

# BPER:

Gruppo

## FY21 Consolidated Results

Piero Luigi Montani, CEO

9<sup>th</sup> February 2022

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Marco Bonfatti

Manager responsible for preparing the Company's financial reports

# Important methodological note

## Change in the scope of consolidation and Purchase Price Allocation

### Change in the scope of consolidation

In 2021 BPER Banca completed the integration of the going concern consisting in 620 branches<sup>1</sup> acquired from the Intesa Sanpaolo Group (ISP). The transfer of these branches took effect for legal and accounting purposes on two different dates: 587 former UBI Banca branches were integrated on 22 February 2021 and 33 ISP branches were integrated on 21 June 2021. The assets and liabilities of these units have thereby been included in the scope of consolidation with pro-rata P&L contribution effective as of the same dates. As a result, both P&L and B/S accounting figures as at 31 December 2021 are not comparable with figures as at 31 December 2020. Conversely, on a quarterly basis, 4Q21 figures are comparable with 3Q21 figures as the scope of consolidation is the same.

### Purchase Price Allocation (PPA)

FY21 results include the impact of the PPA carried out following first accounting treatment of the going concern acquired, in accordance with IFRS 3 "Business Combinations". The difference between net equity and the purchase price attributable to the business unit acquired ("Badwill" or "Bargain Purchase") amounted to 966.9 €mln. The allocation process through the measurement at fair value of the assets and liabilities acquired as at the initial recognition date, led to the following main PPA adjustments:

- -337.5 €mln on non-performing loans (in lower NPL fair value than the carrying amount acquired);
- +234.1 €mln on performing loans (in higher performing loan fair value than the carrying amount acquired);
- -37.1 €mln on real estates properties (in writedowns on properties book value);
- -8.8 €mln on provisions for Risk and Charges.

As a result of the PPA, a Bargain Purchase amount of 817.7 €mln was booked in FY21 P&L.

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<sup>1</sup> Including the Points of Operation of UBISS (a consortium company controlled by UBI Banca).

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# Executive summary

## SHARP INCREASE IN CORE BUSINESS PROFITABILITY DRIVEN BY COMMERCIAL EFFECTIVENESS AND SIGNIFICANTLY ENHANCED COMPETITIVE STRENGTH

### Profitability

- FY21 net profit of 525 €mln. Excluding one-offs<sup>1</sup>, pre tax profit increased to 580 €mln
- Operating income reached 3.4 €bn, underpinned by Net Fees and Commissions income growth mainly driven by AUM and ongoing recovery of traditional banking business
- Additional extraordinary expenses booked in 4Q21 to improve operating efficiency

### Volumes

- Indirect funding increased to 166.3 €bn, driven by growth in AUM and life bancassurance stock
- Net inflows in 2021 reached 2.1 €bn roughly twice the amount of 2020
- Acceleration in new loans in 4Q21 (+57.4% Q/Q)

### Asset Quality

- Gross and Net NPE ratio down further in 4Q21 to 4.9% and 2.0% respectively (5.5% and 2.6% in 3Q21)
- NPE coverage increased to 60.4% (55.3% in 3Q21). In particular Bad loans at 71.8% (63.0% in 3Q21) and UTPs at 50.4% (48.4% in 3Q21)
- Cost of risk (net of 310 €mln in additional LLPs) at 67 bps driven by a particularly conservative approach to provisioning

### Capital and liquidity

- Pro-forma Fully Phased CET<sub>1</sub> ratio<sup>2</sup> at 13.5% with a large buffer vs. SREP requirement of 8.3%<sup>3</sup>
- LCR >200% more than twice the 100% regulatory threshold. NSFR well above 100%

1. See slide in the Annexes.

2. The Pro-forma CET<sub>1</sub> ratio Fully Phased has been estimated excluding the effects of the transitional provisions in force and including the result for the year, thus simulating, in advance, the effects of the ECB's authorisation to include these profits in Own Funds pursuant to art. 26, para. 2 of the CRR.

3. 2021 SREP decision effective from 1st March 2022

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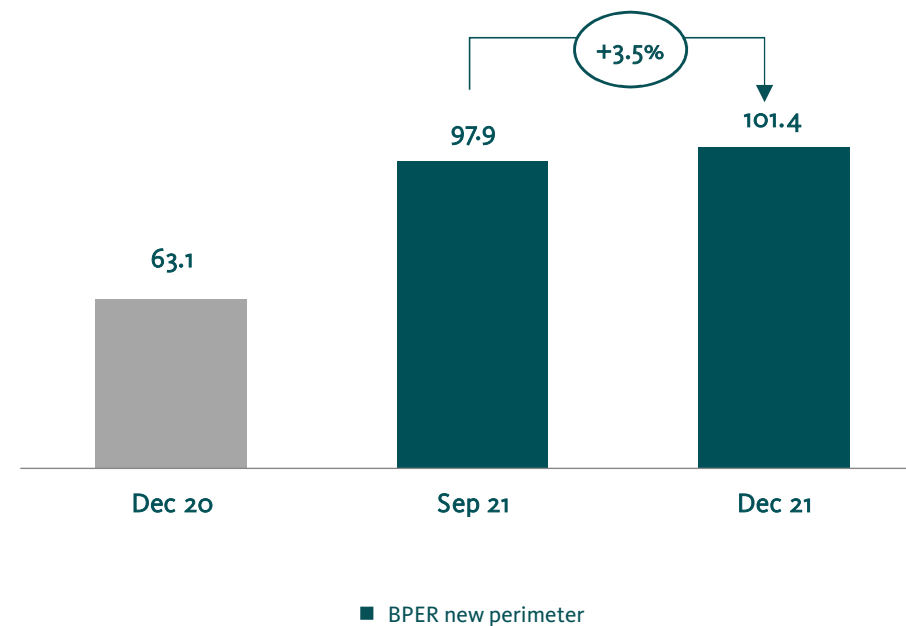
# Direct Deposits

Direct funding at 101.4 €bn, of which over 90% in core deposits at marginal cost

## Direct Funding breakdown (€mln)

€/mln	Dec 20	Sep 21	Dec 21	Chg. Q/Q (%)	Chg. Y/Y (%)
<b>Customer Direct Deposits</b>	<b>59,505</b>	<b>93,964</b>	<b>96,201</b>	<b>+2.4%</b>	<b>+61.7%</b>
o/w C/A and sight deposits	55,116	89,553	91,885	+2.6%	+66.7%
o/w Bonds	820	628	761	+21.2%	-7.3%
o/w Other	3,569	3,783	3,555	-6.0%	-0.4%
<b>Institutional Direct funding</b>	<b>3,635</b>	<b>3,954</b>	<b>5,188</b>	<b>+31.2%</b>	<b>+42.7%</b>
o/w repos	70	56	1,294	n.s.	n.s.
<b>Total Direct Deposits</b>	<b>63,141</b>	<b>97,918</b>	<b>101,388</b>	<b>+3.5%</b>	<b>+60.6%</b>

## Direct Funding, quarterly trend (€bn)



- Customer Direct Deposits at 96.2 €bn up 2.4% Q/Q driven by growth in C/A and sight deposits
- Institutional funding increased to 5.2 €bn from higher repos, to take advantage of low interest rates. In January 2022 600 €mln worth of Tier 2 bond was issued to optimise both capital structure and cost of funding

Note: figures on this page may not add exactly due to rounding differences

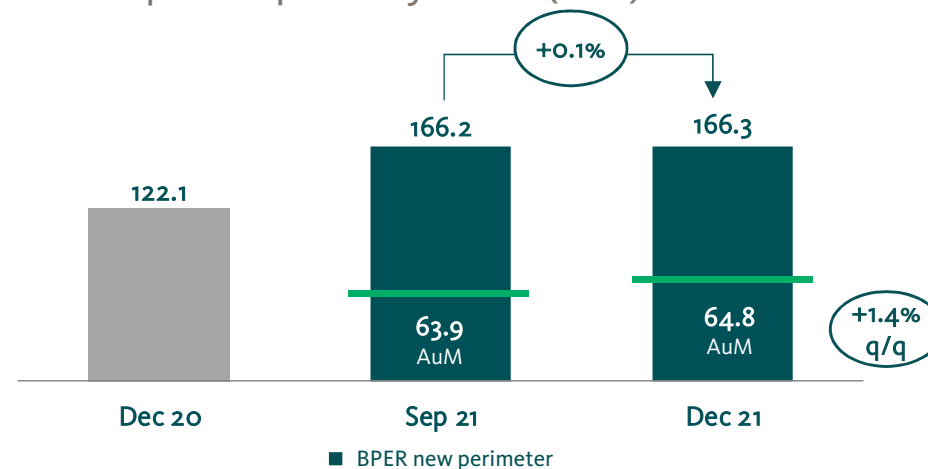
# Indirect deposits

Total indirect deposits increased to 166.3 €bn driven by AUM and life bancassurance

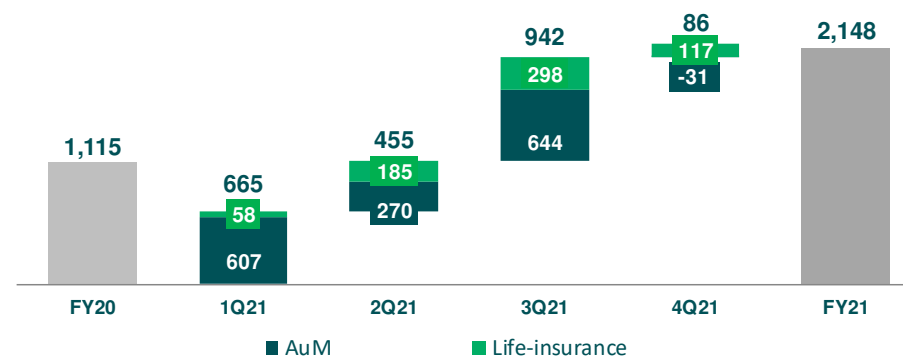
## Indirect Deposits (€mln)

€/mln	Dec 20	Sep 21	Dec 21	Chg. Q/Q (%)	Chg. Y/Y (%)
Assets under custody	72,057	83,031	82,163	-1.0%	+14.0%
Assets under management	42,719	63,937	64,823	+1.4%	+51.7%
<i>o/w Arca Holding</i>	17,445	18,435	18,921	+2.6%	+8.5%
Life Insurance	7,301	19,200	19,291	+0.5%	+164.2%
<b>Total indirect deposits</b>	<b>122,077</b>	<b>166,167</b>	<b>166,277</b>	<b>+0.1%</b>	<b>+36.2%</b>

## Indirect Deposits quarterly trend (€bn)



## Net inflows<sup>1</sup> of AuM and Life Insurance products (€mln)



- AuM positive momentum confirmed in 4Q21 (+1.4% Q/Q),
- Net inflows in 2021 reached 2.1 €bn roughly twice the 2020 level thanks to the effective commercial actions put in place despite the integration process of the going concern

1. Figures from data management system. AUM include ARCA captive inflows on BPER network  
Note: figures on this page may not add exactly due to rounding differences



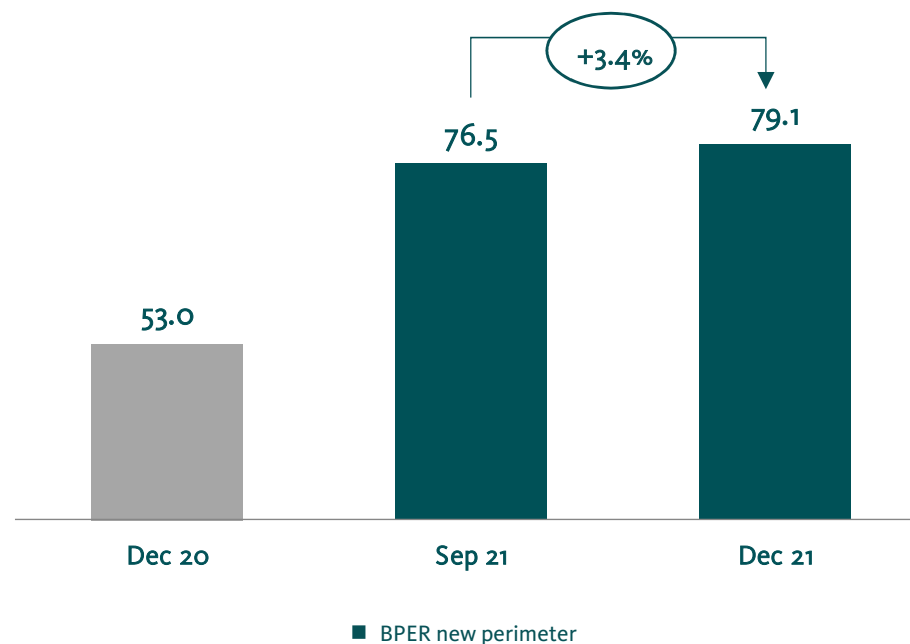
# Customer loans

Net customer loans at 79.1 €bn

Net customer loans: breakdown (€mln)

€/mln	Dec 20	Sep 21	Dec 21	Chg. Q/Q (%)	Chg. Y/Y (%)
Current Accounts	3,669	4,935	4,969	+0.7%	+35.4%
Mortgage loans	35,355	53,189	53,621	+0.8%	+51.7%
Other	13,982	18,358	20,523	+11.8%	+46.8%
<b>Net customer loans</b>	<b>53,006</b>	<b>76,483</b>	<b>79,113</b>	<b>+3.4%</b>	<b>+49.3%</b>
<i>o/w Performing</i>	<i>50,876</i>	<i>74,525</i>	<i>77,517</i>	<i>+4.0%</i>	<i>+52.4%</i>
<i>o/w Non-Performing</i>	<i>2,130</i>	<i>1,958</i>	<i>1,596</i>	<i>-18.5%</i>	<i>-25.1%</i>

Net customer loans: quarterly trend (€bn)



- Performing net customer loans up 4.0% Q/Q thanks to the acceleration in lending
- 3.3 €bn new loans granted in 4Q21 (+57.4% Q/Q)

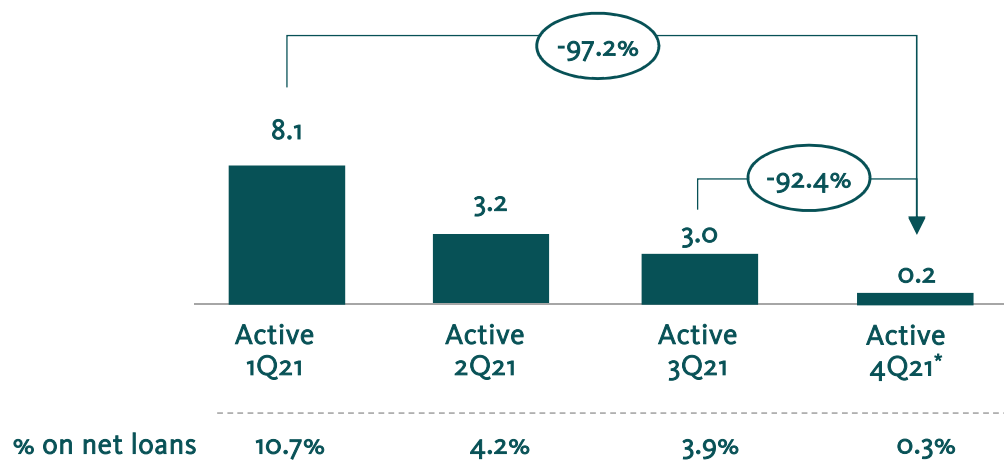
Note:

- Customer loans excluding debt securities. See relevant table in the Annexes.
- Figures on this page may not add exactly due to rounding differences.

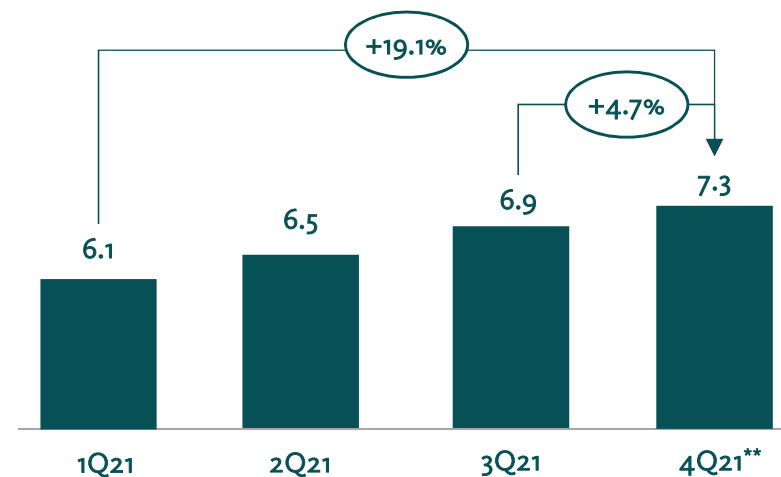
# Loan payment moratoria and State guaranteed loans

Loan payment moratoria declined to 0.2 €bn following end-of-year expiry. State guaranteed loans continued to increase

Loan payment Moratoria (€bn)



State guaranteed loans (€bn)



- Very low default rate on expired moratoria (around 1.7%)
- State guaranteed loans gradually increased over the year to 7.3 €bn up by 4.7% q/q and 19.1% vs. 1Q21

4Q21 data are as at 07<sup>th</sup> January 2022

\*After the expiry of moratoria under the “Cura Italia” law decree on 31/12/21, the residual amount mainly refers to bank and ABI moratoria

\*\* State guaranteed loan breakdown by loan size in 4Q21: 60% >€30k, 32% <€30k, 8% SACE (large corporate exposures)

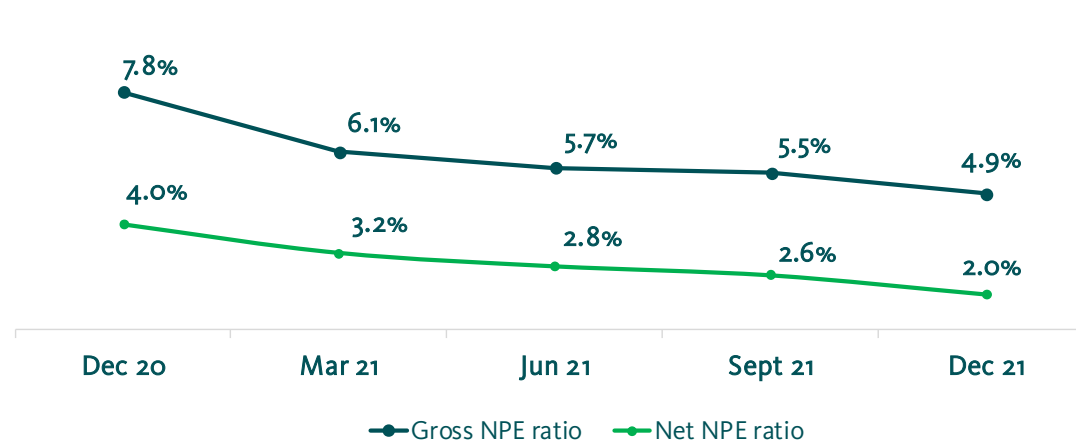
# Asset Quality (1/3)

Steady reduction in NPE ratios coupled with significant strengthening of coverage levels

Loan book breakdown: stock and coverage (€mln; %)

	Dec 20	Sept 21	Dec 21	Q/Q	Y/Y
<b>Bad Loans</b>					
Gross	2,076	2,350	2,014	-14.3%	-3.0%
Net	727	870	567	-34.9%	-22.0%
Coverage	65.0%	63.0%	71.8%	8.9 p.p.	6.8 p.p.
<b>UTPs</b>					
Gross	2,125	1,873	1,883	0.5%	-11.4%
Net	1,294	966	934	-3.3%	-27.8%
Coverage	39.1%	48.4%	50.4%	2.0 p.p.	11.3 p.p.
<b>Past Due</b>					
Gross	141	160	128	-20.1%	-9.6%
Net	110	122	95	-22.3%	-13.7%
Coverage	22.4%	23.9%	25.9%	2.1 p.p.	3.5 p.p.
<b>Total NPE</b>					
Gross	4,343	4,383	4,024	-8.2%	-7.3%
Net	2,130	1,958	1,596	-18.5%	-25.1%
Coverage	51.0%	55.3%	60.4%	5.0 p.p.	9.4 p.p.
<b>Performing loans</b>					
Gross	51,048	74,966	77,964	4.0%	52.7%
Net	50,876	74,525	77,517	4.0%	52.4%
Coverage	0.3%	0.6%	0.6%	0.0 p.p.	0.2 p.p.

NPE ratios over time (%)



- Gross NPE ratio down significantly to **4.9%** (**2.0%** net) also benefitting from an effective derisking strategy
- Net NPE stock down **18.5%** Q/Q driven by Bad Loans reduction (**-34.9%** Q/Q)
- NPE coverage ratio up to **60.4%** (+**5.0** p.p. Q/Q). In particular: Bad Loans at **71.8%** (+**8.9** p.p. Q/Q) and UTPs at **50.4%** (+**2.0** p.p. Q/Q)
- Performing loan coverage stable at **0.6%** (**0.3%** at end-2020)

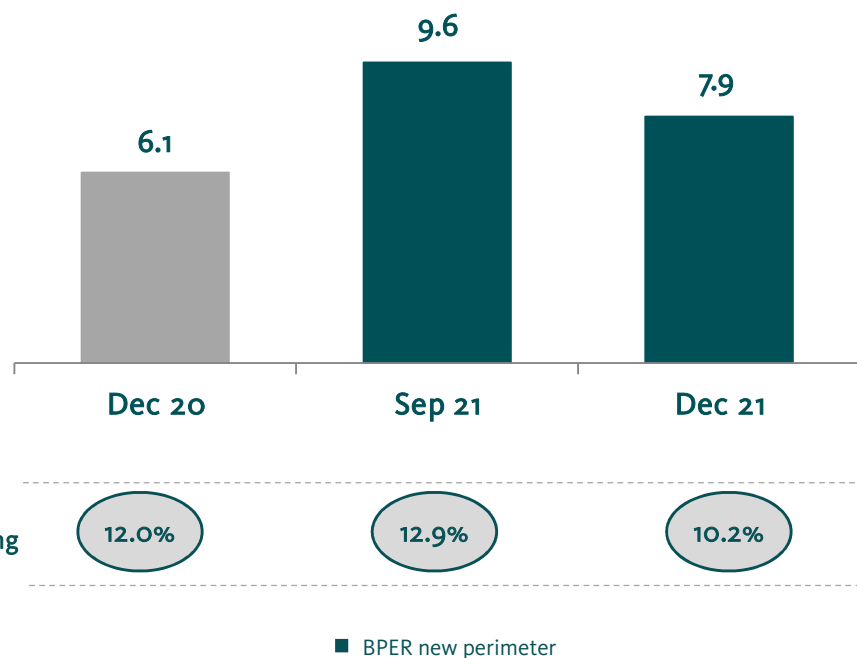
Note: customer loans excluding customer debt securities. See relevant table in the Annexes.

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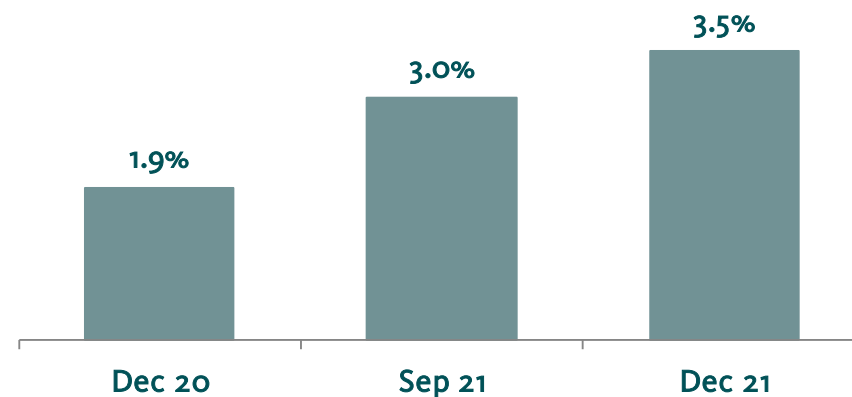
# Asset Quality (2/3)

Stage 2 net loans stock down to 7.9 €bn (-18.1% Q/Q) with coverage rising to 3.5%

Stock of stage 2 net loans, quarterly trend (€bn)



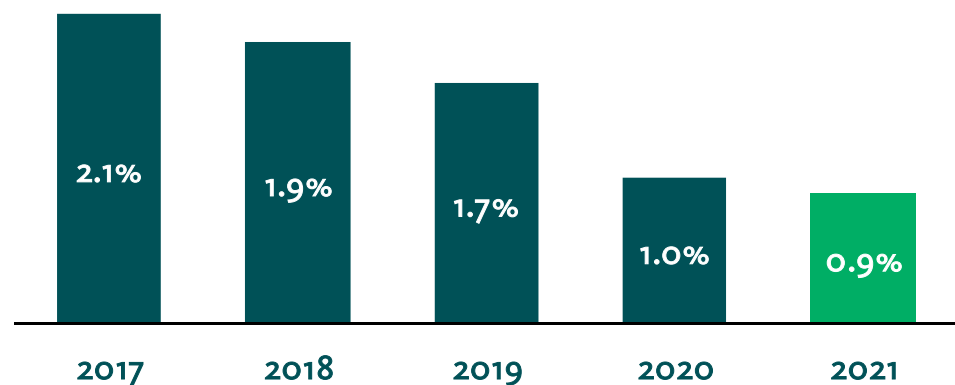
Coverage of stage 2 net loans, quarterly trend (%)



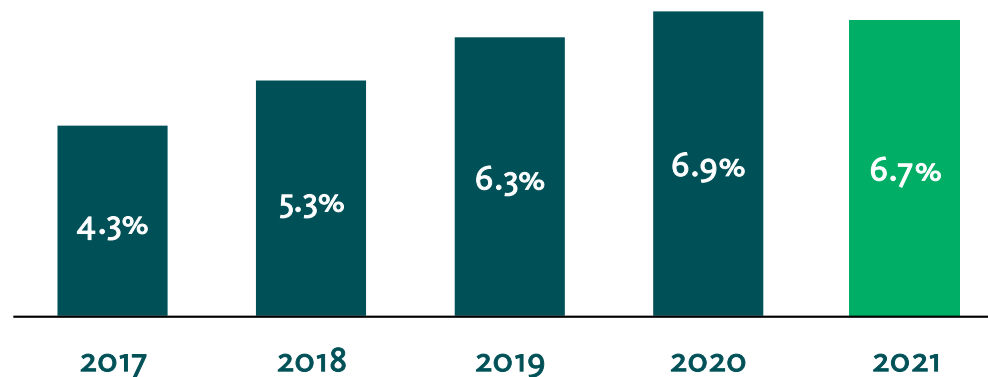
# Asset quality (3/3)

Default rate at 0.9% from 1.0% in Dec.'20. High rate of bad loan recovery confirmed

Default rate (%)



Average Bad loan recovery rate<sup>1</sup> (%)  
(Bper Credit Management)



1. Source: operational management data.  
Note: All ratios are calculated on gross exposures.

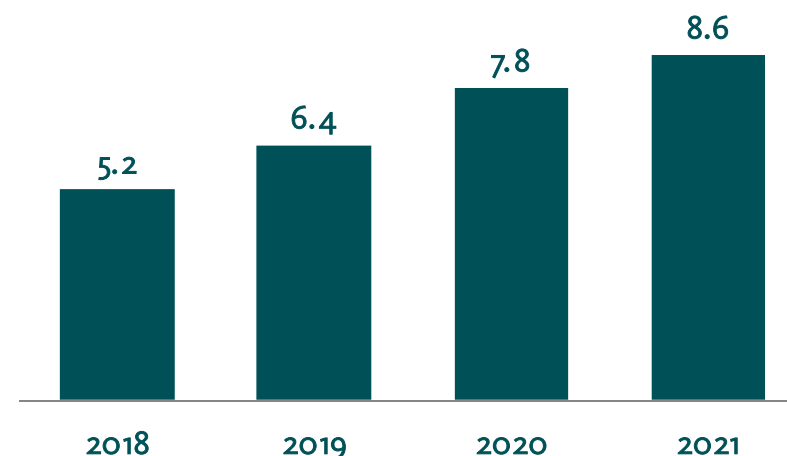
# Financial assets portfolio

## Financial assets portfolio at 28.4 €bn

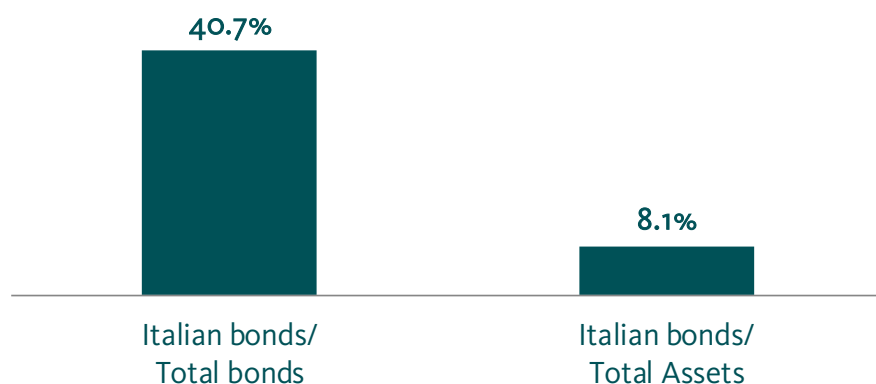
### Financial Assets breakdown (€mln)

€/mn	FVTPL	FVOCI	AC	Total	% on total
Bonds	323	6,379	20,578	27,280	96.1%
<i>o.w. Italian gov<sup>1</sup></i>	125	340	8,138	8,604	30.3%
Equity	111	253		363	1.3%
Funds and Sicav	590			590	2.1%
Other*	140			140	0.5%
<b>Total as at 31.12.2021</b>	<b>1,164</b>	<b>6,632</b>	<b>20,578</b>	<b>28,373</b>	<b>100%</b>
<b>Total as at 31.12.2020</b>	<b>1,172</b>	<b>6,270</b>	<b>17,220</b>	<b>24,662</b>	
Chg vs Dec.'20 (%)	-0.7%	+5.8%	+19.5%	+15.0%	

### Italian Government bonds<sup>1</sup> (€bn)



### Share of Italian bonds<sup>1</sup> (%)



- Italian government bonds at 8.6 €bn (vs. 7.8 €bn in Dec.'20)
- Italian Bond portfolio accounts for:
  - 40.7% of Total Bond portfolio
  - 8.1% of Total Assets
- Total bonds and Italian government bond portfolio duration<sup>2</sup> of 2.4 ys and 3.0 ys respectively

1. Source: operational management data.

2. Duration in years taking hedging into account.

Note: figures on this page may not add exactly due to rounding differences.

\* Mainly derivatives.

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# Profit & Loss

Profit and Loss

FY21 results of 525 €mln. Net of non-recurring items<sup>1</sup>, profit before tax totals 580 €mln

(€mln)	Quarterly trend				Annual trend	
	1Q21	2Q21	3Q21	4Q21	FY20	FY21
Net interest income	343.5	384.8	391.1	385.9	1,238.9	1,505.4
Net commission income	328.1	405.8	438.5	469.2	1,072.5	1,641.6
<b>Core Income</b>	<b>671.6</b>	<b>790.6</b>	<b>829.5</b>	<b>855.1</b>	<b>2,311.4</b>	<b>3,146.9</b>
Dividends	1.7	12.3	0.7	5.5	18.5	20.1
Net income from financial activities	76.2	43.5	52.9	23.6	138.2	196.2
Other operating expenses/income	8.1	-5.6	9.2	13.3	41.0	25.0
<b>Operating Income</b>	<b>757.7</b>	<b>840.7</b>	<b>892.4</b>	<b>897.5</b>	<b>2,509.0</b>	<b>3,388.3</b>
Staff costs	-302.1	-355.1	-313.8	-557.2	-960.7	-1,528.2
Other administrative expenses	-189.9	-157.4	-151.1	-180.8	-499.0	-679.2
Depreciations & Amortizations	-54.5	-52.5	-52.8	-120.3	-167.4	-280.1
<b>Operating costs</b>	<b>-546.5</b>	<b>-565.0</b>	<b>-517.8</b>	<b>-858.3</b>	<b>-1,627.2</b>	<b>-2,487.5</b>
<b>Net Operating Income</b>	<b>211.2</b>	<b>275.8</b>	<b>374.6</b>	<b>39.2</b>	<b>881.8</b>	<b>900.8</b>
<b>Net impairment losses for credit risk</b>	<b>-418.8</b>	<b>-157.6</b>	<b>-138.8</b>	<b>-122.8</b>	<b>-544.4</b>	<b>-838.0</b>
<b>Operating Income net of LLPs</b>	<b>-207.6</b>	<b>118.2</b>	<b>235.8</b>	<b>-83.6</b>	<b>337.5</b>	<b>62.8</b>
Net provisions for risks and charges	-40.9	-9.6	-4.5	-25.7	-32.5	-80.7
Contribution to Funds (SRF, DGS, FITD-SV)	-31.1	-15.1	-80.0	-7.6	-88.2	-133.7
Gain (Losses) on Investments	-250.7	-2.6	-2.6	-27.4	-20.1	-283.3
Gain on a bargain purchase	1,077.9	72.1	-22.1	-	-	1,127.8
<b>Profit (loss) before taxes</b>	<b>547.6</b>	<b>162.9</b>	<b>126.6</b>	<b>-144.3</b>	<b>196.7</b>	<b>692.9</b>
Taxes	-140.8	-50.9	-34.3	91.8	65.2	-134.2
<b>Profit (Loss) for the period</b>	<b>406.8</b>	<b>112.0</b>	<b>92.3</b>	<b>-52.4</b>	<b>261.9</b>	<b>558.6</b>
Minority Interests	-6.5	-10.5	-7.8	-8.7	-25.0	-33.5
<b>Profit (loss) for the period pertaining to the parent company</b>	<b>400.3</b>	<b>101.5</b>	<b>84.4</b>	<b>-61.1</b>	<b>236.9</b>	<b>525.1</b>

FY21 Profit before tax of 579.9 €mln net of non-recurring items<sup>1</sup>

1. See details in the Annexes section

Notes:

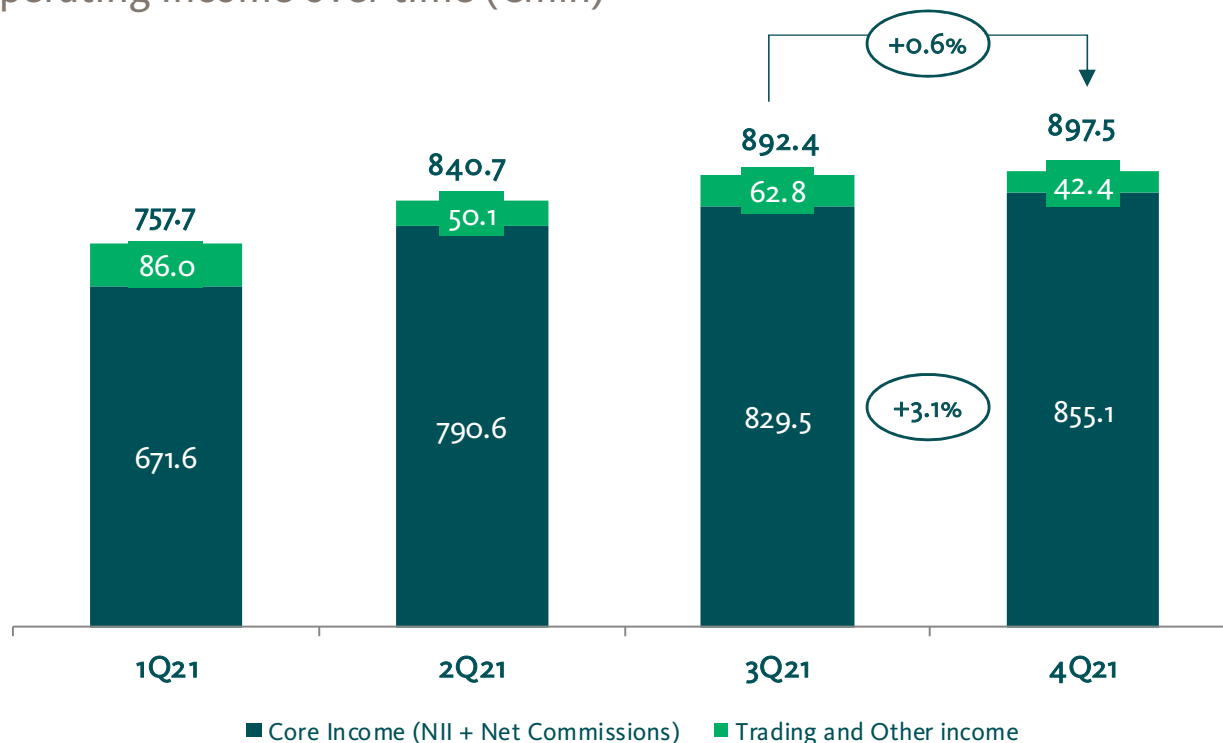
- FY20 figures in this slide and the following section have been restated to factor in the effects of the retrospective application of the change in the accounting method used to measure property, plant and equipment held for investment.
- Figures on this page may not add exactly due to rounding differences.



# Operating Income

Operating income reached 3,388.3 €mln in FY21 driven by core income growth (+3.1% Q/Q)

Operating Income over time (€mln)



- Operating income in 4Q21 increased to 897.5 €mln, of which 855.1 €mln in core income (NII + Net Commissions) up 3.1% Q/Q, driven by AUM and Bancassurance as well as by the ongoing recovery in traditional banking fees

Note: figures on this page may not add exactly due to rounding differences.

# Net Interest Income

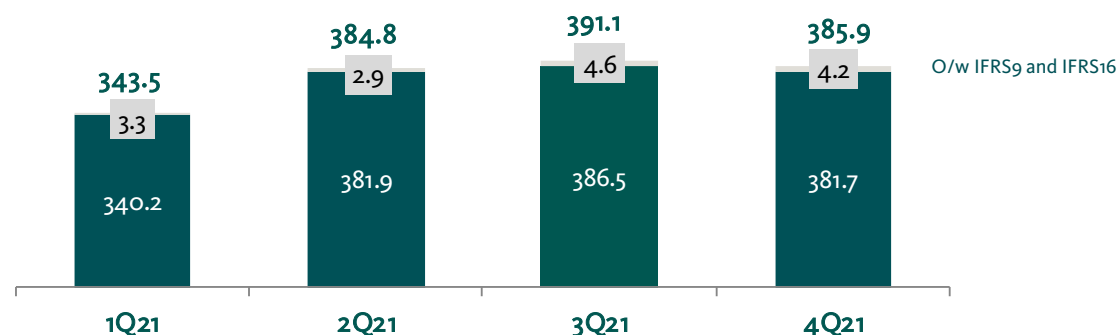
Profit and Loss

FY21 NII at 1,505.4 €mln of which 1,323.1 €mln from commercial activity with customers

## Net Interest Income breakdown (€mln)

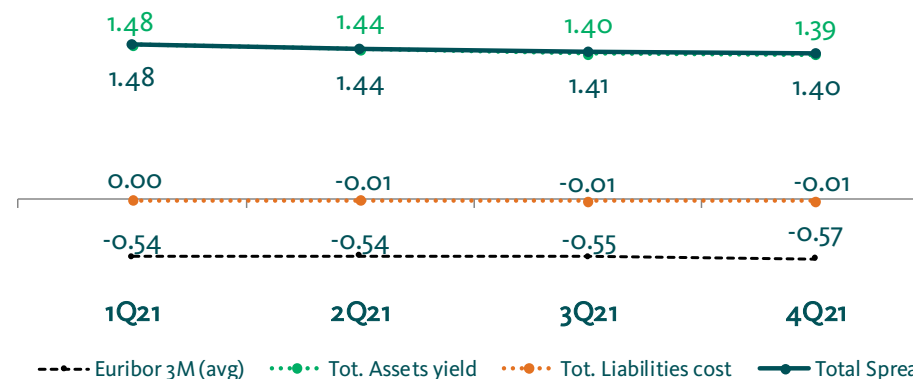
€mln	FY21	o/w 1Q21	o/w 2Q21	o/w 3Q21	o/w 4Q21	Chg. Q/Q %
Commercial NII	1,323.1	291.7	340.5	348.5	342.3	-1.8%
Securities portfolio	104.7	29.0	26.6	25.1	24.0	-4.5%
TLTRO-III <sup>1</sup>	107.7	31.8	25.0	24.1	26.9	11.4%
Other Institutional funding	-45.1	-12.2	-10.1	-11.3	-11.5	1.7%
<b>Ordinary NII</b>	<b>1,490.4</b>	<b>340.2</b>	<b>381.9</b>	<b>386.5</b>	<b>381.7</b>	<b>-1.2%</b>
IFRS 9 and IFRS 16	15.0	3.3	2.9	4.6	4.2	-8.3%
<b>Total NII</b>	<b>1,505.4</b>	<b>343.5</b>	<b>384.8</b>	<b>391.1</b>	<b>385.9</b>	<b>-1.3%</b>

## Net Interest Income quarterly trend (€mln)



- NII in 4Q21 at 385.9 €mln down Q/Q mainly due to asset yield compression
- TLTRO-III contribution (including the impact of excess liquidity held at the ECB's deposit facility) increased to 26.9 €mln in 4Q21 following excess liquidity reduction

## Spread<sup>2</sup> (%)



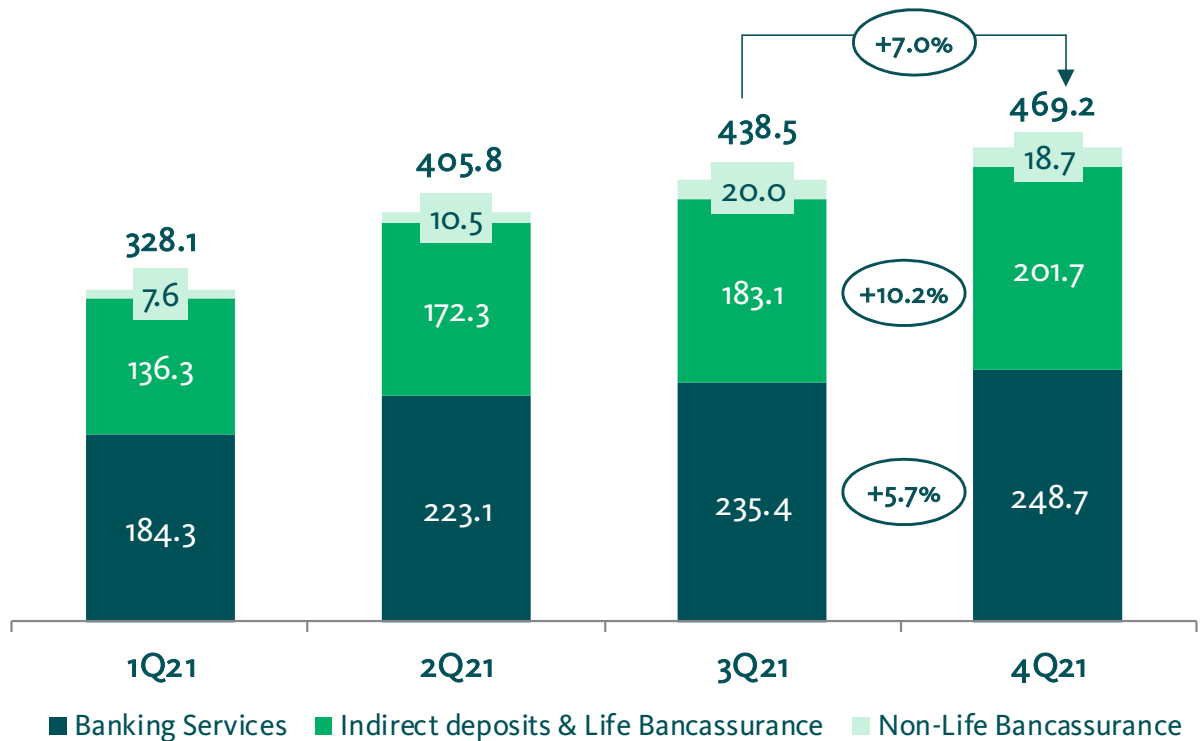
1. Net of interest expenses related to excess liquidity held at the ECB's deposit facility
2. Operational management data. Spread calculated by taking into account funding and deposits available at the ECB

Note: figures on this page may not add exactly due to rounding differences.

# Net commission income

FY21 Net commission income reached 1,641.6 €mln, driven by AUM & Bancassurance business growth and strong commercial performance

Net Commission Income over time (€mln)



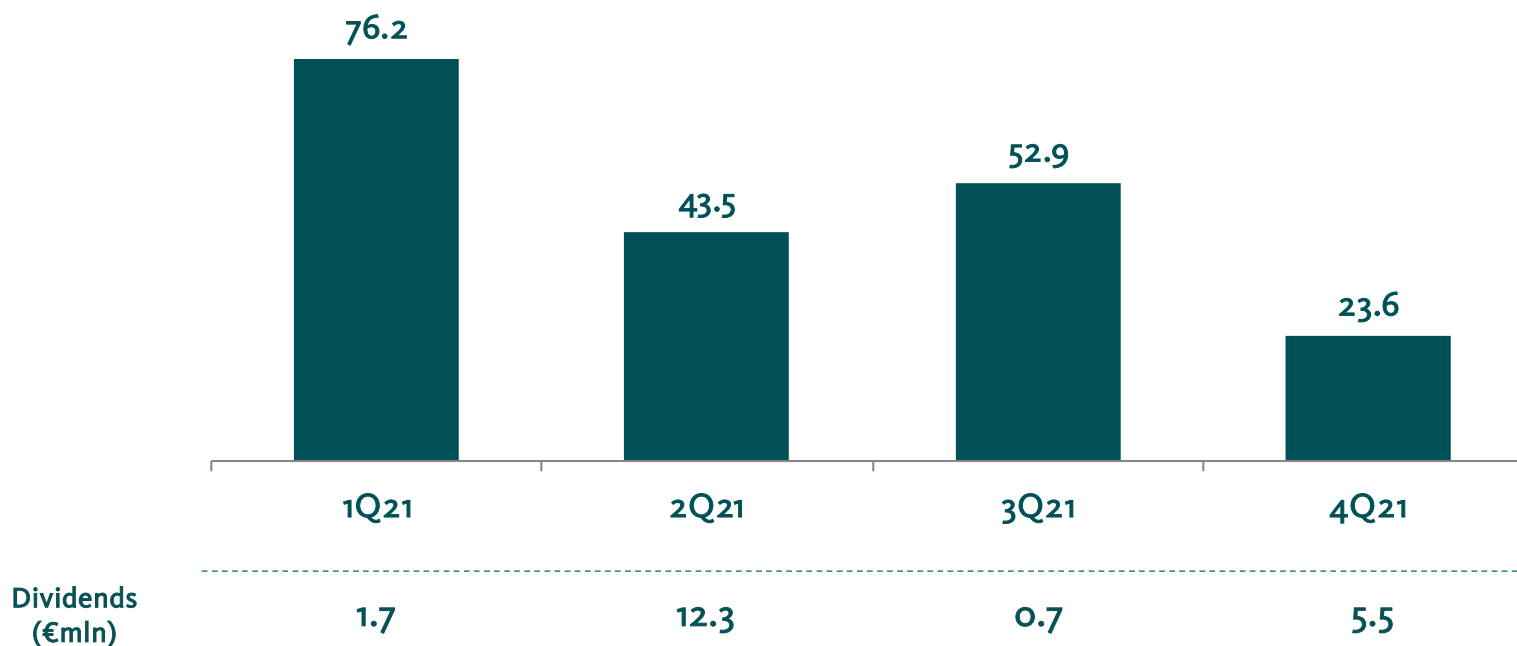
- In 4Q21 net commissions up to 469.2 €mln (+7.0% Q/Q) mainly driven by Indirect deposits & Life bancassurance commission growth (+10.2% Q/Q)
- The recovery in traditional banking fees continued in 4Q21 (+5.7% Q/Q) underpinned by the acceleration in lending and payment services

Note: The breakdown between life and non-life bancassurance is based on operational data  
 Figures on this page may not add exactly due to rounding differences.

# Trading income and Dividends

Trading income totaled 196.2 €mIn in FY21, benefitting from positive market performance and capital gains on securities disposals

Trading income over time (€mIn)



Figures on this page may not add exactly due to rounding differences.

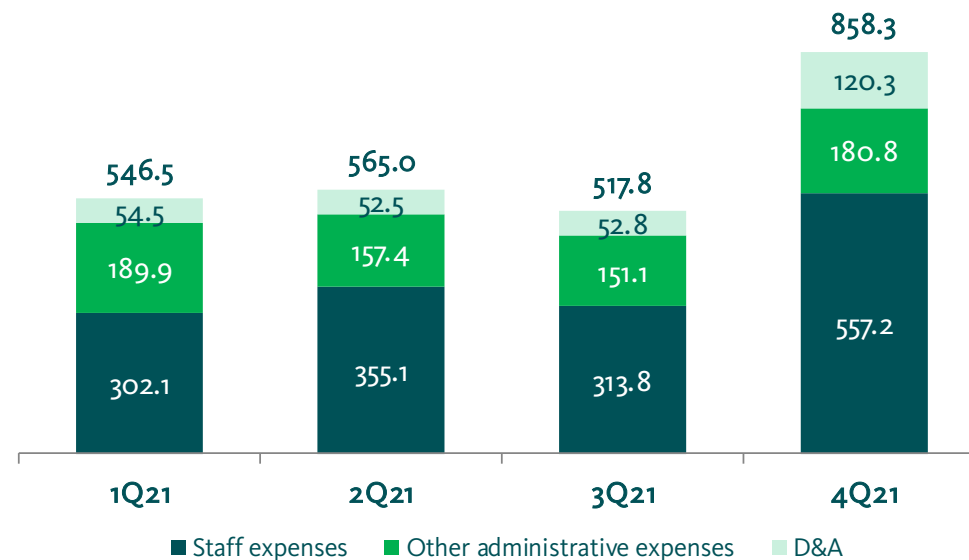
# Operating costs

FY21 operating costs totalled 2.5 €bn, impacted by one-off charges mainly associated with going concern integration and workforce optimisation

## Operating costs breakdown (€mln)

	FY21	o/w 1Q21	o/w 2Q21	o/w 3Q21	o/w 4Q21
<b>Staff expenses</b>	<b>1,528.2</b>	<b>302.1</b>	<b>355.1</b>	<b>313.8</b>	<b>557.2</b>
o/w Extraordinary	228.0	7.6	8.8	1.5	210.0
o/w Ordinary	1,300.2	294.5	346.2	312.3	347.2
<b>Other administr. expenses</b>	<b>679.2</b>	<b>189.9</b>	<b>157.4</b>	<b>151.1</b>	<b>180.8</b>
o/w Extraordinary	83.8	62.6	7.9	5.3	8.0
o/w Ordinary	595.4	127.3	149.5	145.8	172.8
<b>D&amp;A</b>	<b>280.1</b>	<b>54.5</b>	<b>52.5</b>	<b>52.8</b>	<b>120.3</b>
o/w Extraordinary	76.4	8.9	0.0	0.0	67.4
o/w Ordinary	203.8	45.6	52.5	52.8	52.9
<b>Total Operating Costs</b>	<b>2,487.5</b>	<b>546.5</b>	<b>565.0</b>	<b>517.8</b>	<b>858.3</b>
o/w extraordinary	388.2	79.1	16.7	6.8	285.4
o/w ordinary	2,099.3	467.3	548.2	511.0	572.8

## Operating costs over time (€mln)



- Staff expenses increase in 4Q21 due to 210.0 €mln worth of charges related to workforce optimisation and seasonality in 3Q21
- D&A increase in 4Q21 mainly due to software and hardware impairments

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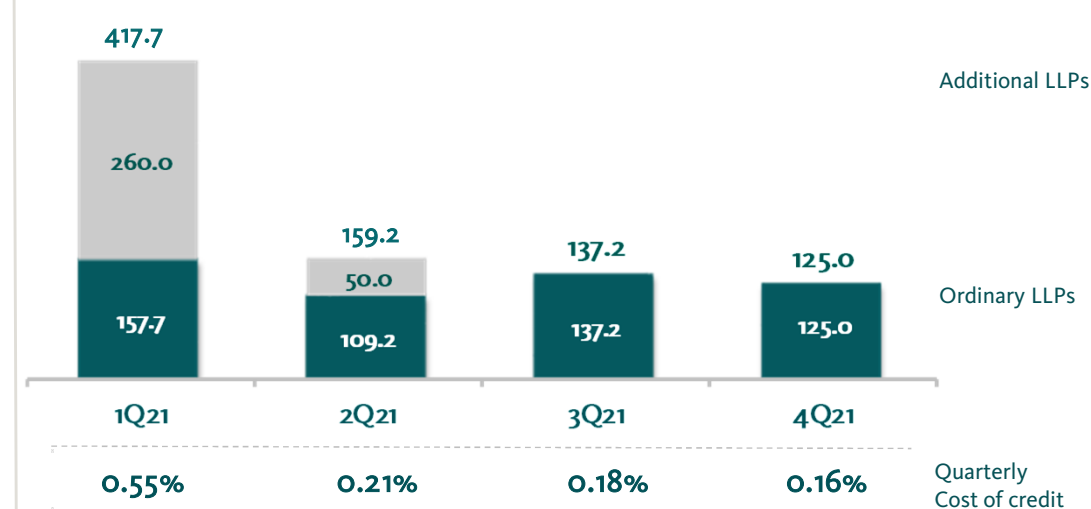
# Provisions and other items

The FY21 cost of risk (excluding additional LLPs) is 67 bps and reflects a very conservative approach to provisioning

## Provisions and other items (€mln)

	FY21	o/w 1Q21	o/w 2Q21	o/w 3Q21	o/w 4Q21
<b>Total Provisions</b>	<b>838.0</b>	<b>418.8</b>	<b>157.6</b>	<b>138.8</b>	<b>122.8</b>
o/w LLPs**	839.1	417.7	159.2	137.2	125.0
<b>Net Provisions for Risks and Charges</b>	<b>80.7</b>	<b>40.9</b>	<b>9.6</b>	<b>4.5</b>	<b>25.7</b>
Contributions to SRF, DGS e FITD-SV	133.7	31.1	15.1	80.0	7.6
Gains (Losses) on investments	283.3	250.7	2.6	2.6	27.4
Badwill	-1,127.8	-1,077.9	-72.1	22.1	-

## LLPs (€mln) and Cost of credit\* (%) over time



- LLPs at 839.1 €mln, including 310 €mln in additional provisions driven by the adoption of a very conservative approach, despite no evidence of a significant deterioration in asset quality

# Agenda

## BPER GROUP CONSOLIDATED RESULTS

Executive summary

Balance sheet

Profit and loss

**Capital adequacy**

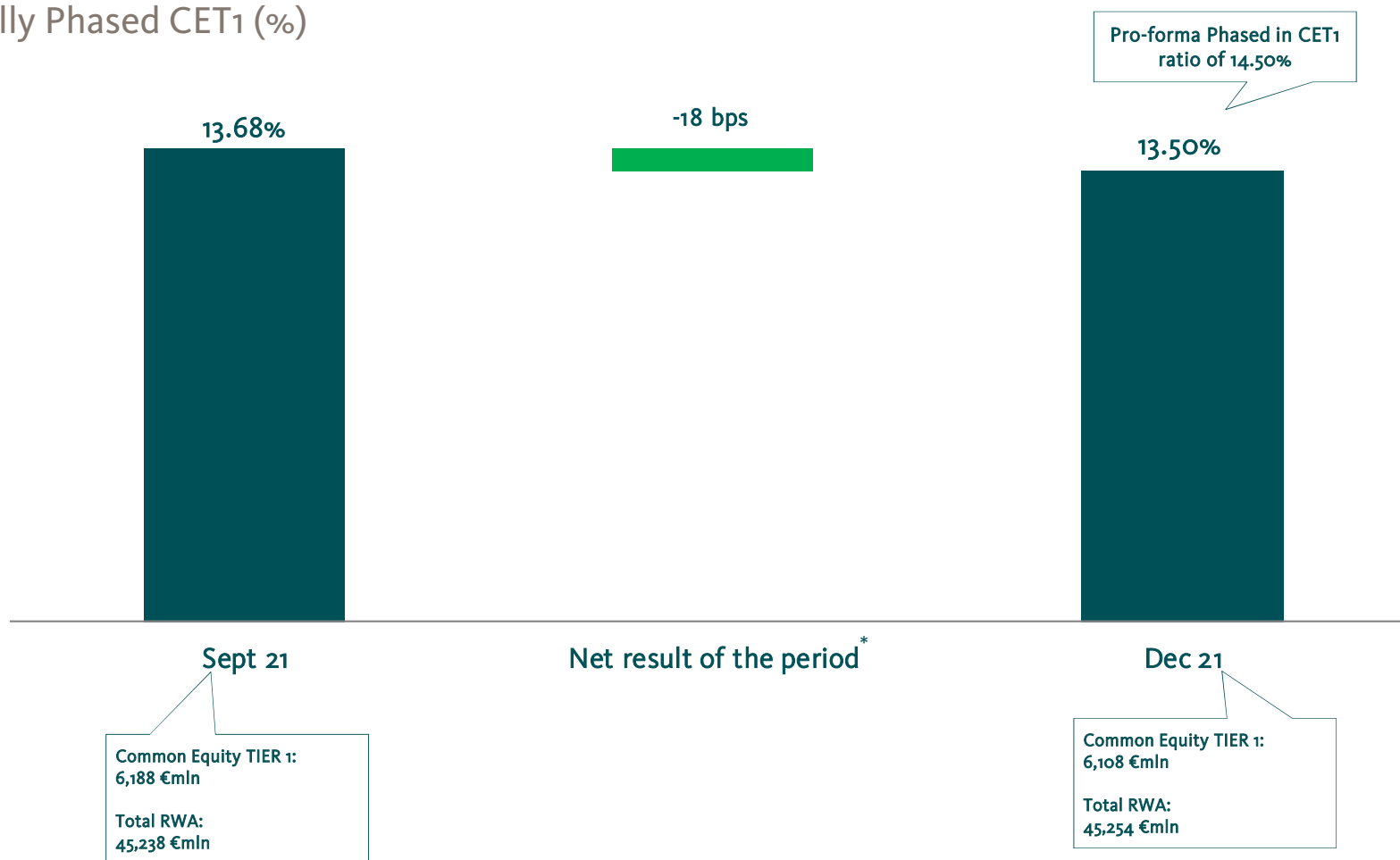
Final remarks

## ANNEXES

# Capital

High capital position with Pro-forma Fully Phased CET1 at 13.50% well above SREP requirement

Pro-forma Fully Phased CET1 (%)



Note: Pro-forma Fully Phased CET1 ratio has been estimated excluding the effects of the transitional arrangements in force. Pro-forma capital ratios include the result for the year, thus simulating, in advance, the effects of the ECB's authorisation to include these profits in Own Funds pursuant to art. 26, para. 2 of the CRR

\* Including RWA dynamic and other residual effects



# Agenda

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## ANNEXES

# Final remarks

**SIGNIFICANTLY STRONGER COMPETITIVE POSITION COUPLED WITH A MAJOR IMPROVEMENT IN OVERALL RISK PROFILE**

- ▶ **STRONG INCREASE IN CORE BUSINESS PROFITABILITY DRIVEN BY EXCELLENT COMMERCIAL PERFORMANCE**
- ▶ **NPE RATIOS DECLINING SIGNIFICANTLY AS COVERAGE GROWS**
- ▶ **STRONG CAPITAL POSITION WELL ABOVE SREP REQUIREMENTS**
- ▶ **FOUNDATIONS LAID FOR STRUCTURAL IMPROVEMENT OF OPERATING EFFICIENCY**

**THE STRONG RESULTS ACHIEVED IN TERMS OF PROFITABILITY, ASSET QUALITY AND CAPITAL POSITION, SET THE STAGE FOR THE GROUP'S NEW 2022-2024 BUSINESS PLAN AND WILL ALLOW FOR ADDITIONAL VALUE GENERATION TO THE BENEFIT OF ALL STAKEHOLDERS**

# Agenda

## BPER GROUP CONSOLIDATED RESULTS

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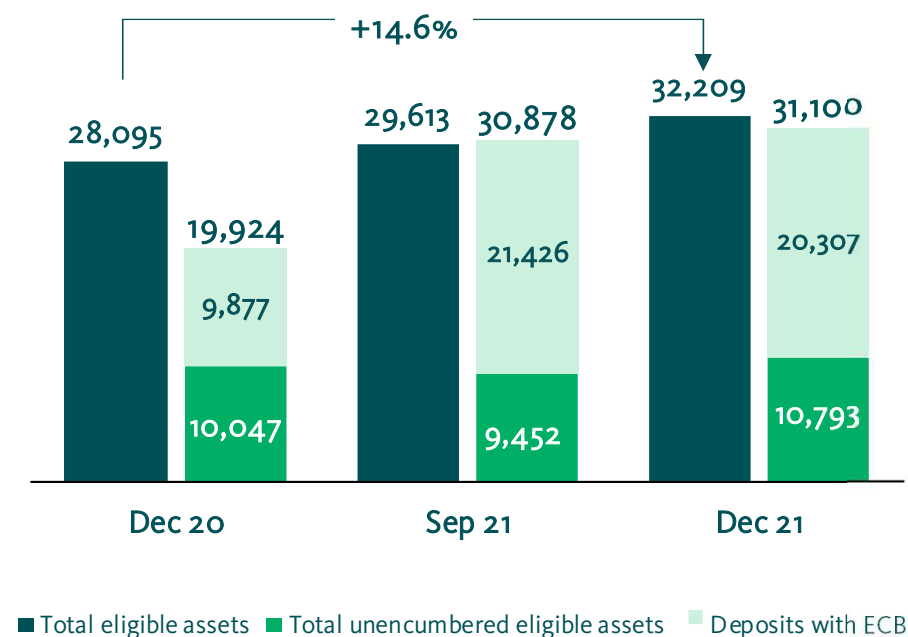
Final remarks

## ANNEXES

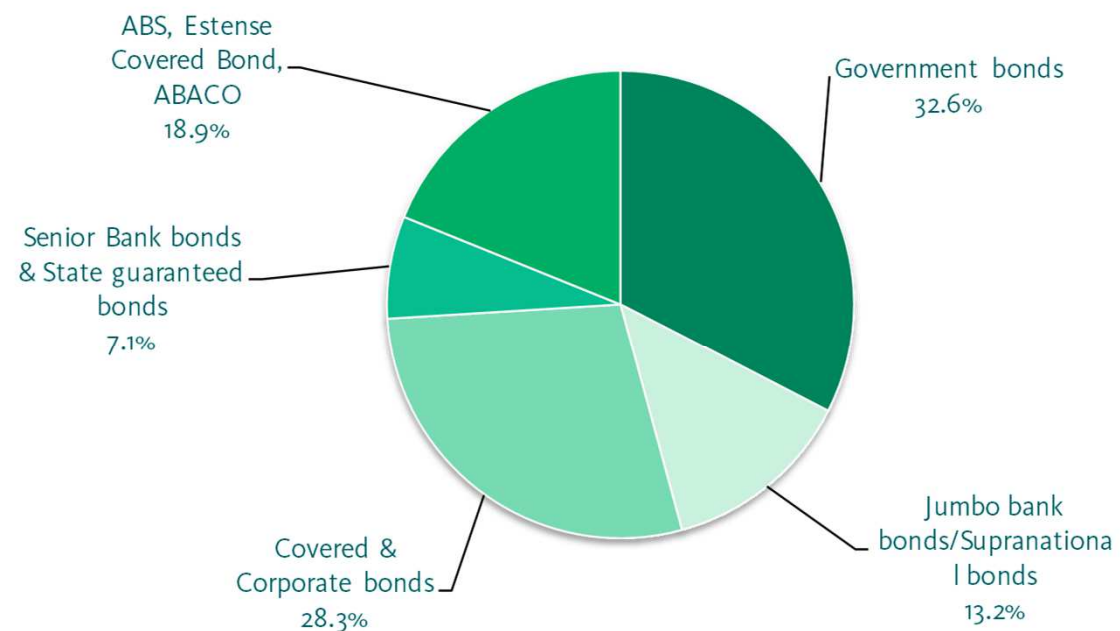
# Liquidity

High level of liquidity with LCR >200% and liquidity buffer close to 31.1 €bn

Total eligible Assets over time\* (€mln)



Eligible Assets Pool Composition (%)



- ECB exposure of 18.4 €bn fully made up of TLTRO III funds
- LCR >200% largely in excess of regulatory threshold, with the NSFR ratio settling well above 100%

Note: figures in this page may not add exactly due to rounding differences.  
\* Net of ECB haircut.

# P&L – One off items

112.9 €mIn one offs recognised in FY21 mainly following going concern acquisition and cost base optimisation

(€mIn)	9M21	4Q21	FY21	FY21 Notes
Net interest income	-	-	-	
Net commission income	-	-	-	
<b>Core Income</b>	-	-	-	
Dividends	-	-	-	
Net income from financial activities	+21.2		+21.2	Gains mainly from securities disposals
Other operating expenses/income	-13.0		-13.0	Other operating expenses
<b>Operating Income</b>	<b>+8.2</b>	-	<b>+8.2</b>	
Staff costs	-18.0	-210.0	-228.0	<b>-18 €mIn</b> integration process and <b>-210.0 €mIn</b> workforce optimisation cost
Other administrative expenses	-75.8	-8.0	-83.8	Integration process
Depreciations & Amortizations	-8.9	-67.4	-76.4	Mainly related to software and hardware impairments
<b>Operating costs</b>	<b>-102.7</b>	<b>-285.4</b>	<b>-388.2</b>	
<b>Net Operating Income</b>	<b>-94.6</b>	<b>-285.4</b>	<b>-380.0</b>	
<b>Net impairment losses for credit risk</b>	<b>-310.0</b>	-	<b>-310.0</b>	Additional LLPs
Net provisions for risks and charges	-30.5	+6.8	-23.8	Mainly related to CARIFE's profit sharing
Contribution to Funds (SRF, DGS, FITD-SV)	-11.3		-11.3	Additional SRF contribution
Gain (Losses) on Investments	-261.5	-28.4	-289.8	<b>-230.4 €mIn</b> due to goodwill impairment and <b>-59.5 €mIn</b> mainly due to fair value measurement of RE assets
Gain on a bargain purchase	+1127.8		+1127.8	<b>+817.7 €mIn</b> badwill and <b>+310.2 €mIn</b> from recovery of badwill taxation <sup>1</sup>
<b>Profit (loss) before taxes</b>	<b>+420.0</b>	<b>-307.1</b>	<b>+112.9</b>	

1. As per contractual provisions with Intesa Sanpaolo. The item had a neutral impact on the net result as it was offset by -310.2 €mIn recognised as Taxes

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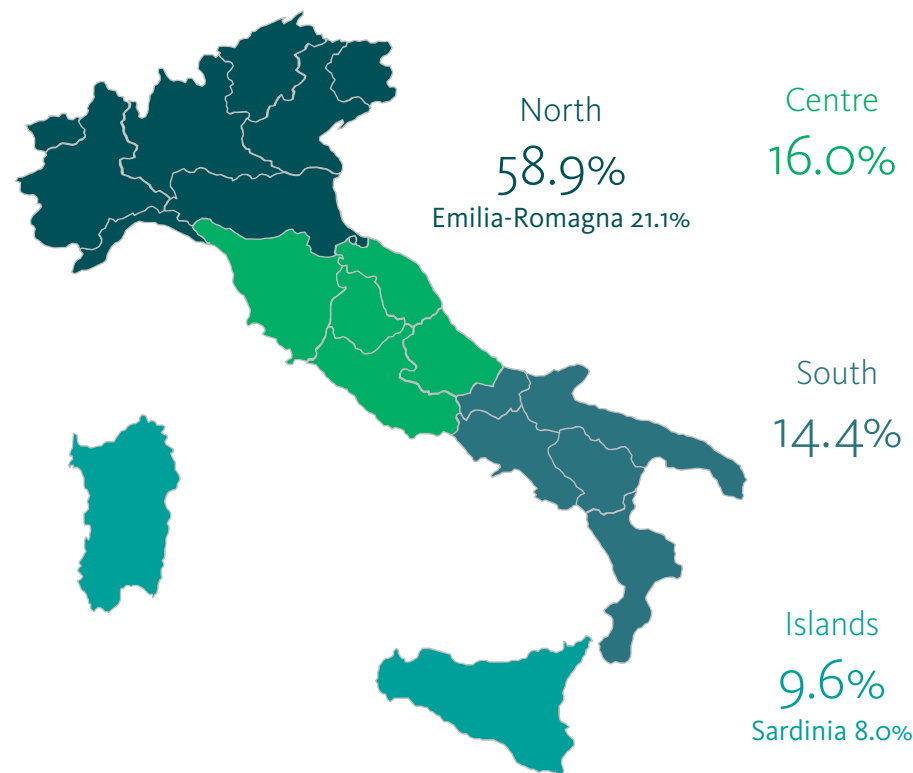
# Net Customer loans

## Portfolio composition

Net customer loans breakdown by sector (€mln)

Business sector	Dec 21	% on Total Customer Loans	Δ % vs Dec 20
Manufacturing	12,669	16.0%	+65.2%
Wholesale and retail services, recoveries and repairs	6,843	8.6%	+54.3%
Construction	3,180	4.0%	+47.5%
Real Estate	4,156	5.3%	+33.3%
HORECA*	1,837	2.3%	+23.2%
Agriculture, forestry and fishing	1,041	1.3%	+31.5%
Other	8,943	11.3%	+51.3%
<b>Total loans to non-financial businesses</b>	<b>38,669</b>	<b>48.9%</b>	<b>+51.2%</b>
Households	34,503	43.6%	+57.6%
Total loans to financial businesses	5,941	7.5%	+7.3%
<b>Total Customer Loans</b>	<b>79,113</b>	<b>100.0%</b>	<b>+49.3%</b>
Debt Securities	14,782	18.7%	+16.2%

Customer loans breakdown by geographical areas<sup>1</sup>(%)



\* Hotels, Restaurants & Cafés (HORECA). Note: figures as per ATECO business sector definitions (ISTAT, the Italian National Institute of Statistics).

1. Commercial banks + Sarda Leasing, excluding non-resident loans. Figures from data management system.

Note: figures on this page may not add exactly due to rounding differences.

# Asset quality

Annexes

## Asset quality breakdown (excl. debt securities)

Gross exposures (€mln)	Dec 20		Mar 21		Jun 21		Sep 21		Dec 21		Chg Q/Q		Chg Y/Y	
		comp. %		comp. %		comp. %		comp. %		comp. %	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures (NPEs)	4,343	7.8%	4,778	6.1%	4,470	5.7%	4,383	5.5%	4,025	4.9%	-358	-8.2%	-318	-7.3%
Bad loans	2,076	3.7%	2,368	3.0%	2,341	3.0%	2,350	3.0%	2,014	2.5%	-336	-14.3%	-62	-3.0%
Unlikely to pay loans	2,125	3.8%	2,280	2.9%	1,994	2.5%	1,873	2.4%	1,883	2.3%	10	+0.5%	-242	-11.4%
Past due loans	142	0.3%	130	0.2%	135	0.2%	160	0.2%	128	0.2%	-32	-20.0%	-14	-9.9%
Gross performing loans	51,048	92.2%	73,339	93.9%	74,582	94.3%	74,966	94.5%	77,964	95.1%	2,998	+4.0%	26,916	+52.7%
<b>Total gross exposures</b>	<b>55,391</b>	<b>100%</b>	<b>78,117</b>	<b>100%</b>	<b>79,052</b>	<b>100%</b>	<b>79,349</b>	<b>100%</b>	<b>81,989</b>	<b>100%</b>	<b>2,640</b>	<b>+3.3%</b>	<b>26,598</b>	<b>+48.0%</b>

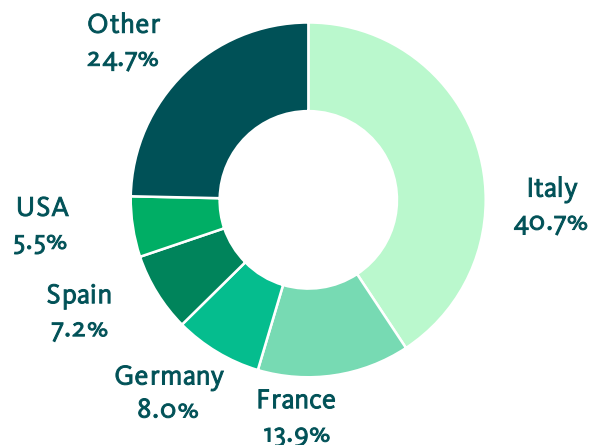
Adjustments to loans (€mln)	Dec 20		Mar 21		Jun 21		Sep 21		Dec 21		Chg Q/Q		Chg Y/Y	
		coverage (%)		coverage (%)		coverage (%)		coverage (%)		coverage (%)	Abs.	Chg (%)	Abs.	Chg (%)
Adjustments to NPEs	2,213	51.0%	2,367	49.5%	2,317	51.8%	2,425	55.3%	2,429	60.4%	4	0.2%	216	+9.8%
Bad loans	1,349	65.0%	1,370	57.8%	1,425	60.9%	1,480	63.0%	1,447	71.8%	-33	-2.2%	98	+7.3%
Unlikely to pay loans	831	39.1%	963	42.2%	858	43.1%	908	48.4%	949	50.4%	42	+4.6%	118	+14.2%
Past due loans	33	22.4%	34	26.1%	34	24.9%	38	23.9%	33	25.9%	-5	-13.2%	0	+0.0%
Adjustments to performing loans	172	0.3%	383	0.5%	445	0.6%	441	0.6%	447	0.6%	6	+1.4%	275	+159.9%
<b>Total adjustments</b>	<b>2,385</b>	<b>4.3%</b>	<b>2,750</b>	<b>3.5%</b>	<b>2,762</b>	<b>3.5%</b>	<b>2,867</b>	<b>3.6%</b>	<b>2,876</b>	<b>3.5%</b>	<b>10</b>	<b>+0.3%</b>	<b>491</b>	<b>+20.6%</b>

Net exposures (€mln)	Dec 20		Mar 21		Jun 21		Sep 21		Dec 21		Chg Q/Q		Chg Y/Y	
		comp. %		comp. %		comp. %		comp. %		comp. %	Abs.	Chg (%)	Abs.	Chg (%)
Non Performing Exposures (NPEs)	2,130	4.0%	2,411	3.2%	2,153	2.8%	1,957	2.6%	1,596	2.0%	-362	-18.5%	-534	-25.1%
Bad loans	727	1.4%	998	1.3%	916	1.2%	870	1.1%	567	0.7%	-303	-34.8%	-160	-22.0%
Unlikely to pay loans	1,294	2.4%	1,317	1.7%	1,136	1.5%	965	1.3%	934	1.2%	-32	-3.3%	-360	-27.8%
Past due loans	109	0.2%	96	0.1%	101	0.1%	122	0.2%	95	0.1%	-27	-22.1%	-14	-12.8%
Net performing loans	50,876	96.0%	72,956	96.8%	74,137	97.2%	74,525	97.4%	77,517	98.0%	2,992	+4.0%	26,641	+52.4%
<b>Total net exposures</b>	<b>53,006</b>	<b>100%</b>	<b>75,367</b>	<b>100%</b>	<b>76,290</b>	<b>100%</b>	<b>76,482</b>	<b>100%</b>	<b>79,113</b>	<b>100%</b>	<b>2,630</b>	<b>+3.4%</b>	<b>26,107</b>	<b>+49.3%</b>

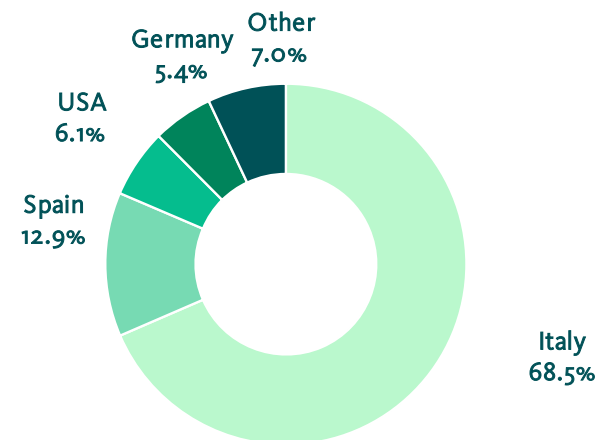
Note: figures on this page may not add exactly due to rounding differences.

# Financial Assets: highlights

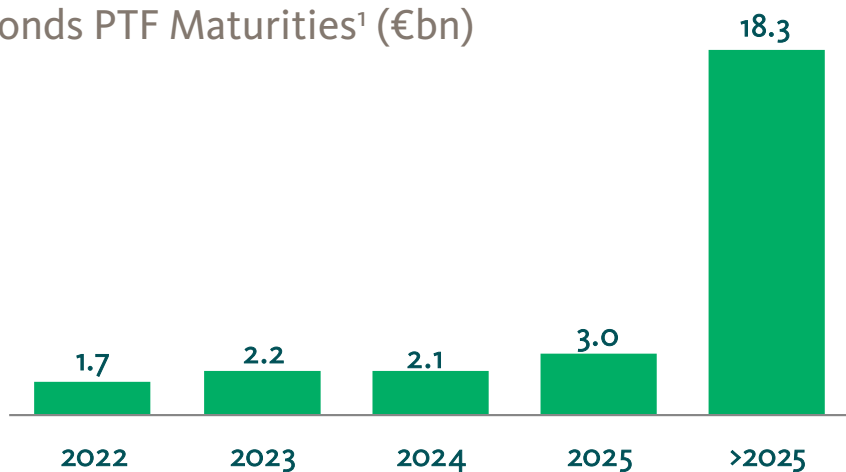
### Bond PTF Geographical breakdown (%)



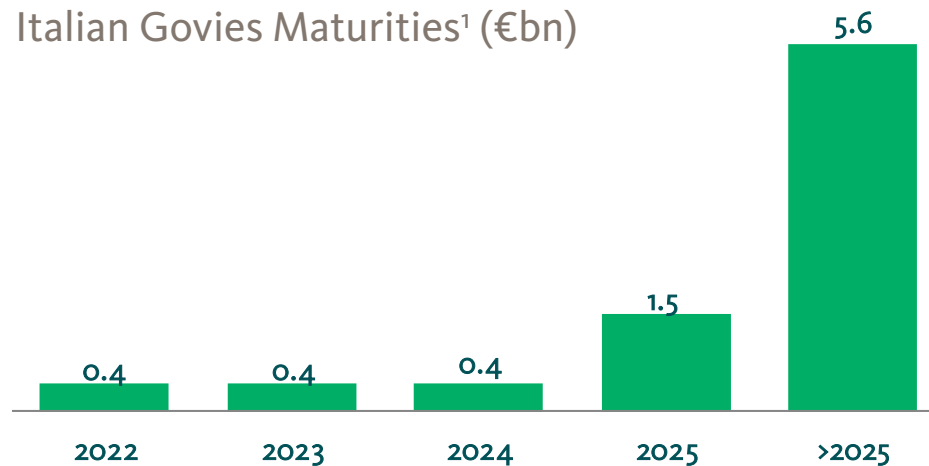
### Govies PTF Geographical breakdown (%)



### Bonds PTF Maturities<sup>1</sup> (€bn)



### Italian Govies Maturities<sup>1</sup> (€bn)



1. Figures are shown in nominal amounts.  
Note: figures from data management system.

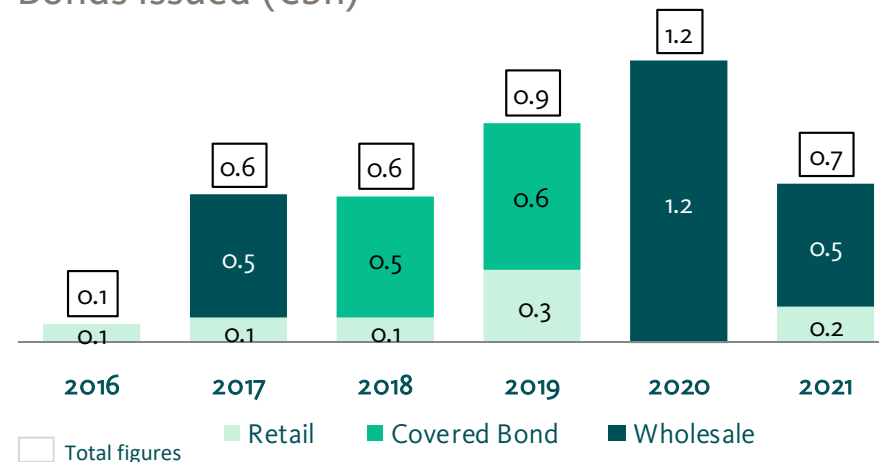


# Bond maturities and issuances: highlights

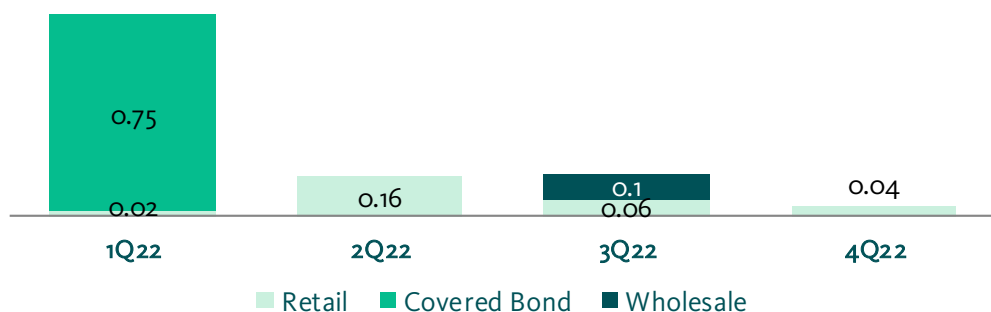
## Outstanding bonds<sup>1</sup> (€bn)

	Dec 20	Dec 21
Wholesale bonds	3.5	3.9
<i>o/w covered bonds</i>	1.9	1.9
<i>o/w subordinated bonds</i>	0.9	0.9
Retail bonds	1.0	0.9
<b>Total bonds</b>	<b>4.5</b>	<b>4.8</b>

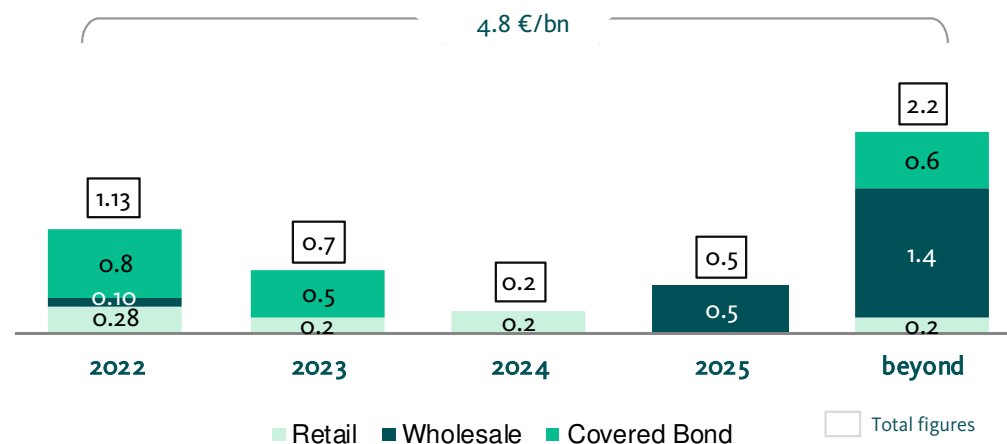
## Bonds issued (€bn)



## 2022 Bond maturities (€bn)



## Bond maturities breakdown (€bn)



1. including Unipol Banca bonds.

Note: figures on this page: 1) reflect nominal amounts and 2) may not add exactly due to rounding differences.

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