BPER: Gruppo

PUBLIC DISCLOSURE AS AT 30 SEPTEMBER 2021

PILLAR 3

The present document is the English translation of the Italian Public Disclosure – Pillar 3 prepared for and used in Italy, and has been translated only for the convenience of international readers.

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Register of Banks no. 4932
Parent Company of the BPER Banca S.p.A. Banking Group
Registered in the Register of Banking Groups with ABI code 5387.6
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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

Contents

Introduction

Prudential rules for banks and investment companies contained in Regulation (EU) no. 575/2013 of 26 June 2013 (Capital Requirements Regulation, CRR) as later amended and in the 2013/36/EU Directive (Capital Requirements Directive, CRD IV) entered into force on 1 January 2014; these rules transpose the standards defined by the Basel Committee for Banking Supervision (so-called Basel 3 framework) into the European Union.
On 7 June 2019 the Official Journal of the European Union published Regulation (EU) no. 2019/876 of 20 May 2013, (also known as Capital Requirements Regulation II, CRR II) which amended Regulation (EU) no. 575/2013 (CRR). Subject to certain exceptions, the CRR2 Regulation applies from 28 June 2021. The main changes introduced relate to the change in the frequency of disclosure and the quantitative information to be incorporated in the submission. With regard to the formal policy that the institution must adopt, clarification has been provided in Article 431:

- the management body or senior management shall put in place and maintain internal processes, systems and controls to verify that the institutions' disclosures are appropriate and in compliance with the requirements laid down in the CRR;
- information to be disclosed shall be subject to the same level of internal verification as that applicable to the management report included in the institution's consolidated financial report;
- one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls.

The regulatory framework is completed with the implementing measures contained in the Regulatory or Implementing Technical Standards (RTS and ITS) adopted by the European Commission on the proposal of the European Supervisory Authorities.
The harmonised legislation has been transposed into national law through the Bank of Italy Circular 285 of 17 December 2013 and subsequent updates entitled "Supervisory Instructions for Banks".

The regulatory framework is designed to strengthen the banks capacity to absorb shocks deriving from financial and economic tensions, regardless of their origin, to improve risk management and governance, as well as to strengthen transparency and disclosure to the market. The function of the Third Pillar (Pillar 3) - market discipline - is to integrate with the minimum capital requirements (First Pillar) and the prudential control process (Second Pillar). It aims to encourage market discipline by identifying a set of disclosure transparency requirements that allow operators to have fundamental information on Own Funds, the scope of recognition, exposure and risk assessment processes and, consequently, on the capital adequacy of intermediaries. These requirements are particularly relevant in the present situation, where the current provisions, when adequate and permissible, rely extensively on internal risk assessment methods, giving banks significant discretion when determining capital requirements.
Public disclosures by institutions (Pillar 3) are governed directly by:

- CRR, Part Eight "Disclosure by Institutions" and Part Ten (art. 473 bis), Title I, Chapter 3 "Transitional provisions for disclosure of own funds" as amended by Regulation (EU) 2019/876 (CRR II);

- European Commission Regulations containing Regulatory and Implementing Technical Standards to regulate:
    - the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on Own Funds (Regulation (EU) no. 2395/2017). The standard templates to be adopted are included in the EBA GL/2018/01 Guidelines;
    - uniform formats for the disclosure of the indicator values used to identify systemically important institutions (Regulation (EU) no. 1030/2014)[1].

On 2 June 2020, the EBA (European Banking Authority) published Guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis (EBA/GL/2020/07). These Guidelines require the provision of information about:

- loans subject to "moratoria" that fall within the scope of application of the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis (EBA/GL/2020/02[2]);
- loans subject to forbearance measures applied in response to the Covid-19 crisis;
- new loans guaranteed by the State or another Public Entity in response to the Covid-19 crisis.

On 26 June 2020, Regulation (EU) no. 873/2020 of 24 June 2020 (CRR "quick fix") was published on the website of the Official Journal of the European Union. This regulation, amending Regulation (EU) no. 575/2013 and Regulation (EU) no. 876/2019), introduces rapid solutions in response to the Covid-19 pandemic. The main changes concerned:

- the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in light of the Covid-19 pandemic;
- extension of the IFRS 9 transition period for a further two years and the possibility for banks that previously decided to apply or not apply the transitional arrangements to reverse that decision at any time during the new transitional period;
- favourable prudential treatment of non-performing exposures deriving from Covid-19 that are covered by public guarantees given by Member States;
- modification of the offsetting mechanism to temporarily exclude certain exposures of to central banks from the calculation of the bank's leverage ratio;
- in the context of the standardised approach, favourable prudential treatment of exposures deriving from loans against the transfer of one-fifth of the borrowers' salary or pension, loans to SMEs, loans to parties that manage infrastructure projects;
- deferral to 1 January 2023 of the date of application for the leverage ratio buffer requirement (envisaged for G-SIIs).

With respect to the principal amendments introduced by Reg. (EU) 2020/873, the BPER Banca Group:

- has not applied the extension of the IFRS 9 transitional arrangements;
- not being a G-SII, is not affected by the deferral of the leverage ratio buffer requirement;
- in the context of the standardised approach for calculating the capital requirement, has adopted the new methodology for calculating the SME supporting factor;
- has recognised that State guarantees mitigate the risk relating to new exposures that benefit from them, to the extent of the tranches covered.

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[1] *This Regulation does not apply to the BPER Banca Group as art. 441 of Regulation (EU) no. 575/2013 is not applicable to it.*

[2] *These Guidelines were later amended by EBA/GL/2020/08 issued on 25 June 2020, which extended to 30 September the deadline by which the moratoria must be announced and applied (i.e. payment should be rescheduled).*

On 11 August 2020 EBA published Guidelines (EBA\GL\2020\12) amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473 bis of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on Own Funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic. For the purpose of calculating Own Funds at 30 September 2021, the BPER Banca Group decided not to make use of these transitional provisions.

On 15 March 2021 the Official Journal of the European Union published Regulation (EU) 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Part Eight of the CRR as later amended, repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295. The disclosure formats, templates and tables take into account the principle of proportionality depending on the differences in size and complexity between institutions. For the purposes of current legislation, the BPER Banca Group is considered a significant institution[3].

On 23 April 2021 the Official Journal of the European Union published Regulation (EU) n. 2021/763[4] laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities

On 28 May 2021 the European Banking Authority (EBA) launched a public consultation on draft implementing technical standards (ITS) on qualitative and quantitative disclosures to be published pursuant to art. 448 of CRR II (regarding exposures to interest rate risk on positions not held in the trading book, IRRBB). The latter, applicable from June 2021, has not yet been reflected in Regulation (EU) 2021/637.

This document, entitled "Public Disclosures as at 30 September 2021 – Pillar 3", has been prepared by BPER Banca, Parent Company, on a consolidated basis with reference to the scope of consolidation used for supervisory purposes.
As required by art. 433 CRR, it is made available in conjunction with -or as soon as possible after- the date of publication of the Consolidated interim report on operations as at 30 September 2021, or as early as possible after said date, by publication in the institutional area of the Banks website, as allowed by the relevant regulations.

Based on Article 433 of the CRR, institutions shall publish the information required under Titles II and III in the manner set out in Article 433 bis and using the templates set out in Regulation (EU) No 637/2021.

The "Public Disclosures as at 30 September 2021 – Pillar 3" document is prepared on a collaborative basis by the various bodies and internal organisations involved in the governance and performance of processes, consistent with the duties assigned to them in the internal regulations of the BPER Banca Group.

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[3] *With total consolidated assets exceeding Euro 30 billion.*
[4] *Title II "Public disclosure by institutions" art. 10 will enter into force on 1 January 2024.*

The document is accompanied by the:

- Declaration of the Manager responsible for preparing the Companys financial reports, pursuant to para. 2 of art. 154-bis - Consolidated Finance Law (TUF), and is subjected to approval by the Board of Directors of BPER Banca.
- Joint Declaration of the CEO and the Manager responsible for preparing the Company's financial reports in order to comply with the disclosure requirements laid down in art. 431, paragraph 3.

It should be noted that articles 441 (Indicators of global systemic importance), 454 (Use of the advanced measurement approaches to operational risk) and 455 (Use of Internal Market Risk models) of Regulation (EU) 575/2013 (CRR) as later amended do not apply.

All of the amounts shown in the document are expressed in thousands of euro, unless otherwise specified. Any misalignment between data referring to the same items in the tables of this document only depends on rounding.

Reference to the regulatory requirements of CRR Part VIII

The following table summarises how to find the information provided to the market on a quarterly basis in accordance with European regulatory requirements including, in particular, CRR Part 8 as later amended, in force as at 30 September 2021.

Articles CRR	chapter Pillar 3
art. 431, 432	Introduction
art. 438	1. General disclosure requirements 3. Credit risk: disclosure of the IRB approach
art. 441	Not applicable
art. 447	1. General disclosure requirements
art. 451 bis	2. Liquidity risk
art. 454	Not applicable
art. 455	Not applicable
art. 473 bis	1. General disclosure requirements

The following table shows the location of the quarterly disclosure requirements laid down in Regulation (EU) 2021/637 within the scope of the Pillar 3 Disclosure document as at 30 September 2021.

code	title	chapter Pillar 3
EU KM1	Key metrics template	01. General disclosure requirements
EU OV1	Overview of total risk exposure amounts	01. General disclosure requirements
EU LIQ1	Quantitative information of LCR	02. Liquidity risk
EU LIQB	On qualitative information on LCR, which complements template EU LIQ1	02. Liquidity risk
EU CR8	RWEA flow statements of credit risk exposures under the IRB approach	03. Credit risk: disclosure of the IRB approach
EU CCR7(*)	RWEA flow statements of CCR exposures under the IMM	Exposures to counterparty credit risk
EU MR2-B (*)	RWEA flow statements of market risk exposures under the IMA	Market risk

(*) Not applicable

The disclosure requirement which is not governed, as at 30 September 2021, directly by Regulation (EU) 2021/637, but by the EBA Guidelines EBA/GL/2020/12, is presented in Chapter 1 "General disclosure requirements", which includes template "IFRS9/Article 468 FL: Annex I - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR".

1. General disclosure requirements

For further details on the BPER Banca Group's risk management objectives and policies, governance, approach to capital adequacy and liquidity assessment processes, please refer to Chapter 1 of the Pillar 3 Public Disclosure as at 31 December 2020.

1.1 Key metrics of the BPER Banca Group

Template EU KM1 - Key metrics template

		a	b	c	d	e
		30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	6,656,567	6,625,653	6,558,745	5,928,350	4,803,225
2	Tier 1 capital	6,807,169	6,776,254	6,709,330	6,078,973	4,954,365
3	Total capital	7,864,573	7,837,843	7,738,411	7,094,229	5,786,627
Risk-weighted exposure amounts						
4	Total Risk exposure amount	45,314,284	45,619,802	45,519,474	33,501,647	33,618,188
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	14.69%	14.52%	14.41%	17.70%	14.29%
6	Tier 1 ratio (%)	15.02%	14.85%	14.74%	18.15%	14.74%
7	Total capital ratio (%)	17.36%	17.18%	17.00%	21.18%	17.21%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.00%	2.00%	2.00%	2.00%	2.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.13%	1.13%	1.13%	1.13%	1.13%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.50%	1.50%	1.50%	1.50%	1.50%
EU 7d	Total SREP own funds requirements (%)	10.00%	10.00%	10.00%	10.00%	10.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.003%	0.003%	0.004%	0.003%	0.003%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	2.503%	2.503%	2.504%	2.503%	2.503%
EU 11a	Overall capital requirements (%)	12.50%	12.50%	12.50%	12.50%	12.50%
12	CET1 available after meeting the total SREP own funds requirements (%)	5.31%	5.15%	5.03%	8.32%	4.91%

Continued: Template EU KM1 - Key metrics template

		a	b	c	d	e
		30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Leverage ratio						
13	Total exposure measure	138,791,266	139,611,596	134,751,653	88,490,504	93,226,411
14	Leverage ratio (%)	4.90%	4.85%	4.98%	6.87%	5.31%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	31,805,391	34,073,452	29,784,918	19,461,058	16,398,346
EU 16a	Cash outflows - Total weighted value	17,818,999	18,563,823	17,625,762	11,557,321	11,295,978
EU 16b	Cash inflows - Total weighted value	2,489,896	2,780,092	2,855,855	1,833,133	1,967,828
16	Total net cash outflows (adjusted value)	15,329,103	15,783,731	14,769,906	9,724,188	9,328,149
17	Liquidity coverage ratio (%)	207.48%	215.88%	201.66%	200.13%	175.79%
Net Stable Funding Ratio						
18	Total available stable funding	102,830,060	103,362,871	104,998,420	75,760,182	73,040,932
19	Total required stable funding	74,847,392	74,572,674	79,776,637	61,255,028	60,543,634
20	NSFR ratio (%)	137.39%	138.61%	131.62%	123.68%	120.64%

Based on the requirements of Article 447 CRR II (Disclosure of key metrics), the table shows the key capital and risk metrics of the BPER Banca Group.

Template EU OV1 – Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		30.09.2021	30.06.2021	30.09.2021
1	Credit risk (excluding CCR)	38,211,238	38,465,719	3,056,899
2	*Of which standardised approach*	*19,591,301*	*19,178,226*	*1,567,304*
3	*Of which the Foundation IRB (F-IRB) approach*	*2,069,995*	*2,576,142*	*165,600*
4	*Of which slotting approach*	*231,720*	*233,416*	*18,538*
EU 4a	*Of which equities under the simple risk weighted approach*	-	-	-
5	*Of which the Advanced IRB (A-IRB) approach*	*16,318,222*	*16,477,935*	*1,305,458*
6	Counterparty credit risk - CCR	454,924	497,385	36,394
7	*Of which standardised approach*	*217,346*	*229,661*	*17,388*
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	*156*	*255*	*12*
EU 8b	*Of which credit valuation adjustment - CVA*	*101,142*	*138,323*	*8,091*
9	*Of which other CCR*	*136,280*	*129,146*	*10,902*
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	136,887	139,045	10,951
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	*11,579*	*12,115*	*926*
19	*Of which SEC-SA approach*	*53,079*	*54,688*	*4,246*
EU 19a	*Of which 1250% / deduction*	*72,229*	*72,242*	*5,778*
20	Position, foreign exchange and commodities risks (Market risk)	770,208	775,730	61,617
21	*Of which standardised approach*	*770,208*	*775,730*	*61,617*
22	*Of which IMA*	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	5,723,603	5,723,603	457,888
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*5,723,603*	*5,723,603*	*457,888*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	1,839,573	1,850,445	147,166
29	Total	45,296,860	45,601,482	3,623,749

Figures in column c) are 8% of the amounts posted in each row of column a).

Deductions relating to significant and non-significant investments in a financial sector entity and deferred tax assets that are dependent on future profitability and arise from temporary differences only apply to amounts above certain CET1 thresholds; amounts below the thresholds for deduction are subject to a 250% risk weight.
As at 30 September 2021, the BPER Banca Group does not exceed the threshold exemptions from deduction from Common Equity Tier 1 items under Article 48 of the CRR.

As at 30 September 2021, total risk-weighted exposures amount to Euro 45.3 billion, slightly down from the previous quarter (Euro -304.6 million).

The main changes in the quarter were primarily in connection with credit risk, which decreased by Euro 254.5 million in terms of RWAs. The reduction is mainly traceable to a decrease in RWAs in the "Other Assets" portfolio.

1.2 Transitional provisions aimed at mitigating the impact of the introduction of IFRS 9 on Own Funds (art. 473 bis CRR)

On 30 January 2018, the Group formally communicated to the Supervisory Authority its decision to use the transitional regime to phase in the impact of provisions arising from the application of IFRS 9 in regulatory capital.
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.

Below we provide information on: available capital, RWAs, capital ratios and financial leverage ratio with and without application of the transitional provisions on IFRS 9 and analogous expected credit losses, as provided for by the EBA Guidelines issued on 16 January 2018. The latter modify the EBA/GL/2018/01 guidelines implemented in the Bank of Italys Circular 285/2013.

The BPER Banca Group has chosen not to apply the temporary treatment referred to in Article 468 of Regulation (EU) no. 575/2013, as amended by Regulation (EU) no. 876/2019 (CRR2) and by Regulation (EU) no. 873/2020 (on quick fixes in response to the Covid-19 pandemic). Therefore, Own Funds and capital and leverage ratios fully take into account the impact of unrealised gains and losses measured at fair value through other comprehensive income.

Template IFRS 9/Article 468-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR

		30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1) capital	6,656,567	6,625,653	6,558,745	5,928,350	4,803,225
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,188,415	6,157,501	6,090,594	5,272,201	4,147,076
3	Tier 1 capital	6,807,169	6,776,254	6,709,330	6,078,973	4,954,365
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,339,017	6,308,102	6,241,178	5,422,824	4,298,216
5	Total capital	7,864,573	7,837,843	7,738,411	7,094,229	5,786,627
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,396,421	7,369,691	7,270,255	6,437,793	5,130,191
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	45,314,284	45,619,802	45,519,474	33,501,647	33,618,188
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	45,237,592	45,542,971	45,388,928	33,385,525	33,500,193
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.69%	14.52%	14.41%	17.70%	14.29%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.68%	13.52%	13.42%	15.79%	12.38%
11	Tier 1 (as a percentage of risk exposure amount)	15.02%	14.85%	14.74%	18.15%	14.74%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.01%	13.85%	13.75%	16.24%	12.83%
13	Total capital (as a percentage of risk exposure amount)	17.36%	17.18%	17.00%	21.18%	17.21%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.35%	16.18%	16.02%	19.28%	15.31%
	Leverage ratio					
15	Leverage ratio total exposure measure	138,791,266	139,611,596	134,751,653	88,490,504	93,226,411
16	Leverage ratio	4.905%	4.854%	4.979%	6.870%	5.314%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4.570%	4.520%	4.636%	6.136%	4.616%

2. Liquidity risk

Liquidity Coverage Ratio (LCR)

Quantitative information on the BPER Banca Group's Liquidity Coverage Ratio (LCR), disclosed in compliance with the European regulatory framework, is provided below.
Values are calculated as the unweighted average of end-of-month observations in the twelve months preceding the end of each quarter. The figures shown in the tables are rounded to the nearest million euro.

Template EU LIQ1 - Quantitative information of LCR

Scope of consolidation: (solo/consolidated)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2021	30.06.2021	31.03.2021	31.12.2020
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					28,058	23,664	19,182	15,877
CASH OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	54,528	47,020	39,956	34,837	3,714	3,209	2,735	2,384
3	*Stable deposits*	*42,146*	*36,519*	*31,161*	*27,233*	*2,107*	*1,826*	*1,558*	*1,361*
4	*Less stable deposits*	*12,382*	*10,501*	*8,795*	*7,604*	*1,607*	*1,383*	*1,177*	*1,023*
5	Unsecured wholesale funding	22,717	20,261	17,905	15,972	11,070	9,768	8,637	7,564
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*513*	*510*	*510*	*781*	*127*	*126*	*128*	*194*
7	*Non-operational deposits (all counterparties)*	*22,189*	*19,736*	*17,318*	*15,121*	*10,928*	*9,627*	*8,432*	*7,300*
8	*Unsecured debt*	*15*	*15*	*77*	*70*	*15*	*15*	*77*	*70*
9	Secured wholesale funding					168	133	102	115
10	Additional requirements	3,403	3,559	3,747	3,208	500	507	518	483
11	*Outflows related to derivative exposures and other collateral requirements*	*705*	*741*	*767*	*766*	*304*	*314*	*317*	*316*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*2,698*	*2,818*	*2,980*	*2,442*	*196*	*193*	*201*	*167*
14	Other contractual funding obligations	319	324	305	280	318	324	305	279
15	Other contingent funding obligations	27,946	24,631	21,635	20,423	844	749	668	640
16	TOTAL CASH OUTFLOWS					16,614	14,690	12,965	11,465

(continued)

Scope of consolidation: (solo/consolidated)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2021	30.06.2021	31.03.2021	31.12.2020
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	71	141	122	126	-	2	2	2
18	*Inflows from fully performing exposures*	*1,462*	*1,342*	*1,217*	*1,197*	*922*	*850*	*784*	*787*
19	Other cash inflows	6,840	6,623	6,496	6,604	1,442	1,393	1,347	1,351
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	8,373	8,106	7,835	7,927	2,364	2,245	2,133	2,140
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*8,373*	*8,106*	*7,835*	*7,927*	*2,364*	*2,245*	*2,133*	*2,140*
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					28,058	23,664	19,182	15,877
22	TOTAL NET CASH OUTFLOWS					14,250	12,445	10,832	9,325
23	LIQUIDITY COVERAGE RATIO					195.923%	188.106%	176.271%	169.659%

Over the last 12 months, the BPER Banca Group has maintained an average LCR of 195.9%, which is significantly greater than the current minimum regulatory requirement (100%) and was substantially stable during the quarter.

The average stock of total high-quality liquid assets that can be immediately converted into cash amounts to Euro 28.06 billion and consists mainly of excess central bank reserves and government bonds, which together account for 95% of the total liquidity buffer.

Net cash outflows are obtained by applying to liabilities and assets the coefficients set out in the regulatory framework or in Delegated Regulation (EU) 2015/61, reflecting the potential liquidity inflows and outflows in a combined market and idiosyncratic stress scenario.

More specifically, the main component of cash outflows includes retail deposits, wholesale funding and contingent funding obligations resulting from the use of revocable credit facilities.

The LCR was stable during the quarter; the increase in the average values is a consequence of the time series showing a greater volume of flows from the Business Units acquired from UBI Banca and Intesa Sanpaolo, respectively in February 2021 and June 2021.

Qualitative information on LCR, which complements template EU LIQ1[5]

Concentration of funding sources

Funding concentration risk may arise when sources of funding are concentrated on a limited number of counterparties, the significance of which may give rise to liquidity problems in the event of deposit withdrawal.

The BPER Banca Group operates with the objective of maintaining a diversified funding profile in terms of borrowers, products, maturities and currencies. The Group's liquidity and funding risk management provides for the regular monitoring of operational and regulatory funding concentration metrics, by type of counterparty and product.

Derivative exposures and potential collateral calls

The BPER Banca Group engages in derivative contracts with both central counterparties and third parties (OTC). The risk factors underlying these contracts may, depending on changes in market conditions, affect the Group's future derivative exposures, thereby impacting the Group's liquidity position following collateral calls in the form of cash or other liquid collateral.

The method of calculation of potential liquidity absorption, corresponding to additional collateral needs resulting from the impact of an adverse market scenario, is based on the Historical Look Back Approach, which focuses on net collateral outflows.

Currency mismatch in the LCR

Under the EU regulatory framework, an institution shall monitor and report currencies when they are material, i.e. if the foreign currency-denominated liabilities are equal to or higher than 5% of the institution's total liabilities.

The BPER Banca Group's liabilities are mainly denominated in euro, and at 30 September 2021 the Group had no exposures in foreign currencies defined as material according to EU regulatory guidelines.

Other items considered relevant for the liquidity profile

Intraday liquidity risk arises when a bank does not have sufficient funds to meet its payment and settlement obligations on a timely basis during the business day.

Intraday liquidity management therefore aims to ensure the Group's ability to meet its expected or unexpected payment and settlement obligations on an ongoing basis during its opening hours. Maintaining a sustainable funding gap between cash inflows and outflows during the day is an essential condition for the pursuit of business as usual in the banking industry.

The BPER Banca Group's intraday liquidity risk is monitored using the tools defined by the Basel Committee on Banking Supervision (BCBS - Monitoring tools for intraday liquidity management", April 2013).

To cover intraday liquidity risk, an immediately available buffer of unencumbered assets is held for the Group to meet expected and unexpected payment and settlement obligations on a timely basis.

[5] *Information reported as per table EU LIQB, in application of Article 451 bis, paragraph (2) of CRR.*

3. Credit risk: disclosure of the IRB approach

Template EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

		Quarter closing as at 30.09.2021
		Risk weighted exposure amount
		a
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**19,287,493**
2	Asset size (+/-)	(463,303)
3	Asset quality (+/-)	(204,253)
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	-
8	Other (+/-)	-
9	**Risk weighted exposure amount as at the end of the reporting period**	**18,619,937**

Certification on disclosure requirements pursuant to Part Eight, para. 3 of art. 431 of Regulation (EU) 575/2013 dated 26 June 2013 and subsequent additions and amendments

Certification on disclosure requirements pursuant to Part Eight, para. 3 of art. 431 of Regulation (EU) 575/2013 dated 26 June 2013 and subsequent additions and amendments

The undersigned

- Piero Luigi Montani, as Chief Executive Officer,
- Marco Bonfatti, as the Manager responsible for preparing the company's financial report,

of BPER Banca S.p.A.,

ATTEST

that, having considered the requirements of para. 3 of art. 431 of Regulation (EU) 575/2013 dated 26 June 2013 and subsequent additions and amendments, the information provided pursuant to the aforementioned Part Eight have been prepared in accordance with the formal policy and processes, systems and internal controls.

Modena, 30 November 2021

Signed by
Piero Luigi Montani

Chief Executive Officer

Signed by
Marco Bonfatti

The Manager responsible for preparing
the company's financial reports

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

Declaration of the Manager responsible for preparing the Companys 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 document "Public Disclosures as at 30 September 2021 – Pillar 3" agrees with the underlying accounting entries, records and documentation.

Modena, 30 November 2021

Signed by

Marco Bonfatti

The Manager responsible for preparing the company's financial reports