BPER:
Gruppo

CONSOLIDATED INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2021

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

BPER Banca S.p.A.
Head office in Via San Carlo 8/20, Modena, Italy
Tel. 059/2021111 – Fax 059/2022033
Register of Banks no. 4932
Parent Company of the BPER Banca S.p.A. Banking Group
Registered in the Register of Banking Group with ABI code 5387.6
http://www.bper.it, http://istituzionale.bper.it;
E-mail: bpergroup@bper.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 as at 28 October 2020 €
2,100,435,182.40
Member of the Interbank Deposit Protection Fund and of the National Guarantee Fund
Ordinary shares listed on the MTA market

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Directors and officers of the Parent Company at the date of approval of the consolidated interim report on operations as at 30 September 2021

Board of Directors

Chair:	Flavia Mazzarella
Deputy chair:	Riccardo Barbieri
Chief Executive Officer:	Piero Luigi Montani
Directors:	Elena Beccalli Silvia Elisabetta Candini ing. Maria Elena Cappello Cristiano Cincotti Gianfranco Farre Alessandro Robin Foti Roberto Giay Ganni Franco Papa Marisa Pappalardo Monica Pilloni Gian Luca Santi Elisa Valeriani (#)

Board of Statutory Auditors

Chair:	Daniela Travella (##)
Acting Auditors:	rag. Paolo De Mitri Patrizia Tettamanzi (##)
Substitute Auditors:	Sonia Peron (##) Andrea Scianca

General Management

General Manager:	Piero Luigi Montani (###)
Deputy General Managers:	Stefano Rossetti (Vice) Elvio Sonnino

Manager responsible for preparing the Company's financial reports

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

Independent Auditors

Deloitte & Touche s.p.a.

(#) Elisa Valeriani was appointed at the Shareholders' Meeting of 23 June 2021 following the resignation of Alessandra Ruzzu. with effect from 20 May 2021.
(##) Daniela Travella was elected Chair of the Board of Statutory Auditors at the Shareholders Meeting of 23 June 2021, following the resignation of Nicola Bruni with effect from the date of Shareholders Meeting. The same Shareholders' Meeting appointed Patrizia Tettamanzi as acting auditor and Sonia Peron as substitute auditor to replace Patrizia Tettamanzi, resigning from office due to her appointment as Acting Auditor.
(###) Piero Luigi Montani was appointed General Manager by the Board of Directors at its meeting on 4 August 2021 following the mutual agreement on the termination of the employment relationship with General Manager Alessandro Vandelli, effective 5 August 2021.

Group interim report on operations as at 30 September 2021


La solidità di una realtà
nazionale forte, unita alla
vicinanza concreta alle persone,
ci permette di anticipare le
BPER:
Banca
PER BARBARA
CHE CREDE IN UN FUTURO
PIÙ SOSTENIBILE.
Come Barbara, pensiamo che dare valore alle persone significhi tutelare l'ambiente in cui vivono. Noi ci mettiamo tutta l'energia possibile, utilizzando il 99% di elettricità da fonti rinnovabili.
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Oltre le
attese.

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Background

During the summer months, the global economy continued to grow at a sustained rate, but below the performance recorded in the second quarter. The cyclical slowdown concerned China in particular, while the Eurozone and United States were more resilient. At global level, also aided by the spread of the Delta variant of Covid-19, a number of bottlenecks persisted in production processes which, combined with the significant hike in prices on a wide range of raw materials (on all energy raw materials), fuelled fears of high long-term inflation; at the same time, the first signs of normalisation of monetary policy multiplied, with the Federal Reserve announcing the forthcoming tapering, or the process of gradually reducing the bond purchases implemented to ensure liquidity to the financial system. The following is an analysis of the individual areas.

The Eurozone continued to see economic growth recover. Despite the slowdown highlighted by the cycle leading indicators, GDP in the third quarter is expected to confirm (according to the consensus estimates collected by Bloomberg) the same rate of growth recorded in the second three months of the year, i.e. 2.2% q/q. The problems, similar to the rest of the major global economies, did not concern so much a lack of demand - private consumption actually remained robust in the wake of the reopening of many sectors after the lockdowns - but rather the various bottlenecks on the supply side: from a shortage of components and raw materials, to delivery delays and sharp rises in transport costs. Disruption to production chains, largely attributable to the spread of the Delta variant of Covid-19, put the brakes on investments and production and exacerbated pressures on prices. Hence, inflation also accelerated in the Euro area, up from 1.9% y/y in June 2021 to 3.4% y/y in September 2021, the most sustained increase since way back in 2008. The figure was even higher for Germany where, in September 2021 - also due to the effects of the reduction in VAT - consumer prices rose by 4.1% y/y. The European Central Bank (ECB), for its part, continued to minimise the increase in inflation, branding the recent increases as temporary. Therefore, the ECB confirmed a fully expansionary stance, limiting itself to announcing a modest cut in monthly purchases through the PEPP (“Pandemic Emergency Purchase Programme”), the temporary bond-buying instrument created to tackle the pandemic crisis. However, expanding our view to Europe, in order to stem inflationary pressures, the Central Bank of Norway (Norges Bank*)* took more restrictive action: in fact, it raised the cost of borrowing from 0% to 0.25%, pre-announcing a further five increases by the end of 2022. The Oslo Institution was the first of the monetary authorities in developed countries to move in this direction.

The Italian economy showed signs of deceleration. After the positive change of 2.7% q/q recorded in the second quarter, during the period under review GDP - based on the estimates provided by Bloomberg - is expected to grow by 2.2% q/q. The slowdown concerned economic activity as a whole, both the manufacturing and services components. In relation to inflation figures, consumer prices remained below the Eurozone average, but the rate of growth actually doubled: with respect to June, when the increase was 1.3% y/y, the September figure actually signalled an increase of 2.6% y/y.

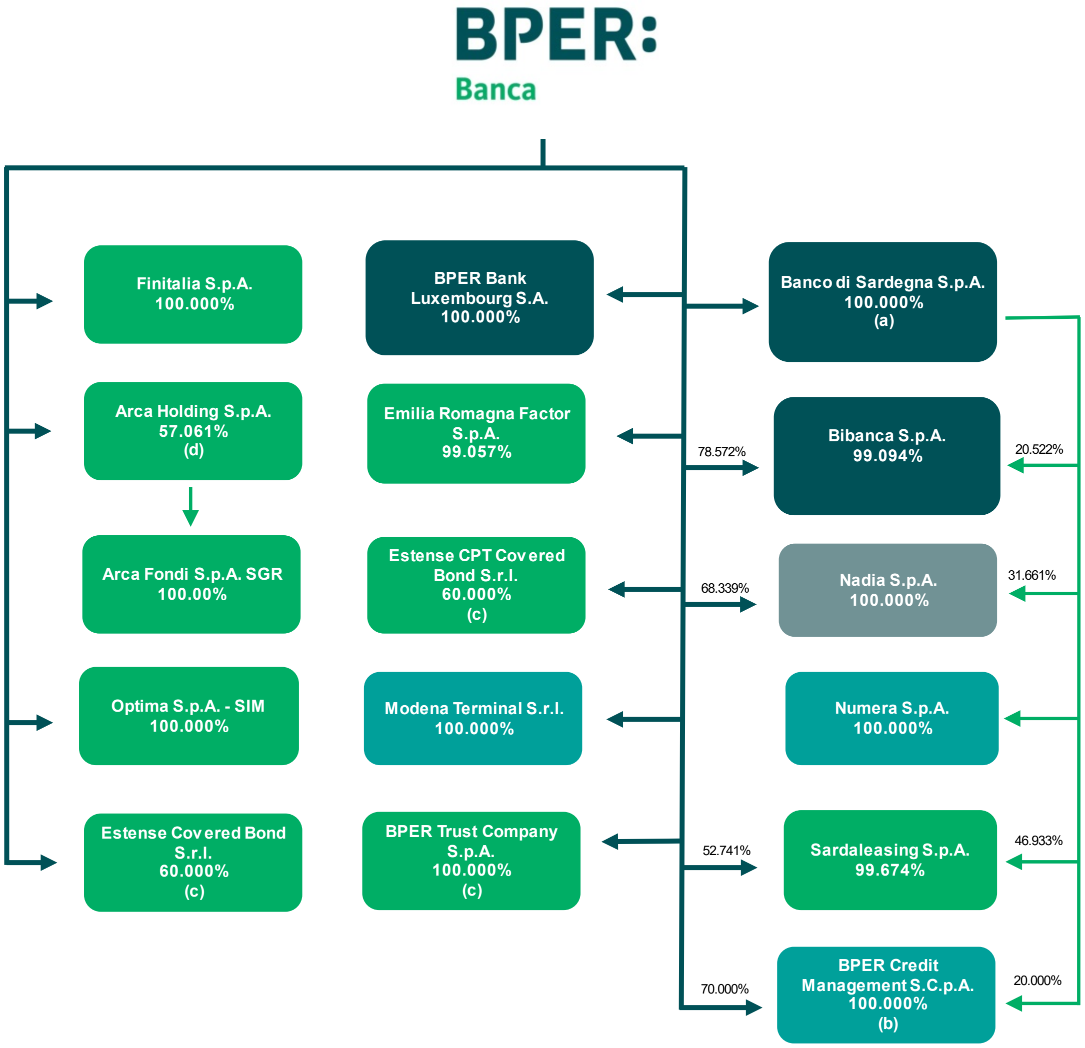
In the United States, economic prospects, after improving significantly in the first six months of the year, were reduced in the period under review. In fact, according to the consensus estimates issued by Bloomberg, US GDP - which has already returned to pre-pandemic levels, unlike its European counterpart - is expected to rise in the third quarter at a rate of 5% q/q (annualised), therefore down slightly from 6.7% q/q (annualised) recorded in the April-June period. A number of factors contributed to the slowdown, including: the spread of the Delta variant of Covid-19 which inevitably limited private consumption (real driver of US growth), the fact the generous government aid to tackle the pandemic has partially come to an end, the bottlenecks in the supply chains and tensions over raw materials, which hit the production sector, and job market uncertainty. In this regard, although the number of new employees has risen constantly and the unemployment rate has fallen (5.2% y/y in September), at the end of the quarter, there were almost seven million less jobs than before the pandemic. Inflation deserves a separate mention which, although staying at high levels (US consumer prices rose by 5.3% y/y in August; the change in the core component was +4.0%, with the most volatile elements stripped out), showed the first signs of deceleration with respect to the peak recorded in the second quarter, when the key contribution came from those items - such as second-hand cars, air tariffs and hotel prices - heavily impacted by the pandemic situation. On the monetary policy front, the Fed continued to firmly believe that the inflationary phenomenon was temporary, but nonetheless laid claim to the continuous progress of the recovery: Governor Powell therefore reported an initial change of pace, declaring that the reduction in the bond-buying programme (*Quantitative Easing*) could commence soon - various analysts predict as early as November - and then stop in the middle of 2022. By contrast, as regards official rates, an initial increase in the cost of borrowing is expected no earlier than the end of 2022, provided that there is continued progress towards full employment. Lastly, on the fiscal policy front, the approval of the plan pushed by the Biden Administration - centred on infrastructures and on a package of income redistribution measures - was halted by the stand-offs between the Democrats and the Republicans. The same differences that, at the end of the quarter, had even prevented an agreement being reached over raising federal debt.

Moving on to emerging countries, the context represented by persistent inflationary pressures prompted various central banks (including those of Russia, Brazil and Mexico) to further raise the cost of borrowing, continuing the process of normalising monetary policy started in the first half of the year. The pandemic crisis also persisted in a number of developing economies, the result of the spread of the Delta variant of Covid-19 and often inadequate vaccination campaigns; a situation that was reflected in a slowdown in economic growth, to the point that the Composite PMI Index of emerging countries, which summarises the performance of manufacturing activities and services, slipped in August after contracting for more than a year. The main culprit for the downturn recorded by the block of developing countries, however, was China. The economy of the Asian giant - among the leading economies - recorded the most pronounced slowdown with respect to the estimates, so much so that, according to the consensus provided by Bloomberg, Chinese GDP is expected to rise in the period under review by 0.7% q/q from 1.3% q/q in the second quarter. The deceleration concerned both demand (consumption) and supply (production), and was further exacerbated by two specific factors: the regulatory tightening by the Chinese Authorities against some companies and private sectors, including technology, in order to promote less wild and uncontrolled economic growth and combat damaging behaviour by competitors, and the Evergrande episode. The company, ranked second in terms of importance in the Chinese property scene, plummeted into a deep liquidity crisis, inevitably weakening the entire construction sector, which accounts for roughly one-third of the country’s growth. At the end of the quarter, the possible default of the company remained the most likely scenario, but the Authorities nonetheless put measures in place to reduce the financial contagion and guarantee liquidity to the entire credit system.

As regards the financial markets, after an initial part of the year characterised by risk appetite, the third quarter, September in particular, was marked by greater volatility and a generally more cautious attitude by investors. The main asset classes, equities and bonds, nonetheless recorded generally insignificant changes over the three-month period. As regards equities, the MSCI World global index closed the quarter close to parity (-0.35%): similar performances were posted by the main European and US price lists which, after having reached all-time highs (or period highs) in the summer months - thanks primarily to the strength of corporate quarterly results on average exceeding the already high expectations of analysts - then paid out accordingly in September. The reasons are attributable to the uncertainties connected with the increase in the prices of energy components, which revived fears of inflation and a downturn in the economy, problems regarding the Chinese property sector, and the first signs of normalisation of monetary policies. The Asian area deserves separate mention, where the Hong Kong index closed down by almost 15%, adversely impacted by Beijing interference with some businesses and private sectors. Sales also hit the Chinese equity sector which, despite managing to contain the decreases, negatively impacted the performance of the global index of emerging countries, down by 8.8% in the quarter. Fluctuating performances were observed on the bond markets, but changes were modest on the whole. After an initial drop in returns, in the wake of fears over growth stemming from the Delta variant of Covid-19 and the continued forceful expansionary rhetoric from central banks, the bond markets recorded an increase in rates at global level in the last few weeks. These were impacted by growing inflationary pressures and the less accommodating attitude adopted by some central institutions (including the Fed). The quarterly statement was partially negative for US Treasury bonds, in particular in the middle section of the curve, substantially unchanged for core bonds of the Euro area, and mildly positive for the bonds of peripheral Euro area countries, including Italy. On the spread market, the bonds of emerging countries fell, while corporate bonds actually remained unchanged. On the currency front, the Euro did not record the same trend against the other G10 currencies; the Euro lost ground against the yen and the dollar in particular, both favoured by greater risk aversion observed in September. The US currency was also supported by the increase in the rates spread between the US and the Eurozone. Lastly, raw materials recorded an outstanding performance, aided by the rally in energy prices. Although natural gas recorded new all-time highs, in a context characterised by a scarcity of supply, oil also rose, albeit less markedly, sustained by a favourable demand/supply trend. By contrast, gold closed with a slightly negative performance, curbed by the rise in US real rates.

1. Key figures

1.1 BPER Banca Group's structure as at 30 September 2021



a) Equivalent to 99.195% of the entire Share Capital consisting of ordinary and preference.

b) The following Companies are also shareholders of BPER Credit Management S.C.p.A.:
- Sardaleasing S.p.A. (6.000%);
- Bibanca S.p.A. (3.000%);
- Emilia Romagna Factor S.p.A. (1.000%).

c) Subsidiaries consolidated under the equity method.

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

The scope of consolidation also includes the subsidiaries of the Parent Company 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 of the Parent Company:
- Adras S.p.A. (100%);
- Italiana Valorizzazioni Immobiliari S.r.l. (100%);
- Sifà S.p.A. (100%).

1.2 Summary of results

The profit made by the BPER Banca Group in the first nine months of 2021, Euro 586.2 million, has increased by Euro 387.1 million compared with the first nine months of 2020. The result, which benefits from the economic contribution of the business unit acquired from the Intesa Sanpaolo Group consisting of 620 branches (of which 587 former UBI Banca branches acquired on 22 February 2021 and 33 former Intesa Sanpaolo branches acquired on 21 June 2021) was affected by non-recurring positive items, the main one being the recognition of badwill arising from the business combination for an amount of Euro 1,127.8 million, inclusive of the expected recovery of Euro 310.2 million of tax on the badwill as an adjustment of the consideration to be borne by Intesa Sanpaolo.

The result for the period was also impacted by negative non-recurring items, such as:

- the recognition of additional impairment losses on loans for Euro 310 million, including as a result of the BPER Banca Group's revision of its provisioning policies;
- the recognition of impairment losses on goodwill allocated to the BPER Banca CGU of Euro 230.4 million;
- the recognition of Euro 93.8 million in costs related to the integration of the former UBI Banca and Intesa Sanpaolo branches;
- Euro 19.8 million adjustment of the profit-sharing quota to be paid to the Resolution Fund in execution of the agreements connected with the acquisition of Nuova Carife s.p.a.;
- recognition of the Euro 22.5 million negative impact connected to the change in the measurement method of properties used in operations from cost to fair value.

The result for the period was also affected by charges for the contribution to the Single European Resolution Fund (SRF) and the Deposit Guarantee Scheme (DGS), equal to Euro 126.1 million.
The financial strength of the BPER Banca Group was again confirmed for the reporting period as at 30 September 2021: the Fully Phased CET1 ratio of 13.68% shows an increase in capitalisation as compared with 31 December 2020, when the Fully Phased CET1 ratio was 13.21%[1]. The Phased-in CET 1 ratio was 14.69%, well above the ECB's minimum requirement of 8.125%. The liquidity position is high, with a liquidity coverage ratio (LCR) of 207.5%, well above the regulatory threshold of 100%.

Asset quality continues to register improvements with a reduction in gross and net NPE ratios which, as at 30 September 2021, are 5.52% and 2.56% respectively, down from 7.84% and 4.02% as at the end of 2020. Credit quality has been affected by the contribution of the UBI and Intesa Sanpaolo Business Units acquired and by the effectiveness of the de-risking effort carried out during the first nine months of the year, which have led to:

- a 55.33% coverage ratio of the non-performing loan portfolio (vs. 50.95% as at 31 December 2020), remaining high although including the non-performing portfolio of the former Intesa Sanpaolo Group branches after PPA adjustments[2]. Specifically, bad loans have a coverage ratio of 62.96% (65.00% at 31 December 2020), while UTP loans have a coverage of 48.45% (39.12% at the end of 2020);
- an annualised default rate of 0.8%, down from 1% at the end of 2020;

[1] *The comparative ratio was simulated without considering the increase in share capital carried out by BPER Banca in October 2020 to fund the acquisition of the business units from the Intesa Sanpaolo Group, completed in February 2021.*
[2] *It should be remembered that in application of IAS/IFRS, the non-performing loans acquired are recognised in the financial statements at their fair value, net of any impairment adjustments for expected losses.*

- a Texas ratio that has fallen to 49.28%, from 55.37%[3] restated at 31 December 2020;
- a cost of credit of 93 bps for the first nine months of 2021 (76 bps at 30 September 2020), corresponding to 124 bps on an annualised basis (70 bps net of the additional impairment losses mentioned above).

For further details on the results achieved by the BPER Banca Group in the first nine months of 2021, please refer to chapter 4 "*The BPER Banca Group's results of operations*" in this Group interim report on operations.

1.3 Performance ratios[4]

Financial ratios	30.09.2021	2020 (*)
Structural ratios		
Net loans to customers/total assets	57.00%	56.96%
Net loans to customers/direct deposits from customers	78.11%	83.95%
Financial assets/total assets	20.45%	26.50%
Gross non-performing loans/gross loans to customers	5.52%	7.84%
Net non-performing loans/net loans to customers	2.56%	4.02%
Texas ratio[5]	49.28%	55.37%
Profitability ratios		
ROE[6]	11.18%	4.41%
ROTE[7]	12.38%	5.06%
ROA[8]	0.53%	0.28%
Cost to income ratio[9]	65.41%	64.13%
Cost of credit risk[10]	0.93%	0.76%

(*) The comparative balance sheet ratios, including ROE, ROTE and ROA, and the income statement ratios have been calculated respectively on figures at 31 December 2020 and 30 September 2020 which take into account the effects of the retrospective application of the change in the measurement method of property, plant and equipment held for investment. (For further details on the balance sheet figures at 31 December 2020 and the income statement figures at 30 September 2020 used in determining the ratios, please refer to the paragraphs "Restatement of the BPER Banca Group's reclassified consolidated financial statements as at 31 December 2020" and "Restatement of the BPER Banca Group's reclassified consolidated income statement as at 30 September 2020" in the "Attachments" section of this Consolidated interim report on operations).

[3] *For the construction of the ratio at 31 December 2020, reference should be made to paragraph 1.3 "Performance ratios" of this chapter at the foot of the "Financial ratios" table.*
[4] *The information provided is consistent with the ESMA document of 5 October 2015 "Guidelines - Alternative performance indicators", aimed at promoting the usefulness and transparency of Alternative Performance Indicators included in prospectuses or regulated sources of information. To construct ratios, reference was made to the balance sheet and income statement captions of the reclassified statements providing an operational management view and commented on in chapter "The BPER Banca Group's results of operations" as per the present Report.*
[5] *The Texas ratio is calculated as total gross non-performing loans on net tangible equity plus impairment provisions for non-performing loans.*
[6] *ROE has been calculated as net profit for the period (annualised for its Euro 279.6 million ordinary component only) on the Group's average shareholders' equity not including net profit.*
[7] *ROTE has been calculated as net profit for the period (annualised for its Euro 279.6 million ordinary component only) on the Group's average shareholders' equity not including net profit and intangible assets.*
[8] *ROA has been calculated as net profit for the period including net profit for the period pertaining to minority interests (annualised for its Euro 304.5 million ordinary component only) on total assets.*
[9] *The Cost to income ratio has been calculated on the basis of the layout of the reclassified income statement (operating costs/operating income); when calculated on the basis of the layout provided by the 6th update of Bank of Italy Circular no. 262, the Cost to income ratio is at 72.55% (68.67% at 30 September 2020 as per the restated income statement to be found in the paragraph "Restatement of the BPER Banca Group's reclassified consolidated income statement as at 30 September 2020" in the section "Annexes" to this Consolidated interim report).*
[10] *The Cost of credit risk has been calculated as net impairment losses to loans to customers on net loans to customers.*

Prudential supervisory ratios	30.09.2021	2020 (*)
Own Funds (Phased in)[11] *(in thousands of Euro)*		
Common Equity Tier 1 (CET1)	6,656,567	5,931,675
Total Own Funds	7,864,573	7,097,554
Risk-weighted assets (RWA)	45,314,318	33,487,963
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	14.69%	17.71%
Tier 1 Ratio (T1 Ratio) - Phased in	15.02%	18.16%
Total Capital Ratio (TC Ratio) - Phased in	17.36%	21.19%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	13.68%	15.81%
Leverage Ratio - Phased in[12]	4.9%	6.9%
Leverage Ratio - Fully Phased[13]	4.6%	6.1%
Liquidity Coverage Ratio (LCR)	207.5%	200.1%
Net Stable Funding Ratio (NSFR)	137.4%	123.7%

(*) The comparative ratios have been calculated respectively on figures at 31 December 2020 which include the effects of the retrospective application of the change in the measurement method of property, plant and equipment held for investment. (For further details on the figures at 31 December 2020 used in determining the ratios, please refer to the paragraph "Restatement of the BPER Banca Group's reclassified consolidated financial statements as at 31 December 2020" in the "Attachments" section of this Consolidated interim report on operations).

[11] *Items have been calculated according to the provisions of Regulation (EU) 2395/2017, which amends Regulation (EU) 575/2013 (CRR) relating to "Transitional provisions to mitigate the impact of IFRS 9 on Own Funds". The Regulation introduced the transitional (Phase-in) regime offering banks the option to mitigate the impacts of IFRS 9 on Own Funds over a period of 5 years (from March 2018 to December 2022), by neutralising the impact on CET1 with the application of decreasing add-back factors over time. The BPER Banca Group elected to apply the "static approach" to the impact arising from a reconciliation of impairment losses under IAS 39 as at 31 December 2017 to impairment losses under IFRS 9 as at 1 January 2018.*
[12] *Ratio has been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by Commission Delegated Regulation (EU) 62/2015.*
[13] *See previous note.*

2. Significant events and strategic transactions

2.1 Acquisition of a Business Unit from the Intesa Sanpaolo Group

The increase in share capital carried out by the BPER Banca Group on 3 November 2020 was intended to finance the acquisition of a going concern made up of three business units with a view to significantly increasing the size of the BPER Banca Group and the customer base to which banking services are provided.
Negotiations for the going concern began with Intesa Sanpaolo s.p.a. on 17 February 2020 as part of Intesa Sanpaolo's acquisition of control of UBI Banca s.p.a. and continued until the final purchase contracts were signed on 19 February 2021. The going concern includes the following: (i) the legal relationships, assets and liabilities of a business unit owned by UBI Banca (consisting of 455 bank branches and 132 points of operation), a business unit owned by Intesa Sanpaolo (consisting of 31 bank branches and 2 points of operation) and a business unit owned by UBISS (a consortium company controlled by UBI Banca) which essentially provides services to the branches acquired. The geographical distribution of the branches and points of operation shows a high concentration in Northern Italy, particularly in Lombardy.
The human resources from the business unit amounted to a total of 5,107 as at the acquisition date, including a number of resources taking part in the voluntary exit plan contained in the trade union agreement signed by Intesa Sanpaolo with the Trade Unions on 29 September 2020, substantially in line with the objectives of BPER Banca. The going concern is made up principally of staff from the network of branches and points of operation and from the Private and Corporate Banking departments, to which are added resources from the "semi-centre", who support the regional and area coordination units of the branches that have been acquired, and from the "centre", to strengthen the central, control and IT support functions.

The contract for the sale of the UBI Banca and UBISS business units was finalised on 19 February 2021 and took effect from 22 February 2021, while the transfer of the Intesa Sanpaolo business unit took effect as of 21 June 2021. The total consideration paid to the Intesa Sanpaolo Group for the going concern that includes the three business units acquired is approximately Euro 644 million. The Common Equity Tier 1 capital of the entire going concern (with all three business units) totals Euro 1,611 million. In accordance with the indications of the IAS/IFRS reference standards, for the purposes of this Report, BPER Banca carried out a final valuation of the assets acquired and liabilities taken on at fair value (Purchase Price Allocation - PPA), the result of which led to a "gain from a bargain purchase" or "badwill".
For more details, please refer to the information provided in the Explanatory notes "Information on business combinations".

2.2 The 2019-2021 Business Plan of the BPER Banca Group: update of financial forecasts

On 5 August 2020[14] the Parent Company BPER Banca approved the update of the 2020-2021 financial forecasts of the BPER Banca Group, as part of its "BEST WAY Business Plan 2019-2021". This update,

[14] *A further update of the financial forecasts was approved by the Board of Directors on 29 September 2020, to reflect the most recent forecasts on the timing of execution of the agreements with Intesa Sanpaolo, initially assumed to be by the end of 2020.*

which confirmed the strategic lines of development of the original plan, took into adequate consideration the change in the current and prospective macroeconomic scenario deriving from the Covid-19 pandemic and the definition of extraordinary transactions not originally envisaged in the Plan, such as the acquisition of control of Arca Holding, as well as the recent acquisition of the Intesa Sanpaolo business units and the related increase in share capital.
In addition to the content reported in the previous paragraphs regarding the acquisition of the business units from the Intesa Sanpaolo Group and derisking, a summary of the main extraordinary transactions, carried out over the course of the Plan up to the date of this Report, is proposed below.

The main transactions carried out in 2019 and 2020

The following were carried out in particular:

- acquisition from the Unipol Group of 100% of Unipol Banca (and therefore, indirectly, of Finitalia) and its subsequent absorption by BPER Banca;
- significant reduction in the Groups minorities by purchasing the minority interests in Banco di Sardegna;
- acquisition of a further interest in Arca Holding (and therefore also, indirectly, in Arca Fondi SGR), resulting in control over it;
- merger by absorption of the two Piedmontese subsidiaries Cassa di Risparmio di Bra s.p.a. and Cassa di Risparmio di Saluzzo s.p.a. by the Parent Company in July 2020.

Macroeconomic and financial forecasts

In the foregoing context of updating the forecasts for 2020-2021, the changes in the principal balance sheet and income statement aggregates of the BPER Banca Group were determined by estimating the volumes, interest rates and spreads applicable to customers, partly with reference to forecasts about macroeconomic trends and the performance of the banking sector prepared by leading research centres. The effects of the several planned initiatives were applied to the information obtained in the above manner.
The macroeconomic variables of greatest importance for the BPER Banca Group relate to the Italian economy. The dynamics of international variables (trends in the GDPs of principal world economies, changes in the monetary policies of non-Eurozone countries and exchange rate movements) are relevant to the extent that they affect the Italian economy.
The principal macroeconomic variables underpinning the Plan have been heavily conditioned by the change in scenario imposed by the Covid-19 emergency which continued in 2021.
However, at the date of preparation of this Consolidated Interim Report on operations as at 30 September 2021, the global macroeconomic scenario is undergoing a recovery which, for the countries of the Economic and Monetary Union, is exceeding expectations. This recovery is, however, shaped by the significant increase in prices connected to the difficulties in sourcing raw materials and semi-finished goods.
The forecasts for the economic performance of the country that were used to revise the BEST WAY Business Plan targets in August 2020 reflected one of the possible scenarios, potentially subject to later adjustment. In fact, the forecasts took into consideration a substantial drop in GDP for 2020 (around -10%), followed by only a partial recovery in 2021 (around +5%). The phase of normalisation was assumed to be reached only gradually. Full recovery was expected to be long and difficult, with different effects depending on the sector and geographical area. As at that date, a return to pre-crisis conditions was not considered likely prior to 2024. The latest forecasts available from leading providers (including

the Bank of Italy, OECD and other specialised agencies) even improve the expected trend with GDP projections ranging from 5.1% and 6% for 2021.

2.3 Covid-19 emergency: strategies adopted by BPER Banca Group

The measures adopted by the BPER Banca Group in the various phases of the emergency, have enabled it to protect the health of employees and customers, and guaranteed the continuity of the services provided by the Bank.
Initiatives remain in place that are differentiated on the basis of the criticalities of the areas concerned or unique local characteristics. Group employees are constantly updated on the measures in force at any given time, thanks to communications posted on the dedicated area of the company intranet. Employees continue to have the opportunity to work in Emergency Smart Working mode, where necessary and appropriate.

Support for the economy and local communities
Right from the start of the health crisis the BPER Banca Group activated a series of measures in favour of households and businesses to mitigate the adverse effects of Covid-19 on the real economy, while also adopting and implementing the related ministerial decrees (in accordance with the EBA guidelines). Actions included:

- suspension of instalment loans and lease payments for various reasons, including job loss or liquidity shortage due to the emergency;
- granting of loans funded under the provisions of the Liquidity Decree;
- advances against government-assisted lay-off pay (CIG).

Starting in March 2020, the BPER Banca Group granted moratoria on instalment-based loans for a total residual debt of Euro 16 billion (of which Euro 5.2 billion referring to customers acquired with the UBI and Intesa Sanpaolo Business Units), of which Euro 3.0 billion is still active at 30 September 2021[15]. Contained instances of delinquency were recorded on expired moratoria, whose management was subject to constant monitoring and proactive customer contact initiatives.
Total loans granted with a State guarantee amounted to Euro 6.9 billion (of which Euro 2 billion referring to customers of the UBI and Intesa Sanpaolo Business Units), increasing compared to the Euro 3.5 billion granted at the end of 2020.

Among the latest initiatives promoted by the BPER Banca Group in support of the territory, in addition to the provisions in 2020, on 18 March 2021, "Uniti oltre le attese" (United beyond expectations) was established as a charitable trust managed by BPER Trust Company. Thanks to its multi-project nature, the BPER Banca trust will be able to guarantee agile intervention for other emergencies that may arise in the future. Its first project, organised together with the FNOPI (National Federation of Nursing Profession Orders), is dedicated to the families of nurses who died due to Covid-19. On 27 September 2021, the first tranche of Euro 100,000 was disbursed to FNOPI for the fund-raising campaign #NoiConGliInfermieri.

[15] *The amount refers to the moratoria gross exposure and includes Euro 1.84 billion in "internal" moratoria which do not qualify as Forbearance measures under Group policies and therefore do not fall within the scope of the "forborne exposures" relevant for financial and supervisory reporting (please see the information reported in the Explanatory notes to the consolidated balance sheet, Table 4.4a, and Information on risks and related hedging policies, Table A.1.5a).*

Other impacts of the pandemic on the BPER Banca Group

The measures to contain and manage the effects of the lockdown and the pandemic generated additional costs for the BPER Banca Group, at 30 September 2021, of about Euro 4.8 million, mainly attributable to the personal protection and workplace sanitation measures adopted.

The uncertainty linked to the impact of the pandemic on the real economy also led to the application of correctives to certain valuation methods used by the BPER Banca Group, particularly related to loan classification and assessment. For a more in-depth analysis of these aspects, please refer to the Explanatory notes, Section 5 – "Other aspects", para. "Accounting estimates - Overlay approach applied in credit risk assessment".

Measures adopted by the Bank following the issuing of Decree Law no. 127/2021 of 21 September 2021.

The publication of Decree Law no. 127 of 21 September 2021 continues the extraordinary and urgent initiatives undertaken by our country to ensure more effective measures to contain the virus, especially in workplaces.

In particular, the new regulation sets forth that, from 15 October to 31 December 2021, also for access to private workplaces, it will be a mandatory requirement to show the Green Pass, i.e. Covid-19 green certification, at the request of the personnel appointed by the Employer. Anyone not holding a Green Pass will be refused entry to company premises, will be recorded as an unjustified absence and will receive no remuneration for the entire period of absence.

Only those exempt from getting the vaccination will be exonerated from said obligation, based on the appropriate certification from their GP and prior validation of said certification by the Company Doctor.

Considering the special importance and delicate nature of the matter, the Group informed its employees of the main aspects connected with the application of the regulatory provisions and implemented the necessary checks on compliance with the aforementioned obligations that will be guaranteed by the personnel appointed by the Employer according to the methods set forth in art. 13 of the Decree of the President of the Council of Ministers of 17 June 2021 and based on the provisions of art. 19 of Legislative Decree no. 81/08.

2.4 Progress of de-risking activities

The strategic lines of development of the BEST WAY plan also include the objectives of reducing the portfolio of non-performing loans. This strategic objective, pursued with unyielding determination by the Group over the last few years, is likely to be impacted by the economic crisis triggered by the Covid-19 pandemic, also in light of the end of the credit support measures put in place to deal with the pandemic crisis. In March 2021, BPER Banca approved, in the first instance, a NPE Strategy 2021-2023, incorporating an estimate of the impact of the new business unit acquired and a macroeconomic scenario that estimated, for 2021, a significant deterioration in credit quality, attributable primarily to the end of the aforementioned support measures from the second half of 2021. In light of the completion of the acquisition of the Gemini business unit, described in paragraph 2.1 "Acquisition of the Business Unit from the Intesa Sanpaolo Group", on 23 September 2021, the Board of Directors approved an update to the NPE 2021-2023 Strategy which, in confirming a prudential approach and shifting the impacts of the "cliff effect" to 2022, improves the expectations and, accordingly, establishes more ambitious targets than those approved previously.

Two large-scale transfers of bad loans from positions deriving from the acquisition of the business unit with UBI Banca were completed at the end of July:

- the transfer called "Mandalorian". The transaction, carried out on 23 July 2021, saw the direct sale of a portfolio on the market with the immediate derecognition of the loans. The collectible amount of the loans transferred is quantified at Euro 82 million, with a GBV of roughly Euro 64 million;
- the transfer called "Skywalker". This second transaction, whose contracts were signed on 28 July 2021, saw only the transfer of the legal ownership of the loans to the vehicle, but their derecognition is expected by the end of the year, in conjunction with the issuing of the securities. The loans are currently recognised in the accounting books of the BPER Banca Group. The collectible amount of the loans transferred is quantified at Euro 906 million (net of repayments and write-offs occurred in the period), with a GBV of roughly Euro 572 million.

In relation to the bulk sales of bad loans completed in 2020, it is noted that the GACS state guarantee was granted for the "Summer" transaction by decree of the Minister of Economy and Finance signed on 15 April 2021, registered by Italy's Court of Auditors on 27 April 2021 and by the Central Budget Office of the Ministry of Economy and Finance on 29 April 2021. The State guarantee was granted on the senior notes, nominally worth Euro 85.4 million.

In the first nine months of 2021, the BPER Banca Group structured and partially executed several portfolio sales of non-performing positions classified as Unlikely-To-Pay (UTP) to investors and mutual funds specialising in debt recovery.

In the first half of March 2021, a first transaction saw the transfer of a loan portfolio for a gross book value of approximately Euro 122 million to the Efesto Fund, which operates in the acquisition and workout of UTP loans and is managed by Finanziaria Internazionale Investments SGR, with the assistance of Italfondiario s.p.a. (a company of the doValue group) as exclusive servicer.

In the first days of April 2021, the sale of another portfolio of UTP positions was arranged and completed, following a competitive bidding process called "Project Winter", which saw the participation of key market players. This involved the transfer by BPER Banca and Banco di Sardegna to Intrum and Deva Capital of a loan portfolio for a gross book value of approximately Euro 248 million.

A third transaction, finalised in May 2021, concerned the transfer by BPER Banca of a portfolio of secured UTPs to the "Back2Bonis" fund managed by Prelios SGR for a gross book value of approximately Euro 52 million.

The portfolios pertaining to these various transactions mainly consist of loans secured by real estate guarantees on properties with a variety of uses with debtors located in various Italian regions.

A fourth transaction, involving the sale of a portfolio of corporate loans classified as UTP, for a gross book value of approximately Euro 41.3 million, was finalised in the second quarter, with the receivables being transferred to the specialised investment fund "iCCT" managed by Illimity SGR, subject to the concurrent subscription for the units issued by the fund.

The second quarter also saw the completion of a bulk UTP sale involving "Small Ticket" positions referring to a portfolio of over 3 thousand borrowers for a gross amount of Euro 2.2 million, in addition to single name disposals in the Corporate segment for a total amount of Euro 4 million.

In the third quarter of 2021, additional disposals of UTP loans were completed for a total of Euro 64.1 million.

2.5 Start of activities for preparation of the 2022-2024 Business Plan

2021 is the final year of the aforementioned "BEST WAY" Business Plan; in addition, the Regulator's authorisation of the transfer of the business unit from the Intesa Sanpaolo Group was subject to the receipt, by 30 September 2021, of an updated Business Plan, which takes account of the perimeter of the Group following the acquisition.
Consequently, in June 2021, following the installation of the new Board of Directors in office, activities were commenced in preparation for the drafting of the new Business Plan, intended to direct the activities of the BPER Banca Group for the next three years. This Plan covers a time period marked by significant changes in the banking system and will involve important management choices for the life and ambitions of the Group, which has undertaken, over the last few years, a substantial process of change of its business model and credit quality.
The main objectives of the new Business Plan, covering the 2022-2024 time horizon, will be to monitor the new perimeter acquired and a clear and adequate positioning of the Group in the banking system consolidation process. The main strategic guidelines of said Plan were approved at the meeting of the Board of Directors on 23 September, jointly with some preliminary economic-financial evidence, developed in line with the presumed developmental pillars.
During said meeting, the launch of a process aimed at executing a generational and professional turnover was approved, as well as a reduction in the Group headcount. The initiatives approved[16], to be implemented by 2024, also through use of the Solidarity Fund, make provision jointly for the exit of approximately 1,700 staff and a plan of new hires, aimed at optimising the workforce and structurally reducing personnel costs.
This move will be implemented on the basis of prior completion of the sector trade union procedures, in compliance with the legislation in force.
The completion of the preparation phase of the 2022-2024 Business Plan is expected between the end of the current year and the first few months of 2022.

2.6 Other significant events

Events involving the Parent Company BPER Banca

- *Shareholders' Meeting of 29 January 2021*

On 29 January 2021, the Shareholders Meeting, which met in an extraordinary session, approved draft amendments to the Articles of Association, prepared by the Board of Directors on 5 August 2020 and authorised by the European Central Bank on 15 December 2020. The purpose of the amendments was

[16] Data does not include the former UBI and Intesa Sanpaolo workforce planned to leave the company as a result of the agreement entered into by and between the Intesa Sanpaolo Group and Trade Unions on 29 September 2020.

mainly to align the rules of composition of the Board with BPER Bancas transformation into a joint -stock company and the subsequent evolution of the Banks ownership structure. In this perspective, while maintaining the fixed number of Directors at 15 (fifteen), the amendments involved:

- adopting a proportional method of electing the Board of Directors based on "quotients", the aim being to give adequate representation to the various components of the shareholder structure, encouraging the participation of minority shareholders and without contemplating limits on the maximum number of Directors eligible from each list;
- an "access to allotment" threshold designed to ensure stability and cohesion in the functioning of the administrative body, in such a way that, without prejudice to the legal requirement to ensure the possibility for the first minority list to express at least one Director, the other minority lists are able to run for seats on the Board if they have obtained votes equal to at least 5% of the voting capital;
- the introduction of limits on the connection between lists, strengthened with respect to those applicable according to the law, in order to ensure effective representation of minority shareholders on the Board of Directors, while at the same time avoiding the situation whereby minority lists connected to each other can express a majority due to the proportional system.

The reform also introduced an exemption from this proportional system if the list with the highest number of votes has obtained the favourable vote of more than half the voting capital, providing it contains a number of candidates equal to or greater than the majority of Directors to be elected. In this case, a similar rule will be applied to that foreseen in the current Articles of Association of BPER Banca with consequent extraction from the first list of a number of Directors between twelve (12) and fourteen (14) and the possibility for the second list that is not connected in any way to the first to appoint one (1) to three (3) Directors based on the ratio between the number of votes obtained by it and the number of votes obtained by the first list.

In line with the choice to leave decisions relating to the composition of the Board of Directors to the Shareholders, the faculty of the outgoing Board to present a list of candidates for the election of the Administrative Body has been done away with.
Other minor changes concerned, among other things:

- elimination of the role of Honorary Chair;
- modification of the structure of the Executive Bodies, making the appointment of the Executive Committee optional and leaving this decision to the Board of Directors;
- reduction in the number of acting members of the Board of Statutory Auditors from 5 (five) to 3 (three).

- *Shareholders' Meeting of 21 April 2021*

- Allocation of the Parent Companys profit for 2020

The Shareholders Meeting held in ordinary session on 21 April 2021 approv ed the draft financial statements and the consolidated financial statements for 2020, allocation of the profit for the year and the distribution of a dividend of Euro 0.04 per share, for a maximum total amount of Euro 56,530,540.48, allocating Euro 6,744,944.91 to the restricted reserve pursuant to Legislative Decree 38/2005 (art. 6, paragraph 1, letter a), and Euro 6,855,391.59 to the legal reserve.

- Corporate bodies: new appointments

The same Shareholders Meeting appointed the Board of Directors and the Board of Statutory Auditors for the three-year period 2021-2023.
The following were elected as Directors pursuant to art. 17 of the Articles of Association: Silvia Elisabetta Candini (independent), Flavia Mazzarella (independent), Alessandro Robin Foti (independent), Riccardo Barbieri, Piero Luigi Montani, Marisa Pappalardo (independent), Gianni Franco Papa (independent), Alessandra Ruzzu (independent), Elena Beccalli (independent), Maria Elena Cappello (independent), Gianfranco Farre (independent), Gian Luca Santi, Roberto Giay, Monica Pilloni (independent), Cristiano Cincotti (independent).
The independence requirement for non-executive Directors pursuant to art. 17, paragraph 4, of the Articles of Association - i.e. in compliance with art. 148, paragraph 3, of Legislative Decree 58 of 24 February 1998 (CFA), art. 26 of Legislative Decree no. 385 of 1 September 1993 (CBA), and Ministerial Decree 169/2020, as well as the Corporate Governance Code - was verified by the Board of Directors on 21 April 2021, based on the documentation produced when submitting the lists.
The following Statutory Auditors were appointed pursuant to art. 30 of the Articles of Association: (i) as Acting Auditors: Paolo De Mitri and Nicola Bruni as the Chair of the Board of Statutory Auditors; (ii) as Alternate Auditors: Patrizia Tettamanzi and Andrea Scianca, with the clarification that Patrizia Tettamanzi has taken on the role of Acting Auditor until the following Shareholders Meeting (held on 23 June 2021 as detailed below), due to the need to complete the Supervisory Body, in compliance with the will expressed by the Shareholders Meeting in application of art. 33, paragraph 2 of the Articles of Association.
At its meeting on 21 April 2021, the Board of Directors appointed Flavia Mazzarella as Chair and Piero Luigi Montani as Chief Executive Officer, while at the meeting on 23 April 2021, the Board appointed Riccardo Barbieri as Deputy Chair and set up the various Board Committees.
For further details on the appointments, please refer to the press releases published on the Banks website on 21 April 2021.

Verification of the requirements of the Banks representatives

On 20 May 2021, the Board of Directors and the Board of Statutory Auditors of BPER Banca S.p.A., on the basis of the declarations made and the information available to the company, ascertained, as a result of separate processes activated by each body and in compliance with the prescribed term of thirty days from the appointment, the possession of the requisites envisaged by the applicable legislation in force and by the Articles of Association by each of the respective members in office.
With reference, in particular, to the independence requirements of the Directors, as a result of the verification by the Board of Directors, the Chair, Flavia Mazzarella, and the Directors Elena Beccalli, Silvia Elisabetta Candini, Maria Elena Cappello, Cristiano Cincotti, Gianfranco Farre, Alessandro Robin Foti, Gianni Franco Papa, Marisa Pappalardo and Monica Pilloni were found to be independent, pursuant to article 17 paragraph 4 of the Articles of Association, and therefore in accordance with (i) Decree no. 169/2020 of the Ministry of Economy and Finance, (ii) Legislative Decree no. 58 of 1998 and (iii) the recommendations contained in the Corporate Governance Code .
Directors in possession of the independence requirements, as defined by article 17 paragraph 4 of the Articles of Association, are therefore ten, more than the minimum number set by the applicable supervisory regulations in force, referred to in article 17, paragraph 3, of the Articles of Association, and the minimum number recommended by the Corporate Governance Code.
With regard to the independence requirements for Statutory Auditors, at the outcome of the verification by the Board of Statutory Auditors, all the members of the supervisory body were found to be

independent pursuant to Legislative Decree no. 58 of 1998, Decree no. 169/2020 of the Ministry of Economy and Finance and the recommendations of the Corporate Governance Code.
The Board of Directors and the Board of Statutory Auditors also considered their respective composition adequate with reference to both quantitative and qualitative aspects required by current legislation and verified its compliance with that identified as optimal.

- *Shareholders' Meeting of 23 June 2021*

- Corporate bodies: new appointments
The Ordinary Shareholders' Meeting, held on 23 June 2021, filled the vacancies in the Board of Statutory Auditors and Board of Directors for the remaining part of the three-year period 2021-2023 by appointing:

- for the Board of Statutory Auditors, pursuant to art. 33 of the Articles of Association:
  - Daniela Travella as Chair,
  - Patrizia Tettamanzi as Acting Auditor,
  - Sonia Peron, as Alternate Auditor, to replace Patrizia Tettamanzi, resigning from office due to her being appointed as Acting Auditor.
- for the Board of Directors, pursuant to art. 17 of the Articles of Association: Elisa Valeriani as Director, to replace the independent director Alessandra Ruzzu who had ceased to hold office.

For further details on the appointments, please refer to the press release published on the Bank's website on 23 June 2021 and to the other documents made available on the Bank's website www.bper.it – Sito Istituzionale - Governance - Shareholders' Meetings.

Changes to General Management
On 4 August 2021 termination of the employment relationship with General Manager Alessandro Vandelli was mutually agreed, effective 5 August 2021. This consensual termination occurred through the stipulation of an agreement, whose contents were approved by the Bank's Board of Directors, based on a prior favourable reasoned opinion from the Remuneration and Related Parties Committees.

While expressing its sincere gratitude to Alessandro Vandelli for the commitment, dedication and contribution he made to value creation over the years at the helm of the Bank and the Group, the Board of Directors -for the purpose of appointing the new General Manager- decided not to activate the process for the selection of potential candidates to the role of General Manager set forth in BPER's Succession Plan, as it deemed it appropriate to appoint the Bank's CEO, Piero Luigi Montani, to this position, after having verified - subject to the prior involvement and favourable opinion of the Nomination Committee and having consulted the Board of Statutory Auditors - that the CEO's requisites correspond to the ideal profile of General Manager defined in the Succession Plan.
The agreement governing this specific appointment, which falls within the exemptions from the rules of the Internal Related-Party Transaction Policy as it is a smaller amount transaction relating to the remuneration of executives with strategic responsibilities entered into in accordance with the remuneration policy in force - was submitted to the Remuneration Committee for the aspects under its remit. The Committee issued a favourable opinion on the subject.
Since 5 August 2021, Piero Luigi Montani has accordingly held the position of General Manager in addition to his role as Chief Executive Officer.

Disposal of branches in Sardinia

On 17 July 2019, the Italian Antitrust Authority (AGCM) authorised the purchase of Unipol Banca s.p.a., subject to the implementation of measures to resolve certain competition concerns that emerged in the inquiry into the banking market in Sardinia. These measures included the sale to third parties of 5 branches in Sassari, Alghero, Iglesias, Nuoro and Terralba.

Having come to the end of the second phase of the disposal process with no successful outcome despite having contacted a large number of potential industrial buyers, the BPER Banca Group was objectively not in a position to give effect to the prescribed measures, as was communicated to the Authority in September 2020. On 4 December 2020, AGCM notified the start of a new inquiry, scheduled for completion by 30 June 2021 (with the deadline later extended until 31 October 2021) to make sure whether the reported facts are a form of non-compliance with the Authority's decision or whether it is necessary to impose new measures in addition to -or in replacement of- those originally established.

In order to further explore the market in search of possible buyers for the branch network, notices were published in the main national financial newspapers and a new financial advisor was appointed. However, no expressions of interest in taking over the assets held for disposal were received within the term established.

On 22 October 2021, the AGCM (Antitrust Authority) served notice of the extension of the preliminary investigation procedure to 31 July 2022.

Merger of Tholos and Nadia

1 January 2021 gave legal, accounting and fiscal effect to the merger by absorption of Tholos s.p.a. by Nadia s.p.a. (both real estate companies controlled by BPER Banca S.p.A.), already decided by the respective Boards of Directors on 6 November 2020, approved by the respective Shareholders Meetings on 18 November 2020 and formalised in the Merger Deed of 15 December 2020.

This transaction forms part of the initiatives designed to simplify the Group and increase its operational efficiency, as envisaged in the 2019-2021 Business Plan, while enhancing the value of its property assets.

First issue of Social Bonds

On 25 March 2021, the BPER Banca Group successfully concluded the placement with institutional investors of its first issue of (Senior Preferred) Social Bonds for Euro 500 million with a maturity of 6 years.

The bond loan, issued as part of a recently published Environmental, Social and Sustainability Bond Framework and under the Euro 6 billion EMTN programme, will finance a selected portfolio of SMEs to which loans have been granted backed by the government guarantee foreseen in the Liquidity Decree to help deal with the Covid-19 emergency.

Each year, the BPER Banca Group will publish a section in its Sustainability Report to explain how the proceeds of the issue have been allocated.

The Framework, which explains the procedure for assessing the impact of the sustainability and ethical practices of the Group, has been integrated into the corporate strategy with a view to aligning the interests of all stakeholders and defining the scope and methods of intervention on the ESG Bond market.

The BPER Banca Group has obtained a certification for its Framework from Institutional Shareholder Services companies group (ISS), an independent entity with expertise in environmental, social and sustainability matters: Second Party Opinion (SPO). Both documents are available on BPERs website: https://istituzionale.bper.it.

The issue generated strong market interest with demand that exceeded Euro 1.25 billion from more than 110 institutional investors. This made it possible to reduce the spread from the initial level of +200 bps above the 5-year Mid Swap to the final level of +175 bps.
The bond has an expected rating of Ba3/BB (Moodys/Fitch) and a duration of 6 years, with an early redemption option for the issuer in the fifth year. The annual yield is 1.38%. The bond is listed on the Luxembourg Stock Exchange. The settlement date was 31 March 2021.

2020 Remuneration Policies of the BPER Banca Group: Phantom Stock / Financial instruments assigned
On 16 March 2021, the Parent Companys Board of Directors approved th e calculation of variable remuneration for the year 2020 and defined the number of Phantom Stocks to be assigned, namely no. 268,007, for a total consideration of Euro 425 thousand. Completion of the calculation of variable remuneration for 2020 was possible thanks to the economic and financial results achieved at Group level.
Furthermore, 51,081 financial instruments were assigned as severance pay linked to the resignation of 1 member of staff in March 2021 e 379,933 financial instruments were assigned as severance pay after resignation of 1 member of staff in August 2021: subject to the approval of the Remuneration Plan based on financial instruments by the Shareholders Meeting of 21 April 2021, they will be assigned in BPER Banca shares, subject to a retention period of one year.
The buy-back programme launched on 15 September 2021 for the free-of-charge allocation of BPER Banca ordinary shares to the employees of the Group ended on 20 September 2021. The buy-back programme is part of the “2019-2021 Long-Term Incentive (LTI) Plan for Material Risk Takers”, the 2021 MBO incentive plan and any severance payments due. The purchases were made according to the terms authorised by the shareholders’ meeting of BPER Banca on 21 April 2021. BPER Banca acquired a total of 1,917,353 ordinary shares of BPER Banca S.p.A., equal to 0.14% of share capital, for a total value of Euro 3,422,858.59 at an average purchase price per share of Euro 1.7852.

Dedalo Finance securitisation transaction
On 19 May 2021, BPER Banca completed the repurchase of the loan portfolio originally sold to the vehicle company Dedalo Finance. The transaction was structured in 2011 by Cassa di Risparmio di Bra (now BPER Banca), Banca Alpi Marittime Credito Cooperativo Carrù and Banca di Credito Cooperativo di Pianfei e Rocca de’ Baldi pursuant to Law no. 130 of 30 April 1999.
The repurchase refers to a portfolio of mortgage loans for a residual debt of approximately Euro 22.9 million.
This was announced by publication in the Official Gazette (OG Second Part, no. 61 of 25/05/2021). Borrowers will be informed by a specific notice. The accounts continue to be managed at the Bank branches where they were originally opened by the customers, with no change being made to the conditions and characteristics of the loans or the communications that the customers will receive from the Bank.

BPER Banca VAT Group
The BPER Banca VAT Group has been operational since 1 January 2019 as a VAT payer regulated by the EU legislation introduced into Italian law (Law 232 of 11 December 2016). This taxpayer replaces the individual participants, limited to the scope of application of value added tax, which otherwise retain distinct legal status from a legal, accounting and fiscal standpoint.
Arca Holding s.p.a., Arca Fondi SGR s.p.a. and Finitalia s.p.a. became members of the BPER Banca VAT Group with effect from 1 January 2020. In fact, BPER Banca had acquired control over these companies,

as defined in art. 2359, para. 1, of the Italian Civil Code during 2019. They were able to join the VAT Group because both of the constraints envisaged in art. 70-bis of D.P.R. 633/1972 were satisfied.
Moreover, the VAT Group has been changed following the mergers by absorption that took place in 2020 and 2021, which resulted in the cessation of the subsidiaries Cassa di Risparmio di Bra, Cassa di Risparmio di Saluzzo and Tholos.

2.7 Change in the measurement method of the BPER Banca Group's properties

The BPER Banca Group has opted to change the measurement method of "Property, plant and equipment" starting from 1 January 2021 and limiting to properties. The change involves:

- changing from the cost model to that of remeasurement for the subsequent valuation of real estate assets used in operations, based on the requirements of IAS 16 *"Property, plant and equipment"*;
- changing the accounting treatment from cost to fair value for properties held for investment purposes, based on the requirements of IAS 40 *"Investment property"*.

The change in the measurement method of properties is a voluntary change in accounting policy, as governed by IAS 8 *"Accounting policies, changes in accounting estimates and errors",* according to which a voluntary change should only be made if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entitys financial position, financial performance or cash flows.
Changing from cost to fair value pursues this objective, as it allows:

- better information, ensuring a single current point of view in the measurement of the BPER Banca Group's properties, regardless of when or why the individual property was recognised: in fact, compared with cost, fair value makes it possible to provide current information that is more in-keeping with the characteristics of the properties being valued;
- greater homogeneity of comparison between years, both in the balance sheet and in the income statement: in fact, the expression at current values improves the relevance and quality of the information, above all by updating the valuation periodically;
- constant alignment of the carrying amounts of the assets with their market values;
- an improvement in comparability with the financial statements of the other top Italian banks in terms of size;
- a more immediate understanding of the financial implications of the Group's strategies for the management of its properties;
- greater alignment of financial disclosures with future property management strategies.

Please refer to the Explanatory notes to this Report for further details.

2.8 Events after the reporting period as at 30 September 2021

BPER Banca sets up a Sustainability Committee and joins Borsa Italiana's MIB ESG index

On 18 October 2021 BPER Banca's Board of Directors set up a Sustainability Committee with advisory and propositional functions to support the Board in activities that cover environmental, social and governance (ESG) issues, reverberating on all processes which make it possible for the bank to pursue sustainable development.

The Committee is presided over by BPER Banca's Chair, Flavia Mazzarella, and is comprised of the Bank's directors, Riccardo Barbieri and Elisa Valeriani.
BPER Banca has been included in the new MIB ESG index of Borsa Italiana (a company of the Euronext Group) for domestic blue-chips, which tracks major Italian listed issuers with best ESG practices. Launched by Euronext in partnership with Vigeo Eiris (part of Moody's ESG Solutions), it combines economic performance measurement with ESG considerations in line with the principles of the UN Global Compact.
In the BPER Banca Group's view, sustainability should be understood as a real driver of global development, capable of improving competitiveness and building shared value for all stakeholders. The Bank is continuing along its path of sustainable growth with increasingly challenging goals, as set out in the United Nations 2030 Agenda for Sustainable Development and the principles of the UN Global Compact, which the Bank has been a member of since 2017. In July 2021, BPER Banca additionally became an official Signatory of the UNEP-FI Principles for Responsible Banking[17], with a view to contributing to building a better, more inclusive and sustainable society.

2.9 European Single Supervisory Mechanism (SSM)

BPER Banca and its banking Group are among Europe's significant institutions supervised directly by the ECB[18].
Consistent with the European 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).
On 17 November 2020, the ECB communicated to the BPER Banca Group that, in relation to the supervisory review and evaluation process (SREP), it would not change the SREP decision on regulatory requirements, effectively confirming the 2020 capital requirements for 2021 as well, as follows:

- Common Equity Tier 1 Ratio: of 8.125%, which is the sum of the minimum requirement under art. 92 of Regulation (EU) 575/2013 (4.50%), the quota of P2R (1.125%) and the capital conservation buffer according to art. 129 of Directive 2013/36/EU as transposed into Italian law (2.50%);
- Total Capital Ratio: of 12.50%, 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) no. 1024/2013 (P2R component of 2%), plus the capital conservation buffer in accordance with art. 129 of Directive 2013/36/EU as transposed into national law (2.50%).

As regards the interventions carried out as at 30 September 2021, with significant effects on the capital endowment of the BPER Banca Group, it should be noted that:

- following approval of the "Return to Compliance Plan" on 9 April 2021, the applications for the new AIRB models for calculation of the capital requirements and their extension to the UBI Banca exposures acquired in the first half of 2021 were submitted to the Supervisory Authority

[17] *United Nations Environment Programme – Finance Initiative.*
[18] *Regulation (EU) 1024 of 15 October 2013 assigned specific tasks to the European Central Bank (ECB) regarding the prudential supervision of banks in cooperation with the national Supervisory Authorities of the participating countries, within the Single Supervisory Mechanism (SSM). The ECB accepted the tasks assigned by this Regulation on 4 November 2014; they are performed with assistance from the Bank of Italy, in the manner envisaged in Regulation (EU) 468/2014 of 16 April 2014. The ECB works closely with the various European Authorities including the European Banking Authority (EBA) in particular, as it has to perform its functions in compliance with EBA regulations.*

in June 2021; in line with the planning agreed with the Supervisory Authority, the activities of the remedy plan were completed in response to the findings contained in the final Decision Letter relating to the “Targeted Review of Internal Models” (TRIM inspection activity initiated in 2018 and concluded in March 2019);

- in the Resolution domain, activities were launched aimed at updating the bail-in playbook and FMI contingency plan, with the involvement of all the Bank’s organisational units concerned, to be sent to the Resolution Authorities by December 2021;
- In the Recovery area, updating began on the 2021 Recovery Plan, which has to be sent to the Supervisory Authority by the end of December 2021.
- the Supervisory Authority, by means of communication ECB SSM-2020-0601 of 17 November 2020, recommended that the BPER Group implement strategic and operating initiatives to manage the level of non-performing exposures based on the guidelines defined in Decision ECB-SSM-2020-ITPER-14 of 31 July 2020, taking account of the specific characteristics of the current context, marked by the repercussions of the Covid-19 pandemic and leveraging on the internal capability to generate internal capital. Therefore on 30 March 2021, BPER Banca approved, in the first instance, an NPE Strategy 2021-2023, incorporating an estimate of the impact of the new business unit acquired and a macroeconomic scenario that estimated, for 2021, a significant deterioration in credit quality, attributable primarily to the end of the support measures[19] from the second half of 2021. In light of the completion of the acquisition of the Business Unit from the Intesa Sanpaolo Group, on 23 September 2021, the Board of Directors approved an Update to the NPE 2021-2023 Strategy which, confirming a prudential approach and shifting the impacts of the “cliff effect” to 2022, improves the expectations and, subsequently, establishes more ambitious targets than the previously approved versions.

[19] *Please refer to the section “Covid-19 emergency: strategies adopted by BPER Banca Group” in this Report.*

3. Scope of consolidation of the BPER Banca Group

3.1 Composition of the Group as at 30 September 2021

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 30 September 2021, distinguishing between Banks and Companies consolidated on a line-by-line basis and Banks and Companies, whether or not belonging to the Group, measured using the equity method.
The BPER Banca Group has decided to align the consolidation methodology used for accounting purposes with that required for prudential reporting purposes .This is discussed further in the notes to this Report.
Reported below are the percentages held by the Group[20] in each company, with further specific information provided, where necessary, by means of footnotes.

a) Group companies consolidated on a line-by-line basis:

1) BPER Banca S.p.A., based in Modena (Parent Company);
2) BPER Bank Luxembourg s.a., based in the Grand Duchy of Luxembourg (100%);
3) Banco di Sardegna s.p.a., based in Cagliari, which is held as follows: 100% of the ordinary shares and 94.635% of the preference shares, representing 99.195% of total capital;
4) Bibanca s.p.a., based in Sassari (99.094%)[21];
5) Nadia s.p.a., based in Modena, real estate company (100%)[22];
6) 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%);
7) Emilia Romagna Factor s.p.a, based in Bologna, a factoring company (99.057%);
8) Optima s.p.a. SIM, based in Modena, investment broker (100%);
9) Sardaleasing s.p.a., based in Sassari, leasing company (99.674%)[23];
10) Numera s.p.a., based in Sassari, IT company and subsidiary of Banco di Sardegna s.p.a. which holds 100% of share capital;
11) BPER Credit Management s.cons.p.a., based in Modena, a consortium for the recovery and management of non-performing loans (100%)[24];
12) Arca Holding s.p.a.[25] based in Milan (57.061%);
13) Arca Fondi SGR s.p.a. based in Milan, asset management company wholly owned by Arca Holding s.p.a.;
14) Finitalia s.p.a. based in Milan, company that specialises in consumer lending (100%).

[20] *Unless otherwise specified, the percentage shown refers to the Parent Company.*
[21] *Held by: the Parent Company (78.572%) and Banco di Sardegna s.p.a. (20.522%).*
[22] *Held by: the Parent Company (68.339%) and Banco di Sardegna s.p.a. (31.661%).*
[23] *Held by: the Parent Company (52.741%) and Banco di Sardegna s.p.a. (46.933%).*
[24] *Held by: the Parent Company (70.000%), Banco di Sardegna s.p.a. (20.000%), Sardaleasing s.p.a. (6.000%), Bibanca s.p.a. (3.000%) and Emilia Romagna Factor s.p.a. (1.000%).*
[25] *The company is not included in the Banking Group.*

b) Other subsidiaries measured using the equity method[26]:

1) Estense Covered Bond s.r.l. based in Conegliano (Treviso), a vehicle for the issue of Guaranteed Bank Bonds under art. 7 *bis* of Law 130/99 (60%);
2) 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%);
3) Estense CPT Covered Bond s.r.l., based in Conegliano (Treviso), a vehicle for the issue of Covered Bank Bonds under art. 7 *bis* of Law 130/99 (60%).

In addition to the above companies that belong to the Banking Group, the following direct and indirect subsidiaries are included in this cluster at 30 September 2021, even though they are not included in the Banking Group since they do not contribute to its banking activities[27]:

- Italiana Valorizzazioni Immobiliari s.r.l. (100%);
- Adras s.p.a. (100%);
- SIFA - Società Italiana Flotte Aziendali s.p.a. (100%).

c) Associated companies measured using the equity method

1) Cassa di Risparmio di Fossano s.p.a., based in Fossano (Cuneo) (23.077%);
2) Cassa di Risparmio di Savigliano s.p.a., based in Savigliano (Cuneo) (31.006%);
3) Alba Leasing s.p.a., based in Milan (33.498%);
4) Sofipo s.a. in liquidation, based in Lugano, held by BPER Bank Luxembourg SA. which holds 30% of share capital;
5) CAT Progetto Impresa Modena s.c.r.l., based in Modena (20%);
6) Resiban s.p.a., based in Modena (20%);
7) Unione Fiduciaria s.p.a., based in Milan (24%);
8) Atriké s.p.a., based in Modena (45%);
9) Sarda Factoring s.p.a., based in Cagliari (21.484%)[28];
10) Lanciano Fiera - Polo fieristico d'Abruzzo - consortium based in Lanciano (33.333%);
11) Immobiliare Oasi nel Parco s.r.l., based in Milan (36.80%).

In 2021, the following changes to equity investments occurred:

- The merger of Tholos s.p.a. with Nadia s.p.a., both real estate companies controlled by BPER Banca S.p.A., took effect for legal, accounting and tax purposes on 1 January 2021. Please refer to the chapter in this Report entitled *"Significant events and strategic transactions"* for further details on this transaction.
- The Parent Company exercised its right to withdraw from the – Consorzio Banche popolari;
- In 2021, the percentage of BPER Banca's shareholding in the Lanciano Fiera consortium was increased to 33.333%, due to the exit of a shareholder from the ownership structure.
- on 21 July 2021, the BPER Banca Group sold its entire shareholding in the company Emil-Ro Service s.r.l.

[26] *Following alignment of the scope of consolidation for accounting purposes with that used for supervisory purposes.*
[27] *Following alignment of the scope of consolidation for accounting purposes with that used for supervisory purposes.*
[28] *Held by: Banco di Sardegna s.p.a. (13.401%) and the Parent Company (8.083%).*

4. The BPER Banca Groups results of operations

4.1 Balance sheet aggregates

The most important balance sheet aggregates and captions at 30 September 2021 are presented below on a comparative basis with 31 December 2020, in thousands of Euro, indicating the changes between periods in absolute and percentage terms. Note that this comparison is influenced by the increase in size of the Group resulting from the acquisition of the business units from the Intesa Sanpaolo Group (i.e. the UBI, UBISS and Intesa Sanpaolo business units).
In the following tables, the information on the comparative figures at 31 December 2020 takes into account the retrospective application of change in the accounting method used to measure properties held for investment purposes (for further details of the restatement, please refer to the paragraph "Restatement of the reclassified consolidated financial statements of the BPER Banca Group at 31 December 2020" in the "Attachments" of this consolidated interim report on operations).

For greater clarity in the presentation of the results for the period, the accounting schedules envisaged by the 6th update of Bank of Italy Circular no. 262/2005 are presented below on a reclassified basis. In particular:

- debt securities measured at amortised cost (caption 40 *"Financial assets measured at amortised cost"*) have been reclassified to caption *"Financial assets"*;
- *"Other assets"* include captions 110 *"Tax assets"* and 130 *"Other assets";*
- *"Other liabilities"* include captions 60 *"Tax liabilities"*, 80 *"Other liabilities"*, 90 *"Employee termination indemnities"* and 100 *"Provisions for risks and charges"*;
- assets and liabilities classified as held for sale (asset caption 120 *"Non-current assets and disposal groups classified as held for sale"* and liability caption 70 *"Liabilities associated with activities classified as held for sale"*) are presented in their original portfolios in order to report the aggregates more clearly[29].

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

Assets

(in thousands)

Assets	30.09.2021	31.12.2020	Change	% Change
Cash and cash equivalents	653,111	482,192	170,919	35.45
Financial assets	27,440,604	24,661,915	2,778,689	11.27
a) Financial assets held for trading	319,284	279,009	40,275	14.44
b) Financial assets designated at fair value	123,952	127,368	(3,416)	-2.68
c) Other financial assets mandatorily measured at fair value	660,989	765,917	(104,928)	-13.70
d) Financial assets measured at fair value through other comprehensive income	6,374,707	6,269,818	104,889	1.67
e) Debt securities measured at amortised cost	19,961,672	17,219,803	2,741,869	15.92
- banks	5,605,132	4,496,133	1,108,999	24.67
- customers	14,356,540	12,723,670	1,632,870	12.83
Loans	99,690,315	62,888,784	36,801,531	58.52
a) Loans to banks	23,150,018	9,856,598	13,293,420	134.87
b) Loans to customers	76,482,758	53,005,879	23,476,879	44.29
c) Financial assets measured at fair value	57,539	26,307	31,232	118.72
Hedging derivatives	135,450	57,776	77,674	134.44
Equity investments	230,738	225,558	5,180	2.30
Property, plant and equipment	2,051,718	1,366,915	684,803	50.10
Intangible assets	478,192	702,723	(224,531)	-31.95
- of which: goodwill	204,392	434,758	(230,366)	-52.99
Other assets	3,494,184	2,675,920	818,264	30.58
Total assets	**134,174,312**	**93,061,783**	**41,112,529**	**44.18**

Loans to customers

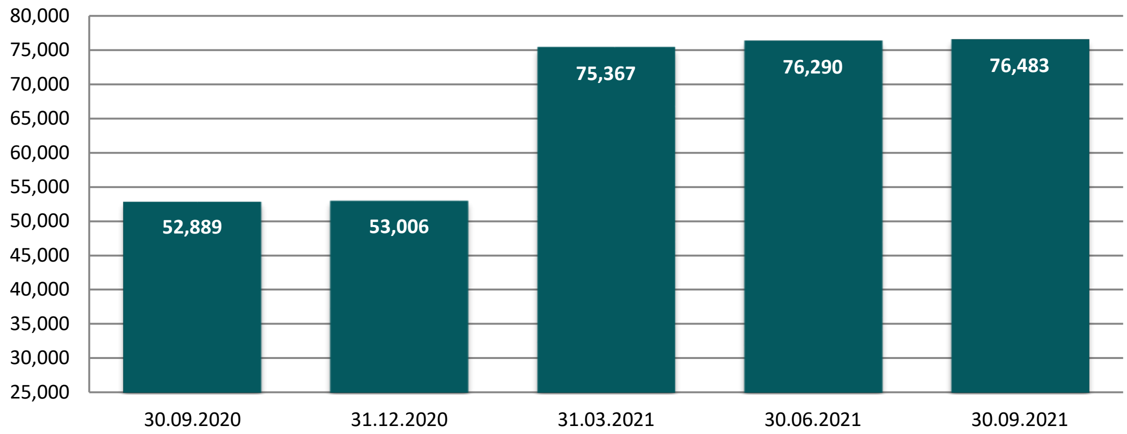
Net loans to customers are made up solely of the loans allocated in asset captions 40 b) "Financial assets measured at amortised cost – loans to customers" and 120 "Non-current assets and disposal groups classified as held for sale".

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Current accounts	4,935,432	3,668,713	1,266,719	34.53
Mortgage loans	53,188,901	35,355,336	17,833,565	50.44
Repurchase agreements	71,302	83,949	(12,647)	-15.07
Leases and factoring	4,011,701	3,966,030	45,671	1.15
Other transactions	14,275,422	9,931,851	4,343,571	43.73
Net loans to customers	**76,482,758**	**53,005,879**	**23,476,879**	**44.29**

Loans to customers, net of impairment adjustments, total Euro 76,482.8 million (Euro 53,005.9 million at 31 December 2020) up by Euro 23,476.9 million since 31 December 2020. As regards the various technical forms, the increase particularly affects mortgage loans by an amount of Euro 17,833.6 million, current accounts by an amount of Euro 1,266.7 million and other transactions by an amount of Euro 4,343.6 million, while there has been a decrease in repurchase agreements by an amount of Euro 12.6 million. The increase in mortgage loans, current accounts and other transactions is mainly due to the purchase of the UBI and Intesa Sanpaolo Business Units, which respectively took place on 22 February 2021 and 21 June 2021.

NET LOANS TO CUSTOMERS in millions



(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Gross non-performing exposures	**4,383,222**	**4,342,940**	**40,282**	**0.93**
Bad loans	2,350,179	2,076,384	273,795	13.19
Unlikely to pay loans	1,873,152	2,125,247	(252,095)	-11.86
Past due loans	159,891	141,309	18,582	13.15
Gross performing exposures	**74,966,331**	**51,047,978**	**23,918,353**	**46.85**
Total gross exposure	**79,349,553**	**55,390,918**	**23,958,635**	**43.25**
Impairment provisions for non-performing exposures	**2,425,405**	**2,212,728**	**212,677**	**9.61**
Bad loans	1,479,735	1,349,653	130,082	9.64
Unlikely to pay loans	907,532	831,394	76,138	9.16
Past due loans	38,138	31,681	6,457	20.38
Impairment provisions for performing exposures	**441,390**	**172,311**	**269,079**	**156.16**
Total impairment provisions	**2,866,795**	**2,385,039**	**481,756**	**20.20**
Net non-performing exposures	**1,957,817**	**2,130,212**	**(172,395)**	**-8.09**
Bad loans	870,444	726,731	143,713	19.78
Unlikely to pay loans	965,620	1,293,853	(328,233)	-25.37
Past due loans	121,753	109,628	12,125	11.06
Net performing exposures	**74,524,941**	**50,875,667**	**23,649,274**	**46.48**
Total net exposure	**76,482,758**	**53,005,879**	**23,476,879**	**44.29**

At the end of the first nine months of 2021, the provisions relating to non-performing loans amounted to Euro 2,425.4 million (Euro 2,212.7 million at 31 December 2020; +9.61%), for a coverage ratio of 55.33% (50.95% at 31 December 2020), while the provisions for performing loans amounted to Euro 441.4 million (Euro 172.3 million at 31 December 2020; +156.16%) and give a coverage ratio of to 0.59% (0.34% at 31 December 2020). The latter increase is mainly due to the Covid19-related overlays adopted as part of the updated ECL model and to the gradual recalibration of the risk parameters (IFRS 9 PD and LGD) adopted as an input under the ECL model. Considering the write-offs of bad loans, Euro 619.6 million (Euro 302.9 million at 31 December 2020), the coverage ratio has increased to 60.87% (54.15% at 31 December 2020).
The total coverage ratio is therefore 3.61%, down compared with the figure at 31 December 2020 (4.31%). Based on the same considerations set out above concerning direct write-offs, the total effective coverage of loans comes to 4.36% (4.83% at 31 December 2020).

(in thousands)

Loans to customers	30.09.2021		31.12.2020		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca S.p.A.	68,806,880	66,704,109	45,281,975	43,586,332	51.95	53.04	3.06
2. BPER Bank Luxembourg s.a.	216,650	207,733	214,109	205,363	1.19	1.15	4.12
3. Bibanca s.p.a.	1,779,965	1,755,112	1,458,406	1,436,112	22.05	22.21	1.40
4. Banco di Sardegna s.p.a.	7,684,363	7,248,969	7,630,038	7,236,104	0.71	0.18	5.67
Total banks	**78,487,858**	**75,915,923**	**54,584,528**	**52,463,911**	**43.79**	**44.70**	**3.28**
5. Sardaleasing s.p.a.	3,378,454	3,114,833	3,374,997	3,143,840	0.10	-0.92	7.80
6. Emilia Romagna Factor s.p.a.	1,148,037	1,129,083	1,066,501	1,047,843	7.65	7.75	1.65
7. Finitalia s.p.a.	580,623	568,338	612,956	598,349	-5.27	-5.02	2.12
Other companies and consolidation adjustments	(4,245,419)	(4,245,419)	(4,248,064)	(4,248,064)	-0.06	-0.06	-
Total of balance sheet	**79,349,553**	**76,482,758**	**55,390,918**	**53,005,879**	**43.25**	**44.29**	**3.61**

Net non-performing loans amount to Euro 1,957.8 million (-8.09% compared with 31 December 2020), equal to 2.56% of total net loans to customers (4.02% at 31 December 2020), whereas on a gross basis, the ratio between non-performing loans and loans to customers came to 5.52% (7.84% at 31 December 2020).
More specifically, net bad loans amount to Euro 870.4 million (+19.78% compared with 31 December 2020), net unlikely-to-pay loans amount to Euro 965.6 million (-25.37% compared with 31 December 2020) and net past due loans amount to Euro 121.8 million (+11.06 % compared with 31 December 2020).
The coverage of non-performing loans of 55.33% has increased compared with 31 December 2020 (50.95%).
The reduction in the gross and net incidence of the NPL portfolio on total loans is attributable to the characteristics of the portfolios acquired with the UBI and Intesa Sanpaolo branches, as well as the de-risking measures implemented by the Group in the first nine months of 2021; the change in the corresponding coverage ratio, on the other hand, is attributable not only to the influence of the portfolios of the branches acquired, but mainly to the further adjustments made during the period on the NPL portfolio, as explained in greater detail below in the commentary on the cost of credit for the nine month period.

(in thousands)

Non-performing loans	30.09.2021		31.12.2020		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca S.p.A.	3,168,376	1,417,300	2,998,231	1,424,112	5.67	-0.48	55.27
2. BPER Bank Luxembourg s.a.	10,003	1,519	10,000	1,517	0.03	0.13	84.81
3. Bibanca s.p.a.	44,326	25,704	50,236	32,116	-11.76	-19.97	42.01
4. Banco di Sardegna s.p.a.	669,289	283,455	743,536	373,831	-9.99	-24.18	57.65
Total banks	**3,891,994**	**1,727,978**	**3,802,003**	**1,831,576**	**2.37**	**-5.66**	**55.60**
5. Sardaleasing s.p.a.	446,587	209,105	501,749	284,846	-10.99	-26.59	53.18
6. Emilia Romagna Factor s.p.a.	33,055	16,482	24,446	8,392	35.22	96.40	50.14
7. Finitalia s.p.a.	11,586	4,252	14,742	5,398	-21.41	-21.23	63.30
Total of balance sheet	**4,383,222**	**1,957,817**	**4,342,940**	**2,130,212**	**0.93**	**-8.09**	**55.33**
Direct write-offs of bad loans	619,619	-	302,916	-	104.55	n.s.	100.00
Adjusted total	**5,002,841**	**1,957,817**	**4,645,856**	**2,130,212**	**7.68**	**-8.09**	**60.87**
Non-performing loans (Total of balance sheet)/Loans to customers	5.52%	2.56%	7.84%	4.02%			

Net bad loans amount to Euro 870.4 million (+19.78% compared with 31 December 2020), accounting for 1.14% of total net loans to customers (1.37% at 31 December 2020), whereas, on a gross basis, the bad loans on total loans to customers ratio comes to 2.96% (3.75% at 31 December 2020). The coverage of bad loans is 62.96% compared with 65.00% at 31 December 2020.

(in thousands)

Bad loans	30.09.2021		31.12.2020		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca S.p.A.	1,604,974	617,003	1,326,248	423,770	21.02	45.60	61.56
2. BPER Bank Luxembourg s.a.	6,104	-	6,104	-	-	n.s.	100.00
3. Bibanca s.p.a.	11,065	2,822	9,452	2,640	17.07	6.89	74.50
4. Banco di Sardegna s.p.a.	437,876	161,160	451,382	190,828	-2.99	-15.55	63.20
Total banks	**2,060,019**	**780,985**	**1,793,186**	**617,238**	**14.88**	**26.53**	**62.09**
5. Sardaleasing s.p.a.	263,863	83,835	252,486	101,120	4.51	-17.09	68.23
6. Emilia Romagna Factor s.p.a.	18,860	3,302	20,786	5,331	-9.27	-38.06	82.49
7. Finitalia s.p.a.	7,437	2,322	9,926	3,042	-25.08	-23.67	68.78
Total of balance sheet	**2,350,179**	**870,444**	**2,076,384**	**726,731**	**13.19**	**19.78**	**62.96**
Direct write-offs of bad loans	619,619	-	302,916	-	104.55	n.s.	100.00
Adjusted total	**2,969,798**	**870,444**	**2,379,300**	**726,731**	**24.82**	**19.78**	**70.69**
Bad loans (Total of balance sheet)/Loans to customers	**2.96%**	**1.14%**	**3.75%**	**1.37%**			

Net unlikely-to-pay loans total Euro 965.6 million (-25.37% compared with 31 December 2020), representing 1.26% of total net loans to customers (2.44% at 31 December 2020), while on a gross basis the ratio is 2.36% (3.84% at 31 December 2020).
The coverage of unlikely-to-pay loans has increased since the end of 2020 to 48.45%, compared with 39.12% at 31 December 2020.

(in thousands)

Unlikely to pay loans	30.09.2021		31.12.2020		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca S.p.A.	1,470,148	729,513	1,618,665	958,838	-9.18	-23.92	50.38
2. BPER Bank Luxembourg s.a.	3,899	1,519	3,896	1,517	0.08	0.13	61.04
3. Bibanca s.p.a.	11,107	7,087	6,807	4,099	63.17	72.90	36.19
4. Banco di Sardegna s.p.a.	213,293	108,818	259,957	157,305	-17.95	-30.82	48.98
Total banks	**1,698,447**	**846,937**	**1,889,325**	**1,121,759**	**-10.10**	**-24.50**	**50.13**
5. Sardaleasing s.p.a.	169,609	115,902	230,536	168,680	-26.43	-31.29	31.67
6. Emilia Romagna Factor s.p.a.	2,064	1,501	2,875	2,322	-28.21	-35.36	27.28
7. Finitalia s.p.a.	3,032	1,280	2,511	1,092	20.75	17.22	57.78
Total of balance sheet	**1,873,152**	**965,620**	**2,125,247**	**1,293,853**	**-11.86**	**-25.37**	**48.45**
Unlikely to pay loans/Loans to customers	**2.36%**	**1.26%**	**3.84%**	**2.44%**			

The net amount of past due loans of Euro 121.8 million (+11.06% compared with 31 December 2020) represents 0.16% of total net loans to customers (0.21% at 31 December 2020), whereas, on a gross basis, the past due loans on total loans to customers ratio is 0.20% (0.26% at 31 December 2020). The coverage of past due loans is 23.85% (22.42% at 31 December 2020).

(in thousands)

Past due loans	30.09.2021		31.12.2020		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca S.p.A.	93,254	70,784	53,318	41,504	74.90	70.55	24.10
2. Bibanca s.p.a.	22,154	15,795	33,977	25,377	-34.80	-37.76	28.70
3. Banco di Sardegna s.p.a.	18,120	13,477	32,197	25,698	-43.72	-47.56	25.62
Total banks	**133,528**	**100,056**	**119,492**	**92,579**	**11.75**	**8.08**	**25.07**
4. Sardaleasing s.p.a.	13,115	9,368	18,727	15,046	-29.97	-37.74	28.57
5. Emilia Romagna Factor s.p.a.	12,131	11,679	785	739	--	--	3.73
6. Finitalia s.p.a.	1,117	650	2,305	1,264	-51.54	-48.58	41.81
Total of balance sheet	**159,891**	**121,753**	**141,309**	**109,628**	**13.15**	**11.06**	**23.85**
Past due loans/Loans to customers	**0.20%**	**0.16%**	**0.26%**	**0.21%**			

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

(in thousands)

Breakdown of loans to non-financial corporates	30.09.2021	%
A. Agriculture, forestry and fishing	1,005,113	1.31
B. Mining and quarrying	55,936	0.07
C. Manufacturing	11,267,497	14.74
D. Provision of electricity, gas, steam and air-conditioning	786,854	1.03
E. Provision of water, sewerage, waste management and rehabilitation	564,733	0.74
F. Construction	3,187,944	4.17
G. Wholesaling and retailing, car and motorcycle repairs	6,366,208	8.32
H. Transport and storage	1,347,497	1.76
I. Hotels and restaurants	1,862,426	2.44
J. Information and communication	514,902	0.67
L. Real estate	4,229,791	5.53
M. Professional, scientific and technical activities	1,453,487	1.90
N. Rentals, travel agencies, business support services	2,141,834	2.80
O. Public administration and defence, compulsory social security	5,141	0.01
P. Education	91,558	0.12
Q. Health and welfare	536,584	0.70
R. Arts, sport and entertainment	215,755	0.28
S. Other services	390,596	0.51
Total loans to non-financial corporates	**36,023,856**	**47.10**
Individuals and other not included above	34,151,932	44.65
Financial corporates	3,790,417	4.96
Insurance	68,658	0.09
Governments and other public entities	2,447,895	3.20
Total loans	**76,482,758**	**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) captions 40 a) and b) "*Financial assets measured at amortised cost – loans to banks and loans to customers*".

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Financial assets measured at fair value through profit or loss	1,104,225	1,172,294	(68,069)	-5.81
- of which derivatives	*154,561*	*140,043*	*14,518*	*10.37*
Financial assets measured at fair value through other comprehensive income	6,374,707	6,269,818	104,889	1.67
Debt securities measured at amortised cost	19,961,672	17,219,803	2,741,869	15.92
a) banks	5,605,132	4,496,133	1,108,999	24.67
b) customers	14,356,540	12,723,670	1,632,870	12.83
Total financial assets	**27,440,604**	**24,661,915**	**2,778,689**	**11.27**

Financial assets amount to Euro 27,440.6 million, including Euro 26,399.2 million of debt securities (96.21% of the total). Of these, Euro 13,013.1 million relates to sovereign States and Central Banks (+11.17% compared with 31 December 2020, mainly due to purchases under the HTC business model during the period), while Euro 9,105.8 million relates to Banks (+12.03% compared with 31 December 2020). Equity instruments come to Euro 351.8 million (1.28% with respect to 31 December 2020), inclusive of Euro 252.3 million of stable equity investments classified in the FVOCI portfolio, Euro 79.3 million in securities held for trading and Euro 20.2 million in other equity instruments, mandatorily measured at FVTPL. These instruments were down 75.86% compared with 31 December 2020 primarily as a result of the disposal of BPER Banca's entire shareholding in Cedacri s.p.a. to the Ion Investment Group for a total price of Euro 85.1 million, generating a gain on disposal of Euro 39.8 million.
"Financial assets held for trading" include derivatives of Euro 154.6 million (+10.37% compared with 31 December 2020), consisting of interest rate, currency 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	30.09.2021	31.12.2020	Change	% Change
1. BPER Banca S.p.A.	25,692,977	22,855,992	2,836,985	12.41
2. BPER Bank Luxembourg s.a.	145,971	172,037	(26,066)	-15.15
3. Bibanca s.p.a.	12,452	11,539	913	7.91
4. Banco di Sardegna s.p.a.	1,552,506	1,589,462	(36,956)	-2.33
Total banks	**27,403,906**	**24,629,030**	**2,774,876**	**11.27**
Other companies and consolidation adjustments	36,698	32,885	3,813	11.59
Total	**27,440,604**	**24,661,915**	**2,778,689**	**11.27**

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Equity investments	230,738	225,558	5,180	2.30
of which subsidiaries	*18,896*	*13,757*	*5,139*	*37.36*
of which associates	*211,842*	*211,801*	*41*	*0.02*

Following alignment of the scope of consolidation with that used for prudential reporting purposes, this caption 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 members 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 measured using the equity method.
The impairment test identified the need to write down the carrying amount of the investment held in Cassa di Risparmio di Savigliano by Euro 8.6 million.

Fixed assets

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Intangible assets	478,192	702,723	(224,531)	-31.95
of which goodwill	*204,392*	*434,758*	*(230,366)*	*-52.99*

The goodwill shown in *"Intangible assets"* amounts to Euro 204.4 million, down by 52.99% compared with 31 December 2020 due to the complete write-down of the goodwill allocated to the BPER Banca CGU (made for the purpose of preparing the Consolidated Interim Report on Operations at 31 March 2021). The breakdown of "Goodwill" at 30 September 2021 is provided below:

(in thousands)

Goodwill	30.09.2021	31.12.2020
Parent Company BPER Banca	**-**	**230,366**
Banks/Other companies	**204,392**	**204,392**
- Banco di Sardegna s.p.a.	*27,606*	*27,606*
- Emilia Romagna Factor s.p.a.	*6,768*	*6,768*
- Arca Holding s.p.a.	*170,018*	*170,018*
Total	**204,392**	**434,758**

In the first quarter of 2021, the BPER Banca Group recognised the need to conduct an impairment test upon completion -on 22 February 2021- of the purchase of the business unit from the Intesa Sanpaolo Group and its absorption by the BPER Banca CGU, as it was considered a possible loss factor in the value of goodwill. Impairment testing carried out in accordance with IAS 36 showed that the goodwill relating to the BPER Banca CGU needed to be written down entirely. For further details on the result of the impairment test, please refer to the Explanatory notes to this consolidated interim report on operations.

Interbank and liquidity position

The amount of loans to banks comprises solely the loan component allocated to assets caption 40 a) *"Financial assets measured at amortised cost – loans to banks"*.

(in thousands)

Net interbank position	30.09.2021	31.12.2020	Change	% Change
A. Loans to banks	**23,150,018**	**9,856,598**	**13,293,420**	**134.87**
1. Current accounts and deposits	631,377	438,253	193,124	44.07
2. Other	22,518,641	9,418,345	13,100,296	139.09
B. Due to banks	**23,273,048**	**20,180,999**	**3,092,049**	**15.32**
Total (A-B)	**(123,030)**	**(10,324,401)**	**10,201,371**	**-98.81**

The following table gives full details of the operations in place with the ECB. Since 31 December 2020, taking advantage of the wide range of financial instruments made available by the ECB, the Group has participated in a tranche of TLTRO-III.

(in millions)

Refinancing operations with the European Central Bank	Currency	Principal	Maturity
1. Targeted Long Term Refinancing Operation (TLTRO-III) -BPER Banca	eur	14,000	28.06.2023
2. Targeted Long Term Refinancing Operation (TLTRO-III) -BPER Banca	eur	2,710	27.09.2023
3. Targeted Long Term Refinancing Operation (TLTRO-III) -BPER Banca	eur	1,670	27.03.2024
Total		**18,380**	

As a result, the BPER Group has obtained Euro 18,380 million of TLTRO III loans, which is 99.99% of its participation limit.

(in millions)

Counterbalancing Capacity	Guarantee value	Encumbered portion	Unencumbered portion
Eligible securities and loans	29,613	20,161	9,452
- of which Securities and loans transferred to the Pooling Account	*19,522*	*18,189*	*1,333*

At 30 September 2021, 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 29,613 million (Euro 28,095 million at 31 December 2020). The unencumbered portion amounts to Euro 9,452 million (Euro 10,048 million at 31 December 2020).

In the reporting period, the Central Treasury held significant resources relating to securities eligible for refinancing with the European Central Bank for an overall amount, net of margin calls, of Euro 19,522 million, of which Euro 18,189 million has been refinanced (Euro 1,333 million is still unencumbered).

Liabilities and shareholders equity

(in thousands)

Liabilities and shareholders equity	30.09.2021	31.12.2020	Change	% Change
Due to banks	23,273,048	20,180,999	3,092,049	15.32
Direct deposits	97,917,992	63,140,669	34,777,323	55.08
a) Due to customers	93,238,225	58,458,479	34,779,746	59.49
b) Debt securities issued	4,679,767	4,682,190	(2,423)	-0.05
Financial liabilities held for trading	122,314	170,094	(47,780)	-28.09
Hedging derivatives	293,020	469,240	(176,220)	-37.55
Other liabilities	5,620,737	2,766,652	2,854,085	103.16
Minority interests	154,084	133,983	20,101	15.00
Shareholders equity pertaining to the Parent Company	6,793,117	6,200,146	592,971	9.56
a) Valuation reserves	233,306	118,105	115,201	97.54
b) Reserves	2,492,344	2,360,743	131,601	5.57
c) Equity instruments	150,000	150,000	-	-
d) Share premium reserve	1,240,515	1,241,197	(682)	-0.05
e) Share capital	2,100,435	2,100,435	-	-
f) Treasury shares	(9,706)	(7,259)	(2,447)	33.71
g) Profit (Loss) for the period	586,223	236,925	349,298	147.43
Total liabilities and shareholders equity	**134,174,312**	**93,061,783**	**41,112,529**	**44.18**

Deposits

Direct deposits include the amounts due to customers classified in liability caption 70 *"Liabilities associated with assets classified as held for sale"* of the balance sheet.

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Current accounts and demand deposits	89,552,792	55,115,790	34,437,002	62.48
Time deposits	203,104	145,605	57,499	39.49
Repurchase agreements	122,750	149,286	(26,536)	-17.78
Lease liabilities	349,294	257,071	92,223	35.87
Other short-term loans	3,010,285	2,790,727	219,558	7.87
Bonds	4,525,717	4,385,826	139,891	3.19
- subscribed for by institutional customers	3,897,868	3,565,484	332,384	9.32
- subscribed for by non-institutional customers	627,849	820,342	(192,493)	-23.46
Certificates	2,022	2,175	(153)	-7.03
Certificates of deposit	152,028	294,189	(142,161)	-48.32
Direct deposits from customers	**97,917,992**	**63,140,669**	**34,777,323**	**55.08**
Indirect deposits (off-balance sheet figure)	**146,967,766**	**114,775,969**	**32,191,797**	**28.05**
- of which under management	63,936,601	42,719,321	21,217,280	49.67
- of which under administration	83,031,165	72,056,648	10,974,517	15.23
Customer funds under administration	**244,885,758**	**177,916,638**	**66,969,120**	**37.64**
Deposits from banks	23,273,048	20,180,999	3,092,049	15.32
Funds under administration or management	**268,158,806**	**198,097,637**	**70,061,169**	**35.37**

Direct deposits from customers of Euro 97,918 million have increased by 55.08% since 31 December 2020.

Among the various technical forms, current accounts and demand deposits have seen a significantly positive change compared with 31 December 2020, for Euro 34,437.0 million (+62.48%), mainly due to the effect of acquiring the UBI and Intesa Sanpaolo business units. Again with respect to 31 December 2020, an increase was registered in term deposits by Euro 57.5 million (+39.49%) due to the afore-mentioned operations and in bonds by Euro 139.9 million (+3.19%) on the back of a new issue of "Social Bonds" placed by the BPER Banca Group in March 2021 with institutional investors for a nominal amount of Euro 500 million, partly offset by the repayment at maturity of bonds held by both institutional and retail/corporate customers. On the other hand, compared with 31 December 2020, there has been a decline in repurchase agreements by Euro 26.5 million (-17.78%) and certificates of deposit by Euro 142.2 million (-48.32%).
Indirect deposits from customers, marked to market, come to Euro 146,967.8 million, a considerable increase compared with 31 December 2020 Euro 32,191.8 million (+28.05%) primarily due to the contribution of the UBI and Intesa Sanpaolo business units (Euro 28,723.2 million at 30 September 2021) and net assets under management gathered by the Group for an amount of Euro 1,550.4 million during the nine-month period.
Total funds under administration or management by the Group, including deposits from banks (Euro 23,273.0 million) amount to Euro 268,158.8 million.

(in thousands)

Direct deposits	30.09.2021	31.12.2020	Change	% Change
1. BPER Banca S.p.A.	85,442,601	51,471,778	33,970,823	66.00
2. BPER Bank Luxembourg s.a.	681,523	897,973	(216,450)	-24.10
3. Bibanca s.p.a.	246,717	151,882	94,835	62.44
4. Banco di Sardegna s.p.a.	11,761,714	10,814,813	946,901	8.76
Total banks	**98,132,555**	**63,336,446**	**34,796,109**	**54.94**
Other companies and consolidation adjustments	(214,563)	(195,777)	(18,786)	9.60
Total	**97,917,992**	**63,140,669**	**34,777,323**	**55.08**

Direct deposits include subordinated liabilities:

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Non-convertible subordinated liabilities	930,602	926,443	4,159	0.45
Total subordinated liabilities	**930,602**	**926,443**	**4,159**	**0.45**

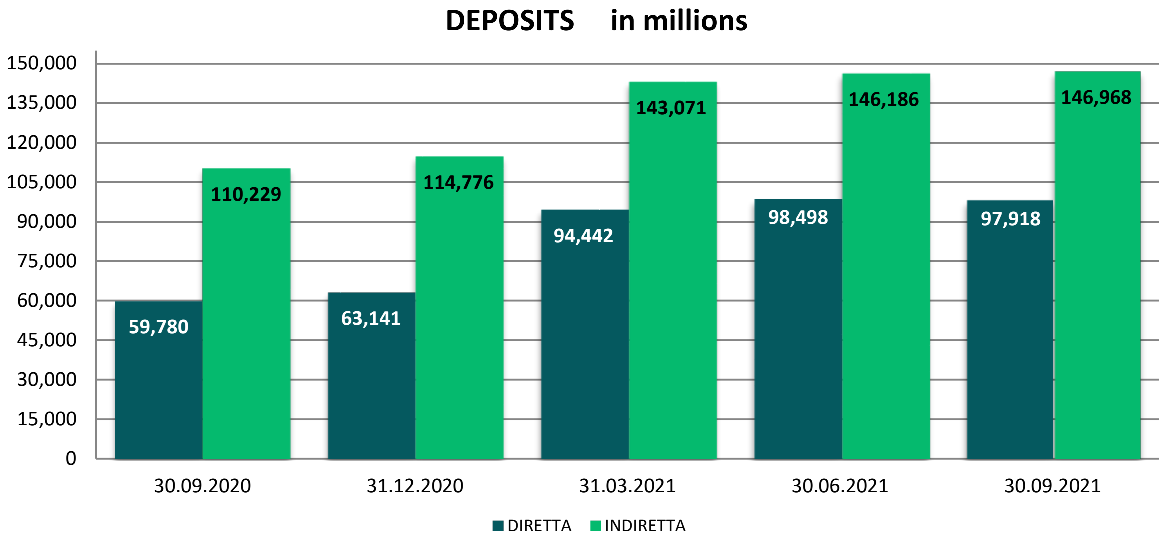
As was the case in December 2020, there are no convertible subordinated liabilities at 30 September 2021.

(in thousands)

Indirect deposits	30.09.2021	31.12.2020	Change	% Change
1. BPER Banca S.p.A.	123,936,363	92,440,968	31,495,395	34.07
2. BPER Bank Luxembourg s.a.	1,704,660	847,777	856,883	101.07
3. Banco di Sardegna s.p.a.	4,746,545	4,797,054	(50,509)	-1.05
Total banks	**130,387,568**	**98,085,799**	**32,301,769**	**32.93**
4. Arca Fondi SGR s.p.a.	32,836,380	30,378,411	2,457,969	8.09
Other companies and consolidation adjustments	(16,256,182)	(13,688,241)	(2,567,941)	18.76
Total	**146,967,766**	**114,775,969**	**32,191,797**	**28.05**

Indirect deposits from customers, marked to market, come to Euro 146,967.8 million, a considerable increase by Euro 32,191.8 million (+28.05%) since the end of 2020 due to the contribution of the UBI and Intesa Sanpaolo business units acquired by BPER Banca (Euro 28,723.2 million at 30 September 2021) and net assets under management gathered by the Group for an amount of Euro 1,550.4 million during the nine-month period.

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



Indirect deposits do not include the placement of insurance policies; the stock of customer assets invested in insurance products has increased by 160.62% since 31 December 2020, mainly driven by the entry of new life insurance policies deriving from the acquisition of the UBI and Intesa Sanpaolo business units (Euro 10,959.6 million at 30 September 2021) as well as on the back of Euro 572 million in net premiums for life insurance policies underwritten during the nine month period.

(in thousands)

Bancassurance	30.09.2021	31.12.2020	Change	% Change
Insurance premiums portfolio	19,355,291	7,426,514	11,928,777	160.62
- of which life business	*19,199,728*	*7,301,447*	*11,898,281*	*162.96*
- of which non-life business	*155,563*	*125,067*	*30,496*	*24.38*

Net of changes due to the acquisition, customer assets invested in insurance products in any case recorded a positive trend in the first nine months of 2021 compared with the end of 2020 (+13.05%). In particular, the "life" business grew by 12.86%, while the "non-life" business grew by 24.38%.

If life insurance premiums are added to the managed portion of indirect deposits, the total comes to Euro 83,136.3 million, which accounts for 50.03% of the overall total of indirect deposits (assets under administration and assets under management) and life insurance premiums (Euro 166,167.5 million).

Shareholders equity

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Shareholders equity pertaining to the Parent Company	**6,793,117**	**6,200,146**	**592,971**	**9.56**
- of which profit (loss) for the period	*586,223*	*236,925*	*349,298*	*147.43*
- of which shareholders equity excluding profit (loss) for the period	*6,206,894*	*5,963,221*	*243,673*	*4.09*

(in thousands)

Captions	30.09.2021	31.12.2020	Change	% Change
Minority interests	**154,084**	**133,983**	**20,101**	**15.00**
- of which profit (loss) for the period pertaining to minority interests	*24,860*	*25,001*	*(141)*	*-0.56*
- of which shareholders equity pertaining to minority interests excluding their share of profit (loss) for the period	*129,224*	*108,982*	*20,242*	*18.57*

(in thousands)

Shareholders equity	30.09.2021	31.12.2020	Change	% Change
1. BPER Banca S.p.A.	5,881,924	5,771,818	110,106	1.91
2. BPER Bank Luxembourg s.a.	67,421	64,124	3,297	5.14
3. Bibanca s.p.a.	289,117	283,535	5,582	1.97
4. Banco di Sardegna s.p.a.	942,897	901,171	41,726	4.63
Total banks	**7,181,359**	**7,020,648**	**160,711**	**2.29**
Other companies and consolidation adjustments	(845,241)	(948,445)	103,204	-10.88
Total	**6,336,118**	**6,072,203**	**263,915**	**4.35**
Profit (Loss) for the period pertaining to the Parent Company	586,223	236,925	349,298	147.43
Profit (loss) for the period pertaining to minority interests	24,860	25,001	(141)	-0.56
Total shareholders equity	**6,947,201**	**6,334,129**	**613,072**	**9.68**

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

The total net tangible shareholders equity (after deduction of intangible assets of Euro 478.2 million) amounted to Euro 6,469.0 million.

4.2 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), 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 Italys 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.

On 30 September 2021, the BPER Banca Group adopted internal models for measuring the capital requirements relating to the credit risk represented by both business and retail customers. The scope of the models[30] includes BPER Banca, Banco di Sardegna and Bibanca. Sardaleasing is formally included in the roll-out plan and will adopt the IRB method in accordance with the planned timetable. The other BPER Banca Group companies and asset classes not included in the roll-out plan will continue to use the Standardised Approach.

In relation to the supervisory review and evaluation process, the ECB did not issue any decision on prudential requirements in 2020, so the Bank had to comply with prior requirements in place, also taking into account the regulatory change introduced to take effect from 12 March 2020 regarding the method of holding the requirement of additional Pillar 2 Own Funds (equal to 2%) in the form of at least 56.25% of CET1 and 75% of T1.
At 30 September 2021, the Common Equity Tier 1 Ratio requirement to be met was therefore equal to 8.125% Phased in and Fully Phased.

This requirement is also influenced by the additional Countercyclical Capital Buffer requirement specified for the BPER Banca Group of 0.003% at 30 September 2021, raising the overall minimum to 8.128%.
Compared with that limit, the amount of available equity (CET 1) at 30 September 2021 can be quantified at Euro 2,973 million (about 656 bps of CET1) under the phased in transitional arrangements, while on a fully loaded basis it is estimated at Euro 2,512 million, or about 555 bps of CET 1.

With regard to the above, the amount calculated for CET1 includes that portion of the profit for the period allocable to equity, Euro 501.4 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).

[30] *The ECB authorised the use of internal models on 24 June 2016.*

The following table shows the BPER Banca Groups capital ratios and the minimum capital adequacy requirements for regulatory purposes as at 30 September 2021[31].

(in thousands)

	30.09.2021 Fully Phased	30.09.2021 Phased in	31.12.2020 Fully Phased, restated	31.12.2020 Phased in, restated	Change in Phased in	% Change
Common Equity Tier 1 capital - CET1	6,188,415	6,656,567	5,275,526	5,931,675	724,892	12.22
Additional Tier 1 capital - AT1	150,602	150,602	150,623	150,623	(21)	-0.01
Tier 1 capital - Tier 1	**6,339,017**	**6,807,169**	**5,426,149**	**6,082,298**	**724,871**	**11.92**
Tier 2 capital - Tier 2 - T2	1,057,404	1,057,404	1,014,969	1,015,256	42,148	4.15
Total Own Funds	**7,396,421**	**7,864,573**	**6,441,118**	**7,097,554**	**767,019**	**10.81**
Total Risk-weighted assets (RWA)	**45,237,626**	**45,314,318**	**33,371,840**	**33,487,963**	**11,826,355**	**35.32**
CET1 Ratio (CET1/RWA)	**13.68%**	**14.69%**	**15.81%**	**17.71%**	**-302 bps**	
Tier 1 Ratio (Tier 1/RWA)	**14.01%**	**15.02%**	**16.26%**	**18.16%**	**-314 bps**	
Total Capital Ratio (Total Own Funds/RWA)	**16.35%**	**17.36%**	**19.30%**	**21.19%**	**-383 bps**	
RWA/Total assets	**33.72%**	**33.77%**	**35.86%**	**35.98%**	**-221 bps**	

The capital ratios are as follows:

- Common Equity Tier 1 ratio (Phased In) of 14.69%[32] (17.71% at 31 December 2020[33]). The Fully Phased ratio is 13.68% (15.81% at 31 December 2020 restated[34]);
- Tier 1 ratio (Phased In) of 15.02%[35] (18.16% at 31 December 2020 restated[36]);
- Total Capital Ratio (Phased in) of 17.36%[37] (21.19% at 31 December 2020[38]).

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).

[31] *The comparative ratios have been calculated on figures at 31 December 2020 which include the effects of the retrospective application of the change in the measurement method of property, plant and equipment held for investment.*
[32] *Reg. 2395/2017 "Transitional provisions for mitigating the impact of the introduction of IFRS 9 on own funds" introduced the transitional regime (a.k.a Phased in) offers banks the option to mitigate the impacts of IFRS 9 on Own Funds over a period of 5 years (from March 2018 to December 2022), by neutralising the impact on CET1 with the application of decreasing add-back factors over time. The BPER Banca Group elected to apply the "static approach" to the impact arising from a reconciliation of impairment losses under IAS 39 as at 31 December 2017 to impairment losses under IFRS 9 as at 1 January 2018.*
[33] *See the previous note on comparative figures.*
[34] *See the previous note on comparative figures.*
[35] *See the previous note on transitional provisions.*
[36] *See the previous note on comparative figures.*
[37] *See the previous note on transitional provisions.*
[38] *See the previous note on comparative figures.*

4.3 Reconciliation of consolidated net profit/shareholders equity

Consolidated net profit pertaining to the Parent Company comprises, on a shareholding basis, the sum of profits (losses) at 30 September 2021 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 period	30.09.2021
BPER Banca S.p.A.	**566,559**
Other Group companies:	**69,766**
Banco di Sardegna s.p.a.	*9,243*
BPER Bank Luxembourg s.a.	*3,768*
Bibanca s.p.a.	*16,306*
Sardaleasing s.p.a.	*(9,683)*
Emilia Romagna Factor s.p.a.	*4,647*
Finitalia s.p.a.	*5,151*
Arca Holding s.p.a. (consolidated figure)	*32,639*
Optima s.p.a. SIM	*5,051*
Nadia s.p.a.	*1,250*
BPER Credit Management s.c.p.a.	*(10)*
Modena Terminal s.r.l.	*343*
Numera s.p.a.	*1,061*
Total profit (loss) of the Group	**636,325**
Consolidation adjustments	(50,102)
Consolidated profit (loss) for the period	**586,223**

As required by current regulations, the following statement is presented with regard to the position at 30 September 2021:

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

(in thousands)

	Increase (decrease)	
	Profit (Loss) for	Shareholders' equity
AMOUNTS RELATING TO THE PARENT COMPANY	**566,559**	**6,448,483**
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, as follows:	56,427	321,706
- consolidation adjustments	*(1,429)*	-
- derecognition of intercompany profits and losses	*(11,910)*	-
- share of the results of companies consolidated on a line-by-line basis after tax effect	*69,766*	-
DIVIDENDS collected from companies consolidated on a line-by-line basis or measured under the equity method	(42,016)	16
DIFFERENCE between the interest in shareholders equity (including results for the period) and the book value of companies consolidated under the equity method.	5,253	22,912
Profit (Loss) for the period and shareholders equity pertaining to the Parent Company as at 30.09.2021	**586,223**	**6,793,117**
Profit (Loss) for the period and shareholders' equity pertaining to Minority interests as at 30.06.2021	24,860	154,084
Consolidated Profit (Loss) for the period and shareholders equity as at 30.09.2021	**611,083**	**6,947,201**
Consolidated Profit (Loss) for the period as at 30.09.2020	**218,450**	
Consolidated shareholders equity as at 31.12.2020		**6,334,129**

The figures for 2020 have been restated compared with those that were published at the reference date, due to the change in the measurement method of properties held for investment.

4.4 Income statement aggregates

Summary data from the consolidated income statement at 30 September 2021 is presented below in thousands of Euro, appropriately compared with the amounts at 30 September 2020 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 afore-mentioned acquisition of the business units from the Intesa Sanpaolo Group.
In the following tables, the information on the comparative figures at 30 September 2020 takes into account the retrospective application of the change in the measurement method of properties held for investment purposes (for further details of the restatement, please refer to the paragraph "Restatement of the BPER Banca Group's reclassified consolidated income statement at 30 September 2020" in the "Attachments" of this Report).

The results presented have been reclassified to the formats envisaged in the 6th update to Bank of Italy Circular no. 262/2005. The principal reclassifications relate to the following captions:

- *"Net income from financial activities"* includes captions 80, 90, 100 and 110 in the standard reporting format;
- indirect tax recoveries, allocated for accounting purposes to caption 230 *"Other operating expense/income",* have been reclassified as a reduction in the related costs under *"Other administrative expenses"* (Euro 171.6 million at 30 September 2021 and Euro 103.5 million at 30 September 2020);
- *"Net adjustments to property, plant and equipment and intangible assets"* include captions 210 and 220 of the standard reporting format;
- *"Net provisions for risks and charges*" include Euro 19.8 million relating to the valuation of the profit-sharing clause in the contract for the acquisition of Nuova Carife, allocated to caption 230 *"Other operating expense/income*" in the accounting schedule;
- "*Gains (Losses) on investments*" include captions 250, 260, 270 and 280 of the accounting schedule;
- *"Contributions to the DGS, SRF and IDGF-VS funds"* have been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave "Other administrative expenses" as a better reflection of the trend in the Groups operating costs. In particular, at 30 September 2021, this caption represents the component allocated for accounting purposes to administrative costs in relation to:
    - the 2021 regular contribution to the SRF (European Single Resolution Fund) of Euro 34.9 million;
    - the additional contribution requested by the SRF for 2019 from Italian banks for Euro 11.3 million;
    - the 2021 contribution to the DGS (Deposit Guarantee Schemes) for Euro 80.0 million, reflecting the estimated amount that will be required by the end of the year.

Reclassified consolidated income statement

(in thousands)

Captions		30.09.2021	30.09.2020	Change	% Change
10+20	Net interest income	1,119,419	943,743	175,676	18.61
40+50	Net commission income	1,172,409	774,824	397,585	51.31
70	Dividends	14,624	17,393	(2,769)	-15.92
80+90+100+110	Net income from financial activities	172,610	95,589	77,021	80.58
230	Other operating expense/income	11,735	31,969	(20,234)	-63.29
	Operating income	**2,490,797**	**1,863,518**	**627,279**	**33.66**
190 a)	Staff costs	(971,024)	(721,302)	(249,722)	34.62
190 b)	Other administrative expenses	(498,408)	(351,600)	(146,808)	41.75
210+220	Net adjustments to property, plant and equipment and intangible assets	(159,813)	(122,139)	(37,674)	30.85
	Operating costs	**(1,629,245)**	**(1,195,041)**	**(434,204)**	**36.33**
	Net operating income	**861,552**	**668,477**	**193,075**	**28.88**
130 a)	Net impairment losses to financial assets at amortised cost	(714,497)	(405,192)	(309,305)	76.34
	- loans to customers	*(714,070)*	*(400,361)*	*(313,709)*	*78.36*
	- other financial assets	*(427)*	*(4,831)*	*4,404*	*-91.16*
130 b)	Net impairment losses to financial assets at fair value	1,461	(495)	1,956	-395.15
140	Gains (Losses) from contractual modifications without derecognition	(2,165)	(624)	(1,541)	246.96
	Net impairment losses for credit risk	**(715,201)**	**(406,311)**	**(308,890)**	**76.02**
200	Net provisions for risks and charges	(55,033)	(30,010)	(25,023)	83.38
###	Contributions to SRF, DGS, IDPF - VS	(126,118)	(64,653)	(61,465)	95.07
250+260+270 +280	Gains (Losses) on investments	(255,915)	(10,025)	(245,890)	--
275	Gain on a bargain purchase	1,127,847	-	1,127,847	n.s.
290	**Profit (Loss) from current operations before tax**	**837,132**	**157,478**	**679,654**	**431.59**
300	Income taxes on current operations for the period	(226,049)	60,972	(287,021)	-470.74
330	**Profit (Loss) for the period**	**611,083**	**218,450**	**392,633**	**179.74**
340	Profit (Loss) for the period pertaining to minority interests	(24,860)	(19,352)	(5,508)	28.46
350	**Profit (Loss) for the period pertaining to the Parent Company**	**586,223**	**199,098**	**387,125**	**194.44**

Reclassified consolidated income statement by quarter

(in thousands)

Captions	1st quarter 2021	2nd quarter 2021	3rd quarter 2021	1st quarter 2020	2nd quarter 2020	3rd quarter 2020	4th quarter 2020
Net interest income	343,513	384,809	391,097	307,971	310,280	325,492	295,133
Net commission income	328,132	405,826	438,451	267,595	245,102	262,127	297,690
Dividends	1,678	12,269	677	809	12,034	4,550	1,099
Net income from financial activities	76,241	43,471	52,898	5,642	46,832	43,115	42,576
Other operating expense/income	8,119	(5,631)	9,247	14,607	9,724	7,638	9,005
Operating income	**757,683**	**840,744**	**892,370**	**596,624**	**623,972**	**642,922**	**645,503**
Staff costs	(302,142)	(355,061)	(313,821)	(255,576)	(249,088)	(216,638)	(239,417)
Other administrative expenses	(189,880)	(157,403)	(151,125)	(114,546)	(116,917)	(120,137)	(147,440)
Net adjustments to property, plant and equipment and intangible assets	(54,454)	(52,510)	(52,849)	(39,905)	(41,448)	(40,786)	(45,282)
Operating costs	**(546,476)**	**(564,974)**	**(517,795)**	**(410,027)**	**(407,453)**	**(377,561)**	**(432,139)**
Net operating income	**211,207**	**275,770**	**374,575**	**186,597**	**216,519**	**265,361**	**213,364**
Net impairment losses to financial assets at amortised cost	(419,004)	(157,291)	(138,202)	(139,553)	(157,769)	(107,870)	(136,685)
- loans to customers	*(417,667)*	*(159,229)*	*(137,174)*	*(139,991)*	*(153,846)*	*(106,524)*	*(134,244)*
- other financial assets	*(1,337)*	*1,938*	*(1,028)*	*438*	*(3,923)*	*(1,346)*	*(2,441)*
Net impairment losses to financial assets at fair value	773	913	(225)	105	(963)	363	133
Gains (Losses) from contractual modifications without derecognition	(602)	(1,177)	(386)	(195)	(247)	(182)	(1,517)
Net impairment losses for credit risk	**(418,833)**	**(157,555)**	**(138,813)**	**(139,643)**	**(158,979)**	**(107,689)**	**(138,069)**
Net provisions for risks and charges	(40,914)	(9,592)	(4,527)	2,276	(17,177)	(15,109)	(2,471)
Contributions to SRF, DGS, IDPF - VS	(31,055)	(15,106)	(79,957)	(31,978)	(2,185)	(30,490)	(23,529)
Gains (Losses) on investments	(250,655)	(2,629)	(2,631)	64	(10,151)	62	(10,038)
Gain on a bargain purchase	1,077,869	72,053	(22,075)	-	-	-	-
Profit (Loss) from current operations before tax	**547,619**	**162,941**	**126,572**	**17,316**	**28,027**	**112,135**	**39,257**
Income taxes on current operations for the period	(140,830)	(50,902)	(34,317)	(6,582)	74,603	(7,049)	4,219
Profit (Loss) for the period	**406,789**	**112,039**	**92,255**	**10,734**	**102,630**	**105,086**	**43,476**
Profit (Loss) for the period pertaining to minority interests	(6,523)	(10,497)	(7,840)	(4,325)	(6,543)	(8,484)	(5,649)
Profit (Loss) for the period pertaining to the Parent Company	**400,266**	**101,542**	**84,415**	**6,409**	**96,087**	**96,602**	**37,827**

Net interest income

"Net interest income" amounted to Euro 1,119.4 million, which was higher than the comparative figure (Euro 943.7 million at 30 September 2020) due to the Group's increase in size as a result of the business combination carried out in the first half of the year.

The result includes the upside attributable to the first nine months of participation in the TLTRO-III issues for Euro 135.5 million.

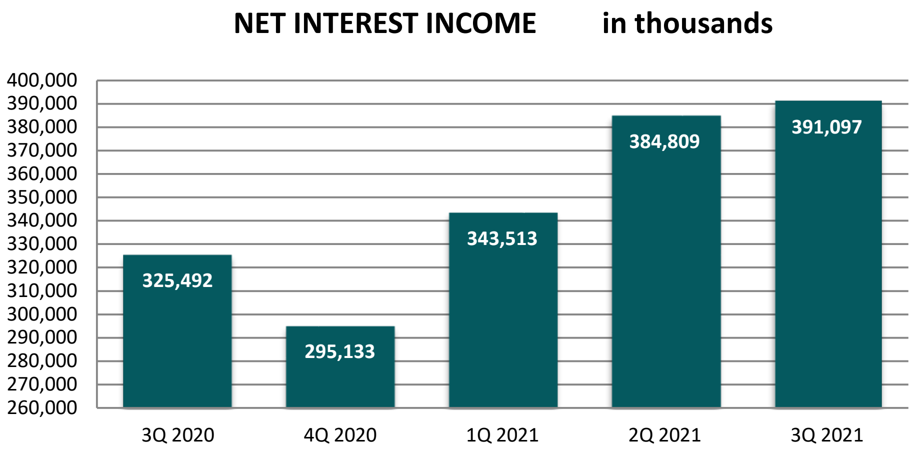
In addition to recalling the dynamics of loans and interest-bearing deposits, highlighted in paragraph 4.1 *"Balance sheet aggregates"*, an indication of the trend in average lending/funding rates is given below for a better understanding of the trend in interest rates for loans and deposits:

- the average interest rate for the period, based on Group lending rates to customers, was 2.02%, down by approximately 25 bps compared with the average rate for the first nine months of the previous year;
- the average yield on the securities portfolio is 0.43%, down by 31 bps compared with the same period of last year, as a result of the decline in market rates;
- the average cost of direct funding from customers was 0.18%, which is down by about 9 bps with respect to the first nine months of last year (0.27%);
- total interest-bearing liabilities involved a cost of close to zero, benefitting from the negative rates on interbank funding (it was 0.14% at 30 September 2020);
- the spread between lending and deposit rates of Group relationships with customers came to 1.85% (1.99% at 30 September 2020);
- 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 1.26% (1.59% at 30 September 2020).

(in thousands)

Net interest income	30.09.2021	30.09.2020	Change	% Change
1. BPER Banca S.p.A.	867,130	673,479	193,651	28.75
2. BPER Bank Luxembourg s.a.	3,243	3,880	(637)	-16.42
3. Bibanca s.p.a.	42,163	36,587	5,576	15.24
4. Banco di Sardegna s.p.a.	131,407	144,651	(13,244)	-9.16
Total banks	**1,043,943**	**858,597**	**185,346**	**21.59**
Other companies and consolidation adjustments	75,476	85,146	(9,670)	-11.36
Total	**1,119,419**	**943,743**	**175,676**	**18.61**

Looking at the quarterly trend in net interest income illustrated in the following graph, the growth in net interest income compared to the previous quarters is mainly due to the acquisitions of the business units from the Intesa Sanpaolo Group.



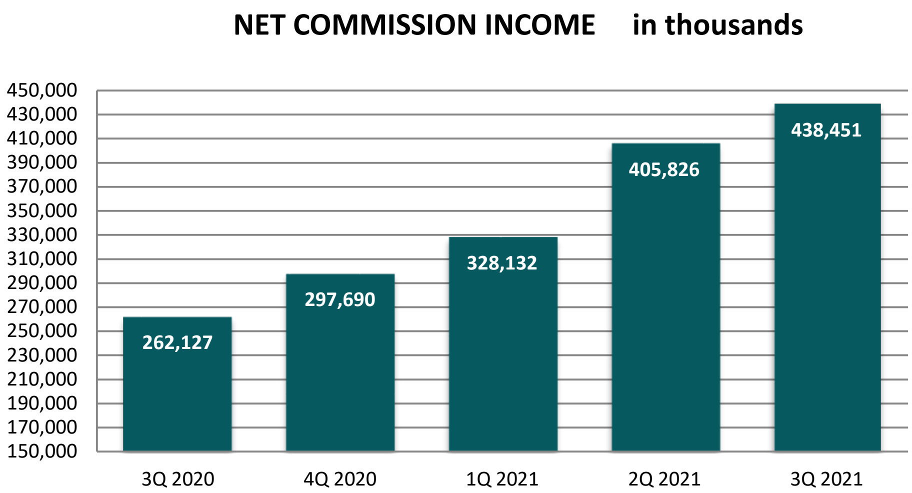
Net commission income

Net commission income, amounting to Euro 1,172.4 million, was 51.31% higher than at 30 September 2020.

(in thousands)

Net commission income	30.09.2021	30.09.2020	Change	% Change
Trading in currency/financial instruments	7,265	4,939	2,326	47.09
Indirect deposits and insurance policies	529,685	344,207	185,478	53.89
Credit cards, collections and payments	177,816	117,800	60,016	50.95
Loans and guarantees	408,665	281,555	127,110	45.15
Other commissions	48,978	26,323	22,655	86.07
Total net commission income	**1,172,409**	**774,824**	**397,585**	**51.31**

As illustrated in the graph, a closer focus on the quarterly trend in net commission income shows that the period was affected by the acquisition of the Intesa Sanpaolo business unit, which resulted in an increase in the commission income earned on loans, collections, payments, assets under management and insurance premiums.



Net income from financial activities

Net income from financial activities (including dividends of Euro 14.6 million) amounted to a positive Euro 187.2 million (Euro 113.0 million at 30 September 2020), positively influenced by substantial proceeds from the disposal of financial assets and the good performance of financial markets.
This result was brought about in particular by:

- gains on the disposal of financial assets for Euro 161.3 million, of which Euro 39.8 million traceable to the disposal of shares of Cedacri s.p.a;
- losses from disposal of loans for an amount of Euro 5.2 million;
- net gains on financial assets of Euro 9.0 million;
- other positive elements for Euro 7.5 million.

(in thousands)

Net income from financial activities (including dividends)	30.09.2021	30.09.2020	Change	% Change
Dividends	14,624	17,393	(2,769)	-15.92
Gain from disposal of financial assets and loans	156,101	117,169	38,932	33.23
Capital gains on financial assets	46,834	12,764	34,070	266.92
Capital losses on financial assets	(37,863)	(35,184)	(2,679)	7.61
Other revenues (losses)	7,538	840	6,698	797.38
Total	**187,234**	**112,982**	**74,252**	**65.72**

Operating income

Considering “Other operating expense/income” of Euro 11.7 million (Euro 32.0 million at 30 September 2020), “Operating income” came to Euro 2,490.8 million (+33.7% compared to the same period last year).

Operating costs

“Operating costs” amounted to Euro 1,629.2 million, an increase compared with the first nine months of 2020 due to the increase in size of the Group as a result of the business combination carried out in the first half of the year.
The main components of operating costs are as follows.

“Staff costs”, Euro 971.0 million, were higher than in the comparative period (+34.62% y/y); in addition to the increase in size of the Group, one-off costs were incurred for personnel working alongside colleagues in the new branches that have just been acquired.

“Other administrative expenses” shown net of indirect taxes recovered (Euro 171.6 million at 30 September 2021) and of the contributions paid to the Resolution Funds (Euro 126.1 million), amounted to Euro 498.4 million, up by 41.75% compared with the same period of the previous year.
This item is also affected by one-off charges relating to the acquisition of the business unit, in particular for IT migration, consultancy, advertising, rebranding and reimbursement of staff expenses.

“Net adjustments to property, plant and equipment and intangible assets” amounted to Euro 159.8 million (Euro 122.1 million in the first nine months of 2020) and were affected by the change in the measurement of properties held for investment purposes.

The result was affected by write-downs of properties classified as inventories for Euro 5.1 million, write-backs on properties used in operations for Euro 2.6 million and the write-down of the "core deposit" intangible asset coming from the PPA of Cassa di Risparmio di Bra for Euro 3.4 million.
The depreciation of the rights of use related to leased assets amounted to Euro 50.5 million (Euro 46.0 million at 30 September 2020, of which Euro 0.7 million for contracts closed-out early).

(in thousands)

Operating costs	30.09.2021	30.09.2020	Change	% Change
1. BPER Banca S.p.A.	1,363,790	943,159	420,631	44.60
2. BPER Bank Luxembourg s.a.	3,742	3,474	268	7.71
3. Bibanca s.p.a.	38,107	26,181	11,926	45.55
4. Banco di Sardegna s.p.a.	176,627	184,272	(7,645)	-4.15
Total banks	**1,582,266**	**1,157,086**	**425,180**	**36.75**
Other companies and consolidation adjustments	46,979	37,955	9,024	23.78
Total	**1,629,245**	**1,195,041**	**434,204**	**36.33**

Net operating income therefore amounts to Euro 861.6 million (Euro 688.5 million at 30 September 2020).

Net impairment losses for credit risk

“Net impairment losses for credit risk” amounted to Euro 715.2 million (Euro 406.3 million in the first nine months of 2020).
In particular, the impairment losses to the net carrying amount of financial assets measured at amortised cost totalled Euro 714.5 million (Euro 405.2 million at 30 September 2020), while the measurement of securities with an impact on other comprehensive income resulted in write-backs for an amount of Euro 1.5 million.

“Net impairment losses for credit risk” on loans to customers are analysed below:

(in thousands)

Net impairment losses for credit risk on loans to customers	30.09.2021	30.09.2020	Change	% Change
1. BPER Banca S.p.A.	593,886	338,751	255,135	75.32
2. BPER Bank Luxembourg s.a.	117	-	117	n.s.
3. Bibanca s.p.a.	3,508	4,354	(846)	-19.43
4. Banco di Sardegna s.p.a.	77,057	32,095	44,962	140.09
Total banks	**674,568**	**375,200**	**299,368**	**79.79**
Other companies and consolidation adjustments	39,502	25,161	14,341	57.00
Total	**714,070**	**400,361**	**313,709**	**78.36**

The overall cost of credit at 30 September 2021, calculated only on loans to customers, amounted to 93 bps, the equivalent of 124 bps on an annualised basis; the cost of credit at 30 September 2020 was 76 bps, while the effective cost at 31 December 2020 was 101 bps.
The increase in the cost of credit observed in the first nine months of 2021 was also due to changes made by the BPER Banca Group to the Expected Credit Loss (ECL) model and the Significant Increase in Credit Risk (SICR) model, as described below in the paragraph “Accounting estimates - Overlay approach applied in the assessment of credit risk”. A further contributor to the increase was the revision of the Group’s policies for the individual assessment of non-performing loans.

Net provisions for risks and charges

“Net provisions for risks and charges” total Euro 55.0 million (Euro 30.0 million at 30 September 2020). Net impairment adjustments on guarantees and commitments come to Euro 0.6 million, whereas "Other provisions for risks and charges" amount to Euro 54.4 million. These mainly include the adjustment of the "profit sharing" element payable to the National Resolution Fund under the agreements for the acquisition of Nuova Carife s.p.a. (Euro 19.8 million payable to the seller following the recovery of prior-year tax losses), in addition to other provisions relating to legal risks on disputes.

Contributions to SRF, DGS, IDPF - VS

At 30 September 2021, the contributions paid amounted to Euro 126.1 million (Euro 64.7 million at 30 September 2020), of which Euro 34.9 million (Euro 26.0 million at 30 September 2020) for the regular contribution to the SRF (Single Resolution Fund), Euro 11.3 million for the additional payment relating to 2019 requested by the SRF (Euro 8.1 million at 30 September 2020) and Euro 80.0 million for the estimated regular contribution to the DGS (Deposit Guarantee Scheme), which will be paid in the fourth quarter (Euro 30.5 million at 30 September 2020).

Gains (Losses) on investments

This caption shows a negative balance of Euro 255.9 million (Euro 10.0 million negative at 30 September 2020), mainly deriving from:

- Euro 230.4 million in impairment losses on goodwill;
- Euro 8.6 million in impairment losses on the equity investment in Cassa di Risparmio di Savigliano;
- Euro 27.5 million in write-downs due to the the fair value measurement of investment properties;
- Euro 9.6 million in positive results from companies measured using the equity method.

Gain on a bargain purchase

This caption includes the badwill - i.e. the positive capital difference - generated by the acquisition of the UBI, UBISS and Intesa Sanpaolo business units, amounting to Euro 1,127.8 million.

Net profit

“Profit from current operations before tax” amounted to Euro 837.1 million (Euro 157.5 million at 30 September 2020).

“Income taxes for the period”, Euro 226 million, were determined by applying the regulations in force at 30 September 2021 and, therefore, considering the changes introduced by the “August Decree” (Decree Law no. 104 of 14 August 2020), in particular the provision that recognises the possibility, for entities that adopt international accounting standards, to realign for tax purposes any higher carrying amounts of Property, plant and equipment, intangible assets and equity investments, even if they are not subsidiaries or associates. The impact on the income statement is due to recognition of the flat-rate substitute tax of Euro 5.3 million, the reversal of deferred tax liabilities for Euro 13.5 million and the recognition of deferred tax assets for an amount of Euro 10.4 million.

Tax is also influenced by the Group’s decision to change the measurement method of properties held for investment purposes from cost to fair value and the fact that, in line with its own accounting policy, at 30

September 2021, the requirements for accounting for DTAs potentially recognisable as a result of such a change have not been met; again following the change in the valuation method, DTAs were reversed for Euro 19.5 million. This caption also includes the current tax burden on the badwill originating from the PPA recognised at 30 September 2021 following the acquisition of the UBI and ISP business units for an aggregate amount of Euro 310.2 million.
Lastly, it should be noted that taxable income at 30 September 2021 makes it possible to fully recover the losses of prior periods and the current period and to further reduce IRES taxable income in consolidated reporting via the Aid to Economic Growth (*Aiuto alla Crescita Economica*, ACE) tax relief, which is used 100%.
Net profit after tax amounted to Euro 611.1 million (Euro 218.5 million at 30 September 2020). The profit pertaining to minority interests totalled Euro 24.9 million (Euro 19.4 million at 30 September 2020). The profit pertaining to the Parent Company amounted to Euro 586.2 million (Euro 199.1 million at 30 September 2020).

(in thousands)

Net profit	30.09.2021	30.09.2020	Change	% Change
1. BPER Banca S.p.A.	566,559	117,901	448,658	380.54
2. BPER Bank Luxembourg s.a.	3,768	2,838	930	32.77
3. Bibanca s.p.a.	16,483	10,065	6,418	63.77
4. Banco di Sardegna s.p.a.	9,318	44,580	(35,262)	-79.10
Total banks	**596,128**	**175,384**	**420,744**	**239.90**
Other companies and consolidation adjustments	(9,905)	23,714	(33,619)	-141.77
Total	**586,223**	**199,098**	**387,125**	**194.44**

4.5 Employees

Employees	30.09.2021	31.12.2020	Change
1. BPER Banca S.p.A.	15,288	10,355	4,933
2. BPER Bank Luxembourg s.a.	24	24	-
3. Bibanca s.p.a.	167	138	29
4. Banco di Sardegna s.p.a.	2,151	2,231	(80)
Total banks	**17,630**	**12,748**	**4,882**
Subsidiaries consolidated line-by-line	446	429	17
Total of balance sheet	**18,076**	**13,177**	**4,899**

Figures refer to the point-in-time number of employees at 30 September 2021. The acquisition of the business unit from Intesa Sanpaolo resulted in an increase in the workforce of 5,107 resources; for more information, see the chapter on "Significant events and strategic transactions" in this Report.
The Group companies employees at 30 September 2021 include 489 people seconded within the Group (525 at 31 December 2020).

4.6 Geographical organisation

Branches	30.09.2021	31.12.2020	Change
1. BPER Banca S.p.A.	1,518	908	610
2. Banco di Sardegna s.p.a.	328	329	(1)
Total Italian banks	**1,846**	**1,237**	**609**
3. BPER Bank Luxembourg s.a.	1	1	-
Total	**1,847**	**1,238**	**609**

The change during the reporting period is due to the acquisition of the business units from the Intesa Sanpaolo Group (620 branches, of which 486 bank branches and 34 points of operation); for more information, see the chapter "Significant events and strategic transactions" of this Report and the "Attachments" for details on the Group's geographical presence.

5. Other information

5.1 Treasury shares

No quotas or shares in Group companies are held through trust companies or other third parties.
The buy-back programme for the free-of-charge allocation of BPER Banca ordinary shares to the employees of the BPER Banca Group ended on 20 September 2021. The buy-back programme is part of the "2019-2021 Long-Term Incentive (LTI) Plan for Material Risk Takers" and the 2021 MBO incentive plan. BPER Banca acquired a total of 1,917,353 ordinary shares of BPER Banca S.p.A., equal to 0.14% of share capital, for a total value of Euro 3,422,858.59 at an average purchase price per share of Euro 1.7852.
During the first nine months of the year, treasury shares were also sold to employees upon their termination of employment, in line with the provisions of the Remuneration Policies.

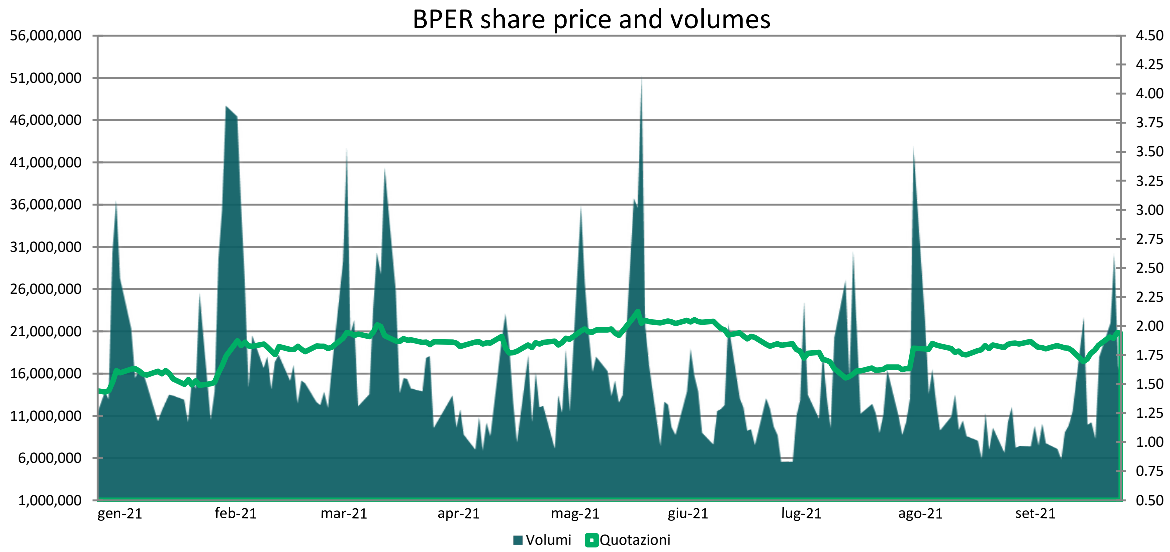
The carrying amount of the Group's interest in the treasury shares held by consolidated companies, classified as a deduction from shareholders equity caption 180, is Euro 9,706 thousand, of which Euro 9,700 thousand relates to BPER Banca shares held by the Parent Company.

Shares of BPER Banca S.p.A.	Number of shares	Total par value
Total as at al 30.09.2021	2,211,435	9,700,267
Total as at al 31.12.2020	455,458	7,253,180

There are also 62,193 shares relating to -and held by- Bibanca s.p.a., for a total of Euro 6 thousand.

5.2 Share price performance

Global economic activity continued to expand during the first nine months of the year. The dynamic support from monetary and fiscal policies and the continuation of the vaccination campaigns contributed to the improvement in the medium-term prospects, with positive repercussions also on the financial markets which recorded an increase in equity prices.
Since the start of the year in the United States, the US S&P500 index has risen by 15.4%; while in Europe the Euro Stoxx 50 was up 13.3%. During the same period, the Italian FTSE MIB index was up 15.5%. In particular, the financial sector was one of the top performers, with the FTSE Italia All-Share Banks Index up 34.3%.
In this context, the official price of the BPER Banca stock went from Euro 1.4552 at 30 December 2020 to Euro 1.933 at 30 September 2021 (+32.8%).
The trading volumes of BPER Banca shares have stabilised at a daily average of about Euro 16 million shares since the beginning of the year.



5.3 Ratings as at 30 September 2021

Fitch Ratings

On 1 September 2021, Fitch Ratings upgraded the company's long-term deposit rating from "BB+" to Investment Grade "BBB-" and the long-term issuer rating from "BB" to "BB+", with the outlook confirmed as "Stable".

The upgrade reflects, on the one hand, BPER's adequate capitalisation, combined with a material improvement in asset quality driven by a significantly lower non-performing loan ratio. On the other, it reflects the benefits in terms of competitive position, volumes and profitability prospects arising from the acquisition of Intesa Sanpaolo's business unit. The updated parameters are reported below.

International Rating Agency	Latest review date	Short Term	Long Term	Outlook	Viability Rating	Support rating	Support rating floor	Subordinated debt
Fitch Ratings	01.09.2021	B	BB+	Stable	bb+	5	No floor	BB-

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 issuers 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).
Support rating: Opinion on the probability of any extraordinary external intervention (by the State or major shareholders) if the bank finds it difficult to honour its senior obligations [1: high probability of external support - 5: one cannot rely on any support (as in the case of European banks under the BRRD resolution regime)].
Support rating floor: This rating is an accessory piece of information, closely related to the Support Rating, as it identifies, the minimum level for each level of Support Rating that the Issuer Default Rating could reach in the case of negative events (No Floor for European Banks under the BRRD resolution scheme).
Subordinated debt: Opinion on the issuers ability to honour subordinated debt. Fitch adds "+" or "-" to report the relative position with respect to the category.
Outlook: indicates the possible future evolution of the rating, which can be "positive", "stable" or "negative".

Moody's

On 12 May 2021, the rating agency Moody's, as part of a rating action involving various credit institutions, improved the Bank's outlook to "stable" from "negative", at the same time affirming all of the ratings assigned to BPER Banca, including the long-term rating on deposits and the issuer rating, at "Baa3" and "Ba3" respectively.

The rating action reflects Moodys expectations of GDP growth of 3.7% in 2021 after the 8.9% contraction in 2020, even though the external environment for Italian banks still remains challenging due to the restrictive measures that are still in place and the persistence of negative rates which will continue to weigh on the systems profitability.

The improvement in the outlook also takes into consideration the Banks progress in reducing non-performing loans, the sound capital position and ample liquidity, as well as the strengthening of its franchise following the acquisition of branches from Intesa Sanpaolo, which will generate a series of synergies over the medium term.

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
Moodys	12.05.2021	P-3	Baa3	Stable	Ba3	Stable	ba2	Ba3

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 that can be "positive", "stable", "negative" or "developing".
Long Term Issuer: Opinion on the issuers 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 issuers ability to honour subordinated debt. Moody's adds 1, 2, and 3 to each generic class; 3 3 indicates that the issuer is positioned in the lower part of the category.

5.4 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 (*):			**12,419,233**	**12,636,150**	**12,845,815**	**8,214**	**97.10%**
Italy	BBB-		**8,118,095**	**8,419,875**	**8,605,736**	**7,324**	**64.70%**
		FVTPLT	2,322	2,159	2,159	#	
		FVO	100,000	121,292	121,292	#	
		FVTPLM	-	-	-	#	
		FVOCI	322,425	352,202	352,202	7,324	
		AC	7,693,348	7,944,222	8,130,083	#	
Spain	A-		**1,508,900**	**1,542,218**	**1,573,136**	-	**11.85%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	1,508,900	1,542,218	1,573,136	#	
U.S.A.	AAA		**890,000**	**752,080**	**721,721**	**-**	**5.78%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	890,000	752,080	721,721	#	
Germany	AAA		**664,500**	**680,779**	**678,817**	**-**	**5.23%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	664,500	680,779	678,817	#	
European Stability	AA		**305,000**	**325,247**	**331,588**	**1,083**	**2.50%**
Fund		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	105,000	114,915	114,915	1,083	
		AC	200,000	210,332	216,673	#	

Issuer	Rating	Cat	Nominal value	Book value	Fair Value	OCI Reserves	%
Ireland	A+		**191,000**	**195,604**	**199,324**	**-**	**1.50%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	191,000	195,604	199,324	#	
Other	-		**741,738**	**720,347**	**735,493**	**(193)**	**5.54%**
		FVTPLT	1,738	1,628	1,628	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	19,000	16,957	16,957	(193)	
		AC	721,000	701,762	716,908	#	
Other public entities:			**388,445**	**376,968**	**377,008**	**144**	**2.90%**
Italy	-		**17,021**	**16,995**	**17,230**	**65**	**0.13%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	6,000	6,077	6,077	65	
		AC	11,021	10,918	11,153	#	
France	-		**312,400**	**300,370**	**300,174**	**50**	**2.31%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	62,000	61,085	61,085	50	
		AC	250,400	239,285	239,089	#	
Other	-		**59,024**	**59,603**	**59,604**	**29**	**0.46%**
		FVTPLT	24	7	7	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	59,000	59,596	59,596	29	
		AC	-	-	1	#	
Total as at 30.09.2021			**12,807,678**	**13,013,118**	**13,222,823**	**8,358**	**100.00%**

(*) The individual percentages shown in the above table may not agree with the total because of roundings. Amounts are expressed in thousands of Euro.
The ratings indicated are those of Fitch Ratings at 30 September 2021.

Loans

Issuer	*Rating*	Cat	Nominal value	Book value	*Fair value*	OCI Reserves	%
Governments (*):			**1,931,998**	**1,931,998**	**2,388,344**	**-**	**78.92%**
Italy	BBB+		**1,931,998**	**1,931,998**	**2,388,344**	**-**	**78.92%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-		
		AC	1,931,998	1,931,998	2,388,344	#	
Other public entities:			**515,897**	**515,897**	**573,248**	**-**	**21.08%**
Italy	-		**514,469**	**514,469**	**571,820**	**-**	**21.02%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	514,469	514,469	571,820	#	
Algeria	-		**1,428**	**1,428**	**1,428**	**-**	**0.06%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	1,428	1,428	1,428	#	
Total loans as at 30.09.2021			**2,447,895**	**2,447,895**	**2,961,592**	**-**	**100.00%**

(*) The individual percentages 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 30 September 2021.

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

	on demand	until 1 year	1 to 5 years	over 5 years	Total
Debt securities	-	556,691	4,145,907	8,310,520	**13,013,118**
Loans	155,996	96,527	59,167	2,136,205	**2,447,895**
Total	**155,996**	**653,218**	**4,205,074**	**10,446,725**	**15,461,013**

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

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

Once again in 2021, 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 April 2021, the BPER Banca Group received a request for the regular contribution to the Single Resolution Fund (SRF) for 2021, for a total amount of Euro 34.9 million (BPER Bancas share is Euro 32.1

million). In June 2021, on top of regular contributions, additional contributions were requested in relation to 2019 totalling Euro 11.3 million at Group level (Euro 8.1 million requested for 2018, received in 2020).
The determination of the contribution base of the Deposit Guarantee Scheme (DGS) according to protected deposits at 30 September 2021 led to an obligation to pay in the third quarter of the year; on this basis, BPER Banca and the other Italian Group banks charged a total of Euro 80 million to *Other administrative expenses* (of which Euro 70 million relates to the Parent Company)[39].
The Interbank Deposit Protection Fund – Scheme of intervention on a voluntary basis (IDPF-VS) and the Solidarity Fund established by the 2016 Stability Law did not require specific contributions at 30 September 2021.

5.6 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 Consolidated interim report on operations, 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 the BPER Banca Group. In any case, the Group always prepares suitable action plans to implement the Supervisory Authoritys recommendations as quickly as possible.
The most significant updates in the first nine months of 2021 are detailed below; for any matters not discussed here, please refer to the information provided in the consolidated financial statements as at 31 December 2020.

European Central bank – ECB

The following information relates to the ECBs inspections on the BPER Banca Group currently in progress (or already carried out, but with action plans prepared or sent in 2021).

- *Inspection (2021)*

From October 2021, the BPER Banca Group will be 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 processes.
Another on-site inspection by the ECB on the Group will commence in November 2021, with the objective of evaluating internal credit risk models.

Bank of Italy - BoI

- *Inspection (2020)*

From 13 October 2020 to 5 February 2021, the subsidiary Arca Fondi SGR was the subject of an inspection by the Bank of Italy regarding its overall situation.

[39] The increase in contributions to the DGS for 2021 (vs. contributions for 2020 of Euro 43.1 million for the Group and Euro 33.8 million for the Parent Company BPER Banca) reflects the increase in the size of the Group following the acquisition of the UBI and ISP business units.

On 20 April 2021, Arca Fondi SGR received the inspection report on the outcome of the inspection, in response to which the subsidiary Arca Fondi SGR and, subsequently, BPER Banca sent their replies to the findings on 18 June 2021, providing an action plan focused on the following areas of intervention:

- a number of high-level governance safeguards;
- internal control activities;
- pricing sustainability assessment;
- NAV measurement process.

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.
As at the date of this document, no formal communication of the results of the inspection has been received.

Tax Authorities

- *Italian Tax Authority – Cooperative Compliance and Tax Control Framework (TCF)*

BPER Banca is included in the list of companies admitted to the collaborative compliance regime provided for in Legislative Decree no. 128 and published on the institutional website of the Italian Revenue Agency.
As a result of the update and a more precise definition of the "Operating Manual of the Tax Control Framework's monitoring activities", revised in the first quarter of 2021, now fully consistent with the qualitative and disclosure requirements deriving from the Policy for the governance of the risk of non-compliance with tax legislation, a specific internal training session was held in May for the Operating Units belonging to the Tax Department of the BPER Banca Group.
In April and May, several meetings were held with officials from the Revenue Agency with a view, on the one hand, to evaluating possible future implementations of the mechanisms for dialogue with the Revenue Agency in the context of "collaborative compliance" and, on the other hand, to discuss specific issues with the Revenue Agency with regard to certain non-recurring transactions carried out by the BPER Banca Group.
In the same period, the Annual Report on the Governance of Fiscal Risk was also finalised for fiscal year 2019 and drawn up pursuant to art. 4, paragraph 2 of Legislative Decree no. 128 of 5 August 2015 (approved by BPER Banca's Board of Directors on 27 July 2021 and later sent to the Revenue Agency's Collaborative Compliance Office along with the Board of Directors' resolution on 17 September 2021).
Discussions also continued with the Tax Authorities - Cooperative Compliance Department in the third quarter of 2021, for the analysis and evaluation of interpretative issues.

5.7 Application of MiFID

On 10 March 2021, CONSOB published resolution no. 21755 which makes changes to the Intermediaries Regulation regarding the requirements of technical knowledge and skills of personnel involved in providing investment services. The resolution came into effect on 31 March 2021. In particular, from that date it is left to the independent determination of the intermediaries to set up the most suitable internal organisational processes to ensure quality training and professional refresher courses for their employees. This is without prejudice to all of the safeguards regarding the technical knowledge and skills of personnel foreseen in the MiFID II regulation, to ensure the protection of investors. The BPER Banca Group promptly initiated activities to incorporate the above changes in terms of technical knowledge and skills.

Delegated Regulation (EU) 2021/1253 and Delegated Directive (EU) 2021/1269 were published in the Official Journal of the European Union on 2 August 2021.
The regulation supplements Directive MiFID II, introducing the obligation for intermediaries to carry out an evaluation of the sustainability preferences of their customers and integrate sustainability factors in their organisational requirements and in the adequacy evaluation, as well as in the identification and management of conflicts of interest.
The delegated directive instead makes provision for supplementary amendments to Directive MiFID II, as regards the integration of sustainability factors in the governance obligations of intermediaries that produce and distribute financial instruments.
The BPER Banca Group launched analyses for the adjustment of the two regulatory sources cited above, bearing in mind that these will enter into force on 2 August 2022 and 22 November 2022 respectively.

6. Outlook for operations

6.1 Outlook for operations

Despite persistent bottlenecks in supply and uncertainties surrounding the spread of Covid-19 variants, economic recovery in the euro area is gaining momentum, with trade volumes back to pre-pandemic levels. The Governing Council of the ECB additionally confirmed the strongly expansionary stance of its monetary policy, as a way to support the ongoing recovery of the euro area economy. In Italy, second-quarter growth was higher than anticipated, fuelling expectations of over 2% GDP growth in the third quarter[i], supported by increased consumer spending, continued growth in industrial activity and a recovery in the services sector after mobility restrictions were eased.

Against this background, the Bank's operations in the last part of the year will continue to focus on increasing core revenues, improving the risk profile and maintaining a sound capital position. Despite margin pressure due to the persistence of negative interest rates and excess liquidity, revenues will benefit from the expected growth in lending volumes and a positive trend in fees and commissions, which will continue to be driven by growth in asset management and bancassurance, as well as by the ongoing recovery in transactional banking. On the one hand, operating costs will continue to be a major focus of spending optimisation initiatives. On the other, they will incorporate a one-off component consisting in charges payable for the headcount optimisation effort which was announced at the end of September. Credit quality is expected to improve further, with volumes of non-performing loans anticipated to decline as a result of ongoing derisking. While reflecting a particularly conservative approach to provisioning, the cost of credit looks set to remain under control. The capital position is expected to remain robust.

Modena, 5 November 2021

The Board of Directors
The Chair
Flavia Mazzarella

Consolidated financial statements

Consolidated balance sheet as at 30 September 2021

(in thousands)

Assets		30.09.2021	31.12.2020
10.	Cash and cash equivalents	653,111	482,192
20.	Financial assets measured at fair value through profit or loss	1,161,764	1,198,601
	a) financial assets held for trading	319,284	279,009
	b) financial assets designated at fair value	123,952	127,368
	c) other financial assets mandatorily measured at fair value	718,528	792,224
30.	Financial assets measured at fair value through other comprehensive income	6,374,707	6,269,818
40.	Financial assets measured at amortised cost	119,504,629	79,991,505
	a) loans to banks	28,755,150	14,352,731
	b) loans to customers	90,749,479	65,638,774
50.	Hedging derivatives	135,450	57,776
70.	Equity investments	230,738	225,558
90.	Property, plant and equipment	2,050,585	1,365,705
100.	Intangible assets	478,192	702,723
	of which:		
	- goodwill	204,392	434,758
110.	Tax assets	1,751,665	2,003,040
	a) current	325,691	418,174
	b) deferred	1,425,974	1,584,866
120.	Non-current assets and disposal groups classified as held for sale	97,127	99,467
130.	Other assets	1,736,344	665,398
	Total assets	**134,174,312**	**93,061,783**

The comparative balances as at 31 December 2020 have been restated, with respect to those published in the consolidated financial statements at the same date, following the change in the measurement method of Property, plant and equipment represented by properties held for investment purposes. Please refer to the Explanatory notes, paragraph 5 "Other aspects" and related attachments for further details.

(in thousands)

	Liabilities and shareholders equity	30.09.2021	31.12.2020
10.	Financial liabilities at amortised cost	121,031,362	83,177,191
	a) due to banks	23,273,048	20,180,999
	b) due to customers	93,078,547	58,314,002
	c) debt securities issued	4,679,767	4,682,190
20.	Financial liabilities held for trading	122,314	170,094
40.	Hedging derivatives	293,020	469,240
60.	Tax liabilities	206,482	82,318
	a) current	125,842	4,797
	b) deferred	80,640	77,521
70.	Liabilities associated with assets classified as held for sale	166,164	144,809
80.	Other liabilities	4,580,934	1,945,822
90.	Employee termination indemnities	208,281	148,199
100.	Provisions for risks and charges	618,554	589,981
	a) commitments and guarantees granted	80,400	62,334
	b) pension and similar obligations	138,811	148,357
	c) other provisions for risks and charges	399,343	379,290
120.	Valuation reserves	233,306	118,105
140.	Equity instruments	150,000	150,000
150.	Reserves	2,492,344	2,360,743
160.	Share premium reserve	1,240,515	1,241,197
170.	Share capital	2,100,435	2,100,435
180.	Treasury shares (-)	(9,706)	(7,259)
190.	Minority interests (+/-)	154,084	133,983
200.	Profit (Loss) for the period (+/-)	586,223	236,925
	Total liabilities and shareholders equity	**134,174,312**	**93,061,783**

The comparative balances as at 31 December 2020 have been restated, with respect to those published in the consolidated financial statements at the same date, following the change in the measurement method of Property, plant and equipment represented by properties held for investment purposes. Please refer to the Explanatory notes, paragraph 5 "Other aspects" and related attachments for further details.

Consolidated income statement as at 30 September 2021

(in thousands)

	Captions	30.09.2021	30.09.2020
10.	Interest and similar income	1,309,831	1,086,160
	of which: interest income calculated using the effective interest method	1,303,570	1,079,978
20.	Interest and similar expense	(190,412)	(142,417)
30.	**Net interest income**	**1,119,419**	**943,743**
40.	Commission income	1,322,314	902,370
50.	Commission expense	(149,905)	(127,546)
60.	**Net commission income**	**1,172,409**	**774,824**
70.	Dividends and similar income	14,624	17,393
80.	Net income from trading activities	47,078	(15,796)
90.	Net income from hedging activities	(1,795)	(2,522)
100.	Gains (Losses) on disposal or repurchase of:	87,826	136,059
	a) financial assets measured at amortised cost	75,465	127,262
	b) financial assets measured at fair value through other comprehensive income	12,817	8,348
	c) financial liabilities	(456)	449
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	39,501	(22,152)
	a) financial assets and liabilities designated at fair value	1,298	(4,166)
	b) other financial assets mandatorily measured at fair value	38,203	(17,986)
120.	**Net interest and other banking income**	**2,479,062**	**1,831,549**
130.	Net impairment losses for credit risk relating to:	(713,036)	(405,687)
	a) financial assets measured at amortised cost	(714,497)	(405,192)
	b) financial assets measured at fair value through other comprehensive income	1,461	(495)
140.	Gains (Losses) from contractual modifications without derecognition	(2,165)	(624)
150.	**Net income from financial activities**	**1,763,861**	**1,425,238**
180.	**Net income from financial and insurance activities**	**1,763,861**	**1,425,238**
190.	Administrative expenses:	(1,767,164)	(1,241,033)
	a) staff costs	(971,024)	(721,302)
	b) other administrative expenses	(796,140)	(519,731)
200.	Net provisions for risks and charges	(35,190)	(18,558)
	a) commitments and guarantees granted	(575)	705
	b) other net provisions	(34,615)	(19,263)
210.	Net adjustments to property, plant and equipment	(101,793)	(78,228)
220.	Net adjustments to intangible assets	(58,020)	(43,911)
230.	Other operating expense/income	163,506	123,995
240.	**Operating costs**	**(1,798,661)**	**(1,257,735)**
250.	Gains (Losses) of equity investments	1,009	(4,523)
260.	Valuation differences on property and equipment and intangible assets measured at fair value	(27,484)	(5,633)
270.	Impairment losses on goodwill	(230,366)	-
275.	Gain on a bargain purchase	1,127,847	-
280.	Gains (Losses) on disposal of investments	926	131
290.	**Profit (Loss) from current operations before tax**	**837,132**	**157,478**
300.	Income taxes on current operations for the period	(226,049)	60,972
310.	**Profit (Loss) from current operations after tax**	**611,083**	**218,450**
330.	**Profit (Loss) for the period**	**611,083**	**218,450**
340.	Profit (Loss) for the period pertaining to minority interests	(24,860)	(19,352)
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**586,223**	**199,098**

The comparative balances as at 30 September 2020 have been restated, with respect to those published in the Consolidated interim report at the same date, following the change in the measurement method of Property, plant and equipment represented by properties held for investment purposes. Please refer to the Explanatory notes, paragraph 5 "Other aspects" and related attachments for further details.

	Earnings per share (Euro) 30.09.2021	Earnings per share (Euro) 30.09.2020
Basic EPS	0.415	0.383
Diluted EPS	0.405	0.358

Consolidated statement of other comprehensive income

(in thousands)

	Consolidated statement of other comprehensive income	30.09.2021	30.09.2020
10.	**Profit (Loss) for the period**	**611,083**	**218,450**
	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	37,389	29,992
40.	Hedging of equity instruments designated at fair value through other comprehensive income	611	(192)
50.	Property, plant and equipment	83,040	
70.	Defined benefit plans	6,668	329
90.	Share of the valuation reserves of equity investments carried at equity	4,689	(249)
	Other comprehensive income, after tax, that may be reclassified to profit or loss		
120.	Cash-flow hedges	630	(1,187)
140.	Financial assets (no equity instruments) measured at fair value through other comprehensive income	(17,316)	(8,401)
170.	**Total other comprehensive income after tax**	**115,711**	**20,292**
180.	**Total other comprehensive income (Captions 10+170)**	**726,794**	**238,742**
190.	Consolidated other comprehensive income pertaining to minority interests	25,440	19,349
200.	**Consolidated other comprehensive income pertaining to the Parent Company**	**701,354**	**219,393**

The comparative balances as at 30 September 2020 have been restated, with respect to those published in the Consolidated interim report at the same date, following the change in the measurement method of Property, plant and equipment represented by properties held for investment purposes. Please refer to the Explanatory notes, paragraph 5 "Other aspects" and related attachments for further details.

Consolidated statement of changes in shareholders' equity

(in thousands)

	Balance as at 31.12.20	Changes in opening balances	Balance as at 1.1.21	Allocation of prior year results: Reserves	Allocation of prior year results: Dividends and other allocations	Changes during the period: Changes in reserves	Transactions on shareholders' equity: Issue of new shares	Transactions on shareholders' equity: Purchase of treasury shares	Transactions on shareholders' equity: Extraordinary distribution of dividends	Transactions on shareholders' equity: Changes in equity instruments	Transactions on shareholders' equity: Derivatives on treasury shares	Transactions on shareholders' equity: Stock options	Transactions on shareholders' equity: Changes in participatory interests	Other comprehensive income as at 30.09.2021	Shareholders' equity as at 30.09.2021: Group	Shareholders' equity as at 30.09.2021: Minority interests
Share capital:	**2,126,207**	**-**	**2,126,207**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(324)**	**-**	**2,100,435**	**25,448**
a) ordinary shares	2,126,207	-	2,126,207	-	-	-	-	-	-	-	-	-	(324)	-	2,100,435	25,448
b) other shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,244,066**	**-**	**1,244,066**	**-**	**-**	**-**	**(682)**	**-**	**-**	**-**	**-**	**-**	**(144)**	**-**	**1,240,515**	**2,725**
Reserves:	**2,439,830**	**-**	**2,439,830**	**200,858**	**-**	**(49,057)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,492,344**	**99,287**
a) from profits	1,860,712	-	1,860,712	200,858	-	(49,555)	-	-	-	-	-	-	-	-	1,913,523	98,492
b) other	579,118	-	579,118	-	-	498	-	-	-	-	-	-	-	-	578,821	79
Valuation reserves	**119,359**	**-**	**119,359**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**115,711**	**233,306**	**1,764**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(7,259)**	**-**	**(7,259)**	**-**	**-**	**-**	**976**	**(3,423)**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,706)**	**-**
Profit (Loss) for the period	**261,926**	**-**	**261,926**	**(200,858)**	**(61,068)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**611,083**	**586,223**	**24,860**
Group shareholders' equity	**6,200,146**	**-**	**6,200,146**	**-**	**(56,513)**	**(49,640)**	**294**	**(3,423)**	**-**	**-**	**-**	**-**	**899**	**701,354**	**6,793,117**	**-**
Minority interests	**133,983**	**-**	**133,983**	**-**	**(4,555)**	**583**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,367)**	**25,440**	**-**	**154,084**

	Balance as at 31.12.19	Changes in opening balances	Balance as at 1.1.20	Allocation of prior year results: Reserves	Allocation of prior year results: Dividends and other allocations	Changes during the period: Changes in reserves	Transactions on shareholders' equity: Issue of new shares	Transactions on shareholders' equity: Purchase of treasury shares	Transactions on shareholders' equity: Extraordinary distribution of dividends	Transactions on shareholders' equity: Changes in equity instruments	Transactions on shareholders' equity: Derivatives on treasury shares	Transactions on shareholders' equity: Stock options	Transactions on shareholders' equity: Changes in participatory interests	Other comprehensive income as at 30.09.2020	Shareholders' equity as at 30.09.2020: Group	Shareholders' equity as at 30.09.2020: Minority interests
Share capital:	**1,599,279**	**-**	**1,599,279**	**(299)**	**-**	**-**	**3,712**	**-**	**-**	**-**	**-**	**-**	**(8,304)**	**-**	**1,565,596**	**28,792**
a) ordinary shares	1,599,279	-	1,599,279	(299)	-	-	3,712	-	-	-	-	-	(8,304)	-	1,565,596	28,792
b) other shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,009,055**	**-**	**1,009,055**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,117)**	**-**	**1,002,722**	**4,216**
Reserves:	**2,102,623**	**12,116**	**2,114,739**	**391,528**	**-**	**(59,219)**	**(838)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,363,112**	**83,098**
a) from profits	1,501,654	12,116	1,513,770	391,528	-	(38,850)	-	-	-	-	-	-	-	-	1,784,821	81,62
b) other	600,969	-	600,969	-	-	(20,369)	(838)	-	-	-	-	-	-	-	578,291	1,4
Valuation reserves	**43,397**	**-**	**43,397**	**-**	**-**	**(8,441)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,292**	**53,367**	**1,881**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(7,259)**	**-**	**(7,259)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,259)**	**-**
Profit (Loss) for the period	**394,452**	**-**	**394,452**	**(391,229)**	**(3,223)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**218,450**	**199,098**	**19,352**
Group shareholders' equity	**5,159,885**	**12,024**	**5,171,909**	**-**	**-**	**(67,569)**	**2,874**	**-**	**-**	**-**	**-**	**-**	**29**	**219,393**	**5,326,636**	**-**
Minority interests	**131,662**	**92**	**131,754**	**-**	**(3,223)**	**(91)**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,450)**	**19,349**	**-**	**137,339**

(*) The change in opening balances relating to reserves from profits includes the impacts deriving from the change in the measurement method of Property, plant and equipment represented by properties held for investment purposes of the BPER Banca Group, as reported in the Explanatory Notes of the present report. As a result of the retrospective application of this change, the profit as at 30 September 2020 is different from that published.

Explanatory notes

Key to abbreviations in tables:

FV: Fair value
FV: Fair value excluding variations due to changes in the creditworthiness of the issuer since the issue date*
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

Form and content of the consolidated interim report on operations as at 30 September 2021

Background

The Consolidated interim report on operations as at 30 September 2021 (hereinafter "the Report") of the BPER Banca Group has been prepared on a voluntary basis, following changes to the Consolidated Finance Act introduced by Legislative Decree no. 25 of 15 February 2016, which followed the European Directive 2013/50/EU (Transparency II): by replacing the content of paragraph 5 of article 154-ter, it cancelled the need for quarterly reports to be prepared by issuers with Italy as their member state of origin, granting Consob the power to request the publication of periodic financial information in addition to half-yearly and annual reports.

The BPER Banca Group chose, as a policy regarding additional periodic financial information, to publish such information on a voluntary basis as at 31 March and 30 September of each financial year in the form of Interim Reports on Operations approved by the Board of Directors of the Parent Company.

The choice made by the BPER Banca Group was therefore based on continuity in the preparation and publication of periodic financial reporting[40].

1. Declaration of compliance with International Financial Reporting Standards

The Report has 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 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 was also made, where necessary, to the "Framework for the preparation and presentation of financial statements" 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 Administration and Reporting Department, to develop a rule for accounting recognition that makes it possible to provide reliable financial information and to ensure that the financial statements 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 Groups own accounting recognition rules, in the right circumstances.

[40] *The following announcement was made to the market on 14 January 2021: "BPER Banca has chosen voluntarily to continue publishing additional periodic financial information with respect to the half-yearly and annual financial report, with reference to 31 March and 30 September of each financial year, including the information provided in art. 154-ter paragraph 5 letter a) and b) of Legislative Decree 58/1998 "Consolidated law on financial intermediation" (i.e. the data contained in the former interim financial reports), ensuring consistency and fairness as well as comparability with the corresponding data contained in the press releases and financial reports previously disclosed to the public". The calendar of corporate events was changed on 1 April 2021.*

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 2021.

EC Approval Regulation	Title	In force from years beginning
2097/2020	Commission Regulation (EU) 2020/2097 of 15 December 2020 adopting amendments to International Financial Reporting Standard 4 (IFRS 4) was published in the Official Journal of the European Union on 16 December 2020. The amendments to IFRS 4 aim to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming IFRS 17 Insurance Contracts. In particular, the amendments to IFRS 4 extend the expiry date of the temporary exemption from applying IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17.	1 January 2021
25/2021	Commission Regulation (EU) 2021/25 of 13 January 2021 “Reforming Major Interest Rate Benchmarks - Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16” was published in the Official Journal of the European Union on 14 January 2021 (L 11).	1 January 2021
1421/2021	Commission Regulation (EU) No 2021/1421 of 30 August 2021, adopting Covid-19-Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16) was published in the Official Journal of the European Union L 305 on 31 August 2021. The amendment to International Financial Reporting Standard (IFRS) 16 Leases extends the COVID-19-related operational relief for lessees for lease contracts with payment relief and payments originally due before, or on 30 June 2022. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic.	1 April 2021

With respect to the above Regulations, following the changes that came into force on 1 January 2021, the Group has not identified any significant impacts on the accounting schedules at 30 September 2021. For Regulation (EU) 2021/1421, no retroactive application was required as the amendment was introduced to deal specifically with the situation created following the Covid-19 pandemic; this change did not have significant effects on the BPER Banca Group, as it did not make any changes to the Groups rent agreements either in 2020 or during the first quarter of 2021, due to the spread of the pandemic.

The following table shows the new international accounting standards or amendments to standards already in force, whose application is mandatory from 1 January 2022 or later date (if the financial statements do not coincide with the calendar year).

EC Approval Regulation	Title	In force from years beginning
1080/2021	Commission Regulation (EU) No. 2021/1080 of 28 June 2021, amending Regulation (EC) No. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9, was published in the Official Journal of the European Union on 2 July 2021 (L 234)	1 January 2020

The Group has not availed itself of the option of early application of the Regulation in force from 1 January 2022, given that these amendments are not expected to have significant impacts on the Group's balance sheet and income statement.

2 - Basis of preparation

In terms of the schedules presented and its technical form, this Consolidated interim report on operations has been prepared on the basis of the Bank of Italy's Circular no. 262/2005, as amended (most recently by the 6th amendment dated 30 November 2018, effective since 1 January 2019) – issued in implementation of art. 9 of Legislative Decree 38/2005 – and the additional instructions provided in separate communications not yet incorporated into the main document[41].

During preparation, account has been taken of the interpretative and support documents for the application of the accounting standards in relation to the impacts of Covid-19, issued by the Italian and European regulatory and supervisory bodies and by the standard setters, to the extent applicable[42]. Where not already included in these documents mentioned above, Italian laws on the financial statements of companies[43] and the Italian Civil Code have been taken into consideration.
This Consolidated interim report on operations consists of the consolidated balance sheet, the consolidated income statement, the statement of other consolidated comprehensive income, the statement of changes in consolidated shareholders' equity and the Explanatory notes. It is accompanied by the directors' report on operations.

The currency used in the financial statements is the Euro. Figures are expressed in thousands of Euro[44].

[41] These include the indications contained in the communication of 15 December 2020 with provisions concerning the impacts of Covid-19 and the measures to support the economy and amendments to IAS/IFRS.
[42] Amongst others, the following are worth mentioning: the communication from the EBA of 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of Covid 19 measures", the communication of ESMA of 25 March 2020 "Public Statement. Accounting implications of the Covid 19 outbreak on the calculation of expected credit losses in accordance with IFRS 9", the document of the IFRS Foundation of 27 March 2020" IFRS 9 and Covid-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic", the letter from the ECB dated 1 April 2020 "IFRS 9 in the context of the coronavirus (Covid 19) pandemic" addressed to all significant institutions, the EBA guidelines of 2 April 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid19 crisis", the communication of ESMA of 20 May 2020 "Implications of the Covid-19 outbreak on interim financial reports", the EBA guidelines of 2 June 2020 "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid 19 crisis", the ESMA communication of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports", the EBA guidelines of 2 December 2020 "Guidelines amending Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid 19 crisis" , the letter from the ECB dated 4 December 2020 "Identification and measurement of credit risk in the context of the coronavirus (Covid 19) pandemic" addressed to all significant institutions, CONSOB warning notice no. 1/21 of 16/02/2021 - Covid 19 - measures to support the economy.
[43] 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.
[44] 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 charges/income" in the income statement.

The general criteria underlying the preparation of the Consolidated financial statements are presented below:

- *Going Concern:* 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 and in accordance with the matching principle, 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 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 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;
- 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.

The estimates and assumptions used to prepare the Report may be subject to amendment when new and potentially more reliable information gradually becomes available, about the impacts deriving from the spread of Covid-19. These amendments could affect, in particular, quantification of the impairment losses recognised in relation to financial assets, determination of the fair value of financial instruments, the results of the impairment test of goodwill and the considerations made regarding the recoverability of deferred tax assets.

As clarified in the IASB document dated 27 March 2020[45], 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) in the context of IFRS 9 impairment calculation) cannot be applied "mechanically" in highly exceptional situations, when the related input information needed does not satisfy the "reasonable and supportable" requirements. In these situations, measurements can be made using alternative approaches (the so-called overlay approach) as long as they also comply with the relevant IAS/IFRS. As regards the approach taken in preparing this Interim Report on Operations, please refer to Section 5 - Other aspects, in the paragraph “Risks, uncertainties and impacts of the Covid-19 pandemic”.

Going concern[46]

In preparing the Report as at 30 September 2021, 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 business ability to continue. 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 for 2021 , 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 emergency.

Inspections and audits

The Directors believe that the observations arising from the various inspection areas will not have a significant impact on the income, balance sheet and cash flows of the BPER Banca Group. Nevertheless, recommendations made by the Supervisory Authorities are disclosed in the Directors’ report on Group operations and suitable action plans are prepared in order to ensure a timely response.

3 - Scope of consolidation and methodology

The consolidation criteria and methodology are described in part A of the Explanatory notes to the consolidated financial statements as at 31 December 2020.

Current regulations require the scope of consolidation to be managed on two levels:

- the accounting scope of consolidation governed by IFRS 10[47] “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 Agreements”, IFRS 12

[45] *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".*

[46] *As required by document No. 2 issued with joint signature by the Bank of Italy, CONSOB and ISVAP (now IVASS) on 6 February 2009.*

[47] *IFRS 10 §B86 in relation to consolidation procedures.*

"Disclosure of Interests in Other Entities" (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 effective from 1 July 2009 and subsequent amendments).

- the prudential scope of consolidation governed by Regulation (EU) 575/2013 (effective from 1 January 2014 and subsequent amendments), in which art. 19 indicates the entities to be excluded from 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 accounted for using the equity method.
Art. 19 of the CRR[48] 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 consolidation method envisaged for prudential regulatory purposes with a view to also bringing the two scopes of consolidation ("for accounting purposes" and "for regulatory purposes") into line.
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" caption 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 do not satisfy the requirements of art. 19 of the CRR at 30 September 2021: Estense Covered Bond s.r.l., BPER Trust Company s.p.a. and Estense CPT Covered Bond s.r.l.
The other subsidiaries that are not included in the banking Group, since their activities do not contribute to its banking operations, are: Italiana Valorizzazioni Immobiliari s.r.l., Adras s.p.a. and SIFA' - Società Italiana Flotte Aziendali s.p.a.

[48] *Regulation (EU) 575/2013 of 26 June 2013 (Capital Requirements Regulation).*

At 30 September, these companies have been consolidated under the equity method.

1. Investments in 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	99.195	100.000
2. Bibanca s.p.a.	Sassari	Sassari	1	74,458,607	BPER Banca	78.572	
					B. Sard.	20.522	
3. BPER Bank Luxembourg SA	Luxembourg	Luxembourg	1	30,667,500	BPER Banca	100.000	
4. Nadia s.p.a.	Modena	Modena	1	127,307,361	BPER Banca	68.339	
					B. Sard.	31.661	
5. Sardaleasing s.p.a.	Milan	Sassari	1	152,632,074	BPER Banca	52.741	
					B. Sard.	46.933	
6. Optima s.p.a. S.I.M.	Modena	Modena	1	13,000,000	BPER Banca	100.000	
7. Numera Sistemi e Informatica s.p.a.	Sassari	Sassari	1	2,065,840	B. Sard.	100.000	
8. Modena Terminal s.r.l.	Campogalliano	Campogalliano	1	8,000,000	BPER Banca	100.000	
9. Emilia Romagna Factor s.p.a.	Bologna	Bologna	1	54,590,910	BPER Banca	99.057	
10. BPER Credit Management s.cons.p.a.	Modena	Modena	1	1,000,000	BPER Banca	70.000	
					B. Sard.	20.000	
					Bibanca	3.000	
					EmilRo Factor	1.000	
					Sardaleasing	6.000	
11. Arca Holding s.p.a. (*)	Milan	Milan	1	50,000,000	BPER Banca	57.061	
12. Arca Fondi SGR s.p.a.	Milan	Milan	1	50,000,000	Arca Holding	100.000	
13. 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 companys 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 votes at the ordinary shareholders meeting.
(2) Available votes 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	% holding	
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. Italiana Valorizzazioni Immobiliari s.r.l.	Milan	Milan	1	2,000,000	BPER Banca	100.000	
3. SIFA - Società Italiana Flotte Aziendali s.p.a.	Milan/Reggio Emilia	Trento	1	122,449	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							
4. Estense Covered Bond s.r.l.	Conegliano	Conegliano	1	10,000	BPER Banca	60.000	
5. BPER Trust Company s.p.a.	Modena	Modena	1	500,000	BPER Banca	100.000	
6. Estense CPT Covered Bond s.r.l.	Conegliano	Conegliano	1	10,000	BPER Banca	60.000	

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 companys 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 votes at the ordinary shareholders meeting.
(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, as foreseen in IFRS 10, have emerged during the period that might change the assessments made regarding the possession of control, joint control or significant influence.

3. Significant restrictions

Among the Banks and Companies included in the BPER Banca Groups sco pe of consolidation, there are no significant restrictions as foreseen by IFRS 12 § 13.

4. Other information

Line-by-line consolidation is based on the financial statements prepared and approved by the individual subsidiaries as at 30 September 2021. These financial statements have been 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 normally prepare their financial statements under Italian accounting standards. These companies therefore prepared separate accounting schedules and data under the international accounting standards (a.k.a. the "Consolidation Reporting Package") used for consolidation purposes.

The value of Group subsidiaries carried at equity was measured on the basis of their accounting data prepared and approved at 30 September 2021.
For the other equity investments consolidated at equity, reference is made to latest available accounting information in accordance with IAS 28.

4 – Events after the reporting period

The Consolidated interim report on operations as at 30 September 2021 was approved on 5 November 2021 by the Board of Directors of BPER Banca, which authorised its publication.
Information about the events that took place after the above reporting date is presented and described in the section of the Group interim report on operations entitled "Significant events and strategic transactions". These events did not affect the consolidated interim report on operations pursuant to IAS 10.

5 – Other aspects

Risks, uncertainties and impacts of the Covid-19 pandemic

The change in the general and sectoral macroeconomic situation starting in the second quarter of 2020 has required banks to update their measurements of credit risk. This parameter has, in fact, been heavily affected by uncertainties linked to the spread of the Covid-19 pandemic and the related containment measures, as well as by the scale and duration of the public support measures.
The emergency has also required the BPER Banca Group to govern the impacts on credit risk and on the balance sheet assessments connected to it.
In this regard, the Parent Company has carried out analyses to identify 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 ECB).
The BPER Banca Group has implemented the various instructions issued by the Italian government[49] (including the suspension of loan instalment payments - the “Covid-19 moratoria”) and affirmed its commitment to support business and retail customers, at the same time identifying the best methods of recognition and presentation in the financial statements of these measures, in accordance with its accounting policies and instructions from the Regulators[50].
As regards the criteria for recognition, classification, measurement and derecognition of “Financial assets measured at amortised cost” (consisting in loans disbursed), to be adopted for preparation of the financial statements for the reporting period, disclosure should be given of the criteria used by the Group when applying the *Overlay approach*, mentioned above in the paragraph “Uncertainties in the use of estimates”.

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[49] *Decree 18 of 17 March 2020; Liquidity Decree 23 of 8 April 2020; Relaunch Decree of 13 May 2020*
[50] *For quantitative information on the moratoria granted by the BPER Banca Group and still in existence as at the date of this Report, please refer to the information on the consolidated balance sheet in the Explanatory notes (financial assets measured at amortised cost)*

Accounting estimates - Overlay approach applied in credit risk assessment

1) Assessment of a significant increase in credit risk (SICR)

Since the last financial year, the interventions resulting from the situation brought about by the Covid-19 pandemic on the SICR model adopted by the BPER Banca Group have included the following:

- implementation of the EBA's recommendations made on various occasions during 2020 regarding the treatment of moratoria (legislative or sector-wide), with consistent indications incorporated into internal procedures and processes so that they can be subsequently applied as portfolios evolve;
- interventions of "expert" classification in Stage 2 of counterparties operating in sectors of the economy most hit by the crisis, also with an intrinsic riskiness highlighted by higher internal ratings than the sector average, which were assessed as more likely to have experienced situations of financial difficulty on the basis of reasoned assumptions, taking into account the possible granting of Covid-19 moratoria; such interventions have integrated the automatisms already foreseen by the SICR model and have been applied consistently on a case by case basis depending on the evolution of the portfolios over time.

More specifically, as regards implementation of the EBA's guidelines on moratoria in the light of the Covid-19 crisis, the Group has regulated internally, with appropriate circular letters, the methods of analysing counterparties requesting a moratorium or its renewal, with timely updates of EBAs publications, which took place in April, September and December 2020. Consequently, the processes needed for case-by-case identification of forbearance measures, suspended only for the legislative and sector-wide moratoria between March and September 2020, were then restored.
For the expert intervention for the attribution of Stage 2, a different approach was adopted according to the type of customer. For the Corporate Segment, the sectors with the greatest difficulties linked to the pandemic and its economic consequences (so called "vulnerable sectors") were identified first, considering factors in this analysis indicative of a significant increase in credit risk that are as objective as possible (e.g. expected drop in turnover) and high internal ratings. In these cases, if the normal procedures had not already intercepted the riskiness of the counterparties, stage 2 was assigned. For the Retail Segment, the first loans to be considered were those that obtained a suspension of payments under the so-called "Gasparrini Law" which, due to the characteristics required for access (e.g. death of a joint holder, redundancy pay for at least 30 consecutive days, loss of job), was considered in itself an objective indicator of potential financial difficulty of the debtor, leading to the assignment of Stage 2 in this case too (if the counterparties had not already been intercepted by other automatisms of the staging model).
In addition, those exposures (in both the Retail and Corporate Segments) benefiting from Covid-19-related moratoria that presented a significant level of risk even before the outbreak of the pandemic were also considered potentially attributable to stage 2. The methods of identifying "vulnerable sectors", on which the expert intervention focused, were verified by the Risk Management Department.
As was pointed out above, the adjustments made to the SICR detection process have been applied over time in a consistent manner according to the evolution of the portfolios. In particular, they were adopted for the positions acquired with the UBI business unit in the first half of 2021 and, most recently, with the ISP business unit.
In line with the assessments already carried out on previous moratorium extensions, new moratoria until December 2021 were considered for potential classification as forbearance measures. An analysis of

exposures was carried out by sector, and hence by rating as at 30 June 2021, based on the sectors that had already been identified as vulnerable as they were more heavily exposed to the pandemic.
In 2021, a project was also launched, within the framework of the BPER Banca Groups IFRS 9 framework, aimed at revising the criteria for identifying the presence of a significant increase in credit risk.

2) Measurement of expected losses

Performing
When applying the ECL model used by the BPER Banca Group in preparing the consolidated interim report on operations as at 30 September 2021, a number of macroeconomic scenarios were adopted that made reference to the most up-to-date forecasts provided by the specialised company usually consulted by the Group while keeping unaltered the forecasts made in June 2021 as they were more conservative than the most recent ones).
In line with the approach used for the 2021 first half report, in order to mitigate the pro-cyclical effects associated with the estimated economic recovery expected as early as 2021 (projected Italian GDP growth rate of +5.3%), a correction was made to the scenarios for the first forecast period of one year, averaging the expected recovery with the actual data for 2020 (characterised, as is known, by a marked contraction, with Italy's GDP down 8.9%), as the Group maintains that the pandemic has not yet fully filtered through into the credit portfolio.
This approach made it possible to maintain a higher degree of prudence when updating Expected Credit Losses (ECL), in accordance with the Regulators indications, in a macroeconomic context still very much characterised by uncertainty.
Moreover, again from a prudential point of view, within the scope of the Covid-19 moratoria still outstanding at 30 September 2021, safeguards were applied to prevent any improvements in rating class with respect to the situation of the individual positions at the time the moratoria were granted.

In addition to the foregoing overlays aimed at incorporating specific safeguards for the uncertainty still linked to the Covid-19 emergency in the Group's ECL calculation model, the approach used for calculating expected losses took some events into account that the Group expects may lead to a deterioration of risk parameters (IFRS 9 PD and LGD): in particular, after incorporating the effects of the "New Definition of Default" into the calculation model for the reporting period ended 31 March 2021, the model was also integrated as at 30 September 2021 with the preliminary effects of the still-ongoing development of the Defaulted Assets LGD and the change in PDs which is expected as a consequence of the full-scale acquisition of data from the borrowers' 2020-2021 financial statements in the coming months.

Non-performing
As regards the analytical assessments applied to the non-performing portfolio, specifically to the categories of bad and unlikely to pay loans, to take into account the operational slowdown of the courts in relation to the lock-down period and consequent lengthening of judicial recovery times of its credit exposures, the Group has intervened with a large-scale review of the business plans formulated before the pandemic, maintaining similar forecasts on the most recent classifications. This review led to a general increase in analytical adjustments on bad loans (particularly positions with judicial enforcement already underway) and on unlikely to pay loans (assessed as a "gone concern").
In addition, the BPER Banca Group further updated its analytical valuation policies for NPLs by introducing a more prudential valuation model for guarantees in 2021. This was also to take into account

the more uncertain conditions for the enforcement of guarantees, as a consequence of the current economic situation.

Change in the measurement method of the BPER Banca Group's properties

The BPER Banca Group has opted to change the measurement method of "Property, plant and equipment" starting from 1 January 2021 and limiting to properties. The change involves:

- changing from the cost model to that of remeasurement for the subsequent value of properties used in operations, based on the requirements of IAS 16 "Property, plant and equipment";
- changing the accounting treatment from cost to fair value for properties held for investment purposes, based on the requirements of IAS 40 "Investment property".

The change in the measurement method of properties is a voluntary change in accounting policy, as governed by IAS 8 "Accounting policies, changes in accounting estimates and errors", according to which a voluntary change should only be made if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entitys financial position, financial performance or cash flows.
Changing from cost to fair value pursues this objective, as it allows:

- better information, ensuring a single current point of view in the measurement of the BPER Banca Group's properties, regardless of when or why the individual property was recognised: in fact, compared with cost, fair value makes it possible to provide current information that is more in-keeping with the characteristics of the properties being valued;
- greater homogeneity of comparison between years, both in the balance sheet and in the income statement: in fact, the expression at current values improves the relevance and quality of the information, above all by updating the valuation periodically;
- constant alignment of the carrying amounts of the assets with their market values;
- an improvement in comparability with the financial statements of the other top Italian banks in terms of size;
- a more immediate understanding of the financial implications of the Group's strategies for the management of its properties;
- greater alignment of financial disclosures with the Groups future property management strategies.

As a general rule, IAS 8 provides that voluntary changes to accounting policies must be represented retrospectively, starting from the earliest date on which this is feasible, restating:

- the opening balances of the most remote comparative year;
- the figures of comparative years.

This rule, which is fully applicable under IAS 40, allows an exception to be made for properties used in operations: in fact, according to paragraph 17 of IAS 8, for the purpose of measuring IAS 16 properties, the transition from cost to remeasurement of the carrying amount has to be shown prospectively as a normal continuous application of the new valuation method, so without having to adjust opening balances and comparative figures.

Change in the measurement method of properties held for investment purposes (IAS 40)

In compliance with the provisions of IAS 8, the Group has carried out a restatement of the comparative figures starting with the balances at 1 January 2020. More specifically:

- at individual property level, the differences between the fair value at 1 January 2020 and the carrying amount at the same date were recognised in shareholders equity under caption 150 "Reserves";
- the effects on the 2020 income statement of measuring these properties at cost (i.e. depreciation charges and write-downs) were cancelled and the change in fair value between 1 January 2020 and 31 December 2020 was recorded in the restated 2020 income statement with the overall impact being recorded in caption 150 "Reserves - Retained earnings";
- the profit and loss effects of the sales that took place in 2020 were recalculated, recording the impact in the restated 2020 income statement and again under caption 150 "Reserves - Retained earnings".

For further details concerning the impacts on the restated captions of the balance sheet and income statement, please refer to the “Attachments” of this Report.

Change in the measurement method of properties used in operations (IAS 16)

Since 1 January 2021, the date of the change in the measurement method, the BPER Banca Group has measured properties used in operations according to the so-called revaluation model envisaged by IAS 16.

As a consequence of the prospective application of the change in measurement method, the difference between the fair value and the net carrying amount, determined at the individual property level at the date of transition to the new measurement model, the following was recognised at 1 January 2021:

- if negative, in the income statement for 2021, with recognition in caption 260 "Gains (Losses) on property, plant and equipment and intangible assets measured at fair value";
- if positive, in shareholders equity, with recognition in the specific reserve to be entered under caption 120 "Valuation reserves", except for previous write-downs in the income statement (in this case, the positive difference between the fair value and the net carrying amount must be recognised in the income statement under item 210 "Net adjustments to property, plant and equipment" as a positive component of income, for an amount equal to the write-downs recognised previously).

Treatment of the rights of use of properties used and not-used in operations

With reference to the rights of use of properties used in operations, recorded under property, plant and equipment on the basis of IFRS 16 (paragraphs 30 and 35), the BPER Banca Group has chosen to continue measuring them at cost, without making use of the option to use the revaluation model (this option is only allowed if the lessee applies the revaluation model to the properties that it owns).

With reference to the rights of use that meet the definition of property held for investment, application of the fair value method in accordance with IAS 40 implies use of the same method for rights of use as well, according to paragraph 34 of IFRS 16. However, this case does not apply to the Group at 1 January 2021, as there is no right of use acquired with the leasing classified as property held for investment. Although the case does not apply at 1 January 2021, the BPER Banca Group has decided that the fair value of the rights of use as per IAS 40 is approximately the same as the value obtained using the cost method.

Method for estimating the fair value of properties

For the purpose of determining the fair value of the real estate assets at the date of change in method, the BPER Banca Group hired a qualified appraisal company, which was asked to update its:

- “full" appraisals, according to which the fair value is determined on the basis of all information relating to the business, including on-site inspections;
- “desktop" appraisals, according to which the fair value is determined on the basis of the average value of comparable properties, without any on-site inspection. [51]

Effects of change in the measurement method of properties

The effects, gross and net of the tax effect, on the Income Statement and Shareholders Equity (item by item) of the BPER Banca Group at 1 January 2021 are summarised below:

Items breakdown		Consolidated impact before tax			Consolidated impact after tax		
		Income statement	Reserves	Total	Income statement	Reserves	Total
Property used in operations – IAS 16	A	(19,913)	122,369	**102,456**	(19,122)	83,041	**63,919**
Investment property – IAS 40	B	-	14,978	**14,978**		3,375	**3,375**
Total consolidated impact	**C = A+B**	**(19,913)**	**137,347**	**117,434**	**(19,122)**	**86,416**	**67,294**
Impact reflected in the following captions of the Income statement and Shareholders’ equity							
Caption 260 “Valuation differences on property, plant and equipment and intangible assets measured at fair value”		(22,489)	-	**(22,489)**	(22,489)		**(22,489)**
Caption 210 “Net adjustments to property, plant and equipment”		2,576	-	**2,576**	2,576		**2,576**
Caption 300 “Income taxes on current operations for the period”					791		**791**
Caption 120. “Valuation reserves”		-	122,369	**122,369**		83,041	**83,041**
Caption “150. “Reserves”		-	14,978	**14,978**		3,375	**3,375**

Criteria for recognition in the financial statements

The following are shown below:

- The criteria for recognition, measurement and derecognition of the income components of “Property, plant and equipment” modified along with the method of measurement, limited to properties owned by the Group, which has changed from cost to fair value[52];T
- the methods for determining the impairment and fair value of the properties owned by the Group, again updated as a result of the change in the method of measurement for such properties.

For the other criteria adopted for the recognition, classification, measurement and derecognition of income components, reference is made to those used to prepare the consolidated financial statements at 31 December 2021, which were applied without amendment for the purposes of this Report at 30 September 2021.

[51] *The internal policy for measuring the fair value of properties is described in greater detail in the following paragraph “Methods and frequency of identifying the fair value for properties owned by the Group”.*

[52] *For further details of the restatement, please refer to the "Attachments" of this Report; these figures have not been audited.*

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 tangible assets 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 caption 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 caption also includes certain real estate assets classified in accordance with IAS 2 "Inventories" within the portfolios of the Groups real estate companies, including construction land, buildings under construction, completed buildings and property development initiatives held for sale.
This caption 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, starting from 1 January 2021, 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 from 1 January 2020, are measured retroactively according to the fair value method, by which all property investments are measured at fair value and no longer subject to depreciation or impairment;
- 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 cost 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:

- 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 an IAS 16 real estate unit 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 (the so-called "elimination approach").
For properties held for investment purposes, 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 to the section of this document entitled "Information on fair value".

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 "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 can be written back but without exceeding the carrying value that the asset would have had (net of depreciation) if no impairment losses had been recognised in prior years.
For 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 a 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) and recognises any impairment that may occur. 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. In particular, any resulting decrease in the carrying amount of the property is charged to profit or loss for the period. 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 can be 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. When a property used in operation is eliminated from the financial statements, any valuation reserve recognised in equity is transferred directly to "Reserves - Retained earnings”, without passing through the income statement. When a property used in operation is eliminated from the financial statements, any valuation reserve recognised in equity is transferred directly to "Reserves - Retained earnings”, without passing through the income statement.

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 reserves" for the specific property is not sufficiently large (in which case, the negative changes are recognised in equity as a decrease in the "Valuation reserves").

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".
Disposal gains and losses are however recorded in caption "Gains (Losses) on disposal of investments" of the income statement.

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 caption “Non-current assets and disposal groups classified as held for sale” and the liability caption “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.

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" caption of the income statement.

Method for determining the extent of impairment

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. Recoverable value is determined with reference to the fair value of the property, plant and equipment or intangible asset, net of disposal costs, or to its value in use if this can be determined and exceeds fair value.
As regards property, plant and equipment, impairment is only recognised if their carrying amount exceeds their fair value less selling costs or, if greater, their value in use.
In relation to the methods for determining the fair value, please refer to the following paragraph “Information on fair value”, highlighting that the “full” valuation of the individual property is required to qualify the impairment.

In order to identify a unique identification criterion, the circumstances that trigger the impairment (and not just the restatement), in the presence of a market value lower than the net carrying amount,

reference thresholds have been identified, which signal potential critical situations of the property and therefore, if exceeded, lead to a supplementary valuation, or the need to write down the asset.
The criteria adopted to select positions for analysis and prepare documentation to justify the sustainability of adverse differences between net carrying amount and fair value are described below:

- properties used in operations: no further analysis is needed if positive values emerge from comparison of the total value of the property (ground up or otherwise), or if negative differences are contained within 10% of their net carrying amount. If the negative difference exceeds that limit, a check is carried out to see if it amounts to less than 5 years of depreciation;
- particular complexes: the valuation requires an expert appraisal confirmed by a specific Board resolution.

Any write-down must be carried out up to the total market value and attributed primarily to the property element.
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.

Information on fair value

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 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, including:

- 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;
- Discounted Cash Flow (DCF): 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 uses an appropriate discount rate, which analytically considers the characteristic risks of the property in question;
- 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.

Furthermore, 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 with a value greater than Euro 1 million or in the event of a significant difference in value compared with the previous year (valuation delta in absolute terms in excess of 10%), 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. In particular, there is a significant difference if, from the comparison between the fair value of the "desktop" appraisal and the carrying amount, there emerges:

- a positive delta of more than 10%; or
- a negative delta of more than 10%, and at the same time the parameters described in the paragraph "Methods for determining the extent of impairment" are met (highlighting the need for a "full" valuation to account for an impairment). In the event of a negative delta of more than 10%, but less than the thresholds for qualifying the impairment, the value will be recalculated based on the results of the desktop valuation.

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).

For any other information on fair value, please refer to Part A of the Consolidated Financial Statements as at 31 December 2020 and the Consolidated Half-Year Financial Report as at 30 June 2021.

Domestic tax group election

BPER Banca has elected to establish a Domestic Tax Group, which was introduced by Legislative Decree 344/2003 and subsequent amendments and is governed by arts. 117-129 of the Consolidated Income Tax Law.
Under this optional arrangement, which is binding for three years, the subordinate members transfer their results to the parent, for fiscal purposes only, which then calculates the consolidated taxable income or tax loss.
The option for Bibanca s.p.a., Sardaleasing s.p.a. and Sifà - Società Italia Flotte Aziendali s.p.a. expired on 31 December 2020 and will be renewed for the three-year period 2021-2023 when the consolidating company submits its tax return.

Consolidated companies	2019	2020	2021	2022	2023
Bibanca s.p.a.			x	x	x
Banco di Sardegna s.p.a.	x	x	x		
Optima s.p.a. SIM	x	x	x		
Emilia Romagna Factor s.p.a.		x	x	x	
Sardaleasing s.p.a.			x	x	x
SIFA - Società Italiana Flotte Aziendali s.p.a.			x	x	x
BPER Trust Company s.p.a.	x	x	x		
Nadia 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 the consolidated balance sheet

Assets

Financial assets measured at fair value through profit or loss Caption 20

2.1 Financial assets held for trading: breakdown by product

Description/Amounts	Total 30.09.2021			Total 31.12.2020		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	78,562	6,608	7	66,753	9,884	8
1.1 Structured securities	38,892	1,698	-	37,763	1,562	-
1.2 Other debt securities	39,670	4,910	7	28,990	8,322	8
2. Equity instruments	76,797	2,513	35	60,974	1,315	32
3. UCITS units	201	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**155,560**	**9,121**	**42**	**127,727**	**11,199**	**40**
B. Derivative instruments						
1. Financial derivatives	63	108,391	46,107	12	113,078	26,953
1.1 trading	63	108,391	46,107	12	113,078	26,953
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)	**63**	**108,391**	**46,107**	**12**	**113,078**	**26,953**
Total (A+B)	**155,623**	**117,512**	**46,149**	**127,739**	**124,277**	**26,993**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

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 30.09.2021	Total 31.12.2020
A. Cash assets		
1. Debt securities	85,177	76,645
a) Central Banks	-	-
b) Public Administrations	3,794	4,134
c) Banks	14,640	13,532
d) Other financial companies	55,768	52,660
of which: Insurance companies	879	481
e) Non-financial companies	10,975	6,319
2. Equity instruments	79,345	62,321
a) Banks	18,460	14,414
b) Other financial companies	7,195	4,659
of which: Insurance companies	2,089	1,078
c) Non financial companies	53,690	43,248
d) Other issuers	-	-
3. UCITS units	201	-
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)	**164,723**	**138,966**
B. Derivative instruments		
a) Central counterparties	-	-
b) Other	154,561	140,043
Total (B)	**154,561**	**140,043**
Total (A+B)	**319,284**	**279,009**

2.3 Financial assets measured at fair value: breakdown by product

Description/Amounts	Total 30.09.2021			Total 31.12.2020		
	L1	L2	L3	L1	L2	L3
1.Debt securities	**-**	**123,284**	**668**	**-**	**126,700**	**668**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	123,284	668	-	126,700	668
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	**-**	**123,284**	**668**	**-**	**126,700**	**668**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

2.4 Financial assets measured at fair value: breakdown by borrowers/issuers

Description/Amounts	Total 30.09.2021	Total 31.12.2020
1. Debt securities	**123,952**	**127,368**
a) Central Banks	-	-
b) Public Administrations	121,292	120,711
c) Banks	1,993	1,991
d) Other financial companies	-	3,998
of which: Insurance companies	-	3,998
e) Non-financial companies	667	668
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	**123,952**	**127,368**

2.5 Other financial assets mandatorily measured at fair value: breakdown by product

Description/Amounts	Total 30.09.2021			Total 31.12.2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**47,693**	**58,352**	**-**	**112,937**	**57,930**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	47,693	58,352	-	112,937	57,930
2. Equity instruments	**2,666**	**-**	**17,528**	**1,808**	**-**	**81,857**
3. UCITS units	**200,915**	**499**	**333,336**	**256,426**	**1,004**	**253,955**
4. Loans	**-**	**31,201**	**26,338**	**-**	**-**	**26,307**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	31,201	26,338	-	-	26,307
Total	**203,581**	**79,393**	**435,554**	**258,234**	**113,941**	**420,049**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

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 30.09.2021	Total 31.12.2020
1. Equity instruments	**20,194**	**83,665**
of which: banks	19	22,020
of which: other financial companies	11,182	7,715
of which: non-financial companies	8,993	53,930
2. Debt securities	**106,045**	**170,867**
a) Central Banks	-	-
b) Public Administrations	-	65,816
c) Banks	29,762	29,792
d) Other financial companies	75,783	74,239
of which: Insurance companies	-	-
e) Non-financial companies	500	1,020
3. UCITS units	**534,750**	**511,385**
4. Loans	**57,539**	**26,307**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	26,337	26,307
of which: Insurance companies	26,337	26,307
e) Non-financial companies	30,863	-
f) Households	339	-
Total	**718,528**	**792,224**

Financial assets measured at fair value through other comprehensive income
Caption 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by product

Description/Amounts	Total 30.09.2021			Total 31.12.2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**5,765,082**	**352,415**	**4,907**	**5,603,929**	**409,984**	**7,695**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	5,765,082	352,415	4,907	5,603,929	409,984	7,695
2. Equity instruments	**2,632**	**2,195**	**247,476**	**1,701**	**2,243**	**244,266**
3. Loans	-	-	-	-	-	-
Total	**5,767,714**	**354,610**	**252,383**	**5,605,630**	**412,227**	**251,961**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

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 30.09.2021	Total 31.12.2020
1. Debt securities	**6,122,404**	**6,021,608**
a) Central Banks	-	-
b) Public Administrations	610,832	688,348
c) Banks	3,454,312	3,586,774
d) Other financial companies	1,196,722	1,085,290
of which: Insurance companies	41,927	42,580
e) Non-financial companies	860,538	661,196
2. Equity instruments	**252,303**	**248,210**
a) Banks	32,142	31,429
b) Other issuers:	220,161	216,781
- other financial companies	181,565	179,570
of which: Insurance companies	143,900	143,900
- non financial companies	38,518	37,168
- other	78	43
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	**6,374,707**	**6,269,818**

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total impairment provisions

	Gross value				Overall impairment provisions			
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Overall partial write-off
Debt securities	6,009,198	-	116,600	24	3,030	381	7	-
Loans	-	-	-	-	-	-	-	-
Total 30.09.2021	**6,009,198**	**-**	**116,600**	**24**	**3,030**	**381**	**7**	**-**
Total 31.12.2020	**5,678,055**	**-**	**348,408**	**26**	**3,427**	**1,446**	**8**	**-**
of which: purchased or originated credit-impaired financial assets	X	X	-	-	X	-	-	-

At 30 September 2021 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 overall impairment provisions of financial assets, reference should be made to Part A of the Explanatory notes to the consolidated financial statements at 31 December 2020.

Financial assets measured at amortised cost Caption 40

4.1 Financial assets measured at amortised cost: breakdown by product of loans to banks

Type of transaction/Amounts	Total 30.09.2021						Total 31.12.2020					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	of which: purchased or originated credit impaired financial assets	L1	L2	L3	Stage 1 and 2	Stage 3	of which: purchased or originated credit impaired financial assets	L1	L2	L3
A. Loans to Central Banks	**21,460,191**	**-**	**-**	**-**	**-**	**21,460,191**	**8,409,330**	**-**	**-**	**-**	**-**	**8,409,330**
1. Time deposits	46,302	-	-	X	X	X	56,087	-	-	X	X	X
2. Compulsory reserve	21,413,889	-	-	X	X	X	8,353,243	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	**7,294,959**	**-**	**-**	**5,476,255**	**188,650**	**1,689,827**	**5,943,401**	**-**	**-**	**4,460,005**	**136,774**	**1,447,268**
1. Loans	1,689,827	-	-	-	-	1,689,827	1,447,268	-	-	-	-	1,447,268
1.1 Current accounts and demand deposits	580,914	-	-	X	X	X	366,910	-	-	X	X	X
1.2. Time deposits	50,463	-	-	X	X	X	71,343	-	-	X	X	X
1.3. Other loans	1,058,450	-	-	X	X	X	1,009,015	-	-	X	X	X
- Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	1,058,450	-	-	X	X	X	1,009,015	-	-	X	X	X
2. Debt securities	5,605,132	-	-	5,476,255	188,650	-	4,496,133	-	-	4,460,005	136,774	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	5,605,132	-	-	5,476,255	188,650	-	4,496,133	-	-	4,460,005	136,774	-
Total	**28,755,150**	**-**	**-**	**5,476,255**	**188,650**	**23,150,018**	**14,352,731**	**-**	**-**	**4,460,005**	**136,774**	**9,856,598**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of Explanatory notes to the consolidated financial statements at 31 December 2020.

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 30.09.2021						Total 31.12.2020					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	of which: purchased or originated credit impaired financial assets	L1	L2	L3	Stage 1 and 2	Stage 3	of which: purchased or originated credit impaired financial assets	L1	L2	L3
1. Loans	**74,436,790**	**1,956,149**	**1,193,560**	**-**	**-**	**69,273,564**	**50,787,230**	**2,127,874**	**1,059,274**	**-**	**-**	**56,889,931**
1.1. Current accounts	4,715,014	217,998	119,598	X	X	X	3,383,735	281,942	136,019	X	X	X
1.2. Repurchase agreements	71,302	-	-	X	X	X	83,949	-	-	X	X	X
1.3. Mortgage loans	51,906,819	1,197,747	883,466	X	X	X	34,062,368	1,208,508	758,040	X	X	X
1.4. Credit cards, personal loans and assignments of one-fifth of salary	3,746,630	45,718	14,806	X	X	X	2,848,863	45,647	12,161	X	X	X
1.5. Finance leases	2,695,330	199,519	16,179	X	X	X	2,646,669	280,753	20,373	X	X	X
1.6. Factoring	1,102,883	13,969	12,445	X	X	X	1,032,494	6,114	8,552	X	X	X
1.7. Other loans	10,198,812	281,198	147,066	X	X	X	6,729,152	304,910	124,129	X	X	X
2. Debt securities	**14,356,540**	**-**	**-**	**13,692,370**	**79,484**	**821,650**	**12,723,670**	**-**	**-**	**12,080,622**	**147,272**	**931,142**
2.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other debt securities	14,356,540	-	-	13,692,370	79,484	821,650	12,723,670	-	-	12,080,622	147,272	931,142
Total	**88,793,330**	**1,956,149**	**1,193,560**	**13,692,370**	**79,484**	**70,095,214**	**63,510,900**	**2,127,874**	**1,059,274**	**12,080,622**	**147,272**	**57,821,073**

The sub-caption "Other loans" of performing loans includes: € 6,260 million of bullet loans (+65.22%), € 2,164 million of advances on invoices subject to collection (+22.75%), € 1,045 million of import/export advances (+68.01%), € 43 million of credit assignment (+43.33%) and € 687 million of other miscellaneous entries (+30.86%).
An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

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 30.09.2021			Total 31.12.2020		
	Stage 1 and 2	Stage 3	of which: purchased or originated credit impaired	Stage 1 and 2	Stage 3	of which: purchased or originated credit impaired
1. Debt securities	**14,356,540**	**-**	**-**	**12,723,670**	**-**	**-**
a) Public Administrations	12,277,200	-	-	10,826,424	-	-
b) Other financial companies	1,639,239	-	-	1,586,485	-	-
of which: insurance companies	14,976	-	-	15,016	-	-
c) Non financial companies	440,101	-	-	310,761	-	-
2. Loans:	**74,436,790**	**1,956,149**	**1,193,560**	**50,787,230**	**2,127,874**	**1,059,274**
a) Public Administrations	2,439,462	8,433	4	2,244,215	15,824	2,747
b) Other financial companies	3,742,572	40,066	30,842	3,107,295	91,135	70,555
of which: insurance companies	68,346	312	-	54,120	-	-
c) Non financial companies	34,661,816	1,348,797	798,334	24,011,734	1,546,295	719,451
d) Households	33,592,940	558,853	364,380	21,423,986	474,620	266,521
Total	**88,793,330**	**1,956,149**	**1,193,560**	**63,510,900**	**2,127,874**	**1,059,274**

4.4 Financial assets measured at amortised cost: gross value and total impairment provisions

	Gross value				Overall impairment provisions			Overall partial write-off
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	19,968,658	-	-	-	6,986	-	-	-
Loans	88,107,114	-	9,930,862	4,379,850	157,636	293,532	2,423,701	619,491
Total 30.09.2021	**108,075,772**	**-**	**9,930,862**	**4,379,850**	**164,622**	**293,532**	**2,423,701**	**619,491**
Total 31.12.2020	**71,817,772**	**-**	**6,234,871**	**4,339,127**	**73,336**	**115,676**	**2,211,253**	**302,788**
of which: purchased or originated credit-impaired financial assets	X	X	329,503	1,658,432	X	8,600	785,775	282,023

4.4a Loans measured at amortised cost subject to Covid-19 support measures: gross value and total impairment provisions

	Gross value				Total impairment provisions			Overall partial write-off
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
1. Loans subject to forbearance measures compliant with GL	132,909		132,739	1,316	399	2,220	603	-
2. Loans subject to other forbearance measures	-	-	951,539	34,715	-	52,116	11,710	-
3. New loans	5,760,499	-	816,031	30,261	2,210	2,983	1,506	-
Total 30.09.2021	**5,893,408**	**-**	**1,900,309**	**66,292**	**2,609**	**57,319**	**13,819**	**-**
Total 31.12.2020	**8,854,710**	**-**	**1,838,324**	**60,907**	**7,767**	**26,356**	**12,409**	**-**

Hedging derivatives
Caption 50

5.1 Hedging derivatives: breakdown by type of hedge and level

	FV 30.09.2021			NV	FV 31.12.2020			NV
	L1	L2	L3	30.09.2021	L1	L2	L3	31.12.2020
A. Financial derivatives								
1. Fair Value	-	134,292	-	6,629,585	-	53,795	-	1,934,322
2. Cash flows	-	1,158	-	54,446	-	3,981	-	54,446
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**135,450**	**-**	**6,684,031**	**-**	**57,776**	**-**	**1,988,768**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

Key:
NV = 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	Specific	General	
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	104,012	X	-	-	X	X	X	1,158	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	104,012	-	-	-	-	-	-	1,158	-	-
1. Financial Liabilities	30,280	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	30,280	-	-	-	-	-	-	-	-	-
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Intangible assets
Caption 100

10.1 Intangible assets: breakdown by asset type

Description/Amounts	Total 30.09.2021		Total 31.12.2020	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	**X**	**204,392**	**X**	**434,758**
A.1.1 pertaining to group	X	204,392	X	434,758
A.1.2 pertaining to minority interests	X	-	X	-
A.2 Other intangible assets	**273,800**	**-**	**267,965**	**-**
A.2.1 Assets measured at cost	273,800	-	267,965	-
a) intangible assets generated internally	-	-	-	-
b) other assets	273,800	-	267,965	-
A.2.2 Assets measured at fair value	-	-	-	-
a) intangible assets generated internally	-	-	-	-
b) other assets	-	-	-	-
Total	**273,800**	**204,392**	**267,965**	**434,758**

"Other intangible assets" mainly comprise application 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.
The remaining "Other intangible assets" mainly consist of intangibles recognised in previous Purchase Price Allocation processes for € 29.1 million, of which € 22.1 million relating to the acquisition of Unipol Banca.
The impairment test, carried out in accordance with IAS 36 as early as in the first quarter, made it necessary to completely write-down the "core deposit" intangible asset coming from the PPA of Cassa di Risparmio di Bra for Euro 3.4 million.

Goodwill	30.09.2021	31.12.2020
Parent Company BPER Banca	-	**230,366**
Banks/Other companies	**204,392**	**204,392**
- Banco di Sardegna s.p.a.	27,606	27,606
- Emilia Romagna Factor s.p.a.	6,768	6,768
- Arca Holding s.p.a.	170,018	170,018
Total	**204,392**	**434,758**

The BPER Banca CGU included the goodwill arising from acquisitions and subsequent mergers carried out in previous years.
The mergers by absorption involved transferring the assets and liabilities of the units absorbed to the separate financial statements of BPER Banca, also recording the goodwill previously recognised only on consolidation.
The impairment test, carried out in accordance with IAS 36 as early as in the first quarter, made it necessary to completely write-down the goodwill recognised in the BPER Banca CGU.

Information on goodwill

As regards the goodwill recognised in the Consolidated interim report on operation, no elements (or trigger events) emerged in the third quarter as such to require the impairment test to be fully updated with respect to the one carried out at the closure of the Consolidated half-year financial report as at 30 June 2021 and, even earlier, the closure of the Consolidated interim report on operations as at 31 March 2021, to which reference should be made for a more complete and clear representation.

It should be noted, in particular, that on the close of the Consolidated interim report on operations as at 31 March 2021, goodwill was adjusted as a result of the events occurring in the first quarter of 2021 and identified as indicators of possible impairment losses; these included the event that substantially modified the configuration of the CGU, and hence its book value, to which a part of goodwill was allocated, i.e. the completion of the purchase of the going concern from the Intesa Sanpaolo Group, structured into the UBI and UBISS business units and with a significant impact on the perimeter of the BPER Banca CGU. For the reasons reported in the Explanatory notes to the Consolidated interim report on operations as at 31 March 2021, the transaction highlighted the need to fully write down the goodwill allocated to the BPER Banca CGU, accounting for roughly 53% of the total value recognised in the Group's balance sheet as at 31 December 2020.
With reference to 30 September 2021, the final quarter saw an adjustment of the main market parameters that continued to record a positive trend from the start of 2021. An analysis of the trend in the main equity market indexes of the banking sector shows a significant increase in values over the course of the first nine months of 2021 with respect to the figure at the start of the year: FTSE IT Banks index +34%, Euro Stoxx Banks +36% and S&P500 Banks +33%. This trend is the result of a better climate of confidence at global level, thanks, among other things, to the ramping up of vaccination campaigns, the easing of restrictions on mobility and public support initiatives launched by many countries to revive national economies.
In this context, the price of the BPER Banca share increased by around +30% compared to the price at the start of 2021, and by +5% when compared with the figure as at 1 July 2021. Financial analysts indicate a current target price for the share higher than the current stock market listing and up compared to the target price at the start of the year.
Over the last three months, the spread between the 10-year BTP (multi-year treasury bond) and 10-year German BUNDs stayed at an average of 104 basis points, in line with the average figure recorded in the first nine months of the year. In addition, the updating of the main macro-economic parameters, supplied by specialised info-providers, highlights the continuous improvement of the economic context, even if some fears linger over the pickup in consumer prices and the consequent erosion of household spending power, with a possible slowdown in the recovery phase. However, the Central Banks of various countries are of the opinion that there is low risk of inflation being persistently above the target, as they continue to maintain a conservative stance as regards potentially raising interest rates.
Lastly, the updating of the parameters underpinning the estimate of the cost of capital, necessary for estimating the value in use according to the Excess Capital Method[53] of the Dividend Discount Model, shows an improvement, with the rate sitting at around 8.30%, or -87 basis points with respect to the figure that emerged from the check conducted as at 31 December 2020.

In light of the information provided in the previous paragraphs, the Group did not deem it necessary to perform a full impairment test update when the consolidated interim report on operations as at 30 September 2021 was prepared.

[53] In relation to the description of the measurement criteria applied to the main captions of the financial statements, the assumptions and the valuation models used, please refer to the disclosure provided in the explanatory notes to the consolidated financial statements as at 31 December 2020.

Liabilities

Financial liabilities measured at amortised cost Caption 10

1.1 Financial liabilities measured at amortised cost: breakdown by product of due to banks

Type of transaction/Amounts	Total 30.09.2021				Total 31.12.2020			
	B V	Fair Value			B V	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Due to Central Banks	**18,163,648**	X	X	X	**16,873,779**	X	X	X
2. Due to banks	**5,109,400**	X	X	X	**3,307,220**	X	X	X
2.1 Current accounts and demand deposits	449,549	X	X	X	192,442	X	X	X
2.2 Time deposits	1,672	X	X	X	3,034	X	X	X
2.3 Loans	4,647,815	X	X	X	3,108,927	X	X	X
2.3.1 Repurchase agreements	4,238,111	X	X	X	2,735,967	X	X	X
2.3.2 Other	409,704	X	X	X	372,960	X	X	X
2.4 Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	9,737	X	X	X	1,520	X	X	X
2.6 Other payables	627	X	X	X	1,297	X	X	X
Total	**23,273,048**	**-**	**-**	**23,273,048**	**20,180,999**	**-**	**-**	**20,180,999**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.
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 30.09.2021				Total 31.12.2020			
	B V	Fair Value			B V	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	89,395,076	X	X	X	54,973,514	X	X	X
2. Time deposits	203,104	X	X	X	145,605	X	X	X
3. Loans	2,069,056	X	X	X	2,023,352	X	X	X
3.1 Repurchase agreements	122,750	X	X	X	149,286	X	X	X
3.2 Other	1,946,306	X	X	X	1,874,066	X	X	X
4. Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	348,532	X	X	X	256,073	X	X	X
6. Other payables	1,062,779	X	X	X	915,458	X	X	X
Total	**93,078,547**	**-**	**-**	**93,078,547**	**58,314,002**	**-**	**-**	**58,314,002**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.
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 debt securities issued

Type of transaction/Amounts	Total 30.09.2021				Total 31.12.2020			
	B V	Fair Value			B V	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	4,525,717	3,900,338	743,421	-	4,385,826	3,410,099	1,093,181	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	4,525,717	3,900,338	743,421	-	4,385,826	3,410,099	1,093,181	-
2. other securities	154,050	-	2,025	152,028	296,364	-	2,192	294,205
2.1 structured	2,022	-	2,025	-	2,175	-	2,192	-
2.2 other	152,028	-	-	152,028	294,189	-	-	294,205
Total	**4,679,767**	**3,900,338**	**745,446**	**152,028**	**4,682,190**	**3,410,099**	**1,095,373**	**294,205**

"Bonds" include € 930.6 million of subordinated debt, none of which 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 to the consolidated financial statements at 31 December 2020.

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Financial liabilities held for trading
Caption 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transaction/Amounts	Total 30.09.2021					Total 31.12.2020				
	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	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Other securities	-	-	-	-	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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	X	87	89,416	32,128	X	X	9	161,028	8,445	X
1.1 Trading	X	87	69,504	32,128	X	X	9	142,612	8,445	X
1.2 Connected with the fair value option	X	-	19,633	-	X	X	-	18,333	-	X
1.3 Other	X	-	279	-	X	X	-	83	-	X
2. Credit derivatives	X	-	683	-	X	X	-	612	-	X
2.1 Trading	X	-	683	-	X	X	-	612	-	X
2.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**87**	**90,099**	**32,128**	**X**	**X**	**9**	**161,640**	**8,445**	**X**
Total (A+B)	**X**	**87**	**90,099**	**32,128**	**X**	**X**	**9**	**161,640**	**8,445**	**X**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

Key:
NV = Nominal or Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair value: Fair value excluding variations due to changes in the creditworthiness of the issuer since the issue date*

Hedging derivatives
Caption 40

4.1 Hedging derivatives: breakdown by type of hedge and level

	Fair value 30.09.2021			NV	Fair value 31.12.2020			NV
	L1	L2	L3	30.09.2021	L1	L2	L3	31.12.2020
A. Financial derivatives	**-**	**293,020**	**-**	**5,464,651**	**-**	**469,240**	**-**	**6,340,719**
1) Fair value	-	293,020	-	5,464,651	-	463,255	-	6,290,719
2) Cash flows	-	-	-	-	-	5,985	-	50,000
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**293,020**	**-**	**5,464,651**	**-**	**469,240**	**-**	**6,340,719**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory notes to the consolidated financial statements at 31 December 2020.

Key:
NV = Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair Value							Cash flows		Foreign investments
	Specific						General	Specific	General	
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	123,914	-	-	1,923	X	X	X	-	X	X
2. Financial assets measured at amortised cost	167,111	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	72	-	-	-	-	-	X	-	X	-
Total assets	**291,097**	**-**	**-**	**1,923**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial Liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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	-	-

Information on the consolidated income statement

Interest
Captions 10 and 20

1.1 Interest and similar income: breakdown

Captions/Technical forms	Debt securities	Loans	Other transactions	Total 30.09.2021	Total 30.09.2020
1. Financial assets measured at fair value through profit or loss:	**5,205**	**30**	**-**	**5,235**	**5,390**
1.1 Financial assets held for trading	1,083	-	-	1,083	699
1.2 Financial assets measured at fair value	2,546	-	-	2,546	2,478
1.3 Other financial assets mandatorily measured at fair value	1,576	30	-	1,606	2,213
2. Financial assets measured at fair value through other comprehensive income	**26,627**	**-**	**X**	**26,627**	**46,179**
3. Financial assets measured at amortised cost:	**79,468**	**1,089,012**	**X**	**1,168,480**	**999,829**
3.1 Loans to banks	15,779	1,294	X	17,073	20,061
3.2 Loans to customers	63,689	1,087,718	X	1,151,407	979,768
4. Hedging derivatives	**X**	**X**	**(29,511)**	**(29,511)**	**(28,697)**
5. Other assets	**X**	**X**	**645**	**645**	**426**
6. Financial liabilities	**X**	**X**	**X**	**138,355**	**63,033**
Total	**111,300**	**1,089,042**	**(28,866)**	**1,309,831**	**1,086,160**
of which: interest income on impaired financial assets	1	67,251	-	67,252	83,179
of which: interest income on finance lease	-	45,621	-	45,621	45,572

Caption "6. Financial liabilities" includes the benefit deriving from the application of negative interest rates to the funds obtained from the ECB under the TLTRO III programme, € 135.5 million.

1.3 Interest and similar expense: breakdown

Captions/Technical forms	Loans	Debt securities	Other transactions	Total 30.09.2021	Total 30.09.2020
1. Financial liabilities at amortised cost	73,579	60,461	X	134,040	145,269
1.1 Due to central banks	-	X	X	-	-
1.2 Due to banks	9,610	X	X	9,610	16,847
1.3 Due to customers	63,969	X	X	63,969	64,356
1.4 Debt securities issued	X	60,461	X	60,461	64,066
2. Financial liabilities held for trading	3	-	1,387	1,390	1,193
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	452	452	407
5. Hedging derivatives	X	X	(1,867)	(1,867)	(6,307)
6. Financial assets	X	X	X	56,397	1,855
Total	**73,582**	**60,461**	**(28)**	**190,412**	**142,417**
of which: interest expense on lease liabilities	2,956	-	-	2,956	1,659

Caption "6. "Financial assets" includes the interest calculated by applying negative interest rates on the excess liquidity deposited with the ECB for € 54.7 million.

Commission
Captions 40 and 50

2.1 Commission income: breakdown

Type of service/Amounts	Total 30.09.2021	Total 30.09.2020
a) guarantees granted	30,263	22,339
b) credit derivatives	-	-
c) management, brokerage and consulting:	685,635	467,444
1. trading in financial instruments	545	458
2. trading in foreign currencies	8,223	5,409
3. portfolio management	306,118	268,672
3.1 individual	29,291	25,449
3.2 collective	276,827	243,223
4. custody and administration of securities	29,955	27,323
5. depositary bank	-	-
6. placement of securities	161,053	77,950
7. order taking and transmission	12,470	9,518
8. advisory services	5,980	2,581
8.1 on investments	-	-
8.2 on financial structure	5,980	2,581
9. distribution of third-party services	161,291	75,533
9.1 portfolio management	7,536	288
9.1.1 individual	6,770	-
9.1.2 collective	766	288
9.2 insurance products	117,114	51,890
9.3 other products	36,641	23,355
d) collection and payment services	148,328	99,846
e) securitisation servicing	89	65
f) factoring transactions servicing	9,049	7,149
g) tax collection services	-	-
h) management of multilateral trading system	-	-
i) maintenance and management of current accounts	218,504	148,516
j) other services	230,446	157,011
1. commission income on other loans to customers	152,242	104,547
2. commission income on pos and pagobancomat services	34,533	21,791
3. other commission income	43,671	30,673
Total	**1,322,314**	**902,370**

2.2 Commission expense: breakdown

Type of services/Amounts	Total 30.09.2021	Total 30.09.2020
a) guarantees received	1,393	996
b) credit derivatives	-	-
c) management and brokerage services	112,966	98,717
1. trading on financial instruments	1,366	914
2. trading on foreign currencies	-	4
3. portfolio management:	100,652	88,339
3.1 own portfolio	100,652	88,339
3.2 third party portfolio	-	-
4. custody and administration of securities	3,909	3,095
5. placement of financial instruments	137	10
6. out-of-branch offer of securities, financial instruments, products and services	6,902	6,355
d) collection and payment services	5,045	3,837
e) other services	30,501	23,996
Total	**149,905**	**127,546**

Dividends and similar income Caption 70

3.1 Dividends and similar income: breakdown

Captions/Income	Total 30.09.2021		Total 30.09.2020	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	1,486	-	439	-
B. Other financial assets mandatorily measured at fair value	89	1,346	51	5,208
C. Financial assets measured at fair value through other comprehensive income	11,703	-	11,695	-
D. Equity investments	-	-	-	-
Total	**13,278**	**1,346**	**12,185**	**5,208**

Net income from trading activities
Caption 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	**12,837**	**6,152**	**(4,591)**	**(2,184)**	**12,214**
1.1 Debt securities	3,190	1,658	(2,844)	(1,531)	473
1.2 Equity instruments	9,642	4,474	(1,747)	(653)	11,716
1.3 UCITS units	5	20	-	-	25
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**	**42,768**
4. Derivative instruments	**74,440**	**96,120**	**(64,152)**	**(80,827)**	**(7,904)**
4.1 Financial derivatives:	74,440	96,063	(64,128)	(80,414)	(7,524)
- on debt securities and interest rates	72,873	93,186	(64,040)	(69,622)	32,397
- on equities and stock indexes	1,512	582	(30)	(8,627)	(6,563)
- on currency and gold	X	X	X	X	(33,485)
- other	55	2,295	(58)	(2,165)	127
4.2 Credit derivatives	-	57	(24)	(413)	(380)
of which: natural hedges connected with the fair value option	X	X	X	X	-
Total	**87,277**	**102,272**	**(68,743)**	**(83,011)**	**47,078**

Net income from hedging activities
Caption 90

5.1 Net income from hedging activities: breakdown

Income items/Amounts	Total 30.09.2021	Total 30.09.2020
A. Income from:		
A.1 Fair value hedging derivatives	244,131	17,504
A.2 Hedged financial assets (fair value)	1,401	207,106
A.3 Hedged financial liabilities (fair value)	8,862	1,352
A.4 Cash-flow hedging derivatives	56	2
A.5 Foreign currency assets and liabilities	-	-
Total income from hedging activity (A)	**254,450**	**225,964**
B. Charges from:		
B.1 Fair value hedges	10,123	213,627
B.2 Hedged financial assets (fair value)	246,067	26
B.3 Hedged financial liabilities (fair value)	-	14,833
B.4 Cash-flow hedging derivatives	55	-
B.5 Foreign currency assets and liabilities	-	-
Total charges from hedging activity (B)	**256,245**	**228,486**
C. Net income from hedging activities (A-B)	**(1,795)**	**(2,522)**
of which: result of hedging on net positions	-	-

Gains (Losses) on disposal or repurchase
Caption 100

6.1 Gains (Losses) on disposal or repurchase: breakdown

Captions/Income items	Total 30.09.2021			Total 30.09.2020		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Financial assets measured at amortised cost	97,725	(22,260)	75,465	159,364	(32,102)	127,262
1.1 Loans to banks	-	-	-	6,397	(1)	6,396
1.2 Loans to customers	97,725	(22,260)	75,465	152,967	(32,101)	120,866
2. Financial assets measured at fair value through other comprehensive income	12,876	(59)	12,817	8,417	(69)	8,348
2.1 Debt securities	12,876	(59)	12,817	8,417	(69)	8,348
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**110,601**	**(22,319)**	**88,282**	**167,781**	**(32,171)**	**135,610**
Financial liabilities at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities issued	2	(458)	(456)	1,424	(975)	449
Total liabilities (B)	**2**	**(458)**	**(456)**	**1,424**	**(975)**	**449**

This net result derives mainly from the sale of debt securities classified in the HTC and HTC&S portfolios.

Net income on financial assets and liabilities measured at fair value through profit or loss
Caption 110

7.1 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown on 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	**1,346**	**-**	**(48)**	**-**	**1,298**
1.1 Debt securities	1,346	-	(48)	-	1,298
1.2 Loans	-	-	-	-	-
2. Financial Liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities issued	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: exchange differences	X	X	X	X	-
Total	**1,346**	**-**	**(48)**	**-**	**1,298**

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	**22,363**	**49,751**	**(33,224)**	**(1,193)**	**37,697**
1.1 Debt securities	4,328	3,121	(128)	(534)	6,787
1.2 Equity instruments	2,965	39,844	-	(203)	42,606
1.3 UCITS units	15,070	6,786	(33,096)	(456)	(11,696)
1.4 Loans	-	-	-	-	-
2. Foreign currency financial assets: exchange differences	X	X	X	X	**506**
Total	**22,363**	**49,751**	**(33,224)**	**(1,193)**	**38,203**

Net impairment losses for credit risk Caption 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	Total
	Stage 1 and 2	Stage 3		Stage 1 and 2	Stage 3		
		Write-offs	Other			30.09.2021	30.09.2020
A. Loans to banks	(1,527)	-	-	1,136	-	(391)	(3,616)
- Loans	(1,320)	-	-	217	-	(1,103)	(2,933)
- Debt securities	(207)	-	-	919	-	712	(683)
of which: purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-
B. Loans to customers	(235,586)	(31,682)	(659,036)	1,683	210,515	(714,106)	(401,576)
- Loans	(234,644)	(31,682)	(659,036)	777	210,515	(714,070)	(400,361)
- Debt securities	(942)	-	-	906	-	(36)	(1,215)
of which: purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-
Total	**(237,113)**	**(31,682)**	**(659,036)**	**2,819**	**210,515**	**(714,497)**	**(405,192)**

8.1a Net impairment losses for credit risk relating to loans measured at amortised cost subject to Covid-19 support measures: breakdown

Transactions/Income items	Net impairment losses			Total
	Stage 1 and 2	Stage 3		
		Write-offs	Other	30.09.2021
1. Loans subject to forbearance measures compliant with GL	(2,637)	-	(757)	(3,394)
2. Loans subject to other forbearance measures	(30,033)	-	(8,341)	(38,374)
3. New loans	(2,640)	-	(1,352)	(3,992)
Total	**(35,310)**	**-**	**(10,450)**	**(45,760)**

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	Total
	Stage 1 and 2	Stage 3		Stage 1 and 2	Stage 3	30.09.2021	30.09.2020
		Write-offs	Other				
A. Debt securities	(3)	-	-	1,464	-	1,461	(495)
B. Loans	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-
of which: purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-
Total	**(3)**	**-**	**-**	**1,464**	**-**	**1,461**	**(495)**

Administrative expenses
Caption 190

12.1 Staff costs: breakdown

Type of costs/Amounts	Total 30.09.2021	Total 30.09.2020
1) Employees	**935,727**	**708,481**
a) wages and salaries	682,948	514,358
b) social security charges	177,173	136,546
c) Termination indemnities	36,692	28,936
d) Pension expenses	418	455
e) provision for employee termination indemnities	105	509
f) provision for pension and similar commitments:	278	969
- defined contribution plan	-	-
- defined benefit plans	278	969
g) payments to external supplementary pension funds:	20,477	15,497
- defined contribution plan	20,477	15,497
- defined benefit plans	-	-
h) costs from share based payments	2,968	(246)
i) other personnel benefits	14,668	11,457
2) Other not-retired employees	**27,821**	**5,516**
3) Directors and Statutory Auditors	**7,413**	**7,222**
4) Retired employees	**63**	**83**
Total	**971,024**	**721,302**

12.2 Average number of employees by category

	30.09.2021	30.09.2020
Employees:	**16,460**	**12,769**
a) Managers	270	247
b) Middle managers	5,867	4,398
c) Other employees	10,323	8,124
Other employees	**667**	**102**

12.2.1 Number of employees by category: banking group

	30.09.2021	30.09.2020
Employees:	**18,076**	**13,405**
a) Managers	279	244
b) Total 3rd and 4th level middle managers	2,433	1,804
c) Total 1st and 2nd level middle managers	3,983	2,711
d) Other employees	11,381	8,646
Other employees	**588**	**103**

12.5 Other administrative expenses: breakdown

Captions	30.09.2021	30.09.2020
Indirect taxes and duties	**199,940**	**116,239**
Stamp duty	163,541	99,069
Other indirect taxes with right of recourse	9,934	5,698
Municipal property tax	11,168	7,761
Other	15,297	3,711
Other costs	**596,200**	**403,492**
Maintenance and repairs	89,244	50,297
Rental expense	18,716	14,279
Post office, telephone and telegraph	19,884	15,110
Data transmission fees and use of databases	46,273	32,788
Advertising	25,288	10,277
Consulting and other professional services	84,587	76,214
Lease of IT hardware and software	45,720	24,143
Insurance	10,660	7,004
Cleaning of office premises	14,105	10,512
Printing and stationery	11,221	6,922
Energy and fuel	15,786	13,370
Transport	9,353	7,086
Staff training and expense refunds	9,194	5,583
Information and surveys	10,778	9,341
Security	8,063	7,399
Administrative services	17,506	10,208
Use of external data gathering and processing services	9,742	12,014
Membership fees	6,160	6,324
Condominium expenses	3,589	3,989
Contribution to SRF, DGS, IDPF-VS	126,118	64,653
Sundry other	14,213	15,979
Total	**796,140**	**519,731**

The caption "Contributions to SRF, DGS, IDPF-VS" includes the 2021 regular contribution to the SRF (European Single Resolution Fund) of € 34.9 million, the additional contribution of € 11.3 million requested by the same fund for 2019 and the estimated 2021 regular contribution of € 80 million to the DGS (Deposit Guarantee Scheme).

Other operating expense/income Caption 230

16.1 Other operating expense: breakdown

Description/Amounts	30.09.2021	30.09.2020
Amortisation of leasehold improvement expenditure	3,709	2,811
Out-of-period expense	2,274	14,791
Other expense	90,211	56,052
Total	**96,194**	**73,654**

The caption "Other expense" includes charges for the profit-sharing clause contained in the contract for the purchase of Nuova Carife (€ 19.8 million).

16.2 Other operating income: breakdown

Description/Amounts	30.09.2021	30.09.2020
Rental income	5,654	5,476
Recovery of taxes	171,614	103,478
Other income	82,432	88,695
Total	**259,700**	**197,649**

Information on risks and related hedging policies

Risks faced by the Banking Group

It should 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 as at 30 September 2021 - Pillar 3” is prepared pursuant to the requirements of Circular 285 of 17 December 2013 and subsequent updates issued by the Bank of Italy, Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 (The ‘Capital Requirements Regulation’ or CRR) as later amended, that came into force on 1 January 2014.

The document is published on 30 September 2021, the same date on which the BPER Banca Group publishes its Consolidated interim report on operations as at 30 September 2021, or as early as possible after said date, through publication on the institutional area of the Bank’s website, as permitted by the reference legislation.

Risks of consolidation accounting

Quantitative information

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, adjustments, trends 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		869,622	964,954	121,573	961,083	116,587,397	119,504,629
2. Financial assets measured at fair value through other comprehensive income		17	-	-	-	6,122,387	6,122,404
3. Financial assets designated at fair value		-	-	-	-	123,952	123,952
4. Other financial assets mandatorily measured at fair value		-	-	-	98	163,486	163,584
5. Financial assets held for sale		822	666	180	673	87,479	89,820
Total	**30.09.2021**	**870,461**	**965,620**	**121,753**	**961,854**	**123,084,701**	**126,004,389**
Total	**31.12.2020**	**726,749**	**1,293,853**	**109,628**	**460,912**	**83,837,288**	**86,428,430**

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	Overall impairment provisions	Net exposures	Total partial write-off	Gross exposure	Overall impairment provisions	Net exposures	
1. Financial assets measured at amortised cost	4,379,850	2,423,701	1,956,149	619,491	118,006,634	458,154	117,548,480	119,504,629
2. Financial assets measured at fair value through other comprehensive income	24	7	17	-	6,125,798	3,411	6,122,387	6,122,404
3. Financial assets designated at fair value	-	-	-	-	X	X	123,952	123,952
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	163,584	163,584
5. Financial assets held for sale	3,372	1,704	1,668	128	88,788	636	88,152	89,820
Total 30.09.2021	**4,383,246**	**2,425,412**	**1,957,834**	**619,619**	**124,221,220**	**462,201**	**124,046,555**	**126,004,389**
Total 31.12.2020	**4,342,967**	**2,212,737**	**2,130,230**	**302,916**	**84,167,823**	**194,165**	**84,298,200**	**86,428,430**

Portfolios/quality	Low credit quality assets		Other assets
	Cumulated capital losses	Net exposures	Net exposures
1. Financial assets held for trading	4,031	5,098	234,640
2. Hedging derivatives	-	-	135,450
Total 30.09.2021	**4,031**	**5,098**	**370,090**
Total 31.12.2020	**313**	**400**	**274,064**

Risk of prudential consolidation

1.1 Credit risk

The Groups organisation centralises the credit risk control function at the Parent Company.

Qualitative information

1. General aspects

The global economic growth in the third quarter of the year continued at sustained rates, despite the persistence of uncertainties connected with the progress of the vaccination campaigns and the spread of new variants of Covid19.
Trade recovered the values prior to the health crisis, albeit owing to the speed of the growth, tensions emerged regarding the supply of raw materials and intermediate inputs.
Growth also remained high in the Euro area, even if the pre-pandemic levels have not been fully recovered yet. The macroeconomic scenario reflects a significant increase in inflation, attributable primarily to increases in energy prices, but conversely benefits from the highly expansionary monetary policy, confirmed by the Governing Council of the ECB as a crucial instrument in supporting the recovery.
Also for Italy, the third quarter saw a continuation of the positive trend of recovery in GDP: according to economic Bulletin no. 4 of the Bank of Italy, industrial production should grow by roughly 1% compared to the previous quarter, and GDP by more than 2%. These conditions reflect the generalised improvement in the climate of confidence on the part of households (which has led to a recovery on consumption of services also in the segments hit hardest by the pandemic) and businesses, as confirmed moreover by the recovery in investments.
In light of this information, the majority of observers have revised the 2021 growth forecasts for Italy upwards, estimating an increase of about 6% per annum in GDP.

Based on the recovery under way at macro-economic level, the expected contribution from the PNRR (national recovery and resilience plan) and the easing of social distancing measures, the BPER Banca Group approved a partial revision to the sectoral guidelines of its Credit Policy in the summer months, and therefore its asset allocation targets, with the objective of supporting growth. 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;

Quantitative information

A. Credit quality

A.1.4 Prudential consolidation - Cash and off-balance sheet credit exposures to banks: gross and net values

Type of exposures/amounts	Gross exposure		Total impairment provisions	Net Exposure	Overall partial write-off
	Non-performing	Performing			
A. Cash exposures					
a) Bad loans	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
b) Unlikely to pay loans	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
c) Non-performing past due exposures	-	X	-	-	-
- of which: forborne exposures	-	X	-	-	-
d) Performing past due exposures	X	9,337	3	9,334	-
- of which: forborne exposures	X	-	-	-	-
e) Other performing exposures	X	32,259,335	12,812	32,246,523	-
- of which: forborne exposures	X	-	-	-	-
Total (A)	**-**	**32,268,672**	**12,815**	**32,255,857**	**-**
B. Off-balance sheet credit exposures					
a) Non performing	-	X	-	-	-
b) Performing	X	1,540,901	101	1,540,800	-
Total (B)	**-**	**1,540,901**	**101**	**1,540,800**	**-**
Total (A+B)	**-**	**33,809,573**	**12,916**	**33,796,657**	**-**

A.1.5 Prudential consolidation - Cash and off-balance sheet credit exposures to customers: gross and net values

Type of exposures/amounts	Gross exposure		Total impairment provisions	Net exposures	Total partial write-off
	Non-performing	Performing			
A. Cash exposures					
a) Bad loans	2,350,203	X	1,479,742	870,461	619,619
- of which: forborne exposures	441,348	X	232,284	209,064	84,954
b) Unlikely to pay loans	1,873,152	X	907,532	965,620	-
- of which: forborne exposures	1,030,639	X	484,240	546,399	-
c) Non-performing past due exposures	159,891	X	38,138	121,753	-
- of which: forborne exposures	1,109	X	199	910	-
d) Performing past due exposures	X	971,160	18,640	952,520	-
- of which: forborne exposures	X	112,372	4,230	108,142	-
e) Other performing exposures	X	91,354,101	430,746	90,923,355	-
- of which: forborne exposures	X	2,429,649	99,011	2,330,638	-
Total (A)	**4,383,246**	**92,325,261**	**2,874,798**	**93,833,709**	**619,619**
B. Off-balance sheet credit exposures					
a) Non performing	388,781	X	38,578	350,203	-
b) Performing	X	36,296,035	33,538	36,262,497	-
Total (B)	**388,781**	**36,296,035**	**72,116**	**36,612,700**	**-**
Total (A+B)	**4,772,027**	**128,621,296**	**2,946,914**	**130,446,409**	**619,619**

A.1.5a Prudential Consolidation - Loans subject to Covid-19 support measures: gross and net values

Type of exposures / Amounts	Gross exposure	Total impairment provisions	Net exposures	Overall partial write-off
A. Bad loans:	**5**	**4**	**1**	**-**
a) Subject to forbearance measures compliant with GL	-	-	-	-
b) Subject to other forbearance measures	5	4	1	-
c) New loans	-	-	-	-
B. Unlikely to pay loans:	**57,024**	**13,445**	**43,579**	**-**
a) Subject to forbearance measures compliant with GL	1,254	590	664	-
b) Subject to other forbearance measures	34,308	11,607	22,701	-
c) New loans	21,462	1,248	20,214	-
C. Non-performing past due loans:	**9,263**	**370**	**8,893**	**-**
a) Subject to forbearance measures compliant with GL	62	12	50	-
b) Subject to other forbearance measures	402	100	302	-
c) New loans	8,799	258	8,541	-
D. Other performing past due loans:	**61,848**	**1,658**	**60,190**	**-**
a) Subject to forbearance measures compliant with GL	750	56	694	-
b) Subject to other forbearance measures	38,717	1,525	37,192	-
c) New loans	22,381	77	22,304	-
E. Other performing loans:	**7,731,869**	**58,270**	**7,673,599**	**-**
a) Subject to forbearance measures compliant with GL	264,898	2,564	262,334	-
b) Subject to other forbearance measures	912,822	50,590	862,232	-
c) New loans	6,554,149	5,116	6,549,033	-
Total (A+B)	**7,860,009**	**73,747**	**7,786,262**	**-**

A.1.7 Prudential consolidation – cash credit exposures to customers: changes in gross non-performing exposures

Reasons/Category	Bad loans	Unlikely to pay loans	Non-performing past due exposures
A. Opening balance (gross amount)	**2,076,411**	**2,125,247**	**141,309**
- of which: sold but not derecognised	-	-	-
B. Increases	**686,610**	**1,058,311**	**148,219**
B.1 inflows from performing exposures	19,438	301,179	109,453
B.2 inflows from purchased or originated credit impaired financial assets	332,746	332,837	14,275
B.3 transfers from other non-performing exposures	125,902	28,318	2,002
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	208,524	395,977	22,489
C. Decreases	**412,818**	**1,310,406**	**129,637**
C.1 outflows to performing exposures	204	152,009	62,916
C.2 write-offs	92,290	22,206	158
C.3 recoveries	133,812	466,484	30,558
C.4 sales proceeds	45,530	222,118	-
C.5 losses on disposals	17,235	5,025	-
C.6 transfers to other non-performing exposures	161	121,898	34,163
C.7 contractual modifications without derecognition	-	22,491	423
C.8 other decreases	123,586	298,175	1,419
D. Closing balance (gross amounts)	**2,350,203**	**1,873,152**	**159,891**
- of which: sold but not derecognised	-	-	-

Item B.2 "inflows from purchased or originated credit-impaired financial assets" refers exclusively to the acquisition of the business unit from the Intesa Sanpaolo Group.

A.1.9 Prudential Consolidation - Non performing cash credit exposures to customers: changes in total impairment provisions

Reasons/Category	Bad loans	Unlikely to pay loans	Non-performing past due exposures
A. Opening balance in total impairment provisions	**1,349,662**	**831,394**	**31,681**
of which: sold but not derecognised	-	-	-
B. Increases	**435,900**	**629,359**	**29,622**
B.1 impairment losses on purchased or originated assets	-	-	-
B. 2 other value adjustments	267,825	398,106	28,143
B.3 losses on disposal	17,235	5,025	-
B.4 transfers from other non performing exposure	53,178	7,650	514
B.5 contractual modifications without derecognition	-	-	-
B.6 other increases	97,662	218,578	965
C. Decreases	**305,820**	**553,221**	**23,165**
C.1 write-backs from assessments	36,656	134,543	12,778
C.2 write-backs from recoveries	25,017	19,270	522
C.3 gains on disposal	11,275	5,790	-
C.4 write-offs	92,290	22,206	158
C.5 transfers to other categories of non performing exposures	94	51,820	9,428
C.6 contractual modifications without derecognition	-	-	-
C.7 other decreases	140,488	319,592	279
D. Closing balance in total impairment provisions	**1,479,742**	**907,532**	**38,138**
- of which: sold but not derecognised	-	-	-

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Information on consolidated shareholders’ equity

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 Legal 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 Groups consolidated capital resources a nd 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, planning and allocation 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.

All of these activities have helped to mitigate the financial impact of several major extraordinary transactions, such as the acquisitions of Unipol Banca and Arca Holding, and to maintain adequate capital strength that allowed the acquisition of the "Going concern". This consists of 587 branches of UBI Banca (33 branches of Intesa Sanpaolo were added in June 2021), for which the Parent Company BPER Banca approved an increase in capital of Euro 802.3 million which was implemented in October 2020. For further details about the acquisition from Intesa Sanpaolo, please refer to the chapter of this Report entitled "Significant events and strategic transactions".

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 s.p.a., Banco di Sardegna s.p.a. and Bibanca s.p.a. were authorised from 30 June 2016 to use the AIRB approach for measuring credit risk for 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.

Lastly, with reference to the transition to IFRS 9, the Board of Directors of BPER Banca has decided to make the election allowed by Regulation (EU) 2395/2017 of the European Parliament and of the Council as regards "transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds". The five-year transition period envisaged in that regulation will end on 1 January 2023 (for 2021 a

50% correction factor has been applied, 70% for 2020), when the provisions recorded during the transition to 1 January 2018will be included in full in the calculation of own funds. BPER Banca has also decided that the entire banking group will adopt the "static" option, which limits deferral of the impact on capital solely to FTA of the regulation.

Quantitative information

B.1 Consolidated Shareholders equity: breakdown by business type

Captions	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Share capital	2,810,229	-	-	(684,346)	2,125,883
2. Share premium reserve	1,542,528	-	-	(299,288)	1,243,240
3. Reserves	3,599,354	-	-	(1,007,723)	2,591,631
4. Equity instruments	150,000	-	-	-	150,000
5. (Treasury shares)	(9,706)	-	-	-	(9,706)
6. Valuation reserves:	224,405	-	-	10,665	235,070
- Equity instruments designated at fair value through other comprehensive income	89,805	-	-	(1,109)	88,696
- Hedging of equity instruments designated at fair value through other comprehensive income	(1,623)	-	-	1,071	(552)
- Financial assets (no equity instruments) measured at fair value through other comprehensive income	22,518	-	-	3,007	25,525
- Property, plant and equipment	83,040	-	-	-	83,040
- Intangible assets	-	-	-	-	-
- Foreign investment hedges	-	-	-	-	-
- Cash flow hedges	(942)	-	-	-	(942)
- Hedging instruments (non-designated elements)	-	-	-	-	-
- 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)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit plans	(149,096)	-	-	-	(149,096)
- Share of the valuation reserves of equity investments carried at equity	-	-	-	7,696	7,696
- Special revaluation laws	180,703	-	-	-	180,703
7. Profit (Loss) for the period (+/-) of group and minority interests	661,125	-	-	(50,042)	611,083
Total	**8,977,935**	**-**	**-**	**(2,030,734)**	**6,947,201**

Own funds and capital adequacy ratios

The disclosures about own funds and capital adequacy are provided in the document entitled "Public Disclosure as at 30 September 2021 – 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.
This document is published on the same date as -or as soon as possible after- the Consolidated interim report on operations as at 30 September 2021 on the website of the Parent Company https://istituzionale.bper.it.

Information on business combinations

Transactions carried out during the period

1.1 Business combinations

The acquisition of the going concern, consisting in a network of former UBI Banca and Intesa Sanpaolo branches, referred to in the Agreements signed by BPER Banca with the counterparties starting from 17 February 2020 and better described in the chapter "Significant events and strategic transactions" of the Interim Report on Operations, was formalised on 19 February 2021 with the signing of the definitive sale contracts. The contracts provided for the transfer to BPER Banca of the business units of UBI Banca s.p.a. and UBISS s.c.p.a., taking effect for legal purposes on 22 February 2021, whereas the Intesa Sanpaolo Group's business unit was transferred on 21 June 2021.
On the basis of these contracts, the overall consideration agreed for the purchase of the business units is Euro 644 million, of which Euro 23.5 million refers to the unit owned by Intesa Sanpaolo. The amounts were paid by BPER Banca entirely in cash at the transfer effective dates. The difference between assets and liabilities of the entire going concern (identified contractually as being equal to its Common Equity Tier 1) was set at Euro 1,611 million.
For the purposes of this Consolidated Interim Report on Operations, the provisional Purchase Price Allocation (PPA) was carried out (in accordance with IFRS 3) which led to the emergence of a "gain from a bargain purchase", or badwill. This result is largely attributable to the fact that the transaction took place in a "buyers market"; in fact, one of the reference parameters considered in defining the price, together with other less significant ones, was the relationship between the market price and the book value of the banks selling the going concern.
Considering this result, albeit provisional, the clause contained in the Agreements which provides for deferred adjustment of the consideration to be borne by Intesa Sanpaolo, depending on the fiscal relevance of the badwill for BPER Banca, has been applied in the context of the PPA.

Accounting treatment of the transaction

This transaction counts as a Business Combination for the purposes of IFRS 3, having satisfied the requirements for the identification of an acquired "business".
The initial and supplementary agreements signed in 2020 and, most recently, in early January 2021, by BPER Banca and Intesa Sanpaolo (later joined by UBI Banca), the contents of which were confirmed by the final contracts signed on 19 February 2021, showed that the subject of the agreements was the transfer of a series of branches, defined as a set of rights, obligations and legal relationships relating to (or connected with): (i) contracts signed with each branch's customers, (ii) employment relationships with the members of staff working in them, (iii) lease and utility contracts related to them, and (iv) ownership of (or real rights over or entitlement to) the movable and immovable property, plant and equipment used by the branch. With respect to the characteristics of the business acquired, it is therefore possible to identify[54]:

- Inputs: contracts with customers (and consequent loans, direct and indirect deposits), employees (as an "organised workforce that has the necessary skills, knowledge or experience") and premises (owned or rented properties) needed for the provision of banking services.
- Processes: all those connected with the provision of banking services to customers (i.e. processes such as loan disbursement, credit monitoring, provision of payment services, provision of financial and investment services), as well as customer development (customer

[54] *As required by IFRS 3 B7.*

acceptance). These processes are considered "substantive" as intended by IFRS 3 since, being a business unit already "in operation" at the date of the combination, it is carried on by employees who already have the necessary skills, knowledge or experience in the banking sector (also understood as relationships with customers) which cannot be replaced without costs, efforts or significant delays due to the ability to carry on generating "output deriving from the banking activity"[55].

- Output: understood as the ability to generate revenues not only in the form of interest, but also in the form of commissions from banking services provided to customers.

It should also be noted that the "concentration test" envisaged by paras. B7A and B7B of IFRS 3 (in force from 1 January 2020), focusing on gross assets and indicated, in any case, as optional, was not applied as the qualitative analysis reported above regarding the components of the going concern transferred showed sufficient elements to conclude that the acquired set of activities and assets is a business.

Having qualified the transaction as a business combination, the Acquisition Method envisaged by IFRS 3 has to be applied, as described in Part A.2 of the Explanatory notes of the consolidated financial statements as at 31 December 2020, to which reference should be made for details.

According to IFRS 3, the business combination must be recognised on the date on which the acquirer effectively obtains control over the assets acquired; in this case, the acquisition date was identified as the date on which the units were legally transferred (as resulting from the sale contracts). In fact, the preliminary IT migrations for the units acquired from UBI Banca/UBISS and Intesa Sanpaolo had already been carried out by 22 February and 21 June 2021, respectively.

The balance sheet values of the business units acquired on 22 February 2021 and 21 June 2021 following the definitive allocation of the cost are presented below, expressing the fair value of the identifiable and/or contingent assets and liabilities at the acquisition date.

[55] *IFRS 3 B12C: If a set of activities and assets has outputs at the acquisition date, an acquired process (or group of processes) shall be considered substantive if, when applied to an acquired input or inputs, it:*
a) is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process (or group of processes); or
b) significantly contributes to the ability to continue producing outputs and:
i) is considered unique or scarce; or
ii) cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

Assets		UBI business unit	UBISS business unit	ISP business unit	PPA	Total of going concern acquired
10.	Cash and cash equivalents	115,511	-	8,141	-	123,652
20.	Financial assets measured at fair value through profit or loss	94,489	-	1,286	-	95,775
	a) financial assets held for trading	65,555	-	1,286	-	66,841
	c) other financial assets mandatorily measured at fair value	28,934	-	-	-	28,934
40.	Financial assets measured at amortised cost	28,509,705	939	2,362,429	(103,408)	30,769,665
	a) loans to banks	6,475,766	939	1,005,053	-	7,481,758
	b) loans to customers	22,033,939	-	1,357,376	(103,408)	23,287,907
80.	Property, plant and equipment	601,708	4,251	19,588	(39,594)	585,953
90.	Intangible assets	-	542	-	-	542
	of which:					
	- goodwill	-	-	-	-	-
120.	Other assets	2,557,061	-	64,773	10,065	2,631,899
	Total assets	**31,878,474**	**5,732**	**2,456,217**	**(132,937)**	**34,207,486**

Liabilities and shareholders equity		UBI business unit	UBISS business unit	ISP business unit	PPA	Total of going concern acquired
10.	Financial liabilities measured at amortised cost	30,156,380	4,964	2,301,516	(2,573)	32,460,287
	a) due to banks	-	4,964	-	-	4,964
	b) due to customers	30,145,835	-	2,301,516	(2,573)	32,444,778
	c) debt securities issued	10,545	-	-	-	10,545
20.	Financial liabilities held for trading	1,831	-	54	-	1,885
80.	Other liabilities	41,594	179	81,762	-	123,535
90.	Employee termination indemnities	72,967	344	4,928	-	78,239
100.	Provisions for risks and charges	56,672	245	6,095	18,845	81,857
	a) commitments and guarantees granted	17,158	-	335	-	17,493
	c) other provisions for risks and charges	39,514	245	5,760	18,845	64,364
	Total liabilities and shareholders equity	**30,329,444**	**5,732**	**2,394,355**	**16,272**	**32,745,803**

The changes in the balances of the individual balance sheet items acquired on the date of transfer (22 February 2021 for the UBI/UBISS business unit and 21 June 2021 for the ISP business unit) are due to subsequent movements, which occurred during the measurement period (with the most relevant ones being registered in Land and buildings for an amount of € 176 million and Loans to customers for an amount of € 59 million) which, in application of the contractual clauses, did not affect the overall difference between assets and liabilities acquired as against a similar change in interbank deposits (Loans to and Deposits from banks).

At the date of approval of this Consolidated Interim Report on Operations, the balance sheet balances acquired were determined on a definitive basis, measured at fair value with the support of accredited external consultants. More specifically:

- Performing loans: the portfolio being valued is attributable to medium and long-term operations. As there is no active market for this type of instrument, the Bank has adopted an internal valuation model which was able to replicate the exit price that would be received or paid in an orderly transaction between market participants, in accordance with IFRS 13. The method currently prevailing on the market for this valuation is Discounted Cash Flow (DCF), in which the cash flows are discounted at an appropriate rate which incorporates an estimate of the main risk factors. More specifically, future cash flows were determined by considering principal and interest flows, representing the contractual plan of the individual accounts, corrected by applying appropriate prepayment coefficients in order to incorporate the probability of early, total or partial repayment.

The discount rate applied was obtained as the sum of three components:

- the level of risk-free interest rates, observed on the various tenors of the curve;
- the cost of funding, corresponding to the remuneration curve of the BPER Banca Group's cost of money;
- the level of the average credit spread, determined on the basis of the probability of default (PD) and Loss Given default (LGD) and the average residual duration of the individual transaction. Both the expected loss component, starting from the PD and LGD levels deriving from application of BPER Bancas internal models, and the unexpected loss component, starting from the regulatory capital of the positions acquired and the cost of capital estimated internally by BPER Banca, were considered in the credit spread.

Overall, the performing loans assessed as mark-to-model amounted to approximately Euro 19 billion. The valuation process led to an overall fair value that was higher than the carrying amount by a total of 234.1 million (Euro 220.1 million for the performing loans of the UBI unit and Euro 14 million for the performing loans of the Intesa Sanpaolo unit). With regard to short-term operations (understood as on-demand transactions or those with a residual duration of less than 12 months), the carrying amount acquired at the reference dates was considered a reasonable approximation of the fair value in accordance with IFRS 13, taking into account that the discounting of future cash flows is of little significance, even if there are changes in market rates.

- Non-performing loans: similarly to what was done for performing loans, since there is no active market for this type of instrument, determination of fair value assumes that it replicates the price that would be received in an orderly transaction between market participants, thereby establishing a valuation framework that is as consistent as possible with the situations that can actually be observed on the market. To this end, a DCF model (the main valuation methodology currently used by the market) was applied to the individual accounts, defining some specific aspects of the different risk classes, distinguishing bad loans, on the one hand, and UTP and Past Due loans on the other.

  With reference to secured bad loans, an analytical estimate was made of the expected recovery flows from the sale of the assets pledged to guarantee the position (assuming that collateral was sold through judicial auctions with a haircut and an average duration of the recovery process in line with market benchmarks). For unsecured bad loans, statistical benchmark recovery curves were applied, differentiated according to the age of the position and the counterparty's segment. The "gross" cash flows determined in this way were subsequently corrected with a prudential factor to reflect the risk of volatility in recoveries. This component discounts the elements of uncertainty associated with recoveries and therefore makes it possible to take into account possible developments in the NPL market, also due to the hypothetical effects of the Covid-19 crisis. The recovery flows were also reduced by legal costs, applying benchmark values, estimated in proportion to gross recoveries and consistent with what has been observed on the market. They were also reduced by servicing costs, using benchmark values consistent with the average forecast in the servicing agreements for NPL portfolios (generally based on an annual fee applied to the receivables under management and a success fee applied to gross collections). The discount rate of the recovery flows was determined as the weighted average cost of a hypothetical securitisation involving the issue of notes with different seniority (without recourse to the GACS state guarantee).

With regard to exposures classified as UTP and Past Due, the so-called “Steady-state Cash Flow” approach was applied, which is the main method used for assessing loans in the Asset Quality Review (AQR). According to this approach, the recovery flows are determined by estimating the present value of the debtors forecast cash flows quantified through a joint analysis of various items in the counterpartys financial statements, subsequently allocating them to cover the exposure in relation to the effective seniority of each position. With regard to UTP and Past Due exposures to counterparties for which there was not even one set of financial statements available in the Centrale Bilanci database, making it impossible to apply the Steady-state approach, an alternative methodology was envisaged, based on Danger Rate and Cure Rate benchmark matrices obtained on the basis of market and financial information.

As the last phase of the evaluation process, a benchmarking analysis was carried out with respect to the prices of recent transactions observed on the market for homogeneous clusters. The results of the analysis showed that the valuation prices of bad loans and UTPs, if compared with transactions in the last three and two years, are generally prudential, incorporating the possible evolutions of the NPL market due to the hypothetical effects of the Covid-19 crisis.

Overall, the net carrying amount of non-performing loans, substantially acquired with the UBI unit (the ISP unit only includes performing positions) and subject to valuation, amounted to approximately Euro 959 million. The fair value resulting from these models was lower than this amount by Euro 337.5 million.

- Intangible assets: at the date of preparation of this Interim Report on Operations, the Bank carried out preliminary analyses to identify any intangibles originating from Client Relationships, not already recognised in the sellers financial statements. Analyses show that there would not seem to be the conditions for enhancing the value of Core Deposits as the benefit linked to the lower cost of the deposits acquired compared with alternative sources of funding (a.k.a. "mark-down") would be zero. With respect to the measurement of any intangible assets related to the indirect deposits acquired, by using a “Multi-period Excess Earning Method – MEEM”, as per the best market practice, a substantially low value was identified (especially in relation to the volumes of indirect deposits acquired - 0.01%), as such to prompt Management to prudentially maintain these assets without an explicit value.
- Property, plant and equipment: independent fair value appraisals have been carried out on all properties acquired (land and buildings), based on on-site appraisals by the independent expert used by the BPER Banca Group. The results of these activities at the date of preparing this Interim Report on Operations led to an estimated adjustment to fair value of the property, plant and equipment acquired from the UBI/UBISS and Intesa Sanpaolo business units of Euro -37.1 million;
- Direct deposits: the characteristics of the direct deposits acquired (substantially represented by sight or short-term items) suggest that their fair value is substantially the same as their book value.
- Right-of-use assets and lease liabilities: for the lease liabilities acquired (mainly for real estate), BPER Banca Group’s valuation methodology was applied at the two dates of the business combination (22 February and 21 June 2021), as required by paragraphs 28A and 28B of IFRS 3. This revaluation had an impact on “*Property, plant and equipment*” (right-of-use assets) of Euro -2.5 million and on “*Due to customers*” (lease liabilities) of Euro -2.7 million in relation to the UBI/UBISS business units; the impact was Euro 0.38 million on “Property, plant and equipment” (right-of-use assets) and Euro 0.15 million on “Due to customers” (lease liabilities) in relation to the Intesa Sanpaolo business unit;

- Contingent liabilities: identification of any risks implicit in the Going Concern acquired, as well as the fair value measurement of the contingent liabilities linked to them, as well as the fair value measurement of the legal risks connected with litigation at the branches acquired led, at the date of preparation of this Interim Report on Operations to estimate additional contingent liabilities of Euro 8.8 million. This was the increase recorded compared with the funds allocated by the seller on existing disputes, the latter amounting to Euro 10.1 million which, not having been included in the accounting situation of the unit acquired pending the exclusion of the seller from the judgements pending, they have been quantified as a total of Euro 18.8 million, which has been booked to Other assets (Loans to transferor) for the amount owed by the seller (Euro 10.1 million);
- Tax effects: when preparing this Interim Report on Operations, the profit (loss) of the combination (qualifying as the acquisition of a business unit) was considered fiscally relevant for the calculation of direct corporate income taxes (IRES) for the period in line with the Revenue Agencys opinion received on 17 June 2021 in response to the request for an advance ruling made by the Bank on 14 April 2021 concerning the tax regime applicable to the balance sheet and income statement elements arising from the PPA process relative to the acquisition of the business unit. The resulting current tax burden is shown in caption 270. "I*ncome taxes on current operations for the period*" for a total amount of Euro 310.2 million.
- Adjustment of the consideration: the matters discussed in the previous paragraphs led to the application of the specific contractual clause which provides for a deferred adjustment of the consideration paid by BPER Banca to Intesa Sanpaolo for the acquisition of the business units, estimating the quota to be reimbursed by Intesa Sanpaolo according to the tax burden referred to in the previous point and therefore equal to Euro 310.2 million.

Depending on the choices made, the difference between the net equity acquired at 22 February and 21 June 2021 and the price paid is shown below, so as to identify the result of the PPA.

Going concern acquired	UBI	ISP	Total
Difference between assets and liabilities as at 22 February 2021 and 21 June 2021 (A)	1,387,301	74,382	1,461,683
Consideration paid (B)	620,486	23,508	643,994
Consideration balance (C)	290,861	19,297	310,158
Badwill (A-B+C)	**1,057,676**	**70,171**	**1,127,847**

Details of going concern acquired	UBI	ISP	Total
Difference of assets/liabilities acquired	1,549,030	61,862	1,610,892
Property	(35,767)	(1,348)	(37,115)
Rights of use	(2,517)	38	(2,479)
NPE portfolio	(337,503)	-	(337,503)
Performing portfolio	220,095	14,000	234,095
Lease liabilities	2,728	(155)	2,573
Loans to transferor	10,065		10,065
Contingent liabilities	(18,830)	(15)	(18,845)
Difference between assets and liabilities as at 22 February 2021 and 21 June 2021 (A)	**1,387,301**	**74,382**	**1,461,683**
UBI consideration paid	620,486		620,486
UBISS (*) consideration paid			-
ISP consideration paid		23,508	23,508
Consideration paid (B)	**620,486**	**23,508**	**643,994**
Consideration balance (C)	290,861	19,297	310,158
Badwill before tax D= (A-B+C)	**1,057,676**	**70,171**	**1,127,847**
Tax (E)	(290,861)	(19,297)	(310,158)
Badwill after tax F= (D+E)	**766,815**	**50,874**	**817,689**

(*) The price agreed for the transfer of the UBISS business unit was € 1, paid by BPER Banca to Intesa Sanpaolo for a zero difference between assets and liabilities.

At the end of the allocation process, the total gross benefit deriving from the acquisition was Euro 1,127.8 million, registered as income in the Income Statement item "Badwill".

Since the PPA valuation resulted in badwill, in application of IFRS 3 § 36, the BPER Banca Group decided to proceed with the overall verification of the process required by IFRS 3 by obtaining a fairness opinion from an independent auditor other than the Groups auditing firm. The fairness opinion, confirming badwill for an amount of Euro 1,127.8 million, was obtained on 5 November 2021.

In relation to the disclosure required by IFRS 3 § B64 (q) (i) and (ii) – relating respectively to the revenues and profits of the business acquired from the date of acquisition until the date of this Interim Report on Operations, as well as the presentation of revenues, profits and losses of the entity resulting from said business combination for the current period, assuming that said combination occurred at the start of the reporting period, it should be noted that this information is not available as the business acquired does not represent a separate operating segment and, therefore, is not subject to separate reporting.

1.2 Operations between entities under common control

On 6 November 2020, the Boards of Directors of Nadia s.p.a. and Tholos s.p.a., each to the extent of their sphere of competence, approved the Merger Plan for the absorption of Tholos s.p.a. by Nadia s.p.a. The Shareholders Meetings of the two companies that approved the merger were held on 18 November 2020. Please refer to the Directors Report for further details.

The merger, which qualified as a "*business combination between entities under common control*" and therefore outside the scope of IFRS 3, took effect for accounting and tax purposes on 1 January 2021. It has no effect on the consolidated financial statements.

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Attachments

Financial statements of the Parent Company as at 30 September 2021

The Parent Company's balance sheet and income statement as at 30 September 2021 are shown below. The comparative figures have been restated to show the effects of the retrospective application of the change in the measurement method of properties held for investment purposes, which constitutes a voluntary change in accounting policy to be applied retrospectively pursuant to IAS 8 para. 19 b) Please refer to paragraph "5 - Other aspects" of the Explanatory notes to this Report for further details.

(in thousands)

Assets		30.09.2021	31.12.2020	IAS 40 impact	31.12.2020 restated	Change	% Change
10.	Cash and cash equivalents	546,678	365,864	-	365,864	180,814	49.42
20.	Financial assets measured at fair value through profit or loss	958,980	983,756	-	983,756	(24,776)	-2.52
	a) financial assets held for trading	342,466	310,818	-	310,818	31,648	10.18
	b) financial assets designated at fair value	123,952	123,370	-	123,370	582	0.47
	c) other financial assets mandatorily measured at fair	492,562	549,568	-	549,568	(57,006)	-10.37
30.	Financial assets measured at fair value through other comprehensive income	6,162,368	6,051,222	-	6,051,222	111,146	1.84
40.	Financial assets measured at amortised cost	110,785,886	71,340,689	-	71,340,689	39,445,197	55.29
	a) loans to banks	31,072,932	16,418,169	-	16,418,169	14,654,763	89.26
	b) loans to customers	79,712,954	54,922,520	-	54,922,520	24,790,434	45.14
50.	Hedging derivatives	135,450	57,695	-	57,695	77,755	134.77
70.	Equity investments	2,005,873	2,008,146	-	2,008,146	(2,273)	-0.11
80.	Property, plant and equipment	1,441,921	806,384	(2,322)	804,062	637,859	79.33
90.	Intangible assets	258,360	480,782	-	480,782	(222,422)	-46.26
	of which:						
	- goodwill	-	230,366	-	230,366	(230,366)	-100.00
100.	Tax assets	1,449,685	1,689,110	(1,884)	1,687,226	(237,541)	-14.08
	a) current	314,876	402,666	-	402,666	(87,790)	-21.80
	b) deferred	1,134,809	1,286,444	(1,884)	1,284,560	(149,751)	-11.66
110.	Non-current assets and disposal groups classified as held for sale	5,329	3,194	522	3,716	1,613	43.41
120.	Other assets	1,359,117	444,330	-	444,330	914,787	205.88
	Total assets	**125,109,647**	**84,231,172**	**(3,684)**	**84,227,488**	**40,882,159**	**48.54**

(in thousands)

	Liabilities and shareholders equity	30.09.2021	31.12.2020	IAS 40 impact	31.12.2020 restated	Change	% Change
10.	Financial liabilities measured at amortised cost	113,491,216	75,566,875	-	75,566,875	37,924,341	50.19
	a) due to banks	28,048,615	24,095,097	-	24,095,097	3,953,518	16.41
	b) due to customers	80,722,197	46,793,064	-	46,793,064	33,929,133	72.51
	c) debt securities issued	4,720,404	4,678,714	-	4,678,714	41,690	0.89
20.	Financial liabilities held for trading	132,491	182,981	-	182,981	(50,490)	-27.59
40.	Hedging derivatives	282,783	456,447	-	456,447	(173,664)	-38.05
60.	Tax liabilities	171,360	47,136	2,512	49,648	121,712	245.15
	a) current	116,377	-	-	-	116,377	n.s.
	b) deferred	54,983	47,136	2,512	49,648	5,335	10.75
80.	Other liabilities	3,908,425	1,500,563	-	1,500,563	2,407,862	160.46
90.	Employee termination indemnities	172,749	107,416	-	107,416	65,333	60.82
100.	Provisions for risks and charges	502,140	454,186	-	454,186	47,954	10.56
	a) commitments and guarantees granted	66,206	49,251	-	49,251	16,955	34.43
	b) pension and similar obligations	138,298	147,829		147,829	(9,531)	-6.45
	c) other provisions for risks and charges	297,636	257,106	-	257,106	40,530	15.76
110.	Valuation reserves	25,102	(54,799)	-	(54,799)	79,901	-145.81
130.	Equity instruments	150,000	150,000	-	150,000	-	-
140.	Reserves	2,375,572	2,342,135	103	2,342,238	33,334	1.42
150.	Share premium reserve	1,240,515	1,241,197	-	1,241,197	(682)	-0.05
160.	Share capital	2,100,435	2,100,435	-	2,100,435	-	-
170.	Treasury shares (-)	(9,700)	(7,253)	-	(7,253)	(2,447)	33.74
180.	Profit (Loss) for the period (+/-)	566,559	143,853	(6,299)	137,554	429,005	311.88
	Total liabilities and shareholders equity	**125,109,647**	**84,231,172**	**(3,684)**	**84,227,488**	**40,882,159**	**48.54**

(in thousands)

	Captions	30.09.2021	30.09.2020	IAS 40 impact	30.09.2020 restated	Change	% Change
10.	Interest and similar income	1,058,591	817,986		817,986	240,605	29.41
	of which: interest income calculated using the effective interest method	1,052,058	811,583		811,583	240,475	29.63
20.	Interest and similar expense	(191,461)	(144,507)		(144,507)	(46,954)	32.49
30.	**Net interest income**	**867,130**	**673,479**	-	**673,479**	**193,651**	**28.75**
40.	Commission income	974,350	601,789		601,789	372,561	61.91
50.	Commission expense	(67,175)	(45,185)		(45,185)	(21,990)	48.67
60.	**Net commission income**	**907,175**	**556,604**	-	**556,604**	**350,571**	**62.98**
70.	Dividends and similar income	54,611	23,548		23,548	31,063	131.91
80.	Net income from trading activities	45,514	(15,914)		(15,914)	61,428	-386.00
90.	Net income from hedging activities	(1,857)	(2,125)		(2,125)	268	-12.61
100.	Gains (Losses) on disposal or repurchase of:	62,929	108,445		108,445	(45,516)	-41.97
	a) financial assets measured at amortised cost	50,659	101,080		101,080	(50,421)	-49.88
	b) financial assets measured at fair value through other comprehensive income	12,726	6,913		6,913	5,813	84.09
	c) financial liabilities	(456)	452		452	(908)	-200.88
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	38,374	(19,579)		(19,579)	57,953	-296.00
	a) financial assets and liabilities designated at fair value	1,298	(4,166)		(4,166)	5,464	-131.16
	b) other financial assets mandatorily measured at fair value	37,076	(15,413)		(15,413)	52,489	-340.55
120.	**Net interest and other banking income**	**1,973,876**	**1,324,458**	-	**1,324,458**	**649,418**	**49.03**
130.	Net impairment losses for credit risk relating to:	(593,207)	(344,088)		(344,088)	(249,119)	72.40
	a) financial assets measured at amortised cost	(594,665)	(343,598)		(343,598)	(251,067)	73.07
	b) financial assets measured at fair value through other comprehensive income	1,458	(490)		(490)	1,948	-397.55
140.	Gains (Losses) from contractual modifications without derecognition	(1,549)	(682)		(682)	(867)	127.13
150.	**Net income from financial activities**	**1,379,120**	**979,688**	-	**979,688**	**399,432**	**40.77**
160.	Administrative expenses:	(1,483,641)	(971,816)		(971,816)	(511,825)	52.67
	a) staff costs	(815,738)	(564,818)		(564,818)	(250,920)	44.42
	b) other administrative expenses	(667,903)	(406,998)		(406,998)	(260,905)	64.10
170.	Net provisions for risks and charges	(27,394)	(10,748)		(10,748)	(16,646)	154.88
	a) commitments and guarantees granted	536	924		924	(388)	-41.99
	b) other net provisions	(27,930)	(11,672)		(11,672)	(16,258)	139.29
180.	Net adjustments to property, plant and equipment	(86,752)	(70,196)	2,335	(67,861)	(18,891)	27.84
190.	Net adjustments to intangible assets	(53,935)	(40,167)		(40,167)	(13,768)	34.28
200.	Other operating expense/income	165,894	131,116		131,116	34,778	26.52
210.	**Operating costs**	**(1,485,828)**	**(961,811)**	**2,335**	**(959,476)**	**(526,352)**	**54.86**
220.	Gains (Losses) of equity investments	(4,245)	(3,269)		(3,269)	(976)	29.86
230.	Valuation differences on property and equipment and intangible assets measured at fair value	(13,426)	-	(1,225)	(1,225)	(12,201)	996.00
240.	Impairment losses on goodwill	(230,366)	-		-	(230,366)	n.s.
245.	Gain on a bargain purchase	1,127,847	-		-	1,127,847	n.s.
250.	Gains (Losses) on disposal of investments	820	467	(367)	100	720	720.00
260.	**Profit (Loss) from current operations before tax**	**773,922**	**15,075**	**743**	**15,818**	**758,104**	**--**
270.	Income taxes on current operations for the period	(207,363)	103,228	(1,145)	102,083	(309,446)	-303.13
280.	**Profit (Loss) from current operations after tax**	**566,559**	**118,303**	**(402)**	**117,901**	**448,658**	**380.54**
300.	**Profit (Loss) for the period**	**566,559**	**118,303**	**(402)**	**117,901**	**448,658**	**380.54**

Reclassified financial statements of the Parent Company as at 30 September 2021

(in thousands)

Assets	30.09.2021	31.12.2020	IAS 40 impact	31.12.2020 restated	Change	% Change
Cash and cash equivalents	546,678	365,864	-	365,864	180,814	49.42
Financial assets	25,692,977	22,855,992	-	22,855,992	2,836,985	12.41
a) Financial assets held for trading	342,466	310,818	-	310,818	31,648	10.18
b) Financial assets designated at fair value	123,952	123,370	-	123,370	582	0.47
c) Other financial assets mandatorily measured at fair value	435,023	523,261	-	523,261	(88,238)	-16.86
d) Financial assets measured at fair value through other comprehensive income	6,162,368	6,051,222	-	6,051,222	111,146	1.84
e) Debt securities measured at amortised cost	18,629,168	15,847,321	-	15,847,321	2,781,847	17.55
- banks	5,620,323	4,511,133	-	4,511,133	1,109,190	24.59
- customers	13,008,845	11,336,188	-	11,336,188	1,672,657	14.76
Loans	92,214,257	55,519,675	-	55,519,675	36,694,582	66.09
a) Loans to banks	25,452,609	11,907,036	-	11,907,036	13,545,573	113.76
b) Loans to customers	66,704,109	43,586,332	-	43,586,332	23,117,777	53.04
c) Financial assets measured at fair value	57,539	26,307	-	26,307	31,232	118.72
Hedging derivatives	135,450	57,695	-	57,695	77,755	134.77
Equity investments	2,005,873	2,008,146	-	2,008,146	(2,273)	-0.11
Property, plant and equipment	1,441,921	806,384	(2,322)	804,062	637,859	79.33
Intangible assets	258,360	480,782	-	480,782	(222,422)	-46.26
- of which: goodwill	-	230,366	-	230,366	(230,366)	-100.00
Other assets	2,814,131	2,136,634	(1,362)	2,135,272	678,859	31.79
Total assets	**125,109,647**	**84,231,172**	**(3,684)**	**84,227,488**	**40,882,159**	**48.54**

(in thousands)

Liabilities and shareholders equity	30.09.2021	31.12.2020	IAS 40 impact	31.12.2020 restated	Change	% Change
Due to banks	28,048,615	24,095,097	-	24,095,097	3,953,518	16.41
Direct deposits	85,442,601	51,471,778	-	51,471,778	33,970,823	66.00
a) Due to customers	80,722,197	46,793,064	-	46,793,064	33,929,133	72.51
b) Debt securities issued	4,720,404	4,678,714	-	4,678,714	41,690	0.89
Financial liabilities held for trading	132,491	182,981	-	182,981	(50,490)	(27.59)
Hedging derivatives	282,783	456,447	-	456,447	(173,664)	(38.05)
Other liabilities	4,754,674	2,109,301	2,512	2,111,813	2,642,861	125.15
Shareholders equity	6,448,483	5,915,568	(6,196)	5,909,372	539,111	9.12
a) Valuation reserves	25,102	(54,799)	-	(54,799)	79,901	(145.81)
b) Reserves	2,375,572	2,342,135	103	2,342,238	33,334	1.42
c) Equity instruments	150,000	150,000	-	150,000	-	-
d) Share premium reserve	1,240,515	1,241,197	-	1,241,197	(682)	(0.05)
e) Share capital	2,100,435	2,100,435	-	2,100,435	-	-
f) Treasury shares	(9,700)	(7,253)	-	(7,253)	(2,447)	33.74
g) Profit (Loss) for the period	566,559	143,853	(6,299)	137,554	429,005	311.88
Total liabilities and shareholders equity	**125,109,647**	**84,231,172**	**(3,684)**	**84,227,488**	**40,882,159**	**48.54**

(in thousands)

Captions	30.09.2021	30.09.2020	IAS 40 impact	30.09.2020 restated	Change	% Change
Net interest income	867,130	673,479	-	673,479	193,651	28.75
Net commission income	907,175	556,604	-	556,604	350,571	62.98
Dividends	54,611	23,548	-	23,548	31,063	131.91
Net income from financial activities	144,960	70,827	-	70,827	74,133	104.67
Other operating expense/income	37,745	60,709	-	60,709	(22,964)	-37.83
Operating income	**2,011,621**	**1,385,167**	**-**	**1,385,167**	**626,454**	**45.23**
Staff costs	(815,738)	(564,818)	-	(564,818)	(250,920)	44.42
Other administrative expenses	(407,365)	(270,313)	-	(270,313)	(137,052)	50.70
Net adjustments to property, plant and equipment and intangible assets	(140,687)	(110,363)	2,335	(108,028)	(32,659)	30.23
Operating costs	**(1,363,790)**	**(945,494)**	**2,335**	**(943,159)**	**(420,631)**	**44.60**
Net operating income	**647,831**	**439,673**	**2,335**	**442,008**	**205,823**	**46.57**
Net impairment losses to financial assets at amortised cost	(594,665)	(343,598)	-	(343,598)	(251,067)	73.07
- loans to customers	(593,886)	(338,751)	-	(338,751)	(255,135)	75.32
- other financial assets	(779)	(4,847)	-	(4,847)	4,068	-83.93
Net impairment losses to financial assets at fair value	1,458	(490)	-	(490)	1,948	-397.55
Gains (Losses) from contractual modifications without derecognition	(1,549)	(682)	-	(682)	(867)	127.13
Net impairment losses for credit risk	**(594,756)**	**(344,770)**	**-**	**(344,770)**	**(249,986)**	**72.51**
Net provisions for risks and charges	(47,237)	(22,200)	-	(22,200)	(25,037)	112.78
Contributions to SRF, DGS, IDPF - VS	(112,546)	(54,826)	-	(54,826)	(57,720)	105.28
Gains (Losses) on investments	(247,217)	(2,802)	(1,592)	(4,394)	(242,823)	--
Gain on a bargain purchase	1,127,847	-	-	-	1,127,847	n.s.
Profit (Loss) from current operations before tax	**773,922**	**15,075**	**743**	**15,818**	**758,104**	**--**
Income taxes on current operations for the period	(207,363)	103,228	(1,145)	102,083	(309,446)	-303.13
Profit (Loss) for the period	**566,559**	**118,303**	**(402)**	**117,901**	**448,658**	**380.54**

Restatement of the BPER Banca Group's consolidated financial statements as at 1 January 2020

The following tables show the Restatement of the balance sheet captions as at 1 January 2020 and 31 December 2020 following the retrospective application of the change in the measurement method of properties held for investment purposes. The changes shown in the first accounting schedule show the impact on the opening balances of the earliest year for which the comparative figures of properties as per IAS 40 have been restated in accordance with IAS 8. A restated income statement as at 31 December 2020 is also provided.

Please refer to paragraph "5 - Other aspects" of the Explanatory notes to this Report for further details concerning the change in the accounting method and related accounting treatment.

(in thousands)

Assets		01.01.2020	IAS 40 impact	01.01.2020 restated
10.	Cash and cash equivalents	566,924	-	566,924
20.	Financial assets measured at fair value through profit or loss	1,120,111	-	1,120,111
	a) financial assets held for trading	270,374	-	270,374
	b) financial assets designated at fair value	130,955	-	130,955
	c) other financial assets mandatorily measured at fair value	718,782		718,782
30.	Financial assets measured at fair value through other comprehensive income	6,556,202	-	6,556,202
40.	Financial assets measured at amortised cost	65,541,246	-	65,541,246
	a) loans to banks	5,066,379	-	5,066,379
	b) loans to customers	60,474,867		60,474,867
50.	Hedging derivatives	82,185	-	82,185
70.	Equity investments	225,869	-	225,869
90.	Property, plant and equipment	1,368,696	21,526	1,390,222
100.	Intangible assets	669,847	-	669,847
	of which:			
	- goodwill	434,758	-	434,758
110.	Tax assets	2,024,579	(2,184)	2,022,395
	a) current	466,312	-	466,312
	b) deferred	1,558,267	(2,184)	1,556,083
120.	Non-current assets and disposal groups classified as held for sale	97,142	338	97,480
130.	Other assets	780,697	-	780,697
	Total assets	**79,033,498**	**19,680**	**79,053,178**

(in thousands)

	Liabilities and shareholders equity	01.01.2020	IAS 40 impact	01.01.2020 restated
10.	Financial liabilities measured at amortised cost	70,135,262	-	70,135,262
	a) due to banks	12,213,133	-	12,213,133
	b) due to customers	52,087,240	-	52,087,240
	c) debt securities issued	5,834,889	-	5,834,889
20.	Financial liabilities held for trading	165,970	-	165,970
40.	Hedging derivatives	294,114	-	294,114
60.	Tax liabilities	75,737	7,564	83,301
	a) current	5,405	-	5,405
	b) deferred	70,332	7,564	77,896
70.	Liabilities associated with assets classified as held for sale	134,077	-	134,077
80.	Other liabilities	2,069,511	-	2,069,511
90.	Employee termination indemnities	191,120	-	191,120
100.	Provisions for risks and charges	676,160	-	676,160
	a) commitments and guarantees granted	55,995	-	55,995
	b) pension and similar obligations	161,619	-	161,619
	c) other provisions for risks and charges	458,546	-	458,546
120.	Valuation reserves	37,750	-	37,750
140.	Equity instruments	150,000	-	150,000
150.	Reserves	2,035,205	12,024	2,047,229
160.	Share premium reserve	1,002,722	-	1,002,722
170.	Share capital	1,561,884	-	1,561,884
180.	Treasury shares (-)	(7,259)	-	(7,259)
190.	Minority interests (+/-)	131,662	92	131,754
200.	Profit (Loss) for the period (+/-)	379,583	-	379,583
	Total liabilities and shareholders equity	**79,033,498**	**19,680**	**79,053,178**

Reported below are the main accounting impacts due to the change in the measurement method as at 1 January 2020:

- fair value measurement of investment property led to a Euro 21.9 million increase in the value of property, plant and equipment and assets held for sale, as against revaluations for an amount of Euro 26.4 million and writedowns for an amount of Euro 4.5 million.
- the tax effects related to these changes in value are reflected in Euro 7.6 million in increases in DTLs and Euro 2.2 million in reversals of pre-existing DTAs. These effects were determined on the basis of: i. the general assumption that no current tax effects should arise from the change in the measurement method; ii. the accounting policies of the BPER Banca Group, which did not allow the recognition of DTAs on write-downs;
- the overall net balance allocated to equity reserves is therefore equal to Euro 12 million.

Restatement of the BPER Banca Group's consolidated financial statements as at 31 December 2020

(in thousands)

	Assets	31.12.2020	IAS 40 impact	31.12.2020 restated
10.	Cash and cash equivalents	482,192	-	482,192
20.	Financial assets measured at fair value through profit or loss	1,198,601	-	1,198,601
	a) financial assets held for trading	279,009	-	279,009
	b) financial assets designated at fair value	127,368	-	127,368
	c) other financial assets mandatorily measured at fair value	792,224	-	792,224
30.	Financial assets measured at fair value through other comprehensive income	6,269,818	-	6,269,818
40.	Financial assets measured at amortised cost	79,991,505	-	79,991,505
	a) loans to banks	14,352,731	-	14,352,731
	b) loans to customers	65,638,774	-	65,638,774
50.	Hedging derivatives	57,776	-	57,776
70.	Equity investments	225,558	-	225,558
90.	Property, plant and equipment	1,351,480	14,225	1,365,705
100.	Intangible assets	702,723	-	702,723
	of which:			
	- goodwill	434,758	-	434,758
110.	Tax assets	2,007,073	(4,033)	2,003,040
	a) current	418,174	-	418,174
	b) deferred	1,588,899	(4,033)	1,584,866
120.	Non-current assets and disposal groups classified as held for sale	98,714	753	99,467
130.	Other assets	665,398	-	665,398
	Total assets	**93,050,838**	**10,945**	**93,061,783**

(in thousands)

	Liabilities and shareholders equity	31.12.2020	IAS 40 impact	31.12.2020 restated
10.	Financial liabilities measured at amortised cost	83,177,191	-	83,177,191
	a) due to banks	20,180,999	-	20,180,999
	b) due to customers	58,314,002	-	58,314,002
	c) debt securities issued	4,682,190	-	4,682,190
20.	Financial liabilities held for trading	170,094	-	170,094
40.	Hedging derivatives	469,240	-	469,240
60.	Tax liabilities	74,748	7,570	82,318
	a) current	4,797	-	4,797
	b) deferred	69,951	7,570	77,521
70.	Liabilities associated with assets classified as held for sale	144,809	-	144,809
80.	Other liabilities	1,945,822	-	1,945,822
90.	Employee termination indemnities	148,199	-	148,199
100.	Provisions for risks and charges	589,981	-	589,981
	a) commitments and guarantees granted	62,334	-	62,334
	b) pension and similar obligations	148,357	-	148,357
	c) other provisions for risks and charges	379,290	-	379,290
120.	Valuation reserves	118,105	-	118,105
140.	Equity instruments	150,000	-	150,000
150.	Reserves	2,348,691	12,052	2,360,743
160.	Share premium reserve	1,241,197	-	1,241,197
170.	Share capital	2,100,435	-	2,100,435
180.	Treasury shares (-)	(7,259)	-	(7,259)
190.	Minority interests (+/-)	133,935	48	133,983
200.	Profit (Loss) for the period (+/-)	245,650	(8,725)	236,925
	Total liabilities and shareholders equity	**93,050,838**	**10,945**	**93,061,783**

Reported below are the main accounting impacts due to the change in the measurement method as at 31 December 2020:

- the positive change in properties owned (classified as both property, plant and equipment and assets held for sale) is due to the following: i. Net revaluation at 1 January 2020 of Euro 21.9 million, ii. Reversal of amortisation, depreciation and write-downs for the year 2020 of Euro 11.1 million, iii: Net write-down of Euro 17.1 million for fair value adjustment at 31 December 2020, iv. Reversal of gains on disposal realized in 2020 of Euro 0.9 million;
- the tax effects of the changes in value shown above (also considering the changes at 1 January 2020) led to the recognition of increases in DTL for Euro 7.6 million and reversals of DTA for Euro 4 million; on an accrual basis for the year 2020, they affected Taxes for the year for Euro -1.9 million;
- the overall net balance allocated to equity reserves therefore amounted to Euro 12 million;
- the profit/loss impacts after tax, commented on in the first bullet point and shown in the following income statement as at 31 December 2020, lead to a change in profit for the year 2020 of Euro -8.7 million.

(in thousands)

Captions		31.12.2020	IAS 40 impact	31.12.2020 restated
10.	Interest and similar income	1,431,109	-	1,431,109
	of which: interest income calculated using the effective interest method	1,422,351	-	1,422,351
20.	Interest and similar expense	(192,233)	-	(192,233)
30.	**Net interest income**	**1,238,876**	**-**	**1,238,876**
40.	Commission income	1,246,875	-	1,246,875
50.	Commission expense	(174,361)	-	(174,361)
60.	**Net commission income**	**1,072,514**	**-**	**1,072,514**
70.	Dividends and similar income	18,492	-	18,492
80.	Net income from trading activities	(14,220)	-	(14,220)
90.	Net income from hedging activities	(653)	-	(653)
100.	Gains (Losses) on disposal or repurchase of:	141,182	-	141,182
	a) financial assets measured at amortised cost	130,513	-	130,513
	b) financial assets measured at fair value through other comprehensive income	10,356	-	10,356
	c) financial liabilities	313	-	313
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	11,856	-	11,856
	a) financial assets and liabilities designated at fair value	(3,683)	-	(3,683)
	b) other financial assets mandatorily measured at fair value	15,539	-	15,539
120.	**Net interest and other banking income**	**2,468,047**	**-**	**2,468,047**
130.	Net impairment losses for credit risk (+/-)	(542,239)	-	(542,239)
	a) financial assets measured at amortised cost	(541,877)	-	(541,877)
	b) financial assets measured at fair value through other comprehensive income	(362)	-	(362)
140.	Gains (Losses) from contractual modifications without derecognition	(2,141)	-	(2,141)
150.	**Net income from financial activities**	**1,923,667**	**-**	**1,923,667**
180	**Net income from financial and insurance activities**	**1,923,667**	**-**	**1,923,667**
190.	Administrative expenses:	(1,687,910)	-	(1,687,910)
	a) staff costs	(960,719)	-	(960,719)
	b) other administrative expenses	(727,191)	-	(727,191)
200.	Net provisions for risks and charges	(21,029)	-	(21,029)
	a) commitments and guarantees granted	(6,329)	-	(6,329)
	b) other net provisions	(14,700)	-	(14,700)
210.	Net adjustments to property, plant and equipment	(118,816)	11,097	(107,719)
220.	Net adjustments to intangible assets	(59,702)	-	(59,702)
230.	Other operating expense/income	169,491	-	169,491
240.	**Operating costs**	**(1,717,966)**	**11,097**	**(1,706,869)**
250.	Gains (Losses) of equity investments	(2,945)	-	(2,945)
260.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	-	(17,069)	(17,069)
280.	Gains (Losses) on disposal of investments	866	(915)	(49)
290.	**Profit (Loss) from current operations before tax**	**203,622**	**(6,887)**	**196,735**
300.	Income taxes on current operations for the period	67,045	(1,854)	65,191
310.	**Profit (Loss) from current operations after tax**	**270,667**	**(8,741)**	**261,926**
330.	**Profit (Loss) for the period**	**270,667**	**(8,741)**	**261,926**
340.	Profit (Loss) for the period pertaining to minority interests	(25,017)	16	(25,001)
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**245,650**	**(8,725)**	**236,925**

Restatement of the BPER Banca Group's consolidated income statement as at 30 September 2020

(in thousands)

	Captions	30.09.2020	IAS 40 impact	30.09.2020 restated
10.	Interest and similar income	1,086,160	-	1,086,160
	of which: interest income calculated using the effective interest method	1,079,978	-	1,079,978
20.	Interest and similar expense	(142,417)	-	(142,417)
30.	**Net interest income**	**943,743**	**-**	**943,743**
40.	Commission income	902,370	-	902,370
50.	Commission expense	(127,546)	-	(127,546)
60.	**Net commission income**	**774,824**	**-**	**774,824**
70.	Dividends and similar income	17,393	-	17,393
80.	Net income from trading activities	(15,796)	-	(15,796)
90.	Net income from hedging activities	(2,522)		(2,522)
100.	Gains (Losses) on disposal or repurchase of:	136,059	-	136,059
	a) financial assets measured at amortised cost	127,262	-	127,262
	b) financial assets measured at fair value through other comprehensive income	8,348	-	8,348
	c) financial liabilities	449	-	449
110.	Net income on financial assets and liabilities measured at fair value through profit or loss	(22,152)	-	(22,152)
	a) financial assets and liabilities designated at fair value	(4,166)	-	(4,166)
	b) other financial assets mandatorily measured at fair value	(17,986)	-	(17,986)
120.	**Net interest and other banking income**	**1,831,549**	**-**	**1,831,549**
130.	- impairment losses/write-backs for credit risk (+/-)	(405,687)	-	(405,687)
	a) financial assets measured at amortised cost	(405,192)	-	(405,192)
	b) financial assets measured at fair value through other comprehensive income	(495)	-	(495)
140.	Gains (Losses) from contractual modifications without derecognition	(624)	-	(624)
150.	**Net income from financial activities**	**1,425,238**	**-**	**1,425,238**
180	**Net income from financial and insurance activities**	**1,425,238**	**-**	**1,425,238**
190.	Administrative expenses:	(1,241,033)	-	(1,241,033)
	a) staff costs	(721,302)	-	(721,302)
	b) other administrative expenses	(519,731)	-	(519,731)
200.	Net provisions for risks and charges	(18,558)	-	(18,558)
	a) commitments and guarantees granted	705	-	705
	b) other net provisions	(19,263)	-	(19,263)
210.	Net adjustments to property, plant and equipment	(84,092)	5,864	(78,228)
220.	Net adjustments to intangible assets	(43,911)	-	(43,911)
230.	Other operating expense/income	123,995	-	123,995
240.	**Operating costs**	**(1,263,599)**	**5,864**	**(1,257,735)**
250.	Gains (Losses) of equity investments	(4,523)	-	(4,523)
260.	Valuation differences on property and equipment and intangible assets measured at fair value	-	(5,633)	(5,633)
280.	Gains (Losses) on disposal of investments	503	(372)	131
290.	**Profit (Loss) from current operations before tax**	**157,619**	**(141)**	**157,478**
300.	Income taxes on current operations for the period	62,362	(1,390)	60,972
310.	**Profit (Loss) from current operations after tax**	**219,981**	**(1,531)**	**218,450**
330.	**Profit (Loss) for the period**	**219,981**	**(1,531)**	**218,450**
340.	Profit (Loss) for the period pertaining to minority interests	(19,362)	10	(19,352)
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**200,619**	**(1,521)**	**199,098**

Reported below are the main accounting impacts due to the change in the measurement method as at 30 September 2020:

- reversal of amortisation, depreciation and write-downs for the year 2020 of Euro 5.9 million;
- net write-down of Euro -5.6 million for fair value adjustment at 30 September 2020;
- reversal of gains on disposal realised in 2020 of Euro -0.4 million;
- taxation connected with the changes in the first nine months of 2020 affected taxes for the period for Euro -1.5 million;
- "Profit (Loss) for the period pertaining to the Parent Company" down by Euro -1.5 million.

Restatement of the BPER Banca Group's reclassified consolidated financial statements as at 31 December 2020

Below are the Reclassified consolidated balance sheet and income statement of the BPER Banca Group as at 31 December 2020, restated to show the effects of the retrospective application of the change in the measurement method of properties held for investment purposes, which constitutes a voluntary change in accounting policy, to be applied retrospectively pursuant to IAS 8 para. 19 b) Please refer to paragraph "5 - Other aspects" of the Explanatory notes to this Report for further details concerning the change in the measurement method and related accounting treatment. For additional comments on the effects of the restatement, reference should also be made to the footnotes to the statements above.

The asset and liability balances as at 31 December 2020 were reported in the comparative balances set out in paragraph 4.1 "Balance sheet aggregates" of chapter 4 "The BPER Banca Group's results of operations", in the Group's interim report on operations.

(in thousands)

Assets	31.12.2020	IAS 40 impact	31.12.2020 restated
Cash and cash equivalents	482,192	-	482,192
Financial assets	24,661,915	-	24,661,915
a) Financial assets held for trading	279,009	-	279,009
b) Financial assets designated at fair value	127,368	-	127,368
c) Other financial assets mandatorily measured at fair value	765,917	-	765,917
d) Financial assets measured at fair value through other comprehensive income	6,269,818	-	6,269,818
e) Debt securities measured at amortised cost	17,219,803	-	17,219,803
- banks	4,496,133	-	4,496,133
- customers	12,723,670	-	12,723,670
Loans	62,888,784	-	62,888,784
a) Loans to banks	9,856,598	-	9,856,598
b) Loans to customers	53,005,879	-	53,005,879
c) Financial assets measured at fair value	26,307	-	26,307
Hedging derivatives	57,776	-	57,776
Equity investments	225,558	-	225,558
Property, plant and equipment	1,352,690	14,225	1,366,915
Intangible assets	702,723	-	702,723
- of which: goodwill	434,758	-	434,758
Other assets	2,679,200	(3,280)	2,675,920
Total assets	**93,050,838**	**10,945**	**93,061,783**

(in thousands)

Liabilities and shareholders equity	31.12.2020	IAS 40 impact	31.12.2020 restated
Due to banks	20,180,999	-	20,180,999
Direct deposits	63,140,669	-	63,140,669
a) Due to customers	58,458,479	-	58,458,479
b) Debt securities issued	4,682,190	-	4,682,190
Financial liabilities held for trading	170,094	-	170,094
Hedging derivatives	469,240	-	469,240
Other liabilities	2,759,082	7,570	2,766,652
Minority interests	133,935	48	133,983
Shareholders equity pertaining to the Parent Company	6,196,819	3,327	6,200,146
a) Valuation reserves	118,105	-	118,105
b) Reserves	2,348,691	12,052	2,360,743
c) Equity instruments	150,000	-	150,000
d) Share premium reserve	1,241,197	-	1,241,197
e) Share capital	2,100,435	-	2,100,435
f) Treasury shares	(7,259)	-	(7,259)
g) Profit (Loss) for the period	245,650	(8,725)	236,925
Total liabilities and shareholders equity	**93,050,838**	**10,945**	**93,061,783**

(in thousands)

Captions		31.12.2020	IAS 40 impact	31.12.2020 restated
10+20	Net interest income	1,238,876	-	1,238,876
40+50	Net commission income	1,072,514	-	1,072,514
70	Dividends	18,492	-	18,492
80+90+100+110	Net income from financial activities	138,165	-	138,165
230	Other operating expense/income	40,974	-	40,974
	Operating income	**2,509,021**	**-**	**2,509,021**
190 a)	Staff costs	(960,719)	-	(960,719)
190 b)	Other administrative expenses	(499,040)	-	(499,040)
210+220	Net adjustments to property, plant and equipment and intangible assets	(178,518)	11,097	(167,421)
	Operating costs	**(1,638,277)**	**11,097**	**(1,627,180)**
	Net operating income	**870,744**	**11,097**	**881,841**
130 a)	Net impairment losses to financial assets at amortised cost	(541,877)	-	(541,877)
	- loans to customers	*(534,605)*	-	*(534,605)*
	- other financial assets	*(7,272)*	-	*(7,272)*
130 b)	Net impairment losses to financial assets at fair value	(362)	-	(362)
140	Gains (Losses) from contractual modifications without derecognition	(2,141)	-	(2,141)
	Net impairment losses for credit risk	**(544,380)**	**-**	**(544,380)**
200	Net provisions for risks and charges	(32,481)	-	(32,481)
###	Contributions to SRF, DGS, IDPF - VS	(88,182)	-	(88,182)
250+260+270 +280	Gains (Losses) on investments	(2,079)	(17,984)	(20,063)
275	Gain on a bargain purchase	-	-	-
290	**Profit (Loss) from current operations before tax**	**203,622**	**(6,887)**	**196,735**
300	Income taxes on current operations for the period	67,045	(1,854)	65,191
330	**Profit (Loss) for the period**	**270,667**	**(8,741)**	**261,926**
340	Profit (Loss) for the period pertaining to minority interests	(25,017)	16	(25,001)
350	**Profit (Loss) for the period pertaining to the Parent Company**	**245,650**	**(8,725)**	**236,925**

Restatement of the BPER Banca Group's reclassified consolidated income statement as at 30 September 2020

Below is the Reclassified consolidated income statement of the BPER Banca Group as at 30 September 2020, restated to show the effects of retrospective application of change in the measurement method of properties held for investment purposes. The asset and liability balances as at 30 September 2020 were reported in the comparative balances set out in paragraph 4.4 "Income statement aggregates" of chapter 4 "The BPER Banca Group's results of operations", in the Group's interim report on operations.

(in thousands)

Captions		30.09.2020	IAS 40 impact	30.09.2020 restated
10+20	Net interest income	943,743	-	943,743
40+50	Net commission income	774,824	-	774,824
70	Dividends	17,393	-	17,393
80+90+100+110	Net income from financial activities	95,589	-	95,589
230	Other operating expense/income	31,969	-	31,969
	Operating income	**1,863,518**	**-**	**1,863,518**
190 a)	Staff costs	(721,302)	-	(721,302)
190 b)	Other administrative expenses	(351,600)	-	(351,600)
210+220	Net adjustments to property, plant and equipment and intangible assets	(128,003)	5,864	(122,139)
	Operating costs	**(1,200,905)**	**5,864**	**(1,195,041)**
	Net operating income	**662,613**	**5,864**	**668,477**
130 a)	Net impairment losses to financial assets at amortised cost	(405,192)	-	(405,192)
	- loans to customers	(400,361)	-	(400,361)
	- other financial assets	(4,831)	-	(4,831)
130 b)	Net impairment losses to financial assets at fair value	(495)	-	(495)
140	Gains (Losses) from contractual modifications without derecognition	(624)	-	(624)
	Net impairment losses for credit risk	**(406,311)**	**-**	**(406,311)**
200	Net provisions for risks and charges	(30,010)	-	(30,010)
###	Contributions to SRF, DGS, IDPF - VS	(64,653)	-	(64,653)
250+260+270 +280	Gains (Losses) on investments	(4,020)	(6,005)	(10,025)
290	**Profit (Loss) from current operations before tax**	**157,619**	**(141)**	**157,478**
300	Income taxes on current operations for the period	62,362	(1,390)	60,972
330	**Profit (Loss) for the period**	**219,981**	**(1,531)**	**218,450**
340	Profit (Loss) for the period pertaining to minority interests	(19,362)	10	(19,352)
350	**Profit (Loss) for the period pertaining to the Parent Company**	**200,619**	**(1,521)**	**199,098**

Geographical organisation of the Group

Details	BPER Banca	Banco di Sardegna	30.09.2021	31.12.2020
Emilia - Romagna	**293**		**293**	**293**
Bologna	51		51	51
Ferrara	38		38	38
Forlì – Cesena	25		25	25
Modena	74		74	74
Parma	24		24	24
Piacenza	4		4	4
Ravenna	30		30	30
Reggio Emilia	33		33	33
Rimini	14		14	14
Friuli Venezia G.	**2**		**2**	**2**
Pordenone	1		1	1
Trieste	1		1	1
Abruzzo	**92**		**92**	**87**
Chieti	35		35	35
L'Aquila	34		34	34
Pescara	11		11	10
Teramo	12		12	8
Basilicata	**31**		**31**	**28**
Matera	16		16	16
Potenza	15		15	12
Calabria	**70**		**70**	**37**
Catanzaro	12		12	9
Cosenza	30		30	14
Crotone	7		7	6
Reggio Calabria	18		18	5
Vibo Valentia	3		3	3
Campania	**120**		**120**	**89**
Avellino	22		22	22
Benevento	4		4	4
Caserta	13		13	6
Naples	49		49	25
Salerno	32		32	32
Lazio	**84**	**4**	**88**	**77**
Frosinone	6	-	6	6
Latina	14	-	14	14
Rieti	6	-	6	2
Rome	50	4	54	54
Viterbo	8	-	8	1
Liguria	**14**	**3**	**17**	**11**
Genoa	5	1	6	6
Imperia	4	-	4	
La Spezia	2	1	3	3
Savona	3	1	4	2
Lombardy	**359**	**1**	**360**	**57**
Bergamo	83	-	83	2
Brescia	99	-	99	7
Como	9	-	9	1
Cremona	5	-	5	5
Lecco	2	-	2	1
Lodi	3	-	3	1
Mantua	10	-	10	10
Milan	31	1	32	22
Monza Brianza	16	-	16	3
Pavia	31	-	31	2
Varese	70	-	70	3
Marche	**127**		**127**	**13**
Ancona	43		43	5
Ascoli Piceno	12		12	2
Fermo	14		14	1
Macerata	25		25	3
Pesaro-Urbino	33		33	2

Details	BPER Banca	Banco di Sardegna	30.09.2021	31.12.2020
Molise	**12**		**12**	**10**
Campobasso	9		9	7
Isernia	3		3	3
Piedmont	**95**		**95**	**58**
Alessandria	18		18	5
Asti	4		4	4
Biella	1		1	1
Cuneo	29		29	29
Novara	6		6	1
Turin	34		34	18
Verbano-Cusio-Ossola	2		2	
Vercelli	1		1	
Apulia	**67**		**67**	**37**
Bari	18		18	11
Barletta Andria Trani	10		10	4
Brindisi	7		7	1
Foggia	18		18	14
Lecce	5		5	4
Taranto	9		9	3
Sardinia		**319**	**319**	**320**
Cagliari		29	29	30
Nuoro		62	62	62
Oristano		48	48	48
Sassari		98	98	82
South Sardinia		82	82	98
Sicily	**33**		**33**	**33**
Agrigento	3		3	3
Catania	7		7	7
Messina	9		9	9
Palermo	8		8	8
Siracusa	4		4	4
Trapani	2		2	2
Tuscany	**47**	**1**	**48**	**31**
Arezzo	18		18	1
Florence	7		7	7
Grosseto	4		4	4
Livorno	3	1	4	4
Lucca	4		4	4
Massa e Carrara	2		2	2
Pisa	3		3	3
Pistoia	2		2	2
Prato	2		2	2
Siena	2		2	2
Trentino-Alto Adige	**4**		**4**	**4**
Trento	4		4	4
Umbria	**26**		**26**	**8**
Perugia	19		19	5
Terni	7		7	3
Veneto	**42**		**42**	**42**
Belluno	2		2	2
Padua	9		9	9
Rovigo	7		7	7
Treviso	3		3	3
Venice	4		4	4
Verona	12		12	12
Vicenza	5		5	5
Total 30.09.2021	1,518	328	1,846	
Total 31.12.2020	908	329		1,237
Changes to the Group's geographical organisation during the period				609

Declaration of the Manager responsible for preparing the Company's financial reports

Declaration of the Manager responsible for preparing the company's financial reports

The Manager responsible for preparing the company's financial reports Marco Bonfatti, certifies, pursuant to para. 2 of art. 154-bis of Decree 58/1998 (Consolidated Financial Law) that the accounting information contained in this Consolidated interim report on operations as at 30 September 2021, agrees with the underlying accounting entries, records and documentation.

Modena, 5 November 2021

Signed by
Marco Bonfatti

The Manager responsible for
preparing the company's financial
reports