortgage
- Lanterna Finance 4

On the other hand, the transaction known as "Grecale", originated by Unipol Banca S.p.A. and merged into BPER Banca in 2019, was closed with the repurchase of the loans, which took place on 12 April 2023, and the cancellation of the remaining securities.

53 Information on the so-called "Self-securitisations" is provided in Section 4 – Liquidity risk, below.

Italian Credit Recycle (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	20 June 2017
Seller:	Nuova Cassa di Risparmio di Ferrara s.p.a.
Special purpose vehicle:	Italian Credit Recycle s.r.l., based in Rome
Servicer:	Master Gardant s.p.a. , acting as Servicer, Corporate Servicer, Calculation and Paying Agent
Issue date of securities	28 June 2017
Type of transaction	Traditional
Organisational structure	Master Gardant s.p.a. prepares a quarterly report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 252 million
Disposal price of securitised assets	The disposal price was Euro 41 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Residual balance at 31.12.2023
IT0005274565	Senior	Dec-37	22,400	-
IT0005274573	Junior	Dec-37	18,600	1
Total				**1**

The securities were placed with institutional investors on issue and, for a residual part, were subscribed by BPER Banca (Euro 2.2 million).

Restart (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	20 June 2017
Seller:	Nuova Cassa di Risparmio di Ferrara s.p.a.
Special purpose vehicle:	Restart SPV s.r.l., based in Rome
Servicer:	Master Gardant s.p.a., acting as Servicer, Corporate Servicer, Calculation and Paying Agent
Issue date of securities	20 June 2017
Type of transaction	Traditional
Organisational structure	Master Gardant s.p.a. prepares a quarterly report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 343 million
Disposal price of securitised assets	The disposal price was Euro 22 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None

The special purpose vehicle has issued the following bonds:

ISIN code	***Seniority***	**Maturity**	**Issue amount**	**Residual balance at 31.12.2023**
IT0005274532	Senior	Dec-37	18,200	70
IT0005274540	Junior	Dec-37	14,800	679
Total			**33,000**	**749**

The securities were placed with institutional investors on issue and, for a residual part, were subscribed by BPER Banca (Euro 1.8 million).

AQUI SPV S.R.L. (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	02 October 2018
Seller:	BPER Banca S.p.A.; Cassa di Risparmio di Bra S.p.A.; Cassa di Risparmio di Saluzzo S.p.A.
Special purpose vehicle:	AQUI SPV S.r.l., based in Conegliano (TV)
Servicer:	Prelios Credit Servicing S.p.A., as Servicer
Issue date of securities	07 November 2018
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Prelios Credit Servicing S.p.A. prepares a half-year report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 2,082 million
Disposal price of securitised assets	The disposal price was Euro 618 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 27.235 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Residual balance at 31.12.2023	*Rating Scope*	*Rating Moody's*
IT0005351330	Senior	Oct-38	544,700	269,469	B+(sf)	Ba2 (sf)
IT0005351348	Mezzanine	Oct-38	62,900	3,145	n.r.	n.r.
IT0005351355	Junior	Oct-38	10,852	543	n.r.	n.r.
Total			**618,452**	**273,157**		

The notes were fully subscribed by BPER Banca s.p.a. on issue. The Mezzanine and Junior notes were subsequently placed with institutional investors net of a residual part equal to 5% (Euro 3.7 million), retained by BPER Banca in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Spring (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	01 June 2020
Seller:	BPER Banca S.p.A.; Banco di Sardegna S.p.A.; Cassa di Risparmio di Bra S.p.A.
Special purpose vehicle:	SPRING SPV S.r.l., based in Conegliano (Treviso)
Servicer:	Prelios Credit Servicing S.p.A., as Servicer
Issue date of securities	18 June 2020
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Prelios Credit Servicing S.p.A. prepares a half-year report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 1,377 million
Disposal price of securitised assets	The disposal price was Euro 341 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 16.450 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Residual balance at 31.12.2023	*Rating Scope*	*Rating Moody's*
IT0005413197	Senior	Sep-40	320,000	114,499	BBB+ (sf)	Baa1 (sf)
IT0005413213	Mezzanine	Sep-40	20,000	1,000	n.r.	n.r.
IT0005413221	Junior	Sep-40	3,400	170	n.r.	n.r.
Total			**343,400**	**115,669**		

The securities were fully subscribed by BPER Banca s.p.a. and Banco di Sardegna s.p.a. on issue. The Mezzanine and Junior notes were subsequently placed with institutional investors net of a residual part equal to 5% (Euro 1.2 million), kept by BPER Banca s.p.a. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Summer (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	18 December 2020
Seller:	BPER Banca S.p.A.; Banco di Sardegna S.p.A.
Special purpose vehicle:	SUMMER SPV S.r.l., based in Conegliano (TV)
Servicer:	Fire S.p.A. as Special Servicer and - Banca Finint S.p.A. as Master Servicer
Issue date of securities	30 December 2020
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Banca Finint S.p.A. prepares a half-year report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 322 million
Disposal price of securitised assets	The disposal price was Euro 86 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 3.666 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Residual balance at 31.12.2023	*Rating Scope*	*Rating Moody's*
IT0005432445	Senior	Oct-40	85,400	45,527	BBB (sf)	Baa1 (sf)
IT0005432452	Mezzanine	Oct-40	10,000	500	n.r.	n.r.
IT0005432460	Junior	Oct-40	1,000	50	n.r.	n.r.
Total			**96,400**	**46,077**		

The Senior notes were fully subscribed by BPER Banca s.p.a. and Banco di Sardegna s.p.a. The Mezzanine and Junior notes were subsequently placed with an institutional investor and, to a residual extent equal to 5% (Euro 550 thousand), they were underwritten by BPER Banca s.p.a. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Grogu (transaction structured pursuant to Law 130 dated 30 April 1999)

Disposal date:	28 July 2021
Seller:	BPER Banca S.p.A.; Banca Intesa San Paolo S.p. A.
Special purpose vehicle:	GROGU SPV S.r.l., based in Conegliano (TV)
Servicer:	Prelios Credit Servicing s.p.a., as Special Servicer and Banca Finint S.p.A. as Master Servicer
Issue date of securities	15 December 2021
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Banca Finint S.p.A. prepares a quarterly report that it shares with investors
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The amount of receivables from the portfolios sold is Euro 3,077 million, of which Euro 914 million relating to the BPER portfolio and Euro 2,163 million relating to the Intesa San Paolo portfolio.
Disposal price of securitised assets	The disposal price was Euro 500 million
Guarantees and credit lines granted by the bank	Subordinated loan of Euro 8.4 million
Guarantees and credit lines granted by third parties	Subordinated loan of Euro 12.2 million granted by Intesa Sanpaolo. Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	*Rating Scope*	*Rating Moody's*	*Rating DBRS*
IT0005473852	Senior	Jan-42	460,000	187,680	88,251	BBB+ (sf)	Baa1 (sf)	BBB (High)
IT0005473860	Mezzanine	Jan-42	37,000	4,757	550	n.r.	n.r.	n.r.
IT0005473878	Junior	Jan-42	3,000	386	45	n.r.	n.r.	n.r.
Total			**500,000**	**192,823**	**88,846**			

The Senior securities were subscribed to in proportion to the price of sale by BPER Banca and Intesa San Paolo. The Mezzanine and Junior notes were subsequently placed with an institutional investor and, to a residual extent equal to 5% (Euro 550 thousand), they were underwritten by BPER Banca s.p.a. in compliance with the retention obligations prescribed by the CRR (Capital Requirements Regulation).

Pillarstone

In 2017, BPER Banca securitised, through the vehicle Pillarstone Italy SPV s.r.l. (established under Law 130/99), a loan of 21 million US Dollars due from the company Premuda s.p.a..
The transaction, carried out jointly with other important Italian banks, was carried out in order to allow a restructuring of the receivables from Premuda s.p.a.7, with the aim of facilitating and increasing the recoveries of the securitised exposures.
The sale was finalized with the issue by the vehicle of Super Senior class securities (subscribed by third parties), of Senior and Junior class securities (fully subscribed by the bank).
The transaction also involves the transfer of all the loans purchased by the vehicle (Pillarstone Italy SPV s.r.l.) to a company (Pillarstone Italy Holding s.p.a.) which, through separate assets established pursuant to art. 2447-bis letter a) of the Italian Civil Code, provides for the restructuring of the loan due from the Premuda group.
BPER Banca does not hold any interest in the companies indicated above.
None of the securities issued by the SPV have a rating.
To match the derecognition of the loan, the Parent Company has recognised the securities subscribed as an asset.
The carrying value of the securities of US dollar 81,575 thousand and Euro 25,645 thousand includes the securities previously pertaining to the acquiree Banca Carige S.p.A. and is equal to the amount of the restructured loan entered into between Pillarstone Italy Holding s.p.a. and the Premuda group.

The “own” transactions also include those originated by the Banks absorbed by BPER Banca S.p.A. In particular, they include:

- the securities issued by Sestante Finance SPV S.r.l. deriving from transactions originated by Meliorbanca S.p.A., which was absorbed by BPER Banca in 2012.

Sestante no. 2

Disposal date:	03 December 2004
Seller:	Meliorbanca S.p.a.
Special purpose vehicle:	Sestante Finance s.r.l., based in Via Mario Carucci 131, Rome
Servicer:	Italfondiario Spa
Issue date of securities	03 December 2004
Type of transaction	Traditional
Organisational structure	Italfondiario S.p.a. provides a quarterly report on the collections in which it comments on the activity carried out with indications relating to collections, providing specific details about interest and principal payments
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Servicer

The operational aspects are summarised below:

Assets sold	ABS securities with mortgage loans on residential and commercial properties as underlying
Quality of assets securitised	Performing loans
Amount of securitised assets	The nominal value of ABS securities issued by Sestante W Srl was Euro 858 million
Disposal price of securitised assets	The disposal price was Euro 900 million.
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	Contingency liquidity
Analysis by business sector	Mortgage agreements stipulated with both individuals and legal entities excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	Seniority	Maturity	Issue amount	Residual balance at 31.12.2023
IT0003760136	Senior	Jul-42	575,300	-
IT0003760193	Mezzanine	Jul-42	34,400	-
IT0003760227	Mezzanine	Jul-42	15,600	-
IT0003760243	Mezzanine	Jul-42	21,900	-
IT0003760284	Junior	Jul-42	6,253	-
Total			**653,453**	**-**

The Senior and Mezzanine securities were placed with institutional investors on issue, while the Junior securities were subscribed by the merged company Meliorbanca s.p.a. and subsequently sold on the secondary market. As at 31 December 2023, the securities were still outstanding but not held by Group Banks.

Sestante no.3

Disposal date:	16 December 2005
Seller:	Meliorbanca S.p.a.
Special purpose vehicle:	Sestante Finance s.r.l., based in Via Mario Carucci 131, Rome
Servicer:	Italfondiario Spa
Issue date of securities	16 December 2005
Type of transaction	Traditional
Organisational structure	Italfondiario S.p.a. provides a quarterly report on the collections in which it comments on the activity carried out with indications relating to collections, providing specific details about interest and principal payments
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Servicer

The operational aspects are summarised below:

Assets sold	ABS securities with mortgage loans on residential and commercial properties as underlying
Quality of assets securitised	Performing loans
Amount of securitised assets	The nominal value of ABS securities issued by Sestante W Srl was Euro 858 million
Disposal price of securitised assets	The disposal price was Euro 900 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	Contingency liquidity
Analysis by business sector	Mortgage agreements stipulated with both individuals and legal entities excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Residual balance at 31.12.2023
IT0003937452	Senior	Jul-45	791,900	-
IT0003937486	Mezzanine	Jul-45	47,350	-
IT0003937510	Mezzanine	Jul-45	21,500	-
IT0003937569	Mezzanine	Jul-45	30,150	-
IT0003937551	Junior	Jul-45	8,610	-
Total			**899,510**	**-**

The Senior and Mezzanine securities were placed with institutional investors on issue, while the Junior securities were subscribed by the merged company Meliorbanca s.p.a. and subsequently sold on the secondary market. As at 31 December 2023, the securities were still outstanding but not held by Group Banks.

Brisca Securitisation S.r.l.

Disposal date:	16 June 2017
Seller:	Banca Carige S.p.A.; Banca Cesare Ponti S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Brisca Securitisation S.r.l.
Servicer:	Prelios Credit ServicingS.p.A., as Servicer; Zenith Service S.p.A. as Monitoring Agent
Issue date of securities	05 July 2017
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Banca Finint S.p.A. as Representative of the Noteholders, Calculation Agent, BUS and Corporate Services Provider; BNP Paribas S.S. as Agent Bank, Account Bank Cash Manager and Principal Paying Agent
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 961 million
Disposal price of securitised assets	The disposal price was Euro 309.7 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rates on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	***Seniority***	**Maturity**	**Issue amount**	**Subscribed amount**	**Residual balance at 31.12.2023**	***Rating DBRS***	***Rating Moody's***
IT0005274599	Senior	Dec-37	267,400	267,400	99,981	CCC (sf)	B3 (sf)
IT0005274607	Mezzanine	Dec-37	30,500	-	-	C (sf)	Ca (sf)
IT0005274615	Junior	Dec-37	11,800	-	-	n.r.	n.r.
Total			**309,700**	**267,400**	**99,981**		

Riviera NPL S.r.l.

Disposal date:	4 December 2018
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Riviera NPL S.r.l.
Servicer:	Credito Fondiario S.p.A. as Master Servicer; Credito Fondiario S.p.A. as Special Servicer A and Italfondiario S.p.A. as Special Servicer B; Zenit Service S.p.A. as Monitoring Agent
Issue date of securities	17 December 2018
Type of transaction	Traditional with Guarantee from the Ministry of Economy and Finance (GACS or Bad Loan Securitisation Guarantee)
Organisation	Banca Finint S.p.A. as Representative of the Noteholders, Calculation Agent, BUS and Corporate Services Provider; BNP Paribas S.S. as Agent Bank, Account Bank Cash Manager and Principal Paying Agent
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out, in accordance with the contractually-agreed code of conduct, by an organisational unit dedicated to this task

The operational aspects are summarised below:

Assets sold	Loans of banking origin
Quality of assets securitised	Non-performing
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 963 million
Disposal price of securitised assets	The disposal price was Euro 215 million
Guarantees and credit lines granted by the bank	During the loan disposal phase, Banca Carige S.p.A. disbursed a subordinated loan facility of Euro 7 million
Guarantees and credit lines granted by third parties	Cap Agreement to hedge interest rate risk on the notes issued

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	*Rating Scope*	*Rating Moody's*
IT0005356040	Senior	Jul-36	175,000	175,000	66,530	BB+ (sf)	Ba1 (sf)
IT0005356057	Mezzanine	Jul-36	30,000	1,500	1,500	CCC (sf)	Ca (sf)
IT0005356065	Junior	Jul-36	10,000	500	500	n.r.	n.r.
Total			**215,000**	**177,000**	**68,530**		

Lanterna Mortgage s.r.l.

Disposal date:	16 July 2020
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Lanterna Mortgage s.r.l., with registered office in Via della Cassa di Risparmio 15, Genoa
Servicer:	BPER Banca S.p.A. (former Banca Carige s.p.a.), in the role of Servicer - Corporate Servicer and Cash Manager
Issue date of securities	31 July 2020
Type of transaction	Traditional - STS compliant
Organisation	BNY Mellon in the role of Account Bank and Paying Agent; Zenith Services as Representative of the Noteholders and BUS; Prime Collateralised Securities EU SAS as Third Party Verifying STS compliance
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator. This activity has been delegated to Servicer since the absorption date of Banca Carige into BPER Banca

The operational aspects are summarised below:

Assets sold	Mortgage loans on residential properties
Quality of assets securitised	Performing loans
Amount of securitised assets	The total claimed principal amount of the loan portfolio sold is Euro 248.4 million
Disposal price of securitised assets	The disposal price was Euro 249.4 million
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements stipulated with both individuals and legal entities excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	***Seniority***	**Maturity**	**Issue amount**	**Subscribed amount**	**Residual balance at 31.12.2023**	***Rating DBRS***	***S&P rating***
IT0005417990	A1	Jan-65	173,891	-	-	AAA (sf)	AA
IT0005418006	A2	Jan-65	11,179	11,179	11,179	AAA (sf)	AA
IT0005418014	Junior	Jan-65	69,034	69,034	69,034	n.r.	n.r.
Total			**254,104**	**80,213**	**80,213**		

Lanterna Finance 4

Disposal date:	08 June 2021
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Lanterna Finance s.r.l., with registered office in Via della Cassa di Risparmio 15, 16123 - Genoa
Servicer:	BPER Banca S.p.A. (former Banca Carige s.p.a.), in the role of Servicer - Corporate Servicer and Cash Manager
Issue date of securities	30 June 2021
Type of transaction	Traditional - STS compliant
Organisation	BNY Mellon in the role of Account Bank, Calculation Agent and Paying Agent; Zenith Services as Representative of the Noteholders and BUS; Prime Collateralised Securities EU SAS as Third Party Verifying STS compliance
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator. This activity has been delegated to Servicer since the absorption date of Banca Carige into BPER Banca

The operational aspects are summarised below:

Assets sold	Mortgages granted to SMEs assisted by the specific Guarantee Provision
Quality of assets securitised	Performing loans
Amount of securitised assets	The total claimed principal amount of the loan portfolio sold is Euro 384 million
Disposal price of securitised assets	The disposal price was Euro 384 million
Guarantees and credit lines granted by the bank	Subordinated loan for Euro 3.275 million disbursed pro rata by Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A.
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements stipulated with legal entities with SME status pursuant to Law 662/96
Analysis by geographical area	Securitised loans refer to borrowers based in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Subscribed amount	Residual balance at 31.12.2023	*Moody's*	*S&P rating*
IT0005450710	Senior	Apr-50	320,000	-	-	Aa3 (sf)	A+
IT0005450728	Junior	Apr 2050	62,700	62,700	62,700	n.r.	n.r.
Total			**382,700**	**62,700**	**62,700**		

Quantitative information

C.1 Breakdown of exposures deriving from the main "own" securitisations by type of securitised asset and type of exposure

Type of securitised assets/Exposure	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book Value	Net impairment losses	Book Value	Net impairment losses	Book Value	Net impairment losses
A. Fully derecognised	**725,462**	**15,237**	**21,322**	**-**	**814**	**-**
- performing residential mortgages	988	-	-	-	-	-
- non-performing residential mortgages	109,223	1,055	679	-	175	-
- non-performing non-residential mortgages	343,833	8,897	770	-	151	-
- non-performing leases	23	-	680	-	-	-
- other non-performing loans	271,395	5,285	19,193	-	488	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**-**	**-**	**-**	**-**	**44,841**	**-**
- performing residential mortgages	-	-	-	-	-	-
- other performing loans	-	-	-	-	44,841	-

(cont.)

Type of securitised assets/Exposure	Guarantees granted					
	Senior		Mezzanine		Junior	
	Net exposure	Net impairment losses	Net exposure	Net impairment losses	Net exposure	Net impairment losses
A. Fully derecognised	**1,892**	**57**	**-**	**-**	**-**	**-**
- performing residential mortgages	1,892	57	-	-	-	-
- non-performing residential mortgages	-	-	-	-	-	-
- non-performing non-residential mortgages	-	-	-	-	-	-
- non-performing leases		-	-	-	-	-
- other non-performing loans	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**-**	**-**	**-**	**-**	**-**	**-**

The table shows the on-balance-sheet exposures assumed by the Group in connection with its own securitisations Sestante, Pillarstone, Restart, Italian Credit Recycle, Brisca, Aqui, Riviera, Spring, Summer, Grogu, Loira. "Net impairment losses" show the annual flow of impairment losses and write-backs as required by the Bank of Italy's Circular 262/2005. The parts of the table relating to "Credit Lines" have not been shown as there is nothing to report.

C.2 Breakdown of exposures deriving from the main “third-party” securitisations by type of securitised asset and type of exposure

Type of underlying asset/Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book Value	Net impairment losses	Book Value	Net impairment losses	Book Value	Net impairment losses
- performing residential mortgages	12,504	3	-	-	-	-
- non-performing residential mortgages	-	-	-	-	-	-
- other performing loans	24,825	-	-	-	-	-
- other non-performing loans	-	-	-	-	-	-

(cont.)

Type of underlying asset/Exposures	Credit lines					
	Senior		Mezzanine		Junior	
	Net exposure	Net impairment losses	Net exposure	Net impairment losses	Net exposure	Net impairment losses
- performing residential mortgages	-	-	-	-	-	-
- non-performing residential mortgages	-	-	-	-	-	-
- other performing loans	2,100	-	-	-	-	-
- other non-performing loans	-	-	-	-	-	-

The parts of the table relating to “Guarantees granted” have not been shown as there is nothing to report.

C.3 Securitisation vehicle

There are no amounts to be disclosed in this Financial Report.

C.4 Non-consolidated securitisation vehicles

Securitisation name/ Name of vehicle company	Registered head office	Consolidation	Assets			Liabilities		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
Lanterna Finance 4 - Pmi 100	Via Cassa di Risparmio, 15, 16123, Genoa	-	209,979		16,467	157,189	-	63,029
Lanterna Finance 5	Via Cassa di Risparmio, 15, 16123, Genoa	-	293,078		25,583	112,032	-	187,982
Lanterna Mortgage	Via Cassa di Risparmio, 15, 16123, Genoa	-	171,105		10,225	96,059	-	69,396

C.5 Servicer activities - “own” securitisation: collection of securitised loans and reimbursement of securities issued by securitisation vehicle

There are no amounts for this item in this Financial Report.

D. Information on structured entities not consolidated for accounting purposes (other than securitisation vehicles)

Please refer to information disclosed in the Consolidated financial report.

E. Disposal transactions

A. Financial assets sold but not fully derecognised

Qualitative Information

The business reflected in the following table mainly relates to the use of investment securities for short/medium/long-term repo transactions and to the disposal of loans to customers in the context of securitisation transactions.

Quantitative information

E.1 Financial assets sold and fully recognised and associated financial liabilities: book value

	Financial assets sold and fully recognised				Related financial liabilities		
	Book Value	o.w. subject to securitisation transactions	o.w. subject to sale contracts with repurchase agreement	of which non-performing	Book Value	o.w. subject to securitisation transactions	o.w. subject to sale contracts with repurchase agreement
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**847,942**	**-**	**847,942**	**-**	**828,888**	**-**	**828,888**
1. Debt securities	847,942	-	847,942	-	828,888	-	828,888
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**5,280,115**	**363,706**	**4,916,409**	**13,582**	**4,838,202**	**236,809**	**4,601,393**
1. Debt securities	4,231,145	-	4,231,145	-	3,909,156	-	3,909,156
2. Loans	1,048,970	363,706	685,264	13,582	929,046	236,809	692,237
Total 31.12.2023	**6,128,057**	**363,706**	**5,764,351**	**13,582**	**5,667,090**	**236,809**	**5,430,281**
Total 31.12.2022	**4,806,611**	**716,218**	**4,090,393**	**5,382**	**4,176,185**	**392,898**	**3,783,286**

E.2 Financial assets sold partially recognised and related financial liabilities: book value

There are no amounts for this item in this Financial Report.

E.3 Sale transactions with liabilities having recourse exclusively on the assets sold and not fully derecognised: fair value

There are no amounts for this item in this Financial Report.

B. Financial assets sold and not fully derecognised with recognition of continuing involvement

Qualitative Information

The Bank did not make any disposal for which it would have to provide information in accordance with IFRS 7 § 7, 42D letters a), b), c) and § 42H.

C. Financial assets sold and fully derecognised

The instrument of the assignment of loans to mutual investment funds aims to assign the management of exposures classified as high risk to specialised and independent professional operators (represented by asset management companies, hereinafter also "SGR") which, through managerial discontinuity actions, should allow a more effective turnaround of Target debtor Companies in a state of financial tension and/or distress with respect to the amount that can be pursued by the creditor bank through own management of its exposure. The strategies pursued by the SGR that manages the fund, in fact, leverage management tools such as, for example, the conversion of debt to equity, the entry of Target debtor Companies in the management bodies in order to achieve an effective operational turnaround, the development of distressed M&A transactions aimed at protecting the value of companies through business partnerships, the direct purchase of property in the case of real estate operators and, lastly, the contribution of new finance from third party investors aimed at the relaunch of companies through tools that enable a greater degree of priority in reimbursements with respect to already existing financial debt (Debtor-in-Possession Financing).
From said perspective, the intervention of an SGR guarantees adequate mechanisms for protecting the rights of investing banks, through the powers attributed to the appropriate investor committees. In addition, in order to align the interests of the SGR with those of the investing banks, the fee and commission structure in favour of the SGR includes not only management fees, proportional to the net assets of the fund, but also performance fees or a carried interest in the extra return on the transaction.

Starting from 2018 until the current year 2023, the BPER Banca Group carried out various assignment transactions attributable to the scheme of the transfer to a mutual investment fund, which involved the derecognition of the assets transferred, following the verification that the originator transferred substantially the risks and rewards of the assets transferred and, also did not retain any substantial control over said assets which was instead assumed by the fund management company.
In replacement of the derecognised assets, under item 20 c) "Financial assets measured at fair value through profit and loss - other financial assets mandatorily at fair value", of Balance sheet assets, the BPER Banca Group recognised units of the Funds received in respect of said transfers. The risks and rewards that the Group may achieve on the units held in exchange for the transfer of assets depend on the general performance of the fund managed by the SGR. In compliance with Part A4 - Information on fair value, for the initial recognition and subsequent recognitions in the financial report, in view of the characteristics of the instruments - units in mutual closed-end unlisted (illiquid) funds, the fair value was determined using a mark-to-model approach as level 3 fair value. A type of Discounted Cash Flow (DCF) model was used.

As at 31 December 2023, therefore, the BPER Banca Group holds units of 7 mutual investment funds in its portfolio, summarised hereunder:

- Clessidra Restructuring Fund – CRF
- IDeA Corporate Credit Recovery II – CCR II
- RSCT Fund
- Efesto
- Illimity Credit and Corporate Turnaround Fund - iCCT
- Illimity Real Estate Credit Found - iRECF
- Back2Bonis
- KEYstone

In relation to the provisions contained in the Communication of the Bank of Italy of 23 December 2019, acknowledged in the 8th update of Circular 262, the quali-quantitative information for each transaction in place as at 31 December 2023 is reported below.

Sale of non-performing loans to Clessidra Restructuring Fund

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	Clessidra Restructuring Fund ("CRF")	
SGR that manages the investment fund:	Clessidra SGR s.p.a.	
Disposal date:	25.09.2019	05.05.2021
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	27.7	4.1
NBV of assets transferred (in millions of Euro):	11.5	1.0
Units of Fund assigned:		
ISIN:	IT0005362659	IT0005362659
No. of units assigned at signing:	18,317,941	813,967
Book value of the units at signing (in millions of Euro):	12.0	0.8
No. units outstanding at year-end:	19,131,908	
Book value of the units at year-end (in millions of Euro)	9.4	

Sale of non-performing loans to IDeA Corporate Credit Recovery II

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	IDeA Corporate Credit Recovery II or “IDeA CCR II”	
SGR that manages the investment fund:	Dea Capital Alternative Funds SGR s.p.a.	
Disposal date:	26.06.2018	24.01.2020
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	6.1	8.7
NBV of assets transferred (in millions of Euro):	1.9	3.4
Units of Fund assigned:		
ISIN:	IT0005276065	IT0005276065
No. of units assigned at signing:	87	144
Book value of the units at signing (in millions of Euro):	4.3	2.5
No. units outstanding at year-end:	231	
Book value of the units at year-end (in millions of Euro)	3.5	

Sale of non-performing loans to RSCT Fund

Seller:	BPER Banca s.p.a.
Acquiring investment fund:	RSCT Fund
SGR that manages the investment fund:	Davy Global Fund Management Limited, part of the company Pillarstone Italia S.p.a.
Disposal date:	13.05.2020
Assets sold:	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans
GBV of assets transferred(*) (in millions of Euro):	42.2
NBV of assets transferred(*) (in millions of Euro):	17.6
Units of Fund assigned:	
ISIN:	IT0005407975
No. of units assigned at signing(*) (in millions of Euro):	25,126,391
Book value of the units at signing (*) (in millions of Euro):	17.4
No. units outstanding at year-end:	25,126,391
Book value of the units at year-end (in millions of Euro)	20.3

(*) The value stated is considered net of the value of the position repurchased in 2021 which, upon transfer, had a GBV of Euro 3.2 and a NBV of Euro 1.5 million . The repurchase by the transferor involved a reduction in the units initially acquired of 1,397,653 for a value of Euro 1.1 million.

Sale of non-performing loans to Efesto

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	EFESTO Fund	
SGR that manages the investment fund:	Finanziaria Internazionale Investments SGR s.p.a.	
Disposal date:	27.10.2020	11.03.2021
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	25.1	112.5
NBV of assets transferred (in millions of Euro):	9.7	52.7
Units of Fund assigned:		
ISIN:	IT0005419491	IT0005419491
No. of units assigned at signing:	13,814,877	55,405,549
Book value of the units at signing (in millions of Euro):	10.0	51.5
No. units outstanding at year-end:	69,220,426	
Book value of the units at year-end (in millions of Euro)	39.3	

Sale of non-performing loans to Illimity Credit and Corporate Turnaround Fund - iCCT

Seller:	BPER Banca s.p.a.			
Acquiring investment fund:	Illimity Credit and Corporate Turnaround Fund ("iCCT")			
SGR that manages the investment fund:	Illimity SGR s.p.a.			
Disposal date:	31.03.2021	26.11.2021	23.02.2023	14.12.2023
Assets sold:	Corporate Loans	Corporate Loans	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	37.8	5.5	22.0	7.6
NBV of assets transferred (in millions of Euro):	23.9	2.5	12.3	7.0
Units of Fund assigned:				
ISIN:	IT0005416653	IT0005416653	IT0005416653	IT0005416653
No. of units assigned at signing:	30,357,527	3,230,166	12,247,369	5,457,745
Book value of the units at signing (in millions of Euro):	25.0	3.3	12.2	1.7
No. units outstanding at year-end:	51,292,807			
Book value of the units at year-end (in millions of Euro)	39.4			

The price of the only position transferred as at February 2023 was Euro 13.5 million. The assigned debtor operates in the processing and preservation of fruit and vegetables and is located in Northern Italy.
The price of the only position transferred as at December 2023 was Euro 1.9 million. The assigned debtor operates in the electronic equipment manufacturing sector and is located in Northern Italy.

Disposal of non-performing loans to Illimity Real Estate Credit Fund – iRECF

Seller:	BPER Banca s.p.a.
Acquiring investment fund:	Illimity Real Estate Credit Fund or “iRECF”
SGR that manages the investment fund:	Illimity SGR s.p.a.
Disposal date:	24.10.2023
Assets sold:	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	30.2
NBV of assets transferred (in millions of Euro):	20.9
Units of Fund assigned:	
ISIN:	IT0005493371
No. of units assigned at signing:	28,827,038
Book value of the units at signing (in millions of Euro):	16.3
No. units outstanding at year-end:	28,827,038
Book value of the units at year-end (in millions of Euro)	15.3

The price of the only position sold in October 2023 was Euro 20.2 million. The assigned debtor operates in the Mutual funds (real estate) sector and is located in Northern Italy.

Sale of non-performing loans to Back2Bonis

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	Back2Bonis	
SGR that manages the investment fund:	SGR Prelios s.p.a.	
Disposal date:	21.05.2021	26.06.2023
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	51.6	23.4
NBV of assets transferred (in millions of Euro):	25.6	19.4
Units of Fund assigned:		
ISIN:	IT0005396327	IT0005396327
No. of units assigned at signing:	50	45
Book value of the units at signing (in millions of Euro):	24.4	13.5
No. units outstanding at year-end:	95	
Book value of the units at year-end (in millions of Euro)	34.5	

Sale of non-performing loans to KEYstone

Seller:	BPER Banca s.p.a.	
Acquiring investment fund:	KEYstone Fund	
SGR that manages the investment fund:	KRYALOS SGR s.p.a.	
Disposal date:	08.02.2022	20.12.2022
Assets sold:	Corporate Loans	Corporate Loans
Quality of assets sold:	Unlikely-To-Pay loans	Unlikely-To-Pay loans
GBV of assets transferred (in millions of Euro):	37.1	34.8
NBV of assets transferred (in millions of Euro):	16.7	7.6
Units of Fund assigned:		
ISIN:	IT0005474462	IT0005474462
No. of units assigned at signing:	31,914,369	11,320,122
Book value of the units at signing (in millions of Euro):	20.4	7.7
No. units outstanding at year-end:	43,234,491	
Book value of the units at year-end (in millions of Euro)	29.9	

A. Covered bond transactions

Introduction

Covered Bond (OBG) issues are foreseen by BPER Banca Group's strategic plan as a means to diversify funding sources, reduce funding costs and extend the maturities of liabilities. In particular, OBG issues are extremely appealing at a time when market yields are very low. The Board of Directors:

- on 8 February 2011, by means of a specific programme resolution, it launched the structuring of a First OBG issue programme ("OBG1"), based on a portfolio secured by residential mortgages, pursuant to Law no. 130 of 30 April 1999 (the "Law 130/99") and the related implementing regulations in force at the time;
- on 3 March 2015, launched the structuring of a second programme for the issue of Covered Bonds ("OBG2"), based on a collateralised portfolio of residential and commercial mortgage loans;
- following the merger by absorption of the subsidiary Banca Carige S.p.A. on 24 November 2022, with economic effect from 28 November 2022 , BPER Banca became the issuer of a third covered bond issuing programme ("OBG3"), based on a collateralised portfolio of residential and commercial mortgages.

The basic structure of a covered bond issue

Covered Bonds can be issued under a scheme which envisages:

- the sale by a bank, which may differ from the bond issuer, to a special purpose vehicle of high credit quality assets and which constitute segregated assets pursuant to the applicable provisions of Law 130/99;
- the selling bank or another bank granting a subordinated loan to the assignee company to provide the assignee with the funding required to purchase the assets;
- the issue of a guarantee by the assignee company in favour of the bondholders, up to the amount of the segregated assets.

High credit quality assets are intended to mean loans that meet the selection criteria defined by the Regulations and related contracts (the "Eligible Assets").

Key elements of the BPER Banca Group's Programmes for the issue of Covered Bonds

The BPER Banca's Covered Bond Programmes (the "OBG Programmes") have been structured as follows:

- the sale without recourse of high credit quality assets, which constitute segregated assets pursuant to Law 130/99, respectively to the special purpose vehicles Estense Covered Bond s.r.l. for OBG1, Estense CPT Covered Bond s.r.l. for OBG2 and Carige Covered Bond s.r.l. for OBG3, initially just by BPER Banca or by the respective originator banks and then, during the Programmes, also by other Group Banks;
- the provision to the assignee vehicle companies, by BPER Banca and other Group Banks that will eventually join the Programmes as selling banks, of subordinated loans to provide the assignees with the funding required to purchase the assets sold;
- the issue by the assignee SPVs, up to the amount of the segregated assets, of guarantees in favour of the holders of the Covered Bonds issued by BPER Banca.

Although they are presented "as Group Programmes", the initial and subsequent transactions only involved BPER Banca or the respective originator bank as the selling bank, the understanding being that BPER Banca always takes on the role of issuing bank. Only at a later stage, after an expert assessment of the risks and opportunities, is it expected that other Group Banks will join the Programmes as selling banks of additional Eligible Assets.
The portfolios of Eligible Assets are composed of loans originating from residential mortgage loans for OBG1 and of residential and commercial mortgage loans for OBG2 and OBG3, which meet the requirements of the regulations in force. These portfolios were identified based on general and specific criteria indicated in the sale agreements. The additional portfolios of Eligible Assets may include loans deriving from mortgages that meet the requirements of the Regulations.
The sale price of the portfolios is determined, as laid down in the *Supervisory Provisions for Banks*, with reference to their book values in the latest financial reports approved by BPER Banca with a view to specific sale dates or by having the sale price certified by the Independent Auditors. The sale prices so determined are subject to adjustment to take account of movements on the loans between the financial year end and the date of sale. More specifically, the sale prices shall be adjusted to consider the collection of the capital element of the loans in the intervening period and the payment of contractually agreed interest in the same period.

The sale of the portfolios - without recourse and under the combined provisions of articles 1 and 4 of Law 130/99 and art. 58 of the Consolidated Law on Finance - is communicated to the mortgage holders by publishing a notice of sale by the seller with the above selection criteria in the Official Journal and by filing the same notice of sale with the Registrar of Companies. Further formalities are also carried out for privacy legislation purposes (Legislative Decree 196/2003 and Regulation (EU) 679/2016, as later amended and supplemented).
The mortgage holders maintain a direct operational relationship with BPER Banca since the three SPVs have given BPER Banca responsibility for managing and administering the loans sold and the related collection and payment services ("servicing activities"), with BPER Banca having the power to grant a sub-proxy to the pertinent selling banks to perform servicing activities for the portfolios sold.
This, in accordance with the regulations in force, is in order to minimise the commercial impact with the mortgage holders and, at the same time, to optimise the operational management of each portfolio which, in fact, remains in the hands of the assignors.
At predetermined dates and based on specific operational and market situations, BPER Banca, in the role of Calculation Agent, will perform assessment tests to compare the portfolios sold with the bonds issued, aimed at verifying the adequacy of the guarantees issued with reference to specific legal parameters and the parameters set by the OBG Programmes' documentation based on indications provided by rating agencies, on which the credit rating assigned to these OBGs depends.

In the case of non-compliance with one or more of the required parameters, it will be necessary to add to the portfolios sold by selling further Eligible Assets. The portfolios can be added to by using the vehicle companies' liquid funds or by further drawdowns of the subordinated loans granted by BPER Banca (or by the other selling banks).
Other initiatives are required in the case of violation of contractual conditions, up to the extreme consequences of enforcement of the guarantees provided by the vehicle companies in the case of an Event of Default by the issuer (for example, default in repayment of principal or non-payment of interest on the Covered Bonds).
Moreover, on predetermined dates, the functions responsible for supervising the Bank's risk management verify the quality and integrity of the Eligible Assets.
The structure of the OBG Programmes, as outlined, permits the creation of segregated assets (consisting of the Eligible Assets assigned), to serve as a preferred guarantee for the Covered Bond holders, for the counterparties to derivative contracts entered into under the Programmes to hedge the risks inherent in the portfolio of transferred Eligible Assets and for the payment of other transaction costs.
Normally, the charges for payment and redemption of the OBG remain with the Issuer and, only when there is an Event of Default by the Issuer will automatic protection mechanisms be activated to protect the investors.
To further support the financial structure, provision has been made for swaps with one or more external counterparties selected on the market and with an appropriate credit standing in line with the eligibility criteria required by rating agencies. The purpose of these contracts is to transform the interest flow produced by the loan portfolios sold so as to make them consistent with that incurred on the bonds issued.
In particular, among the various options available, it is normally envisaged that two separate swap derivative contracts will be entered into:

- asset swap: under this contract, the SPV will pay the swap counterparty the flow received as interest on a notional amount represented by a portion of segregated assets and determined by taking into account the outstanding amount of the liability represented by the Covered Bonds issued and will collect from it a flow corresponding to Euribor for the period plus or minus a Spread applied to the same notional amount for the reference period;
- liability swap: under this derivative the SPV will receive from the swap counterparty a fixed rate equal to the coupon of the related series of Guaranteed Bank Bonds and will pay thereto a flow corresponding to Euribor plus or minus (as appropriate) a Spread applied to an amount equal to the nominal value of the corresponding series of Covered Bonds.

These contracts can be linked to back-to-back swap agreements between the swap counterparties and BPER Banca, a situation that currently exists in the case of the ninth issue of the OBG1 Programme. No swap currently exists for the remaining issues.
The financial back-to-back mechanism allows, on the one hand, BPER Banca, as selling bank, to maintain a financial position as desired and consistent with its Asset & Liability Management strategies and, on the other hand, the SPV, as guarantor, in the Event of the occurrence of an Event of Default of the Issuer, to cover the costs of the Covered Bonds by trading them for the expected return on portfolio of loans sold.

The OBG1 Programme

The OBG1 Programme provides for the issue of Covered Bonds up to a maximum of Euro 7 billion, to take place in a number of issues over time, by the term of legal existence of BPER Banca (subject to the obligations for annual renewal of the prospectus prepared in compliance with EU Regulations).

OBG1 Programme issuances

issue	issue date	nominal amount of the OBGs issued	repayment date	nominal amount repaid	OBG characteristics	Purpose
I	01.12.2011	750,000,000	22,01,2014	750,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
II	25.06.2012	300,000,000	22,04,2015(*)	300,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
III	15.10.2013	750,000,000	22,10,2018	750,000,000	Fixed rate	placed on the national and international market
III(**)	24.02.2014	250,000,000	22,10,2018	250,000,000	Fixed rate	placed on the national and international market
IV	22.01.2015	750,000,000	22,01,2022	750,000,000	Fixed rate	placed on the national and international market
V	29.07.2015	750,000,000	22,07,2020	750,000,000	Fixed rate	placed on the national and international market
VI	31.05.2016	500,000,000	22,07,2020	500,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
VII	03.02.2017	540,000,000	22,04,2021	540,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
VIII	19.07.2018	500,000,000	22,07,2023	500,000,000	Fixed rate	placed on the national and international market
IX	19.03.2019	600,000,000	22,04,2026		Fixed rate	placed on the national and international market
X	18.09.2020	1,150,000,000	22,10,2024		Floating rate	self-subscribed for the purpose of ECB refinancing
XI	18.05.2021	600,000,000	22,04,2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
XII	16.11.2021	400,000,000	22,10,2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
XIII	29.06.2022	1,000,000,000	22,07,2026		Fixed rate	self-subscribed for the purpose of ECB refinancing
XIV	28.11.2023	750,000,000	22,10,2028		Fixed rate	placed on the national and international market
Total		**9,590,000,000**		**5,090,000,000**		

The residual debt of outstanding operations as at 31 December 2023 amounted to Euro 4,500 million.
(*) The II issue was early repaid on 12 January 2015.
(**) III series reopened in February 2014

In line with the operational chart described above, on 2 November 2011, BPER Banca sold to Estense Covered Bond s.r.l. a first portfolio of assets complying with the eligibility requirements provided for under the law, selected in accordance with the criteria noted above and featuring the following main characteristics:
- residential mortgage loans provided in accordance with mortgage lending legislation;
- concluded by 31 December 2010;
- final instalment due after 31 December 2012;
- ratio of outstanding debt to the value of secured property, estimated at the payment date, not higher than 80%.

The table below shows the details of all subsequent disposals.

OBG1 Programme sale of receivables

(in million)

disposals	disposal date	price of receivables assigned
I	02.11.2011	1,091
II	04.05.2012	546
III	10.07.2013	681
IV	23.07.2014	501
V	28.04.2015	1,074
VI	28.01.2016	1,086
VII	27.07.2016	310
VIII	25.01.2017	404
IX	23.10.2017	816
X	27.04.2018	652
XI	29.04.2019	570
XII	25.06.2020	515
XIII	24.09.2021	937
XIV	24.05.2022	991
XV	22.06.2023	648
XVI	07.11.2023	890
Total		**11,712**

The loan granted by BPER Banca to Estense Covered Bond s.r.l., under the form of a credit facility, to finance the purchase of the assigned portfolios amounted to Euro 7 billion as at 31 December 2023. This is without prejudice to BPER Banca's right to increase the amount of said credit facility to finance the purchase of additional portfolios (both in connection with new issues or for the purpose of adding to segregated assets). The relevant subordinated loan is remunerated so as to guarantee a return to the transferor of the yield on the segregated mortgage loans, albeit residual with respect to payment of the vehicle company's operating expenses, thus making the asset transfers essentially neutral from an economic standpoint.

Repayment of this loan is linked to the gradual reimbursement of the Covered Bonds that, in turn, will allow the release of the loan portfolio or the cash collections generated thereby.

Repayment of subordinated loan OBG1 Programme

(in million)

Disposal date	amounts repaid
22.10.2014	250
22.10.2015	250
22.01.2016	120
22.04.2016	250
22.07.2016	250
23.10.2017	400
23.04.2018	100
23.07.2018	250
22.10.2018	500
22.01.2019	280
23.04.2019	150
22.07.2019	150
22.10.2019	147
22.07.2020	495
22.01.2021	50
22.04.2021	50
22.07.2021	50
22.10.2021	450
22.04.2022	540
24.10.2022	75
24.04.2023	350
24.07.2023	370
23.10.2023	145
Total	**5,672**

The liquidity generated by the portfolio can also be used - within the limits established by law - for suitable investments or deposits, based on BPER Banca's indications as Investment Agent. Cash generated from the portfolio of sold Eligible Assets - for which BPER Banca remains as Servicer - are transferred to current accounts with third party banks with appropriate rating.

Counterparties involved in the OBG1 Programme

Issuing Bank, initial Selling Bank, Servicer, Investment Agent, Principal Paying Agent and Calculation Agent: BPER Banca.
Any other seller bank that could join the Programme:

- Banco di Sardegna S.p.A.;
- Bibanca S.p.A.

Arranger: NatWest Market Plc.
Guarantor: Estense Covered Bond s.r.l.
Representative of the Bondholders (RoB): Banca Finint S.p.A.
Italian Paying Agent, Cash Manager and Account Bank: BNP Paribas (both the Italian and London branches).
Corporate Servicer: Banca Finint S.p.A.
Guarantor Calculation Agent: Banca Finint S.p.A.
Liability Swap counterparty: for the ninth issue, BNP-Paribas.
Legal advisor to BPER Banca: Law Firm Orrick, Herrington & Sutcliffe.
Asset Monitor and Pool Auditor: PriceWaterhouseCoopers S.p.A.
Independent Auditors of the special purpose vehicle: Deloitte & Touche S.p.A
Rating agencies: Moody's Italia S.r.l..

The OBG2 Programme

The OBG2 Programme provides for the issue of Covered Bonds up to a maximum of Euro 7 billion, to take place in a number of issues over time, by the term of legal existence of BPER Banca (subject to the obligations for annual renewal of the prospectus prepared in compliance with EU Regulations).

OBG2 Programme issuances

issue	issue date	nominal amount of the OBGs issued	repayment date	nominal amount repaid	OBG characteristics	Purpose
I	16.12.2015	625,000,000	28.01.2018(*)	625,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
II	01.08.2016	200,000,000	28.10.2020	200,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
III	24.02.2017	240,000,000	28.04.2021	240,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
IV	25.01.2018	420,000,000	28.10.2021	420,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
V	17.10.2018	1,050,000,000	28.04.2022	1,050,000,000	Floating rate	self-subscribed for the purpose of ECB refinancing
VI	13.03.2019	200,000,000	28.04.2022	200,000,000	Fixed rate	self-subscribed for the purpose of ECB refinancing
VII	10.07.2019	250,000,000	28.07.2023		Fixed rate	self-subscribed for the purpose of ECB refinancing
VIII	30.01.2020	200,000,000	28.01.2024		Fixed rate	self-subscribed for the purpose of ECB refinancing
IX	30.04.2020	900,000,000	28.04.2024		Fixed rate	self-subscribed for the purpose of ECB refinancing
X	12.11.2020	550,000,000	28.10.2024		Floating rate	self-subscribed for the purpose of ECB refinancing
XI	12.11.2020	600,000,000	28.10.2024		Fixed rate	self-subscribed for the purpose of ECB refinancing
XII	14.05.2021	250,000,000	28.04.2025		Floating rate	self-subscribed for the purpose of ECB refinancing
XIII	11.11.2021	700,000,000	28.10.2025		Floating rate	self-subscribed for the purpose of ECB refinancing
XIV - I Tranche	11.11.2021	1,000,000,000	28.10.2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
XIV - II Tranche	23.09.2022	700,000,000	28.10.2025		Fixed rate	self-subscribed for the purpose of ECB refinancing
Total		**7,885,000,000**		**2,735,000,000**		

The residual debt of outstanding operations as at 31 December 2023 amounted to Euro 4,900 million.

(*) The first issue was early repaid on 27 September 2017 for Euro 150 million and on 22 January 2018 for the residual nominal amount.

In line with the operational chart described above, on 17 September 2015, BPER Banca sold to Estense CPT Covered Bond s.r.l. a first portfolio of assets complying with the eligibility requirements provided for under the law, selected in accordance with the criteria noted above, and featuring the following main characteristics:

- residential and commercial mortgage loans;
- granted by 31 December 2014;
- final instalment due after 31 December 2015;
- ratio of outstanding debt to the value of secured property, revalued close to the date of sale, not higher than 80% for residential mortgage loans and than 60% for commercial mortgage loans.

The table below shows the details of all subsequent disposals.

Asset disposals under the OBG2 Programme

(in million)

disposals	disposal date	price of assets sold
I	17.09.2015	870
II	23.06.2016	478
III	21.11.2016	411
IV	22.05.2018	594
V	24.09.2018	732
VI	27.02.2019	276
VII	25.06.2019	593
VIII	26.11.2019	594
IX	25.03.2020	441
X	23.04.2020	1,123
XI	23.10.2020	840
XII	20.10.2021	1,443
XIII	24.06.2022	1,168
XIV	24.03.2023	481
Total		**10,044**

The loan granted by BPER Banca to Estense CPT Covered Bond s.r.l., in the form of a credit facility, to finance the purchase of the assigned portfolios currently amounts to Euro 8 billion. This is without prejudice to BPER Banca's right to increase the amount of said credit facility to finance the purchase of additional portfolios (both in connection with new issues or for the purpose of adding to segregated assets). The relevant subordinated loan is remunerated so as to guarantee a return to the transferor of the yield on the segregated mortgage loans, albeit residual with respect to payment of the vehicle company's operating expenses, thus making the asset transfers essentially neutral from an economic standpoint.

Repayment of this loan is linked to the gradual reimbursement of the Covered Bonds that, in turn, will allow the release of the loan portfolio or the cash collections generated thereby.

Repayment of subordinated loan OBG2 Programme

(in million)

Disposal date	amounts repaid
28.07.2017	70
30.10.2017	200
30.04.2018	100
30.07.2018	150
28.01.2019	110
29.07.2019	200
28.10.2019	335
28.04.2020	235
28.07.2020	75
28.01.2021	50
28.04.2021	100
29.07.2021	50
28.10.2021	600
28.04.2022	250
28.10.2022	285
30.01.2023	250
28.04.2023	200
28.07.2023	330
Total	**3,590**

The liquidity generated by the portfolio can also be used - within the limits established by law - for suitable investments or deposits, based on BPER Banca's indications as Investment Agent. Cash collections generated by the portfolio of Eligible assets sold - on which BPER Banca retains the role of Servicer - are channelled into current accounts opened with BPER Banca.
The specific financial feature of the OBG2 Programme is a different structural technique which, in the event of the Parent Company's default and under other circumstances foreseen in the OBG2 Programme, makes it possible to transform the repayment plan of the Covered Bonds according to the loan portfolio amortisation schedule pledged as collateral. This eliminates the financial risk associated with a forced and peremptory liquidation of this portfolio, thereby transforming the outstanding Covered Bonds into securities similar to pass-through securities issued as part of ordinary securitisation transactions. In this way, the risk profile of a default on the Covered Bonds is clearly attenuated, making it possible to obtain a higher rating.

Counterparties involved in the OBG2 Programme
Issuing Bank, initial Selling Bank, Servicer, Investment Agent, Primary Paying Agent, Account Bank and Calculation Agent: BPER Banca.
Any other seller bank that could join the Programme:
- Banco di Sardegna S.p.A.;
- Bibanca S.p.A.

Arranger: UBS Europe SE.
Initial Dealer of the first series of bonds issued: Banca Finint S.p.A.
Guarantor: Estense CPT Covered Bond s.r.l.
Representative of the Bondholders (RoB): Banca Finint S.p.A.
Subsequent Paying Agent and Back-up Account Bank: Bank of New York Mellon SA/NV - Milan Branch.
Corporate Servicer: Banca Finint S.p.A.
Guarantor Calculation Agent: Banca Finint S.p.A.
Legal advisor to BPER Banca: Orrick, Herrington & Sutcliffe.
Asset Monitor and Pool Auditor: PricewaterhouseCoopers S.p.A.
Independent Auditors of the special purpose vehicle: Deloitte & Touche S.p.A.
Rating agencies: Moody's Italia S.r.l.

The OBG3 Programme

The OBG3 programme provides for the issue of Covered Bonds up to a maximum of Euro 5 billion.

Outstanding OBG3 Programme issuances

issue	issue date	nominal amount of the OBGs issued	repayment date	nominal amount repaid	OBG characteristics	Purpose
I	20.09.2010	75,000,000	20.09.2030		Fixed rate	placed on the national and international market
II	25.11.2010	20,000,000	25.11.2030		Fixed rate	placed on the national and international market
III	27.12.2010	40,000,000	27.12.2030		Fixed rate	placed on the national and international market
IV	23.04.2012	30,000,000	23.04.2032		Fixed rate	placed on the national and international market
V	02.11.2012	17,000,000	02.11.2032		Fixed rate	placed on the national and international market
VI	05.11.2012	50,000,000	05.11.2032		Fixed rate	placed on the national and international market
VII	06.11.2012	10,000,000	26.10.2032		Fixed rate	placed on the national and international market
VIII	25.01.2013	5,000,000	25.01.2028		Fixed rate	placed on the national and international market
IX	29.08.2013	10,000,000	29.08.2033		Fixed rate	placed on the national and international market
X	05.06.2014	10,000,000	25.05.2029		Fixed rate	placed on the national and international market
XI	28.10.2021	750,000,000	28.10.2028		Fixed rate	placed on the national and international market
XII	22.06.2022	900,000,000	22.06.2026		Fixed rate	self-subscribed for the purpose of ECB refinancing
Total		**1,917,000,000**		-		

In line with the operational scheme described above Banca Carige S.p.A. (later merged into BPER Banca, as stated) on 14 November 2008 sold to Carige Covered Bond s.r.l. a first portfolio of assets complying with the eligibility requirements provided for under the law, selected in accordance with the criteria noted above and featuring the following main characteristics:
- residential and commercial mortgage loans;
- concluded by 30 March 2007;
- final instalment due by 30 June 2045;
- ratio of outstanding debt to the value of secured property, estimated at origination, not exceeding 80% for residential mortgage loans and 60% for commercial mortgage loans.

The funds granted by BPER Banca to Carige Covered Bond s.r.l. in the form of a line of credit to pay the purchase price of the transferred portfolios, is remunerated so as guarantee a return to the transferor of the yield on the segregated mortgage loans, albeit residual with respect to payment of the SPV's operating expenses, and thus makes the asset transfers essentially neutral from an economic standpoint.

Repayment of this loan is linked to the gradual reimbursement of the Covered Bonds that, in turn, will allow the release of the loan portfolio or the cash collections generated thereby.

The liquidity generated by the portfolio can also be used - within the limits established by law - for suitable investments or deposits, based on BPER Banca's indications as Investment Manager. Cash generated from the portfolio of sold Eligible Assets - for which BPER Banca remains as Servicer - are transferred to current accounts with BNP Paribas, either in Italy or the UK, since this is a third party with appropriate rating.

Counterparties involved in the OBG3 Programme

Issuing Bank, initial Selling Bank, Servicer, Italian Account Bank, Investment Manager, Paying Agent and Calculation Agent: Banca Carige S.p.A., now BPER Banca.
Arranger: NatWest Market N.V. and UBS Europe SE.
Guarantor: Carige Covered Bond S.r.l.
Representative of the Bondholders (RoB): Deutsche Trustee Company Limited.
Principal Paying Agent, Cash Manager and Transaction Bank: BNP Paribas (both the Italian and London branches).
Italian Paying Agent: Deutsche Bank S.p.A.
Corporate Servicer: Banca Finint S.p.A.
Guarantor Calculation Agent: Banca Finint S.p.A.
Legal advisor to BPER Banca: Law Firm Orrick, Herrington & Sutcliffe.
Asset Monitor and Pool Auditor: PricewaterhouseCoopers S.p.A.
Independent Auditors of the special purpose vehicle: Deloitte & Touche S.p.A.
Rating agencies: Moody's Italia S.r.l. and DBRS Ratings Limited.

Organisational structure and procedures

The structuring process for the OBG Issue Programmes made it necessary to organise a team to coordinate the activities of all the functions involved. In this regard, a specific structure was set up, the Structured Finance Management Office, which acts as coordinator of the interfunctional team, taking care to involve all the structures involved in the management process of the Covered Bonds. To supervise the structuring process and management of the OBG Programmes, including when it is fully operational, a specific Group Regulation has been prepared followed by the Group Operating Instructions.

Accounting, capital and tax impact

With the issue of the OBG, BPER Banca, as initial selling bank and any subsequent selling banks will retain substantially all the risks and benefits of the transferred assets as:

- they are required to reinstate, in line with several alternatives, the collateral should the value of assets sold deteriorate and their value fall below the thresholds set by contract;
- the repayment of the subordinated loan granted to the special purpose vehicle is linked to the performance of the secured assets.

The primary objective of creating a special purpose vehicle and the sale of eligible assets thereto is, in fact, to legally segregate, by means of a without recourse sale contract, the selling bank's assets within a separate legal entity. These assets, segregated in this manner, are subject to a restriction as to their use pursuant to Law 130/99 for the protection, among others, of the holders. Thus, the holders of Covered Bonds benefit, on the one hand, from the general guarantee represented by the issuer's capital and on the other, from the guarantee issued by the SPV in respect of the segregated portfolio for which they have priority creditor rights. This structure of "dual protection" facilitates the creation of conditions for a potential reduction in funding costs.
The overall risk profile of BPER Banca as initial selling bank and that of any further selling banks is not altered in any way.
The same "Supervisory Provisions for banks" stipulate that the selling banks retain the same capital requirement that they are already required to comply with, in respect of the assets sold, prior to the sale. The transactions do not, therefore, qualify for derecognition: the selling banks must continue to recognise the transferred assets in their entirety in the balance sheet and the considerations received from the sale must be accounted for as opposite entries to the financial liabilities due to the SPVs.
In turn, these liabilities must be shown net of the subordinated loans granted to the vehicles, due to the principle of substance over form: it is as if the purchase of loans by the SPVs has never taken place.
The subordinated loans are not taken into consideration for the purposes of counterparty risk; these loans must not, in fact, be considered, as the credit risk is already reflected in the valuation of the mortgage loans being sold.
As regards the impact at consolidation level, it should be noted that the aforementioned vehicle companies are BPER Banca Group's entities, as the Parent Company has a 60% holding. They are therefore consolidated.
Finally, regarding the tax implications, consistent with the dictates of art. 7 bis, Law 130/99, all taxes and dues are payable as though the sales of the loans had never taken place.

Again, to ensure that the operation was neutral for tax purposes, it was established, as foreseen in art. 7 bis, paragraph 7 of Law 130/99, that the sale price would be equal "to the latest carrying amount of the loans", or as certified by the Independent Auditors of the selling Bank.

More specifically, the book value is adjusted for "endogenous variables", that is, cash collected from the loans in the intervening period and contractual interest accruing in the same period. This is also consistent with the regulatory provisions laid down by the Supervisory Instructions for Banks.
As for the other components that could affect the configuration of the carrying amount, i.e. amortised cost and collective impairments (given that they are performing loans), it has been considered in line with the principles of relevance, pertinence and materiality to assume that their value is equal to the one shown in the latest approved and audited financial report, or the sale price specifically certified by the auditors of the selling Bank.

Risks associated with the transaction
The Covered Bond Programmes involve some financial and non-financial risks, subject to analysis and monitoring by the Group's Risk Management and Compliance functions and, specifically with regard to the risks of fraud and unintentional errors in financial reporting, by the Manager responsible for preparing the company's financial reports. In summary the main risk profiles can be summarised as follows:
- Interest rate risk. In the structure of a Covered Bond, the interest rate risk originates from the different characteristics of interest rates on Covered Bonds and on the portfolio of their collateral, eligible assets. These risks are mitigated by hedging derivatives put in place from time to time with market counterparties.
- Credit risk. In the structure of a covered bond, credit risk is attributable to the quality of loans sold by each Selling Bank. Given this risk, the rating agencies, in order to attribute to the Covered Bonds the maximum rating possible, require a level of over-collateralisation which is also linked to the quality of the Eligible Assets being disposed.
- Counterparty risk. The counterparty risk is the possibility that the creditworthiness of third parties involved in the transaction, in other words, the swap counterparties and the non-Group bank, with which the SPV has its accounts, may worsen to the point of creating a liquidity problem, with the result that the funds of the portfolio of assets sold that flow into the accounts of the SPV or payments made in connection with the swaps are retained by the same counterparties. This risk is mitigated by the involvement of high rated counterparties and the existence of clauses, in the relevant ISDA and CSA contracts as well as in the "Cash Management and Agency Agreement", according to which, in the case of downgrading of the counterparties, they will be immediately replaced.
- Liquidity risk. An issue of "bullet" Covered Bonds with a portfolio of eligible assets relating to mortgage loans with a given repayment plan entails the need for the portfolio to be dynamically managed. The funds received from the collection of capital instalments on the mortgage loans sold may have to be, in fact, reinvested in new mortgage loans with similar characteristics. If the Banking Group does not have eligible mortgages available to be sold to supplement the loan portfolio (or to replace non-performing mortgages), it would be forced to pay cash or eligible securities, impacting negatively on the Counterbalancing Capacity of the selling banks.
- Compliance risk. The articulate and accurate external legislation regulating Covered Bonds, together with management and internal operating rules, require a precise and formal structuring of activities under the OBG Programmes, both during the up front and ongoing phases. The analysis of compliance requirements is performed by the Compliance function.
- Reputational risk. Reputational risk is the possibility that the failure by BPER Banca to fulfil certain obligations arising from its role in the OBG Programmes adversely affects the credibility and image of the banking Group on the market, resulting in a significant economic and financial impact.
- Risk of financial inadequacy. The Supervisory Instructions for banks, in the discipline of Covered Bonds, in relation to the complexity of the contractual profiles and the possible impact on the technical structure of the banks carrying out these transactions, require, among other things, a careful assessment of the impact on the financial stability of those banks. The analysis of the projects by BPER Banca's Board of Directors highlighted:
  - regarding the impact on results, the transactions would have led to, with reference to available market data, a lower cost of funding compared with equivalent senior unsecured transactions and this would have allowed start-up costs to be fully covered, already in the first year, as well as to cover ongoing costs for the period;
  - regarding the impact on the financial position, having considered the portfolio of residential or commercial mortgage loans potentially suitable for disposal, at Group level, a plan of multi-year issuances was hypothesised so as to have sufficient room to replenish the cover pool, if necessary, without affecting the financial position and/or commercial practices of the Group.

These findings have allowed BPER Banca's Board to determine that the transactions do not negatively affect the financial stability of the bank and of the Group as a whole.

Organisational and management aspects of special purpose vehicles

With regard to organisational and management aspects of special purpose vehicles (in order to assess their adequacy in relation to the role assigned them) and the contracts entered into as part of the OBG Programmes, Reports on the transferee company have been prepared by external legal consultants, in order to ensure that the contracts entered into as part of these OBG Programmes contain clauses that ensure the regular and efficient performance of functions by the assignees, as required by the Regulations.

Assessment of legal aspects of the Programmes for Issue of Covered Bonds

Reports were originally acquired from the law firms Linklaters and Allen & Overy, as well as from Orrick, Herrington & Sutcliffe on the Bank's OBG Programme so as to assess, in accordance with the existing rules and regulations, the legal aspects of the activities involved in the OBG Programmes. The reports contain a thorough assessment of legal structures and contractual arrangements used, with particular attention to the characteristics of the guarantees given by the assignee companies and the overall relationships between and among the participants in the OBG Programmes.

Annual assessment of the Programmes for Issue of Covered Bonds by Asset Monitor

It should be noted that, in accordance with the regulations in force, the Asset Monitors - in this case PricewaterhouseCoopers S.p.A. - carry out annual analyses on the status of the OBG programmes and report to the Board of Directors, the Board of Statutory Auditors and the Bank's Internal Audit Function.

To date, the analyses conducted have not identified any findings.

Quantitative information relating to the loans sold

GBB1 Programme

1. Changes during the year

Description	31.12.2023
Opening balance	**4,980,244**
Increases	**1,687,564**
Purchase of loan portfolio	1,548,743
Other increases:	138,821
- Interest income accrued on loans	138,651
- Default interest	-
- Penalties and various recoveries	-
- Recovery of impairment provisions	170
Decreases	**(816,271)**
Collections from customers	(773,358)
Other decreases:	(14,851)
- Impairment losses on loans	(6,337)
- Charges from IAS adjustments	(8,514)
Repurchases by the Originator	(28,062)
Closing balance	**5,851,537**

2. Breakdown by residual life

Residual life of securitised loans	31.12.2023
Up to 3 months	388
From 3 months to 1 year	7,428
From 1 to 5 years	232,315
Over 5 years	5,666,151
Undefined maturity	83
Total	**5,906,365**

The loan balance is gross of loan provisions and IAS impairment losses.

3. Risk concentration

Amount by category (Euro)	Number of customers	31.12.2023
0 - 25,000	11,004	154,079
25,000 - 75,000	29,363	1,458,598
75,000 - 250,000	31,080	3,775,173
Over 250,000	1,474	518,515
Total	**72,921**	**5,906,365**

The loan balance is gross of loan provisions and IAS impairment losses.
As of 31 December 2023, sold debtors are for the most part resident in Italy and the loans are denominated in Euro.

GBB2 Programme

1. Changes during the year

Description	31.12.2023
Opening balance	**6,299,556**
Increases	**618,658**
Purchase of loan portfolio	480,338
Other increases:	138,320
- Interest income accrued on loans	138,229
- Default interest	5
- Penalties and various recoveries	-
- Recovery of impairment provisions	86
Decreases	**(873,564)**
Collections from customers	(837,281)
Other decreases:	(36,283)
- Impairment losses on loans	(1,566)
- Charges from IAS adjustments	-
Repurchases by the Originator	(34,717)
Closing balance	**6,044,650**

2. Breakdown by residual life

Residual life of securitised loans	31.12.2023
Up to 3 months	822
from 3 months to 1 year	11,167
from 1 to 5 years	324,527
> 5 years	5,792,177
Undefined maturity	3
Total	**6,128,696**

The loan balance is gross of loan provisions and IAS impairment losses.

3. Risk concentration

Amount by category (Euro)	Number of customers	31.12.2023
0 - 25,000	7,551	104,975
25,000 - 75,000	26,309	1,335,457
75,000 - 250,000	31,739	3,901,270
Over 250,000	1,870	786,994
Total	**67,469**	**6,128,696**

The loan balance is gross of loan provisions and IAS impairment losses.
As of 31 December 2023, sold debtors are for the most part resident in Italy and the loans are denominated in Euro.

The GBB3 Programme

1. Changes during the year

Description	31.12.2023
Opening balance	**4,576,531**
Increases	**128,184**
Purchase of loan portfolio	-
Other increases:	128,184
- Interest income accrued on loans	104,545
- Default interest	-
- Penalties and various recoveries	18,752
- Recovery of impairment provisions	4,887
Decreases	**(1,842,894)**
Collections from customers	(559,879)
Other decreases:	-
- Impairment losses on loans	-
- Charges from IAS adjustments	-
Repurchases by the Originator	(1,283,015)
Closing balance	**2,861,821**

2. Breakdown by residual life

Residual life of securitised loans	31.12.2023
Up to 3 months	147
from 3 months to 1 year	3,092
from 1 to 5 years	90,593
> 5 years	2,796,678
Undefined maturity	3
Total	**2,890,513**

The loan balance is gross of loan provisions and IAS impairment losses.

3. Risk concentration

Amount by category (Euro)	Number of customers	31.12.2023
0 - 25,000	4,347	60,506
25,000 - 75,000	12,554	627,149
75,000 - 250,000	15,080	1,880,875
Over 250,000	912	321,983
Total	**32,893**	**2,890,513**

The loan balance is gross of loan provisions and IAS impairment losses.
As of 31 December 2023, sold debtors are for the most part resident in Italy and the loans are denominated in Euro.

F. Models for the measurement of credit risk

BPER Banca does not have internal portfolio credit risk models (VAR methodology).

Section 2 – Market risk

2.1 Interest rate risk and price risk - Trading portfolio for regulatory purposes

The Group’s organisation provides for centralisation of the market risk control function at the Parent Company; consequently, the qualitative information set out below also reflects the individual position of BPER Banca.

Qualitative information

A. General aspects

The Group's proprietary trading portfolio comprises all of the financial instruments acquired for trading purposes or for hedging a risk factor inherent to the portfolio or the banking book.
"For trading purposes" is understood as being the purchase of financial instruments with the following features:

- exposure to managed risk factors (interest rate risk and price risk, exchange rate risk, issuer risk, counterparty risk and liquidity risk);
- trading done prevalently on active markets;
- securities issued by operators of prime standing.

The trading portfolio is managed according to exposure to the interest rate risk deriving from the overall asset-liability structure and, as a rule, does not include complex or innovative derivatives.
The trading portfolio comprises all those financial instruments not purchased with the aim of achieving equilibrium of the asset-liability structure, but with a view to contributing to the results of the year, optimising the overall risk-yield profile.
The size of this portfolio is closely linked to the overall liquidity position of the Group.
Arbitrage and short-term speculative activity with regard to listed derivative instruments are marginal with respect to the management of the proprietary portfolio. The objective of the investment strategy underlying trading in these financial instruments is to maximise the overall risk/yield profile via appropriate diversification.
The Parent Company makes medium-term speculative investments in stock markets, in commodity derivatives, in mutual funds and, to a marginal extent, in hedge funds. However, this activity is just a small part of the transactions carried out in the bond markets.
The trading portfolio governance process is centralised in BPER Banca to respond to the needs of central oversight of market risk and greater efficiency of Group investment processes.
This process implies that the individual Group Banks remain responsible for optimisation of the return on liquidity through treasury transactions with BPER Banca or, alternatively, by investing in floating rate or fixed rate bonds issued by the Bank.
In this way, the governance of market risk has been centralised by the Parent Company on the basis of decisions taken by the Finance Committee, which is chaired by the Chief Executive Officer.

B. Management processes and measurement methods for interest rate and price risk

The BPER Banca Group's system of daily checking is consistent with market standards. Value at Risk (VaR) techniques are used to measure market risk.
VaR represents the estimated maximum potential loss, determined based on probabilities, that may be suffered by the aggregate concerned over a given time horizon at a pre-determined level of confidence.
The method adopted for calculating VaR belongs to the class of "historical simulation" models, according to which the overall risk is determined on the basis of the historical distribution of the returns on the risk factors to which the financial instruments held are sensitive. The methodologies used to monitor market risks also include sensitivity analyses based on parallel shifts in the market rate curves.
Currently, the daily calculation of VaR makes reference to two distinct time horizons of portfolio holding; in fact, an analysis is carried out with a time horizon of one month and with a confidence interval of 99% on the entire Group's proprietary portfolio (banking book and trading book), in line with the Group's Risk Appetite Framework. This is accompanied by further analysis with the same confidence interval, but with a one-day time horizon, in order to monitor day by day the market risk dynamics of the Bank's trading portfolio. This model is only used for internal management purposes and is not involved in the calculation of the capital adequacy requirements regarding market risk.
The process of controlling interest-rate risk and price risk is centralised at BPER Banca. Periodic information is assured by the distribution of specific reports prepared at different time intervals, starting from the one produced daily.
The monitoring and control of interest rate risk of the trading portfolio aims to mitigate the risk in question, by defining a system of operating limits for the portfolios managed by the appropriate Group structures, addressing the various risks to which they are exposed. The limits are checked on a daily basis.
The daily monitoring and control of the price risk associated with the trading portfolio for supervisory purposes is performed via Value-at-Risk (VaR) analyses, in accordance with the method indicated above.

Quantitative information

3. Interest rate risk - Trading portfolio for regulatory purposes: internal models and other methodologies for the sensitivity analysis

The VaR readings determined over time horizons of ten days and one day are set out below, in relation to the rate risk associated with the trading portfolio reported for regulatory purposes at 31 December 2023.

Descriptive data		VaR		VaR	
		Time horizon: 10 days		Time horizon: 1 day	
		Confidence interval: 99%		Confidence interval: 99%	
Type of transaction	**Present value**	**VaR**	**Var/Present Value**	**VaR**	**Var/Present Value**
BOT	-	-	0.00%	-	0.00%
BTP	152	2	1.32%	1	0.66%
CCT	1	-	0.00%	-	0.00%
Other government securities	120	6	5.00%	2	1.67%
Bonds	14,178	130	0.92%	41	0.29%
Equity instruments	-	-	0.00%	-	0.00%
Mutual funds and Sicavs	-	-	0.00%	-	0.00%
Derivatives/Transactions to be settled	38,528	21,279	55.23%	6,730	17.47%
Effect of diversification		(121)		(38)	
Total portfolio 2023	**52,979**	**21,296**	**40.20%**	**6,736**	**12.71%**
Total portfolio 2022	**167,176**	**7,371**	**4.41%**	**2,315**	**1.38%**

The value of the trading portfolio at 31 December 2023 given a parallel shift of +/- 100 bps (sensitivity analysis) is set out below.

	+100 bps	-100 bps
31 December 2023	**(47,706)**	**50,082**
31 December 2022	**(9,082)**	**7,596**

3. Price risk - Trading portfolio for regulatory purposes: internal models and other methodologies for the sensitivity analysis

The VaR determined over time horizons of ten days and one day is set out below, in relation to the price risk associated with the trading portfolio reported for regulatory purposes at 31 December 2023.

Descriptive data		VaR		VaR	
		Time horizon: 10 days		Time horizon: 1 day	
		Confidence interval: 99%		Confidence interval: 99%	
Type of transaction	**Present value**	**VaR**	**Var/Present Value**	**VaR**	**Var/Present Value**
Equity instruments	63,361	8,116	12.81%	1,597	2.52%
Mutual funds and Sicavs	-	-	0.00%	-	0.00%
Derivatives/Transactions to be settled	(12,503)	5,059	-40.46%	2,566	-20.52%
Effect of diversification		(10,382)		(3,298)	
Total portfolio 2023	**50,858**	**2,793**	**5.49%**	**865**	**1.70%**
Total portfolio 2022	**57,694**	**3,818**	**6.62%**	**1,209**	**2.10%**

2.2 Interest rate risk and price risk - Banking book

Qualitative Information

A. General aspects, management processes and measurement methods for interest rate risk and price risk

Interest rate risk represents the potential impact of unexpected changes in market rates on current profits and the equity value of the Parent Company. This risk typically affects the positions included in the banking book.
The exposure to interest rate risk can be further analysed into:
- income risk;
- investment risk.

Income risk derives from the possibility that an unexpected change in interest rates may reduce net interest income, being the difference between interest received and interest paid. This risk is measured by maturity gap models and depends on:
- the mismatch in the maturity structures of lending and funding, in cases where the related assets and liabilities are remunerated at fixed rates until final maturity;
- the mismatch of the review periods for rate conditions, in the case of floating-rate assets and liabilities.

The timing mismatches mentioned above expose BPER Banca to:
- refinancing risk: the risk arising when the average maturity period (period until the next rate review) is shorter for funding than for lending. In this case, the Bank is exposed to possible increases in interest rates (the Bank is Liability Sensitive);
- reinvestment risk: the risk arising when the average maturity period (period until the next rate review) is shorter for lending than for funding. In this case, the Bank's net interest income will decline if interest rates fall (the Bank is Asset Sensitive).

Investment risk derives from the possibility that adverse changes in the value of all assets, liabilities and off-balance sheet instruments held by the Bank, following changes in interest rates, may destabilise the equilibrium of the balance sheet. This risk is measured by duration gap and sensitivity analysis techniques.
The following types of interest rate risk are identified:
- Repricing Risk: risk associated with differences in the maturities (fixed rate) and the repricing dates (floating rate) of the assets and liabilities held in the portfolio.
- Yield Curve Risk: risk associated with changes in the gradient and shape of the yield curve.
- Refixing Risk: risk associated with the timing of changes in market parameters, for floating rate positions. More specifically, this is the risk that rate of rise in interest rates is more marked in the refixing periods for funding than in those for lending.
- Basis Risk: risk arising from the imperfect correlation between the indexation parameters for lending and funding, or from unfavourable changes in the gradient of the curve.
- Optionality Risk: risk associated with "explicit" or "embedded" options embedded in the banking book's assets and liabilities (e.g. cap/floor/collar, loan prepayment options).

Every month, BPER Banca monitors at both consolidated and legal entity level the impact that unexpected changes in market interest rates might have on the positions in the banking book, according to the following prospects:
- standpoint of current profits: the purchase of considering the impact on current profits is to evaluate interest risk with reference to the sensitivity of net interest income to rate changes over a given period of time. Adverse changes in net interest income potentially affect the financial stability of a bank by weakening its capital adequacy. The change in net interest income depends on the various types of risk;
- standpoint of economic value: changes in interest rates may affect the economic value of the Parent Company's assets and liabilities. The economic value of a bank is represented by the present value of its expected cash flows, defined as the sum of the present value of the cash flows to be generated by its assets, liabilities and positions in derivatives. By contrast with the standpoint of current profits, the standpoint of economic value identifies the risk generated by the repricing or maturity gap over a long time horizon.

The objectives to be pursued in support of the proper management of interest rate risk are:
- reduce the adverse effects of the volatility of net interest income (standpoint of current profits). The stability of net interest income is mainly influenced by the Yield Curve Risk, Repricing Risk, Basis Risk and Optionality Risk;

- immunise the economic value, being the sum of the present values of all the expected cash flows, generated by both sides of the balance sheet. By contrast with the standpoint of current profits, the standpoint of economic value takes a medium/long-term view and is mainly associated with the repricing risk;
- ensure compliance with the related organisational requirements envisaged by the domestic and international supervisory bodies.

The model for the governance of interest rate risk is based on the following principles:
- assignment to the Parent Company of guidance and coordination rights over the strategic planning and control processes, treasury and financial management, the commercial area and the governance of lending for the entire Group, in order to ensure the consistent management of interest-rate risk and compliance with regulatory requirements,
- segregation between governance processes and the management of interest rate risk.

The strategic decisions at Group level regarding the management of risk are made by the corporate bodies of the Parent Company. The decisions made take account of the operational specifics and related risk profiles of each Group company, in order to establish an integrated and consistent risk management policy.
Given the above, the BPER Group has adopted a centralised model for the governance and management of risk.
As the Parent Company, BPER Banca is responsible for defining guidance for the governance, acceptance and management of interest-rate risk at Group level.

The model for the management of interest rate risk focuses on the following measures of risk:
- sensitivity of net interest income;
- sensitivity of economic value.

The sensitivity analysis of net interest income identifies the impact of changes in interest rates as a result of parallel and other shocks.
The Bank calculates the sensitivity of net interest income holding volumes constant. According to this model, maturing amounts are reinvested in transactions of similar size and financial characteristics to those maturing during the analysis period.
The indicator is calculated at both Group and Legal Entity levels.

The sensitivity analysis of economic value identifies the impact on the value of shareholders' equity of parallel and other shocks to the yield curve. This change is calculated by discounting all the cash flows using two different yield curves: the current curve at the analysis date and that following the shock, and comparing the two values.

$$\Delta VA = VA(Curve1) - VA(Curve2)$$

In order to include the prepayment phenomenon (early repayment, in whole or in part, of the residual debt by the borrower) when measuring the sensitivity of economic value, a statistical model has been adopted whereby the potential prepayment of loan principal is estimated using different variables, both of financial nature (such as market interest rates) and contractual (such as the original duration of the loan, the type of loan, the personal characteristics of the borrower, etc.).
For the calculation of sensitivity, demand balances outstanding with customers are simulated using an econometric model which identifies a portfolio that replicates them, by allocating demand funding (lending) to a portfolio of liabilities (assets) with an identified effective repricing profile.

In addition to the risk measures mentioned above, the capital absorbed in relation to interest rate risk is also calculated. Sensitivity analysis is applied in order to estimate the capital absorbed. Under this approach, the capital absorbed in relation to the banking book's interest rate risk is the change in the economic value (defined as the present value of expected cash flows) caused by an adverse interest-rate shock.

Credit spread risk arising from the banking book, CSRBB, captures the risk of changes in the credit spread of an instrument of the same credit quality, i.e. the trend of the credit spread within a given rating/probability of default range. The CSRBB is a combination of two elements:
- market credit spread: i.e. changes in the market price of credit risk (as opposed to the idiosyncratic credit spread), which represents the credit risk premium demanded by market operators for a given credit quality;
- market liquidity spread: i.e. changes in the market liquidity spread, which represents the liquidity premium that stimulates market appetite for investment and the presence of willing buyers and sellers.

The reference perimeter is represented by the securities portfolio in the Banking Book.

With regard to price risk, the banking book essentially includes transactions in equity instruments, mutual funds and SICAVs classified in the financial report as measured at fair value through profit or loss and other comprehensive income.
The monitoring of the aforementioned portfolio takes place through the Value at Risk (VaR) methodology presented in detail in the section on qualitative information: "Interest rate risk and price risk - Trading portfolio reported for regulatory purposes".

The Financial Risks Service records and monitors on a daily basis the exposure to price risk through the production of specific reporting containing the main risk metrics (mainly expressed in terms of Value-at-Risk) and, where appropriate, the associated exposure limits for said type of risk.

Quantitative information

2. Interest rate risk - Banking book: internal models and other methodologies for the sensitivity analysis

Below are the year-end figures at 31 December 2023 and their trends (minimum, average, maximum) of the management reporting year relating to the banking book's net interest income, against a parallel shift of 100/-50 bps.

	+100 bps	-50 bps
31 December 2023	**34,921**	**(18,566)**
maximum change	73,403	(37,868)
minimum change	34,921	(18,566)
average change	52,235	(27,383)
31 December 2022	**81,403**	**(42,892)**

Below are the year-end figures at 31 December 2023 and their trends (minimum, average, maximum) of the management reporting year relating to the change in the value of the banking book, against a parallel shift of +/- 100 bps (sensitivity analysis).

	+100 bps	-100 bps
31 December 2023	**(32,089)**	**50,570**
maximum change	191,928	(220,311)
minimum change	(9,263)	18,256
average change	114,911	(130,852)
31 December 2022	**68,632**	**(90,496)**

2. Price risk - Banking book: internal models and other methodologies for the sensitivity analysis

VaR measurements referring to time horizons of ten days and one day are set out below, in relation to the price risk associated with the trading portfolio reported for regulatory purposes at 31 December 2023.

Descriptive data		**VaR**		**VaR**	
		Time horizon: 10 days		**Time horizon: 1 day**	
		Confidence interval: 99%		**Confidence interval: 99%**	
Type of transaction	**Present value**	**VaR**	**Var/Present Value**	**VaR**	**Var/Present Value**
Equity instruments	568,979	31,972	5.62%	10,110	1.78%
Mutual funds and Sicavs	333,014	10,942	3.29%	3,460	1.04%
Derivatives/Transactions to be settled	-	-	0.00%	-	0.00%
Effect of diversification		(682)		(216)	
Total portfolio 2023	**901,993**	**42,232**	**4.68%**	**13,354**	**1.48%**
Total portfolio 2022	**848,555**	**46,777**	**5.51%**	**14,792**	**1.74%**

1.2.3 Exchange risk

Qualitative Information

A. General aspects, management and measurement of exchange risk

The BPER Banca Group is exposed to exchange risk in connection with routine funding and lending activities and, to a marginal extent, in relation to speculative activities.
The Financial Risks Service of the Parent Company records and monitors on a daily basis the exposure to currency risk through the production of specific reporting containing the main risk metrics (mainly expressed in terms of Value-at-Risk) and, where appropriate, the associated exposure limits for said type of risk.

B. Hedging of exchange risk

The BPER Banca Group uses plain vanilla instruments for the operational hedging of exchange risk.

Quantitative information

1. Breakdown of assets, liabilities and derivatives by currency

Items	Currency					
	USD	GBP	CHF	CNY	JPY	OTHER CURRENCIES
A. Financial assets	**3,172,260**	**426,979**	**205,703**	**10,216**	**17,859**	**30,285**
A.1 Debt securities	2,779,854	412,417				
A.2 Equity instruments	19,023		110			
A.3 Loans to banks	72,612	9,082	10,988	5,238	16,671	22,989
A.4 Loans to customers	300,771	5,480	194,605	4,978	1,188	7,296
A.5 Other financial assets						
B. Other assets	**46,591**	**1,884**	**2,819**		**172**	**1,071**
C. Financial liabilities	**3,098,837**	**329,932**	**24,339**	**4,088**	**10,170**	**37,294**
C.1 Deposits from banks	2,409,849	293,833	316	3	8	18,912
C.2 Deposits from customers	688,988	36,099	24,023	4,085	10,162	18,382
C.3 Debt securities in issue						
C.4 Other financial liabilities						
D. Other liabilities	**10,323**	**17**	**158**	**2,482**		**1,505**
E. Financial derivatives	**1,429,850**	**195,293**	**211,152**	**32,974**	**41,115**	**125,626**
- Options						
+ Long positions	105,209	1,292		1,464	529	994
+ Short positions	149,227	401	53	9,683	3,645	1,542
- Other derivatives						
+ Long positions	574,880	34,177	3,478	13,088	16,128	67,934
+ Short positions	600,534	159,423	207,621	8,739	20,813	55,156
Total assets	**3,898,940**	**464,332**	**212,000**	**24,768**	**34,688**	**100,284**
Total liabilities	**3,858,921**	**489,773**	**232,171**	**24,992**	**34,628**	**95,497**
Net balance (+/-)	**40,019**	**(25,441)**	**(20,171)**	**(224)**	**60**	**4,787**

2. Internal models and other methodologies for the sensitivity analysis

The VaR determined over time horizons of ten days and one day is set out below, in relation to the risk faced by the BPER Banca Group at 31 December 2023.

	VaR Time horizon: 10 days Confidence interval: 99%	VaR Time horizon: 1 day Confidence interval: 99%
2023	24,740	7,627
2022	25,073	7,782

Section 3 - Derivative instruments and hedging policies

3.1 Trading derivative instruments

The Group's organisation provides for centralisation of the derivatives' management process at the Parent Company; consequently, the qualitative information set out below also reflects the individual position of BPER Banca.

A. Financial derivatives

A.1 Trading financial derivatives: notional values at the end of the period

Underlying assets/Type of derivatives	Total 31.12.2023				Total 31.12.2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**-**	**10,492,831**	**4,299,215**	**-**	**-**	**9,287,364**	**4,907,007**	**-**
a) Options	-	1,090,478	339,747	-	-	695,618	253,159	-
b) Swaps	-	9,352,447	2,758,408	-	-	8,541,608	3,169,825	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	1,159,263	-	-	-	1,437,799	-
e) Other	-	49,906	41,797	-	-	50,138	46,224	-
2. Equities and stock indexes	**-**	**12,035,541**	**50,043**	**-**	**-**	**7,045,489**	**60,893**	**-**
a) Options	-	12,035,541	142	-	-	7,045,489	23,612	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	49,901	-	-	-	37,281	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**984,315**	**633,912**	**-**	**-**	**1,831,273**	**645,803**	**-**
a) Options	-	26,557	261,986	-	-	63,414	251,384	-
b) Swaps	-	-	-	-	-	1	-	-
c) Forwards	-	836,921	371,926	-	-	1,767,858	394,419	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	120,837	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**6,362**	**-**
5. Other	**-**	**47,523**	**49,596**	**-**	**-**	**-**	**6,854**	**-**
Total	**-**	**23,560,210**	**5,032,766**	**-**	**-**	**18,164,126**	**5,626,919**	**-**

A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

Type of derivatives	Total 31.12.2023				Total 31.12.2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive Fair Value								
a) Options	-	290,557	5,089	-	-	144,858	7,453	-
b) Interest rate swaps	-	273,660	14,887	-	-	373,568	1,151	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	7,668	3,279	-	-	48,070	6,787	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	18,639	5,943	-	-	26,942	519	-
Total	**-**	**590,524**	**29,198**	**-**	**-**	**593,438**	**15,910**	**-**
2. Negative Fair Value								
a) Options	-	44,050	9,414	-	-	54,468	16,457	-
b) Interest rate swaps	-	139,365	109,254	-	-	173,601	206,707	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	8,691	4,134	-	-	16,384	8,867	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	2,553	14,136	-	-	431	23,591	-
Total	**-**	**194,659**	**136,938**	**-**	**-**	**244,884**	**255,622**	**-**

A.3 OTC trading financial derivatives - notional values, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	1,159,263	188,582	2,951,369
- positive fair value	X	-	2,670	18,566
- negative fair value	X	-	717	126,519
2) Equities and stock indexes				
- notional value	X	49,901	113	29
- positive fair value	X	-	6	13
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	401	6,335	627,177
- positive fair value	X	102	-	5,994
- negative fair value	X	-	228	6,850
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	49,596
- positive fair value	X	-	-	1,847
- negative fair value	X	-	-	2,624
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	9,318,807	289,303	884,721
- positive fair value	-	298,630	968	15,007
- negative fair value	-	151,140	9,021	6,969
2) Equities and stock indexes	-			
- notional value	-	12,035,540	-	-
- positive fair value	-	265,014	-	-
- negative fair value	-	16,476	-	-
3) Currencies and gold	-			
- notional value	-	984,316	-	-
- positive fair value	-	8,131	-	-
- negative fair value	-	9,233	-	-
4) Commodities	-			
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other	-	-	-	-
- notional value	-	47,523	-	-
- positive fair value	-	2,774	-	-
- negative fair value	-	1,820	-	-

A.4 Residual life of OTC trading financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	> 1 year to 5 years	> 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	2,910,037	9,692,568	2,189,439	14,792,044
A.2 Financial derivatives on equity securities and stock indexes	3,267,764	8,817,709	111	12,085,584
A.3 Financial derivatives on currencies and gold	1,557,161	61,068	-	1,618,229
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	97,119	-	-	97,119
Total 31.12.2023	**7,832,081**	**18,571,345**	**2,189,550**	**28,592,976**
Total 31.12.2022	**8,080,796**	**13,086,501**	**2,623,748**	**23,791,045**

B. Credit derivatives

B.1. Trading credit derivatives: end-of-period notional amounts

Types of transactions	Trading derivatives	
	with a single counterparty	with more than one counterparty (basket)
1. Protection purchases		
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total 31.12.2023	**-**	**-**
Total 31.12.2022	**-**	**30,000**
2. Protection sales		
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total 31.12.2023	**-**	**-**
Total 31.12.2022	**-**	**-**

B.2 Trading credit derivatives: positive and negative gross fair value - breakdown by product

Types of derivatives	Total 31.12.2023	Total 31.12.2022
1. Positive Fair Value		
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**-**	**-**
2. Negative Fair Value		
a) Credit default products	-	3
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**-**	**3**

B.3 OTC trading credit derivatives: notional values, gross positive and negative fair value by counterparty

There are no amounts for this item in this Financial Report.

B.4 Residual life of OTC trading credit derivatives: notional values

Underlying assets/Residual life	Up to 1 year	> 1 year to 5 years	> 5 years	Total
1. Protection sales	-	-	-	-
2. Protection purchases	-	-	-	-
Total 31.12.2023	**-**	**-**	**-**	**-**
Total 31.12.2022	**-**	**30,000**	**-**	**30,000**

B.5 Credit derivatives connected with the fair value option: annual changes

There are no amounts for this item in this Financial Report.

3.2 Accounting hedges.

Qualitative Information

From 1 July 2020, the BPER Banca Group has adopted Chapter 6 Hedge Accounting of IFRS 9. For more details on the choices applied, please refer to Part A.2 of the Explanatory Notes, paragraph 4. "Hedging transactions".

A. Fair value hedges

Hedged Risk - Rate Risk

As already mentioned previously and in other parts of the financial report, the corporate strategies provide for specific interventions aimed at the best possible management of interest rate risk. Among the intervention levers, the Group has recourse to derivative contracts (classified from an accounting point of view both as "hedging" and "trading"), used to reduce the sensitivity of the proprietary securities portfolio, loans granted and own liabilities (bond issues and on demand items), compared with a movement in risk-free rates.
The derivatives used for this purpose are:

- Interest Rate Swaps (IRS), also in currencies other than the Euro, traded over the counter, that are specific for each asset or liability instrument to be hedged, or refer to several instruments with the same maturity;
- Futures, listed, generic with underlying bonds (typically German, Italian and US bonds).

Compared with what is shown, micro-hedge accounting relationships are qualified only for hedging the interest rate risk connected to bonds in the banking book, classified among Financial assets measured at fair value through other comprehensive income and Financial assets measured at amortised cost, loans disbursed and classified as Financial assets measured at amortised cost, using IRS-type derivatives for this purpose. Hedging relationships of fixed rate bond loans issued by the Group and sight deposits were treated similarly under the micro-hedging arrangement.
In addition, starting from 2022, the BPER Banca Group qualified macro hedging relations (macro-hedge accounting) for the hedging of interest rate risk connected with some liability items - Sight Items - modelled according to the results of the behavioural model adopted by the BPER Banca Group and therefore characterised by features of "inelastic core" funding, i.e. those that are substantially characterised by a trend-based fixed cost and a stable duration over time.

Hedged risk - Credit / Counterparty Risk

Given the unexpected increase in credit/counterparty risk, the BPER Banca Group may use derivative instruments to reduce the sensitivity of the investment portfolio to this type of risk.
The derivatives used for this purpose are:

- Credit Default Swaps – CDS, traded over-the-counter, generic and linked to sub-indexes;
- Futures, listed, generic with underlying bonds (typically German, Italian and US bonds).

Compared with what is shown, the credit risk is hedged only by management, as no Hedge Accounting relationship has been qualified.

Hedged risk – Price risk

The coverage of potential unwanted changes in fair value also includes transactions involving equity securities.
The derivatives used for this purpose are generally Total Return Swap (TRS), traded over the counter, specific for each individual exposure.

B. Cash flow hedges

Hedged Risk – Rate Risk

The objective pursued by the Group in this case is to stabilise the contribution made by the securities portfolio to the net interest income of the Bank should risk-free rates rise and fall.
Cash flow hedging generally requires the use of Interest Rate Swaps - IRS, traded over the counter, specific for each instrument to be hedged or for multiple instruments with the same maturity.

Hedged Risk – Exchange Rate Risk

The objective pursued by the Group in this case is to stabilise the contribution made by the foreign currency securities portfolio to the net interest income of the Bank should the exchange rate depreciate.
Also in this case, hedging tends to be very limited (at the end of 2022 there was just one currency hedge in place) and generally requires the use of Cross Currency Swaps - CCS, traded over the counter, specific for each issue to be hedged or for multiple issues with the same maturity.

C. Hedging of foreign investments

The BPER Banca Group does not have any foreign investment hedging relationships.

D. Hedging instruments

The hedge accounting implemented by the BPER Banca Group is therefore achieved by the use of OTC IRS derivative contracts, either plain vanilla or with cap & floor options, and CCS or TRS derivatives.

E. Hedged items

The BPER Banca Group currently has accounting hedges on securities (bonds and equities) in the banking book, on loans (mortgages) granted and on its own bond issues. For these instruments, either just the interest rate risk component or the interest rate risk and inflation rate risk components are hedged.
From 2022, in addition to previous hedges, some new accounting hedges were entered into on sight items, i.e. funding. In particular, Macro Fair Value Hedges were created, in order to hedge the core fixed-rate inelastic component.

Quantitative information

A. Hedging financial derivatives

A.1 Hedging financial derivatives: end-of-period notional amounts

Underlying assets/Type of derivatives	Total 31.12.2023				Total 31.12.2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**-**	**18,678,514**	**-**	**-**	**-**	**17,408,603**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	18,678,514	-	-	-	17,408,603	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equities and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**54,299**	**-**	**-**	**-**	**54,446**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	54,299	-	-	-	54,446	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**18,732,813**	**-**	**-**	**-**	**17,463,049**	**-**	**-**

A.2 Hedging financial derivatives: gross positive and negative fair value - breakdown by product

Type of derivatives	Positive and negative fair value								Changes in the value used to calculate hedge effectiveness	
	Total 31.12.2023				Total 31.12.2022				Total 31.12.2023	Total 31.12.2022
	Over the counter			Organised markets	Over the counter			Organised markets		
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements			
1. Positive Fair Value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	1,122,269	-	-	-	1,808,028	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**1,122,269**	**-**	**-**	**-**	**1,808,028**	**-**	**-**	**-**	**-**
2. Negative Fair Value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	248,696	-	-	-	493,556	-	-	-	-
c) Cross currency swaps	-	1,428	-	-	-	5,007	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**250,124**	**-**	**-**	**-**	**498,563**	**-**	**-**	**-**	**-**

A.3 OTC hedging financial derivatives - notional values, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equities and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	18,678,514	-	-
- positive fair value	-	1,122,269	-	-
- negative fair value	-	248,696	-	-
2) Equities and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	54,299	-	-
- positive fair value	-	-	-	-
- negative fair value	-	1,428	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	Over 1 year up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	1,326,113	11,353,901	5,998,500	18,678,514
A.2 Financial derivatives on equity securities and stock indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	54,299	54,299
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2023	**1,326,113**	**11,353,901**	**6,052,799**	**18,732,813**
Total 31.12.2022	**2,546,228**	**6,689,725**	**8,227,096**	**17,463,049**

B. Hedging credit derivatives

There are no amounts for this item in this Financial Report.

C. Non-hedging derivatives

There are no amounts for this item in this Financial Report.

D. Hedged instruments

D.1 Fair value hedges

	Micro-hedges: book value	Micro-hedges - net positions: book value of assets or liabilities (prior to netting)	Micro-hedges			Macro-hedges: Book Value
			Cumulative fair value changes (hedged instrument)	Termination of hedging: residual cumulative fair value changes	Change in value used to assess hedge ineffectiveness	
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging of:	**1,818,205**	**-**	**(157,776)**	**-**	**(157,776)**	**-**
1.1 Debt securities and interest rates	1,815,692	-	(162,722)	-	(162,722)	X
1.2 Equities and stock indexes	2,513	-	4,946	-	4,946	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortised cost - hedging of:	**7,523,723**	**-**	**(957,301)**	**-**	**(957,301)**	**-**
1.1 Debt securities and interest rates	7,523,723	-	(957,301)	-	(957,301)	X
1.2 Equities and stock indexes	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
Total 31.12.2023	**9,341,928**	**-**	**(1,115,077)**	**-**	**(1,115,077)**	**-**
Total 31.12.2022	**12,356,039**	**-**	**(2,048,328)**	**-**	**(2,048,328)**	**-**
B. Liabilities						
1. Financial liabilities measured at amortised cost - hedging of:	**5,946,419**	**-**	**133,615**	**-**	**133,615**	**2,953,330**
1.1 Debt securities and interest rates	5,946,419	-	133,615	-	133,615	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31.12.2023	**5,946,419**	**-**	**133,615**	**-**	**133,615**	**2,953,330**
Total 31.12.2022	**1,055,468**	**-**	**(77,446)**	**-**	**(77,446)**	**3,990,502**

D.2 Hedging of cash flows and foreign investments

	Change in value used to calculate hedging ineffectiveness	Hedging reserves	Termination of hedging: residual value of hedging reserves
A. Cash flow hedges			
1. Assets	-	(1,651)	-
1.1 Debt securities and interest rates	-	-	-
1.2 Equities and stock indexes	-	-	-
1.3 Currencies and gold	-	(1,651)	-
1.4 Loans	-	-	-
1.5 Other	-	-	-
2. Liabilities	-	-	-
1.1 Debt securities and interest rates	-	-	-
1.2 Currencies and gold	-	-	-
1.3 Other	-	-	-
Total (A) 31.12.2023	**-**	**(1,651)**	**-**
Total (A) 31.12.2022	**-**	**(3,332)**	**13,967**
B. Hedges of foreign investments	**X**	**-**	**-**
Total (A+B) 31.12.2023	**-**	**(1,651)**	**-**
Total (A+B) 31.12.2022	**-**	**(3,332)**	**13,967**

E. Effects of hedging on shareholders' equity

E.1 Reconciliation of components of shareholders' equity

	Cash flow hedging reserve				
	Debt securities and interest rates	Equities and stock indexes	Currencies and gold	Loans	Other
Initial balance	**13,967**	**-**	**(3,332)**	**-**	**-**
Changes in Fair Value (effective portion)	-	-	1,681	-	-
Transfer to P&L	(13,967)	-	-	-	-
of which: future transactions not expected	-	-	-	-	-
Other changes	-	-	-	-	-
of which: transfer of hedged instruments at initial book value (IFRS 9 para. 6.5.11 letter d) points i)	-	-	-	-	-
Closing balance	**-**	**-**	**(1,651)**	**-**	**-**

The parts of the table relating to hedging reserves for foreign investments and hedging instruments (non-designated elements) are not shown as they do not apply.

3.3. Other information on derivative instruments (trading and hedging)

Financial and credit derivatives

At 31 December 2023, BPER Banca does not have any derivatives that satisfy the criteria envisaged in IAS 32, para. 42 for offsetting financial assets and liabilities.

Section 4 – Liquidity risk

Qualitative Information

A. General aspects, management and measurement of liquidity risk

The BPER Banca Group has a specific policy for the management of liquidity and funding risk (Group Policy for Liquidity and Funding Risk Governance), which includes the plan covering the objectives, processes and strategies for action (Contingency Funding Plan).

Group Policy for Liquidity and Funding Risk Governance

This document, which forms an integral part of the Risk Appetite Framework – RAF of the BPER Banca Group, defines the principles, objectives and methods of governance and monitoring of liquidity and funding risk at Group level.
More specifically, it contains:

- the definition of the governance model in terms of the parties involved in risk governance and their roles and responsibilities;
- definition of limits and mitigating actions aimed at risk containment;
- the formalisation of risk management methods, through the establishment of rules, procedures and metrics for the measurement and monitoring of liquidity and funding risk and describing the stress test model adopted to evaluate the risk exposure in stress scenarios.

Liquidity risk typically crystallises in the form of failure to meet payment obligations; it may take various forms, depending on the circumstances in which the risk arises. With reference to the definitions adopted at international level, a distinction is made between funding liquidity risk and market liquidity risk.

Funding liquidity risk is the risk that the Group will not be able to make, in an efficient manner, expected and unexpected cash payments, both current and future, nor will it be able to meet collateral obligations, without an adverse effect on the Group's current operations or its financial position.
Market liquidity risk, on the other hand, is the risk that the Group is not able to sell a financial asset without incurring a capital loss due to poor liquidity or disruption in the reference market.
These two forms of liquidity risk are often highly correlated and may crystallise as a result of the same underlying factors. Market liquidity risk is usually considered to be a type of market risk (price risk); accordingly, the processes and rules for measuring, controlling and mitigating liquidity risk focus on the funding risk aspect.
In the context of funding risk, a distinction is made between:

- mismatch liquidity risk, being the liquidity risk implicit in the structure of the Group's assets and liabilities due to the transformation of maturities typical of financial intermediaries, when the profile of cash outflows is not perfectly matched by the profile of cash inflows (with reference to contractual maturities and routine behaviour);
- contingency liquidity risk, being the risk that future events may require access to significantly more liquidity than previously planned by the Group; in other words, this is the risk of not being able to settle sudden and unexpected payment commitments in the short or very short term.

Liquidity risk can derive from different types of sources. In particular, two macro-categories are considered:

- endogenous sources of liquidity risk: these include, among specific adverse events for the Group, a rating downgrade or other event that causes the market to lose confidence in the Group. Such a downgrade or a widespread market perception of a deterioration in the Group's solidity (which could arise from other risks, such as major losses on the trading book or loan portfolio) might also result in:
  - reduced access to the market for unsecured funds (e.g. commercial paper) by institutional investors;
  - a reduction in or cancellation of interbank lines of credit;
  - the withdrawal of deposits by retail customers;
  - an increased need for liquidity, for example a request to increase margins and guarantees due, or the need to finance assets that can no longer be sold or converted into securities through securitisations.
- exogenous sources of liquidity risk include:
  - systemic events that cause a liquidity crisis in the market (political and financial crises, catastrophic events, etc.);
  - specificity of some financial products (derivative contracts, stock-borrowing contracts), where events, such as sudden market movements, bankruptcies or downgrades in the ratings, could trigger a request for further collateral from counterparties;
  - commitments relating to committed lines that in the event of a crisis could generate an increase in the demand for liquidity on the part of customers; endorsement credits or committed lines facilities stipulated with special purpose vehicles in connection with securitisations act in a similar way;
  - structural changes in the market that can lead to an increase in the liquidity risk perceived overall (increasing system demand for more volatile funding sources such as wholesale funds, rapid movement of accounts via internet banking).

Consistent with the Group Guidelines - Internal Control System, the management of liquidity risk can be broken down into the following components:

- definition of risk objectives;
- risk-taking;
- definition of risk exposure and operational limits;
- risk management.

The Group's governance model of short-term liquidity (operating liquidity) is based on centralised governance of liquidity and the related risk. In particular, the Parent Company:

- is responsible for the Group Policy for Liquidity and Funding Risk Governance;
- governs short-term liquidity;

- determines and manages the funding plan;
- monitors liquidity risk;

for all Group banks and companies in scope.

Funding/lending transactions involving liquidity are centralised at the Treasury and Institutional Liquidity Office to ensure that the Group's overall liquidity is managed efficiently:
- by optimising access to liquidity markets in terms of volumes and costs, exploiting the creditworthiness of the Group and minimising the cost of funding;
- by centralising "rating sensitive" funding transactions, as well as interventions on the money market;
- by implementing a principle of functional specialisation through centres of competence for secured funding transactions (issues of secured instruments, funding from particular categories of institutional investors, etc.).

The Group's governance model for long-term liquidity (or "structural liquidity") is based on the following principles:
- attribution to the Parent Company of the prerogatives for the guidance and coordination of the commercial and credit policies of Group Companies to ensure consistency in the overall governance of funding risk and to ensure compliance with the requisites envisaged by the regulations;
- communication of decisions and clear division of responsibilities between management, control and operational bodies;
- development of processes for the governance and control of funding risk that are consistent with the Group's reporting structure and by using the governance model formalised in the Group policy for the governance of liquidity and funding risk.

The principles listed above give rise to a centralised model for the governance and management of the structural liquidity risk among all Group Banks and Companies included in the scope of consolidation.

The Group's model for the governance of liquidity and funding risk has the following objectives:
- guarantee solvency in the ordinary course of business and under crisis conditions;
- ensure enough liquidity to satisfy the contractual commitments of the Group at all times, while also optimising the cost of funding given both current and expected market conditions;
- apply the instructions issued by the Supervisory Authorities, while also taking account of the Group's own operating characteristics.

Pursuit of the above objectives takes account of the following aspects:
- separation of responsibilities and roles between the corporate bodies that govern liquidity and funding and those with control functions;
- distinction between the metrics that monitor short-term risk and those focused on the medium-long term;
- the metrics that monitor short-term liquidity risk, being the ability of the Group to meet both routine and unexpected payment obligations, while minimising the related cost, envisage:
  - calculation of the exposure using the Liquidity Risk Mismatch Model, considering the eligible assets that are readily convertible into liquid funds, as well as any reserves held in the form of working capital;
  - maintenance of the lending-funding due to mature in the various time bands within a cumulative limit; verification both daily for internal operational purposes and weekly in accordance with the frequency requirements specified by the Supervisory Authorities;
- the metrics that monitor funding risk are designed to maintain suitable dynamics in the ratio of medium/long-term assets and liabilities, avoiding pressure on the sources of current and expected short-term liquidity while optimising the cost of funding. These metrics envisage:
  - calculation of the liquidity mismatch which, in practical terms, means calculating the gap ratios between assets and liabilities in the time bands beyond one year;
  - calculation of the funding gap, being the difference between lending and commercial funding as a percentage of total lending;
  - the use of statistical/quantitative behavioural models for items without contractual maturities or which are subject to options;
- definition of a Group Contingency Funding Plan that establishes the most suitable methods of managing Group liquidity in a stress and/or crisis scenario caused by endogenous and/or exogenous factors;
- monitoring the liquidity position in the ordinary course of business and under stress conditions;
- performance of periodic stress tests considering both endogenous and exogenous shock scenarios; when carrying out stress analysis, scenarios are constructed with reference to events of a systemic, idiosyncratic and combined nature;
- development of processes for the governance and management of liquidity and funding risk, using a model that involves the appropriate corporate bodies and functions;
- conformity of the processes for the governance and management of liquidity and funding risk with the prudential supervision instructions.

Contingency Funding Plan

The Contingency Funding Plan formalises the process of liquidity management under stress or crisis scenarios. The business functions responsible for monitoring and managing liquidity risk must be able to carry out their activities both under normal conditions and at times of stress and/or liquidity crises that are unlikely to occur, but which would have a significant impact.
In view of the governance model of the liquidity and funding risk previously illustrated, BPER Banca - as the lender of last resort for all Group subsidiaries - guarantees their short, medium and long-term solvency and is responsible for activating the Contingency Funding Plan, regardless of where in the Group the liquidity crisis arises.
The purpose of the Contingency Funding Plan is to safeguard the net assets of the Bank/Company at the early stages of liquidity stress and to guarantee the Group's continuity in the event of a serious and/or prolonged liquidity crisis, by:
- defining a process for the identification and monitoring of risk indicators that signal and measure the stages in a liquidity crisis;
- identifying ex ante a system of predetermined but flexible actions to be implemented in the early stages of a crisis;
- determining the roles and responsibilities of each business function;
- identifying the internal regulations that may be invoked to justify the actions of the Group's management, which at a time of crisis must be authorised to modify on a timely and perhaps radical basis the structure of the assets and liabilities in the balance sheet.

A state of liquidity crisis is defined as a situation in which a Group finds it difficult or impossible to settle the cash payments falling due, except by activating procedures and/or using tools with an intensity or in a manner not envisaged as part of ordinary administration.
Liquidity crises fall into two broad categories:
- systemic liquidity crises generated by market, political or macroeconomic crises;
- specific liquidity crises limited to the Group or to one or more Group Companies/Banks.

Considering the types of liquidity crisis and their scale, four operational scenarios have been identified:
- ordinary course of business;
- Points of attention;
- state of stress;
- state of crisis.

Depending on the scenario, the actions required and the functions involved in its management can be identified.
The operational scenario in which the Group operates is identified by monitoring a quantitative warning system and the reporting of stepwise levels of stress/crisis associated with one or more drivers. Stress and/or crisis management procedures are also defined in the document.

The Contingency Funding Plan and its revisions must be approved by the Board of Directors of the Parent Company.

A. Liquidity indicators

The harmonised rules for banks and investment companies contained in EU Regulation 575/2013 (CRR), as subsequent updates, introduced the following liquidity indicators, to be calculated at a consolidated level:
- Liquidity Coverage Ratio (LCR): this is an indicator of coverage of short-term liquidity whose purpose is to force banks to accumulate sufficient high-quality assets that are readily convertible into cash, in order to deal with a scenario of high stress on the funding side over a period of thirty days. At 31 December 2023 it was 160.9% calculated as a ratio of Euro 24,598 million of highly liquid assets and Euro 15,287 million of net cash outflows.
- Net Stable Funding Ratio (NSFR): a structural long-term indicator that is measured with a view to reporting any mismatches between assets and liabilities. As at 31 December 2023, the ratio stood at 128.4%, calculated as the ratio between Euro 102,646 million of available stable funding and Euro 79,941 million of required stable funding.

The liquidity requirements are over 100%, so above the minimum requirements of Basel 3.

Alongside these indicators, the legislation also sets the Leverage Ratio which is highlighted in the Directors' Report on Operations under the heading "Key figures".

Quantitative information

1. Time breakdown of financial assets and liabilities by contractual residual maturity

EURO

Items/time bands	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months
A. Cash assets	**17,087,295**	**779,518**	**1,830,117**	**5,835,994**	**4,434,903**
A.1 Government securities	-	-	2,499	20,090	15,698
A.2 Other debt securities	68,396	1,709	70,435	38,759	248,690
A.3 UCITS units	341,619	-	-	-	-
A.4 Loans	16,677,280	777,809	1,757,183	5,777,145	4,170,515
- Banks	9,300,619	68,758	130,922	1,346,476	398,833
- Customers	7,376,661	709,051	1,626,261	4,430,669	3,771,682
B. On-balance sheet liabilities	**88,802,673**	**2,365,718**	**314,628**	**1,958,688**	**3,427,815**
B.1 Deposits and current accounts	86,976,117	36,861	267,161	336,417	397,870
- Banks	4,778,403	1,582	105,000	121,415	-
- Customers	82,197,714	35,279	162,161	215,002	397,870
B.2 Debt securities	6,860	177,890	1,698	50,423	50,740
B.3 Other liabilities	1,819,696	2,150,967	45,769	1,571,848	2,979,205
C. Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	-	71,589	78,105	233,463	121,633
- Short positions	-	17,619	27,446	89,905	284,783
C.2 Financial derivatives without exchange of principal					
- Long positions	318,067	-	-	-	-
- Short positions	257,015	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	2,021,581	-	-	-
- Short positions	-	2,021,581	-	-	-
C.4 Commitments to disburse funds					
- Long positions	994,190	-	-	251	1,102
- Short positions	2,891,358	-	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

1. Time breakdown of financial assets and liabilities by contractual residual maturity

EURO

(cont.)

Items/time bands	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years	Undefined maturity
A. Cash assets	**4,003,359**	**7,742,712**	**37,674,169**	**37,054,156**	**1,011,917**
A.1 Government securities	136,429	577,474	4,439,159	4,974,426	-
A.2 Other debt securities	309,398	468,439	6,418,613	5,202,879	437
A.3 UCITS units	-	-	-	-	-
A.4 Loans	3,557,532	6,696,799	26,816,397	26,876,851	1,011,480
- Banks	67,837	633,990	1,569,127	149,115	1,011,480
- Customers	3,489,695	6,062,809	25,247,270	26,727,736	-
B. On-balance sheet liabilities	**1,369,701**	**2,711,790**	**11,210,460**	**5,578,700**	**-**
B.1 Deposits and current accounts	819,520	1,090,696	454,469	1	-
- Banks	20,000	-	450,000	-	-
- Customers	799,520	1,090,696	4,469	1	-
B.2 Debt securities	326,756	1,518,898	10,177,706	3,988,416	-
B.3 Other liabilities	223,425	102,196	578,285	1,590,283	-
C. Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	115,005	112,911	28,744	54,446	-
- Short positions	104,354	106,585	31,364	-	-
C.2 Financial derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Commitments to disburse funds					
- Long positions	6,133	59,066	601,594	22,825	-
- Short positions	-	-	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

1. Time breakdown of financial assets and liabilities by contractual residual maturity

OTHER CURRENCIES

Items/time bands	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months
A. Cash assets	**202,808**	**13,744**	**29,503**	**99,227**	**188,881**
A.1 Government securities	-	-	-	-	-
A.2 Other debt securities	23	-	9,067	42,618	28,309
A.3 UCITS units	-	-	-	-	-
A.4 Loans	202,785	13,744	20,436	56,609	160,572
- Banks	137,623	9	1,378	-	-
- Customers	65,162	13,735	19,058	56,609	160,572
B. On-balance sheet liabilities	**660,510**	**58,723**	**322,446**	**800,217**	**1,589,008**
B.1 Deposits and current accounts	613,474	18,294	100,360	2,590	97,485
- Banks	58,160	18,100	17,862	-	253
- Customers	555,314	194	82,498	2,590	97,232
B.2 Debt securities	-	-	-	-	-
B.3 Other liabilities	47,036	40,429	222,086	797,627	1,491,523
C. Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	-	7,342	61,202	146,811	138,588
- Short positions	-	90,920	111,563	289,660	294,597
C.2 Financial derivatives without exchange of principal					
- Long positions	522	-	-	-	-
- Short positions	520	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Commitments to disburse funds					
- Long positions	-	-	556	-	-
- Short positions	548	8	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

1. Time breakdown of financial assets and liabilities by contractual residual maturity

OTHER CURRENCIES

(cont.)

Items/time bands	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years	Undefined maturity
A. Cash assets	**102,040**	**190,354**	**1,886,578**	**1,289,560**	**-**
A.1 Government securities	21,912	192	152,036	895,928	-
A.2 Other debt securities	65,034	178,053	1,671,755	281,007	-
A.3 UCITS units	-	-	-	-	-
A.4 Loans	15,094	12,109	62,787	112,625	-
- Banks	1,532	-	-	-	-
- Customers	13,562	12,109	62,787	112,625	-
B. On-balance sheet liabilities	**42,812**	**2,538**	**6,335**	**-**	**-**
B.1 Deposits and current accounts	39,318	2,538	-	-	-
- Banks	-	-	-	-	-
- Customers	39,318	2,538	-	-	-
B.2 Debt securities	-	-	-	-	-
B.3 Other liabilities	3,494	-	6,335	-	-
C. Off-balance sheet transactions					
C.1 Financial derivatives with exchange of principal					
- Long positions	104,502	105,052	31,314	-	-
- Short positions	113,516	111,448	28,913	54,299	-
C.2 Financial derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.3 Deposits and loans to be received					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Commitments to disburse funds					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of principal					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

As required by the regulations, liquidity risk includes the self-securitisations carried out by the Parent Company and outstanding as at 31 December 2023.

Lanterna Finance 5

On 2 December 2021, Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A. entered into a deed of assignment of loans for an amount of roughly Euro 683 million in principal in favour of the vehicle company Lanterna Finance S.r.l. which, on 22 December 2021, issued three classes of securities for a total amount of Euro 687 million, which were fully subscribed for by the transferor banks. The securitisation is STS compliant and STS verified.
With the merger of Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A., which took place by deed of 24 November 2022, the securities of the securitisation are available to BPER Banca S.p.A. to improve its counterbalancing capacity in implementing the Group's funding policy.

Disposal date:	02 December 2021
Seller:	Banca Carige S.p.A.; Banca del Monte di Lucca S.p.A.
Special purpose vehicle:	Lanterna Finance s.r.l., with registered office in Via della Cassa di Risparmio 15, 16123 - Genoa
Servicer:	BPER Banca S.p.A. (former Banca Carige s.p.a.), in the role of Servicer - Corporate Servicer and Cash Manager
Issue date of securities	22 December 2021
Type of transaction	Traditional - STS compliant
Organisation	BNY Mellon in the role of Account Bank, Calculation Agent and Paying Agent; Zenith Services as Representative of the Noteholders and BUS; Prime Collateralised Securities EU SAS as Third-Party Verifying STS compliance
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator. This activity has been delegated to Servicer since the absorption date of Banca Carige into BPER Banca

The operational aspects are summarised below:

Assets sold	Mortgage and non-mortgage loans to SMEs
Quality of assets securitised	Performing loans
Amount of securitised assets	The total claimed principal amount of the loan portfolio sold is Euro 683 million.
Disposal price of securitised assets	The disposal price was Euro 687 million.
Guarantees and credit lines granted by the bank	Subordinated loan for Euro 7.575 million disbursed pro rata by Banca Carige S.p.A. and Banca del Monte di Lucca S.p.A.
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements stipulated with legal entities with SME status pursuant to Law 662/96
Analysis by geographical area	Securitised loans refer to borrowers based in Italy

ISIN code	***Seniority***	**Maturity**	**Issue amount**	**Subscribed amount**	**Residual balance at 31.12.2023**	***Rating DBRS***	***S&P rating***
IT0005473910	A1	Jan-61	425,000	425,000	36,028	AAA (sf)	AA
IT0005473928	A2	Jan-61	75,000	75,000	75,000	AAA (sf)	AA
IT0005473936	B	Jan-61	187,000	187,000	187,000	n.r.	n.r.
Total			**687,000**	**687,000**	**298,028**		

Diamantino RMBS

On 9 May 2023, BPER Banca S.p.A. signed a contract for the sale of loans relating to residential mortgages and property loans of Euro 3.7 billion in favour of the Diamantino RMBS vehicle that, on 22 June 2023, issued securities for a total of Euro 3,648,422,000 (of which Euro 2,645,100,000 in class A and Euro 1,003,322,000 in class J), which were fully subscribed for by BPER Banca S.p.A. in order to optimise the counterbalancing capacity with securities highly rated by the refinancing market.

Disposal date:	09 May 2023
Seller:	BPER Banca S.p.A.
Special purpose vehicle:	DIAMANTINO RMBS S.r.l., Via Vittorio Emanuele II 24/28, 20122 Milan
Servicer:	BPER Banca S.p.A., as Servicer, Account Bank and Paying Agent, Zenith Services as Calculation Agent and Corporate Servicer
Issue date of securities	22 June 2023
Type of transaction	Traditional
Organisational structure	(BPER Banca S.p.A.) provides a quarterly report on the collections in which it comments on the activity carried out with indications relating to collections, providing specific details about interest and principal payments. The Corporate Servicer activities has been delegated to Zenith Service S.p.A.
Internal systems for the measurement and control of risk	The recovery of loans and management of collections is carried out by the Originator.

The operational aspects are summarised below:

Assets sold	Property loans and residential mortgage loans
Quality of assets securitised	Performing loans
Amount of securitised assets	The total nominal value of the loan portfolio sold is Euro 3.7 billion
Disposal price of securitised assets	The disposal price is Euro 3.7 billion
Guarantees and credit lines granted by the bank	None
Guarantees and credit lines granted by third parties	None
Analysis by business sector	Mortgage agreements entered into with both natural and legal persons. excluding Public Administrations
Analysis by geographical area	Securitised loans are concentrated in Italy

The special purpose vehicle has issued the following bonds:

ISIN code	*Seniority*	Maturity	Issue amount	Residual balance at 31.12.2023
IT0005549594	Senior	Dec-75	2,645,100	2,384,822
IT0005549602	Junior	Dec-75	1,003,322	1,003,322
Total			**3,648,422**	**3,388,144**

Section 5 – Operational risk

Qualitative Information

A. General aspects, governance and measurement of operational risk

Operational risk is "the risk of losses due to inadequate or dysfunctional procedures, human resources or internal systems, or to exogenous events, including the legal risk[54]".

The BPER Banca Group adopts the Traditional Standardised Approach (TSA) to calculate the capital requirement for operational risk. The Own Funds requirement is calculated using the standardised approach by determining the three-year average of the sum of the annual Own Funds requirement for the lines of business in which the relevant indicator was classified[55].
Note that, on the basis of the principles of organisational separation and independence of functions exercising second and third level control activities, it is envisaged that there is:
- a first level control of operational risk;
- a function that performs second level controls of operational risk, i.e. the Operational, ICT & Reputational Risk Unit;
- a function for third-level controls that is attributed to the Internal Audit Department, in accordance with the Group's internal control system.

Operational risk management is based on the following principles:
- identification: operational risks are identified, highlighted and reported to senior management;
- measurement and assessment: the risk is quantified by determining the impact on business processes, inclusive of the financial impact thereon;
- monitoring: monitoring of operational risk and of exposure to significant losses is ensured, generating information flows that favour active risk management;
- mitigation: appropriate measures have been taken to mitigate operational risk;
- reporting: a reporting system has been set up to report on operational risk management.

The collection and storage of data relating to loss events is done by means of the Group's Loss Data Collection process.
The process of Loss Data Collection is supported by special IT tools, which are under constant development, to ensure the integrity and quality of data.
The assessment of operational risk exposure, which is performed by means of risk self-assessment, is aimed at determining, with an annual time horizon and for significant operating segments:
- the extent of exposure to operational risk;
- an assessment of the adequacy of line processes and controls.

The management of operational risk also includes assessment of the risks associated with the approval of new products and services, the start-up of new activities, the entry into new markets and the outsourcing of corporate functions.

As of 2015, the Group has implemented an analytical framework for IT risk, in compliance with Circular 285 of 17 December 2013, with the aim of providing an overview of the current risk situation and the remedy plan needed to avoid exceeding the threshold set for the Group's risk appetite.
Following the new regulatory provisions (Directive (EU) 2015/2366 implemented in the 28th update of Circular 285 of July 2019), every year the Group carries out an in-depth assessment of the operational and security risks related to the payment services provided and the adequacy of the mitigation measures and control mechanisms put in place to address them.

The Parent Company prepares a quarterly report for Senior Management and the managers of central organisational units on the operational losses incurred during the period, as well as an annual report that analyses the forward-looking assessments of operational risk, based on the risk self-assessment carried out, and describes the various risk mitigation actions planned. Specific reporting requirements have also been established by the IT risk management framework.

54 See (EU) Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment companies (CRR) – Part one, Title I, art. 4. Legal risk is the risk of losses resulting from violations of laws or regulations, from contractual or extra-contractual liability or from other disputes.

55 See CRR – Part three, Title III, Chapter 3, art. 317.

Membership by the BPER Banca Group of the DIPO consortium[56] allows the Bank to obtain feedback about the operational losses reported by the other Italian banks that are members. The Parent Company currently uses this feedback to analyse the positioning of the Group with respect to the system as a whole, to update the map of operational risks and to possibly support the estimates made during the Risk Self-Assessment process.
Operational risk management includes the various steps involved in the process of Business Continuity Management. This process is designed to maintain an appropriate level of attention regarding operational continuity and to avoid the progressive obsolescence of organisational measures (rules, impact assessment, scenarios, emergency measures, operating plans etc.) taken to ensure the continuity of critical business processes.

Quantitative information

The following is the distribution of the number of events and operating losses recorded in 2023, divided into the following risk categories:

- internal fraud: losses due to fraud, embezzlement or circumvention of regulations, laws or company policies, excluding incidents of discrimination or failure to apply equal treatment, which involves at least one internal resource of the entity;
- external fraud: losses due to fraud, embezzlement or violation/circumvention of laws, by a third party;
- employment and safety at work: losses arising from acts not in compliance with laws or agreements in respect of employment, health and safety at work, from the payment of compensation for personal injuries or incidents of discrimination or failure to apply equal treatment;
- customers, products and business practices: losses arising from unintentional or negligent non-performance relating to professional obligations to specific clients (including fiduciary and suitability requirements), or from the nature or characteristics of the product;
- damage to fixed assets: losses resulting from loss or damage to assets from natural disasters or other events;
- business interruption and system failures: losses arising from business interruption or system failures;
- performance, delivery and management of processes: losses due to weaknesses in the handling of transactions or management of processes, as well as losses due to relations with business partners and suppliers.

56 Database Italiano Perdite Operative (Italian Database of Operational Losses) which the BPER Banca Group has participated in since 2003. The DIPO observatory is a service provided by the Italian Banking Association designed to support the development of Operational Risk Management and to create a methodology for gathering and exchanging information on operational losses suffered by members.

FIGURE 1: BREAKDOWN BY FREQUENCY

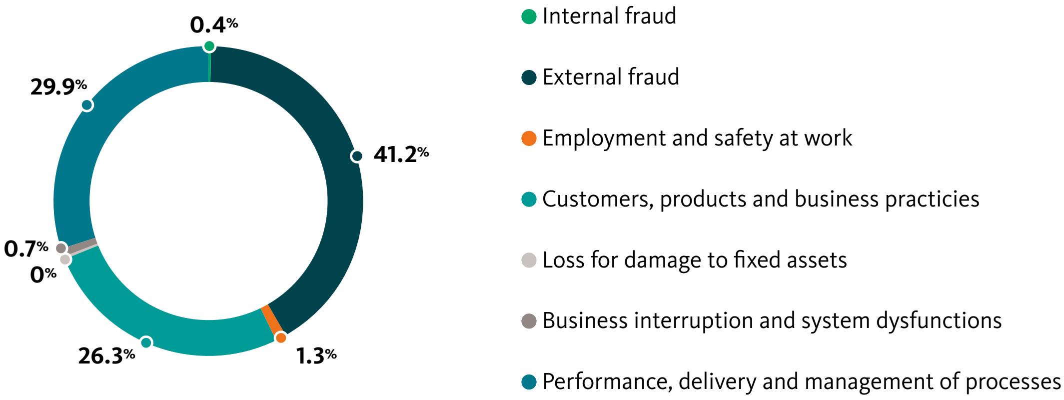
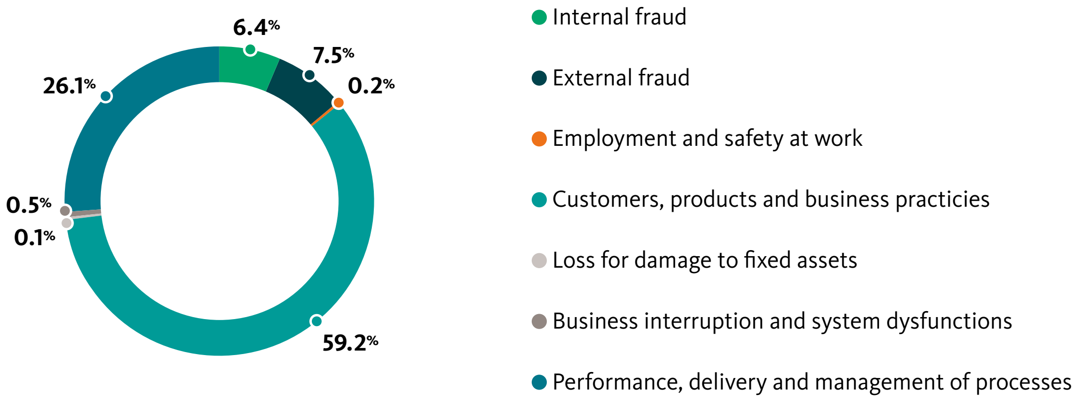


FIGURE 2: BREAKDOWN BY GROSS ACTUAL LOSS



An analysis of the graphs shows that the most relevant type of event in terms of frequency is:

- "External fraud" with 41.2% of the total frequency.
- "Performance, delivery and management of processes", with 29.9% of the total frequency.
- "Customers, products and business practices", with 26.3% of the total frequency.

In terms of economic impact the most significant events related to:

- "Customers, products and business practices", with 59.2% of the total gross loss.
- "Performance, delivery and management of processes", with 26.1% of the total gross loss.

Section 6 – Reputational risk

Qualitative Information

A. General aspects, management and methods to measure reputational risk

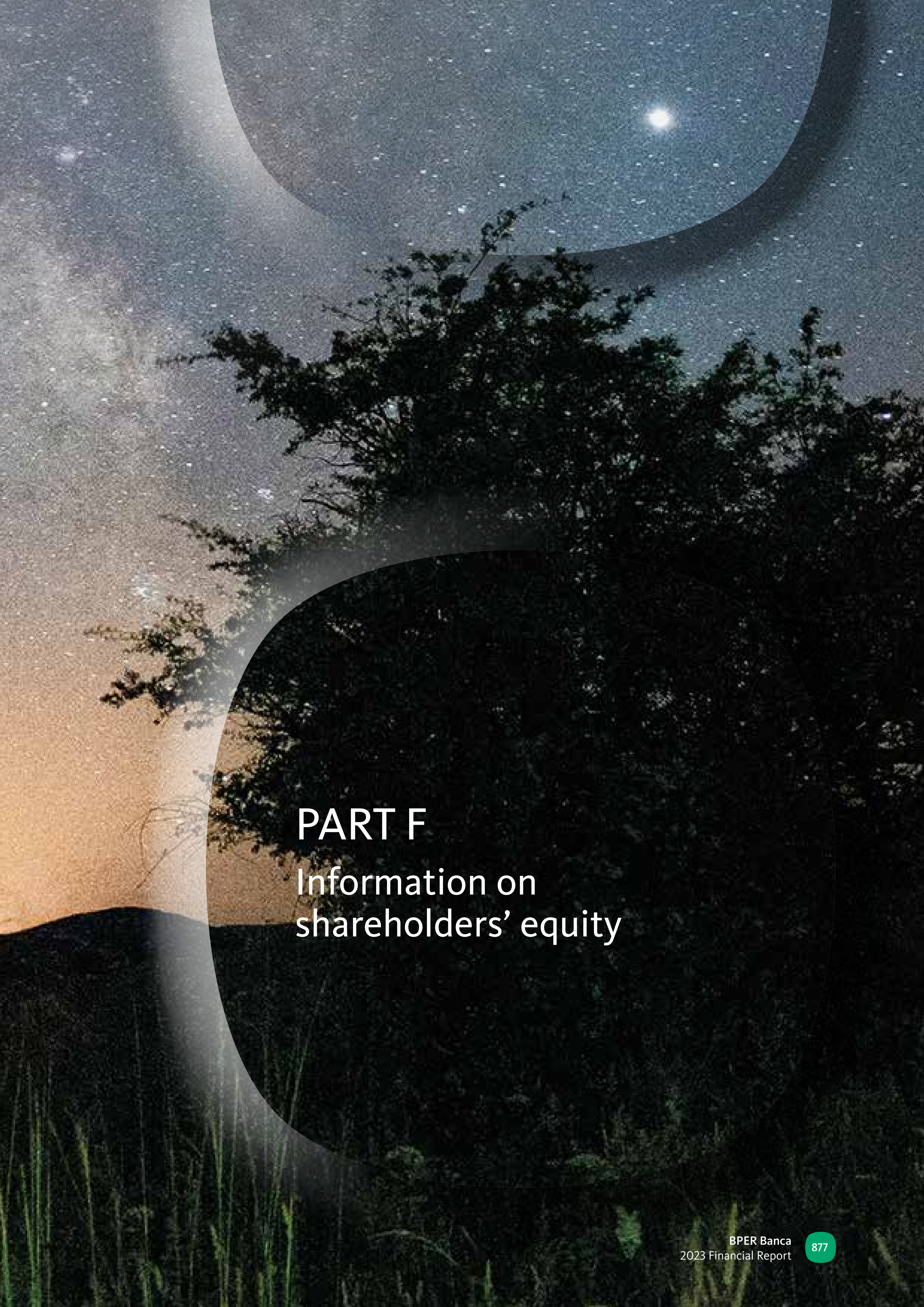
Reputational risk is "the current or prospective risk of a decline in earnings or capital arising from an adverse perception of the Group by customers, employees, counterparties, shareholders, investors or Supervisory Authorities".
The framework for the management of reputational risk is supervised by the Reputational & Other non-Financial Risk office within the Risk Management Function, with support from the organisational units involved (Reputational Risk Owner) in managing risk and monitoring the corrective actions needed to mitigate any vulnerabilities identified.
The system of reputational risk management adopted by the BPER Group has the following components:

- identification and assessment of risk based on Reputational Data Collection and Reputational Self-Assessment;
- monitoring of the Group's exposure to reputational risk using a series of specific Key Risk Indicators;
- management of critical reputational events (escalation): management of particularly critical reputational events, by means of a functional escalation process and the determination of short and long-term responses and mitigation;
- reporting: preparation of suitable reports, based on the various processes/sub-processes comprising the framework, in order to present in summary form the outcome of the risk management activities to all bodies and functions concerned.

With reference to the reputational risk management process, the following results are reported (specifying that the analyses relating to the monitoring of Reputational Risk Indicators and the Reputational Risk Self-Assessments are to date carried out only at Group level):

- In 2023, 0 reputational events were recorded with high risk, 8 with medium risk and 172 with low risk on a rating scale with 3 levels (low, medium, high);
- no reputational critical issues identified in the monitoring of the Parent company's KRIs;
- no reputational critical issues identified as part of the RSA campaign of the Parent company;
- presence of some previous events in 2023 (ongoing criminal proceedings) potential future reputational impacts.

No internal capital is allocated to cover reputational risk (since it is included in other risk categories).



PART F

Information on shareholders' equity

Section 1 – Shareholders' equity

A. Qualitative Information

Shareholders' equity comprises share capital and all types of reserve, together with the profit for the year.

B. Quantitative Information

B.1 Shareholders' equity: breakdown

Description/Amounts	Amount 31.12.2023	Amount 31.12.2022
1. Share capital	2,104,316	2,104,316
2. Share premium reserve	1,236,525	1,237,276
3. Reserves	3,975,546	2,865,230
- from profits	3,480,644	2,365,321
a) legal	417,710	353,306
b) statutory	-	-
c) treasury shares	-	-
d) other	3,062,934	2,012,015
- other	494,902	499,909
4. Equity instruments	150,000	150,000
5. (Treasury shares)	(2,244)	(5,672)
6. Valuation reserves:	(49,355)	(136,557)
- Equity instruments designated at fair value through other comprehensive income	123,889	138,008
- Hedge of equity instruments designated at fair value through other comprehensive income	(3,756)	(854)
- Financial assets (no equity instruments) measured at fair value through other comprehensive income	(129,493)	(226,901)
- Property, plant and equipment	85,525	51,371
- Intangible assets	-	-
- Foreign investment hedges	-	-
- Cash flow hedges	(1,105)	7,118
- Hedging instruments (non-designated elements)	-	-
- Foreign exchange differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (variation due to changes in creditworthiness)	(4,853)	3,294
- Actuarial gains (losses) on defined benefit plans	(119,616)	(108,647)
- Share of valuation reserves of equity investments valued at equity	-	-
- Special revaluation laws	54	54
7. Profit (loss) for the year	1,361,392	1,293,880
Total	**8,776,180**	**7,508,473**

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

Description/Amounts	Total 31.12.2023		Total 31.12.2022	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	6,536	136,029	12,358	239,259
2. Equity instruments	137,746	13,857	147,182	9,174
3. Loans	-	-	-	-
Total	**144,282**	**149,886**	**159,540**	**248,433**

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity instruments	Loans
1. Opening balance	**(226,901)**	**138,008**	**-**
2. Increases	**171,322**	**11,216**	**-**
2.1 Fair value increases	155,765	9,360	-
2.2 Impairment losses for credit risk	1,007	X	-
2.3 Reclassification to profit and loss of negative reserves following disposal	8,376	X	-
2.4 Transfer to other components of shareholders' equity (equity instruments)	-	7	-
2.5 Other increases	6,174	1,849	-
3. Decreases	**73,914**	**25,335**	**-**
3.1 Fair value decreases	5,801	24,252	-
3.2 Write-backs for credit risk	941	-	-
3.3 Reclassification to profit or loss of positive reserves: -from disposal	12,869	X	-
3.4 Transfer to other components of shareholders' equity (equity instruments)	-	305	-
3.5 Other decreases	54,303	778	-
4. Closing balance	**(129,493)**	**123,889**	**-**

B.4 Valuation reserves about actuarial gains (losses) on defined benefit plans: annual changes

	31.12.2023	31.12.2022
1. Opening balance	**(108,647)**	**(132,187)**
2. Increases	**3,029**	**53,522**
2.1 Actuarial gains	387	53,522
2.2 Other increases	2,642	-
3. Decreases	**13,998**	**29,982**
3.1 Actuarial losses	13,986	94
3.2 Other decreases	12	29,888
4. Closing balance	**(119,616)**	**(108,647)**

Section 2 – Own funds and capital adequacy ratios

Information about own funds and capital adequacy is provided in the document "Public Disclosure - Pillar 3" as at 31 December 2023, prepared pursuant to the requirements of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) and subsequent updates and illustrates the key metrics used by the BPER Banca Group (own funds, capital requirements, financial leverage and liquidity coverage ratio) as required by art. 447 of Regulation (EU) 575/2013, as later amended.

The document contains consolidated information and is published on the same date as or as soon as possible after the Consolidated Financial Report on the website of the Parent Company https://istituzionale.bper.it.

PART G
Business combinations

Section 1 – Transactions carried out during the year

1.1. Business combinations

No business combinations pursuant to IFRS 3 were carried out during the period to 31 December 2023.

1.2 Transactions between entities under common control

On 29 March 2023, the merger by absorption of BPER Credit Management s.c.p.a. into BPER Banca was completed.

Please refer to the Directors' Report on Group Operations for further details on the strategic rationale underlying the operation; the Merger fits within the framework of the initiatives for the rationalisation and simplification of the BPER Banca Group structure, including with a view to restructuring and improving non-performing loan management as part of an elaborate, broad project that also envisages the value enhancement and deconsolidation of the unlikely-to-pay ("UTP") and bad loan recovery platforms.

Being classified as a Business Combination between entities under common control, the transaction is exempt from IFRS 3 and has been accounted for in the Parent Company's separate financial report in continuity of values with the consolidated financial report.

Section 2 – Transactions carried out after the end of the reporting period

2.1 Business combinations

No business combinations have been carried out subsequent to 31 December 2023 and up to the date of approval of these separate financial report.

Section 3 – Retrospective adjustments

No retrospective adjustments to business combinations performed in previous years were necessary.

PART H
Related-party transactions

1. Information on the remuneration of Managers with strategic responsibilities

	Board of Directors	Statutory Auditors	Other managers with strategic responsibilities
short-term benefits (1)	3,430	350	6,456
post-employment benefits (2)	-	-	480
other long-term benefits (3)	618	-	1,592
indemnities for termination of employment (4)	-	-	810
share-based payments (5)	947	-	1,824
Total 31.12.2023	**4,995**	**350**	**11,162**
short-term benefits (1)	3,551	336	3,768
post-employment benefits (2)	-	-	263
other long-term benefits (3)	571	-	840
indemnities for termination of employment (4)	-	-	1,398
share-based payments (5)	-	-	38
Total 31.12.2022	**4,122**	**336**	**6,307**

The information provided is consistent with that required by IAS 24.

The amounts shown for the Directors, including the emoluments of the Chief Executive Officer, the Statutory Auditors and other Managers with strategic responsibilities, represent their emoluments for the year, regardless of when they are paid.

(1) The item includes salaries, indemnities in lieu of untaken vacation, paid leave of absence and any fringe benefits, such as insurance, housing and car, in addition to social security contributions.
In particular, it should be noted that with regard to the amounts relating to Directors (Euro 3,430 thousand), extensive detail has been given at the foot of the same table in the Explanatory Notes to the consolidated financial report.
The amounts shown for other Key Management Personnel (the General Manager, 2 Deputy General Managers, the Manager responsible for preparing the company's financial reports and 11 other Group Senior Managers in the Parent Company BPER Banca) belong to the types of costs detailed above. They are disclosed in the Report on Remuneration (art. 123-ter of Legislative Decree no. 58/1998) in accordance with Consob's instructions.

(2) The item includes payments to the supplementary pension funds and provisions for termination indemnities.

(3) The item includes deferred variable remuneration relating to annual variable incentive plans, as specified in the Remuneration Report.

(4) The item includes termination indemnities.

(5) The item includes the costs accrued for the Long-Term Incentive Plan during the year.

2. Information on related-party transactions

The Bank has adopted a series of regulations that include the "Group policy governing non-compliance risk in relation to conflicts of interest with related parties and risk activities with associated persons". This regulatory framework complies with the Bank of Italy's requirements in terms of "Risk activities and conflict of interest with related parties and associated persons" as contained in Circular 285 dated 17 December 2013 and subsequent updates. The Policy describes the prudential limits placed on risk activities involving related parties and associated persons, the continuous monitoring of limits, the management of situations where the limits have been exceeded. An "internal threshold of attention" establishes an individual limit on the weighted consolidated exposure that is lower than the regulatory threshold. This threshold is set at such a level as to constitute an adequate precaution against accepting particularly significant exposures to related parties and persons associated with them.

The following shows the transactions with related parties, identified in application of IAS 24.

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Subsidiaries	9,939,924	6,004,518	4,427,770	535,518	258,669
Associates	672,632	56,565	203,153	26,591	1,048
Directors, Statutory Auditors and Managers	566	2,069	272	36	63
Other related parties	326,269	1,945,520	75,259	190,527	70,540
Total 31.12.2023	**10,939,391**	**8,008,672**	**4,706,454**	**752,672**	**330,320**
Subsidiaries	9,850,415	5,588,776	2,843,544	376,809	129,327
Associates	480,066	15,015	216,090	5,181	722
Directors, Statutory Auditors and Managers	63	1,188	326	13	44
Other related parties	357,814	1,887,020	161,496	170,770	16,459
Total 31.12.2022	**10,688,358**	**7,491,999**	**3,221,456**	**552,773**	**146,552**

Balances and transactions with related parties all relate to routine banking and other services and arose normally during the year, as a consequence of needs and requirements in the common interests of the parties or, where applicable, of the Group. The conditions applied to the individual accounts are in line with those currently applied in the market.
"Executives" means Executives with strategic responsibilities, as defined for the purposes of the table "Information on the remuneration of Executives with strategic responsibilities", shown on the previous page.
"Other related parties" are situations other than those set out in the table, such as entities controlled by associated companies of BPER Banca, entities subject to the control of Directors, Statutory Auditors or Managers, or by subjects that may have significant influence over them, as defined by IAS 24.

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Total reference amounts - 2023	133,246,497	124,470,317	41,462,144	6,409,807	4,596,386
Total reference amounts - 2022	**142,878,569**	**135,370,096**	**38,097,127**	**4,096,939**	**3,289,567**

The total reference amounts for revenues include interest income, commission income and other operating income; costs include interest expense, commission expense, operating expenses and administrative expenses.

Related party transactions stated as a percentage of reference amounts (financial position and economic results)

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Subsidiaries	7.46%	4.82%	10.68%	8.35%	5.63%
Associates	0.50%	0.05%	0.49%	0.41%	0.02%
Directors, Statutory Auditors and Managers	0.00%	0.00%	0.00%	0.00%	0.00%
Other related parties	0.24%	1.56%	0.18%	2.97%	1.53%
Total 31.12.2023	**8.20%**	**6.43%**	**11.35%**	**11.73%**	**7.18%**
Subsidiaries	6.89%	4.13%	7.46%	9.20%	3.93%
Associates	0.34%	0.01%	0.57%	0.13%	0.02%
Directors, Statutory Auditors and Managers	0.00%	0.00%	0.00%	0.00%	0.00%
Other related parties	0.25%	1.39%	0.42%	4.17%	0.50%
Total 31.12.2022	**7.48%**	**5.53%**	**8.45%**	**13.50%**	**4.45%**

3. Relations between the Parent Company and subsidiary and/or associated companies (CONSOB's recommendations of 20/2/1997 and of 27/2/1998)

There are intercompany balances and transactions with banks and other companies in which BPER has a direct or indirect interest and which form part of the financial report. Balances and transactions with these companies are as follows.

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Banco di Sardegna	1,527,346	4,693,830	174,100	86,590	184,055
Bibanca	2,737,058	609,838	-	107,756	21,734
Bper Bank Luxembourg	469,942	343,375	40,000	11,077	13,529
Bper Factor	1,952,633	12,266	899,447	44,312	7
Modena Terminal s.r.l.	92	1,589	7,250	90	13
ARCA Fondi SGR S.p.A.	37,200	1,109	-	145,544	7
Bper Real Estate	115,041	92,771	217,360	1,969	6,441
Optima S.p.A.	-	-	-	3,061	16,883
Estense Covered Bond s.r.l.	-	-	-	-	-
Sardaleasing s.p.a.	2,607,852	1,824	2,101,974	101,088	65
Bper Trust Company S.p.A.	112	830	-	59	120
Estense CPT	-	-	-	-	-
Annia s.r.l.	14,634	1,681	-	174	-
Adras s.p.a.	13,602	2,078	-	275	-
Sifà s.r.l.	-	-	-	5,939	391
Finitalia s.p.a.	363,365	729	924,781	19,116	2,647
Bridge Servicing s.p.a.	-	24	28	7	-
Banca Cesare Ponti s.p.a.	30,545	230,152	3,905	2,790	12,617
Bper Reoco s.p.a.	62,518	9,887	58,925	5,632	160
Carige Covered Bond S.r.l.	-	75	-	-	-
Carige Covered Bond 2 s.r.l.	-	-	-	-	-
Lanterna Finance s.r.l.	-	58	-	-	-
Lanterna Lease s.r.l.	-	-	-	-	-
Lanterna Mortgage s.r.l.	-	9	-	-	-
Centro Fiduciario C.F. s.p.a.	-	150	-	-	-
Argo Mortgage 2 S.r.l.	-	-	-	-	-
Commerciale Piccapietra s.r.l.	-	2,069	-	-	-
St. Anna Golf s.r.l.	7,984	174	-	39	-
Total referring to subsidiaries	**9,939,924**	**6,004,518**	**4,427,770**	**535,518**	**258,669**

(cont.)

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Sofipo s.a. in liquidation	-	-	-	-	-
Cassa di Risparmio di Fossano s.p.a.	-	276	-	-	11
CAT Progetto Impresa Modena s.c.r.l.	-	-	-	-	-
Cassa di Risparmio di Savigliano s.p.a.	-	-	-	173	-
Resiban s.p.a.	-	83	300	8	404
Unione Fiduciaria s.p.a.	72	-	9,928	209	84
Sarda Factoring s.p.a.	744	8	-	-	-
Alba Leasing s.p.a.	564,640	2,416	119,050	22,707	1
Atrikè s.p.a.	-	760	-	-	23
Lanciano Fiera - Polo Fieristico d'Abruzzo Consorzio	146	144	130	14	-
Brozzu e Cannas s.r.l. in liquidation	-	-	-	-	-
Cedisa s.r.l. in liquidation	-	141	-	-	-
Immobiliare Oasi nel Parco s.r.l.	-	-	-	-	-
Gility S.r.l. Benefit Corporation	4	3,866	-	6	62
Autostrada dei Fiori S.p.A.	-	370	2,800	19	19
Nuova Erzelli S.r.l.	-	5	-	-	-
UnipolRental S.p.a.	107,026	48,496	70,945	3,455	444
Total referring to Associates	672,632	56,565	203,153	26,591	1,048
Total 31.12.2023	**10,612,556**	**6,061,083**	**4,630,923**	**562,109**	**259,717**
Total 31.12.2022	**10,330,481**	**5,603,791**	**3,059,634**	**381,990**	**130,049**

PART I
Equity-based payments

Qualitative Information

The Group's organisation provides for centralisation of the BPER Banca Group's remuneration policies at the Parent Company.

The qualitative information set out below may also reflect the individual position of BPER Banca.

1. Description of equity-based payments

On 26 April 2023, the Shareholders' Meeting, based on a prior resolution of the Board of Directors of 9 March 2023, approved the Remuneration policies of the BPER Banca Group for the year 2023 containing guidelines on the use of remuneration plans based on equity (financial) instruments.

In order to pursue the objective of encouraging alignment of the interests of management with those of shareholders, the "Supervisory Provisions for banks" regarding "Remuneration and incentive policies and practices (Bank of Italy Circular no. 285 of 17 December 2013 and subsequent updates) establish that at least 50% of variable remuneration provided to "key employees" (or "Material Risk Takers" or "MRT") should be paid in the form of shares or associated financial instruments (pursuant to article 114-bis of Legislative Decree no. 58 of 24 February 1998 and paid through upfront payment systems or deferred for a period of no less than 4-5 years. "Variable remuneration" refers to both variable performance-linked components or other parameters, and to amounts paid as incentives for the early termination of the employment relationship or for the early exit from office recognised to recipients ("severance").

In compliance with the aforementioned regulatory provisions, the BPER Banca Group has therefore made provision for:
- A short-term incentive plan on an annual basis - MBO 2023: the plan identifies the following beneficiaries: in addition to the Chief Executive Officer and the General Manager, the executives with strategic responsibilities of the BPER Banca Group and selected persons from other categories of employees or associates of the BPER Banca Group classified as "Material Risk Takers" pursuant to the applicable legislation. As far as the structure is concerned, the Plan envisages paying part of the incentive through the assignment of BPER Banca shares, subject to the fulfilment of the conditions for its activation ("entry gates") and based on the bonus amount accrued by each MRT. The period for implementing the Plan runs between 2024 (the period in which the results for the financial year 2023 are recognised) and the actual availability of the last deferred portion in BPER shares (2030). If the annual variable remuneration is ≤ Euro 50 thousand and ≤ 1/3 of total annual remuneration, the bonus will be paid up-front and 100% in cash.
- 2022-2025 Long-Term Incentive (LTI) Plan: the plan identifies the following beneficiaries: in addition to the Chief Executive Officer and the General Manager, some executives with strategic responsibilities of the BPER Banca Group and certain selected persons from managers of the BPER Banca Group included in the perimeter of "Material Risk Takers" and any other key personnel not necessarily MRTs As regards the structure, the Plan makes provision, subject to the achievement of specific long-term company performance targets in line with the Strategic Plan in force, for the assignment to beneficiaries of an individual bonus, to be paid solely in ordinary BPER Banca shares at the end of the four-year vesting period (1 January 2022 - 31 December 2025). The period for implementing the 2022-2025 LTI Plan runs between the year of the shareholders' meeting approval (2022) and the actual availability of the last deferred portion in BPER shares (2032).

For detailed information, please refer to the document "2024 Report on remuneration policy and compensation paid", published on the Bank's website www.bper.it – Homepage › Governance › Documents.

Methods of implementation of the short-term incentive plan on an annual basis -MBO 2023

The assignment of variable remuneration is provided on the condition that the BPER Group achieves the economic-financial targets established on an ex-ante basis ("entry gates") tied to the following parameters targeted at ensuring the maintenance of adequate income and capital standards:
- Consolidated Common Equity Tier 1 Ratio (CET1);
- Consolidated Return On Risk-Weighted Assets (RORWA);
- Consolidated Liquidity Coverage Ratio (LCR).

After checking that the entry gates have been exceeded, the bonus allocation and the deriving extent of the variable remuneration are defined by evaluating individual performances using a process that includes an analysis of various qualitative and quantitative indicators.

If the variable remuneration determined for each individual beneficiary is greater than Euro 50 thousand or 1/3 of the total annual remuneration, this Plan is activated, which envisages payment (also through quotas with deferred vesting) of a part of the bonus through the free-of-charge, personal assignment of a given number of BPER shares. With regard to the share bonus component deferred over time, the Plan envisages its allocation in equal portions to the years subsequent to that of the bonus assignment (subject to a retention period of 1 year starting from the maturity date of each deferred portion), after having exceeded the entry gates set for the year prior to the year of disbursement of each deferred quota.

The deferred instalments are subject to malus rules that can reduce the instalment to zero in the event of failure to achieve the entry gates for the financial year preceding the year of payment of each deferred instalment. The malus mechanism, which can block payment of the deferred portions of the Bonus, also acts on activation of the clawback clauses.

The total number of BPER shares derives from the size of the bonus assigned and the average price of the share established in the period prior to the date of the Board of Directors' meeting which approves the Group's consolidated results.

On 14 January 2021, the Board of Directors of the Parent Company decided that from 2021 "actual" BPER Banca shares would be used instead of "phantom" shares as the financial instruments serving the MBO short-term incentive plan, adapting to market benchmarks and standardising the tools used in incentive schemes. The use of "actual" shares is already envisaged for the LTI plan.

The Bank asks Beneficiaries – through specific individual agreements – not to make use of personal hedging or insurance strategies, in compliance with the regulatory framework in force.

Note that there are Compensation Plans still outstanding for the years 2018, 2019, 2020 (in phantom stocks), 2021 and 2022 in shares.

For detailed information on the contents of the Plan, please refer to the "Information Document on the 2023 compensation plan based on financial instruments" prepared in accordance with article 114-bis of the Consolidated Law on Finance and article 84-bis of the Issuers' Regulation available to the public at the company's registered office, on the Bank's website www.bper.it – Homepage › Governance › Shareholders' Meeting.

Methods of implementation of the 2022-2025 Long-Term Incentive (LTI) Plan

In line with the market practices, the entry gates defined for the LTI Plan are in line with those defined for the MBO Plan (Consolidated Common Equity Tier 1 (CET1) ratio, consolidated Return On Risk-Weighted Assets (RORWA) and consolidated Liquidity Coverage Ratio (LCR)). In particular, the assignment of variable remuneration (exclusively in BPER Banca shares) in the 2022-2025 LTI Plan is linked to the achievement, in 2026 with reference to 2025, of the entry gate objectives as defined. Failure to achieve even only one of the entry gates means not paying any bonus under this long-term incentive scheme.

If the entry gates are exceeded, the company performance to which to link the total bonus amount to be determined (bonus pool) is based on the measurement of the following metrics (KPIs):
- Return On Tangible Equity or also "ROTE" at 2025 (earnings objective);
- Cost/Income ratio at 2025 (operating efficiency target);
- Gross NPE Ratio at 2025 (credit quality objective);
- ESG at 2025: mix of objectives structured into "sustainable finance", "energy transition", "diversity and inclusion" and Project «Futuro».

2022-2025 LTI scorecard

KPIs	Weight	Target
Rote at 31.12.2025	50%	10%
Cost/Income at 31.12.2025	20%	58%
Gross NPE Ratio at 31.12.2025	15%	3.6%
ESG[1]	15%	100%

[1] Composed of 4 indicators of equal weight (25%): Sustainable Finance (Green loans), Energy Transition (Reduction of CO2 Emissions), Diversity and Inclusion (Gender Gaps: less represented gender among Managers and Executives), "Future" Project (financial education projects and definition of a youth inclusion project).

Attainment of the above-mentioned KPIs is verified in 2026 in relation to the last year of the vesting period (2025). However, continuous monitoring of the indicators is required under the Plan to verify compliance with the objectives of the Strategic Plan. The target values of the KPIs of the 2022-2025 LTI Plan are indicated in the Remuneration Report approved by the Shareholders' Meeting on 26 April 2023.

The target amount of the individual bonus (on an annual and four-year basis)[57] is determined as a percentage of the individual gross annual remuneration: (i) 60% (240% on a four-yearly basis) for top management and C-Level (these include the Chief Executive Officer and the General Manager of the Parent Company and (ii) 40% (160% on a four-yearly basis) for senior

57 In respect of the variable:fixed ratio defined by the relevant remuneration policies at the moment of participation and in compliance with the regulations in force from time to time.

management and (iii) 15% (60% on a four-yearly basis) for beneficiaries identified from the selected key personnel for the pursuit of the strategic guidelines. Excluded from the Plan are the heads of the control and similar functions, whose variable remuneration is expected not to exceed 33% of their fixed remuneration, taking into account the specific regulatory restraints of the industry for usable indicators.

The manner in which bonuses are awarded is structured as an up-front portion, awarded at the end of the four-year vesting period, and as a portion deferred pro-rata in equal tranches, over a number of years (5 years). The payment structure for the shares provides for a retention period of one year for the up-front portion and for the deferred portions.

The exact identification of the number of ordinary BPER Banca shares to be assigned in each fiscal year of the Plan term is subject to the opening of gates, as well as the level of achievement of the specific performance indicators in the phase of payment of the Bonus at 2025.

The Bank cannot assign shares to beneficiaries, in whole or in part, and also reserves the right to ask the beneficiaries to return the shares, in whole or in part, if malus and claw-back clauses are triggered.

The Bank asks beneficiaries - through specific individual agreements - not to make use of personal hedging or insurance strategies which may alter or nullify the effects of the alignment with the risk inherent in the Plan, in compliance with the regulatory framework in force.

For detailed information on the contents of the Plan, please refer to the "Information Document relating to the long-term incentive plan "2022-2025 LTI plan" prepared in accordance with article 114-bis of the Consolidated Law on Finance and article 84-bis of the Issuers' Regulation available to the public at the company's registered office, on the Bank's website www.bper.it – Homepage › Governance › Shareholders' Meeting.

Quantitative information

As regards the ILT Plan, the grant of shares without charge in execution of the Plan will take place using treasury shares that derive from purchases authorised at the Shareholders' Meeting, pursuant to arts. 2357 and 2357-*ter* of the Italian Civil Code.

Please refer to the Directors' Report on Group Operations, chapter 4. "*Other information*", paragraph 4.5 "*Treasury shares held in the portfolio*" for a description of the authorisation obtained from the ECB.

The determination of the short-term variable remuneration referred to 2022 involved the assignment of 891,784 BPER Banca s.p.a. shares.

2. Other information

Determination of the fair value and accounting treatment

Short-term variable component

The determination of the variable remuneration for 2023 is being finalised at the date of approval of this Financial Report.

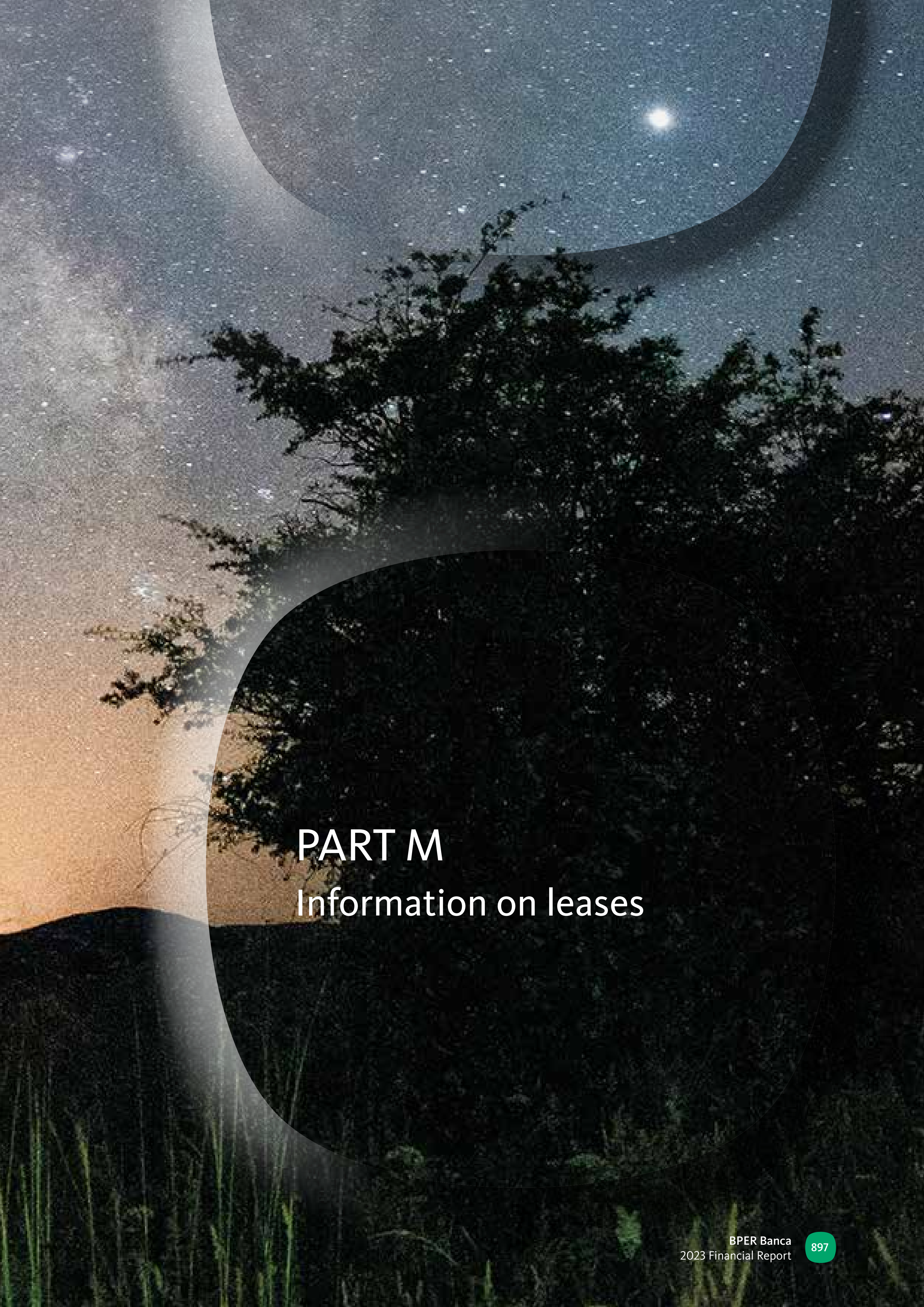
In relation to 2022, the short-term variable remuneration involved the assignment of 891,784 BPER Banca S.p.A. shares.

Long-term variable component - Long-Term Incentive (2019-2021 LTI Plan)

The achievement of the entry gates and performance levels obtained entailed the assignment of 1,396,987 BPER Banca shares, as of June 2022, according to the procedures set out in the Plan.

PART L
Segment reporting

Segment reporting, as required by IFRS 8, is presented only in the Consolidated Financial Report. Please refer to the Consolidated Explanatory Notes, Part L, for details on the business segments.



PART M
Information on leases

Section 1 – Lessee

Qualitative Information

With regard to the contracts entered into as lessee, BPER Banca recognises both the leased right-of-use asset and the liability for the future lease instalments envisaged in the contract.

In the context of the elections allowed by IFRS 16, BPER Banca decided not to recognise right-of-use assets or lease payables in relation to the following lease contracts:
- lease of intangible assets;
- short-term leases with less than 12 months remaining;
- lease of assets with a low unit value (as described further in the Explanatory notes – Part A – Accounting policies, an asset is deemed to have a low unit value if its fair value when new was not more than Euro 5 thousand).

Consequently, the lease payments for these assets are charged to item "160. Administrative expenses" on an accruals basis; for further information about this, see the Explanatory Notes - Part C - Income statement, Table 10.5 "Other administrative expenses: breakdown".

Quantitative information

Rights of use acquired through leases: see the Explanatory Notes - Part B - Assets, table 8.1 "Property, plant and equipment used in operations: breakdown of assets measured at cost".

Lease liabilities: see the Explanatory Notes - Part B - Liabilities, table 1.1 "Financial liabilities measured at amortised cost: breakdown by product of due to banks", table 1.2 "Financial liabilities measured at amortised cost: breakdown by product of due to customers", and table 1.6 "Lease liabilities".

Interest expense on lease liabilities: see the Explanatory Notes - Part C – Income statement, table 1.3 "Interest and similar expense: breakdown".

Other expenses associated with right-of-use assets acquired under leases: see the Explanatory Notes - Part C – Income statement, table 12.1 "Net adjustments to property, plants and equipment: breakdown".

Income from sub-lease transactions: see the Explanatory Notes - Part C – Income statement, table 1.1 "Interest and similar income: breakdown".

1.1 Right-of-use assets acquired under leases: changes in right-of-use assets relating to property, plant and equipment used in operations

Property, plant and equipment used in operations	Right-of-use assets acquired under leases 31.12.2022	Depreciation of the year	Other changes of the year	Impairment losses of the year	Book value 31.12.2023
a) land	-	-	-	-	-
b) buildings	375,324	(63,252)	24,354	(5,354)	331,072
c) furniture	-	-	-	-	-
d) electronic systems	15,312	(11,220)	1,878	-	5,970
e) other	5,121	(2,694)	2,251	-	4,678
Total	**395,757**	**(77,166)**	**28,483**	**(5,354)**	**341,720**

As regards "Other changes during the year", the impact is mainly linked to the new contracts acquired (approximately Euro 37 million) and to the remeasurement of the rights of use mainly due to ISTAT adjustments, changes in the lease term on the opening and closing of contracts.

1.2 Expense and Income relating to leases other than right of use

	Total 31.12.2023	Total 31.12.2022
Costs relating to short-term leases	1,852	4,393
Expense relating to leases of low-value assets (*)	4,156	12,462
Income from finance subleases	1	4

(*) Including VAT.

1.3 Lease liabilities: changes

	Lease liabilities 31.12.2022	Interest expense	Lease payments made	Other changes	Book value 31.12.2023
Total lease liabilities	405,807	10,421	(88,582)	28,043	355,689

Section 2 – Lessor

Qualitative Information

The lease contracts in which BPER Banca is the lessor are classified as either finance leases or operating leases.

Finance leases transfer to the lessee substantially all the risks and rewards of ownership.

In substance, under finance leases, the lessee obtains the economic benefits deriving from use of the leased asset over most of its economic life, in exchange for a commitment to pay the lessor a consideration that is substantially the same as the fair value of the asset and the related financial charges. The lease contract is therefore recognised by the lessor in the following manner:
- the value of the credit granted is recognised as an asset, net of the principal portion of the lease payments due and paid by the lessee;
- interest income is credited to the income statement.

Operating leases do not transfer to the lessee substantially all the risks and rewards incidental to ownership, which remain with the lessor.

Under operating leases, the lessor shall recognise the lease payments in profit or loss on an accrual basis.

See the Explanatory notes – Part A – Accounting policies for additional information.

Given the legal structure of finance leases, the credit risk faced by the Bank is limited by retaining ownership of the asset until the end-of-lease payment is made by the lessee. This factor is particularly important in relation to property leases and those in which the asset concerned is highly fungible. In particular, in order to limit more effectively the risk of losses and whenever indicated in the lease origination report, BPER Banca may request the customer to provide additional secured guarantees (typically pledged securities) and/or unsecured guarantees (personal or bank sureties). In addition, finance leases may also be secured by commitments to take over the lease or repurchase the asset (sometimes obtained from the supplier of the asset concerned).

Quantitative information

1. Balance Sheet and Income Statement information

Finance leases: see the Explanatory Notes - Part B - Assets, table 4.2 “Financial assets measured at amortised cost: breakdown of loans to customers”.

Interest income on finance leases: see the Explanatory Notes - Part C – Income statement, table 1.1 “Interest and similar income: breakdown”.

Other income from operating leases: see the Explanatory Notes - Part C - Income statement, table 14.2 “Other operating income: breakdown”.

2. Finance leases

2.1 Breakdown by time bands of lease payments receivable and reconciliation with finance leases recognised as assets

Time bands	31.12.2023 Lease payments receivable	31.12.2022 Lease payments receivable
Up to 1 year	398	1,193
Over 1 year up to 2 years	398	1,193
Over 2 year up to 3 years	398	1,193
Over 3 year up to 4 years	399	1,193
Over 4 year up to 5 years	399	1,001
Over 5 years	776	1,195
Total lease payments receivable	**2,768**	**6,968**
RECONCILIATION WITH FINANCE LEASES		
Unearned finance income (+)	(2,303)	4,746
Unguaranteed residual value (-)	-	-
Finance leases	**5,071**	**2,222**

“Not accrued gains” derive from unearned interest embedded in lease payments receivable.

2.2 Other information

2.2.1 Other information about finance leases: type and credit quality

	31.12.2023		31.12.2022	
	Performing	Non-performing	Performing	Non-performing
A - Real estate assets	**4,798**	**247**	**1,947**	**249**
Land	-	-	-	-
Buildings	4,798	247	1,947	249
B - Operating assets	**-**	**16**	**-**	**16**
C - Movable assets	**-**	**9**	**-**	**10**
Motor vehicles	-	6	-	7
Aircraft and rolling stock	-	-	-	-
Other	-	3	-	3
D - Intangible assets	**-**	**-**	**-**	**-**
Trademarks	-	-	-	-
Software	-	-	-	-
Other	-		-	-
Total	**4,798**	**272**	**1,947**	**275**

2.2.2 Other information about finance leases: unopted assets, assets returned after termination, other assets

	31.12.2023			31.12.2022		
	Unopted assets	Assets returned after termination	Other assets	Unopted assets	Assets returned after termination	Other assets
A - Real estate assets	**-**	**198**	**-**	**14**	**198**	**-**
Land	-	-	-	-	-	-
Buildings	-	198	-	14	198	-
B - Operating assets	**-**	**-**	**-**	**-**	**-**	**-**
C - Movable assets	**-**	**-**	**-**	**50**	**-**	**-**
Motor vehicles	-	-	-	-	-	-
Aircraft and rolling stock	-	-	-	50	-	-
Other	-	-	-	-	-	-
D - Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
Trademarks	-	-	-	-	-	-
Software	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**198**	**-**	**64**	**198**	**-**

3. Operating leases

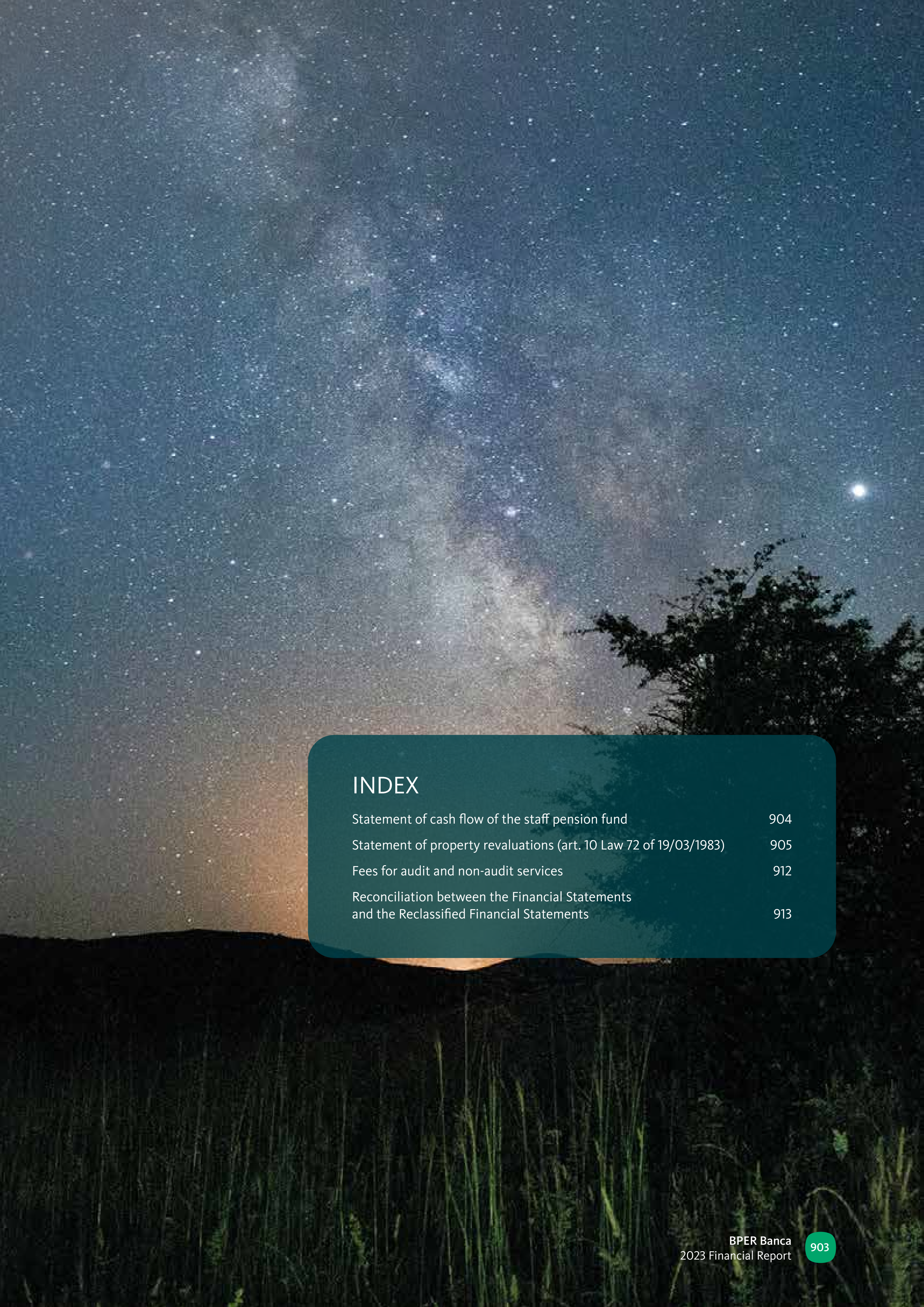
3.1 Breakdown of lease payments receivable by time bands

Time bands	31.12.2023 Lease payments receivable	31.12.2022 Lease payments receivable
Up to 1 year	5,838	6,151
Over 1 year up to 2 years	5,553	5,979
Over 2 year up to 3 years	4,922	5,763
Over 3 year up to 4 years	4,364	5,072
Over 4 year up to 5 years	4,231	4,510
Over 5 years	15,126	31,245
Total	**40,034**	**58,720**

3.2 Other information

No additional information is deemed necessary to meet the disclosure objective specified in paragraph 92 of IFRS 16.

ATTACHMENTS



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Statement of cash flow of the staff pension fund

BPER pension fund

	(in thousands)
Results as at 31 December 2022	**99,915**
Changes due to the time value of money and discount rate adjustments	3,610
Actuarial gains (losses)	8,301
Pension supplements paid to retired personnel	(7,065)
Results as at 31 December 2023	**104,761**

CARIGE pension fund

	(in thousands)
Results as at 31 December 2022	**12,170**
Changes due to the time value of money and discount rate adjustments	422
Actuarial gains (losses)	980
Pension supplements paid to retired personnel	(1,622)
Results as at 31 December 2023	**11,950**

Pension fund of former Cassa di Risparmio di Savona

	(in thousands)
Results as at 31 December 2022	**220**
Changes due to the time value of money and discount rate adjustments	8
Actuarial gains (losses)	26
Pension supplements paid to retired personnel	(32)
Results as at 31 December 2023	**222**

Pension fund of former Cassa di Risparmio di Carrara

	(in thousands)
Results as at 31 December 2022	**2,861**
Changes due to the time value of money and discount rate adjustments	99
Actuarial gains (losses)	289
Pension supplements paid to retired personnel	(400)
Results as at 31 December 2023	**2,849**

Statement of property revaluations (art. 10 Law 72 of 19/03/1983)

Assets	Law n. 74 of 11.2.1952	Law n. 823 of 29.12.1973	Law n. 576 of 1.12.1975	Law n. 72 of 19.3.1983	Law n. 218 of 30.07.1990	Law n. 408 of 29.12.1990	Law n. 413 of 30.12.1991	Law n. 342 of 21.11.2000	Law n. 266 of 23.12.2005 - TAX VALUES	OTHER REVALUATIONS
ALASSIO - CORSO DANTE ALIGHIERI N. 227	0.00	0.00	0.00	0.00	167,006.79	0.00	0.00	0.00	0.00	0.00
ALASSIO - VIA GIUSEPPE MAZZINI N. 2	0.00	0.00	0.00	0.00	1,285,922.28	0.00	0.00	0.00	0.00	0.00
ALBISOLA SUPERIORE - CORSO GIUSEPPE MAZZINI	0.00	0.00	0.00	81,082.80	36,716.11	0.00	63,331.53	0.00	0.00	0.00
ALBISSOLA MARINA - CORSO BIGLIATI B N. 14-R	0.00	0.00	27,878.10	96,061.38	86,268.52	0.00	155,872.06	0.00	0.00	0.00
ALTARE - VIA ROMA N. 2	0.00	0.00	0.00	0.00	8,916.43	0.00	76,550.93	0.00	0.00	0.00
ANDORA - VIA A. DORIA N. 36	0.00	0.00	0.00	0.00	6,347.58	0.00	202,082.98	0.00	0.00	0.00
ANZOLA DELL'EMILIA - VIA F.LLI CERVI 33,VIA MICELLI 4	0.00	0.00	0.00	0.00	0.00	0.00	31,510.76	0.00	365,341.98	0.00
APRILIA - PIAZZA ROMA ANG VIA DEI LAURI SN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	201,425.99	529,065.67	0.00
APRILIA - PIAZZA ROMA ANG VIA DELLE MARGHERITE SNC	0.00	0.00	28,405.00	671,393.97	0.00	1,136,205.18	0.00	1,847,820.84	1,465,036.60	0.00
APRILIA - VIA CICERONE SNC	0.00	0.00	0.00	0.00	0.00	134,278.79	0.00	272,295.18	99,175.85	0.00
APRILIA - VIA GRECIA 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	39,427.82	112,082.96	0.00
APRILIA - VIA ROSSETTI SNC	0.00	0.00	0.00	0.00	0.00	46,481.12	0.00	0.00	153,105.28	0.00
ARENZANO - PIAZZA CAMILLO GOLGI N. 19D-19E	0.00	0.00	0.00	0.00	53,027.21	0.00	0.00	0.00	0.00	0.00
ARENZANO - VIA SAULI PALLAVICINO N. 25	0.00	0.00	0.00	0.00	669,623.23	0.00	0.00	0.00	0.00	0.00
ARIANO IRPINO - XXV APRILE SNC	0.00	0.00	0.00	0.00	0.00	0.00	357,490.41	310,564.68	94,570.73	0.00
ATRIPALDA - VIA MELFI ANGOLO PIAZZA UMBERTO I° SNC	0.00	0.00	0.00	0.00	0.00	0.00	381,479.81	408,200.89	187,260.00	0.00
AVELLINO - DUE PRINCIPATI 132	0.00	0.00	0.00	0.00	0.00	0.00	14,479.93	69,047.61	2,893.50	0.00
AVELLINO - ROMA ANGOLO VIA MACCHIA SN	0.00	0.00	0.00	0.00	0.00	0.00	87,199.00	258,354.00	101,476.00	0.00
AVELLINO - VIALE ITALIA SNC	0.00	0.00	0.00	0.00	0.00	0.00	27,386.00	125,107.00	0.00	0.00
AVELLINO - VIA COLLINA LIGUORINI SNC	0.00	0.00	0.00	0.00	0.00	0.00	435,140.00	6,685,816.00	431,741.00	0.00
AVELLINO - COLLINA LIGUORINI SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,728,714.00	1,262,820.00	0.00
AVELLINO - COLLINA LIGUORINI SNC	0.00	0.00	0.00	0.00	0.00	0.00	199,769.00	1,646,701.00	1,025,596.00	0.00
AVERSA - SAN FRANCESCO DA PAOLA 3	0.00	0.00	0.00	0.00	0.00	0.00	184,510.00	358,998.00	29,264.00	0.00
AVEZZANO - VIA TRIESTE 16	0.00	0.00	0.00	691,654.85	0.00	0.00	902,358.11	0.00	1,872,297.93	0.00
BAGNOLO IN PIANO - V.ROMA 1/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	47,134.24	0.00
BALDISSERO D'ALBA - PIAZZA MARTIRI, 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	74,838.19	0.00
BARDI - VIA PIETRO DELLA CELLA 8-10	0.00	0.00	4,648.12	4,036.62	0.00	0.00	4,819.10	0.00	220,383.22	0.00
BARDINETO - PIAZZA MAMELI N. 10A	0.00	0.00	0.00	4,131.84	8,359.47	0.00	6,386.29	0.00	0.00	0.00
BASTIGLIA - VIA CANALETTO 19-21	0.00	0.00	0.00	177,807.85	0.00	0.00	101,184.82	0.00	540,405.32	0.00
BATTIPAGLIA - VIA ROMA 108 / 112	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,363.00	26,708.00	0.00
BEDONIA - PIAZZA SENATORE MICHELI 3-4	0.00	0.00	0.00	140,580.70	0.00	0.00	90,032.61	0.00	359,466.91	0.00
BELLIZZI - ROMA 168/172	0.00	0.00	0.00	85.00	0.00	0.00	23.00	0.00	4,847.00	0.00
BERTINORO - V. ROMA 10	0.00	0.00	0.00	81,244.87	0.00	0.00	29,184.48	0.00	97,338.17	25,822.84
BERTINORO - V. ANITA GARIBALDI 31-33	0.00	0.00	0.00	0.00	0.00	0.00	204,477.96	0.00	401,764.69	103,291.38
BERTINORO - V. LORETA 215	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	196,881.63	0.00
BOLOGNA - VIA VENEZIAN 5/A	0.00	0.00	272,741.68	2,361,757.40	0.00	0.00	1,147,735.74	0.00	10,788,455.50	3,164.43
BOLOGNA - VIA EMILIA LEVANTE 81	0.00	0.00	15,493.71	438,988.36	0.00	0.00	266,857.70	0.00	1,451,145.36	0.00
BOLOGNA - VIA CAIROLI 11/H,VIA BOLDRINI 24/H	0.00	0.00	0.00	232,405.60	0.00	0.00	126,153.95	0.00	1,245,702.82	0.00
BOLOGNA - VIA LAME 46	0.00	0.00	0.00	0.00	0.00	0.00	36,178.66	0.00	273,158.27	0.00
BOLOGNA - VIA CORTICELLA 218/H	0.00	0.00	0.00	0.00	0.00	0.00	6,088.59	0.00	492,041.92	0.00
BOLOGNA - VIA FIORAVANTI 28/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	665,030.39	0.00
BOMPORTO - VIA PER MODENA 9-11	0.00	0.00	11,730.57	73,631.34	0.00	0.00	37,744.82	0.00	301,484.20	0.00
BORDIGHERA - VIA VITTORIO EMANUELE	0.00	0.00	0.00	0.00	173,928.43	0.00	0.00	0.00	0.00	0.00
BORDIGHERA - VIA VITTORIO EMANUELE	0.00	0.00	0.00	0.00	902,925.21	0.00	0.00	0.00	0.00	0.00
BORGIA - VIA GARIBALDI 27	0.00	0.00	0.00	94,000.00	0.00	0.00	20,000.00	0.00	87,896.00	0.00
BORGIO VEREZZI - VIALE C. COLOMBO	0.00	0.00	0.00	119,818.52	123,557.44	0.00	102,547.51	0.00	0.00	0.00
BORGO VAL DI TARO - VIA NAZIONALE 88-90	0.00	0.00	0.00	192,667.36	0.00	0.00	76,148.73	0.00	0.00	0.00
BRA - VIA PIUMATI 64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	134,817.13	0.00
BRA - VIA A. DE GASPERI 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	201,858.91	0.00
BRA - VIA ADOLFO SARTI 6	0.00	0.00	9,762.07	62,614.49	0.00	0.00	0.00	0.00	1,072,604.57	0.00
BRA - PIAZZA CARLO ALBERTO 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	289,696.07	0.00
BRA - VIA PRINCIPI DI PIEMONTE N°12 BRA (CN)	0.00	0.00	118,407.04	759,469.86	0.00	0.00	0.00	0.00	2,137,037.41	0.00
BRA - VIA SARTI - VIA CAVOUR	0.00	0.00	6,109.69	39,187.89	0.00	0.00	0.00	0.00	566,573.18	0.00
BRA - CORSO MONVISO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,244.03	0.00
BUDRIO - VIA BISSOLATI 2	0.00	0.00	0.00	0.00	0.00	0.00	74,640.21	0.00	236,475.02	0.00
BUSALLA - VIA ROMA N. 12R	0.00	0.00	0.00	0.00	121,173.42	0.00	0.00	0.00	0.00	0.00

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Assets	Law n. 74 of 11.2.1952	Law n. 823 of 29.12.1973	Law n. 576 of 1.12.1975	Law n. 72 of 19.3.1983	Law n. 218 of 30.07.1990	Law n. 408 of 29.12.1990	Law n. 413 of 30.12.1991	Law n. 342 of 21.11.2000	Law n. 266 of 23.12.2005 - TAX VALUES	OTHER REVALUATIONS
CAIRO MONTENOTTE - VIA COLLA N. 2	0.00	0.00	17,935.26	100,707.80	95,067.37	0.00	204,329.76	0.00	0.00	0.00
CAIRO MONTENOTTE - VIA ROMANA N. 2 INTERNO 9	0.00	0.00	0.00	0.00	1,010.90	0.00	0.00	0.00	0.00	0.00
CAIRO MONTENOTTE - VIA FRATELLI FRANCIA, 3	0.00	0.00	0.00	0.00	54,741.83	0.00	0.00	0.00	0.00	0.00
CALIZZANO - VIA IV NOVEMBRE N. 12	0.00	0.00	0.00	43,897.22	27,834.26	0.00	25,284.01	0.00	0.00	0.00
CAMOGLI - PIAZZA ABATE GIOVANNI SCHIAFFINO N. 9	0.00	0.00	0.00	0.00	453,986.70	0.00	0.00	0.00	0.00	0.00
CAMPO DI GIOVE - VIA MARCONI 5	0.00	0.00	0.00	0.00	0.00	0.00	16,642.00	0.00	62,485.00	0.00
CAMPO LIGURE - VIA TRENTO N. 2	0.00	0.00	0.00	0.00	259,569.28	0.00	0.00	0.00	0.00	0.00
CAMPOMORONE - VIA ALCIDE DE GASPERI N. 60-62-64	0.00	0.00	0.00	0.00	388,415.94	0.00	0.00	0.00	0.00	0.00
CAPANNORI - VIA DELLA MADONNINA N. 2	0.00	0.00	0.00	0.00	0.00	673,246.21	0.00	0.00	0.00	0.00
CAPANNORI - VIA DELL` ISOLA	0.00	0.00	0.00	0.00	0.00	0.00	50,245.21	0.00	0.00	0.00
CAPANNORI - VIA DELLA MADONNINA N. 2	0.00	0.00	0.00	0.00	0.00	44,723.68	0.00	0.00	0.00	0.00
CAPANNORI - VIA DELL` ISOLA	0.00	0.00	0.00	0.00	0.00	18,287.69	115,035.63	0.00	0.00	0.00
CAPESTRANO - PIAZZA CAPPONI 2	0.00	0.00	0.00	0.00	0.00	0.00	68,925.79	0.00	144,702.80	0.00
CARPI - PIAZZA MARTIRI 35-37	0.00	0.00	77,468.53	1,508,054.14	0.00	0.00	633,731.31	0.00	3,019,733.89	0.00
CARPI - VIA NUOVA PONENTE 8	0.00	0.00	0.00	0.00	0.00	0.00	666,744.15	0.00	731,490.97	0.00
CARRARA - VIA LORIS GIORGI N. 1D	0.00	0.00	0.00	0.00	0.00	0.00	531,359.41	0.00	0.00	0.00
CARRARA - VIA ROMA N. 2	0.00	0.00	129,114.22	1,368,610.78	0.00	1,233,927.27	1,593,222.05	0.00	0.00	0.00
CARRARA - VIALE VENTI SETTEMBRE N 144	0.00	0.00	0.00	0.00	0.00	273,769.13	60,894.94	0.00	0.00	0.00
CARRARA - VIA GIOVAN PIETRO N. 1	0.00	0.00	0.00	0.00	0.00	501,732.77	96,977.42	0.00	0.00	0.00
CARRARA - VIA PARMA	0.00	0.00	0.00	0.00	0.00	0.00	10,947.97	0.00	0.00	0.00
CARRARA - VIA NAZARIO SAURO N. 75	0.00	0.00	0.00	0.00	0.00	0.00	262,915.28	0.00	0.00	0.00
CASAL DI PRINCIPE - RAFFAELLO 9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,141.00	0.00
CASALECCHIO DI RENO - VIA BAZZANESE 11/4	0.00	0.00	0.00	0.00	0.00	0.00	74,200.29	0.00	649,547.80	0.00
CASALGRANDE - VIA RADICI 19/A	0.00	0.00	0.00	196,253.62	0.00	0.00	126,059.62	0.00	0.00	0.00
CASARZA LIGURE - VIA IV NOVEMBRE N. 28B	0.00	0.00	0.00	0.00	270,069.62	0.00	0.00	0.00	0.00	0.00
CASELLA - VIA UMBERTO MANDELLI N. 29D INTERNO E/F	0.00	0.00	0.00	0.00	234,771.90	0.00	0.00	0.00	0.00	0.00
CASOLA IN LUNIGIANA - PIAZZA DELLA TORRE, 96	0.00	0.00	0.00	0.00	0.00	0.00	34,306.27	0.00	0.00	0.00
CASTEL DI SANGRO - VIA XX SETTEMBRE SNC	0.00	0.00	0.00	0.00	0.00	0.00	167,834.84	0.00	400,808.54	0.00
CASTELFRANCO EMILIA - CORSO MARTIRI 287/V. SAIETTI 9	0.00	0.00	67,139.40	903,799.57	0.00	0.00	353,272.12	0.00	1,593,546.93	0.00
CASTELNOVO DI SOTTO - VIA ROMA/VIA GRAMSCI 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	368,302.01	0.00
CASTELVECCHIO SUBEQUO - PIAZZA I° MAGGIO 39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	180,529.00	0.00
CASTELVETRO DI MODENA - S.S. N.569, 46/C, VIA VOLTA 4	0.00	0.00	0.00	149,772.49	0.00	0.00	102,769.75	0.00	497,463.71	0.00
CASTELVETRO DI MODENA - VIA STATALE 115	0.00	0.00	0.00	0.00	217,252.98	0.00	0.00	0.00	806,550.51	0.00
CAVA DE' TIRRENI - CSO UMBERTO/V. SORRENTINO 349	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,821,181.54	0.00
CAVEZZO - VIA GRAMSCI 2, P.ZZA 3 MARTIRI 1	0.00	0.00	60,829.96	473,208.59	0.00	0.00	277,613.85	0.00	972,290.38	0.00
CAVRIAGO - VIA RIVASI BASSA 24/B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	180,046.82	0.00
CELANO - PIAZZA IV NOVEMBRE 29	0.00	0.00	0.00	161,302.92	0.00	0.00	184,321.64	0.00	268,743.05	0.00
CELLE LIGURE - VIA FRATELLI FIGUCCIO N. 1	0.00	0.00	13,823.74	80,562.20	17,394.22	0.00	82,155.96	0.00	0.00	0.00
CENGIO - VIA PADRE GARELLO	0.00	0.00	0.00	38,732.94	1,114.26	0.00	18,165.24	0.00	0.00	0.00
CENTOLA - INDIPENDENZA 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	83,621.00	0.00
CERESOLE ALBA - VIA REGINA MARGHERITA, 6	0.00	0.00	5,164.57	61,623.64	0.00	0.00	0.00	0.00	36,990.36	0.00
CERIALE - VIA ROMA	0.00	0.00	9,619.78	115,682.99	53,140.72	0.00	96,772.34	0.00	0.00	0.00
CERVIA - VIA SALARA VECCHIA 2	0.00	15,494.00	15,494.00	32,020.00	0.00	21,477.00	195,611.00	0.00	279,745.00	0.00
CERVIA - PIAZZA GARIBALDI 16/19	0.00	0.00	0.00	43,320.00	0.00	112,220.00	1,385,635.00	0.00	2,273,017.00	0.00
CERVIA - VIALE MATTEOTTI 3/5/37/39	0.00	0.00	0.00	140,035.00	0.00	475,496.00	359,120.00	0.00	1,117,400.00	0.00
CERVIA - PIAZZA REPUBBLICA 5/6/7/11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61,766.00	0.00
CESENA - V. ALBENGA 40,V. SAN REMO 60	0.00	0.00	0.00	91,379.30	0.00	0.00	82,574.89	0.00	430,672.26	232,405.60
CESENA - C.SO SOZZI 15	0.00	0.00	253,063.89	1,834,694.04	0.00	0.00	1,220,248.11	0.00	13,877,768.52	3,273,468.80
CESENA - V. SETTECROCIARI 6486	0.00	0.00	0.00	46,297.26	0.00	0.00	47,686.59	0.00	167,802.08	103,291.38
CESENA - V. COMUNALE MONTIANO 2390	0.00	0.00	0.00	97,026.76	0.00	0.00	36,513.52	0.00	131,776.90	103,291.38
CESENA - V.LE MARCONI 183	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250,091.51	0.00
CESENA - V. VALSUGANA 41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	176,956.31	0.00
CESENATICO - V. BUONARROTI 17	0.00	0.00	0.00	113,613.29	0.00	0.00	43,077.32	0.00	232,048.09	103,291.38
CHIAROMONTE - CONTRADA SANTA MARIA SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,254.00	0.00
CHIAVARI - CORSO DANTE N. 24, PIAZZA ROMA N. 6	0.00	0.00	0.00	0.00	1,898,750.48	0.00	0.00	0.00	0.00	0.00
CISTERNA DI LATINA - CORSO DELLA REPUBBLICA 141/143	0.00	0.00	0.00	0.00	0.00	284,051.29	0.00	510,139.82	46,390.13	0.00
CIVITELLA ROVETO - VIA ROMA 12	0.00	0.00	0.00	0.00	0.00	0.00	59,758.88	0.00	154,865.01	0.00
COGOLETO - PIAZZA ANTONIO GIUSTI N. 1	0.00	0.00	0.00	0.00	487,470.75	0.00	0.00	0.00	0.00	0.00
COGOLETO - LUNGOMARE SANTA MARIA N. 11	0.00	0.00	0.00	0.00	101,149.47	0.00	0.00	0.00	0.00	0.00
COLLECCHIO - VIA LA SPEZIA 1 - VIA LORIA	0.00	0.00	0.00	0.00	0.00	0.00	20,899.05	0.00	472,020.27	0.00

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COMANO - VIA ROMA N. 69	0.00	0.00	0.00	0.00	0.00	0.00	29,700.65	0.00	0.00	0.00
CONCORDIA SULLA SECCHIA - VIA DELLA PACE 12, 14 16	1,123.59	0.00	23,706.87	146,161.65	0.00	0.00	71,455.95	0.00	436,479.62	0.00
CORREGGIO - VIA MAZZINI 50,LARGO CARDUCCI	0.00	0.00	0.00	0.00	0.00	0.00	572,351.90	0.00	1,224,652.59	0.00
CRECCHIO - CORSO UMBERTO I° 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	136,565.00	0.00
CREVALCORE - VIA MATTEOTTI 254, VIA PERTI	0.00	0.00	0.00	0.00	0.00	0.00	43,168.25	0.00	250,831.18	792.61
CROTONE - VIA V.VENETO 24	0.00	0.00	218,939.00	1,000,456.00	0.00	0.00	344,857.00	0.00	4,040,661.00	0.00
DIANO MARINA - PIAZZA MAGLIONE GIUSEPPE N. 5	0.00	0.00	0.00	0.00	294,457.90	0.00	0.00	0.00	0.00	0.00
FABBRICO - VIA POZZI 1/5,VIA XXV APRILE 84	0.00	0.00	0.00	438,988.35	0.00	0.00	268,540.70	0.00	946,656.37	0.00
FAENZA - CORSO SAFFI 54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102,024.00	0.00
FARA SAN MARTINO - VIA PARADISO SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	232,594.00	0.00
FERRANDINA - VIA CAVOUR 1-3-5	0.00	0.00	0.00	30,634.00	0.00	0.00	48,856.00	0.00	0.00	0.00
FERRARA - V.LE CAVOUR 140/2	0.00	0.00	0.00	0.00	0.00	0.00	43,445.72	0.00	171,619.46	0.00
FINALE EMILIA - VIA MAZZINI 1/D, VIA MATTEOTTI 1	2,979.27	0.00	0.00	0.00	0.00	0.00	531,170.58	0.00	1,325,317.99	0.00
FINALE LIGURE - PIAZZA DEL SOLE N. 6	0.00	0.00	0.00	36,668.35	44,188.88	0.00	35,014.57	0.00	0.00	0.00
FINALE LIGURE - VIA GIUSEPPE GARIBALDI N. 3	0.00	0.00	0.00	0.00	579,388.46	0.00	0.00	0.00	0.00	0.00
FINALE LIGURE - VIA CONCEZIONE N. 60 INTERNO 1	0.00	0.00	0.00	0.00	205,260.96	0.00	0.00	0.00	0.00	0.00
FOGGIA - CASTELLUCCIO DEI SAURI KM 1,30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	87,360.00	0.00
FOGGIA - C.SO GARIBALDI 72	0.00	0.00	0.00	0.00	2,074,220.00	0.00	0.00	0.00	383,124.00	0.00
FOGGIA - P.ZZA DE CAROLIS 15/16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,479.00	0.00
FOGGIA - C.SO GARIBALDI 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,630.00	0.00
FOGGIA - V.LE G. DI VITTORIO 66-78	0.00	0.00	0.00	0.00	76,823.00	0.00	48,401.00	0.00	695,557.00	0.00
FOGGIA - C.SO GIUSEPPE GARIBALDI 78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	182,888.00	0.00
FORLI' - C.SO DELLA REPUBBLICA 41	0.00	0.00	0.00	0.00	0.00	0.00	703,010.98	0.00	2,935,868.03	1,194,932.60
FORLIMPOPOLI - P.ZZA GARIBALDI 22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	101,367.87	0.00
FORMIGINE - VIA BILLO 2/V: BRAMANTE 1	0.00	0.00	0.00	0.00	0.00	0.00	134,586.01	0.00	536,472.47	0.00
FRANCAVILLA AL MARE - VIA PRIMO VERE 98	0.00	0.00	0.00	126,647.00	0.00	0.00	13,599.00	0.00	564,403.00	0.00
GATTATICO - PIAZZA ALCIDE CERVI 28	0.00	0.00	0.00	0.00	0.00	0.00	90,450.30	0.00	173,929.57	0.00
GENOA - VIA DI QUINTO N. 38-38A	0.00	0.00	0.00	0.00	270,823.54	0.00	0.00	0.00	0.00	0.00
GENOA - VIA FELICE DEL CANTO N. 4A	0.00	0.00	0.00	0.00	408,245.81	0.00	0.00	0.00	0.00	0.00
GENOA - VIA NAPOLI N. 40A/R	0.00	0.00	0.00	0.00	236,488.17	0.00	0.00	0.00	0.00	0.00
GENOA - VIALE AMMIRAGLIO GIORGIO DES GENEYS N. 41R	0.00	0.00	0.00	0.00	707,000.32	0.00	0.00	0.00	0.00	0.00
GENOA - VIA GUGLIELMO OBERDAN N. 120A	0.00	0.00	0.00	0.00	544,921.42	0.00	0.00	0.00	0.00	0.00
GENOA - PIAZZA MANIN N. 12BR	0.00	0.00	0.00	0.00	474,712.84	0.00	0.00	0.00	0.00	0.00
GENOA - VIA GIOVANNI BATTISTA CUSTO N. 11R	0.00	0.00	0.00	0.00	205,217.61	0.00	0.00	0.00	0.00	0.00
GENOA - VIA PASQUALE PASTORINO N. 26R	0.00	0.00	0.00	0.00	129,278.65	0.00	0.00	0.00	0.00	0.00
GENOA - VIA EMILIA N. 48CR-48DR-48ER	0.00	0.00	0.00	0.00	1,404,049.14	0.00	0.00	0.00	0.00	0.00
GENOA - VIA PIACENZA N. 179DR-179ER-94C-GR	0.00	0.00	0.00	0.00	475,204.22	0.00	0.00	0.00	0.00	0.00
GENOA - PIAZZA SEBASTIANO GAGGERO N. 9R - VIA VERITA' 28	0.00	0.00	0.00	0.00	930,737.50	0.00	0.00	0.00	0.00	0.00
GENOA - VIA GERMANO JORI N. 22A	0.00	0.00	0.00	0.00	454,443.37	0.00	0.00	0.00	0.00	0.00
GENOA - VIA MONTICELLI N. 68R	0.00	0.00	0.00	0.00	1,112,618.79	0.00	0.00	0.00	0.00	0.00
GENOA - VIA MONTICELLI N. 13 INTERNO 1	0.00	0.00	0.00	0.00	202,371.57	0.00	0.00	0.00	0.00	0.00
GENOA - VIA DANTE GAETANO STORACE N. 41R	0.00	0.00	0.00	0.00	387,297.54	0.00	0.00	0.00	0.00	0.00
GENOA - VIA FEDERICO AVIO N. 2R, VIA TERENZIO MAMIANI N. 17R	0.00	0.00	0.00	0.00	1,462,460.07	0.00	0.00	0.00	0.00	0.00
GENOA - VIA DE NICOLAY N. 44R-46R	0.00	0.00	0.00	0.00	206,540.45	0.00	0.00	0.00	0.00	0.00
GENOA - VIA AURELIANO GALEAZZO N. 4-6	0.00	0.00	0.00	6,556.00	0.00	0.00	0.00	0.00	0.00	0.00
GENOA - VIA FABIO GARELLI N. 17R/43	0.00	0.00	0.00	0.00	327,392.14	0.00	0.00	0.00	0.00	0.00
GENOA - CORSO SARDEGNA N. 90-R	0.00	0.00	0.00	0.00	810,100.19	0.00	0.00	0.00	0.00	0.00
GENOA - VIA GIOVANNI TORTI N. 80R	0.00	0.00	0.00	0.00	958,037.61	0.00	0.00	0.00	0.00	0.00
GENOA - VIA SILVIO LAGUSTENA	0.00	0.00	0.00	0.00	572,725.47	0.00	0.00	0.00	0.00	0.00
GENOA - VIA SAN MARTINO N. 58-60-62	0.00	0.00	0.00	0.00	256,188.44	0.00	0.00	0.00	0.00	0.00
GENOA - VIA SAN MARTINO N. 67-H	0.00	0.00	0.00	0.00	705,357.83	0.00	0.00	0.00	0.00	0.00
GENOA - VIA GIOVANNI ARRIVABENE N. 39RT	0.00	0.00	0.00	0.00	811,203.63	0.00	0.00	0.00	0.00	0.00
GENOA - VIA TIMAVO N. 92R	0.00	0.00	0.00	0.00	732,740.69	0.00	0.00	0.00	0.00	0.00
GENOA - VIA SESTRI N. 128R-130R-132R-ANG ROSOLINO PILO	0.00	0.00	0.00	0.00	291,843.34	0.00	0.00	0.00	0.00	0.00
GENOA - PIAZZA DELLE AMERICHE N. 1	0.00	0.00	0.00	0.00	1,728,123.68	0.00	0.00	0.00	0.00	0.00
GENOA - VIA SESTRI N. 114-R	0.00	0.00	0.00	0.00	2,076,593.00	0.00	0.00	0.00	0.00	0.00
GENOA - VIA PISA N. 58	0.00	0.00	0.00	0.00	1,575,193.54	0.00	0.00	0.00	0.00	0.00
GENOA - VIA DELLA LIBERTA` N. 76AR	0.00	0.00	0.00	0.00	174,800.79	0.00	0.00	0.00	0.00	0.00
GENOA - VICO CHIUSO LORENZO PARETO INTERNO 4	0.00	0.00	0.00	0.00	321,560.64	0.00	0.00	0.00	0.00	0.00
GENOA - VIA PELIO N. 6	0.00	0.00	0.00	926,361.09	1,891,460.65	0.00	0.00	0.00	0.00	0.00

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Assets	Law n. 74 of 11.2.1952	Law n. 823 of 29.12.1973	Law n. 576 of 1.12.1975	Law n. 72 of 19.3.1983	Law n. 218 of 30.07.1990	Law n. 408 of 29.12.1990	Law n. 413 of 30.12.1991	Law n. 342 of 21.11.2000	Law n. 266 of 23.12.2005 - TAX VALUES	OTHER REVALUATIONS
GENOA - VIA BRUNO BUOZZI N. 57R-58R	0.00	0.00	0.00	0.00	329,130.23	0.00	0.00	0.00	0.00	0.00
GENOA - PIAZZA DI SANTA SABINA N. 6	0.00	0.00	0.00	0.00	1,234,495.96	0.00	0.00	0.00	0.00	0.00
GENOA - VIA ANTONIO GRAMSCI N. 135R-137R-139R	0.00	0.00	0.00	0.00	256,317.66	0.00	0.00	0.00	0.00	0.00
GENOA - VIA FILIPPO TURATI N. 2R-4R-6R	0.00	0.00	0.00	0.00	217,668.16	0.00	0.00	0.00	0.00	0.00
GENOA - PIAZZA BANCHI N. 2R	0.00	0.00	0.00	0.00	245,361.26	0.00	0.00	0.00	0.00	0.00
GENOA - VIA LUCCOLI N. 19R-21R	0.00	0.00	0.00	0.00	315,551.42	0.00	0.00	0.00	0.00	0.00
GENOA - PIAZZA DEI GARIBALDI N. 29R	0.00	0.00	0.00	0.00	713,591.79	0.00	0.00	0.00	0.00	0.00
GENOA - VIA DAVID CHIOSSONE N. 26R	0.00	0.00	579,948.00	1,506,607.00	1,741,647.05	0.00	943,860.00	0.00	0.00	0.00
GENOA - VICO AL MONTE DI PIETA N. 4	0.00	0.00	0.00	0.00	2,991,641.15	0.00	0.00	0.00	0.00	0.00
GENOA - VIA DAVID CHIOSSONE N. 12	0.00	0.00	0.00	0.00	4,444,695.86	0.00	0.00	0.00	0.00	0.00
GENOA - PIAZZA SAN MATTEO N. 6AR-6BR	0.00	0.00	0.00	0.00	703,634.92	0.00	0.00	0.00	0.00	0.00
GENOA - VIA VENTICINQUE APRILE N. 14R-16R	0.00	0.00	0.00	0.00	1,140,993.15	0.00	0.00	0.00	0.00	0.00
GENOA - VIA VENTICINQUE APRILE N. 6	0.00	0.00	0.00	0.00	25,566.69	0.00	0.00	0.00	0.00	0.00
GENOA - VIA VENTI SETTEMBRE N. 41	0.00	0.00	0.00	0.00	2,817,541.59	0.00	0.00	0.00	0.00	0.00
GENOA - VIA CASSA DI RISPARMIO N. 4/1	0.00	0.00	0.00	6,807.01	250,501.18	0.00	0.00	0.00	0.00	0.00
GENOA - VIA CASSA DI RISPARMIO N. 15	0.00	0.00	1,871,809.13	12,911,422.48	30,227,917.46	0.00	0.00	0.00	0.00	0.00
GENOA - VIA CECCARDO ROCCATAGLIATA CECCARDI N. 4 INTERNO 16	0.00	0.00	0.00	0.00	1,543,054.16	0.00	0.00	0.00	0.00	0.00
GENOA - VIA GABRIELE D`ANNUNZIO N. 79	0.00	0.00	0.00	7,043,116.50	33,787,823.35	0.00	6,316,887.07	0.00	0.00	0.00
GENOA - VIA CORSICA N. 15R	0.00	0.00	0.00	0.00	669,801.54	0.00	0.00	0.00	0.00	0.00
GENOA - VIA COLOMBO N. 47-49R	0.00	0.00	0.00	0.00	408,615.02	0.00	0.00	0.00	0.00	0.00
GENOA - VIA SAN VINCENZO N. 26 - VIA GALATA N. 51/A	0.00	0.00	0.00	0.00	128,127.22	0.00	0.00	0.00	0.00	0.00
GENOA - VIA VENTI SETTEMBRE N. 20	0.00	0.00	0.00	0.00	157,725.95	0.00	0.00	0.00	0.00	0.00
GENOA - VIA DOMENICO FIASELLA N. 36R-38R-40R	0.00	0.00	0.00	0.00	402,418.70	0.00	0.00	0.00	0.00	0.00
GENOA - VIA CESAREA N. 64R-66R-68R	0.00	0.00	0.00	0.00	442,913.00	0.00	0.00	0.00	0.00	0.00
GENOA - VIA GRANELLO N. 69R - VIA CESAREA 60R -62R- 66R	0.00	0.00	0.00	0.00	1,347,820.30	0.00	0.00	0.00	0.00	0.00
GENOA - VICO DI CAMPISANO, 8- SALITA MONTAGNOLA DELLA MARINA, 3	0.00	0.00	0.00	0.00	199,868.11	0.00	0.00	0.00	0.00	0.00
GESUALDO - CORSO ITALIA SNC	0.00	0.00	0.00	0.00	0.00	0.00	86,189.00	64,727.00	4,282.00	0.00
GORGOGLIONE - VIA ROMA SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,292.00	0.00
GRANAROLO DELL'EMILIA - VIA S. DONATO 50	0.00	0.00	0.00	0.00	0.00	0.00	285,577.20	0.00	902,073.24	0.00
GROTTAMINARDA - GIARDINO SNC	0.00	0.00	0.00	0.00	0.00	0.00	679.25	269,982.35	139,920.86	0.00
GUIGLIA - VIA M. D AZEGLIO 644	0.00	0.00	0.00	26,121.01	35,819.07	0.00	0.00	0.00	58,169.47	0.00
IMPERIA - VIA GIUSEPPE BERIO N. 10	0.00	0.00	0.00	0.00	2,311,190.45	0.00	0.00	0.00	0.00	0.00
IMPERIA - PIAZZA UNITA` NAZIONALE N. 19 INTERNO 9	0.00	0.00	0.00	0.00	103,291.38	0.00	0.00	0.00	0.00	0.00
IMPERIA - VIA SAN MAURIZIO N. 27 INTERNO B	0.00	0.00	0.00	0.00	56,201.57	0.00	0.00	0.00	0.00	0.00
INTRODACQUA - VIA GARIBALDI 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	129,938.00	0.00
ISOLA DEL CANTONE - VIA ROMA N. 180	0.00	0.00	0.00	0.00	200,357.38	0.00	0.00	0.00	0.00	0.00
L'AQUILA - PIAZZA S. SILVESTRO 1	0.00	0.00	0.00	0.00	0.00	0.00	391,981.83	0.00	4,792,710.07	0.00
L'AQUILA - VIA ALCIDE DE GASPERI 4-12-14	0.00	0.00	0.00	0.00	0.00	0.00	378,488.24	0.00	853,853.97	0.00
L'AQUILA - VIA S. AGOSTINO 22	0.00	0.00	0.00	67,139.40	0.00	0.00	157,939.30	0.00	193,947.23	0.00
L'AQUILA - STRADA STATALE 17 BIS SNC	0.00	0.00	0.00	0.00	0.00	0.00	78,312.58	0.00	185,146.12	0.00
LA SPEZIA - VIALE ITALIA - VIA NAZIONALE 252	0.00	0.00	0.00	0.00	2,190,810.17	0.00	0.00	0.00	0.00	0.00
LANCIANO - LUIGI DE CRECCHIO 36	0.00	0.00	53,705.00	553,138.00	0.00	0.00	410,986.00	0.00	617,477.00	0.00
LANCIANO - VIALE CAPPUCCINI 76	0.00	0.00	0.00	0.00	0.00	0.00	228,083.00	0.00	5,815,496.00	0.00
LANCIANO - CONTRADA GAETA 1	0.00	0.00	0.00	0.00	0.00	0.00	52,465.00	0.00	544,985.00	0.00
LAVAGNA - PIAZZA LA SCAFA N. 9-5/6-7/8	0.00	0.00	0.00	0.00	171,399.13	0.00	0.00	0.00	0.00	0.00
LAVAGNA - PIAZZA DELLA LIBERTA` N. 37-38-39	0.00	0.00	0.00	14,295.00	76,833.29	0.00	0.00	0.00	0.00	0.00
LIONI - VIA RONCA 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,924.00	7,503.00	0.00
LOANO - VIA STELLA SIMONE N. 17	0.00	0.00	0.00	0.00	536,026.84	0.00	0.00	0.00	0.00	0.00
LUCCA - VIALE GIACOMO PUCCINI N. 1174	0.00	0.00	0.00	0.00	0.00	260,414.52	243,569.68	0.00	0.00	0.00
LUCCA - PIAZZA SAN MARTINO N. 4-5-6	0.00	0.00	42,076.54	289,062.88	0.00	6,103,670.09	487,044.02	0.00	0.00	0.00
LUCCA - PIAZZA CESARE BATTISTI 26	0.00	0.00	0.00	0.00	0.00	68,310.83	0.00	0.00	0.00	0.00
LUZZARA - VIA FILIPPINI 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	168,484.48	0.00
MAGLIANO DE' MARSI - VIA AVEZZANO 2	0.00	0.00	0.00	0.00	0.00	0.00	21,876.77	0.00	293,740.76	0.00
MANTUA - V. GRAZIOLI 30/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	728,736.15	0.00
MANTUA - V.LE SABOTINO 1/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	74,432.55	0.00
MARANELLO - VIA P. GIARDINI 74	0.00	0.00	0.00	0.00	0.00	0.00	94,500.22	0.00	880,658.62	0.00
MARANO SUL PANARO - VIA VIGNOLESE 92	0.00	0.00	7,746.85	72,933.10	291,141.74	0.00	0.00	0.00	207,874.75	0.00
MASONE - VIALE VITTORIO VENETO N. 6	0.00	0.00	0.00	0.00	231,731.05	0.00	0.00	0.00	0.00	0.00
MASSA - VIA FLAVIO TORELLO BARACCHINI	0.00	0.00	0.00	0.00	0.00	2,372.38	54,936.70	0.00	0.00	0.00
MASSA - VIA ADELINA ZINI N. 6	0.00	0.00	0.00	0.00	0.00	298,401.82	68,816.12	0.00	0.00	0.00

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Assets	Law n. 74 of 11.2.1952	Law n. 823 of 29.12.1973	Law n. 576 of 1.12.1975	Law n. 72 of 19.3.1983	Law n. 218 of 30.07.1990	Law n. 408 of 29.12.1990	Law n. 413 of 30.12.1991	Law n. 342 of 21.11.2000	Law n. 266 of 23.12.2005 - TAX VALUES	OTHER REVALUATIONS
MASSA - VIA AGOSTINO GHIRLANDA N.2	0.00	0.00	16,210.69	0.00	0.00	428,195.44	95,338.74	0.00	0.00	0.00
MATERA - VIA NAZIONALE 1	0.00	0.00	0.00	0.00	0.00	0.00	158,872.00	0.00	600,422.00	0.00
MATERA - PIAZZA SAN FRANCESCO D ASSISI 12	0.00	0.00	258,715.00	2,192,886.00	0.00	0.00	882,874.00	0.00	2,730,977.00	0.00
MATERA - PIAZZA VITTORIO EMANUELE III 5-6	0.00	0.00	0.00	0.00	0.00	0.00	5,369.00	0.00	138,230.00	0.00
MERCOGLIANO - VIALE S. MODESTINO 33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,124.00	0.00
MIGLIONICO - PIAZZA MERCATO 15	0.00	0.00	0.00	0.00	0.00	0.00	1,397.00	0.00	0.00	0.00
MILAN - VIA CERESIO N. 3	0.00	0.00	0.00	0.00	242,734.75	0.00	0.00	0.00	0.00	0.00
MILLESIMO - PIAZZA DELLA LIBERTA` N. 1-10	0.00	0.00	0.00	61,946.69	32,927.38	0.00	86,126.64	0.00	0.00	0.00
MIRANDOLA - V.CAVALLOTTI 6, VIA SMERIERI 3	0.00	0.00	0.00	475,617.98	0.00	0.00	608,469.68	0.00	1,383,123.60	0.00
MIRANDOLA - VIA TORINO 5	0.00	0.00	0.00	0.00	0.00	0.00	28,299.29	0.00	396,676.18	0.00
MOCONESI - VIALE ALCIDE DE GASPERI N. 19	0.00	0.00	0.00	0.00	197,129.77	0.00	0.00	0.00	0.00	0.00
MODENA - VIA EMILIA EST 893	0.00	0.00	0.00	500,963.19	0.00	0.00	404,444.20	0.00	1,940,233.96	0.00
MODENA - VIALE AMENDOLA 474	0.00	0.00	0.00	0.00	0.00	0.00	150,895.63	0.00	1,255,070.80	0.00
MODENA - VIA S.CARLO 8/28, VIA SCUDARI 3-7-9	0.00	0.00	387,342.67	5,376,316.32	0.00	0.00	2,627,563.98	0.00	17,913,522.19	0.00
MODENA - VIA CANALETTO 94	0.00	0.00	0.00	748,862.51	0.00	0.00	417,475.21	0.00	879,067.45	0.00
MODENA - VIA STAFFETTE PARTIGIANE 25	0.00	0.00	0.00	278,886.73	0.00	0.00	163,664.34	0.00	1,377,462.64	0.00
MODENA - VIA DANIMARCA 6	0.00	0.00	0.00	0.00	0.00	0.00	508,490.97	0.00	3,642,018.55	0.00
MODENA - V. IACOPO DA PORTO 545	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,429.60	0.00
MONTALBANO JONICO - VIA CESARE BATTISTI 9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,168.00	0.00
MONTECCHIO EMILIA - VIA PRAMPOLINI 2/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	201,767.06	0.00
MONTEREALE - VIA NAZIONALE 44	0.00	0.00	0.00	0.00	0.00	0.00	127,976.89	0.00	98,435.46	0.00
MONTOGGIO - VIA ROMA N. 89	0.00	0.00	0.00	0.00	170,126.07	0.00	0.00	0.00	0.00	0.00
MUGNANO DEL CARDINALE - ROMA SNC	0.00	0.00	0.00	0.00	0.00	0.00	155,828.00	261,636.00	27,829.00	0.00
MULAZZO - STRADA ARPIOLA-CASSANA	0.00	0.00	0.00	0.00	0.00	44,077.04	16,332.76	0.00	0.00	0.00
NAPLES PONTE DI TAPPIA 88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	168,726.00	0.00
NAPLES - FRAN.SCO SOLIMENE 30-34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	106,330.06	94,676.67	0.00
NOCERA INFERIORE - P.ZZA AMENDOLA SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	644,860.00	49,858.00	0.00
NOCERA SUPERIORE - VIA ROMA .	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29,426.97	0.00
NOCETO - V.MATTEOTTI 34,P.RISORGIMENTO 3	0.00	0.00	0.00	0.00	0.00	0.00	449,148.94	0.00	933,276.45	0.00
NOLI - VIA VIGNOLO N. 6	0.00	0.00	9,762.63	103,808.87	46,534.49	0.00	51,829.58	0.00	0.00	0.00
NONANTOLA - P.ZA IV NOVEMBRE,6 V. ROMA 41/43	0.00	0.00	0.00	459,646.64	0.00	0.00	213,227.53	0.00	1,205,511.42	0.00
NOVA SIRI - VIA GRAMSCI SNC	0.00	0.00	0.00	0.00	0.00	0.00	93,569.00	0.00	78,834.00	0.00
ORTONA - PIAZZA DELLA CHIESA SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,117.00	0.00
ORTONA - VIA DELLA LIBERTA 27/31	0.00	0.00	0.00	0.00	0.00	0.00	89,431.00	0.00	514,313.00	0.00
PAGLIETA - CORSO VITTORIO EMANUELE 44/46	0.00	0.00	0.00	0.00	0.00	0.00	83,844.00	0.00	138,580.00	0.00
PALENA - VIA ROMA 31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96,436.00	0.00
PATERNOPOLI - PIAZZA XXIV MAGGIO 34/35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,750.00	0.00
PAVULLO NEL FRIGNANO - V.GIARDINI 11,P.S.BARTOLOMEO 11	0.00	0.00	25,474.34	146,402.16	0.00	0.00	72,475.41	0.00	206,874.05	0.00
PESCARA - VIA CONTE DI RUVO 55/61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,580,817.00	0.00
PESCINA - VIA DELLA STAZIONE SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	179,014.35	0.00
PIACENZA - VIA FAUSTINO PERLETTI N. 9	0.00	0.00	0.00	0.00	18,850.68	0.00	0.00	0.00	0.00	0.00
PIANORO - VIA NAZIONALE 108	0.00	0.00	0.00	0.00	0.00	0.00	238,100.48	0.00	897,810.41	0.00
PIETRA LIGURE - CORSO ITALIA N. 23	0.00	0.00	0.00	0.00	167,755.38	0.00	0.00	0.00	0.00	0.00
PIETRA LIGURE - PIAZZA MARTIRI DELLA LIBERTA` N. 1-10	0.00	0.00	0.00	0.00	1,021,648.04	0.00	0.00	0.00	0.00	0.00
PIEVE DI TECO - VIA LUIGI EULA	0.00	0.00	0.00	0.00	266,290.83	0.00	0.00	0.00	0.00	0.00
PIEVEPELAGO - VIA ROMA 85, 89	0.00	0.00	0.00	150,901.84	0.00	0.00	77,320.17	0.00	238,627.21	0.00
PONTREMOLI - PIAZZA DELLA REPUBBLICA	0.00	0.00	0.00	0.00	0.00	0.00	21,072.03	0.00	0.00	0.00
POTENZA - VIA DI GIURA SNC	0.00	0.00	0.00	0.00	0.00	0.00	25,402.00	0.00	118,673.00	0.00
RAIANO - CORSO ITALIA 52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,901.96	0.00
RAPALLO - VICO DEL POZZO N. 24	0.00	0.00	0.00	0.00	240,619.85	0.00	0.00	0.00	0.00	0.00
RAPALLO - VIA MONSIGNOR AGOSTINO GIUSTINIANI N. 11	0.00	0.00	0.00	0.00	1,348,087.63	0.00	0.00	0.00	0.00	0.00
RAVENNA - VIA SUZZI 2	0.00	0.00	0.00	0.00	0.00	856,933.00	1,309,076.00	0.00	1,174,728.00	0.00
RAVENNA - VIA GUERRINI 14	0.00	129,114.00	46,238.00	249,867.00	0.00	856,309.00	2,398,135.00	0.00	4,386,494.00	0.00
RAVENNA - VIA DIAZ 35	0.00	0.00	41,763.00	803,519.25	0.00	0.00	3,391,762.38	0.00	5,425,135.38	0.00
RAVENNA - VIA REALE 193/193A	0.00	25,823.00	18,076.00	43,899.00	0.00	75,010.00	228,382.00	0.00	239,478.00	0.00
RAVENNA - PIAZZA MAZZINI 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	94,682.00	0.00
RAVENNA - VIALE FARINI 66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,504.00
RAVENNA - VIA ROMEA VECCHIA 23/25	0.00	15,494.00	10,329.00	24,733.00	0.00	3,628.00	174,057.00	0.00	158,300.00	0.00
RAVENNA - SS ADRIATICA 419	0.00	0.00	0.00	0.00	0.00	13,728.00	34,810.00	0.00	113,456.00	0.00
RAVENNA - VIALE DEI NAVIGATORI 76	0.00	0.00	0.00	20,670.00	0.00	19,843.00	213,440.00	0.00	382,220.00	0.00
RAVENNA - VIA G. DI VITTORIO 16	0.00	0.00	0.00	0.00	0.00	0.00	276,521.00	0.00	358,911.00	0.00

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Assets	Law n. 74 of 11.2.1952	Law n. 823 of 29.12.1973	Law n. 576 of 1.12.1975	Law n. 72 of 19.3.1983	Law n. 218 of 30.07.1990	Law n. 408 of 29.12.1990	Law n. 413 of 30.12.1991	Law n. 342 of 21.11.2000	Law n. 266 of 23.12.2005 - TAX VALUES	OTHER REVALUATIONS
RAVENNA - VIA DLLE LIRICA 19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	196,094.00	0.00
RECCO - VIA ROMA N. 11	0.00	0.00	0.00	0.00	881,829.49	0.00	0.00	0.00	0.00	0.00
REGGIO NELL'EMILIA - VIALE MATTEOTTI 1,V.DEI MILLE 2/A	0.00	0.00	0.00	0.00	0.00	0.00	1,005,845.26	0.00	2,556,451.40	0.00
REZZOAGLIO - LOCALITA' CAPOLUOGO N. 12A INTERNO 2	0.00	0.00	0.00	0.00	426,338.48	0.00	0.00	0.00	0.00	0.00
RICCIONE - VLE DANTE 80	0.00	0.00	0.00	0.00	0.00	0.00	314,425.85	0.00	2,983,893.95	619,748.28
RIMINI - V. CORIANO 58	0.00	0.00	0.00	0.00	0.00	0.00	76,946.47	0.00	445,798.07	143,270.31
RIMINI - V. CADUTI DI MARZABOTTO 47	0.00	0.00	0.00	0.00	0.00	0.00	40,776.69	0.00	1,212,710.91	154,937.07
ROCCA DI MEZZO - VIA XXIV MAGGIO SNC	0.00	0.00	0.00	0.00	0.00	0.00	176,100.68	0.00	460,376.35	0.00
ROME - VIA DEGLI ASTRI 97/103	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	400,733.24	0.00
ROME - CORSO VITTORIO EMANUELE II 299	0.00	0.00	0.00	0.00	0.00	0.00	344,735.12	0.00	1,124,471.95	0.00
RONCO SCRIVIA - CORSO ITALIA N. 55B-55C-55D	0.00	0.00	0.00	0.00	168,918.50	0.00	0.00	0.00	0.00	0.00
RONCO SCRIVIA - CORSO ITALIA, 100	0.00	0.00	0.00	0.00	308,208.57	0.00	0.00	0.00	0.00	0.00
ROSSANO - V.le R. Margherita/Via Busento snc	0.00	0.00	0.00	214,139.00	-	-	-	-	341,970.00	0.00
ROSSIGLIONE - VIA ROMA N. 32	0.00	0.00	0.00	0.00	170,316.51	0.00	0.00	0.00	0.00	0.00
ROTONDELLA - PIAZZA ALBISSINI SNC	0.00	0.00	0.00	0.00	0.00	0.00	11,597.00	0.00	64,514.00	0.00
ROTONDI - PIAZZA V. EMANUELE SNC	0.00	0.00	0.00	214,139.00	0.00	0.00	110,516.00	96,777.00	10,129.00	0.00
RUBIERA - P.ZA GRAMSCI 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	522,779.89	0.00
SALA CONSILINA - LOC TRINITA VIA NAZIONALE 234	0.00	0.00	0.00	0.00	0.00	0.00	17.00	0.00	240,486.00	0.00
SALERNO - LUNGOMARE TRIESTRE 32	0.00	0.00	0.00	0.00	0.00	0.00	185,064.00	784,156.00	1,641,185.00	0.00
SALUZZO - CORSO ITALIA, 86	0.00	0.00	140,342.20	926,332.65	0.00	0.00	0.00	0.00	0.00	0.00
SAN BARTOLOMEO AL MARE - PIAZZA MAGNOLIE N. 32	0.00	0.00	0.00	0.00	259,482.39	0.00	0.00	0.00	0.00	0.00
SAN COLOMBANO CERTENOLI - VIA CUNEO DOMENICO N. 81CDE	0.00	0.00	0.00	0.00	197,179.49	0.00	0.00	0.00	0.00	0.00
SAN DEMETRIO NE' VESTINI - PIAZZA ANGELO PELLEGRINI 1	0.00	0.00	0.00	0.00	0.00	0.00	64,322.23	0.00	234,727.15	0.00
SAN GIOVANNI IN FIORE - VIA MACHIAVELLI/VIA CELLINI SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	132,407.00	0.00
SAN MARTINO IN RIO - VIA ROMA 43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	44,970.44	0.00
SAN MAURO PASCOLI - VLE PINETA 18	0.00	0.00	0.00	69,291.55	0.00	0.00	42,629.24	0.00	248,331.48	99,595.46
SAN MAURO PASCOLI - PZA MAZZINI 1	0.00	0.00	0.00	236,666.38	0.00	0.00	221,722.40	0.00	836,622.32	449,317.51
SANFRE' - PIAZZA UMBERTO I, 1	0.00	0.00	0.00	43,579.67	0.00	0.00	0.00	0.00	127,402.59	0.00
SANREMO - CORSO AUGUSTO MOMBELLO N. 29	0.00	0.00	0.00	0.00	2,982,208.90	0.00	0.00	0.00	0.00	0.00
SANTA MARGHERITA LIGURE - VIA XXV APRILE N. 2A INTERNO 1	0.00	0.00	0.00	0.00	303,789.64	0.00	0.00	0.00	0.00	0.00
SANTA MARGHERITA LIGURE - VIA XXV APRILE N. 2B	0.00	0.00	0.00	0.00	231,453.00	0.00	0.00	0.00	0.00	0.00
SANTA MARGHERITA LIGURE - LARGO ANTONIO GIUSTI N. 17	0.00	0.00	0.00	0.00	792,710.67	0.00	0.00	0.00	0.00	0.00
SANTA VITTORIA D'ALBA - STRADA STATALE 231	0.00	0.00	0.00	78,249.14	0.00	0.00	0.00	0.00	121,803.64	0.00
SANTARCANGELO DI ROMAGNA - V. DON MINZONI 22	0.00	0.00	0.00	118,302.20	0.00	0.00	57,367.23	0.00	1,053,004.33	387,342.67
SANTO STEFANO AL MARE - PIAZZA A. SAFFI, 4-5-6	0.00	0.00	0.00	0.00	375,188.30	0.00	0.00	0.00	0.00	0.00
SAPRI - VILLA COMUNALE SNC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,851.00	0.00
SARSINA - V. KENNEDY 26	0.00	0.00	0.00	0.00	0.00	0.00	67,973.41	0.00	228,345.90	51,645.69
SASSELLO - VIA ROMA N. 4	0.00	0.00	2,984.42	39,767.71	26,262.13	0.00	42,128.25	0.00	0.00	0.00
SASSO MARCONI - VIA PORRETTANA 23	0.00	0.00	0.00	0.00	0.00	0.00	125,277.83	0.00	488,784.38	0.00
SASSUOLO - P.MARTIRI 79,VIA S.GIORGIO 2	4,978.87	0.00	77,468.53	769,520.78	0.00	0.00	348,691.89	0.00	1,551,780.27	0.00
SASSUOLO - VIA MONTE SANTO 2	0.00	0.00	0.00	0.00	0.00	0.00	266,806.58	0.00	1,005,339.82	0.00
SASSUOLO - V. MAZZINI 327	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	322,957.50	0.00
SAVIGNANO SUL PANARO - VIA CLAUDIA 2019, 2043	0.00	0.00	0.00	174,880.76	0.00	0.00	70,632.81	0.00	391,492.07	0.00
SAVIGNANO SUL PANARO - VIA CLAUDIA 3621	0.00	0.00	4,747.04	79,675.68	351,075.54	0.00	0.00	0.00	494,439.73	0.00
SAVIGNONE - VIA GIOVANNI XXIII N. 1	0.00	0.00	0.00	0.00	60,262.77	0.00	0.00	0.00	0.00	0.00
SAVONA - VIA FILIPPO CORRIDONI N. 1R	0.00	0.00	0.00	64,039.46	44,504.41	0.00	63,685.06	0.00	0.00	0.00
SAVONA - VIA DON GIOVANNI MINZONI N. 49	0.00	0.00	0.00	0.00	143,252.95	0.00	27,409.67	0.00	0.00	0.00
SAVONA - VIA LIBERO BRIGANTI N. 33R INTERNO 1	0.00	0.00	0.00	78,500.60	91,813.97	0.00	294,441.83	0.00	0.00	0.00
SAVONA - PIAZZA ARMANDO DIAZ N. 36-R	0.00	0.00	0.00	74,370.38	173,701.66	0.00	11,435.82	0.00	0.00	0.00
SAVONA - CORSO ITALIA N. 10	0.00	0.00	240,298.85	1,639,632.48	2,214,441.90	0.00	1,128,824.71	0.00	0.00	0.00
SAVONA - PIAZZA MAESTRI DELL` ARTIGIANATO N. 4 SCALA B INTERNO 1	0.00	0.00	0.00	409,030.67	850,066.65	0.00	232,625.76	0.00	0.00	0.00
SAVONA - VIA ANTONIO BRILLA N. 18R	0.00	0.00	0.00	85,216.31	239,848.75	0.00	58,250.12	0.00	0.00	0.00
SAVONA - VIA ANTONIO GRAMSCI N. 62R	0.00	0.00	0.00	0.00	34,381.63	0.00	102,398.40	0.00	0.00	0.00
SCANNO - VIA NAPOLI 5	0.00	0.00	0.00	0.00	0.00	0.00	79,018.54	0.00	54,649.10	0.00
SELLIA MARINA - VIA ACQUE DELLE MANDRIE SNC	0.00	0.00	0.00	0.00	0.00	0.00	18,142.00	0.00	56,356.90	0.00
SERRA RICCO' - VIA ANTONIO MEDICINA N. 104	0.00	0.00	0.00	0.00	367,420.64	0.00	0.00	0.00	0.00	0.00
SESTRI LEVANTE - CORSO COLOMBO N. 35R	0.00	0.00	0.00	0.00	671,323.26	0.00	0.00	0.00	0.00	0.00

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Assets	Law n. 74 of 11.2.1952	Law n. 823 of 29.12.1973	Law n. 576 of 1.12.1975	Law n. 72 of 19.3.1983	Law n. 218 of 30.07.1990	Law n. 408 of 29.12.1990	Law n. 413 of 30.12.1991	Law n. 342 of 21.11.2000	Law n. 266 of 23.12.2005 - TAX VALUES	OTHER REVALUATIONS
SICIGNANO DEGLI ALBURNI - VIA PAGANO 66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	151,137.79	0.00
SOLIERA - VIA CARPI-RAVARINO 386, 390	0.00	0.00	0.00	247,899.32	0.00	0.00	180,702.97	0.00	596,754.92	0.00
SOLOFRA - DE STEFANO 78/86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,707.31	19,210.11	0.00
SORI - VIA GIUSEPPE GARIBALDI N. 6C	0.00	0.00	0.00	0.00	266,797.48	0.00	0.00	0.00	0.00	0.00
SPILAMBERTO - VIALE MARCONI 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,017,265.87	0.00
SPOTORNO - VIA CAVOUR N. 43 INTERNO 1 - VIA AURELIA, 43	0.00	0.00	0.00	196,252.76	478,511.08	0.00	260,651.91	0.00	0.00	0.00
STIGLIANO - VIA PRINCIPE DI NAPOLI SNC	0.00	0.00	0.00	0.00	0.00	0.00	7,881.00	0.00	0.00	0.00
SULMONA - PIAZZADEL CARMINE 2	0.00	0.00	97,020.00	306,337.00	0.00	0.00	433,106.00	0.00	1,360,460.00	0.00
SULMONA - CIRCONVALLAZIONE OCCIDENTALE SNC	0.00	0.00	0.00	0.00	0.00	0.00	18,269.83	0.00	29,153.18	0.00
TAGGIA - VIA BLENGINO N. 12	0.00	0.00	0.00	0.00	723,012.30	0.00	0.00	0.00	0.00	0.00
TAGGIA - VIA PAOLO BOSELLI N. 21	0.00	0.00	0.00	0.00	154,322.49	0.00	0.00	0.00	0.00	0.00
TAGLIACOZZO - PIAZZA DUCA DEGLI ABRUZZI 12	0.00	0.00	0.00	0.00	0.00	0.00	155,509.33	0.00	198,824.79	0.00
TOIRANO - VIA BRAIDA N. 21-23-27	0.00	0.00	0.00	0.00	129,722.88	0.00	0.00	0.00	0.00	0.00
TORINO - CORSO GIACOMO MATTEOTTI 13	0.00	0.00	0.00	0.00	167,306.21	0.00	0.00	0.00	0.00	0.00
TORRIGLIA - VIA GIACOMO MATTEOTTI N. 48	0.00	0.00	0.00	0.00	18,261.95	0.00	0.00	0.00	0.00	0.00
TORRIGLIA - VIA MOLINETTI N. 7BC	0.00	0.00	0.00	0.00	132,350.38	0.00	0.00	0.00	0.00	0.00
TRASACCO - PIAZZA UMBERTO I 3	0.00	0.00	0.00	0.00	0.00	0.00	48,868.23	0.00	150,719.93	0.00
VADO LIGURE - VIA AURELIA N. 154	0.00	0.00	0.00	0.00	236,704.80	0.00	233,184.51	0.00	0.00	0.00
VALLATA - VIA KENNEDY 30/A	0.00	0.00	0.00	0.00	0.00	0.00	253,822.00	230,192.00	18,892.00	0.00
VARAZZE - PIAZZA D. ALIGHIERI N. 1	0.00	0.00	0.00	0.00	476,749.11	0.00	0.00	0.00	0.00	0.00
VASTO - SAN MICHELE 4	0.00	0.00	0.00	572,767.00	0.00	0.00	191,468.00	0.00	899,999.00	0.00
VASTO - VIA BACHELET 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,549.00	0.00
VIAREGGIO - VIA FELICE CAVALLOTTI N. 37	0.00	0.00	0.00	103,291.38	0.00	840,383.20	374,839.89	0.00	0.00	0.00
VIAREGGIO - VIA PRATO N. 12	0.00	0.00	0.00	0.00	0.00	146,142.94	69,705.43	0.00	0.00	0.00
VIGNOLA - VIALE MAZZINI 1	0.00	0.00	87,797.67	1,149,285.76	2,616,916.91	0.00	0.00	0.00	3,662,250.29	0.00
VIGNOLA - C. BATTISTI 2	0.00	0.00	0.00	326,742.35	423,364.46	0.00	0.00	0.00	552,946.33	0.00
ZOLA PREDOSA - VIA RISORGIMENTO 153	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,039,786.83	0.00
	9,081.73	**185,925.00**	**5,407,330.76**	**58,983,167.24**	**149,217,514.72**	**14,973,315.39**	**51,734,855.29**	**20,039,267.55**	**173,216,660.24**	**7,058,113.39**

Fees for audit and non-audit services

Information pursuant to art. 149-duodecies of Consob Issuers' Regulation

This schedule, prepared pursuant to art. 149-duodecies of CONSOB Issuers' Regulation (Resolution 11971 of 14 May 1999 and subsequent amendments), reports the 2023 fees for audit and non-audit services provided by the Independent Auditors and member firms of its network. These fees represent the costs incurred and recorded in the separate financial report, net of expenses, unrecoverable VAT and the CONSOB contribution.

(in thousands)

Type of services	Soggetto che ha erogato il servizio	Destinatario	Compensi
Audit services	Deloitte & Touche s.p.a.	BPER Banca	1,637
Certification services	Deloitte & Touche s.p.a.	BPER Banca (1)	492
Other services	Deloitte & Touche s.p.a.	BPER Banca (2)	51
Total			**2,180**

It should be noted that Statutory Auditing also includes the Limited Review of the consolidated Financial Statements as at 31 March and 30 September prepared for the purpose of determining the result for the period for the calculation of the common equity tier 1 capital as required by Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(1) Certification services rendered by Deloitte & Touche s.p.a.:
- activities carried out in relation to the translation into English of the independent auditors' reports on the condensed consolidated half-year financial report at 30 June 2023 and the separate and consolidated financial reports at 31 December 2023;
- activities performed as part of the covered bond issue programmes, EMTN programme and securitisation transactions;
- activities to check the GHG Statement that will be attached to the CDP Questionnaire – Reporting on Climate Change;
- activities carried out for the issue of the compliance opinion on the Consolidated Non-Financial Statement (Consolidated Sustainability Report);
- activities carried out for the purpose of issuing the Report pursuant to Ex art. 23 paragraph 7 Bank of Italy Regulation 5 December 2019 - Mifid II;
- activities carried out for the voluntary audit of the financial report of the Merchant Acquiring and POS Management Business Unit of BPER Banca S.p.A.

(2) Other services rendered by Deloitte & Touche s.p.a.:
- activities carried out to verify the conformity of the 2023 tax returns and the supplementary 2022 tax returns.

Reconciliation between the Financial Statements and the Reclassified Financial Statements

Reclassified balance sheet - Assets

(in thousands)

	Circular no. 262/2005 7° update - Assets	31.12.2023	Cash and cash equivalents	Financial assets						Loans			Hedging derivatives	Equity investments	Property, plant and equipment	Intangible assets	Other assets
				a) Financial assets held for trading	b) Financial assets designated at fair value	c) Other financial assets mandatorily measured at fair value	d) Financial assets measured at fair value through other comprehensive income	e) Debt securities measured at amortised cost - banks	e) Debt securities measured at amortised cost - customers	a) Loans to banks	b) Loans to customers	c) Loans mandatorily measured at fair value					
10.	Cash and cash equivalents	10,367,851	10,367,851														
20.	Financial assets measured at fair value through profit or loss	1,212,994															
	a) financial assets held for trading	697,195		697,195													
	b) financial assets designated at fair value	1,991			1,991												
	c) other financial assets mandatorily measured at fair value	513,808				406,046						107,762					
30.	Financial assets measured at fair value through other comprehensive income	6,614,110					6,614,110										
40.	Financial assets measured at amortised cost	101,252,320															
	a) loans to banks	12,417,079						6,717,474		5,699,605							
	b) loans to customers	88,835,241			-				11,816,258		77,018,983						
50.	Hedging derivatives	1,122,269											1,122,269				
70.	Equity investments	2,256,389												2,256,389			
80.	Property, plant and equipment	1,794,776	-												1,794,776		
90.	Intangible assets	464,655														464,655	
100.	Tax assets	2,463,248															
	a) current	862,527															862,527
	b) deferred	1,600,721															1,600,721
110.	Non current assets and disposal groups classified as held for sale	12,405															12,405
120.	Other assets	5,685,480															5,685,480
	Total assets	**133,246,497**	**10,367,851**	**697,195**	**1,991**	**406,046**	**6,614,110**	**6,717,474**	**11,816,258**	**5,699,605**	**77,018,983**	**107,762**	**1,122,269**	**2,256,389**	**1,794,776**	**464,655**	**8,161,133**

Reclassified balance sheet - Liabilities and shareholders' equity

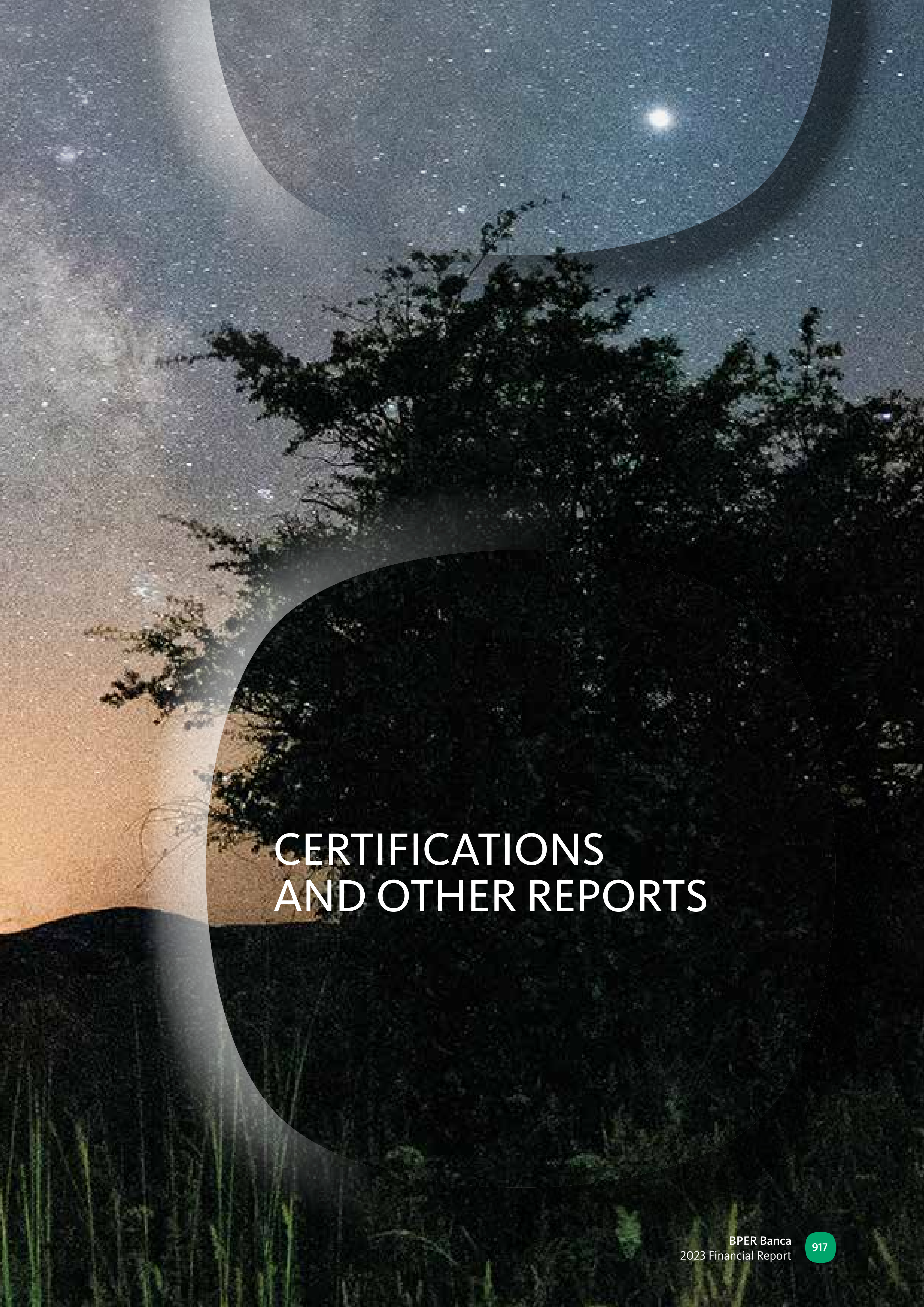
(in thousands)

Circular no. 262/2005 7° update - Liabilities and shareholders' equity		31.12.2023	Due to banks	Direct deposits			Financial liabilities held for trading	Macro-hedge accounting		Other liabilities	Shareholders' equity						
				a) Due to customers	b) Debt securities issued	c) Financial liabilities designated at fair value		a) Hedging derivatives	b) Change in value of macro-hedged financial liabilities (+/-)		a) Valuation reserves	b) Reserves	c) Equity instruments	d) Share premium reserve	e) Share capital	f) Treasury shares	g) Profit (Loss) for the year
10.	Financial liabilities measured at amortised cost	117,340,739															
	a) due to banks	13,118,455	13,118,455														
	b) due to customers	92,104,320		92,104,320													
	c) debt securities issued	12,117,964			12,117,964												
20.	Financial liabilities held for trading	331,598					331,598										
30.	Financial liabilities designated at fair value	1,909,139				1,909,139											
40.	Hedging derivatives	250,124						250,124									
50.	Change in value of macro-hedged financial liabilities (+/-)	(155,184)							(155,184)								
60.	Tax liabilities	34,266															
	a) current	-								-							
	b) deferred	34,266								34,266							
80.	Other liabilities	3,425,446								3,425,446							
90.	Employee termination indemnities	130,975								130,975							
100.	Provisions for risks and charges	1,203,214															
	a) commitments and guarantees granted	111,764								111,764							
	b) pension and similar obligations	119,782								119,782							
	c) other provisions for risks and charges	971,668								971,668							
110.	Valuation reserves	(49,355)									(49,355)						
130.	Equity instruments	150,000											150,000				
140.	Reserves	3,975,546										3,975,546					
150.	Share premium reserve	1,236,525												1,236,525			
160.	Share capital	2,104,316													2,104,316		
170.	Treasury shares (-)	(2,244)														(2,244)	
180.	Profit (Loss) for the year (+/-)	1,361,392															1,361,392
	Total liabilities and shareholders' equity	**133,246,497**	**13,118,455**	**92,104,320**	**12,117,964**	**1,909,139**	**331,598**	**250,124**	**(155,184)**	**4,793,901**	**(49,355)**	**3,975,546**	**150,000**	**1,236,525**	**2,104,316**	**(2,244)**	**1,361,392**

Reclassified Income statement

(in thousands)

	Circular no. 262/2005 7° update - Income statement	31.12.2023	Net interest income	Net commission income	Dividends	Net income from financial activities	Other operating expense/ income	Staff costs	Other administrative expenses	Net adjustments to property, plant and equipment and intangible assets	Net impairment losses to financial assets at amortised cost - loans	Net impairment losses to financial assets at amortised cost - other financial assets	Net impairment losses to financial assets at fair value	Gains (Losses) from contractual modifications without derecognition	Net provisions for risks and charges	Contributions to SRF, DGS, IDPF - VS	Gains (Losses) on investments	Income taxes on current operations for the year	Profit (Loss) for the year
10.	Interest and similar income	4,243,279	4,243,279																
20.	Interest and similar expense	(1,574,641)	(1,574,641)																
30.	**Net interest income**	**2,668,638**																	
40.	Commission income	1,708,074		1,708,074															
50.	Commission expense	(140,511)		(140,511)															
60.	**Net commission income**	**1,567,563**																	
70.	Dividends and similar income	134,188			134,188														
80.	Net income from trading activities	147,439				147,439													
90.	Net income from hedging activities	22,195				22,195													
100.	Gains (Losses) on disposal or repurchase of:	63,377																	
	a) financial assets measured at amortised cost	50,375				50,375													
	b) financial assets measured at fair value through other comprehensive income	12,999				12,999													
	c) financial liabilities	3				3													
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(122,064)																	
	a) financial assets and liabilities designated at fair value	(129,329)		23,948		(153,277)													
	b) other financial assets mandatorily measured at fair value	7,265				7,265													
120.	**Net interest and other banking income**	**4,481,336**																	
130.	Net impairment losses for credit risk relating to:	(343,411)																	
	a) financial assets measured at amortised cost	(343,345)									(330,711)	(12,634)							
	b) financial assets measured at fair value through other comprehensive income	(66)											(66)						
140.	Gains (Losses) from contractual modifications without derecognition	2,730												2,730					
150.	**Net income from financial activities**	**4,140,655**																	
160.	Administrative expenses:	(2,796,851)																	
	a) staff costs	(1,725,374)						(1,725,374)											
	b) other administrative expenses	(1,071,477)							(925,906)							(145,571)			
170.	Net provisions for risks and charges	(58,144)																	
	a) commitments and guarantees granted	20,105													20,105				
	b) other net provisions	(78,249)													(78,249)				
180.	**Net adjustments to property, plant and equipment**	(142,394)								(142,394)									
190.	Net adjustments to intangible assets	(99,907)								(99,907)									
200.	Other operating expense/income	374,070					134,298		239,772										
210.	**Operating costs**	**(2,723,226)**																	
220.	Gains (Losses) of equity investments	6,254															6,254		
230.	**Valuation differences on property, plant and equipment and intangible assets measured at fair value**	(25,426)															(25,426)		
250.	Gains (Losses) on disposal of investments	20															20		
260.	**Profit (Loss) from current operations before tax**	**1,398,277**																	
270.	Income taxes on current operations for the year	(36,885)																(36,885)	
280.	Profit (Loss) from current operations after tax	1,361,392																	
300.	**Profit (Loss) for the year**	**1,361,392**	**2,668,638**	**1,591,511**	**134,188**	**86,999**	**134,298**	**(1,725,374)**	**(686,134)**	**(242,301)**	**(330,711)**	**(12,634)**	**(66)**	**2,730**	**(58,144)**	**(145,571)**	**(19,152)**	**(36,885)**	**1,361,392**



CERTIFICATIONS AND OTHER REPORTS

Certification of the individual financial statements for 2023 pursuant to art. 81-ter of Consob Regulation no. 11971 dated 14 May 1999 and subsequent additions and amendments

- The undersigned
  - Piero Luigi Montani, as Chief Executive Officer,
  - Marco Bonfatti, as the Manager responsible for preparing the Company's financial report,

  of BPER Banca S.p.A., having considered the requirements of paras. 3 and 4 of art. 154-bis of Decree no. 58 dated 24 February 1998, confirm:
  - the adequacy in relation to the characteristics of the Bank and
  - the proper application,

  during 2023, of the administrative and accounting procedures adopted for the preparation of the financial statements.

- This assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the financial statements at 31 December 2023 is based on a model developed by BPER Banca S.p.A., consistent with the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This framework represents reference standards for systems of internal control that are generally accepted at an international level.

- It is also certified that:
  - the financial statements at 31 December 2023:
    a) have been prepared in accordance with the applicable international accounting standards recognised within the European Union pursuant to European Parliament and Council Regulation (EC) no. 1606/2002 dated 19 July 2002, Decree 38/2005 and the enabling regulations for art. 9 of this Decree;
    b) agree with the underlying accounting records and entries;
    c) present a true and fair view of the financial position and results of operations of the Bank;
  - the report on operations includes a reliable analysis of performance and the results of operations, as well as of the position of the Bank, together with a description of the principal risks and uncertainties to which it is exposed.

Modena, 6 March 2024

Signed by
Piero Luigi Montani

Chief Executive Officer

Signed by
Marco Bonfatti

Manager responsible for preparing the Company's financial report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
BPER Banca S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BPER Banca S.p.A. (the Bank), which comprise the balance sheet as at December 31,2023, and the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and the explanatory notes including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Classification and valuation of performing loans to customers measured at amortised cost	
Description of the key audit matter	As reported in paragraph *2.3 Balance sheet aggregates* of the Directors' Report on Operations and in the *quantitative information relating to credit quality disclosed in Part E – Information on risks and related hedging policies* in the Explanatory notes, performing loans to customers measured at amortised cost of BPER Banca S.p.A. as at December 31, 2023 amount to a gross exposure of Euro 76,719 million, where impairment losses are associated for Euro 554 million, and consequently to a net exposure of Euro 76,164 million, highlighting a coverage ratio equal to 0.72%. In the Explanatory notes *Part A.2 - Main items in the financial statements Paragraph 3 - Financial assets measured at amortised cost and Paragraph 23. Method for determining the extent of impairment*, are described with reference to performing loans to customers: • Bank's rules for classifying loans to customers measured at amortised cost in compliance with the current instructions of the Supervisory Authorities and the applicable accounting standards; • the methods for determining their recoverable amounts which are based on the estimate of the present value of expected cash flows deriving from a lump sum valuation; • the methods with which managerial corrective measures (so-called management overlays) have been applied in the assessment of credit risk and consequently in determining the expected credit losses also to take into account a macroeconomic environment affected by significant uncertainty induced by geopolitical tensions which, after the start of the Russia-Ukraine conflict and the consequent international sanctions, they also affected the Middle East area, in a context already characterised by the continuing inflationary pressure and the consequent increase in market interest rates. Furthermore, as reported in the qualitative information relating to credit risk disclosed in *Part E – Information on risks and related hedging policies, Section 1 – Credit Risk, Chapter 2. Credit risk management policies, Paragraph 2.2. Systems for managing, measuring and monitoring* in the Explanatory notes as at December 31, 2023, the Bank, as part of its policies for managing loans to customers, adopted rules and procedures for monitoring credit exposures, which have entailed, among other things, a structured action of classification into homogeneous risk categories. In particular, on the basis of "rating" and "Early Warning" systems, the Bank identified among performing loans to customers measured at amortised cost those most at risk.

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	Considering the significance of the amount of the performing loans to customers recorded in the financial statements and the complexity of the classification and estimation processes adopted by the Bank, we have identified the classification of performing loans to customers with particular reference to exposures with a higher level of management risk (“high risk” exposures) as well as the related process for determining the loan loss provisions, as a key audit matter of the financial statements of the Bank as at December 31, 2023.
Audit procedures performed	The audit procedures performed included, among others, the following: • analysis and understanding of the Bank's internal control system as well as the related internal regulations concerning the credit process which included, in particular, the identification of the organizational and procedural safeguards implemented by the Bank for monitoring credit quality, for the adequacy of the classification according to the provisions of the sector regulations and for the credit valuation in compliance with the applicable accounting standards; • analysis and understanding of the IT systems and applications used and the test of the operating effectiveness of the relevant controls, also with the support of IT experts belonging to the Deloitte network; • check of the implementation of the procedures and of the relevant controls, as well as test their operating effectiveness for the purposes of the classification and valuation process; • analysis and understanding of the criteria used by the Bank for the classification in the different categories envisaged by IFRS9 (so-called "staging") as well as for the assessment of the riskiness of the counterparties; • analysis and understanding of the main valuation models adopted by the Bank and the related updates, as well as a check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network; • checks on a sample basis of the classification of "high risk" loans according to the provisions of the sector and internal regulations, as well as of the related valuation in compliance with the applicable accounting standards; • analysis and check of the methods of determination and related quantification of the management overlays adopted by the Bank in determining collective impairment losses;

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- analysis and check of performing loans collective impairment losses also through the development of independent estimates;
- comparative and trend analyses on the volumes of loans to customers and on related coverage ratios, through comparison with the data of the previous year and with sector data;
- analysis of subsequent events occurring after the reference date of the financial statements;
- check of the completeness and compliance of the disclosures provided in the financial statements in accordance with the regulatory framework and applicable accounting standards.

Classification and valuation of non-performing loans to customers measured at amortised cost classified as bad loans and unlikely to pay loans	
Description of the key audit matter	As reported in paragraph *2.3 Balance sheet aggregates of the Directors' Report on Operations and in the quantitative information relating to credit quality disclosed in Part E – Information on risks and related hedging policies* of the Explanatory notes, non-performing loans to customers measured at amortised cost of BPER Banca S.p.A. as at December 31, 2023 amount to a gross exposure of Euro 1,696 million, where impairment losses are associated for Euro 841 million and consequently to a net exposure of Euro 855 million, highlighting a coverage ratio equal to 49.6%. The Directors' Report on Operations also shows that the above-mentioned loans to customers, classified in accordance with IFRS 9 "Financial Instruments" as "Third Stage", include bad loans for a net value of Euro 139 million with a coverage ratio equal to 65.67% and unlikely to pay loans for a net value of Euro 624 million with a coverage ratio equal to 46.77%. In the Explanatory notes *Part A.2 - Main items in the financial statements Paragraph 3 - Financial assets measured at amortised cost and Paragraph 23. Method for determining the extent of impairment*, are described with reference to non-performing loans to customers: • Bank's rules for classifying non-performing loans to customers measured at amortised cost in compliance with the current instructions of the Supervisory Authorities and the applicable accounting standards; • the methods for determining their recoverable amounts which are based on the estimate of the present value of expected cash flows deriving from an analytical valuation of bad loans and unlikely to pay loans whose exposure is higher than the thresholds established by internal regulations, and from a lump sum valuation of the remaining non-performing loans to customers measured at amortised cost.

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Furthermore, the quantification of the recoverable amount of non-performing loans which are included in the Bank's strategy, that envisages the recovery of those loans through disposals, reflects also the estimate of their disposal value, duly weighted on the basis of the probability of occurrence of the possible “workout” and “disposal” scenarios.

Considering the complexity of the estimation processes adopted by the Bank, which implied a structured action of classification of non-performing loans to customers measured at amortised cost into homogeneous risk categories, as well as the relevance of the discretionary components linked to the estimate of the related recoverable amount (such as the estimate of expected cash flows, the time of recovery, the value of the collateral, if any, and the possible recovery strategies), we have identified the classification of non-performing loans to customers measured at amortised cost classified as bad loans and unlikely to pay loans and their valuation as a key audit matter of the financial statements of the Bank as at December 31, 2023.

Audit procedures performed

The audit procedures performed included, among others, the following:

- analysis and understanding of the Bank's internal control system as well as the related internal regulations concerning the credit process which included, in particular, the identification of the organizational and procedural safeguards implemented by the Bank for the monitoring of credit quality and management of non-performing loans, for the adequacy of the classification according to the provisions of the sector regulations and for the related valuation in compliance with the applicable accounting standards;
- analysis and understanding of the IT systems and applications used and the test of the operating effectiveness of the relevant controls, also with the support of IT experts belonging to the Deloitte network;
- check the implementation of the procedures and relevant controls, as well as their operating effectiveness for the purposes of the classification and valuation process;
- analysis and understanding of the main valuation models adopted by the Bank and the related updates, as well as a check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network;
- analysis and understanding of the process of identification and determination of the strategy to reduce credit exposures included in the “disposal" perimeter;

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- analysis and understanding of the valuation model adopted for the determination of additional impairment losses relating to non-performing loans belonging to the "disposal" perimeter valued on the basis of recovery expectations through sale and verification of the reasonableness of the expected market prices;

- checks on a sample basis for each category of non-performing loans of the classification and of the related valuation in compliance with the Bank's internal regulations;

- comparative and trend analyses, for each category of non-performing loans, on the volumes and on related coverage ratios, through comparison with the data of the previous year and with sector data;

- analysis of subsequent events occurring after the reference date of the financial statements;

- check of the completeness and compliance of the disclosures provided in the financial statements in accordance with the regulatory framework and applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Bank or for the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Bank’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate related threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of BPER Banca S.p.A. has appointed us on November 26, 2016 as auditors of the Bank for the years from December 31, 2017 to December 31, 2025.

Deloitte.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of BPER Banca S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in XHTML format, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of BPER Banca S.p.A. are responsible for the preparation of the Directors' report on operations and the report on corporate governance and ownership structure of BPER Banca S.p.A. as at December 31, 2023, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the Directors' report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of BPER Banca S.p.A. as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned Directors' report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of BPER Banca S.p.A. as at December 31, 2023 and are prepared in accordance with the law.

Deloitte.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Merlo
Partner

Bologna, Italy
March 22, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING PURSUANT TO ART. 153 OF LEGISLATIVE DECREE NO. 58/1998

Shareholders,

This Report, prepared pursuant to art. 153 of Legislative Decree no. 58/1998 (the "Consolidated Law on Finance"), outlines the activities carried out by the Board of Statutory Auditors (the "BoSA" or the "Body") of BPER Banca S.p.A. ("BPER" or "the Bank" or "the Company") during the year and on any omissions or reprehensible facts possibly identified. The Board of Statutory Auditors can also make observations and proposals on the financial statements, their approval and other matters within our sphere of competence.

During the 2023 financial year, the Board of Statutory Auditors, pursuant to Article 149 of the Consolidated Law on Finance and in compliance with the guidelines set out in the "Rules of Conduct of the Board of Statutory Auditors of Listed Companies" of the CNDCEC (equivalent of the association of chartered accountants)[1], approved in December 2023, supervised the bank's compliance with the law and the Articles of Association, as well as its adherence to the principles of proper administration and the adequacy and functioning of the organisational, administrative and accounting structure adopted in day-to-day operations. The Board of Statutory Auditors also monitored the functionality of the internal control system, in accordance with the provisions of Bank of Italy Circular no. 285/2013 and the effective implementation of the corporate governance rules set out in the Corporate Governance Code, with which the Company complies.

This Report also contains the information required by CONSOB Communication no. DEM/1025564 of 6 April 2001.

1. COMPOSITION OF THE BODY, MEETINGS, INFORMATION FLOWS AND TRAINING ACTIVITIES

<u>Composition</u>

At the date of this Report, the Board of Statutory Auditors consisted of the Standing Auditors Daniela Travella, Chair, and Patrizia Tettamanzi. In addition to the aforementioned, Carlo Appetiti was a member of the Board of Statutory Auditors until 31 January 2024. He tendered his resignation on 18 January 2024, with effect from 1 February 2024.

Following the aforementioned resignation, BPER did not integrate the body in line with the approach taken in June 2022 following the resignation of Standing Auditor Paolo De Mitri (later replaced by Carlo Appetiti). This was due to the replacement of Alternate Auditor Sonia Peron not allowing compliance with regulations in force and the Articles of Association on gender balance. In the light of the above and given the short period of time between the effective date of the resignation of the Statutory Auditor Carlo Appetiti and the

[1] the "Rules of conduct for the Board of Statutory Auditors in non-listed companies" adopted by the Italian National Council of Chartered Accountants and Accounting Experts.

scheduled date of the Ordinary Shareholders' Meeting, which is convened, inter alia, to appoint the new Board of Statutory Auditors, the Company has decided to postpone the integration of the Board of Statutory Auditors until the Ordinary Shareholders' Meeting. Based on the above, in the period following 1 February 2024, the Board of Statutory Auditors (BoSA) operated with just two members: the Chair Daniela Travella, and the Standing Auditor Patrizia Tettamanzi.

Meetings held

The following meetings of the corporate bodies were held in 2023 and the early months of 2024:

Corporate Body	No.meetings in 2023	average duration in 2023	No.meetings in 2024	average duration in 2024
Board of Statutory Auditors	**34**	**04:15**	**11**	**04:07**
Board of Directors	18	03:34	5	03:21
Nomination and Corporate Governance Committee	14	00:55	5	00:58
Remuneration Committee	15	01:25	5	01:28
Control and Risks Committee	17*	04:01	5**	03:55
Related Parties Committee	18	01:10	5	01:03
Sustainability Committee	12	00:55	4	00:58

* Of which sixteen meetings were held in part jointly with the Board of Statutory Auditors

** All in part jointly with the Board of Statutory Auditors

The activities of the Board of Statutory Auditors are governed by the rules of operation of the Body, whose most recent update has been in force since 13 July 2023.

All members have consistently contributed to the work of the Board of Statutory Auditors.

The Board of Statutory Auditors also attended all meetings of the Board of Directors and the Board Committees (with the exception of one meeting due to overlapping dates).

The members of the Board of Statutory Auditors also attended the Ordinary Shareholders' Meeting held on 26 April 2023, at which the Financial Statements for the year 2022 were approved.

Information flows

During the year 2023, the Board of Statutory Auditors acquired the information needed to perform its supervisory duties through the detailed system of information flows provided for within the Group, as well as by taking part in meetings of the Board of Directors and Board Committees.

The Board also met with the Supervisory Body pursuant to Legislative Decree 231/01 and the Boards of Statutory Auditors of the main banking and non-banking subsidiaries of BPER, in order to foster the mutual exchange of information.
In 2023, the BoSA held frequent meetings with the Manager responsible for preparing the Company's financial reports and the Independent Auditors.

With a view to coordination with the Corporate Control Functions, the Board periodically engaged in dialogue with the Heads of the Internal Audit, Risk Management, Compliance and Anti-money Laundering Functions.

The Board of Statutory Auditors also met with the main corporate functions of the Bank on a periodic basis. These includes the Chief Financial Officer (CFO) Deputy General Manager (also in his/her previous role as Deputy General Manager and Head of the Strategy, Finance & Innovation Area), the Chief Operating Officer (COO) Deputy General Manager, the Chief Human Resource Officer (CHRO), the Chief General Counsel (CGC), the Chief Lending Officer (CLO), the Chief Private & Wealth Management Officer (CPWMO), the Chief Retail & Commercial Banking Officer (CRCBO), the Chief Corporate & Investment Banking Officer (CCIBO), the Head of the Loan Policies and Support Department, the Head of the Planning and Control Department, the Head of Marketing and Customer Governance and the Head of Insurance Strategy Department, as well as the Chief Executive Officer and the Chair of the Board of Directors.

The opinions, recommendations and suggestions formulated by the BoSA were reported directly to the Bank’s Corporate Bodies, communicated to the recipient functions during the meetings held with said parties (also through the Bank’s structure that supports the BoSA in its activities) and their timely compliance and adhesion were monitored with no criticalities reported to date.

Training activity

The members of the Board of Statutory Auditors participated in a comprehensive and rigorous training programme designed to ensure they remain up to date with the latest developments in their field. The training programme comprised 4 sessions for Statutory Auditors and 12 induction sessions for members of BPER's Corporate Bodies. The training focused on: the evolution of the Internal Audit Function; IT strategy and cybersecurity; *risk management* and control system; digital euro, cryptocurrencies, fintech and new business models; ESG transition and non-financial disclosure; duties of directors; company crisis, insolvency and restructuring; *wealth management*, *corporate & investment banking* and *insurance*.

2. SUPERVISION OF THE OBSERVANCE OF THE LAW AND OF THE ARTICLES OF ASSOCIATION AND RESPECT FOR THE PRINCIPLES OF PROPER ADMINISTRATION

The Board of Statutory Auditors monitored the observance of the law, the Articles of Association and the provisions issued by the Supervisory and Control Authorities.

The management of the Bank complies with the law and the Articles of Association. This is due to an appropriate structure of powers and responsibilities, which is regularly updated (last updated on 20

December 2023) in line with the Bank's dimensional, organisational and governance structure.

The Board of Statutory Auditors monitored compliance with the principles of proper administration and protection of the Bank's assets through its participation in the meetings of the Board of Directors and board committees, as well as on the basis of information received from the control functions and the Independent Auditors.

During the meetings attended and in light of the checks carried out, the Board of Statutory Auditors did not become aware of any transactions which were manifestly imprudent, risky or in potential conflict of interest, nor of actions contrary to the decisions of the Shareholders' Meeting or that might compromise the integrity of the Company's assets.

As regards the decision-making processes of the Board of Directors, the Board of Statutory Auditors, through direct participation in the BoD's meetings, monitored their compliance with the law and the Articles of Association, verifying that the resolutions passed by the Board of Directors were based on the principle of correct information and reasonableness.

The Board of Statutory Auditors has been able to ascertain that the Directors have always passed resolutions in a knowledgeable and informed manner, based on the information made available prior to each meeting and the reports presented by the Chief Executive Officer and Heads of the company functions during the meeting. Supported by said figures, the Directors were able to conduct an in-depth examination, during the BoD and/or Committee meetings, of the characteristics and the nature of the main transactions proposed, as well as their effects on the income statement and the balance sheet.

The Board of Statutory Auditors also acknowledged the statements made by the Directors in accordance with art. 2391 of the Italian Civil Code and art. 53 of the Consolidated Law on Banking, continuously verifying compliance with the applicable legislation on significant interests, in line with the provisions of the "Group Regulation of the process for managing Significant Interests of Corporate Officers".

2.1 Most significant economic, financial and equity transactions of the bank

The Board of Statutory Auditors, also through its participation in the meetings of the Board of Directors and the board committees, received from the Chief Executive Officer, in compliance with the periodicity required by law, the appropriate information on the activities carried out and on the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries.

Please refer to the Directors' Report on the 2023 Financial Statements, which contains a detailed account of the significant events and main strategic transactions that characterised the financial year.

That being said, the Board of Statutory Auditors points out the following:

<u>2022-2025 "BPER e-volution" Business Plan</u>

As part of the business plan approved in June 2022, the following transactions were finalised during 2023:

- the disposal of 48 branches to Banco Desio e della Brianza S.p.A. also served to prevent antitrust issues arising from the integration of Carige;
- the deconsolidation of SIFA' - long-term renting company – through the creation of a strategic commercial partnership with UnipolRental S.p.A. was achieved through the merger of SIFA' (a company wholly owned by BPER) into UnipolRental (a company previously wholly owned by UnipolSai) and the signing of a long-term commercial agreement for the signalling of UnipolRental's rental products through the network of bank branches. In relation to the aforementioned transaction, which was classified as a most significant related party transaction, the Board of Statutory Auditors monitored the process through its continuous participation in the meetings of the Related Parties Committee. This ensured that the same Committee was involved in the negotiation and investigation stages, also through the strategic and financial advisors and lawyers who supported the Committee's work. The Board of Statutory Auditors also ascertained that the strategic supervision body had all the necessary information for evaluating the reasonableness, cost-effectiveness and convenience of the transaction.
- the creation of the Wealth Management & Asset Management pole within Banca Cesare Ponti (hereinafter also referred to as "BCP") was achieved through the merger of Optima SIM into BCP and the contribution by BPER, in favour of BPC, of a business unit comprising private bankers and private customers with related assets under management. The latter transaction was completed on 19 February 2024;
- the de-risking and the creation of a strategic partnership for the management of the NPE portfolio: in 2023, the UTP loan disposals to the Gardant Group (for a recoverable amount of Euro 470 million) and to AMCO (for a recoverable amount of approximately Euro 430 million) were completed; on 15 January 2024, the transaction to establish a strategic partnership with the Gardant Group for the management of Unlikely-To-Pay and bad loans owned by BPER and Banco di Sardegna was finalised;
- Voluntary redundancy incentive plan: As part of the Group's objectives of generational and professional turnover, together with the reduction of the workforce, an agreement was signed with the trade unions on 23 December 2023. This agreement provides for the departure of 1,000 resources against 500 new hires and the stabilisation of 200 permanent employee contracts.

Placement of financial instruments

As part of the EMTN (Euro Medium Term Notes) programme and in line with the Bank's three-year Funding Plan (2023-2025), on 4 September 2023, the Bank completed the placement of the Senior Non-Preferred bond issue for institutional investors of Euro 500 million, with a maturity of 6 years and an early call option after 5 years.

Further to the Board of Directors' approval on 28 September 2023, the placement of the guaranteed bond issue of Euro 750 million with a maturity of 5 years, fixed rate, for institutional investors was completed on 21 November 2023.

On 9 January 2024, the Additional Tier 1 bond issue of Euro 500 million with perpetual maturity and callable as from the fifth year was completed.

On 13 February 2024, the first Senior Preferred Green bond with a maturity of six years and an early call option after five years, amounting to Euro 500 million, was placed.

Extraordinary windfall taxes of banks.

Article 26 of Decree Law no. 104 of 10 August 2023 (“Decree Law no. 104/2023”), converted with Law no. 136 of 9 October 2023, introduced a one-off extraordinary tax on banks pursuant to article 1 of Italian Legislative Decree 385/1993, calculated on the increase in the net interest income, to be paid by the sixth month after that of the close of the financial year prior to the one in progress as at 1 January 2024 (therefore, for the majority of banking players, by 30 June 2024). On 6 March 2024, the Board of Directors of BPER Banca S.p.A. resolved to preliminarily exercise the option under Article 26, paragraph 5-bis of the Decree and, therefore, to submit a proposal to the 2024 Shareholders’ Meeting called to approve the 2023 Financial Statements, to book part of the 2023 profit, for an amount of Euro 289.2 million, to a non-distributable equity reserve. At the behest of the Parent Company, a similar position was adopted by the subsidiary banks concerned by the provision (Banco di Sardegna, Bibanca and Banca Cesare Ponti), with the subsequent allocation of Euro 315.4 million to a non-distributable reserve at BPER Banca Group level, corresponding to 2.5 times the amount of the tax of Euro 126.2 million.

2.2 Atypical and/or unusual transactions, including intercompany transactions and transactions with related parties

The information received from the Board of Statutory Auditors during the course of the meetings of the Board of Directors and that provided by the Chief Executive Officer, by the various corporate functions, by the Internal Audit Function, by the Boards of Statutory Auditors of the subsidiaries and the Independent auditing firm did not highlight the existence of atypical and/or unusual transactions completed with third parties, with Banks and Companies of the Banking Group or with related parties and/or associated persons[2].

Intra-group transactions and transactions with related parties and/or associated persons are regulated within the BPER Group by the Group Policy for the governance of the risk of non-compliance concerning conflicts of interest with related parties and risk activities with associated persons" (the "OPC Policy"), adopted by the Bank pursuant to CONSOB Regulation no. 17221/2010 and Bank of Italy Circular no. 285/2013.

As part of its supervisory activities, the Board of Statutory Auditors monitored continuously the entire process related to the application of the aforementioned Policy. This was done both through the Board's participation in all meetings of the Related Parties Committee (also known as "RPC") and through the

[2] Directors’ Report of BPER Banca S.p.A., par. 4.2, and Directors’ Report of the Banca BPER Group, par. 7.10;

receipt of regular information flows addressed directly to the Board of Statutory Auditors.

The merger of Sifà S.p.A. - a company wholly owned by BPER - into UnipolRental S.p.A. (a company previously wholly owned by UnipolSai), as described in para. 2.1 of this Report is one of the most significant related party transactions. The aforementioned transaction was approved on 27 March 2023 by the Board of Directors, based on the prior unanimous favourable opinion of the Related Parties Committee. The Board of Statutory Auditors monitored the process of analysis and evaluation of the RPC and took note of the publication, on 30 March 2023, of the information document prepared pursuant to CONSOB Regulation no. 17221/2010.

Based on the overall control activities carried out by the Board of Statutory Auditors, there were no violations or irregularities in relation to the application of the above Policy. Furthermore, the supervisory limits and the maximum amount established for risky activities with related parties and associated persons were complied with.

The Financial Statements to which reference is made, report the information on transactions with associated persons and related parties[3], as prescribed by art. 2497 *bis* of the Italian Civil Code and by Consob Communication DEM 6064293 of 28 July 2006. From the information gathered by the Board of Statutory Auditors, these transactions were concluded in the interests of the Bank and no critical aspects were identified in respect of their appropriateness.

2.3 Control of risks deriving from scenario changes

The Board of Statutory Auditors monitored on an ongoing basis and discussed in depth with the relevant business functions, the impacts and credit risks arising from the continuing general and sectoral macroeconomic framework, which is still affected by significant uncertainty brought about by: i) the development of the ongoing conflicts in Ukraine and Palestine; ii) the international awareness of climate risk and the measures being taken to address it; iii) the uncertainty on interest rate trends and market volatility.

Since 25 March 2022, the Board of Statutory Auditors has monitored conflict developments, with particular reference to the initiatives that the Bank has undertaken to deal with potential risk situations.

Moreover, in 2023, the activities and control units put in place by the Bank following the floods that hit Emilia Romagna were examined in detail, both with reference to issues relating to business continuity and operational risk, and with reference to the activities implemented in the credit area.

3. SUPERVISION OF THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

During 2023, the Board of Statutory Auditors regularly monitored the adequacy of the Group's

[3] Directors' Report of BPER Banca S.p.A., par. 4.2, and Directors' Report of the Banca BPER Group, par. 7.10; Part H of the Explanatory Notes to the separate and consolidated financial statements of BPER Banca.

organisational structure, whose growth in size - facilitated also by a number of extraordinary transactions - together with its increased organisational complexity, was accompanied by a consistent strengthening of the governance and control structure. This growth has led, among other things, to BPER being identified as Other Systemically Important Institutions (O-SII), from 2024. This is an important recognition of the Group's achievements and entails higher expectations from the Supervisory Authorities. Moreover it should provide a further stimulus to the pursuit of business objectives in compliance with the values of integrity, transparency and sustainability.

The Group's model, organisational structure as well as management and coordination tools are defined in the internal regulations, which regulate the roles and tasks assigned to the Bodies in order to establish the strategic guidelines and implement the risk management policies and the Internal Control System.

The Management and Coordination of the Banks and Subsidiaries is mainly carried out through the appointment of the respective Corporate officers and the implementation of the mechanisms established to implement the internal directives of the Parent company. In accordance with statutory provisions, laws as well as external and internal regulations, the Corporate Bodies of the Parent Company, the Banks and the Subsidiaries receive regular and structured information flows relating, inter alia, to risks and controls. The Board of Statutory Auditors supervises the management and coordination activities of the Parent Company, with a particular focus on monitoring the implementation of the Group's Directives and holding regular meetings with the Control Bodies of the subsidiaries.

With regard to the organisational structure, the Board of Statutory Auditors monitored the organisational reviews made to the Parent Company's structure through detailed discussions at meetings with the Chief Operating Officer. Considering the developments outlined in the 2022-2025 Business Plan, it was requested that regular updates be provided on the "as is" Organisational Chart of BPER Banca and the Group (Banco di Sardegna, Banca Cesare Ponti, Bibanca, BPER Bank Luxembourg, BPER Factor, BPER Leasing - Sardaleasing, Finitalia), including the authorised workforce and a "to be" view.

As part of these in-depth analyses, the Board of Statutory Auditors identified how business evolution, digitalisation and the use of artificial intelligence will have a significant impact on banking operations and, consequently, on the activities of the business functions. This will require further assessment of the workforce, including in control functions, the size of which is constantly monitored by the Board of Statutory Auditors, to assess whether there are appropriate skills and processes in place to ensure the effective and responsible use of new technologies.

With regard to the adequacy of the organisational structure, the Board of Statutory Auditors also paid particular attention to the changes made to the structures reporting to the Chief Financial Officer, focused on the measures taken specifically in the area of the Manager responsible for preparing the Company's financial reports. In 2023, this sector underwent a significant internal reorganisation, with the responsibilities of the former Administration and Reporting Department being divided into two separate departments:

- one specifically dedicated to the supervisory control unit and financial reporting for external stakeholders;

- the other dedicated to internal administrative and accounting activities.

This revision did not change the functional reporting of the Manager responsible for preparing the Company's financial reports to the Chief Executive Officer.

As part of this new structure, the Board of Statutory Auditors identified the need to provide additional support to the new managers, who were interviewed on a regular basis in special meetings. The projects in the Business Plan that involve reviewing processes by re-engineering them have also been followed up and monitored.

Again as part of the 2022-2025 Business Plan, the Board of Statutory Auditors discussed the organisational changes associated to projects "*Bridge*"[4] and "*Wealth & Asset Management Hub Evolution*" through regular meetings with the respective Steering Committees and control functions involved in all project stages, monitoring, over time, that the critical issues identified were addressed. The Board of Statutory Auditors recommends that, also in the future, there should be continuous monitoring and reporting to the Supervisory and Control Body on any critical issues that may arise from the new operations of Banca Cesare Ponti and the partnership with the Gardant Group. With particular regard to this last aspect - the outsourcing of the management of the UTP and bad portfolios to the Gardant Group - the Board of Statutory Auditors noted the complexity of the project and its significant operational and procedural impacts. Consequently, it recommended the implementation of essential monitoring and control mechanisms to ensure compliance with established procedures and the implementation of effective debt collection strategies.

With regard to outsourcing, the internal regulatory framework underwent a significant evolution at the end of 2023 with the issue of the new Regulation on the process of Outsourcing of corporate functions and the Regulation on the Vendor Management Process. The aim of this regulatory change is to strengthen the overall internal controls by: i) simplifying the process of classifying outsourcing proposals in order to streamline the decision-making process on proposals to outsource business functions; (ii) better structuring supplier evaluation processes to ensure the selection of those suppliers that best meet the Group's needs and requirements; iii) explicitly referring to the use of standard contractual clauses to ensure compliance; iv) defining and monitoring the SLAs (Service Level Agreements) in such a way that service levels are clearly defined in the agreements and compliance is constantly monitored; v) defining exit strategies that are effective and do not impact business operations. In short, the new regulations aim to provide a clearer and more robust framework for the management of outsourcing, ensuring appropriate controls and mitigation of associated risks in line with current regulatory requirements.

The evolution of processes has also required improvements on the IT tools and procedures that support the outsourcing management process. These measures will be phased in over the course of 2024. Moreover, the framework for third-party risk management (TPRM) by Risk Management was finalised in 2023. This framework addresses the evaluation of outsourcing, supplies and related contracts through the implementation of new questionnaires for third-party risk assessment and monitoring. The outsourcing and

[4] It is a project including the disposal of the internal bad loan & UTP debt collection platform and implementation of the outsourced NPE servicing agreement.

third-party risk assessment carried out by Risk Management, together with the assessments carried out by the Compliance function, facilitate the control and governance of risks. This is achieved through *ex ante* evaluation activities of outsourcing proposals and related contracts, as well as regular monitoring of outsourced suppliers. In this context, the Board of Statutory Auditors has requested that the competent functions pay close attention to the implementation and application of the new regulations and to the timely updating of the relevant operating instructions, taking into account their impact on business processes.

The Board of Statutory Auditors also fulfilled its supervisory duty with regard to information systems and business continuity through the regular analysis of IT risk and IT security incident reports, together with the half-yearly reporting on BCBS-239 and the in-depth analysis implemented as a result of regulatory requirements in the IT field. As a result of several discussions with the competent Functions, particular attention was paid to the costs related to the digital transformation and the impact resulting from the 40th update of Circular 285/2013 and the Digital Operational Resilience Act (DORA), which led to a significant revision of processes and internal regulations. In this context, in-depth analyses were carried out on the development of the IT Security and Data Centre Strategic Plan and the Data Centre Strategy, as well as on the rationalisation of the Data Centres subject to Major Change in accordance with current regulations.

Also for Business Continuity, the Board of Statutory Auditors examined the updates made to the relevant Regulation, in particular: i) the provision of new areas in the business continuity plan, with a particular focus on the cyber-attack scenario; ii) additions to continuity protections in relation to outsourced services; iii) the introduction of the concept of a "recovery point objective" (RPO), defined as the maximum period during which data loss is deemed "acceptable" in the event of an accident; iv) the change in responsibility for the appointment of the "Disaster Recovery Manager", previously reserved to the Board of Directors, by assigning it to the relevant C-Level Manager; v) updating the rules for the classification of anomalous events. Therefore, as part of the Business Continuity and Disaster Recovery Plan update, the Board urged a strengthening of the reporting to the Control Body with regular updates and welcomed the proposal by the Owner Functions to receive a regular update on the carrying-out of activities related to the Data Centre Strategy Project in order to monitor the Bank's positioning as a systemic bank, in line with the adaptation plan pursuant to the aforementioned Digital Operational Resilience - DORA Regulation and Bank of Italy Circular 285/2013 (40th update).

The following paragraph outlines the monitoring activities carried out by the Board of Statutory Auditors with regard to the overall control system and the organisational structure of the Control Functions.

4. SUPERVISION OF THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM

The BPER Group Internal Control System

One of the responsibilities of the Board of Statutory Auditors is to ensure that the internal control and risk management system is adequate and effective.

In line with applicable regulations, BPER Banca adopted a Policy defining the principles relating to the design, implementation and evaluation of BPER Banca Group's Internal Control System, the roles of the

Corporate Bodies and Control Functions involved, the methods of coordination and collaboration and the information flows regularly exchanged among the Control Functions and between the latter and the Corporate Bodies, both of the Parent Company and the Group Companies. This Policy, known as the "Group Policy - Internal Control System", the latest version of which was approved by the Board of Directors on 28 April 2022, together with the update of the document that regulates the information flows between the Control Functions and the Corporate Bodies, sets out the principle of derogation from the centralised model of the control functions in the Parent company, as well as the role, responsibilities and areas of intervention of the Coordination Committee of the Control Functions.

More specifically, the BPER Group's Internal control system is a set of rules, functions, structures, resources, procedures and processes aimed at ensuring that the activities carried out by the company are compliant with the pre-defined internal standards and practices. At Group level, this system is structured in order to allow the Parent Company to carry out the following, also as part of its management and coordination activities vi-à-vis the Group Companies:

- strategic control of both the trend in the activities carried out by the Group companies and the acquisition and disposal policies implemented by the latter;
- management control aimed at ensuring the maintenance of conditions of economic, financial, capital balance for both the individual group companies, and the Group as a whole;
- technical-operational control targeted at evaluating the risk profiles caused to the Group by the individual subsidiaries and the general risks of the Group.

This system is designed to take into account the peculiarities of the business of each Group company in compliance with the principles of: i) proportionality in the application of regulations according to size and operational characteristics; ii) stepwise transition to gradually more advanced methodologies and processes for measuring risks and the capital that is available as a result; iii) unity in the definition of the approaches used by the various functions; iv) effectiveness and efficiency of risk control.

The control model adopted requires each Group Company to ensure that operations are carried out properly, in particular by performing the necessary line controls. It also provides for a partial exemption for Group companies located abroad, given the complexity and sensitivity of their operations, which are characterised by a different regulatory environment; for Companies under Italian law, where the choice is motivated by reasons of effectiveness and cost-efficiency in risk management and control. In the latter case, the exemption must be approved by the Board of Directors of the parent company, subject to the favourable opinion of the Control and Risk Committee and the Board of Statutory Auditors.

The Board of Statutory Auditors conducted continuous and timely monitoring of BPER's internal control system. This was achieved through regular meetings with the Control Functions, periodic information flows to the Board of Statutory Auditors, and specific in-depth analyses requested on major issues.

In particular, considering the significant evolution of the Group in terms of size and business, the significant organisational changes that have affected the Bank's structures, with the consequent updating of internal regulations, and taking into account the impact of digitalisation and the use of artificial intelligence, the Board of Statutory Auditors has proposed to the Audit Department that the information flows from the

Control Functions to the Corporate Bodies should be an area worthy of attention in 2024. The Internal Audit Function promptly acknowledged this request and included it in the Group 2024-2026 Audit Plan, which was presented on 20 February 2024. In particular, the Internal Audit, in collaboration with the other Control Functions, will assess the completeness and effectiveness of the control functions' reporting to the corporate bodies in order to identify any areas for improvement. This ongoing audit and improvement of the communication of control functions reflects BPER's commitment to maintaining high standards of governance and risk management.

Governance and risk management

The BPER Group identifies the Risk Appetite Framework (RAF) as a tool for overseeing the risk profile that the Group intends to take in the implementation of its business strategies, considering it as an essential element to ensure that the risk governance policy and process by which risks are managed comply with the principles of sound and prudent management.

The RAF takes on the importance of a management tool that not only permits concrete application of the regulations, but also makes it possible to activate synergistic governance of the planning, control and risk management activities. It is also a key element to: i) strengthen the ability to govern corporate risks; ii) ensure the alignment between strategic guidelines and risk levels that may be assumed; iii) develop a quick and effective system of monitoring and reporting the risk profile taken on.

The RAF represents a coordinated set of methodologies, processes, policies, controls and systems used by the Group to establish, communicate and monitor the risk targets (risk appetite), thresholds (risk tolerance) and related operational limits, under both ordinary and stressed conditions, that the Group intends to respect in pursuing its strategic guidelines, having defined the respective levels in a manner consistent with its maximum acceptable risk (risk capacity). In order to ensure effective and pervasive transmission of the risk objectives, the Group sets its overall risk appetite, establishing risk limits that govern the operations of the organisational structures to which they are assigned (so-called "risk takers"), in a structured framework consistent with the policies of governance and control of individual risks.

With specific regard to governance and risk management, the Internal Control System is designed, implemented and evaluated with the “Group Risks Map” as a reference, which - in alignment with the regulatory framework - identifies the potential risks to which the Group is or could be exposed. The risk identification process determines the updating of the Risk Map, which normally happens at least annually, except where significant changes in the context occur, which require them to be revised more frequently.

More specifically, the Board of Statutory Auditors continuously examines all the aforementioned aspects; in particular, it acknowledged the contents of the “Group Risk Map” at the meetings on 23 February and 28 November 2023[5] and of 20 February 2024, for the current year. The assessments and in-depth analyses on this issue and on risk governance and management in general are usually carried out in joint meetings

[5] The main objective of the update was to implement the ECB's recommendation resulting from the Thematic Review on climate and environmental risks.

with the Control and Risk Committee. Based on these in-depth analyses, the Board of Statutory Auditors found that the materiality analysis of credit risk arising from climate and environmental factors was strengthened and that the ESG risk factors were introduced in the materiality analysis of market, reputational, and strategic/business risks.

Again as part of risk management, the Board of Statutory Auditors receives regular reporting, both through in-depth analyses during the approval of the Policies on the governance of individual risks, and through quarterly monitoring of individual risks such as credit, financial (liquidity, interest rate, market and counterparty), operational, reputational and third-party risk with evidence, where present, of the monitoring of RAF indicators and exposure limits provided for by the individual Risk Governance Policies. This reporting also includes regular updates on the second-level Credit Control activity on individual loan positions and guarantees, as well as the results of the Validation Function relating to market risk measurement models, the validation of the new early warning model, monitoring of AIRB PD models, backtesting of IFRS9 PD models and ECL calculation methodology, reporting of the model management process and the validation of the BCBS-239 Risk Reporting framework.

Within this context, as usual, specific attention was dedicated during the year to the assessment of capital adequacy and the current and prospective liquidity position (ICAAP and ILAAP), the analysis of the RAF documentation (with the relevant recalibrations), the analysis and assessment of issues related to the evolution of the internal rating system (validation, revision, extension), the updates regularly received on the Resolution Plan and Recovery Plan, and the updates of the Risk Forecasting Programme and the stress testing. In particular, in the context of the presentation of the capital adequacy position for 2024, the Board of Statutory Auditors noted that the capital position of the BPER Group remained adequate throughout 2023 and, based on currently available information, will remain adequate for 2024. From an economic point of view, capital adequacy levels also ensure that the risks to which the Group is exposed are covered. The Board of Statutory Auditors notes that, in the event of adverse scenarios that (from a regulatory perspective) have a significant impact on the capital adequacy ratio, which, compared to the baseline scenario, translates into a reduction of the CET 1 ratio, the utmost attention must be paid. Despite the severity of the adverse scenarios considered, CET1 %, T1 % and TC % remain above the risk tolerance threshold of the RAF (which includes regulatory minimums and additional prudential buffers, including P2G) throughout the projection horizon. On the other hand, with regard to the Group's liquidity and funding profile, the Board of Statutory Auditors noted that the liquidity and funding position remained adequate from both a regulatory and economic perspective throughout 2023, without ever exceeding the relevant internal thresholds (risk appetite, risk tolerance and, where applicable, risk capacity) assigned for 2023 and without ever showing anomalous trends that would require remedial actions. The forward-looking analyses, both under the baseline scenario (consistent with the 2024-2026 funding plan) and under the ILAAP stress scenario, show values in line with the internal relevant thresholds defined for 2024. Finally, the Net Liquidity Position (NPL) was found to be adequate in both the baseline and ILAAP stress scenarios.

<u>Control functions: organisational structure and size</u>

Furthermore, in 2023, the Board of Statutory Auditors continued to monitor the adequacy of the qualitative and quantitative dimensions of the control functions and the organisational and procedural developments involving them, both through direct contact with the Control Functions themselves and with the Human Resources function (responsible for recruiting resources and the related professional updating) and the Organisation function (responsible for the target size of the structures).

In the various discussions that have taken place, the Board of Statutory Auditors has consistently emphasised the importance of reducing the gap between the number of actual resources and the target resources, in line with the expectations of the Supervisory Authority, while maintaining a focus on the qualitative level of these resources. It has therefore constantly monitored the performance of its activities, both externally, through research and market entry, and internally, through the development and use of resources from the extraordinary operations carried out.

Given the Group's development in size and complexity, the Board of Statutory Auditors requested an assessment of the qualitative and quantitative targets of the control functions.

The special attention paid to this area is confirmed by the Supervisory Authority's requests in the SREP Letter 2023, confirming the importance of constantly adapting the qualitative and quantitative size of the control functions to the rapidly changing environment in which they operate. The feedback to the Supervisory Authority will be provided beyond the end of the current mandate, but the Board of Statutory Auditors recommends the utmost care and diligence in carrying out the required assessment and formally providing feedback to the Authority.

In this context, the Board of Statutory Auditors noted that the Audit function has improved its organisational structure by reaching its staffing target and benefiting from the implementation of significant digitalisation projects. In particular, the "OMNIA" project, which was successfully implemented in 2023 and is in line with the overall development vision of the Function, has significantly enhanced its activities. This project, which is one of the initiatives of the 2022-2025 business plan, is a fundamental basis for strengthening the Function's methodologies. Also in 2024, the Function will continue to develop a strong data-centric approach.

In addition to supervising the size, the Board of Statutory Auditors carried out its monitoring functions with regard to changes in the organisational structure of the Compliance, Internal Audit, Risk Management - including the strengthening of the Validation Function - and Anti-Money Laundering Functions.

In 2023, particular attention was paid to the Risk Management function, which underwent a significant change in its organisational structure: while continuing to report functionally to the Chief Executive Officer, the Function was hierarchically placed to report directly to the Board of Directors, also taking into account certain indications from the Supervisory Authority. The change is in line with the EBA Guidelines on Internal Governance in force since 31 December 2021, which emphasise the authority and independence of the Chief Risk Officer. The purpose of this hierarchical positioning is to ensure that risk management within the Group is led by an authoritative and independent figure, thereby improving the overall risk management. Furthermore, the involvement of the Chief Risk Officer in the prior assessment of business strategies ensures that the Board of Directors is adequately informed of the impact of Board decisions on business risks.

The Board of Statutory Auditors, in close collaboration with the Control and Risk Committee, examined and analysed the issue concerning this development in detail and, in this regard, the Board of Statutory Auditors recommended that particular attention be paid to reviewing the relevant internal regulations to ensure that the roles, responsibilities and tasks of corporate bodies and business functions are consistent with the new organisational structure.

The Compliance Function received the utmost attention both in terms of workforce (subject to an overall reinforcement), and as a result of the project to adapt to the provisions of the 40th update of Circular 285/2013, as well as the transfer to the Function of the activities relating to the control unit Legislative Decree 231/2001.

With particular reference to the 40th update of Circular 285/2013 - one of the main new elements of which is that banks must establish a second-level control function for the management and control of ICT and security risks - the Board of Statutory Auditors examined the Bank's decision to provide for a specific ICT risk monitoring and control function within the Risk Management Function and the Compliance Function in detail. In this regard, the Board of Statutory Auditors recommended that the utmost attention be paid to defining the methods of coordination and collaboration between the functions, as well as the adequate information flows between the Risk Management Function and the Compliance Function, and between them and the Business Functions.

The strengthening of the anti-money laundering function was also of interest, both in terms of the review of the organisational structure and the increase in the consolidated target workforce in 2024. In this context, the Board of Statutory Auditors noted that the organisational changes were made on the basis of specific benchmarking analyses with the aim of providing the organisational structure reporting to the Chief AML Officer (CAMLO) with an Office dedicated to (i) strengthening the control of the operation of core applications in relation to AML monitoring and (ii) the extraction and analysis of data useful for the activities carried out by the AML Function for reporting purposes, compliance assessment or transaction monitoring and general customer control, in line with the ever-increasing requirements under examination due to constantly evolving external regulations. The Board emphasised the importance of a gradual and constant evolution of the AML Function, in line with the development in size and complexity of the Bank, and with the availability of adequate resources and skills. This was also in consideration of recent regulatory changes, which were implemented in the Function's Policies and Internal Regulations at the end of 2023. Regulatory changes include the appointment of an anti-money laundering officer to the Board of Directors. In accordance with BPER's internal regulations, this role is held by the Chief Executive Officer, who is also responsible for the entire Group.

Coordination of Control Functions

During the year, the Board of Statutory Auditors supervised the planning and results of the activities of the control functions, with particular focus on the adequate coordination between them. In this regard, the Board of Statutory Auditors is informed of the meetings of the Coordination Committee of the Control Functions on a regular basis, where common issues are discussed in detail and the planning of annual activities is coordinated.

The synoptic planning framework forms part of the initiatives to promote a constructive dialogue and overall coordination of the respective activities of the Functions that are defined in the individual Plans and, in addition to facilitating an integrated and harmonised control unit of the BPER Group's Internal Control System, it provides a consistent classification of the overall coverage of each SREP Area.

As part of the Integrated Tableau de Bord of the Control Functions, the robustness of the control units is represented on a quarterly basis by the number of key issues reported (with their outlook), as well as the monitoring of findings and related remedial actions subject to the Process To Remedy Findings (PRF).

With regard to the Key Issues, which are very limited in number, the Board noted that none had a negative outlook at 31 December 2023. The overall findings of the Control Functions are substantially stable, while the significant reduction in the average number of days closed is confirmed. It is noted that 94% of the findings in stock were formulated within the last two financial years, which confirms the positive trend and the increased effectiveness achieved by the Process during the term of office of the current Board of Statutory Auditors.

The Board of Statutory Auditors devoted significant and in-depth attention to the monitoring and resolution of the above findings. In particular, the Board requested repeated in-dept analysis of the findings in the "Red" area and on the evolution of the process and related reporting. This was aimed at achieving higher effectiveness of the process and a consequent homogenisation of the level of granularity and final residual risk. The inputs and recommendations formulated by the Board of Statutory Auditors were implemented and addressed in the overall context of digital transition promoted by the Group, as outlined in the 2022-2025 Business Plan. This Plan reaffirmed the need to digitalise the processes in charge of the Control Functions, including the census, management and monitoring activities of the adjustment actions, which form the subject matter of the overall re-engineering.

With regard to the BPER Group's Risk Culture, also in 2023, the Board of Statutory Auditors, aware of the fundamental importance of disseminating the risk and control culture, monitored the project by requesting in-depth periodic updates as part of the monitoring of the aforementioned Tableau de Bord. In this regard, the Board of Statutory Auditors verified that the overall project for the promotion of the Culture of Risks and Controls, the conclusion of which was set for 31 December 2023, was achieved on schedule. Furthermore, the Board noted positively that the activities carried out to raise the awareness of the Group's personnel with regard to the issues of risk and control awareness represent a valuable aspect to be promoted and implemented on an ongoing basis, by ensuring that, also for 2024, a series of actions have been identified and planned to strengthen a widespread culture of risk and the methods for controlling it.

As usual, specific in-depth analyses were then promoted with the Control Functions on the priorities identified by said Functions in their work plan.

Joint periodic meetings with the Control Functions were also held aimed at scrutinising the following subjects:

- outstanding issues with the Supervisory Authorities;
- progress status of action plans;
- any critical issues that had arisen during the period.

Finally, the Board of Statutory Auditors periodically receives a copy of the minutes of the meetings of the Committee for the Coordination of the Corporate Control Functions, with evidence of the activities carried out and the aspects of greater focus. The examination of said document allows the BoSA to periodically reconsider the balancing of its activities.

Monitoring the results of Supervisory Authority activities

The Board of Statutory Auditors has continuously monitored the activities and requests of, and the exchange of information with, the Supervisory Authorities.

In this context, the Board of Statutory Auditors was kept informed of the opening and closing letters of inspection, their results and remediation actions taken in response to the critical issues identified, as well as the relevant completion timing.

In particular, as part of its regular monitoring of action plans, the Board of Statutory Auditors monitored compliance with deadlines and any rescheduling, requests for investigations and in-depth analyses.

This activity was carried out for all the Authorities (ECB, Bank of Italy, Consob, to name but a few), both for the Parent company and for the individual Legal Entities (in particular Optima and Sardaleasing). The Control Body was also regularly informed of the anti-money laundering inspection carried out by the CSSF on BPER Bank Luxembourg.

The Board of Statutory Auditors maintained its commitment to monitor the overall review of the monitoring and processing of the requests made by the Supervisory Authority as part of the SREP Decision. The stimulus in this area has been careful and constant throughout the mandate, with particular reference to streamlining the information flow of interest to the Bodies.

Finally, particular attention was paid to the reorganisation of the business structure dedicated to relations with the Authorities, placed in the area of the Chief General Counsel. The changes made were welcomed, and thanks to the requests and observations made, there is now a better systematisation of the information provided. However, further strengthening of the activities is recommended.

In consideration of the changed size and management characteristics of the Bank and the Group, the events evaluated during the supervisory activity and the information received from the Company's organisational units, the Board of Statutory Auditors believes the internal control and risk management system are generally adequate as no particularly critical aspects were identified.

The Board of Statutory Auditors observed that the Bank's internal control system is evolving in line with the development of the business and the increasing complexity of the Group, thanks to the ongoing review of methods and processes by the control functions. In this context, the Board of Statutory Auditors emphasises the importance of persevering on this trajectory.

5. SUPERVISION OF THE AUDITING PROCESS

Pursuant to the combined provisions of Legislative Decree 39 dated 27 January 2010 and EU Regulation 537/2014 , the engagement to perform the independent audit of the accounts and audit the separate and consolidated financial statements for the nine-year period 2017-2025 was assigned at the Shareholders' Meeting held on 26 November 2016 to Deloitte & Touche S.p.A. (“Deloitte” or “Independent Auditors”), together with the issue of opinions on consistency and conformity with the law pursuant to art. 123-*bis*, para. 4, of the Consolidated Law on Finance.

In accordance with the provisions of art. 19 of Legislative Decree 2010/2016, the Board of Statutory Auditors, identified as the “Internal Control and Audit Committee”, performed the required supervisory activity also on the operations of the Independent Auditors in 2023 and until the date of this Report.

In this context, the Board of Statutory Auditors met the Independent Auditors to examine the audit plan for 2023. The following issues were subject to special attention:

- the annual report in ESEF format;
- calculation of significance;
- risk assessment procedures;
- considerations on fraud risk;
- significant risks and other areas of interest;
- assessment of the internal control system;
- preliminary guidelines on key audit aspects;
- independence and timing of activities.

The Board of Statutory Auditors acquired the necessary information with constant interaction with the Independent Auditors regarding the audit approach used for the different areas of the financial statements, receiving updates on the progress of their audit activities and the main points of attention for the Independent Auditors.

In particular, during the numerous meetings held with the Independent Auditors, the following, inter alia, were examined:

- assessment of loans to customers;
- the forcing of controls;
- de-risking operations and the disposals of non-performing loans;

- the calculation of Expected Credit Losses (ECL) with specific reference to the overlays adopted by the Bank and the updating of the macroeconomic scenarios used to determine the impairment provisions;
- impairment test of goodwill and equity investments;
- measurement of the portfolio owned by the Bank;
- purchase of tax credits originated from benefits set out in the "Cura Italia" and "Rilancio" Decree Laws;
- the measurement and presentation of DTAs in the financial statements;
- items classified as sundry debtors and creditors;
- provisions for risks and charges with a special focus on those associated with the personnel initiative;
- issues linked to climate change;
- issues linked to the ongoing conflict between Russia and Ukraine and in the Middle East.

The Board of Statutory Auditors met with representatives of the auditing firm appointed by the Parent Company and the audit teams of the main subsidiaries, which resulted in a mutually beneficial exchange of information, as required by art. 150 of the Consolidated Law on Finance, on the key findings of their respective auditing activities.

During our periodic meetings with the Independent Auditors, the main issues and changes in processes and organisation with an impact on the accounting systems and on financial reporting were also discussed, in addition to the key aspects which may also be part of the. "Management Letter".

The Board of Statutory Auditors also informed the Independent Auditors about our activities and reported any relevant and significant facts about the Bank known to us. There are no acts or facts considered reprehensible and/or that need to be reported in accordance with art. 155, paragraph 2 of the Consolidated Law on Finance.

The areas of improvement represented by the Independent Auditing Firm, as well as the suggestions highlighted in previous years, subject to in-depth analyses by the Board of Statutory Auditors with the functions concerned, were, albeit not definitively acquired, adequately addressed, also through the projects set out in the 2022-2025 Business Plan.

In relation to the "segment reporting" project, which is scheduled for completion by the end of 2024, the Board of Statutory Auditors has advised that the competent function should adhere to the planned timetable with the utmost diligence and precision.

Overall, based on the relations of this Board with the auditing firm, no anomalies, issues or omissions have arisen that should be reported.

On 22 March 2024, the Independent Auditors issued their report on the separate financial statements for the year ended 31 December 2023, pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) 537/2014.

In that report, the Independent Auditors:

- issued an opinion confirming that the separate financial statements present a true and fair view of the financial position of the Bank as of 31 December 2023, and of its income statement and cash flow statement for the year ended on that date, in accordance with the International Financial Reporting Standards endorsed by the European Union and with the measures issued in implementation of art. 9 of Legislative Decree 38/2005 and art. 43 of Legislative Decree 136/2015;
- confirmed that the Report on Operations accompanying the separate financial statements and certain specific information contained in the Report on corporate governance and the ownership structure specified in art. 123-bis, para. 4, of the Consolidated Law on Finance are consistent with the draft financial statements at 31 December 2023 and were prepared in accordance with the law;
- declared that it had no observations to make based on its knowledge and understanding of the business and related context, obtained during the performance of its audit activities, with reference to possible significant errors in the Report on Operations (art. 14, para. 2e) of Legislative Decree 39/10;
- released an opinion confirming that the financial statements were prepared in the XHTML format in compliance with the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a European Single Electronic reporting Format (ESEF).

In accordance with regulations applicable, the Independent Auditors' Report on the auditing of the separate financial statements sets out the auditing standards adopted and indicates the following "key aspects" that emerged during the course of the audit:

- classification and measurement of performing loans to customers measured at amortised cost;
- classification and evaluation of non-performing loans to customers measured at amortised cost classified as bad loans and UTPs.

On 22 March 2024, the Independent Auditing Firm also issued the Audit Report relating to the Consolidated financial statements, which contains similar certifications and statements to those reported above:

- an opinion confirming that the consolidated financial statements present a true and fair view of the financial position of the Group as at 31 December 2023, and of its income statement and cash flow statement for the year ended on that date, in accordance with the International Financial Reporting Standards endorsed by the European Union and with the measures issued in implementation of art. 9 of Legislative Decree 38/2005 and art. 43 of Legislative Decree 136/2015;
- confirmation that the Report on Operations accompanying the consolidated financial statements and certain specific information contained in the Report on corporate governance and the ownership structure specified in art. 123-*bis*, para. 4, of the Consolidated Law on Finance are

consistent with the consolidated financial statements at 31 December 2023 and were prepared in accordance with the law;

- declared that it had no observations to make based on its knowledge and understanding of the business and related context, obtained during the performance of its audit activities, with reference to possible significant errors in the Report on Operations (art. 14, para. 2e) of Legislative Decree 39/10;
- an opinion that certifies that the consolidated financial statements have been prepared in XHTML format in compliance with the provisions of Delegated Regulation (EU) 2019/815 of the European Commission with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF – *European Single Electronic Format*), specifying, however, that certain information contained in the explanatory notes to the consolidated financial statements, when extracted in XHTML format in an XBRL instance, may not be reproduced identically to the corresponding information viewable in the consolidated financial statements in XHTML format, due to certain technical limits.

The "key aspects" of the audit activities tend to replicate those of the separate financial statements:

- classification and measurement of performing loans to customers measured at amortised cost;
- classification and evaluation of non-performing loans to customers measured at amortised cost classified as bad loans and UTPs.

The Independent Auditors confirmed that the Directors approved the Consolidated Non-Financial Statement. Pursuant to Article 3, paragraph 10, of Legislative Decree no. 254/2016, this declaration was the subject matter of a separate certificate of conformity, which is discussed below.

On the same date, the Independent Auditors presented the additional report to the Board of Statutory Auditors required by art. 11 of Regulation (EU) no. 537/2014 which showed that no shortcomings were identified in the internal control system in relation to the financial disclosure process which, in the opinion of the Auditor, are important enough to be brought to the attention of the Board of Statutory Auditors.

The Independent Auditors also presented the letter of suggestions from the audit of the Bank's annual financial statements and consolidated financial statements as at 31 December 2023, which includes an update of the suggestions from the audit of previous years. The Independent Auditors do not consider these suggestions to be deficiencies in the internal control system over the financial reporting process that need to be brought to the attention of the Audit Committee.

The Independent Auditing Firm additionally issued the declaration of independence referred to in art. 6 of Regulation (EU) no. 537/2014, acknowledging that no situations have emerged which may compromise their independence.

Finally, the Board of Statutory Auditors took note of the Transparency Report prepared by the Independent Auditing Firm and published on its website pursuant to art. 18 of Legislative Decree no. 39/2010.

The independent auditing firm, also in compliance with the provisions of art. 150, paragraph 4, of Legislative

Decree 58/1998 (Consolidated Law on Finance), for the purpose of the reciprocal exchange of information, did not highlight to the Board of Statutory Auditors any reprehensible actions or facts, that needed to be reported specifically in accordance with art. 155, paragraph 2 of Legislative Decree 58/1998 (the 'Consolidated Law on Finance).

The independent auditing firm, pursuant to the provisions of art. 123 - *ter*, paragraph 8 *bis* of Legislative Decree 58/1998 (Consolidated Law on Finance), verified the preparation, by the directors, of the second edition of the 2023 Report on the remuneration policy and compensation paid.

6. MONITORING OF THE INDEPENDENCE OF THE INDEPENDENT AUDITING FIRM

As required by specific regulations, it is confirmed that the fees paid by the Bank to Deloitte for the independent audit work performed in relation to the 2023 separate and consolidated financial statements, as authorised at the Shareholders' Meeting held on 26 November 2016, and supplemented by the resolutions adopted at the Shareholders' Meetings held on 17 April 2019, 22 April 2020, 21 April 2021, 20 April 2022 and 26 April 2023 totalled Euro 1,637 thousand[6], in addition to Euro 850 thousand for audit work performed in relation to the subsidiaries.

In 2023, the Board of Statutory Auditors verified and monitored, pursuant to art. 19 of Legislative Decree 39/2010, the independence of the independent auditing firm Deloitte Touche S.p.A., pursuant to articles 10, 10-*bis*, 10-*ter*, 10-*quater* and 17 of the aforementioned decree and art. 6 of Regulation (EU) 537/2014 (hereinafter also "Regulation"), in particular regarding the adequacy of the provision of non-audit services (NAS). In addition, the Board of Statutory Auditors received from Deloitte a declaration of confirmation of its independence.

BPER has adopted, for the purposes of the correct application of the Regulation, the *Group regulation of the process of conferral of engagements to the independent auditing firm and its associated* network, as last updated on 19 October 2023.

In accordance with the tendency of the Parent Company BPER to use a single auditor for all subsidiaries, for the purpose of coordination and rationalisation of audit activities at the relevant corporate Group level, all subsidiaries under the Italian law were audited by Deloitte & Touche S.p.A.

Based on the final data for 2023, the value of *non-audit* services provided to BPER Group companies by the Group's independent auditing firm and by the companies in its network amounted to roughly Euro 0.7 million, of which Euro 0.6 million relating to audit/certification services and Euro 0.1 million relating to other non-audit services. At Group level, the non-audit services assigned to the independent auditing firm fell by 49% compared to 2022, including on the back of the Board of Statutory Auditors' rigorous activity.

With reference to information concerning solely the Parent Company, provided in the table "Fees for

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[6] See Group consolidated financial statements for 2023, Annex "Fees for independent audit and non-audit services". Compared to the remuneration approved by the BPER Shareholders' Meeting of 20 April 2023 for the financial year 2023, the amount shown in the financial statements also includes the ISTAT change, and the remuneration for additional activities carried out on the 2022 financial statements, approved by the aforementioned Shareholders' Meeting.

independent audit and non-audit services" - information pursuant to art. 149-*duodecies* of Consob Issuers' Regulation - the Board notes that, the costs of *non-audit* services assigned to the Independent Auditing Firm amount to approximately Euro 0.5 million (Euro 0.4 million for certification services and Euro 0.1 million for other services), down by 54% compared to the previous year.

In 2023, the ratio between the cost of *non-audit* services provided by the independent auditors of the Parent Company, Deloitte & Touche S.p.A., and the average of *audit* services in the prior three-year period (2020-2021-2022) stood at 26% for 2022, below the 70% limit established by the applicable internal and external regulations ("*fee cap*").

7. SUPERVISION OF THE ADEQUACY OF THE ADMINISTRATIVE-ACCOUNTING SYSTEM AND ECONOMIC-FINANCIAL INFORMATION

The Board of Statutory Auditors monitored the adequacy of the administrative and accounting system and the financial reporting process, by obtaining information from the heads of the various Corporate Functions and from the Manager responsible for preparing the company's financial reports, examining the most significant corporate documents, analysing the work performed by the Independent Auditors Deloitte & Touche S.p.A.

The administrative and accounting procedures for the preparation of the separate and consolidated financial statements were prepared by the Manager responsible for preparing the company's financial reports who, together with the Chief Executive Officer, has confirmed their adequacy and effective application.

Within the Internal Control System, with regard to Financial Reporting, the main role is played by the Manager responsible for preparing the Company's financial reports (DP), who has the task of managing and supervising the "Financial Reporting Control Model", understood as the set of requirements to be met for the proper management and control of the risk of unintentional errors and fraud in financial reporting. The Manager responsible for preparing the Company's financial reports has the duty to govern and supervise the Control Model and the Financial & Sustainability Reporting Supervision unit directly reporting to the Manager is in charge of the related planning, implementation and maintenance of the Control Model to be applied to the Parent Company and, with reference to the procedures for preparing the Consolidated Financial Statements, to the subsidiary banks and companies, regardless of whether they are registered or not with the banking Group.

The Board of Statutory Auditors was kept fully informed throughout the year about the regulatory and project activities of the structure supporting the Manager responsible for preparing the Company's financial reports, the Financial & Sustainability Reporting Supervision Service, which has gradually expanded the scope of its audit activities over time to ensure the reliability and accuracy not only of financial reporting but also of other information disclosed to the market (ESG Disclosures, Supervisory Reporting, etc.).

With regard to ESG, the process of aligning the Group with best practice in the area of internal control system in relation to the Sustainability Report continued in 2023, with the "Control Model" being extended to the Sustainability Report process. This activity also responds to the Bank's decision to include, starting from its 2023 Financial Statements, the Sustainability Report within the Group Directors' Report on Operations; in this regard, and taking into account the increasing number of ESG disclosure requirements, the FSRS Service for 2024 has envisaged a strengthening of the overall control units and related controls.

In this regard and in consideration of the gradual and increasing integration between sustainability reporting and financial reporting, which is essential for an accurate and complete assessment of the company's performance, the Board of Statutory Auditors has requested that the processes underlying integrated financial reporting be closely monitored and supervised.

The Board of Statutory Auditors was also brought up to date about the progress of the project - started at the end of 2022 and to be completed by October 2024 - concerning the implementation of the new information platform that will manage end-to-end the operational processes of the FSRS Service, enabling a more harmonious management of the Service's overall operations. It will also strengthen exchange and coordination mechanisms with the other control Functions.

The Board of Statutory Auditors was brought periodically up to date by the Financial & Sustainability Reporting Supervision Service about the assessments and audits carried out to express an opinion on the adequacy of administrative and accounting procedures and their effective application. The Board of Statutory Auditors was brought also up to date about the findings and subsequent monitoring activities in the area of administrative and accounting procedures, in relation to which the Board of Statutory Auditors recommended greater intervention by the Service to remedy the situation.

Acting in its capacity as the Internal Control and Audit Committee pursuant to article 19, para. 2 c) of Legislative Decree 39/2010, the Board of Statutory Auditors maintained close coordination with the Manager responsible for preparing the company's financial reports who did not identify any material shortcomings in the operating and control processes, which could invalidate the judgement of adequacy and effective application of the administrative-accounting procedures set up to monitor the accuracy of the economic, capital and financial representation of the accounting events in compliance with the international accounting standards.

The Board of Statutory Auditors requested periodic updates on the remedial actions following the suggestions made in the Management Letter to BPER's Financial Statements and Consolidated Financial Statements as at 31 December 2022, and urged in particular the closure of the Segment Reporting project, and related Cost and Capital Allocation projects.

The Board of Statutory Auditors also examined in detail the findings on the financial reporting process that emerged from the audit of the Audit Function and in this regard, after having received confirmation from the Manager responsible for preparing the Company's financial reports and from the Independent auditors that these findings do not have an impact on the correct representation of the Bank's income statement, balance sheet and financial position, it recommended their prompt closure.

The Board of Statutory Auditors took note of the report on the activities carried out by the FSRS Service on the financial statements as at 30 June 2023 and the financial statements as at 31 December 2023, which showed that there were no significant negative elements that would impair proper financial reporting.

The Board of Statutory Auditors reviewed the planning of activities for 2024, drawn up by the Financial & Sustainability Reporting Supervision unit for the SREP areas and in line with the overall synoptic framework for the verification activities of the BPER Banca Control Functions. As a result of the significant regulatory changes and the high degree of interconnection between the various frameworks centrally monitored by the Service, a strengthening of the overall - organisational and operational - controls is planned for 2024; this process will also necessitate an update of the "Financial Reporting Control Model" framework, particularly with regard to information on sustainability, in line with the level of assurance required by external regulations (CSRD) and any additional responsibilities assigned to the Manager responsible for preparing the Company's financial reports.

The separate and consolidated financial statements were prepared in accordance with Legislative Decree 38/2005, according to the IAS/IFRS issued by the IASB (International Accounting Standards Board) and following the indications provided by Circular 262/2005 of the Bank of Italy and subsequent amendments and additions, most recently provided in a communication dated 17 November 2022. During preparation, account was taken, as applicable, of the interpretations and support documents for the application of the accounting standards in relation to the impacts of the 'extraordinary' events occurring in the last few years, issued by the European Regulatory and Supervisory Bodies including *ESMA's Public Statement* of 25 October 2023 – "*European common enforcement priorities for* 2023 *annual financial reports*") and by the Standard Setters, published in 2020 and aimed at clarifying the methods of application of IAS/IFRS in the current context, with particular reference to IFRS 9.

The Bank prepares and updates, if necessary on a preliminary basis with respect to the preparation of the periodic financial information, the document entitled "Accounting policies of the BPER Banca Group", to transpose the information provided by the applicable IAS/IFRS and to define the application choices adopted for preparation of the financial reports for the period. This document, which represents an instrument through which the Parent Company exercises its guidance and coordination activities over the Banks and Companies of the Group, in order to ensure uniformity of application of the accounting standards, is submitted for our review; the last updated was approved on 30 November 2023.

In relation to the accounting estimates, the Board of Statutory Auditors noted that the Board of Directors of the Parent Company BPER Banca took into account the persistent uncertainty in the general macroeconomic environment and in the sector during 2023 and as at 31 December 2023, mainly induced by the geopolitical tensions caused by the armed conflicts in Russia-Ukraine and the Middle East, as well as the persistent inflationary pressure and the consequent increase in market interest rates, accompanied by measures to combat climate risk with unpredictable effects on the economic and production system. Specifically, also with reference to what was specified by the IASB in its document of 27 March 2020, the Directors considered that the ordinary valuation models adopted by the BPER Banca Group to estimate the ECL and to determine the Significant Increase in Credit Risk (SICR) as part of IFRS 9 impairment, could be integrated, on a recurring basis or otherwise, through the application of "post-model adjustments" in relation to the estimate of the ECL, rather than through the use of "collective assessment" to complement the analytical staging rules. This is due to the fact that the information required to implement the valuation models has not always been characterised by the requirements of "reasonableness and sustainability" necessary to fully capture the impact of certain relevant events on credit risk ("emerging risks"), which have not yet been taken into account in the econometric models used to determine risk parameters. In said context, in 2023, the Board of Statutory Auditors met the Manager responsible for preparing the company's financial reports and the independent auditing firm, requesting in-depth analyses regarding said cases. The Manager responsible for preparing the company's financial reports and the independent auditing firm certified the compatibility of the valuation approaches adopted (so-called overlay approaches) with the overall legislative and regulatory framework in force. The Board of Statutory Auditors monitored the process of control of systems for the measurement and forecasting of credit risk, including in light of the critical context referred to above, systematically engaging in dialogue with the functions responsible for monitoring and with the independent auditing firm and notes that it has not received any reports of anomalies. The Board of Statutory Auditors also conducted an in-depth analysis, of the relevant disclosure in the financial statements in compliance with the ESMA guidelines (*ESMA Public Statement* of 25 October 2023 – "*European common enforcement priorities for* 2023 *annual financial reports")* noting that the 2023 consolidated financial statements contain detailed information on the impact of the *overlay approach* on the measurement of loans and receivables, which generates higher adjustments of roughly Euro 277.2 million[7].

The Board of Statutory Auditors monitored the process of impairment of equity investments and goodwill.

The goodwill impairment process, updated as at 31 December 2023, in conjunction with the preparation of the separate and consolidated financial statements, was examined and discussed at the appropriate meetings with the Manager responsible for preparing the company's financial reports, with the Planning and Control Department and with the Independent Auditing Firm, requiring further study of the results of the valuation analyses (and associated sensitivity analyses), which highlighted the need to adjust the carrying values reported in the Consolidated financial statements for a total Euro 34.4 million in 2023.

In the same context, and only at the level of BPER Banca's separate financial statements, the Board of Statutory Auditors noted the impairment of controlling interests held in real estate companies for a total of Euro 31.7 million.

The Board of Statutory Auditors also considered and analysed the process of fair value measurement of real estate owned, both for functional and commercial use, which led the BPER Group to record a negative impact on the consolidated income statement as at 31 December 2023 for a total of Euro 47.7 million.

Deferred tax assets are recognised following the positive outcome of the probability test on the consolidated tax perimeter as required by IAS 12. This test is based on an economic forecast developed over a 5-year horizon (2024-2028) and is consistent with other estimation processes based on projections of future results. It allows an estimate of expected future tax results that may determine the recognition, retention and recovery of deferred tax assets. As at 31 December 2023, deferred tax assets totalling Euro 380 million

[7] See BPER 2023 Consolidated Financial Statements, Notes to the Financial Statements, Part A, "Risks and uncertainties inherent in the current macroeconomic environment - Management Overlays applied in the assessment of credit risk".

were recognised based on the aforementioned sustainability test. For the associated impacts, please refer to Part C of the Explanatory Notes. As part of its monitoring activities, the Board of Statutory Auditors is informed on a quarterly basis of the main tax aspects concerning the BPER Group.

Still referring to tax matters, the Board of Statutory Auditors points out that the item "Other assets" includes tax credits purchased from third parties under the Relaunch Decree no. 34/2020, which are measured at amortised cost for the portion to be recovered by offsetting, and measured at fair value for the amount corresponding to the sales contracts entered into at the end of the reporting period. The recovery of credits by offsetting is confirmed by the assessment of individual and Group tax capacity, reported quarterly to the Board of Statutory Auditors.

Finally, the Board of Statutory Auditors discussed in detail with the Manager responsible for preparing the Company's financial reports and the Auditor the accounting impact of the personnel manoeuvre signed on 23 December 2023 - discussed in section 2 of this Report - and recognised in the BPER Group's consolidated financial statements for a total of Euro 294.5 million.

The Board of Statutory Auditors acknowledged the certifications signed by the Manager responsible for preparing the company's financial reports and the Chief Executive Officer relating to the separate and consolidated financial statements as at 31 December 2023 - required by art. 154-*bis*, paragraph 5, of the Consolidated Law on Finance and art. 81-*ter* of Consob Regulation no.11971, as amended with Consob Regulation no. 22551 of 2022 – on the adequacy and effective application of the administrative and accounting procedures, on the consistency of the financial statements with underlying documentary evidence, books and accounting records, their compliance with the IAS/IFRS, on the fact that the separate and consolidated financial statements thus drafted provide a true and fair view of the equity, economic and financial position of BPER Banca and of its Group.

In light of the above, the information received, the analyses carried out, as also mentioned below, the administrative-accounting structure appears to be adequately defined and suitable to meet the business needs that emerged during the year and, overall, it is adequate for what is expected by the current regulations.

The Independent Auditors checked the administrative and accounting procedures without making any comments on their reliability or elements that could affect the internal control system involved in the above-mentioned procedures. They also checked the accuracy of the recognition of operating events in the accounting records, as well as the completeness of the information and accounting policies for the preparation of the separate and consolidated financial statements, without making any comments or observations.

Even though the statutory audit of the accounts as per Legislative Decree 39/2010 is not part of the duties of the Board of Statutory Auditors, being delegated to the Independent Auditors, based on the information received from the latter and from the Manager responsible for preparing the company's financial reports and the performed checks that the administrative and accounting system, as a whole, is adequate and reliable and that operating events are recognised correctly and punctually.

As regards the scope of consolidation, please refer to the Group report on operations and to Part A of the notes for information on the unification of the line-by-line scope of consolidation for accounting purposes with the scope of consolidation for supervisory purposes for reasons of rationalisation, simplification and control of process for producing the consolidated figures for supervisory and financial reporting purposes, without appreciable effects in terms of equity, economic results or financial performance of the Group.

On 25 July 2018, BPER Banca S.p.A. was admitted to the list published on the Tax Agency institutional website (*Agenzia delle Entrate*) of companies admitted to the cooperative compliance regime, under Legislative Decree 128/2015 with the aim of promoting better forms of communication and strengthened cooperation between the Tax Authorities and tax payers who have a system for the recognition, measurement and control of tax risk.

In this regard, the Board of Statutory Auditors was able to ascertain that, in 2023, discussions with the Revenue Agency and the proper functioning of the Tax Control Framework continued - without any significant attention points emerging.

8. MONITORING OF RELATIONS WITH SUBSIDIARIES

In the exercise of its management and coordination functions, BPER Banca issues instructions to the Group companies to implement the instructions issued by the Supervisory Authorities in the interest of the Group and to ensure its stability, in accordance with the provisions of Bank of Italy Circular 285.

The BPER Group's Governance Policy, last updated on 27 March 2023, regulates the principles governing the Group's governance, the system of internal controls and risk culture, the group information system and centralised processes.

In addition to monitoring the implementation of the Group's policies and regulations, the Board of Statutory Auditors of the Parent Company maintained constant contact with the relevant bodies of the banks and the main subsidiaries of BPER, organising regular meetings with them to exchange information on areas of particular interest: management performance, the pursuit of the 2022-2025 Business Plan objectives, the budget, the implementation of Group directives, the operation of the internal control and risk management system, the main disputes, the outcome of any inspection activities, etc.

No specific criticalities emerged from discussions as to the adequacy of the instructions given by BPER Banca to Group Banks and Subsidiaries for the purpose of obtaining the information flows needed to ensure timely compliance with the disclosure requirements envisaged by law.

The Board of Statutory Auditors also points out that as a result of the discussions underway with the corresponding control bodies of the main Subsidiaries, no critical issues worthy of mention emerged.

9. ESG INFUSION AND THE CONSOLIDATED NON-FINANCIAL STATEMENT (CNFS)

The Board of Statutory Auditors, during its supervisory activities and thanks to its constant participation in the meetings of the Sustainability Committee, has noted the BPER Group's progressive and growing attention to ESG issues, which affect all areas of the Bank. This is in compliance with the requirements of Bank of Italy Circular 285, which stipulates that when defining its strategies, the body with strategic supervision must take into account the objectives of sustainable finance and, in particular, the integration of environmental, social and governance factors in the processes relating to corporate decisions, and pursue sustainable success (Borsa Italiana Corporate Governance Code of January 2020).

The BoSA received precise information in relation to the main ESG projects of the 2022-2025 Business Plan, the dialogue with the ECB on the matter, and the Consolidated Non-Financial Statement of the BPER Group.

<u>2022-2025 Business Plan - progress status of the ESG Infusion Projects</u>

The Board of Statutory Auditors received quarterly detailed reports on the progress status of ESG projects and a quantitative and trend analysis of specific ESG KPIs through its participation in the Sustainability Committee.

<u>Consolidated Non-Financial Statement</u>

In compliance with the provisions of Legislative Decree no. 254/2016, the Bank has prepared the "Consolidated non-financial statement" (hereinafter also referred to as "CNFS") for 2023, which, as from this year, forms an integral part of the Report on Operations accompanying the BPER Group's 2023 Consolidated Financial Statements.

This Statement, which was approved by the Sustainability Committee and the subsequent Board of Directors meeting on 6 March 2023, has been drafted in accordance with GRI standards and implements changes in the regulatory context. It also provides a disclosure to the market in line with supervisory requirements and RESG rating scopes.

Implementing internal regulations and, in particular, the "Group Regulation governing the process of preparing the consolidated non-financial statement", in 2023 the Bank updated its Materiality Analysis, which involves identifying material aspects and relevant performance indicators capable of reflecting the economic, environmental and social impacts of the company or those which, in any case, influence the decisions of stakeholders and which must therefore be included in the Sustainability Report. The new 2023 Materiality Analysis, in line with the process of compliance with EU legislation, the *Corporate Sustainability Reporting Directive* (CSRD), proposes a “dual materiality” approach, which identifies the two strands into which to funnel corporate governance, social and environmental issues, i.e.: (i) how these influence the financial performances of a company and its long-term value (impacts suffered) and (ii) the effects the company causes on society and the surrounding environment (impacts generated).

The CNFS also includes the document "The EU Taxonomy of eco-sustainable activities," which aligns with the regulatory requirements for the financial year just ended. This document represents the BPER Group's KPIs, including the Green Asset Ratio, i.e. the KPI that indicates the ratio between credit assets financing activities aligned to the EU Taxonomy, as the numerator, and total assets in the Financial Statements, as the denominator.

In 2023, for the second year the TCFD (*Task Force on Climate Related Disclosure*) Report and the *PRB (Principles for Responsible Banking) Report* were prepared.

The TCFD Report outlines the risk management processes and actions implemented by the BPER Group to seize climate-related opportunities, in line with the Supervisory Expectations issued by the ECB. The report includes a dedicated section that contains the results of an initial analysis of the impact of nature-related factors on the Group's portfolio.

The *PRB Report*, drafted in accordance with the requirements of the *United Nations Environment Programme Finance Initiative* (UNEP FI), describes the analysis conducted to identify, based on the most significant Italian needs, the main impact areas of the retail and corporate portfolio of the BPER Group and the relevant S.M.A.R.T. *targets* (*Specific, Measurable, Achievable, Relevant, and Time-bound*) approved during 2023.

The Board of Statutory Auditors, as part of its monitoring activities, in addition to constantly participating in the meetings of the Sustainability Committee, met with the Bank structures responsible for drafting the Consolidated Non-Financial Statement (ESG Strategy Department) on a number of occasions, to discuss the underlying processes and structures, which lead to the production, reporting, measurement and representation of the results and the non-financial information. The Board of Statutory Auditors also met the representatives of the Independent Auditing Firm (Deloitte) which represented the activities performed on the Group Consolidated Non-Financial Statement and on the *TCFD Report*, noting that said activities did not bring to light any critical elements to be reported to the Control Body.
The audit activities of the Financial & Sustainability Reporting Supervision Service, discussed in section 7, also included the Sustainability Report as at 31 December 2023 and the TCFD (Task Force on Climate-related Financial Disclosure) Report on climate change.

The Board of Statutory Auditors has acknowledged the Report issued by the Independent Auditing Firm on 22 March 2024, which shows that no elements came to its attention that lead it to believe that the Group Consolidated Non-Financial Statement relating to the year ended as at 31 December 2023 was not drafted, as regards all significant aspects, in compliance with the requirements of the reference legislation and the GRI Standards.

The Board of Statutory Auditors has also acknowledged the Report issued by the Independent Auditing Firm on 22 March 2024 on the *TCFD Report* which shows that no elements came to its attention that lead it to believe that the aforementioned *Report* of the BPER Banca Group relating to the year ended as at 31 December 2023 was not drafted, as regards all significant aspects, in compliance with the criteria illustrated in the section "Methodological note" of said Report, by making reference to the TCFD Recommendations.

In accordance with Article 3, paragraph 7 of Legislative Decree No. 254/16, the Board of Statutory Auditors certifies that, following the audits and the acquisition of information, no elements of non-compliance and/or violation of regulatory provisions have been identified.

10. REMUNERATION POLICIES

In 2023, the Board of Statutory Auditors monitored the remuneration aspects of the BPER Group through regular attendance at Remuneration Committee meetings and examination of official documents.

On 26 April 2023, the BPER Shareholders' Meeting approved the "2023 Remuneration Policy" and the annual disclosure on 2022 Remuneration Policy. The Board of Statutory Auditors reviewed the Annual Audit on the "2022 Remuneration Policy" in its meeting of 21 April 2023, which certified that the remuneration and incentive practices adopted by BPER Banca are overall compliant with Circular 285.

Following discussions with the JST and the recommendations set out in the SREP Letter 2023, the Committee has initiated a process of revising the internal regulations. This process will be concluded with the approval of the 2024 Remuneration Policy by the shareholders' meeting on 19 April 2024.

The Board of Directors, at its meeting on 20 March 2024, subject to the prior favourable opinion of the Remuneration Committee, approved the 2024 Remuneration Report on remuneration policies and compensation paid, including the remuneration policies for the period and the annual disclosure on the implementation of the 2023 “Remuneration Policies”, which will be presented to the Shareholders’ Meeting on 19 April 2024.

In this regard, the Board of Statutory Auditors, having verified the correct identification of the beneficiaries, the compliance with the criteria for determining variable remuneration and the related allocation methods, as well as the remuneration structure, examined the opinion issued by the Compliance department certifying compliance with the Supervisory Provisions and with the provisions on Corporate Information pursuant to Article 123-*ter* of the Consolidated Law on Finance and Article 84-*quarter* of the Consob Issuers' Regulations, providing the indications set forth in Schedule no. 7-*bis* of Annex 3 of the latter Regulations.

The Board of Statutory Auditors also acknowledged that the Board of Directors, at its meeting on 20 March 2024, approved the Report on the proposed authorisation to purchase and dispose of treasury shares pursuant to articles 2357 and 2357-*ter* of the Italian Civil Code and art. 132 of Legislative Decree 58/1998 (Consolidated Law on Finance) to be used for the long-term incentive plan and the 2023 MBO incentive system, as well as any share-based severance payments due, which will be submitted to the Shareholders’ Meeting of 26 April 2023. The Board of Statutory Auditors verified the application to the ECB for authorisation to purchase treasury shares (in accordance with Articles 77-78 of Regulation (EU) 575/2013) and the Chief Risk Officer's assessment that there are no critical issues, both in terms of capital and liquidity and in current and forward-looking terms.

Finally, the Board of Statutory Auditors reviewed the audit performed by the internal auditors to assess the processes concerning remuneration and incentive policies in terms of compliance and adequacy with Circular 285/2013 and the "2023 Report on Remuneration Policy and Compensation Paid". In order to achieve this objective, the following areas were examined: the definition and implementation of remuneration policies, the payment of remuneration, and the control activities carried out by second-level functions. From a forward-looking perspective, the preparatory steps for the preparation of the 2024

Remuneration Policy were examined. The audit did not identify any significant issues, but it did highlight the need to re-engineer the process, with particular focus on the Supervisory Authority's recommendations, which the Board of Statutory Auditors refers to.

11. *GOVERNANCE*

<u>Fit & Proper audits</u>

In line with the provisions of the applicable regulations, including those pertaining to corporate governance, in 2023, the Board of Statutory Auditors ascertained on a regular basis that the members of the Board of Statutory Auditors met the requirements and eligibility criteria, also with regard to compliance with the limit on the number of offices held, the prohibition on interlocking, the possibility of dedicating adequate time to the office, the possession of the independence requirements envisaged by the regulations in force and the Corporate Governance Code. On said occasion, the Board of Statutory Auditors again evaluated the composition of the Body as a whole, ascertaining its adequacy in ensuring the independence and professionalism of its function.

The Board of Statutory Auditors also verified, by attending the meetings of the Nominations and Corporate Governance Committee and of the Board of Directors, that the Board of Directors also ascertained that the members of the Board of Directors met the requirements and eligibility criteria, both at the usual periodic intervals and upon the occurrence of new facts.

<u>Self-assessment process and Guidance to Shareholders</u>

In line with the provisions of the applicable regulations, including those pertaining to corporate governance, between the end of 2023 and the first few months of 2024, the Board of Statutory Auditors conducted the annual self-assessment process, with the support of an external consultant. The results of this process, which ended with a substantially positive judgement, were also taken into account in the preparation of the Guidelines on the qualitative-quantitative composition of the Board of Statutory Auditors, approved by the Control Body in view of the forthcoming Shareholders' Meeting for the renewal of the Board of Statutory Auditors.

The Board of Statutory Auditors, through its regular attendance at meetings of the Nominations and Corporate Governance Committee, also supervised the self-assessment process of the Board of Directors for 2023, carried out with the support of an external consultant, and the preparation of the Guidelines on the qualitative and quantitative composition of the Board of Directors approved by the latter in view of the forthcoming renewal of the Board of Directors. In accordance with the aforementioned guidelines, the Board of Statutory Auditors ensured that they included the necessary information to emphasise the importance of presenting candidates who meet the requirements and eligibility criteria set out in the regulations in force, particularly with regard to the possession of practical experience and theoretical knowledge that is appropriate to the size and complexity of the Bank's business. This was done in line with the expectations expressed by the European Central Bank.

<u>Adoption of the Corporate Governance Code”</u>

BPER Banca adheres to the Code of *Corporate Governance* recently approved in January 2020, by the *Corporate Governance Committee* promoted, inter alia, by Borsa Italiana S.p.A..

In a letter dated 14 December 2023, the Chair of the Corporate Governance Committee (the "Committee") addressed the customary letter to the issuing companies, enclosing recommendations to promote the development of corporate governance in accordance with the principles of the "Corporate Governance Code". This letter was carefully examined and discussed by both the Nominations and Corporate Governance Committee and the Board of Directors of the Bank, in both cases in the presence of the Board of Statutory Auditors. In the light of the assessments carried out, the Bank's governance system was deemed to be substantially in line with the Recommendations of the Corporate Governance Committee for 2024.

The Board of Statutory Auditors further examined the Report on Corporate Governance and the Ownership Structure for 20212, prepared pursuant to art. 123-bis of the Consolidated Law on Finance and approved by the Board of Directors on 06 March 2024. In this regard, the Board of Statutory Auditors verified that the aforementioned Report provided details of the Recommendations and the subsequent initiatives undertaken and planned by the Bank to ensure its full and constant alignment with the Recommendations provided by the Corporate Governance Committee.

12. OMISSIONS AND REPREHENSIBLE FACTS RECORDED. OPINIONS PROVIDED AND INITIATIVES UNDERTAKEN.

12.1 Information about any complaints received pursuant to article 2408 of the Italian Civil Code and actions taken

The Board of Statutory Auditors has not received any communications that could be considered complaints in accordance with Article 2408 of the Italian Civil Code during the period from 2023 up to the date of submission of this report.

12.2 Information about any petitions received and actions taken

During the reporting period, the Board of Statutory Auditors received three communications that qualified as complaints to the Supervisory Authorities. These were examined and the appropriate in-depth analyses were carried out by the Body, which promptly contacted the relevant functions and structures to obtain the necessary information to examine and assess the cases submitted. The analyses conducted did not reveal any cases worthy of mention and, to date, no follow-up has been reported by the authorities concerned.

Furthermore, during the year, the Board of Statutory Auditors acquired the information flows concerning customer complaints and statements prepared by the legal structures in charge; no critical issues to report in the overall process concerning customer complaints.

The Body was brought up to date about the Whistle-blowing reports by the Internal Audit Function and took note of the Whistle-blowing Report for 2023.

In 2023, the internal regulations on the Whistle-blowing Reporting System were updated to implement the new rules introduced by Legislative Decree No. 24/2023. In the first months of 2024, the internal regulations were further updated to implement the guidelines issued by ANAC and Confindustria, also in the light of best practices that had been consolidated in the market.

12.3 OPINIONS ISSUED BY THE BOARD OF STATUTORY AUDITORS PURSUANT TO THE LAW DURING 2023

During 2023 and up to the date of this report, we issued a number of opinions required by current law.

In particular, considering that with the approval of the annual financial statements of BPER Banca S.p.A. as at 31 December 2025, the engagement to perform the independent audit of the accounts granted by the Shareholders' Meeting of 26 November 2016 to Deloitte & Touche S.p.A. for the nine year period from 2017 to 2025 will expire, the reasoned proposal of the Board of Statutory Auditors, formulated pursuant to Article 13 of Legislative Decree no. 39/2010 to be considered in conjunction with Article 16 of Regulation 537/2014, which concerns the engagement to perform the independent audit of the accounts for the years from 2026 to 2034 and the determination of their fees, in addition to any criteria for fee adjustments during the assignment, is submitted to the Shareholders' Meeting of 19 April next.

13. PROPOSALS REGARDING THE FINANCIAL STATEMENTS AND THEIR APPROVAL

Shareholders,

Taking into account all of the above, considering the content of the audit reports issued by Deloitte & Touche S.p.A. and taking note of the attestations issued jointly by the Chief Executive Officer and the Manager responsible for preparing the company's financial reports, the Board of Statutory Auditors has no objections to your approving the financial statements of BPER Banca S.p.A. as at 31 December 2023 accompanied by the report on operations and the proposed allocation of BPER Banca's profit for the year 2023, as approved by the Board of Directors on 06 March 2024.

As our term of office draws to a close, we would like to express our gratitude to the Structure, the Management and the various Bodies of the Company for their invaluable collaboration and constructive discussions, while always maintaining respect for their respective roles.

The Board of Statutory Auditors

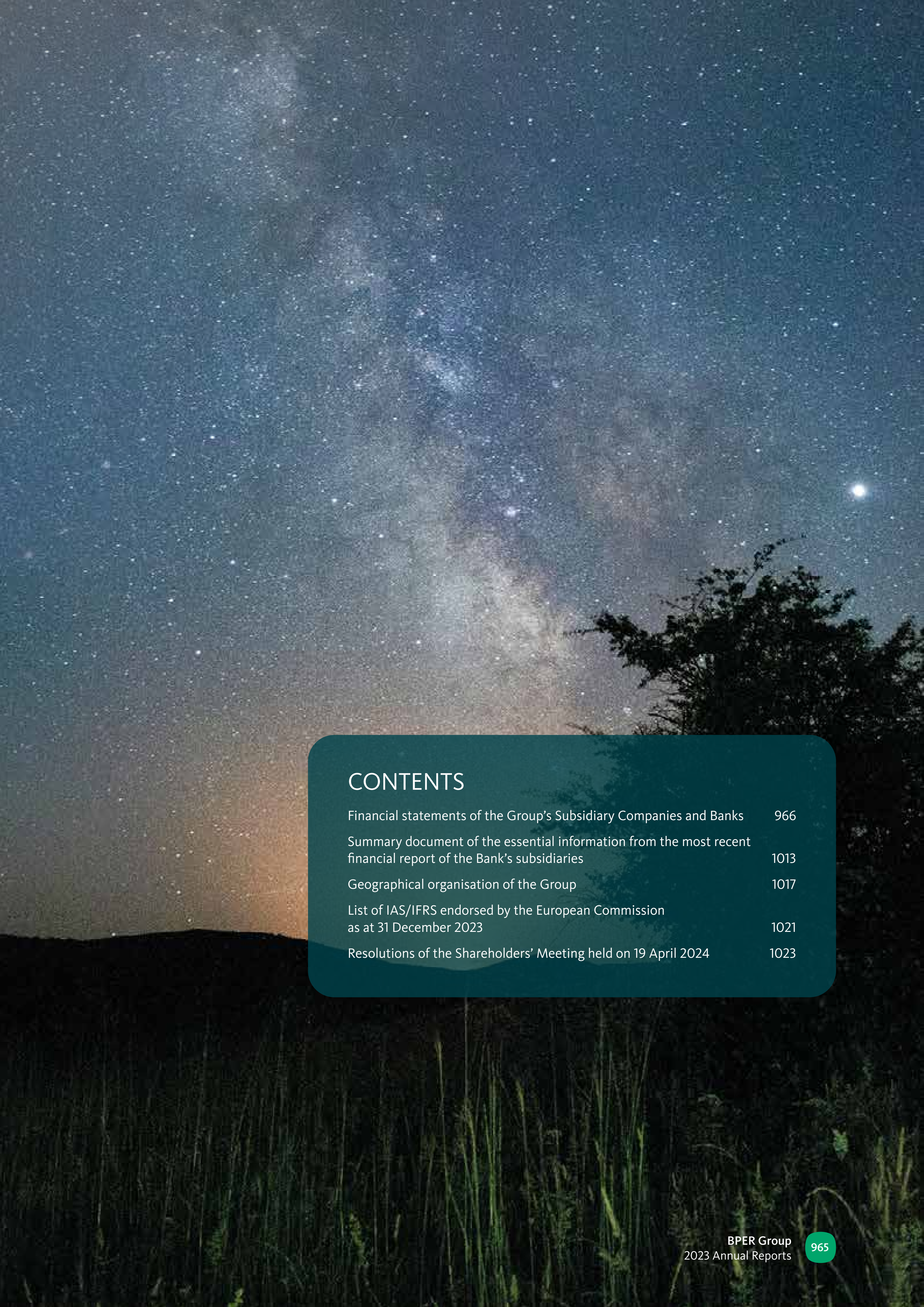
Modena, 22 March 2024

The Board of Statutory Auditors

Daniela Travella (Chair)

Patrizia Tettamanzi (Standing Auditor)

OTHER ATTACHMENTS



CONTENTS

FINANCIAL STATEMENTS OF THE GROUP'S SUBSIDIARY COMPANIES AND BANKS

BPER BANK Luxembourg société anonyme
Public limited company
Share Capital: Euro 30,667,500 fully paid in.
Registered office in Luxembourg

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents at banks and post offices	4,307,809	5,905,253
20.	Loans to banks:	463,462,568	504,865,209
	a) on demand	49,398,439	125,340,658
	b) other loans	414,064,129	379,524,551
40.	Loans to customers	319,321,847	207,283,907
50.	Bonds and other securities:	168,028,969	140,226,732
	a) of public issuers	76,454,891	58,764,291
	b) other issuers:	91,574,078	81,462,441
	c) financial institutions	-	-
	d) other issuers	-	-
60.	Shares, quotas and other equity instruments	7,490,747	10,677,937
70.	Equity investments	-	-
80.	Equity investments in Group Companies	-	-
90.	Intangible fixed assets	146,264	211,309
100.	Property, plant and equipment	205,669	178,492
130.	Other assets	3,050,434	3,342,687
140.	Accrued income and prepaid expenses:	4,002,457	2,998,447
	a) accrued income		-
	Total assets	**970,016,762**	**875,689,973**

(in Euro)

Guarantees and commitments		2023	2022
10.	Guarantees granted	4,669,930	5,442,679
	of which: other guarantees	4,669,930	5,442,679
20.	Commitments	38,663,092	81,363,948

BPER BANK Luxembourg société anonyme
Public limited company
Share Capital: Euro 30,667,500 fully paid in.
Registered office in Luxembourg

(in Euro)

Liabilities		2023	2022
10.	Due to banks:	448,332,988	194,603,421
	a) on demand	6,214	1,503,313
	b) forward or with notice	448,326,774	193,100,108
30.	Due to customers	405,715,744	587,034,185
	a) on demand	230,365,039	275,680,147
	b) forward or with notice	175,350,705	311,354,038
40.	Debt securities in issue:	-	-
	a) bonds	-	-
	b) forward or with notice	-	-
50.	Other liabilities	1,497,382	1,092,175
60.	Accrued expenses and deferred income:	18,935,942	6,796,291
	a) accrued expenses	-	-
80.	Provisions for risks and charges:	3,432,464	3,390,539
	a) provisions taxes and duties	3,151,448	3,094,951
	b) other aprovisions	281,016	295,588
110.	Subordinated liabilities	15,000,000	15,000,000
120.	Share capital	30,667,500	30,667,500
140.	Reserves:	37,105,862	33,747,701
	a) legal reserve	2,404,038	2,236,129
	d) other reserves	34,701,824	31,511,572
170.	Profit (loss) for the year	9,328,880	3,358,161
	Total liabilities	**970,016,762**	**875,689,973**

BPER BANK Luxembourg société anonyme
Public limited company
Share Capital: Euro 30,667,500 fully paid in.
Registered office in Luxembourg

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	31,659,850	11,726,681
20.	Interest and similar expense	(17,425,396)	(5,916,999)
30.	Dividends and other income:	-	-
	a) on shares, quotas and other equity instruments	-	-
	b) equity investments in Group Companies	-	-
40.	Commission income	6,412,336	6,461,201
50.	Commission expense	(294,173)	(258,419)
60.	Profits (losses) from financial transactions	347,281	1,295,326
70.	Other operating income	599,989	107,608
80.	Administrative expenses:	(7,150,303)	(5,972,322)
	a) staff costs	(3,921,590)	(3,311,304)
	of which: wages and salaries	(3,260,632)	(2,770,272)
	social security charges	(439,596)	(346,612)
	other staff costs	(221,362)	(194,420)
	b) other administrative expenses	(3,228,713)	(2,661,018)
90.	Net adjustments to property, plant and equipment and intangible assets	(194,679)	(219,036)
100.	Provisions for risks and charges	-	-
110.	Other operating expense	(152,161)	(132,675)
120.	Net impairment adjustments on guarantees and commitments	(1,967,649)	(2,592,849)
130.	Reversals on loans, guarantees issued and commitments	-	-
160.	Reversals on property, plant, equipment and intangible assets	654,961	-
170.	Profit (loss) from current operations	12,490,057	4,498,516
180.	Non-recurring income	-	54,728
190.	One-off charges	-	-
200.	**Extraordinary profit (loss)**	**-**	**-**
220.	Income taxes for the period	(3,161,177)	(1,195,083)
230.	**Profit (loss) for the year**	**9,328,880**	**3,358,161**

Banco di Sardegna
Società per azioni
Share Capital: Euro 155,247,762 fully paid in
Tax Code and Companies Register no. 01564560900
Registered office in Cagliari
Administrative headquarters and General Management - Sassari

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	4,045,344,908	3,737,703,626
20.	Financial assets measured at fair value through profit or loss	33,924,000	41,357,688
	a) financial assets held for trading	1,905,895	2,544,970
	c) other financial assets mandatorily measured at fair value	32,018,105	38,812,718
30.	Financial assets measured at fair value through other comprehensive income	89,700,943	81,750,154
40.	Financial assets measured at amortised cost	10,083,566,713	9,665,982,472
	a) loans to banks	1,496,088,195	1,083,079,090
	b) loans to customers	8,587,478,518	8,582,903,382
50.	Hedging derivatives	-	-
70.	Equity investments	165,887,802	166,087,802
80.	Property, plant and equipment	256,025,492	263,838,904
90.	Intangible assets	1,878,366	2,037,767
	of which		
	- goodwill	-	1,650,000
100.	Tax assets	166,240,125	213,057,156
	a) current	8,427,643	20,920,550
	b) deferred	157,812,482	192,136,606
110.	Non-current assets and disposal groups classified as held for sale	-	248,666,453
120.	Other assets	204,846,308	217,402,162
	Total assets	**15,047,414,657**	**14,637,884,184**

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	13,478,628,515	12,974,955,421
	a) due to banks	1,514,515,912	1,233,041,718
	b) due to customers	11,927,383,407	11,651,431,113
	c) debt securities issued	36,729,196	90,482,590
20.	Financial liabilities held for trading	1,291,740	1,893,300
40.	Hedging derivatives	495,041	309,998
60.	Tax liabilities	13,902,938	14,040,207
	a) current	2,996,552	3,146,722
	b) deferred	10,906,386	10,893,485
70.	Liabilities associated with assets classified as held for sale	-	188,418,722
80.	Other liabilities	316,113,395	312,279,762
90.	Employee termination indemnities	14,489,438	19,544,854
100.	Provisions for risks and charges	166,191,682	163,738,647
	a) commitments and guarantees granted	10,539,507	20,243,230
	c) other provisions for risks and charges	155,652,175	143,495,417
110.	Valuation reserves	143,993,694	138,688,629
140.	Reserves	490,235,764	465,608,488
150.	Share premium reserve	126,318,353	126,318,353
160.	Share capital	155,247,762	155,247,762
180.	Profit (Loss) for the year (+/-)	140,506,335	76,840,041
	Total liabilities and shareholders' equity	**15,047,414,657**	**14,637,884,184**

Banco di Sardegna
Società per azioni
Share Capital: Euro 155,247,762 fully paid in.
Tax Code and Companies Register no. 01564560900
Registered office in Cagliari
Administrative headquarters and General Management - Sassari

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	416,528,549	206,181,594
	of which: interest income calculated using the effective interest method	416,419,574	205,630,642
20.	Interest and similar expense	(112,028,021)	(15,521,598)
30.	**Net interest income**	**304,500,528**	**190,659,996**
40.	Commission income	211,151,995	204,519,813
50.	Commission expense	(8,413,802)	(7,996,709)
60.	**Net commission income**	**202,738,193**	**196,523,104**
70.	Dividends and similar income	4,556,174	3,256,251
80.	Net income from trading activities	429,008	1,249,187
90.	Net income from hedging activities	15,560	(124,696)
100.	Gains (Losses) on disposal or repurchase of:	2,250,528	30,610,552
	a) financial assets measured at amortised cost	2,250,528	29,529,068
	b) financial assets measured at fair value through other comprehensive income	-	1,081,484
	c) financial liabilities	-	-
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	2,339,955	(1,469,027)
	b) other financial assets mandatorily measured at fair value	2,339,955	(1,469,027)
120.	**Net interest and other banking income**	**516,829,946**	**420,705,367**
130.	Net impairment losses for credit risk relating to:	(37,750,502)	(90,994,105)
	a) financial assets measured at amortised cost	(37,752,565)	(90,972,377)
	b) financial assets measured at fair value through other comprehensive income	2,063	(21,728)
140.	Gains (losses) from contractual modifications without derecognition	305,057	(94,006)
150.	**Net income from financial activities**	**479,384,501**	**329,617,256**
160.	Administrative expenses:	(301,385,053)	(309,057,181)
	a) staff costs	(171,719,524)	(160,599,167)
	b) other administrative expenses	(129,665,529)	(148,458,014)
170.	Net provisions for risks and charges	(3,572,053)	(16,624,864)
	a) commitments and guarantees granted	9,432,562	(5,291,030)
	b) other net provisions	(13,004,615)	(11,333,834)
180.	Net adjustments to property, plant and equipment	(12,522,552)	(11,367,051)
190.	Net adjustments to intangible assets	(139,493)	(129,042)
200.	Other operating expense/income	40,313,386	101,626,888
210.	**Operating costs**	**(277,305,765)**	**(235,551,250)**
220.	Gains (Losses) of equity investments	1,481,000	(20,188,547)
230.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	(4,072,427)	(2,344,077)
240.	Impairment losses on goodwill	(1,650,000)	-
250.	Gains (Losses) on disposal of investments	(3,647)	102,300
260.	Profit (Loss) from current operations before tax	197,833,662	71,635,682
270.	Income taxes on current operations for the period	(57,327,327)	5,204,359
280.	**Profit (Loss) from current operations after tax**	**140,506,335**	**76,840,041**
300.	**Profit (loss) for the year**	**140,506,335**	**76,840,041**

Bibanca
Società per Azioni
Share Capital: Euro 74,458,606.80 fully paid in
Tax Code and Companies Register no. 01583450901
Registered office in Sassari

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	650,331,146	524,063,314
30.	Financial assets measured at fair value through other comprehensive income	15,129,935	12,495,212
40.	Financial assets measured at amortised cost	3,451,625,407	3,068,496,826
	a) loans to banks	19,696,132	15,304,919
	b) loans to customers	3,431,929,275	3,053,191,907
80.	Property, plant and equipment	11,956,636	12,058,075
90.	Intangible assets	4,418,738	3,180,153
100.	Tax assets	12,667,660	15,500,518
	a) current	782,540	769,022
	b) deferred	11,885,120	14,731,496
120.	Other assets	22,164,295	16,471,556
	Total assets	**4,168,293,817**	**3,652,265,654**

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	3,710,812,867	3,234,598,565
	a) due to banks	3,446,688,777	2,971,932,553
	b) due to customers	264,124,090	262,666,012
	c) debt securities issued	-	-
60.	Tax liabilities	4,169,178	918,564
	a) current	3,352,314	286,764
	b) deferred	816,864	631,800
80.	Other liabilities	72,213,251	76,905,184
90.	Employee termination indemnities	751,450	959,270
100.	Provisions for risks and charges	15,566,208	12,529,868
	a) commitments and guarantees granted	356,321	503,810
	c) other provisions for risks and charges	15,209,887	12,026,058
110.	Valuation reserves	4,132,066	1,580,446
140.	Reserves	89,628,955	82,794,092
150.	Share premium reserve	139,067,612	139,067,612
160.	Share capital	74,458,607	74,458,607
170.	Treasury shares (-)	(5,784)	(5,784)
180.	Profit (Loss) for the year (+/-)	57,499,407	28,459,230
	Total liabilities and shareholders' equity	**4,168,293,817**	**3,652,265,654**

Bibanca
Società per Azioni
Share Capital: Euro 74,458,606.80 fully paid in
Tax Code and Companies Register no. 01583450901
Registered office in Sassari

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	159,888,102	115,388,835
	of which: interest income calculated using the effective interest method	159,883,044	115,374,040
20.	Interest and similar expense	(51,846,374)	(25,401,678)
30.	**Net interest income**	**108,041,728**	**89,987,157**
40.	Commission income	106,207,496	93,924,811
50.	Commission expense	(48,827,802)	(51,822,776)
60.	**Net commission income**	**57,379,694**	**42,102,035**
70.	Dividends and similar income	57,791	27,461
80.	Net income from trading activities	(185)	974
100.	Gains (Losses) on disposal or repurchase of:	-	-
	b) financial assets measured at fair value through other comprehensive income	-	-
120.	**Net interest and other banking income**	**165,479,028**	**132,117,627**
130.	Net impairment losses for credit risk relating to:	(11,904,483)	(24,110,684)
	a) financial assets measured at amortised cost	(11,904,483)	(24,110,684)
140.	Gains (losses) from contractual modifications without derecognition	(2,071)	350
150.	**Net income from financial activities**	**153,572,474**	**108,007,293**
160.	Administrative expenses:	(78,002,609)	(73,179,743)
	a) staff costs	(19,242,351)	(15,162,902)
	b) other administrative expenses	(58,760,258)	(58,016,841)
170.	Net provisions for risks and charges	(1,437,936)	(1,665,578)
	a) commitments and guarantees granted	147,489	(423,327)
	b) other net provisions	(1,585,425)	(1,242,251)
180.	Net adjustments to property, plant and equipment	(505,179)	(504,663)
190.	Net adjustments to intangible assets	(1,166,714)	(1,823,182)
200.	Other operating expense/income	13,966,737	12,117,075
210.	**Operating costs**	**(67,145,701)**	**(65,056,091)**
230.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	-	(71,686)
250.	Gains (Losses) on disposal of investments	(374)	14,769
260.	**Profit (Loss) from current operations before tax**	**86,426,399**	**42,894,285**
270.	Income taxes on current operations for the period	(28,926,992)	(14,435,055)
280.	**Profit (Loss) from current operations after tax**	**57,499,407**	**28,459,230**
300.	**Profit (loss) for the year**	**57,499,407**	**28,459,230**

BPER Real Estate
Società per azioni
Share Capital: Euro 159,233,925 fully paid in.
Tax Code and Companies Register no. 01795510237
Registered office in Modena

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023	2022
Investment Property	254,272,841	245,415,103
Property, plant and equipment intended for business administration	7,050,000	6,822,000
Other property, plant and equipment	2,460,919	2,041,365
Intangible fixed assets	13,043	18,283
Financial assets measured at fair value through other comprehensive income	36,552	36,552
Deferred tax assets	110,341	124,553
Other non-current tax receivables	-	1,596
Trade receivables and other non-current assets	47,486,470	42,631,539
-of which Parent Company and its subsidiaries	46,953,667	42,628,633
-of which others	532,803	2,906
Total non-current assets	**311,430,166**	**297,090,991**
Inventories of goods	11,671,976	11,650,000
Other current tax receivables	2,198,708	2,143,159
Trade receivables and other current assets	2,846,158	2,865,396
- of which customers	664,129	535,083
-of which Parent Company and its subsidiaries	1,843,548	2,105,342
-of which others	338,481	224,971
Current tax assets	-	-
Cash and cash equivalents	793	953
-of which Parent Company and its subsidiaries	-	-
- of which Cash	793	953
Total current assets	**16,717,635**	**16,659,508**
Non-current assets held for sale	**1,563,500**	**-**
Total assets	**329,711,301**	**313,750,499**

BPER Real Estate
Società per azioni
Share Capital: Euro 159,233,925 fully paid in.
Tax Code and Companies Register no. 01795510237
Registered office in Modena

Liabilities and shareholders' equity	2023	2022
Share capital	159,233,925	138,694,095
Valuation reserves	25,745,468	25,745,468
Share premium reserve	17,172,826	6,349,850
Other reserves	61,662,808	67,715,782
Losses carried forward	(2,815,938)	(2,815,938)
Profit (loss) for the year	(21,860,069)	(6,053,004)
Shareholders' equity	**239,139,019**	**229,636,253**
Non-current payables due to banks and other lenders	48,771,836	43,813,843
-of which Parent Company and its subsidiaries	*3,406,666*	*2,307,786*
-of which others	*45,365,171*	*41,506,057*
Deferred tax liabilities	7,626,578	9,441,918
Provisions for risks and charges	21,103	363,675
Total non-current liabilities	**56,419,517**	**53,619,436**
Current payables due to banks and other lenders	27,384,707	24,724,485
-of which Parent Company and its subsidiaries	*26,605,183*	*24,034,848*
-of which others	*779,524*	*689,637*
Trade receivables and other current liabilities	*6,481,350*	*5,283,032*
-of which suppliers	*3,612,783*	*3,325,137*
-of which Parent Company and its subsidiaries	*2,370,470*	*1,366,235*
-of which others	*498,098*	*591,660*
Current tax liabilities	229,162	463,739
Other tax payables	57,545	23,554
Total current liabilities	**34,152,764**	**30,494,810**
Liabilities directly associated with assets held for sale	**-**	**-**
Total liabilities	**90,572,282**	**84,114,246**
Total Liabilities and Shareholders' Equity	**329,711,301**	**313,750,499**

BPER Real Estate
Società per azioni
Share Capital: Euro 159,233,925 fully paid in.
Tax Code and Companies Register no. 01795510237
Registered office in Modena

Income Statement as at 31 December 2023

(in Euro)

Items of the Income Statement	2023	2022
Revenues from sales and services	14,514,098	13,767,371
- of which Parent Company and its subsidiaries	*10,793,711*	*10,061,061*
- of which from others	*3,720,386*	*3,706,310*
Changes in inventories of work in progress	-	(4,350,000)
Other income and revenues	2,281,278	1,753,773
- of which Parent Company and its subsidiaries	1,826,403	1,014,485
- of which from others	454,875	739,288
Total value of production	**16,795,376**	**11,171,144**
Service costs	(6,344,050)	(4,553,231)
- of which Parent Company and its subsidiaries	*(904,175)*	*(959,584)*
- of which from others	*(5,439,874)*	*(3,593,647)*
Costs for use of third-party assets	(37,282)	(29,514)
Amortisation, depreciation and write-downs	(28,661,331)	(6,333,474)
- of which write-downs/write-backs from property, plant and equipment intended for business administration	*308,386*	*85,943*
- of which write-downs from investment property	-	-
- of which write-downs from intangible assets	-	-
- of which write-down from receivables included in current assets	*(59,775)*	*(69,801)*
- of which net result of fair value measurement of investment property	*(28,276,864)*	*(5,249,266)*
- of which net result of fair value measurement of property, plant and equipment intended for business administration	-	-
- of which depreciation from investment property	*(55,755)*	*(734,945)*
- of which depreciation from Property, plant and equipment intended for business administration	*(80,386)*	*(95,943)*
- of which depreciation from other fixed assets	*(491,697)*	*(264,222)*
- of which amortisation from intangible assets	*(5,240)*	*(5,240)*
Provisions for risks and charges	50,940	(291,632)
Other operating costs	(3,228,135)	(3,123,019)
Total cost of production	**(38,219,858)**	**(14,330,870)**
Operating income	**(21,424,482)**	**(3,159,726)**
Dividends	-	-
Financial income	1,869,787	882,879
- of which Parent Company and its subsidiaries	*1,869,445*	*882,879*
- of which from others	*343*	-
Financial charges	(2,679,996)	(1,262,945)
- of which Parent Company and its subsidiaries	*(1,186,533)*	*(258,074)*
- of which from others	*(1,493,463)*	*(1,004,871)*
Write-down of equity investments	-	-
Pre-tax profit	(22,234,691)	(3,539,792)
Taxes	374,622	(2,513,212)
- of which current	*(1,426,506)*	*(1,242,308)*
- of which deferred	*1,801,128*	*(1,270,904)*
Profit (loss) from current operations after tax	**(21,860,069)**	**(6,053,004)**
Profit (loss) after tax from discontinued operations	**-**	**-**
Profit (loss) after tax	**(21,860,069)**	**(6,053,004)**

Modena Terminal
Società a responsabilità limitata a Socio unico
Share Capital: Euro 8,000,000 fully paid in
Tax Code and Companies Register no. 00993810365
Registered office in Campogalliano

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023	2022
B) Fixed assets, with those granted under a finance lease indicated separately:		
I. Intangible fixed assets	1,570	2,708
II. Tangible fixed assets	12,013,503	12,182,407
Total fixed assets, with those granted under a finance lease indicated separately	**12,015,073**	**12,185,115**
C) Current assets:		
I. Inventories:	65,001	68,290
II. Receivables, with those granted under a finance lease indicated separately:		
- due within one year	1,798,751	2,397,091
- due after one year	8,116	8,116
IV. Cash and cash equivalents	1,588,534	381,651
Total working capital	**3,460,402**	**2,855,148**
D) Accruals and deferrals, with separate indication of the discount on loans	3,444	2,907
Total assets	**15,478,919**	**15,043,170**

(in Euro)

Liabilities and shareholders' equity	2023	2022
A) Shareholders' equity:		
Capital	8,000,000	8,000,000
II. Share premium reserve	1,032,135	1,032,135
IV. Legal reserve	336,443	306,952
VII. Other reserves	3,298,225	2,737,898
VIII. Losses carried forward	-	-
IX. Profit (loss) for the year	806,680	589,817
Total shareholders' equity	**13,473,483**	**12,666,802**
B) Provisions for risks and charges	126,000	-
a) Provisions for staff severance indemnities	657,398	699,506
D) Payables, with separate indication, for each item, of the amounts payable after the next financial year		
- payable within next financial year	1,106,804	1,448,546
- payable after next financial year	-	32,261
Total payables, with separate indication, for each item, of the amounts payable after the next financial year	1,106,804	15,043,170
E) Accrued expenses and deferred income	115,234	196,055
Total liabilities and shareholders' equity	**15,478,919**	**15,043,170**

(in Euro)

Memorandum accounts	2023	2022
Sureties to third parties	250,000	250,000
Third-party assets deposited at the company	102,130,495	102,065,370
Total memorandum and guarantee accounts	**102,380,495**	**102,315,370**

Modena Terminal
Società a responsabilità limitata a Socio unico
Share Capital: Euro 8,000,000 fully paid in
Tax Code and Companies Register no. 00993810365
Registered office in Campogalliano

Income Statement as at 31 December 2023

(in Euro)

Items	2023	2022
A) Value of production:		
1) revenues from sales and services	7,182,275	7,173,683
5) other revenue and income, with operating grants indicated separately	442,883	549,461
of which operating grants	107,890	292,048
Total value of production	**7,625,158**	**7,723,144**
B) Costs of production:		
6) Raw materials, supplies and consumables	91,488	98,830
7) services	3,397,270	4,131,501
8) use of third-party assets	30,189	29,627
9) staff costs	1,533,509	1,512,921
10) amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	1,138	2,197
b) depreciation of property, plant and equipment	1,087,429	1,001,246
c) Other write-downs of fixed assets	-	-
d) write-downs of receivables included in current assets and cash and cash equivalents	-	-
11) changes in inventories of raw materials, ancillary materials, consumables and commodities	3,290	1,364
12) Provisions for risks	126,000	-
14) other operating costs	234,884	260,716
Total costs of production	**6,505,197**	**7,038,402**
Difference between production revenues and costs (A-B)	**1,119,961**	**684,742**
C) Financial income and expense:		
16) Other financial income	-	-
17) interest and other financial expense, with separate indication of those from subsidiaries and associates and to parent companies	(3,483)	(6,398)
Total net operating income and expense	**(3,483)**	**(6,398)**
Profit (loss) before tax	**1,116,478**	**678,344**
20) Income taxes for the year: current, deferred and prepaid	309,798	88,527
21) Profit (Loss) for the year	**806,680**	**589,817**

Sardaleasing
Società per Azioni
Share Capital: Euro 184,122,459 fully paid in
Tax Code and Companies Register no. 00319850905
Registered office in Sassari

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	4,572,487	8,149,463
20.	Financial assets measured at fair value through profit or loss	79,139,511	81,630,277
	c) other financial assets mandatorily measured at fair value	79,139,511	81,630,277
30.	Financial assets measured at fair value through other comprehensive income	123,725	189,798
40.	Financial assets measured at amortised cost	3,150,208,253	3,385,936,626
	a) loans to banks	167,823	80,622
	Loans to financial institutions	48,955,654	61,565,834
	c) loans to customers	3,101,084,776	3,324,290,170
80.	Property, plant and equipment	39,048,912	42,616,905
90.	Intangible assets	2,600,222	2,693,319
100.	Tax assets	24,922,301	25,426,163
	a) current	-	-
	b) deferred	24,922,301	25,426,163
120.	Other assets	34,606,493	100,618,572
	Total assets	**3,335,221,904**	**3,647,261,123**

(in Euro)

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	3,101,559,113	3,377,888,131
	a) payables	3,101,559,113	3,377,888,131
20.	Financial liabilities held for trading	69,296	94,119
60.	Tax liabilities	562,913	1,021,749
	a) current	22,557	388,700
	b) deferred	540,356	633,049
80.	Other liabilities	59,200,533	95,727,187
90.	Employee termination indemnities	762,991	1,072,345
100.	Provisions for risks and charges	12,227,314	13,871,768
	a) commitments and guarantees granted	640,152	1,533,340
	c) other provisions for risks and charges	11,587,162	12,338,428
110.	Share capital	184,122,460	184,122,459
140.	Share premium reserve	3,157,000	3,157,000
150.	Reserves	(33,350,298)	(36,372,372)
160.	Valuation reserves	3,616,097	3,656,661
170.	Profit (Loss) for the year	3,294,485	3,022,076
	Total liabilities and shareholders' equity	**3,335,221,904**	**3,647,261,123**

Sardaleasing
Società per Azioni
Share Capital: Euro 184,122,459 fully paid in
Tax Code and Companies Register no. 00319850905
Registered office in Sassari

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	168,238,261	77,087,875
	of which: interest income calculated using the effective interest method	168,145,677	77,087,875
20.	Interest and similar expense	(115,049,899)	(20,099,875)
30.	**Net interest income**	**53,188,362**	**56,988,000**
40.	Commission income	3,165,664	3,930,099
50.	Commission expense	(1,186,002)	(1,425,237)
60.	**Net commission income**	**1,979,662**	**2,504,862**
70.	Dividends and similar income	957,589	188,945
80.	Net income from trading activities	(15,406)	150,540
100.	Gains (Losses) on disposal or repurchase of:	6,446,569	(238,555)
	a) financial assets measured at amortised cost	6,446,569	(238,555)
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	(3,913,217)	(3,580,890)
	b) other financial assets mandatorily measured at fair value	(3,913,217)	(3,580,890)
120.	**Net interest and other banking income**	**58,643,559**	**56,012,903**
130.	Net impairment losses/reversals for credit risk relating to:	(35,322,218)	(27,965,505)
	a) financial assets measured at amortised cost	(35,322,218)	(27,965,505)
140.	Gains (losses) due to contractual modifications without derecognition	(27,791)	(24,692)
150.	**Net income from financial activities**	**23,293,550**	**28,022,706**
160.	Administrative expenses:	(15,776,951)	(17,369,936)
	a) staff costs	(9,669,269)	(10,479,854)
	b) other administrative expenses	(6,107,682)	(6,890,082)
170.	Net provisions for risks and charges	648,014	(3,978,094)
	a) commitments and guarantees granted	893,188	(909,584)
	b) other net provisions	(245,174)	(3,068,510)
180.	Net impairment losses/reversals on property, plant and equipment	(707,389)	(720,843)
190.	Net impairment losses/reversals on intangible assets	(1,317,825)	(1,400,206)
200.	Other operating expense/income	(2,322,338)	(232,783)
210.	**Operating costs**	**(19,476,489)**	**(23,701,862)**
230.	**Valuation differences on property, plant and equipment and intangible assets measured at fair value**	**(1,288,329)**	**(2,811,632)**
250.	**Gains (Losses) on disposal of investments**	**40,000**	**(200,000)**
260.	**Profit (Loss) from current operations before tax**	**2,568,732**	**1,309,212**
270.	Income taxes on current operations for the year	725,753	1,712,864
280.	**Profit (Loss) from current operations after tax**	**3,294,485**	**3,022,076**
300.	**Profit (loss) for the year**	**3,294,485**	**3,022,076**

Optima S.p.A. SIM

Income Statement as at 30 September 2023

(in Euro)

Items		2023
30.	Gains (losses) on disposal or repurchase of:	1,970
	a) financial assets measured at amortised cost	-
	b) financial assets measured at fair value through other comprehensive income	1,970
	c) financial liabilities	-
40.	Net income on financial assets and liabilities measured at fair value through profit or loss	199,463
	a) financial assets and liabilities designated at fair value	-
	b) other financial assets mandatorily measured at fair value	199,463
50.	Commission income	18,597,755
60.	Commission expense	(33,549)
70.	Interest and similar income	784,789
	of which: interest income calculated using the effective interest method	616,239
80.	Interest and similar expense	(69,792)
90.	Dividends and similar income	-
110.	**Net interest and other banking income**	**19,480,636**
120.	Net impairment losses/reversals for credit risk relating to:	(3,445)
	a) financial assets measured at amortised cost	-
	b) financial assets measured at fair value through other comprehensive income	(3,445)
130.	**Net income from financial activities**	**19,477,191**
140.	Administrative expenses:	(11,293,851)
	a) staff costs	(5,160,524)
	b) other administrative expenses	(6,133,327)
150.	Net provisions for risks and charges	-
160.	Net impairment losses/reversals on property, plant and equipment	(405,255)
170.	Net impairment losses/reversals on intangible assets	-
180.	Other operating income/expense	43,565
190.	**Operating costs**	**(11,655,541)**
240.	**Profit (Loss) from current operations before tax**	**7,821,650**
250.	Income taxes on current operations for the year	(2,300,791)
260.	**Profit (Loss) from current operations after tax**	**5,520,859**
280.	**Profit (loss) for the year**	**5,520,859**

The Company was merged into Banca Cesare Ponti with accounting effect from 1 October 2023

Estense Covered Bond
Società a responsabilità limitata
Share Capital: Euro 10,000 fully paid in
Tax Code and Treviso - Belluno Companies Register no. 04362620264
BPER BANCA VAT GROUP - VAT NO. 03830780361
Registered office in Conegliano

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
40.	Financial assets measured at amortised cost	20,035	45,406
	a) loans to banks	20,035	45,406
100.	Tax assets:	4,842	2,982
	a) current	4,842	2,982
120.	Other assets	21,209	13,023
	Total assets	**46,086**	**61,411**

(in Euro)

Liabilities and shareholders' equity		2023	2022
60.	Tax liabilities:	-	4,347
	a) current	-	4,347
80.	Other liabilities	29,908	40,886
110.	Share capital	10,000	10,000
140.	Share premium reserve	2,000	2,000
150.	Reserves	4,178	4,178
170.	Profit (loss) for the year	-	-
	Total liabilities and shareholders' equity	**46,086**	**61,411**

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	1,706	198
	of which: interest income calculated using the effective interest method	1,706	198
30.	**Net interest income**	**1,706**	**198**
50.	Commission expense	-	(54)
60.	**Net commission income**	**1,706**	**144**
120.	**Net interest and other banking income**	**1,706**	**144**
150.	**Net income from financial activities**	**1,706**	**144**
160.	Administrative expenses:	(117,477)	(113,558)
	a) staff costs	(25,479)	(26,279)
	b) other administrative expenses	(91,998)	(87,279)
200.	Other operating income/expense	115,771	117,761
210.	**Operating costs**	**(115,771)**	**4,347**
260.	**Profit (Loss) from current operations before tax**	**-**	**4,347**
270.	Income taxes on current operations for the year	-	(4,347)
280.	**Profit (Loss) from current operations after tax**	**-**	**-**
300	**Profit (loss) for the year**	**-**	**-**

Estense CPT Covered Bond
Società a responsabilità limitata
Share Capital: Euro 10,000.00 fully paid in
Tax Code and Treviso - Belluno Companies Register no. 04730160266
BPER BANCA VAT GROUP - VAT NO. 03830780361
Registered office in Conegliano

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	26,853	46,908
	a) loans to banks	26,853	46,908
100.	Tax assets:	4,577	-
	a) current	4,577	-
120.	Other assets	13,806	13,332
	Total assets	**45,236**	**60,240**

(in Euro)

Liabilities and shareholders' equity		2023	2022
60.	Tax liabilities:	-	5,140
	a) current	-	5,140
80.	Other liabilities	35,236	45,100
110.	Share capital	10,000	10,000
170.	Profit (loss) for the year	-	-
	Total liabilities and shareholders' equity	**45,236**	**60,240**

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	92	-
30.	**Net interest income**	**92**	**-**
50.	Commission expense	(460)	(502)
60.	**Net commission income**	**(460)**	**(502)**
120.	**Net interest and other banking income**	**(368)**	**(502)**
160.	Administrative expenses:	(130,506)	(126,500)
	a) staff costs	(25,705)	(27,377)
	b) other administrative expenses	(104,801)	(99,123)
200.	Other operating income/expense	130,874	131,392
260.	**Profit (Loss) from current operations before tax**	**-**	**4,390**
270.	Income taxes on current operations for the year	-	(4,390)
280.	**Profit (Loss) from current operations after tax**	**-**	**-**
300	**Profit (loss) for the year**	**-**	**-**

BPER Factor
Società per azioni
Share Capital: Euro 54,590,910 fully paid in
Tax Code and Companies Register no. 02231420361
Registered office in Bologna

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	12,253,191	12,252,789
30.	Financial assets measured at fair value through other comprehensive income	866,092	868,673
40.	Financial assets measured at amortised cost	2,178,200,109	1,931,208,044
	a) loans to banks	17,617,616	9,060,277
	Loans to financial institutions	245,988,248	148,606,948
	c) loans to customers	1,914,594,245	1,773,540,819
80.	Property, plant and equipment	3,902,262	4,258,264
90.	Intangible assets	554,567	5,995,124
	of which		
	- goodwill	-	5,468,739
100.	Tax assets	3,403,722	3,334,638
	a) current	38,506	
	b) deferred	3,365,216	3,334,638
120.	Other assets	3,834,130	1,284,738
	Total assets	**2,203,014,073**	**1,959,202,270**

(in Euro)

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	1,990,289,229	1,750,792,802
	a) payables	1,990,289,229	1,750,792,802
60.	Tax liabilities	188,616	946,719
	a) current	126,090	864,777
	b) deferred	62,526	81,942
80.	Other liabilities	50,234,069	45,024,392
90.	Employee termination indemnities	778,149	876,017
100.	Provisions for risks and charges	16,073,152	14,117,512
	a) commitments and guarantees granted	13,625	48,044
	c) other provisions for risks and charges	16,059,527	14,069,468
110.	Share capital	54,590,910	54,590,910
140.	Share premium reserve	20,814,175	20,814,175
150.	Reserves	64,120,940	60,033,988
160.	Valuation reserves	(115,222)	(106,061)
170.	Profit (Loss) for the year	6,040,055	12,111,816
	Total liabilities and shareholders' equity	**2,203,014,073**	**1,959,202,270**

BPER Factor
Società per azioni
Share Capital: Euro 54,590,910 fully paid in
Tax Code and Companies Register no. 02231420361
Registered office in Bologna

Income Statement as at 31 December 2023

(in Euro)

		2023	2022
10.	Interest and similar income	64,134,716	19,940,248
	of which: interest income calculated using the effective interest method	64,134,716	19,940,248
20.	Interest and similar expense	(41,328,382)	(3,539,708)
30.	**Net interest income**	**22,806,334**	**16,400,540**
40.	Commission income	17,976,932	17,397,699
50.	Commission expense	(6,347,955)	(6,238,926)
60.	**Net commission income**	**11,628,977**	**11,158,773**
70.	**Dividends and similar income**	**-**	**-**
80.	Net income from trading activities	(50,526)	198,918
100.	Gains (Losses) on disposal or repurchase of:	-	(11,400)
	a) financial assets measured at amortised cost	-	-
	b) financial assets measured at fair value through other comprehensive income	-	(11,400)
	c) financial liabilities	-	-
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	-	-
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	-	-
120.	**Net interest and other banking income**	**34,384,785**	**27,746,831**
130.	Net impairment losses/reversals for credit risk relating to:	(3,556,703)	390,096
	a) financial assets measured at amortised cost	(3,556,695)	389,799
	b) financial assets measured at fair value through other comprehensive income	(8)	297
150.	**Net income from financial activities**	**30,828,082**	**28,136,927**
160.	Administrative expenses:	(13,308,904)	(10,344,534)
	a) staff costs	(8,759,480)	(6,293,805)
	b) other administrative expenses	(4,549,424)	(4,050,729)
170.	Net provisions for risks and charges	34,844	(205,514)
	a) commitments and guarantees granted	34,419	(18,718)
	b) other net provisions	425	(186,796)
180.	Net impairment losses/reversals on property, plant and equipment	(536,549)	(495,856)
190.	Net impairment losses/reversals on intangible assets	(288,640)	(238,771)
200.	Other operating expense/income	390,786	1,185,157
210.	**Operating costs**	**(13,708,463)**	**(10,099,518)**
230.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	(144,000)	(1,000)
240.	Impairment losses on goodwill	(5,468,739)	-
260.	**Profit (Loss) from current operations before tax**	**11,506,880**	**18,036,409**
270.	Income taxes on current operations for the year	(5,466,825)	(5,924,593)
280.	**Profit (Loss) from current operations after tax**	**6,040,055**	**12,111,816**
290.	Profit (loss) from discontinued operations after tax	-	-
300.	**Profit (loss) for the year**	**6,040,055**	**12,111,816**

BPER Trust Company
Società per azioni a socio unico
Share Capital: Euro 500,000 fully paid in
Tax Code and Companies Register no. 03443650365
Registered office in Modena

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023	2022
C) Current assets:		
II. Receivables, with those granted under a finance lease indicated separately:		
- due within one year	506,383	421,000
- payable after next financial year	-	-
IV. Cash and cash equivalents	829,590	689,623
Total working capital	**1,335,973**	**1,110,623**
D) Accruals and deferrals, with separate indication of the discount on loans		
- prepaid expenses	2,448	1,943
Total assets	**1,338,421**	**1,112,566**

(in Euro)

Liabilities and shareholders' equity	2023	2022
A) Shareholders' equity:		
Capital	500,000	500,000
IV. Legal reserve	31,219	21,075
VII. Other reserves	439,449	246,729
IX. Profit (loss) for the year	184,197	202,863
Total shareholders' equity	**1,154,865**	**970,667**
D) Payables, with separate indication, for each item, of the amounts payable after next financial year:		
- due within one year	183,556	141,899
- payable after next financial year	-	-
Total liabilities and shareholders' equity	**1,338,421**	**1,112,566**

(in Euro)

Memorandum accounts	2023	2022
Third party assets held by the company:		
Other third party assets held by the company	-	68,266,115
Total memorandum and guarantee accounts	**-**	**68,266,115**

BPER Trust Company
Società per azioni a socio unico
Share Capital: Euro 500,000 fully paid in
Tax Code and Companies Register no. 03443650365
Registered office in Modena

Income Statement as at 31 December 2023

(in Euro)

Items	2023	2022
A) Value of production:		
1) revenues from sales and services	509,724	474,231
5) other revenue and income, with operating grants indicated separately year	19,318	31,813
Total value of production	**529,042**	**506,044**
B) Costs of production:		
7) services	272,222	217,990
8) use of third-party assets	2,612	2,405
14) other operating costs	2,771	4,599
Total costs of production	**277,605**	**224,994**
Difference between production revenues and costs (A-B)	251,437	281,050
C) Financial income and expense:		
16) Other financial income	14	11
Total net operating income and expense	**14**	**11**
Profit (loss) before tax (A - B +/- C +/- D +/- E)	**251,451**	**281,061**
20) Income tax for the year: current, deferred, prepaid	67,254	78,198
21) Profit (Loss) for the year	**184,197**	**202,863**

Adras
Società per azioni a socio unico
Share capital: resolved - subscribed - paid-in for Euro 1,954,535.00
Tax Code and Companies Register no. 02052820905
Registered office in Milan

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023	2022
B) Fixed assets:	**27,385,621**	**28,092,418**
I. Intangible fixed assets	1,054	1,171
II. Tangible fixed assets	27,000,157	27,696,127
III. Financial fixed assets	384,409	395,119
C) Current assets:	**2,529,880**	**1,853,578**
I. Inventories:	-	-
II Loans and receivables:	392,931	621,245
a) within the next financial year	392,313	620,179
b) after the next financial year	618	1,066
- payable after 12 months	-	-
IV. Cash and cash equivalents	2,136,949	1,232,333
D) Accruals and deferrals	**2,867**	**3,630**
Total assets	**29,918,367**	**29,949,626**

(in Euro)

Liabilities and shareholders' equity	2023	2022
A) Shareholders' equity:	**3,027,617**	**3,088,115**
Capital	1,954,535	1,954,535
III. Revaluation reserve	-	-
IV. Legal reserve	51,146	42,470
VII. Other reserves, indicated separately	19,000,000	19,000,000
VIII. Losses carried forward	(17,917,565)	(18,082,404)
IX. Profit (loss) for the year	(60,499)	173,515
B) Provisions for risks and charges	**248,845**	**274,966**
C) Provisions for staff severance indemnities	**14,051**	**12,212**
D) Debts	**26,620,280**	**26,565,259**
a) due within the next financial year	416,290	329,829
b) due after the next financial year	26,203,990	26,235,429
E) Accrued expenses and deferred income	**7,574**	**9,074**
Total liabilities and shareholders' equity	**29,918,367**	**29,949,626**

Adras
Società per azioni a socio unico
Share capital: resolved - subscribed - paid-in for Euro 1,954,535.00
Tax Code and Companies Register no. 02052820905
Registered office in Milan

Income Statement as at 31 December 2023

(in Euro)

Items	2023	2022
A) Value of production:		
1) revenues from sales and services	2,556,101	2,613,328
2) change in inventories	-	-
5) other income and revenues	753,951	1,158,956
c) contributions during the year	1,941	1,777
b) other	752,011	1,157,179
Total value of production	**3,310,052**	**3,772,284**
B) Costs of production:		
6) raw materials, ancillary materials, consumables and commodities	-	-
7) services	1,685,071	1,433,988
8) use of third-party assets	1,780	13,353
9) staff costs	32,357	64,879
a) wages and salaries	22,692	49,310
b) social security charges	7,437	10,018
c) Employee termination indemnities (Severance pay)	1,897	5,451
d) pension and similar obligations	-	-
e) other costs	330	100
10) Amortisation, depreciation and write-downs	1,247,380	1,113,744
a) Amortisation of intangible fixed assets	117	117
b) Depreciation of property, plant and equipment	1,032,634	1,006,487
c) Other write-downs of fixed assets	-	-
d) Write-down of receivables included in current assets and of cash and cash equivalents	214,629	107,139
12) provisions for risks	37,000	26,186
13) other provisions	-	-
14) other operating costs	352,153	433,473
Total costs of production	**3,355,740**	**3,085,623**
Difference between production revenues and costs (A-B)	**(45,688)**	**686,661**
C) Financial income and expense:		
16) Other financial income	-	-
d) From receivables recorded under fixed assets	-	-
2) in associated companies	-	-
d) Other income	-	-
4) Other	-	-
17) interest and other financial expense	(1,130)	(485,421)
b) in associated companies	(265)	(210,704)
c) in parent companies	(603)	(274,662)
d) other	(262)	(55)
Total between financial income and expense (15+16+17+17-bis)	**(1,130)**	**(485,421)**
D) Value adjustments of financial assets		
18) revaluations	39,290	-
19) write-downs	(50,000)	(15,330)
a) of equity investments	-	(15,330)
b) of equity investments	(50,000)	-
Total value adjustments of financial assets (18-19)	**(10,710)**	**(15,330)**
Profit (loss) before tax (A - B +/- C +/- D +/- E)	(57,528)	185,911
22) income taxes for the period		
a) current tax	(2,971)	(12,396)
b) direct taxes of previous years	-	-
23) Profit (loss) for the year	**(60,499)**	**173,515**

Arca Holding consolidated financial report

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	150,627,249	103,814,807
20.	Financial assets measured at fair value through profit or loss	231,049,376	212,843,298
	c) other financial assets mandatorily measured at fair value	231,049,376	212,843,298
40.	Financial assets measured at amortised cost	95,119,467	89,433,565
80.	Property, plant and equipment	18,505,771	18,902,139
90.	Intangible assets	118,314,818	119,257,168
	of which	-	
	- goodwill	113,620,017	113,620,017
100.	Tax assets	28,180,770	31,787,720
	a) current	1,908,791	1,990,828
	b) deferred	26,271,979	29,796,892
120.	Other assets	7,587,495	13,332,231
Total assets		**649,384,946**	**589,370,928**

(in Euro)

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	64,473,900	57,883,484
	a) payables	64,473,900	57,883,484
60.	Tax liabilities	2,804,042	1,860,399
	a) current	922,026	29,235
	b) deferred	1,882,016	1,831,164
80.	Other liabilities	31,638,349	25,449,365
90.	Employee termination indemnities	387,641	445,682
100.	Provisions for risks and charges	1,269,153	1,515,648
	b) pension and similar obligations	619,153	821,109
	c) other provisions for risks and charges	650,000	694,539
110.	Share capital	50,000,000	50,000,000
140.	Share premium reserve		
150.	Reserves	422,830,704	392,738,579
160.	Valuation reserves	4,518,721	4,385,646
170.	Profit (Loss) for the year	71,462,436	55,092,125
Total liabilities and shareholders' equity		**649,384,946**	**589,370,928**

Arca Holding consolidated financial report

Income Statement as at 31 December 2023

(in Euro)

		2023	2023
10.	Commission income	380,982,320	374,046,699
20.	Commission expense	(235,013,315)	(226,920,522)
30.	**Net commission income**	**145,969,005**	**147,126,177**
50.	Interest and similar income	2,926,162	130,718
60.	Interest and similar expense	(127,618)	(817,955)
100.	Net income on financial assets and liabilities measured at fair value through profit or loss	11,377,133	(11,522,972)
	b) other financial assets mandatorily measured at fair value	*11,377,133*	*(11,522,972)*
110.	**Net interest and other banking income**	**160,144,682**	**134,915,968**
130.	**Net income from financial activities**	**160,144,682**	**134,915,968**
140.	Administrative expenses:	(55,808,547)	(57,408,948)
	a) staff costs	(22,379,939)	(21,139,698)
	b) other administrative expenses	(33,428,608)	(36,269,250)
150.	Net provisions for risks and charges	44,539	1,970,000
160.	Net adjustments to property, plant and equipment	(1,198,353)	(1,121,629)
170.	Net impairment losses/reversals on intangible assets	(1,094,849)	(1,155,773)
180.	Other operating income/expense	192,749	1,727,907
190.	**Operating costs**	**(57,864,461)**	**(55,988,443)**
210.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	-	45,917
240.	**Profit (Loss) from current operations before tax**	**102,280,221**	**78,973,442**
250.	Income taxes on current operations for the year	(30,817,785)	(23,881,317)
260.	**Profit (Loss) from current operations after tax**	**71,462,436**	**55,092,125**
290.	Profit (loss) from discontinued operations after tax	-	-
280.	**Profit (loss) for the year**	**71,462,436**	**55,092,125**

Arca Holding
Società per azioni
Share Capital: Euro 50,000,000 fully paid in
Tax Code and Companies Register no. 07155680155
Registered office in Milan, via Disciplini 3

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	48,686,893	23,978,025
20.	Financial assets measured at fair value through profit or loss	37,438,757	30,059,056
	c) other financial assets mandatorily measured at fair value	37,438,757	30,059,056
70.	Equity investments	174,443,483	174,443,483
100.	Tax assets	20,291,290	24,051,210
	a) current	53,706	6,000
	b) deferred	20,237,584	24,045,210
120.	Other assets	4,197,404	1,454,821
Total assets		**285,057,827**	**253,986,595**

Liabilities and shareholders' equity		2023	2022
60.	Tax liabilities	922,026	29,235
	a) current	922,026	29,235
80.	Other liabilities	187,747	131,246
100.	Provisions for risks and charges	-	44,539
	c) other provisions for risks and charges	-	44,539
110.	Share capital	50,000,000	50,000,000
150.	Reserves	178,781,575	178,713,524
170.	Profit (Loss) for the year	55,166,479	25,068,051
	Total liabilities and shareholders' equity	**285,057,827**	**253,986,595**

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
40.	Dividends and similar income	57,500,000	27,500,000
50.	Interest and similar income	183,519	118
60.	Interest and similar expense	-	(32,690)
100.	Net income on financial assets and liabilities measured at fair value through profit or loss	1,522,321	59,056
	b) other financial assets mandatorily measured at fair value	1,522,321	59,056
110.	**Net interest and other banking income**	**59,205,840**	**27,526,484**
130.	**Net income from financial activities**	**59,205,840**	**27,526,484**
140.	Administrative expenses:	(2,226,229)	(2,154,106)
	a) staff costs	(1,712,351)	(1,738,249)
	b) other administrative expenses	(513,878)	(415,857)
180.	Other operating income/expense	783	(1,430)
190.	**Operating costs**	**(2,180,907)**	**(2,155,536)**
240.	**Profit (Loss) from current operations before tax**	**57,024,933**	**25,370,948**
250.	Income taxes on current operations for the year	(1,858,454)	(302,897)
260.	**Profit (Loss) from current operations after tax**	**55,166,479**	**25,068,051**
280.	**Profit (loss) for the year**	**55,166,479**	**25,068,051**

Arca Fondi SGR
Società per azioni
Share Capital: Euro 50,000,000 fully paid in
Tax Code and Companies Register no. 09164960966
Registered office in Milan, via Disciplini 3

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	101,940,356	79,836,782
20.	Financial assets measured at fair value through profit or loss	193,610,619	182,784,242
	c) other financial assets mandatorily measured at fair value	193,610,619	182,784,242
40.	Financial assets measured at amortised cost	95,119,467	89,433,565
80.	Property, plant and equipment	18,505,771	18,902,139
90.	Intangible assets	118,314,818	119,257,168
	of which		
	- goodwill	113,620,017	113,620,017
100.	Tax assets	7,889,480	7,736,510
	a) current	1,855,085	1,984,828
	b) deferred	6,034,395	5,751,682
120.	Other assets	5,761,235	11,909,287
Total assets		**541,141,746**	**509,859,693**

(in Euro)

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	64,473,900	57,883,484
	a) payables	64,473,900	57,883,484
60.	Tax liabilities	1,882,016	1,831,164
	a) current	-	-
	b) deferred	1,882,016	1,831,164
80.	Other liabilities	33,821,746	25,349,996
90.	Employee termination indemnities	387,641	445,682
100.	Provisions for risks and charges	1,269,153	1,471,109
	b) pension and similar obligations	619,153	821,109
	c) other provisions for risks and charges	650,000	650,000
110.	Share capital	50,000,000	50,000,000
140.	Share premium reserve	124,408,896	124,408,896
150.	Reserves	186,583,716	186,559,642
160.	Valuation reserves	4,518,721	4,385,646
170.	Profit (Loss) for the year	73,795,957	57,524,074
	Total liabilities and shareholders' equity	**541,141,746**	**509,859,693**

Arca Fondi SGR
Società per azioni
Share Capital: Euro 50,000,000 fully paid in
Tax Code and Companies Register no. 09164960966
Registered office in Milan, via Disciplini 3

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Commission income	380,982,320	374,046,699
20.	Commission expense	(235,013,315)	(226,920,522)
30.	**Net commission income**	**145,969,005**	**147,126,177**
50.	Interest and similar income	2,742,643	130,600
60.	Interest and similar expense	(127,618)	(785,265)
100.	Net income on financial assets and liabilities measured at fair value through profit or loss	9,854,812	(11,582,028)
	b) other financial assets mandatorily measured at fair value	*9,854,812*	*(11,582,028)*
110.	**Net interest and other banking income**	**158,438,842**	**134,889,484**
130.	**Net income from financial activities**	**158,438,842**	**134,889,484**
140.	Administrative expenses:	(53,601,318)	(55,273,842)
	a) staff costs	(20,667,589)	(19,401,449)
	b) other administrative expenses	(32,933,729)	(35,872,393)
150.	Net provisions for risks and charges	-	1,970,000
160.	Net adjustments to property, plant and equipment	(1,198,353)	(1,121,629)
170.	Net impairment losses/reversals on intangible assets	(1,094,849)	(1,155,773)
180.	Other operating income/expense	210,966	1,748,337
190.	**Operating costs**	**(55,683,554)**	**(53,832,907)**
210.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	-	45,917
240.	**Profit (Loss) from current operations before tax**	**102,755,288**	**81,102,494**
250.	Income taxes on current operations for the year	(28,959,331)	(23,578,420)
260.	**Profit (Loss) from current operations after tax**	**73,795,957**	**57,524,074**
290.	Profit (loss) from discontinued operations after tax	-	-
280.	**Profit (loss) for the year**	**73,795,957**	**57,524,074**

Finitalia
Società per azioni
Share Capital: Euro 15,376,285 fully paid in
Tax Code and Companies Register no. 01495490151
Registered office in Milan

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	168,209	227,329
40.	Financial assets measured at amortised cost	462,255,530	641,650,159
	a) loans to banks	853,316	173,292
	Loans to financial institutions	4,036,006	11,696,238
	c) loans to customers	457,366,208	629,780,629
80.	Property, plant and equipment	3,257,429	3,676,692
100.	Tax assets	5,233,693	7,652,305
	a) current	3,892	186,883
	b) deferred	5,229,801	7,465,422
120.	Other assets	9,661,121	9,542,910
	Total assets	**480,575,982**	**662,749,395**

(in Euro)

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	388,164,497	582,545,952
	a) payables	388,164,497	582,545,952
60.	Tax liabilities	996,724	74,321
	a) current	923,519	-
	b) deferred	73,205	74,321
80.	Other liabilities	15,802,125	16,661,587
90.	Employee termination indemnities	382,316	364,992
100.	Provisions for risks and charges	423,465	396,545
	c) other provisions for risks and charges	423,465	396,545
110.	Share capital	15,376,285	15,376,285
140.	Share premium reserve	258,228	258,228
150.	Reserves	41,962,225	39,635,811
160.	Valuation reserves	(209,249)	(194,467)
170.	Profit (Loss) for the year	17,419,366	7,630,141
	Total liabilities and shareholders' equity	**480,575,982**	**662,749,395**

Finitalia
Società per azioni
Share Capital: Euro 15,376,285 fully paid in
Tax Code and Companies Register no. 01495490151
Registered office in Milan

Income Statement as at 31 December 2023

(in Euro)

	Items	2023	2022
10.	Interest and similar income	52,119,092	42,177,495
	of which: interest income calculated using the effective interest method	51,717,558	41,789,205
20.	Interest and similar expense	(12,368,530)	(23,051,663)
30.	**Net interest income**	**39,750,562**	**19,125,832**
40.	Commission income	10,356,413	25,215,002
50.	Commission expense	(6,277,090)	(11,445,411)
60.	Net commission income	4,079,323	13,769,591
70.	Dividends and similar income	-	-
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	-	-
	b) other financial assets mandatorily measured at fair value	-	-
120.	**Net interest and other banking income**	**43,829,885**	**32,895,423**
130.	Net impairment losses/reversals for credit risk relating to:	(2,683,801)	(5,629,320)
	a) financial assets measured at amortised cost	(2,683,801)	(5,629,320)
150.	Net income from financial activities	41,146,084	27,266,103
160.	Administrative expenses:	(18,155,602)	(19,260,109)
	a) staff costs	(7,894,518)	(7,701,861)
	b) other administrative expenses	(10,261,084)	(11,558,248)
170.	Net provisions for risks and charges	34,383	(52,259)
	a) commitments and guarantees granted	-	-
	b) other net provisions	34,383	(52,259)
180.	Net impairment losses/reversals on property, plant and equipment	(425,584)	(700,185)
190.	Net impairment losses/reversals on intangible assets	-	-
200.	Other operating expense/income	3,234,587	4,096,370
210.	**Operating costs**	**(15,312,216)**	**(15,916,183)**
250.	Gains (Losses) on disposal of investments	33	-
260.	**Profit (Loss) from current operations before tax**	**25,833,901**	**11,349,920**
270.	Income taxes on current operations for the year	(8,414,535)	(3,719,779)
280.	**Profit (Loss) from current operations after tax**	**17,419,366**	**7,630,141**
300.	**Profit (loss) for the year**	**17,419,366**	**7,630,141**

Banca Cesare Ponti
Società per azioni
Share Capital: Euro 14,000,000.00 fully paid in.
Tax Code and Companies Register no. 07051880966
Registered office in Milan, Piazza Duomo 19
Administrative headquarters and General Management in Milan, Piazza Duomo 19

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	94,862,849	122,393,103
20.	Financial assets measured at fair value through profit or loss	112,163,590	101,480,949
	a) financial assets held for trading	13,857,213	13,714,956
	b) financial assets designated at fair value	96,076,970	87,765,993
	c) other financial assets mandatorily measured at fair value	2,229,407	-
30.	Financial assets measured at fair value through other comprehensive income	53,914,554	38,700
40.	Financial assets measured at amortised cost	110,659,864	125,731,141
	a) loans to banks	29,188,924	43,196,253
	b) loans to customers	81,470,940	82,534,888
50.	Hedging derivatives	-	-
70.	Equity investments	-	-
80.	Property, plant and equipment	7,479,461	3,458,703
90.	Intangible assets	-	-
	of which		
	- goodwill	-	-
100.	Tax assets	2,417,107	1,422,789
	a) current	80,760	23,289
	b) deferred	2,336,347	1,399,500
110.	Non-current assets and disposal groups classified as held for sale	-	2,902,370
120.	Other assets	7,935,296	13,089,674
	Total assets	**389,432,721**	**370,517,429**

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	154,533,720	211,387,907
	a) due to banks	1,659,709	18,292,681
	b) due to customers	146,309,443	186,530,315
	c) debt securities issued	6,564,568	6,564,911
20.	Financial liabilities held for trading	958,671	1,164,883
30.	Financial liabilities designated at fair value	104,960,056	96,286,071
40.	Hedging derivatives	15,939,511	14,203,610
50.	Change in value of macro-hedged financial liabilities (+/-)	-	-
60.	Tax liabilities	261,630	790,857
	a) current	-	585,329
	b) deferred	261,630	205,528
70.	Liabilities associated with assets classified as held for sale	-	-
80.	Other liabilities	8,453,690	15,074,727
90.	Employee termination indemnities	327,916	323,835
100.	Provisions for risks and charges	1,352,288	589,821
	a) commitments and guarantees granted	2,489	4,815
	b) pension and similar obligations	-	-
	c) other provisions for risks and charges	1,349,799	585,006
110.	Valuation reserves	(1,756,780)	(66,414)
140.	Reserves	81,131,034	5,347,041
150.	Share premium reserve	6,388,794	6,388,794
160.	Share capital	14,000,000	14,000,000
180.	Profit (Loss) for the year (+/-)	2,882,191	5,026,297
	Total liabilities and shareholders' equity	**389,432,721**	**370,517,429**

Banca Cesare Ponti
Società per azioni
Share Capital: Euro 14,000,000.00 fully paid in.
Tax Code and Companies Register no. 07051880966
Registered office in Milan, Piazza Duomo 19
Administrative headquarters and General Management in Milan, Piazza Duomo 19

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	10,070,546	5,209,038
	of which: interest income calculated using the effective interest method	6,091,962	3,199,654
20.	Interest and similar expense	(1,286,795)	(855,542)
30.	**Net interest income**	**8,783,751**	**4,353,496**
40.	Commission income	10,808,532	8,898,846
50.	Commission expense	(583,535)	(5,423,655)
60.	Net commission income	10,224,997	3,475,191
80.	Net income from trading activities	3,923,560	(277,923)
90.	Net income from hedging activities	179,235	705,977
100.	Gains (Losses) on disposal or repurchase of:	6,534	(8,368)
	a) financial assets measured at amortised cost	6,534	(8,368)
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(7,515,320)	4,456,251
	a) financial assets and liabilities designated at fair value	(7,605,770)	4,468,714
	b) other financial assets mandatorily measured at fair value	90,450	(12,463)
120.	**Net interest and other banking income**	**15,602,757**	**12,704,624**
130.	Net impairment losses for credit risk relating to:	(65,908)	(36,357)
	a) financial assets measured at amortised cost	(66,616)	(36,345)
	b) financial assets measured at fair value through other comprehensive income	708	(12)
140.	Gains (losses) from contractual modifications without derecognition	-	10,882
150.	**Net income from financial activities**	**15,536,849**	**12,679,149**
160.	Administrative expenses:	(11,560,993)	(8,926,766)
	a) staff costs	(5,397,693)	(3,798,994)
	b) other administrative expenses	(6,163,300)	(5,127,772)
170.	Net provisions for risks and charges	(4,235)	(26,534)
	a) commitments and guarantees granted	2,326	(4,516)
	b) other net provisions	(6,561)	(22,018)
180.	Net adjustments to property, plant and equipment	(1,373,768)	(1,175,208)
190.	Net adjustments to intangible assets	-	(1,119,901)
200.	Other operating expense/income	1,041,666	5,816,338
210.	**Operating costs**	**(11,897,330)**	**(5,432,071)**
250.	Gains (Losses) on disposal of investments	547,630	-
260.	**Profit (Loss) from current operations before tax**	**4,187,149**	**7,247,078**
270.	Income taxes on current operations for the period	(1,304,958)	(2,220,781)
280.	Profit (Loss) from current operations after tax	2,882,191	5,026,297
300.	**Profit (loss) for the year**	**2,882,191**	**5,026,297**

BPER Reoco
Società per azioni
Share Capital: Euro 8,326,160.00 fully paid in
Tax Code and Companies Register no. MI/260712
Registered office in Milan - Via Mike Bongiorno 13
Operational Offices in Genoa - Via del Colle 95 R

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023	2022
Investment Property	7,259,000	4,836,307
Rights of use on property	368,569	139,686
Other property, plant and equipment	30,609	39,434
Equity investments	2,984,051	1,007,283
Deferred tax assets	1,128	1,128
Trade receivables and other non-current assets	1,411	1,024
- of which Parent Company and its subsidiaries	-	-
- of which others	*1,411*	*1,024*
Total non-current assets	**10,644,769**	**6,024,862**
Inventories of goods	87,202,458	91,405,943
Trade receivables and other current assets	225,336	318,445
- of which customers	*54,412*	*92,969*
- of which Parent Company and its subsidiaries	*110,009*	*114,847*
- of which others	*60,914*	*110,630*
Current tax assets	2,490,062	3,033,655
Cash and cash equivalents	9,815,412	18,108,680
- of which Parent Company and its subsidiaries	*9,814,459*	*18,108,456*
- of which Cash	*953*	*223*
Total current assets	**99,733,269**	**112,866,723**
Non-current assets held for sale	**-**	**-**
Total assets	**110,378,038**	**118,891,585**

(in Euro)

Liabilities and shareholders' equity	2023	2022
Share capital	8,326,160	8,326,160
Legal reserve	-	-
Valuation reserves	-	-
Share premium reserve	714,588	6,300,000
Other reserves	42,023,044	15,993,899
Losses carried forward	-	(2,991,733)
Profit (loss) for the year	(8,426,420)	(18,533,914)
Shareholders' equity	**42,637,372**	**9,094,412**
Non-current payables due to banks and other lenders	59,221,223	104,068,679
- of which Parent Company and its subsidiaries	*59,221,223*	*104,068,679*
- of which others	-	-
Deferred tax liabilities	8,882	18,484
Provisions for risks and charges	2,780,000	2,826,970
Total non-current liabilities	**62,010,105**	**106,914,133**
Current payables due to banks and other lenders	3,126,717	483,267
- of which Parent Company and its subsidiaries	*3,126,717*	*483,267*
- of which others	-	-
Trade receivables and other current liabilities	2,338,899	2,071,025
- of which suppliers	*849,087*	*806,108*
- of which Parent Company and its subsidiaries	*503,211*	*763,790*
- of which others	*986,601*	*501,127*
Current tax liabilities	264,945	328,750
Total current liabilities	5,730,561	2,883,041
Liabilities directly associated with assets held for sale	-	-
Total liabilities	**67,740,666**	**109,797,174**
Total liabilities and shareholders' equity	**110,378,038**	**118,891,585**

BPER Reoco
Società per azioni
Share Capital: Euro 8,326,160.00 fully paid in
Tax Code and Companies Register no. MI/260712
Registered office in Milan - Via Mike Bongiorno 13
Operational Offices in Genoa - Via del Colle 95 R

Income Statement as at 31 December 2023

(in Euro)

Items of the Income Statement	**2023**	**2022**
Revenues from sales and services	13,873,890	16,917,651
- of which Parent Company and its subsidiaries	*79,060*	*103,560*
- of which from others	*13,794,830*	*16,814,091*
Changes in inventories of work in progress	(11,335,436)	(27,132,163)
Other income and revenues	439,917	573,512
- of which Parent Company and its subsidiaries	*326,530*	*461,387*
- of which from others	*113,387*	*112,125*
Total value of production	**2,978,371**	**(9,641,000)**
Costs for raw materials	-	(500,906)
Service costs	(5,743,422)	(5,331,325)
- of which Parent Company and its subsidiaries	*(1,353,006)*	*(893,880)*
- of which from others	*(4,390,416)*	*(4,437,444)*
Costs for use of third-party assets	(12,042)	(24,589)
Amortisation, depreciation and write-downs	(136,891)	31,169
- of which write-down from receivables included in current assets	*(66,759)*	*(14,977)*
- of which net result of fair value measurement of investment property	*(21,308)*	*77,015*
-of which net result of fair value measurement of property, plant and equipment intended for business administration	-	-
- of which amortisation from Rights of use on property	*(38,587)*	*(8,822)*
-of which depreciation from Property, plant and equipment intended for business administration	-	-
- of which depreciation from other fixed assets	*(10,237)*	*(9,507)*
-of which amortisation from intangible assets	-	*(12,541)*
Provisions for risks and charges	(18,239)	3,144
Other operating costs	(846,782)	(851,432)
- of which Parent Company and its subsidiaries	*(692)*	*(200)*
- of which from others	*(846,090)*	*(851,232)*
Total cost of production	**(6,757,377)**	**(6,673,939)**
Operating income	**(3,779,006)**	**(16,314,938)**
Dividends	-	-
Financial income	1,820	759
- of which Parent Company and its subsidiaries	*1,818*	*759*
- of which from others	*2*	-
Financial charges	(4,303,529)	(928,845)
- of which Parent Company and its subsidiaries	*(4,303,443)*	*(928,845)*
- of which from others	*(86)*	-
Write-down of equity investments	(523,232)	(1,272,569)
Pre-tax profit	**(8,603,947)**	**(18,515,593)**
Taxes	177,527	(18,321)
- of which current	*167,925*	*961*
- of which deferred	*9,602*	*(19,282)*
Profit (loss) from current operations after tax	**(8,426,420)**	**(18,533,914)**
Profit (loss) after tax from discontinued operations	**-**	**-**
Profit (loss) after tax	**(8,426,420)**	**(18,533,914)**

Carige Covered Bond
Società a responsabilità limitata
Share Capital: Euro 10,000.00 fully paid in
Tax Code and Companies Register no. 05887770963
Registered Office in Via Cassa di Risparmio 15, Genoa

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	77,954	88,120
100.	Tax assets	1,497	1,187
	a) current	1,497	1,187
120.	Other assets	31,180	11,631
	Total assets	**110,631**	**100,938**

Liabilities and shareholders' equity		2023	2022
60.	Tax liabilities	4,362	2,695
	a) current	4,362	2,695
80.	Other liabilities	96,269	88,243
160.	Share capital	10,000	10,000
	Total liabilities and shareholders' equity	**110,631**	**89,307**

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2022
10.	Interest and similar income	101,067	72,533
30.	**Net interest income**	**101,067**	**72,533**
50.	Commission expense	-	(6)
60.	**Net commission income**	**-**	**(6)**
120.	**Net interest and other banking income**	**101,067**	**72,527**
160.	Administrative expenses:	(98,248)	(72,527)
	a) staff costs	-	(20,500)
	b) other administrative expenses	(98,248)	(52,027)
200.	Other operating expense/income	(436)	-
260.	**Profit (Loss) from current operations before tax**	**2,383**	**-**
270.	Income taxes on current operations for the period	(2,383)	-
300.	**Profit (loss) for the year**	**-**	**-**

Lanterna Finance
Società a responsabilità limitata
Share Capital: Euro 10,000.00 fully paid in
Tax Code and Companies Register no. 08703420961
Registered office in Genoa

Balance sheet as at 31 December 2023

(in Euro)

Assets		2023	2022
10.	Cash and cash equivalents	58,228	66,441
120.	Other assets	78,223	27,794
	Total assets	**136,451**	**94,235**

Liabilities and shareholders' equity		2023	2022
10.	Financial liabilities measured at amortised cost	56,611	24,400
	a) due to banks	56,611	24,400
60.	Tax liabilities	1,990	-
	a) current	1,990	-
80.	Other liabilities	67,850	59,835
160.	Share capital	10,000	10,000
	Total liabilities and shareholders' equity	**136,451**	**94,235**

Income Statement as at 31 December 2023

(in Euro)

Items		2023	2023
50.	Commission expense	(422)	(171)
60.	**Net commission income**	**(422)**	**(171)**
120.	**Net interest and other banking income**	**(422)**	**(171)**
150.	**Net income from financial activities**	**(422)**	**(171)**
160.	Administrative expenses:	(93,224)	(65,664)
	a) staff costs	(19,560)	(17,382)
	b) other administrative expenses	(73,664)	(48,282)
200.	Other operating expense/income	95,636	65,835
210.	**Operating costs**	**1,990**	**171**
260.	**Profit (Loss) from current operations before tax**	**1,990**	**-**
270.	Income taxes on current operations for the period	(1,990)	-
280.	**Profit (Loss) from current operations after tax**	**-**	**-**
300.	**Profit (loss) for the year**	**-**	**-**

Lanterna Mortgage
Società a responsabilità limitata
Share Capital: Euro 10,000.00 fully paid in
Tax Code and Companies Register no. 09342920965
Registered office in Genoa

Balance sheet as at 31 December 2023

(in Euro)

ASSETS	2023	2022
C) CURRENT ASSETS		
II. Loans		
5) from others		
- sundry receivables	16,709	24,353
Total loans	**16,709**	**24,353**
IV. Cash and cash equivalents		
1) bank and postal deposits;	8,510	9,369
Total cash and cash equivalents	**8,510**	**9,369**
TOTAL CURRENT ASSETS (C)	**25,219**	**33,722**
TOTAL CURRENT ASSETS (A+B+C+D)	**25,219**	**33,722**

LIABILITIES	2023	2022
A) SHAREHOLDERS' EQUITY:		
I. Share capital	10,000	10,000
TOTAL SHAREHOLDERS' EQUITY (A)	**10,000**	**10,000**
D) DEBTS		
7) due to suppliers;	13,329	22,219
12) tax liabilities;	1,890	1,083
13) due to social security institutions;	-	420
14) other liabilities	-	-
- sundry payables	-	-
- payables due to securitised assets	-	-
TOTAL PAYABLES (D)	**15,219**	**23,722**
TOTAL LIABILITIES (A+B+C+D+E)	**25,219**	**33,722**

Lanterna Mortgage
Società a responsabilità limitata
Share Capital: Euro 10,000.00 fully paid in
Tax Code and Companies Register no. 09342920965
Registered office in Genoa

Income Statement as at 31 December 2023

(in Euro)

Items	2023	2022
A) VALUE OF PRODUCTION:		
5) other revenue and income, with operating grants indicated separately	50,599	36,577
TOTAL VALUE OF PRODUCTION (A)	**50,599**	**36,577**
B) COSTS OF PRODUCTION:		
6) raw materials, ancillary materials, consumables and commodities;	-	-
7) service costs;	30,800	29,676
9) staff costs;	16,479	6,471
a) wages and salaries;	16,399	6,191
b) social security charges;	80	280
14) other operating costs.	1,430	430
TOTAL COST OF PRODUCTION (B)	**48,709**	**36,577**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	**1,890**	**-**
C) FINANCIAL INCOME AND EXPENSE:		
17) interest and other financial charges	-	-
TOTAL FINANCIAL INCOME AND EXPENSE (C)	**-**	**-**
PROFIT (LOSS) BEFORE TAX (A-B+/-C+/-D+/-E)	**-**	**-**
INCOME TAXES FOR THE YEAR	1,890	
23) PROFIT (LOSS) FOR THE YEAR	**-**	**-**

Centro Fiduciario in liquidation (*)
Società per azioni
Share Capital: Euro 500,000.00 fully paid in.
Tax Code and Companies Register no. 00526940101
Registered Office in Via Cassa di Risparmio 15, Genoa

Final liquidation accounts as at 30 September 2023

Balance sheet

(in Euro)

ASSETS	2023	2022
C) CURRENT ASSETS		
II. Receivables due within 12 months		
4 bis) Tax receivables	67,396	61,893
5) from others	-	514
Total loans	**67,396**	**62,407**
IV. Cash and cash equivalents		
1) Bank and postal deposits	150,207	491,572
3) Cash on hand	-	86
Total cash and cash equivalents	**150,207**	**491,658**
TOTAL CURRENT ASSETS (C)	**217,603**	**554,065**
TOTAL ASSETS (C)	**217,603**	**554,065**

LIABILITIES	2023	2022
A) SHAREHOLDERS' EQUITY:		
I. Share capital	50,000	500,000
IV. Legal reserve	15,119	15,119
VI. Other reserves - liquidation adjustments	(7,500)	(7,500)
VIII. Losses carried forward	(290,695)	(301,048)
IX. Profit (Loss) for the year	679	10,353
TOTAL SHAREHOLDERS' EQUITY (A)	**217,603**	**216,924**
B) PROVISIONS FOR RISKS AND CHARGES		
3) Other	**-**	**50,977**
TOTAL PROVISIONS FOR RISK AND CHARGES (B)	**-**	**50,977**
D) PAYABLES DUE WITHIN 12 MONTHS		
7) Due to suppliers	-	1,366
11) Due to Parent Companies	-	261,331
14) Other liabilities	-	23,467
TOTAL PAYABLES (D)	**-**	**286,164**
TOTAL LIABILITIES (A+B+C+D)	**217,603**	**554,065**

(*) On 6 March 2024, the company was removed from the Register of Companies.

Centro Fiduciario in liquidation (*)
Società per azioni
Share Capital: Euro 500,000.00 fully paid in.
Tax Code and Companies Register no. 00526940101
Registered Office in Via Cassa di Risparmio 15, Genoa

Income Statement

(in Euro)

Items	2023	2022
A) VALUE OF PRODUCTION::		
1) Revenues from sales and services	-	-
5) Other revenue and income, with operating grants indicated separately	265	47,650
TOTAL VALUE OF PRODUCTION (A)	265	47,650
B) COSTS OF PRODUCTION:		
7) service costs;	46,506	39,866
12) Provisions for risks	-	-
14) Other operating costs	3,712	504
TOTAL COST OF PRODUCTION (B)	**50,218**	**40,370**
B1) USE OF PROVISION FOR LIQUIDATION EXPENSES AND CHARGES	**50,632**	**(3,073)**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	**679**	**10,353**
C) FINANCIAL INCOME AND EXPENSE:		
16) other financial income		
b) from securities recorded under fixed assets	-	-
d) other income	-	-
of which transactions with the parent company	-	-
Total financial income	**-**	**-**
17) interest and other financial charges	-	-
TOTALE (17)	**-**	**-**
TOTAL FINANCIAL INCOME AND EXPENSE (15+16-17+/-17bis)	**-**	**-**
PROFIT (LOSS) BEFORE TAX (A-B+/-C+/-D+/-E)	**679**	**10,353**
22) INCOME TAXES FOR THE YEAR	**-**	**-**
TOTAL TAX (22)	**-**	**-**
23) PROFIT (LOSS) FOR THE YEAR	**679**	**10,353**

(*) On 6 March 2024, the company was removed from the Register of Companies.

St. Anna Golf
Società a responsabilità limitata
Share Capital: Euro 50,000.00 fully paid in
Tax Code and Companies Register no. 02919060109
Registered office in Genoa
Administrative headquarters and General Management - Via Cassa di Risparmio 15, Genoa

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023	2022
B) FIXED ASSETS		
I. Intangible assets		
Total intangible fixed assets	5,976	3,504
b) financial assets designated at fair value		
II. Materials		
Total property, plant and equipment	**8,314,627**	**8,299,824**
III. Financial		
Total fixed financial assets	**519,426**	**475,795**
TOTAL FIXED ASSETS (B)	**8,840,029**	**8,779,123**
C) CURRENT ASSETS		
I. Inventories		
Total inventories	**680,000**	**630,000**
II - Loans		
Total loans	**391,083**	**381,469**
- payable within next financial year	391,083	381,469
IV. Cash and cash equivalents		
Total cash and cash equivalents	**174,730**	**466**
TOTAL CURRENT ASSETS (C)	**1,245,813**	**1,011,935**
D) ACCRUED INCOME AND PREPAID EXPENSES	1,439	414
Total assets	**10,087,281**	**9,791,472**

Liabilities and shareholders' equity	2023	2022
A) SHAREHOLDERS' EQUITY		
I. Capital	50,000	50,000
II. Share premium reserve	957,283	1,165,969
VI. Other reserves, indicated separately	1,500,000	1,182,159
8) Payments to cover losses	1,500,000	1,182,159
VIII. Retained earnings (losses carried forward)	-	(99,444)
IX. Profit (loss) for the year	(511,908)	(1,291,401)
Loss covered in the year		
TOTAL SHAREHOLDERS' EQUITY (A)	**1,995,375**	**1,007,283**
a) current		
b) deferred		
B) PROVISIONS FOR RISKS AND CHARGES		
TOTAL PROVISIONS FOR RISK AND CHARGES (B)	**123,739**	**91,739**
D) LIABILITIES		
TOTAL PAYABLES (D)	**7,921,439**	**8,637,671**
- payable within next financial year	599,820	1,607,218
- payable after next financial year	7,321,619	7,030,453
E) ACCRUED INCOME AND PREPAID EXPENSES	46,728	54,779
Total liabilities and shareholders' equity	**10,087,281**	**9,791,472**

St. Anna Golf
Società a responsabilità limitata
Share Capital: Euro 50,000.00 fully paid in.
Tax Code and Companies Register no. 02919060109
Registered office in Genoa
Administrative headquarters and General Management - Via Cassa di Risparmio 15, Genoa

Balance sheet as at 31 December 2023

(in Euro)

Items	2023	2022
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	317,328	312,996
2) change in inventories of work in progress, semi-finished and finished products	50,000	(520,000)
5) Other revenue and income relating to:	20,774	22,054
- Core business	20,774	22,056
- Extraordinary operations:	-	-
TOTAL VALUE OF PRODUCTION (A)	**388,102**	**(184,948)**
B) COSTS OF PRODUCTION		
6) raw materials, ancillary materials, consumables and commodities	(17,852)	(32,137)
7) services	(131,726)	(161,663)
8) use of third-party assets	(7,182)	(6,758)
10) Amortisation, depreciation and write-downs	(222,430)	(210,625)
a) Amortisation of intangible fixed assets	(876)	(876)
b) Depreciation of property, plant and equipment	(221,554)	(209,749)
12) Provisions for risks	(32,000)	-
14) Other operating costs relating to:	(86,881)	(99,585)
- Core business	(86,881)	(99,585)
TOTAL COST OF PRODUCTION (B)	**(498,071)**	**(510,769)**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	(109,969)	(695,717)
C) FINANCIAL INCOME AND EXPENSE		
17) Interest and other financial expense		
e) other	(45,569)	(51,006)
Total interest and other financial expense	(45,569)	(51,006)
TOTAL FINANCIAL INCOME AND EXPENSE (15 + 16 - 17 +/- 17bis)	(45,569)	(51,006)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES		
Write-downs		
a) of equity investments	(356,370)	(543,164)
Total write-downs	**(356,370)**	**(543,164)**
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (D)	**(356,370)**	**(543,164)**
PROFIT (LOSS) BEFORE TAX (A - B +/- C +/- D)	(511,908)	(1,289,887)
20) Taxes on income: current, deferred, prepaid	-	(1,514)
b) taxes relating to previous years	-	(1,514)
21) Profit (loss) for the year	**(511,908)**	**(1,291,401)**

Commerciale Piccapietra
Società a responsabilità limitata a Socio unico
Share Capital: Euro 500,000 fully paid in
Tax Code and Companies Register no. 02807740994
Registered office in Genoa

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023	2022
B) Fixed assets, with those granted under a finance lease indicated separately:		
I. Intangible fixed assets	412,015	412,015
II. Tangible fixed assets	500	500
Total fixed assets, with those granted under a finance lease indicated separately	**412,515**	**412,515**
C) Current assets:		
IV. Cash and cash equivalents	2,068,661	80,950
Total working capital	**2,068,661**	**80,950**
D) Accruals and deferrals, with separate indication of the discount on loans	**93**	**-**
Total assets	**2,481,269**	**493,465**

Liabilities and shareholders' equity	2023	2022
A) Shareholders' equity:		
I. Capital	500,000	500,000
II. Share premium reserve	-	-
IV. Legal reserve	-	-
VII. Other reserves	2,000,001	1
VIII. Losses carried forward	(25,923)	-
IX. Profit (loss) for the year	(11,819)	(25,923)
Total shareholders' equity	**2,462,259**	**474,078**
B) Provisions for risks and charges	**-**	**-**
C) Provisions for staff severance indemnities	**-**	**-**
D) Payables, with separate indication, for each item, of the amounts payable after the next financial year		
- payable within next financial year	19,010	18,941
- payable after next financial year	-	-
Total payables, with separate indication, for each item, of the amounts payable after the next financial year	**19,010**	**18,941**
E) Accrued expenses and deferred income	**-**	**446**
Total liabilities and shareholders' equity	**2,481,269**	**493,465**

Commerciale Piccapietra
Società a responsabilità limitata a Socio unico
Share Capital: Euro 500,000 fully paid in
Tax Code and Companies Register no. 02807740994
Registered office in Genoa

Income Statement as at 31 December 2023

(in Euro)

Items	2023	2022
A) Value of production:		
1) revenues from sales and services	-	-
5) other revenue and income, with operating grants indicated separately	1	-
Total value of production	**1**	**-**
B) Costs of production:		
6) raw materials, supplies and consumables	-	-
7) services	11,389	25,483
8) use of third-party assets		-
9) staff costs		-
10) amortisation, depreciation and write-downs:		-
a) amortisation of intangible fixed assets		-
b) depreciation of property, plant and equipment		-
c) Other write-downs of fixed assets		-
d) write-downs of receivables included in current assets and cash and cash equivalents		-
11) changes in inventories of raw materials, ancillary materials, consumables and commodities		-
12) Provisions for risks		-
14) other operating costs	431	440
Total costs of production	**11,820**	**25,923**
Difference between production revenues and costs (A-B)	**(11,819)**	**(25,923)**
C) Financial income and expense:		
16) Other financial income	-	-
17) interest and other financial expense, with separate indication of those from subsidiaries and associates and to parent companies	-	-
Total net operating income and expenses	**-**	**-**
Profit (loss) before tax	**(11,819)**	**(25,923)**
20) Income taxes for the year: current, deferred and prepaid		-
21) Profit (loss) for the year	**(11,819)**	**(25,923)**

Annia
Società a responsabilità limitata a Socio unico
Share capital 100,000, fully paid-in
Tax Code and Companies Register no. 12792090966
Registered office in Milan, via Mike Bongiorno 13
Administrative Headquarters and General Management - Milan, via Mike Bongiorno 13

Balance sheet as at 31 December 2023

(in Euro)

Assets	2023
B) FIXED ASSETS	
I. Intangible assets	
Total intangible fixed assets	2,000
1) Start-up and expansion costs	2,000
5) Goodwill	-
II. Materials	
	14,050,715
1) Land and buildings	14,050,715
1) Industrial and commercial equipment	-
TOTAL FIXED ASSETS (B)	**14,052,715**
C) CURRENT ASSETS	
II. Loans	37,898
1) from customers	37,423
5-quarter) from others	475
IV. Cash and cash equivalents	1,681,008
1) bank and postal deposits;	1,681,008
TOTAL CURRENT ASSETS (C)	**1,718,906**
D) ACCRUED INCOME AND PREPAID EXPENSES	**-**
Total assets	**15,771,621**

(in Euro)

Liabilities and shareholders' equity	2023
A) SHAREHOLDERS' EQUITY	
I. Capital	100,000
II. Share premium reserve	900,000
Loss covered in the year	(11,324)
TOTAL SHAREHOLDERS' EQUITY (A)	**988,676**
B) PROVISIONS FOR RISKS AND CHARGES	**-**
C) PROVISIONS FOR STAFF SEVERANCE INDEMNITIES	**-**
D) LIABILITIES	
TOTAL PAYABLES (D)	**14,782,945**
7) Due to suppliers	68,915
11) Due to Parent Companies	14,633,886
12) Tax liabilities	10,891
14) Other liabilities	69,253
E) ACCRUED INCOME AND PREPAID EXPENSES	**-**
Total liabilities	14,782,945
Total liabilities and shareholders' equity	**15,771,621**

The tables do not present the period of comparison as the company was established on 6 February 2023.

Annia
Società a responsabilità limitata a Socio unico
Share capital 100,000, fully paid-in
Tax Code and Companies Register no. 12792090966
Registered office in Milan, via Mike Bongiorno 13
Admministrative Headquartes and General Management - Milan, via Mike Bongiorno 13

Income Statement as at 31 December 2023

(in Euro)

Items	2023
A) VALUE OF PRODUCTION	
1) Revenues from sales and services	862,490
2) change in inventories of work in progress, semi-finished and finished products	
5) Other revenue and income relating to:	
- Core business	36,858
- Extraordinary operations:	
TOTAL VALUE OF PRODUCTION (A)	**899,348**
B) COSTS OF PRODUCTION	
6) raw materials, ancillary materials, consumables and commodities	
7) services	(265,151)
8) use of third-party assets	
10) Amortisation, depreciation and write-downs	(346,010)
a) Amortisation of intangible fixed assets	(501)
b) Depreciation of property, plant and equipment	(345,509)
14) Other operating costs relating to:	(116,222)
- Core business	(116,222)
TOTAL COST OF PRODUCTION (B)	**(727,383)**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	**171,965**
C) FINANCIAL INCOME AND EXPENSE	
17) Interest and other financial expense	(172,597)
e) other	
Total interest and other financial expense	**(172,597)**
TOTAL FINANCIAL INCOME AND EXPENSE (15 + 16 - 17 +/- 17bis)	**(172,597)**
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES	
Write-downs	
a) of equity investments	
Total write-downs	
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (D)	
PROFIT (LOSS) BEFORE TAX (A - B +/- C +/- D)	(632)
20) Taxes on income: current, deferred, prepaid	(10,692)
b) taxes relating to previous years	
21) Profit (loss) for the year	**(11,324)**

The tables do not present the period of comparison as the company was established on 6 February 2023

SUMMARY DOCUMENT OF THE ESSENTIAL INFORMATION FROM THE MOST RECENT FINANCIAL REPORT OF THE BANK'S SUBSIDIARIES

(Article 2429, paragraph 3, of the Italian Civil Code)

Cassa di Risparmio di Fossano s.p.a.

Financial Statements as at 31.12.2023 (in Euro)

Items	
total assets	**2,096,808,945**
liabilities	1,913,853,257
shareholders' equity	159,215,954
profit (loss) for the year	23,739,734
total liabilities	**2,096,808,945**
revenues	111,160,444
costs	87,420,710
profit for the year	**23,739,734**

Cassa di Risparmio di Savigliano s.p.a.

Financial Statements as at 31.12.2023 (in Euro)

Items	
total assets	**1,764,898,644**
liabilities	1,654,288,925
shareholders' equity	98,376,513
profit (loss) for the year	12,233,206
total liabilities	**1,764,898,644**
revenues	80,756,557
costs	68,523,351
profit for the year	**12,233,206**

Resiban s.p.a.

Financial Statements as at 31.12.2022 (in Euro)

Items	
total assets	**1,924,602**
liabilities	1,220,551
shareholders' equity	630,522
profit (loss) for the year	73,529
total liabilities	**1,924,602**
revenues	3,203,187
costs	3,129,658
profit for the year	**73,529**

Unione Fiduciaria s.p.a.

Items	*Financial Statements as at 31.12.2022 (in Euro)*
total assets	**80,082,097**
liabilities	30,797,904
shareholders' equity	49,085,571
profit (loss) for the year	198,622
total liabilities	**80,082,097**
revenues	21,983,399
costs	21,784,777
profit for the year	**198,622**

Sarda Factoring s.p.a.

Items	*Financial Statements as at 31.12.2023 (in Euro)*
total assets	**58,411,945**
liabilities	50,028,501
shareholders' equity	9,202,822
loss for the year	(819,378)
total liabilities	**58,411,945**
revenues	4,533,735
costs	5,353,113
loss for the year	**(819,378)**

Alba Leasing s.p.a.

Items	*Financial Statements as at 31.12.2023 (in Euro)*
total assets	**5,562,755,827**
liabilities	5,126,183,349
shareholders' equity	425,796,379
profit (loss) for the year	10,776,099
total liabilities	**5,562,755,827**
revenues	307,933,233
costs	297,157,134
profit for the year	**10,776,099**

Atriké s.p.a. in liquidation

Financial Statements as at 31.12.2022 (in Euro)

Items	
total assets	**3,622,486**
liabilities	2,824,563
shareholders' equity	119,999
profit (loss) for the year	677,924
total liabilities	**3,622,486**
revenues	747,295
costs	69,371
profit for the year	**677,924**

Lanciano Fiera - Polo Fieristico d'Abruzzo Consorzio

Financial Statements as at 31.12.2022 (in Euro)

Items	
total assets	**392,291**
liabilities	297,373
shareholders' equity	93,401
profit (loss) for the year	1,517
total liabilities	**392,291**
revenues	452,035
costs	450,518
profit for the year	**1,517**

Immobiliare Oasi nel Parco s.r.l. (*)

Financial Statements as at 31.12.2023 (in Euro)

Items	
total assets	**1,218,794**
liabilities	61,744
shareholders' equity	1,375,710
loss for the year	(218,660)
total liabilities	**1,218,794**
revenues	400,196
costs	618,856
loss for the year	**(218,660)**

(*) On 23 February 2024, the deed of transfer of the company was finalised.

Autostrada dei Fiori S.p.A.

Financial Statements as at 31.12.2023 (in Euro)

Items	
total assets	**1,312,309,388**
liabilities	706,120,559
shareholders' equity	553,495,603
profit (loss) for the year	52,693,226
total liabilities	**1,312,309,388**
revenues	277,401,928
costs	224,708,702
profit for the year	**52,693,226**

Nuova Erzelli S.r.l.

Financial Statements as at 31.12.2022 (in Euro)

Items	
total assets	**12,508**
liabilities	200
shareholders' equity	27,500
loss for the year	(15,192)
total liabilities	**12,508**
revenues	-
costs	15,192
loss for the year	**(15,192)**

Gility s.r.l. Benefit Corporation

Financial Statements as at 31.12.2023 (in Euro)

Items	
total assets	**5,432,376**
liabilities	406,745
shareholders' equity	6,354,200
loss for the year	(1,328,569)
total liabilities	**5,432,376**
revenues	1,037,398
costs	2,365,967
loss for the year	**(1,328,569)**

UnipolRental s.p.a.

Financial Statements as at 31.12.2023 (in Euro)

Items	
total assets	**2,871,731,140**
liabilities	2,708,708,117
shareholders' equity	136,817,486
profit (loss) for the year	26,205,537
total liabilities	**2,871,731,140**
revenues	699,150,726
costs	672,945,189
profit for the year	**26,205,537**

GEOGRAPHICAL ORGANISATION OF THE GROUP

Group commercial banks

Details	BPER Banca	Banco di Sardegna	Banca Cesare Ponti	31.12.2023	31.12.2022
Emilia - Romagna	**249**	**-**	**-**	**249**	**277**
Bologna	47			47	52
Ferrara	27			27	28
Forlì – Cesena	22			22	24
Modena	58			58	69
Parma	23			23	23
Piacenza	4			4	6
Ravenna	26			26	29
Reggio Emilia	29			29	32
Rimini	13			13	14
Abruzzo	**65**	**-**	**-**	**65**	**74**
Chieti	26			26	28
L'Aquila	23			23	27
Pescara	8			8	9
Teramo	8			8	10
Basilicata	**25**	**-**	**-**	**25**	**28**
Matera	12			12	13
Potenza	13			13	15
Calabria	**50**	**-**	**-**	**50**	**57**
Catanzaro	9			9	11
Cosenza	20			20	24
Crotone	6			6	7
Reggio Calabria	12			12	12
Vibo Valentia	3			3	3
Campania	**84**	**-**	**-**	**84**	**97**
Avellino	15			15	17
Benevento	4			4	4
Caserta	8			8	10
Naples	33			33	40
Salerno	24			24	26
Friuli Venezia G.	**2**	**-**	**-**	**2**	**2**
Pordenone	1			1	1
Trieste	1			1	1
Lazio	**76**	**3**	**-**	**79**	**93**
Frosinone	6			6	8
Latina	12			12	15
Rieti	5			5	5
Rome	46	3		49	58
Viterbo	7			7	7
Liguria	**114**	**1**	**1**	**116**	**147**
Genoa	63	1	1	65	76
Imperia	15			15	19
La Spezia	10			10	19
Savona	26			26	33
Lombardy	**272**	**1**	**1**	**274**	**330**
Bergamo	53			53	66
Brescia	73			73	81
Como	12			12	19

Details	BPER Banca	Banco di Sardegna	Banca Cesare Ponti	31.12.2023	31.12.2022
Cremona	5			5	7
Lecco	1			1	1
Lodi	3			3	3
Mantua	10			10	10
Milan	28	1	1	30	39
Monza Brianza	12			12	14
Pavia	25			25	31
Varese	50			50	59
Marche	**88**	**-**	**-**	**88**	**104**
Ancona	28			28	34
Ascoli Piceno	9			9	10
Fermo	9			9	11
Macerata	19			19	22
Pesaro-Urbino	23			23	27
Molise	**7**	**-**	**-**	**7**	**8**
Campobasso	4			4	5
Isernia	3			3	3
Piedmont	**78**	**-**	**-**	**78**	**98**
Alessandria	14			14	17
Asti	3			3	3
Biella	1			1	1
Cuneo	23			23	27
Novara	5			5	5
Turin	27			27	40
Verbano-Cusio-Ossola	3			3	3
Vercelli	2			2	2
Apulia	**51**	**-**	**-**	**51**	**53**
Bari	12			12	12
Barletta Andria Trani	7			7	7
Brindisi	6			6	6
Foggia	13			13	14
Lecce	5			5	5
Taranto	8			8	9
Sardinia	**-**	**280**	**-**	**280**	**307**
Cagliari		25		25	30
Nuoro		59		59	62
Oristano		39		39	44
Sassari		82		82	94
South Sardinia		75		75	77
Sicily	**43**	**-**	**-**	**43**	**57**
Agrigento	5			5	5
Catania	8			8	9
Enna	2			2	3
Messina	7			7	9
Palermo	13			13	20
Ragusa	1			1	1
Siracusa	3			3	6
Trapani	4			4	4
Tuscany	**72**	**1**	**-**	**73**	**95**
Arezzo	12			12	15
Florence	16			16	18
Grosseto	3			3	5
Livorno	4	1		5	6
Lucca	13			13	18
Massa e Carrara	14			14	21
Pisa	3			3	4
Pistoia	3			3	4

Details	BPER Banca	Banco di Sardegna	Banca Cesare Ponti	31.12.2023	31.12.2022
Prato	2			2	2
Siena	2			2	2
Aosta Valley	**1**	**-**	**-**	**1**	**1**
Aosta	1			1	1
Trentino-Alto Adige	**3**	**-**	**-**	**3**	**4**
Trento	3			3	4
Umbria	**17**	**-**	**-**	**17**	**22**
Perugia	14			14	17
Terni	3			3	5
Veneto	**50**	**-**	**-**	**50**	**59**
Belluno	2			2	2
Padua	13			13	15
Rovigo	5			5	6
Treviso	2			2	4
Venice	12			12	14
Verona	11			11	12
Vicenza	5			5	6
Total 31.12.2023	**1,347**	**286**	**2**	**1,635**	
Total 31.12.2022	**1,603**	**308**	**2**		**1,913**
Changes to the Group's geographical organisation during the year					(278)

Total branches of the BPER Banca Group

LIST OF IAS/IFRS ENDORSED BY THE EUROPEAN COMMISSION AS AT 31 DECEMBER 2023

Accounting standards

IAS/IFRS	ACCOUNTING STANDARDS	ENDORSEMENT (a)	AMENDMENTS
IAS 1	Presentation of Financial Statements	Reg. 1803/2023	Reg. 2822/2023
IAS 2	Inventories	Reg. 1803/2023	
IAS 7	Cash Flow Statement	Reg. 1803/2023	
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Reg. 1803/2023	
IAS 10	Events after the Reporting Period	Reg. 1803/2023	
IAS 12	Income Taxes	Reg. 1803/2023	Reg. 2468/2023
IAS 16	Property, Plant and Equipment	Reg. 1803/2023	
IAS 19	Employee Benefits	Reg. 1803/2023	
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Reg. 1803/2023	
IAS 21	Effects of Changes in Foreign Exchange Rates	Reg. 1803/2023	
IAS 23	Borrowing costs	Reg. 1803/2023	
IAS 24	Related Party Disclosures	Reg. 1803/2023	
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Reg. 1803/2023	
IAS 27	Separate Financial Statements	Reg. 1803/2023	
IAS 28	Investments in Associates and Joint Ventures	Reg. 1803/2023	
IAS 29	Financial Reporting in Hyperinflationary Economies	Reg. 1803/2023	
IAS 32	Financial instruments: presentation	Reg. 1803/2023	
IAS 33	Earnings per Share	Reg. 1803/2023	
IAS 34	Interim Financial Reporting	Reg. 1803/2023	
IAS 36	Impairment of Assets	Reg. 1803/2023	
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Reg. 1803/2023	
IAS 38	Intangible assets	Reg. 1803/2023	
IAS 39	Financial Instruments: recognition and measurement	Reg. 1803/2023	
IAS 40	Investment Property	Reg. 1803/2023	
IAS 41	Agriculture	Reg. 1803/2023	
IFRS 1	First-time Adoption of International Financial Reporting Standards	Reg. 1803/2023	
IFRS 2	Share-based Payment	Reg. 1803/2023	
IFRS 3	Business Combinations	Reg. 1803/2023	
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Reg. 1803/2023	
IFRS 6	Exploration for and Evaluation of Mineral Resources	Reg. 1803/2023	
IFRS 7	Financial instruments: disclosures	Reg. 1803/2023	
IFRS 8	Operating segments	Reg. 1803/2023	
IFRS 9	Financial instruments	Reg. 1803/2023	
IFRS 10	Consolidated Financial Statements	Reg. 1803/2023	
IFRS 11	Joint Arrangements	Reg. 1803/2023	
IFRS 12	Disclosure of interests in other entities	Reg. 1803/2023	
IFRS 13	Fair Value Measurement	Reg. 1803/2023	
IFRS 15	Revenue from Contracts with Customers	Reg. 1803/2023	
IFRS 16	Leases	Reg. 1803/2023	Reg. 2579/2023
IFRS 17	Insurance Contracts	Reg. 1803/2023	

Interpretations

IFRIC/SIC	INTERPRETATIONS	ENDORSEMENT (a)	AMENDMENTS
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Reg. 1803/2023	
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments	Reg. 1803/2023	
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Reg. 1803/2023	
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	Reg. 1803/2023	
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	Reg. 1803/2023	
IFRIC 10	Interim Financial Reporting and Impairment	Reg. 1803/2023	
IFRIC 12	Service Concession Arrangements	Reg. 1803/2023	
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Reg. 1803/2023	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Reg. 1803/2023	
IFRIC 17	Distributions of Non-cash Assets to Owners	Reg. 1803/2023	
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Reg. 1803/2023	
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Reg. 1803/2023	
IFRIC 21	Levies	Reg. 1803/2023	
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Reg. 1803/2023	
IFRIC 23	Uncertainty over Income Tax Treatments	Reg. 1803/2023	
SIC 7	Introduction of the Euro	Reg. 1803/2023	
SIC 10	Government Assistance – No Specific Relation to Operating Activities	Reg. 1803/2023	
SIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	Reg. 1803/2023	
SIC 29	Service Concession Arrangements: Disclosures	Reg. 1803/2023	
SIC 32	Intangible Assets – Web Site Costs	Reg. 1803/2023	

Key: (a) Reg. 1803/2023 repeals Commission Regulation (EC) no. 1126/2008 adopting International Accounting Standards and related Interpretations issued or adopted by the IASB until 15 October 2008. This Regulation was amended to include Standards and related Interpretations issued or adopted by the IASB and adopted by the Commission until 8 September 2022, in accordance with Regulation (EC) No. 1606/2002.

RESOLUTIONS OF THE SHAREHOLDERS' MEETING HELD ON 19 APRIL 2024

The ordinary and extraordinary shareholders' meeting, in one call, chaired by Flavia Mazzarella, passed the following resolutions:

- 2023 Separate financial report approved, along with the proposal for the allocation of profit and the proposed distribution of a cash dividend of Euro 0.30 per share for each of the 1,415,850,518 ordinary shares representing the share capital, for a maximum total amount of Euro 424,755,155.40 (net of treasury shares held in the portfolio on the ex-date, on which no dividend will be paid);
- new Board of Directors appointed for the three-year period 2024-2026 and remuneration of Directors determined;
- Board of Statutory Auditors appointed for the three-year period 2024-2026 and remuneration of Statutory Auditors determined;
- KPMG S.p.A. engaged as the independent auditing firm for the period 2026-2034, determining the relevant fees and criteria for any fee adjustment during the period of their engagement, in line with the Board of Statutory Auditors' proposal;
- Section I and II of the 2024 Report on Remuneration Policy and compensation paid approved, respectively with a binding and non-binding resolution;
- short-term incentive plan based on financial instruments approved, pursuant to art. 114-*bis* of the Consolidated Law on Finance, as described in the relevant Information Document;
- purchase and disposal of up to 17,400,000 BPER Banca S.p.A. ordinary shares approved (not exceeding a total value of Euro 53.070 million), with no par value, to service the 2024 MBO incentive scheme and the 2022-2025 Long-Term Incentive (LTI) Plan, in addition to any severance payments due;
- Board of Directors vested with the power to supplement, pursuant to Article 2420-*ter* of the Italian Civil Code and subject to the obtainment of the relative authorisations from the relevant Supervisory Authorities, the share capital increase resolved upon by the Board in July 2019 to service the conversion of the *Additional Tier 1* bond loan issued by the Bank on 25 July 2019, through the issue, in one or more tranches, of maximum 30,000,000 additional ordinary shares to service the conversion of the aforementioned *Additional Tier 1* bond loan, for the purpose of conversion price adjustments.

As per the notice of call, participation in the Shareholders' Meeting by those entitled to attend and vote was allowed with no access to the meeting rooms, exclusively via the Designated Representative pursuant to art. 135-*undecies* of Legislative Decree 58 of 24 February 1998 (Consolidated Law on Finance), in accordance with current regulations.

Exclusively through the Designated Representative, a total of 748 Shareholders with voting rights attended the Shareholders' Meeting representing a total of 901,545,146 ordinary shares, equal to 63.675164% of the total share capital.