BPER:
Gruppo

CONSOLIDATED HALF-YEAR REPORT AS AT 30 JUNE 2023

The present document is the English translation of the Italian half-year Consolidated report, prepared for and used in Italy, and it has been translated only for the convenience of international readers. The Group 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.
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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 Euro 2,104,315,691.40
Member of the Interbank Deposit Protection Fund and of the National Guarantee Fund
Ordinary shares listed on the regulated Euronext market

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Directors and officers of the Parent Company as of the date of approval of the half-year Consolidated report as at 30 June 2023

Board of Directors

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

Board of Statutory Auditors

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

General Management

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

Manager responsible for preparing the Company's financial reports

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

Independent Auditors

Deloitte & Touche S.p.A

(*) Gianfranco Farre, Non-Executive Director of the Company and member of the Control and Risk Committee, tendered his resignation from office on 1 June 2023, with immediate effect. The Board of Directors will, in accordance with the Articles of Association, replace the outgoing Director by cooptation of a new Director and fill the vacancy in the afore-mentioned Committee.
(**) Monica Cacciapuoti was appointed as a member of the Board of Directors by the Ordinary Shareholders' Meeting of BPER Banca held on 5 November 2022, replacing Director Gian Luca Santi, who resigned previously effective from 8 September 2022. Monica Cacciapuoti will remain in office, similarly to the other members of the Board of Directors, until the Shareholders' Meeting called to approve the financial statements for the year 2023.
(***) Carlo Appetiti was appointed as Standing auditor by the Ordinary Shareholders' Meeting of BPER Banca held on 27 July 2022, replacing the auditor Paolo De Mitri, who resigned previously effective from 6 June 2022. Carlo Appetiti will remain in office, similarly to the other members of the Board of Directors, until the Shareholders' Meeting called to approve the financial statements for the year 2023.
(****) Gian Luca Santi was appointed as Deputy General Manager effective from 1 October 2022. In particular, Gian Luca Santi was a member of the Company's Board of Directors, a role he stepped down from effective from 8 September 2022.

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1. Background

In the first half of 2023, the international economic framework was characterised by decreased global demand, heightened uncertainty, and less favourable financial conditions for households and businesses. Therefore, the global economy highlighted various areas of weakness, especially in certain regions, but the phase of economic contraction feared by various economists towards the end of the previous year did not materialise. The decline in energy prices, the full reopening of the Chinese economy (which helped, among other things, to normalise supply chains), a resilient service sector and labour market, were the main factors of support for growth which, albeit modest, quelled fears of a global recession. Inflation fell in a number of countries, despite remaining well above Central Banks' targets. Core inflation, i.e. inflation excluding the more volatile components like food and energy, is proving to be particularly persistent. In said context, central banks continued to adopt a restrictive monetary policy stance, albeit to a slightly lesser extent than in previous quarters.

An analysis of the individual areas shows that, in the first three months of the year, the Eurozone recorded a "technical recession" (qualifying as such when a country's GDP records negative growth for two consecutive quarters), although the decrease was small (-0.1 q/q). As early as the second quarter, based on consensus estimates, growth should return to positive territory, with an increase of 0.1% q/q. A similar increase is also expected in Germany, which was confirmed as the region in most difficulty, with a decline in GDP of -0.3% q/q in the first three months of the year. Therefore, the Eurozone stagnated on the whole in the first half of the year, primarily on account of the difficulties recorded by manufacturing activity: the relevant PMI index of the Euro area in fact gradually worsened, closing the six-month period at 43.4 points. By contrast, an altogether different trend was recorded in the service sector, which has, up to now, been impacted to a limited degree by the deterioration in the financial conditions, posting constant growth during the half. A positive contribution was also made by the sharp decrease in the price of natural gas (-50% in the half), which eased fears of an energy crisis, and prompted an upward revision in the region's growth prospects.

Positive signs were also recorded on the prices front, with a Eurozone inflation rate that - after having closed 2022 up by 9.2% y/y - continued to gradually decelerate (preliminary figure of 5.5% y/y in June), thanks in particular to the decline in energy prices. However, the core inflation component was more persistent, continuing to accelerate until March (5.7% y/y), then started to slow slightly in June, recording an increase of 5.4% y/y. Indeed the stubbornness of core inflation prompted the ECB to raise interest rates four times during the half by a total of 150 *basis points*, hence slowing the rate of tightening in the final part of the period. At the ECB meeting in June, President Lagarde indicated that a further rise in July would be 'highly likely', but that any future decision of the Institution would 'depend on the figures', i.e. based on the macro data published on each occasion. The ECB also continued with the process of reducing its balance sheet: in fact, the reinvestments under the "APP" purchase plan will be discontinued from July.

Staying on the topic of monetary policies, and broadening our view to Europe, we can see that all the other main European central banks have continued to adopt restrictive monetary policies. The Bank of England has been one of the most active, raising rates by a total of 150 *basis points* to 5.0% during the half-year, in response to constantly growing core inflation in the United Kingdom.

As regards Italy, during the first phase of the year, the economy recorded a surprisingly strong growth rate compared to the Eurozone average (GDP growth of 0.6% q/q in the first quarter, sustained entirely by domestic demand), but based on the consensus estimates, momentum is expected to taper off significantly (0.1% q/q) in the second part of the half-year. The growth rate was slowed by the effects of the restrictive monetary policies on domestic demand and the loss of impetus injected by building incentives, elements that were offset by the positive impact of the implementation of the measures contained in the PNRR (National Recovery and Resilience Plan, NRRP). In terms of consumer prices, the trend has been similar to that observed in the rest of the Eurozone, with the inflation rate decreasing steadily to then register a 6.4% decrease y/y in June. The slowdown in consumer prices was facilitated, in particular, by the decrease in oil and natural gas prices.

In the United States, the economic cycle showed, at least in the first part of the year, that it had withstood the cycle of monetary tightening initiated by the Fed without too much disruption. In the first quarter, GDP rose by 2.0% q/q on an annualised basis, thanks to the decisive contribution of private consumption, which continued to benefit from the excess savings accumulated during the pandemic phase, and benefitted from a job market which, despite weakening slightly, still was unexpectedly robust (the unemployment rate remained pegged to below 4% throughout the half-year). In the second three months of the year - based on consensus estimates - growth should decelerate to 1.3% q/q on an annualised basis, as a result of weaker service-related activities, as shown by the various cycle leading indicators,
and the impact of the difficulties registered by a number of US regional banks in March which, although secured by the quick actions of the Authorities, saw their credit conditions partially deteriorate. On the prices front, the rate of inflation growth fell constantly, registering an increase of 4.0% y/y in May. Similarly to the trend observed in the Eurozone, however, the core inflation component in the US (5.3% y/y in May) was also more persistent, slowing by just a few decimals of one percentage

point during the half-year. The reduction in inflationary pressures facilitated an increasingly more balanced monetary policy approach, so much so that the Federal Reserve (Fed) - after having brought the cost of borrowing to the 5-5.25% range through three consecutive increases of 25 *basis points* each, decided to keep rates unchanged in June. As specified by Governor Powell, however, the break - the first after more than a year of increases - aims to allow the FOMC, the monetary policy committee, to assess the incoming information and its implications, and therefore cannot rule out the possibility of further hikes in the months to come.

Lastly, an analysis of emerging countries shows that economic growth has been more resilient, on average, than in developed countries. In this regard, a critical factor has been China's decision at the end of 2022 to remove all anti-Covid measures in place, fully reopening its economy. Although the recovery lost some momentum in the second half of the year, in the first three months of the year, Chinese GDP rose by 2.2% q/q, accelerating considerably compared to 0.6% q/q at the end of 2022, and making a decisive contribution to growth in other developing countries, particularly in the Asian region, which boast business relations with Beijing. In addition to benefitting from relations with China, emerging countries have shown, on average, good staying power not just in the service sector, but also in manufacturing activity, the segment which, in the main developed economies, has instead slipped into contracting territory. Lastly, another aspect that has characterised the emerging bloc, albeit with all the relevant differences due to the high degree of dissimilarity of the category under review, has been the approach to inflation. In fact, a number of emerging central banks were proactive in raising rates as early as 2021, well before their counterparts in the developed markets; consequently, this first phase of the year saw a generally more accommodating monetary stance.

As regards the financial markets, the first half of 2023 reported generally satisfactory results. The equity component in particular stood out, but all the riskier asset classes generally registered markedly positive changes. Government bonds slowed to a greater degree, nonetheless closing the period on the increase, while the balance was negative for commodities, especially energy commodities. Three factors in particular contributed to the positive market sentiment: the general economic framework, which saw the likelihood of a recessionary phase decrease significantly; the partial change of position by the Central Banks, the FED leading the way; the positive signs emanating from companies' quarterly accounts, which did not show any significant contraction in profits and actually painted a favourable economic picture for the quarters to come.

In terms of equities, the MSCI AC World index ended the six-month period up 12.8%, with stronger gains in the US than in Europe. In fact, US price lists benefitted more than anyone from the substantial presence of securities belonging to the tech sector which, especially in the second part of the half-year, were supported by better than estimated corporate results on average (relating to the first three months of the year), as well as the buzz created around the topic of AI (Artificial Intelligence). Double-digit growth was also recorded by the Eurozone indexes, where the Italian Ftse Mib shone, increasing by almost 20% thanks to the strength of the banking sector in particular. The performances of the other main European price lists - the United Kingdom leading the way - were markedly more contained, slowed by the weakness of the segments linked to commodities. Japanese equities also recorded positive changes that, by capitalising on the marked weakness of the yen, returned to the highs of the last thirty years. By contrast, the Hang Seng recorded a net decrease, while the emerging equity market registered a small increase (MSCI Emerging Markets +3.5%).

The bond market also recorded a positive balance, with the Central Banks' decisions reflected in a widespread and generalised flattening of interest rate curves. The continued application of restrictive monetary policies pushed up short-term yields, while the contentious signs on the growth front instead sustained the yields on longer-term securities, contributing, as mentioned, to a further flattening of curves that, in a number of developed countries, accentuated the inversion in the 2-10 year section. Note should be taken, in relative terms, of the strength of Italian government bonds, with a spread between the yield on the 10-year BTP and the 10-year Bund that fell considerably during the half. The first part of the year also saw an increase for spread-based bonds, which benefitted from the risk appetite that characterised the markets, albeit with alternating phases, during the period under review.

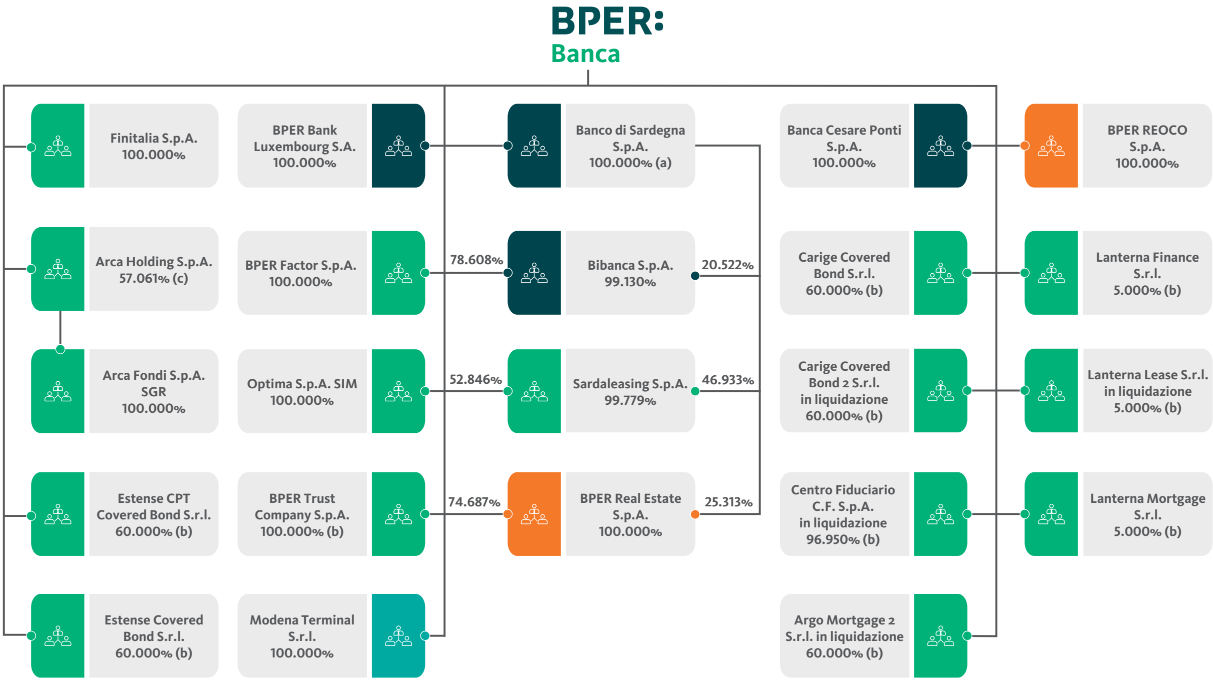
As regards the currency domain, the trend in exchange rate relationships was influenced by the decisions (made and expected) by the Central Banks, as well as the economic growth prospects of the different macro-areas. The Euro recorded half-yearly positive and negative changes against the other G10 currencies, signalling a more considerable appreciation against the yen. The Japanese currency, down by more than 10% against the euro, was penalised by the strategy adopted by the new governor of the Bank of Japan - Kazuo Ueda - who fully confirmed the accommodating monetary policy, which has now been employed for several years by the Institution. The Euro closed up against the dollar, while it lost ground against the British pound sterling and the Swiss franc. As regards emerging countries, worthy of note is the movement in the Turkish lira which, after the re-election of Erdoğan, accelerated downwards, closing with a decrease of almost 30% against the euro.

Lastly, it was a negative half for commodities, which paid the price - inter alia - for the weak Chinese recovery: in fact, the most cyclical goods suffered in particular, like industrial goods and energy components. Oil prices recorded a net decrease, paying the price not only for Chinese demand (Beijing is the leading importer of crude oil in the world) below expectations, but global supply that remained - in spite of everything - at sustained levels. The European natural gas price registered a net decrease, thanks to the mild temperatures recorded in Europe during the winter and storage levels that, as a result, remained at safety stock levels. Precious metals bucked the trend, with gold profiting from the phases of tension on US credit, falling back under

2,000 $/ounce.

2. Key figures

2.1 BPER Banca Group structure as at 30 June 2023



a) Equivalent to 99.373% of the entire Share Capital consisting of ordinary and preference.
b) Subsidiaries consolidated under the equity method.
c) Subsidiary company which is not included in the Banking Group since it does not contribute directly to its activities.
St. Anna Gestione Golf Società Sportiva Dilettantistica s.r.l., a subsidiary of BPER REOCO through St. Anna Golf s.r.l., was excluded from the scope of consolidation as it was considered non-significant.

The scope of consolidation also includes the following subsidiaries which are not included in the Banking Group, since they do not contribute directly to its activities. These companies are consolidated under the equity method.
Subsidiaries of the Parent Company:
- Adras S.p.A. (100%);
- Sifà S.p.A. (100%);
- Commerciale Piccapietra S.r.l. (100%);
- Bridge Servicing S.p.A (100%).

Subsidiaries of BPER Reoco S.p.A.
- Annia S.r.l. (100%);
- Sant'Anna Golf S.r.l. (100%).

2.2 Summary of results

The results as at 30 June 2023 show net profit for the period of Euro 704.6 million, after having expensed Euro 49.5 million as the ordinary contribution paid to the Single Resolution Fund for 2023.

Operating income totalled Euro 2,652.3 million, up 48.4% with respect to 1H22, driven by increased core revenues (net interest income and net commission income), amounting to Euro 2,540.6 million (+49.5% y/y).

Net Interest Income stood at Euro 1,545.0 million, up 96.7% on the first half of 2022, primarily on the back of a higher commercial spread stemming from a supportive interest rate environment, well managed deposit pass-through and the positive contribution from the investment portfolio.

Net commission income totalled Euro 995.6 million, up 8.9% on the same period last year, particularly reflective of the positive trend in traditional banking fees (+11.5% y/y); likewise strong was the input from fees and commissions on indirect funding (+5.9% y/y) and bancassurance (+4.6% y/y).

Gross loans to customers amount to Euro 89.1 billion, down 2.3% compared with the end of 2022. The conservative approach to non-performing loan management and the derisking actions implemented have enabled the Group to achieve sound asset quality ratios: the share of gross non-performing loans to total gross loans (gross NPE ratio) is 2.7%, down on end-2022 (3.2%), whereas the share of net non-performing loans to total net loans (net NPE ratio) is 1.1%, down on end-2022 (1.4%). The coverage ratio for total non-performing loans rose to 59.6% from 57.1% at the end of 2022; performing loan coverage rose to 0.81% from 0.77% at the end of 2022 and Stage 2 loan coverage was 4.87%, up from 4.44% on end-2022.

The Group's capital and liquidity profiles as at 30 June 2023 continue to be strong thanks to the organic generation of capital which drives the CET1 ratio to 14.0%, well above the 8.5% current minimum SREP requirement. The same applies to the Bank's liquidity position, with regulatory ratios being broadly in excess of the minimum thresholds required (LCR at 157.1%, NSFR at 126.1%).

For further details on the results achieved by the BPER Banca Group in the six-month period please refer to the chapter "*The BPER Banca Group's results of operations*" in this Consolidated Interim Report on Operations.

2.3 Performance ratios[1]

Financial ratios	30.06.2023	2022 (*)
Structural ratios		
Net loans to customers/total assets	62.26%	59.86%
Net loans to customers/direct deposits from customers	78.38%	79.40%
Financial assets/total assets	21.29%	20.13%
Gross non-performing loans/gross loans to customers	2.74%	3.20%
Net non-performing loans/net loans to customers	1.14%	1.41%
Texas ratio[2]	26.04%	32.29%
Profitability ratios		
ROE[3]	19.90%	7.94%
ROTE[4]	20.03%	8.30%
ROA[5]	1.01%	0.35%
Cost to income ratio[6]	51.27%	64.26%
Cost of credit risk[7]	0.30%	0.21%

Prudential supervisory ratios	30.06.2023	2022 (*)
Own Funds (Fully Phased) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	7,451,222	6,379,995
Total Own Funds	9,386,687	8,292,408
Risk-weighted assets (RWA)	53,138,340	52,989,278
Fully Phased capital ratios and liquidity ratios		
Common Equity Tier 1 Ratio (CET1)	14.02%	12.04%
Tier 1 Ratio (T1 Ratio)	14.31%	12.32%
Total Capital Ratio (TC Ratio)	17.67%	15.65%
Leverage ratio[8]	5.2%	4.3%
Liquidity Coverage Ratio (LCR)	157.1%	195.3%
Net Stable Funding Ratio (NSFR)	126.1%	127.3%

(*) The comparative balance sheet ratios, together with ROE, ROTE and ROA, have been calculated on figures at 31 December 2022 as per the Consolidated financial statements as at 31 December 2022, while profit and loss ratios have been calculated on figures at 30 June 2022 as per the half-year Consolidated report as at 30 June 2022.

[1] The information provided is consistent with the ESMA document of 5 October 2015 "Guidelines on Alternative performance measures", aimed at promoting the usefulness and transparency of Alternative Performance Measures included in prospectuses or documents containing regulated 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 the chapter "The BPER Banca Group's results of operations" as per the present Report.

[2] The Texas ratio is calculated as total gross non-performing loans on net tangible equity (Group and minority interests) plus impairment provisions for non-performing loans.

[3] ROE is calculated as the ratio of annualised net profit for the period to the Group's average shareholders' equity not including net profit.

[4] ROTE is calculated as the ratio of annualised net recurring profit for the period to the Group's average shareholders' equity i) including net recurring profit for the period, stripped of the portion allocated to dividends and then annualised and ii) excluding intangible assets and equity instruments.

[5] ROA is calculated as the ratio of annualised net profit for the period (including net profit for the period pertaining to minority interests) and total assets.

[6] The Cost to income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income); when calculated on the basis of the schedules provided by the 8th update of Bank of Italy Circular no. 262, the Cost to income ratio is 55.05% (69.33% at 30 June 2022 as per the half-year consolidated report at 30 June 2022).

[7] The Cost of credit has been calculated as net impairment losses to loans to customers on net loans to customers as at 30 June.

[8] Ratios have been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by Commission Delegated Regulation (EU) 62/2015.

3. Significant events and strategic transactions

3.1 2022-2025 "BPER e-volution" Business Plan

In June 2022, BPER Banca approved its 2022-2025 Business Plan – "BPER e-volution"; the Plan lays down two major lines of growth:

- extraordinary corporate transactions;
- organic growth levers.

Extraordinary corporate transactions

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

- *Acquisition of the Carige Group*
  The integration process was completed on 28 November 2022, with the merger by absorption of Banca Carige s.p.a. and Banca del Monte di Lucca s.p.a. into BPER Banca. The acquisition of control over the Carige Group carried out as early as 30 June has allowed for the extension of the BPER Banca Group's footprint across the country, even in areas previously limited in coverage, and a 20% increase of its customer base, which now exceeds 5 million thanks to over 800 thousand customers acquired from Carige.
- *Branch Sale Agreement*
  The transaction, completed on 17 February 2023, effective from 20 February 2023 for legal purposes, saw the sale to Banco Desio e della Brianza s.p.a. of 48 branches (of which 40 Banca Carige and 8 Banco di Sardegna s.p.a.), in order to avoid the emergence of potentially significant antitrust issues following the change of control of the Carige Group.
- *Disposal of the internal bad loan & UTP debt collection platform and implementation of the outsourced NPE servicing agreement.*
  The transaction is part of the broader derisking strategy that the BPER Banca Group has pursued in recent years and involves the sale of the in-house platform for the recovery of bad loans and UTPs, with the parallel disposal of a portfolio of non-performing exposures for up to Euro 2.5 billion. In said area, on 28 November 2022, BPER Banca's Board of Directors approved the establishment of a new strategic partnership between the BPER Banca Group and the Gardant Group for the management of its impaired loans which combines the professional, industrial, IT and management skills of the two partners. The disposal of some portfolios of non-performing loans of the BPER Banca Group to AMCO and to companies controlled by Elliott, Gardant's parent company, was also approved. During the first half of 2023, two UTP portfolio disposals were completed respectively for a claimed amount of Euro 470 million (April 2023) and Euro 430 million (May 2023).
- *Disposal of the merchant acquiring business*
  Transaction completed with closing in December 2022, which enabled the BPER Banca Group to achieve a significant capital gain as a result of the agreement signed on 1 June 2022 with Nexi s.p.a. to establish a long-term partnership, realised through the transfer of the business unit that deals with merchant acquiring and POS management activities.
- *Deconsolidation of long-term rental company – SIFA'*
  On 28 March 2023, BPER Banca S.p.A. and UnipolSai Assicurazioni S.p.A. signed an agreement to launch a strategic commercial partnership in the long-term rental sector, which included, among other things, the merger by absorption of *SIFA'* S.p.A, a company wholly-owned by BPER Banca, into UnipolRental S.p.A., a subsidiary of UnipolSai S.p.A. The merger is scheduled to take effect at the beginning of the second half of 2023 once the conditions precedent are fulfilled and the relevant corporate obligations are completed. As at the reporting date of this half-year consolidated report, BPER Banca has become the owner of a 19.987% interest in the share capital of UnipolRental, with which it has entered into a long-term commercial agreement for the referral of customers, through the Bank's branch network and, more generally, through the commercial channels of the BPER Group (excluding Bibanca S.p.A.) to UnipolRental for LTR products and services related to LTR contracts. The shareholding in *SIFA'* was therefore classified in "*Non-current assets and disposal groups held for sale*".
- *Deconsolidation of Sardaleasing*

The disposal of the subsidiary, aimed at simplifying the Group's oversight of the leasing proposition, is currently under review.

- *Creation of a Wealth Management & Asset Management hub*
  On 29 and 25 May 2023, the Boards of Directors of Banca Cesare Ponti S.p.A. (BCP) and OPTIMA S.p.A. – Società di Intermediazione Mobiliare approved the plan for the merger by absorption of Optima into BCP. Under the merger plan, the merger will take place by simplified procedure as BCP and Optima are wholly owned by BPER. The merger fits within the framework of the initiatives for the rationalisation and simplification of the BPER Group structure set out in the 2022-2025 Business Plan. In particular, the merger is functional to achieve the objective of gradually concentrating the Wealth Management & Asset Management segments of the BPER Group in Banca Cesare Ponti. This consolidation process will take place through the implementation of two separate corporate transactions: *i)* the merger by absorption of Optima SIM S.p.A. into BCP and *ii)* the transfer by BPER to BCP of a business unit consisting of *(a)* BPER's *private bankers*, *(b)* BPER's "*private banking*" customers and *(c)* their respective volumes of assets managed. Although they are part of the broader framework of the BPER Group's reorganisation, the Merger and the Transfer will take place at separate times and are formally independent of each other.

Organic growth levers

The Business Plan is structured into 5 project tracks that will make it possible to achieve a significant increase in profitability together with an improvement in efficiency and productivity:
- Enhancement of the national-scale multi-specialist bank model;
- Transformation into a fee-based revenue model;
- IT and business partnership;
- Simple, digital bank;
- People at the centre.

The project works mentioned above will be supported by 3 cross-cutting levers: i) de-risking and credit control, ii) new innovation model and iii) ESG infusion.
For more details on the project areas and the organic growth levers, please refer to the Directors' Report presented in the Consolidated financial statements for the year ended 31 December 2022.

3.2 Targets achieved in 2023

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

As part of the process of integration of the Banca Carige Group, on 3 June 2022 BPER Banca signed with Banco di Desio e della Brianza s.p.a. ("Banco Desio") an agreement for the sale to the latter of two separate business units consisting of 8 bank branches owned by Banco di Sardegna and 40 branches owned by Banca Carige (respectively, the "BdS business unit" and the "Carige business unit" and jointly the "Business Units"). The disposal of the Business Units to Banco Desio is designed to prevent the emergence of antitrust issues. Both Business Units include their respective legal relationships and assets and liabilities, including relationships and contracts with customers and employees belonging to each of the two Business Units.
The BdS Business Unit also includes the 5 branches that were the subject of the authorisation procedure of the Italian Competition Authority (AGCM) relating to the acquisition of Unipol Banca in 2019. The procedure was positively closed on 19 July 2022: the Authority acknowledged that, considered as a whole, the elements that had emerged during the investigation do not constitute a case of non-compliance. Furthermore, taking into account the transfer of these branches to Banco Desio, the Authority did not deem it necessary to impose new measures in addition to or in place of those envisaged by Provision no. 27842.

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

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

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

Continuing its de-risking and credit monitoring activities, the BPER Banca Group has completed the following UTP loan disposals.
Further to the agreements entered into with the Gardant Group, BPER Banca finalised the disposal of a portfolio of UTP exposures of BPER Banca and its subsidiary Banco di Sardegna for a total claimed amount of Euro 470 million on 27 April 2023. The transaction was finalised via the disposal of the loan portfolio to the securitisation vehicle "Loira SPV Srl", established under Law no. 130/99; the senior notes and 5% of the mezzanine and junior notes were subscribed for by BPER Banca, while the remaining securities – i.e. 95% of the junior and mezzanine notes – were subscribed for by companies controlled by funds of Elliott.
Further to the agreements entered into with AMCO – Asset Management Company S.p.A., the BPER Banca Group finalised, pursuant to and for the purposes of the provisions of art. 58 of Legislative Decree no. 385 of 1 September 1993 (the 'Consolidated Law on Banking'), of a non-recourse transfer against consideration of a portfolio of Unlikely to Pay ("UTP") exposures of BPER Banca and its subsidiary Banco di Sardegna as a pool for a claimed amount of approximately Euro 430 million to AMCO.

Again in the area of de-risking and credit control, preparatory activities continue for the finalisation of the Strategic Partnership Agreement with the Gardant Group, for the management of the BPER Banca Group's non-performing exposures. For this purpose, a NewCo named Bridge Servicing S.p.A. was established, with all obligations relating to the administrative authorisation applications being fulfilled, in order to start the activities under the partnership with the Gardant Group.

Disposals of single-name bad loans for a gross book value of Euro 11 million and disposals of likewise single-name UTPs for a gross book value of Euro 99 million were finalised in the first half of 2023.

Internal reorganisation of the BPER Banca Group

Merger by absorption of Italia Valorizzazioni Immobili into BPER REOCO

Following the completion of the merger by absorption of Banca Carige into BPER Banca, the latter acquired the 100% direct equity investment in Carige REOCO s.p.a., with registered office in Genoa.
As part of the initiatives targeted at rationalising and simplifying the real estate portfolio of the BPER Banca Group, in December 2022, the Boards of Directors of Carige REOCO and Italiana Valorizzazioni Immobiliari (IVI), a real estate company wholly-owned by BPER Banca, with registered office in Milan, approved the plan for the merger by absorption of IVI into Carige REOCO, with said company subsequently renamed BPER REOCO s.p.a.
The plan was drafted in simplified form, pursuant to art. 2505 of the Italian Civil Code, making provision for the full control of both companies participating in the merger; it was filed in the Register of Companies of Milan Monza Brianza and Genoa on 15 December 2022.
The merger resolutions were passed by the shareholders' meetings of IVI and Carige REOCO on 13 January 2023, while the merger deed was stipulated on 24 March 2023, effective from 1 April 2023 for legal purposes, with accounting and tax effectiveness being backdated to 1 January 2023.

Merger by absorption of BPER Credit Management into BPER Banca

On 6 February 2023, the plan for the merger by absorption of BPER Credit Management (BCM) into BPER Banca was filed in the Register of Companies of Modena, having obtained the necessary authorisations from the Supervisory Authorities.
The Merger fits within the framework of the initiatives for the rationalisation and simplification of the BPER Banca Group structure, including with a view to restructuring and improving non-performing loan management as part of an elaborate, broad project that also envisages the value enhancement and deconsolidation of the unlikely-to-pay ("UTP") and bad loan recovery platforms.
The merger resolutions were passed by the Boards of Directors of BCM and BPER Banca on 2 March 2023 and 11 March 2023 respectively. The merger deed was stipulated on 29 March 2023; the transaction has been effective since 31 March 2023 for legal purposes and accounting and tax effectiveness were backdated to 1 January 2023.

3.3 European Single Supervisory Mechanism (SSM)

BPER Banca and its banking Group are among Europe's significant institutions supervised directly by the ECB[9].
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 24 January 2022, after completing the 2021 annual SREP prudential review and evaluation process, the BPER Banca Group received notification from the ECB of the latest prudential requirements to be met on a consolidated basis pursuant to art. 16 of Regulation (EU) 1024/2013. Subsequently, on 31 August 2022, the ECB notified BPER Banca of its updated decision on the SREP requirements applicable to the Group following the acquisition of the Banca Carige Group. Based on the SREP outcome, the ECB decided that BPER Banca is required to maintain, on a consolidated basis, an additional Pillar 2 requirement[10] of 2.61%. This requirement may be held in the form of at least 56.25% of CET1 instruments and 75% of Tier 1. Finally, on 9 December 2022, as a result of the "pragmatic approach for SREP 2022" adopted by the ECB following the acquisition of the Carige Group, BPER Banca received an additional letter which confirmed the validity of the content of the SREP decision of 24 January 2022 and the associated update of 31 August 2022, in particular with reference to the supervisory capital requirements to be complied with.

The capital requirements[11] for 2023 are shown below:

- Common Equity Tier 1 Ratio: of 8.47%, being the sum of the minimum requirement pursuant to art. 92 of Regulation (EU) 575/2013 (4.50%), plus the additional Pillar 2 requirement in accordance with art. 16 of Regulation (EU) 1024/2013 (P2R component of 1.47%), plus the capital conservation buffer in accordance with art. 129 of Directive 2013/36/EU as transposed into national law (2.50%);
- Tier 1 Ratio: of 10.46%, being the sum of the minimum requirement pursuant to art. 92 of Regulation (EU) 575/2013 (6.00%), plus the additional Pillar 2 requirement in accordance with art. 16 of Regulation (EU) 1024/2013 (P2R component of 1.96%), plus the capital conservation buffer in accordance with art. 129 of Directive 2013/36/EU as transposed into national law (2.50%);
- Total Capital Ratio: of 13.11%, being the sum of the minimum requirement pursuant to art. 92 of Regulation (EU) 575/2013 (8.00%), plus the additional Pillar 2 requirement in accordance with art. 16 of Regulation (EU) 1024/2013 (P2R component of 2.61%), plus the capital conservation buffer in accordance with art. 129 of Directive 2013/36/EU as transposed into national law (2.50%).

In accordance with regulations for the prudential supervision of banks, failure to comply with the CET1 Ratio and Total Capital Ratio minimum requirements would lead to limitations on the distribution of earnings and the need to adopt a plan for the conservation of capital.
These quantitative capital targets are accompanied by qualitative requirements for reporting to the ECB, including the management of Non-Performing Exposures (NPEs)[12].

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

At the end of July, the EBA announced the outcomes of the regulatory stress test initiated in early 2023. Please refer to the paragraph "Events after the reporting period as at 30 June 2023" for further evidence.

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

[9] 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.
[10] Regulation (EU) 1024/2013, art. 16, P2R component.
[11] For the capital requirements of BPER Banca, please refer to section 6.2 "Own funds and capital ratios".
[12] The ECB recommended that BPER Banca should implement, only for Pillar 2 regulatory purposes, a linear adjustment of its coverage levels for the stock of non-performing loans outstanding at 31 March 2018 until full coverage is achieved, with the following objectives:

- for secured NPEs older than 7 years, achieve 70% coverage by year end 2023, with a linear adjustment path to full coverage by year end 2026;
- for unsecured NPEs older than 2 years, achieve 80% coverage by year end 2023, with a linear adjustment path to full coverage by year end 2025.

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

3.4 Other significant events

Evolution of BPER Real Estate: increase in share capital

On 8 February 2023, BPER Banca's Board of Directors resolved upon the transaction involving the paid and indivisible share capital increase of BPER Real Estate, with the exclusion of the option right, pursuant to art. 2441, paragraph 4, of the Italian Civil Code, to be reserved for subscription for the Parent Company BPER Banca, through the issue of new ordinary shares to be paid in kind through the transfer of some real estate units.
On 27 March 2023, the Extraordinary Shareholders' Meeting of the company BPER Real Estate S.p.A. was held, which resolved to increase its share capital from Euro 138,694,095 to Euro 159,233,925. The new ownership structure of the company after the share capital increase is as follows: BPER Banca owns 1,366,972 shares representing 74.6867% of the share capital and Banco di Sardegna owns 463,303 shares representing 25.3133% of the share capital.
These changes have been effective since 29 March 2023, when the notarial deed was registered with the Modena Companies Register.

3.5 Events after the reporting period as at 30 June 2023

On 28 July 2023, the European Banking Authority (EBA), in cooperation with the European Central Bank (ECB), and the European Systemic Risk Board (ESRB) announced the outcome of the 2023 EU-wide stress test. Characteristics of the stress test exercise:

- the EU-wide stress test does not contain a pass/fail threshold and instead is designed to be used as an important source of information for the purposes of the Supervisory Review and Evaluation Process (SREP). The results will assist competent authorities in assessing BPER's ability to meet applicable prudential requirements under stressed scenarios.
- the adverse stress test scenario set by the ECB/ESRB is particularly severe and covers a three-year time horizon (2023-2025).

BPER notes the announcements made about the EU-wide stress test and acknowledges the outcomes of the exercise.
The stress test was carried out under a static balance sheet assumption as at 31 December 2022 subject to a number of methodological constraints and without taking into consideration future business strategies and management actions. Therefore, the stress test results are not a forecast of the BPER Banca Group's financial performance or capital adequacy.

BPER's capital strength is confirmed by the following results, to be compared with a CET1 ratio fully loaded of 12.04% at the starting point (31 December 2022[13]):

- baseline scenario: 2025 fully loaded CET1 ratio at 16.00%, corresponding to 396 bps higher than the fully loaded CET1 ratio as at 31 December 2022;
- adverse scenario: 2025 fully loaded CET1 ratio at 7.89%, corresponding to 415 bps lower than the fully loaded CET1 ratio as at 31 December 2022.

[13] These results are not comparable with the outcome of the corresponding exercise run in 2021, which BPER was excluded from due to the impact arising from the planned acquisition of the Intesa Sanpaolo Group's carve-out.

4. Value creation for the stakeholders of the BPER Banca Group

4.1 Sustainability targets of the BPER Banca Group

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.
The new Business Plan presented on 10 June 2022 has traced the Group's line of development in ESG with the aim of creating long-term shared value by focusing on sustainability issues as part of the corporate business model. Building on its international commitments, the Group intends to improve its leadership in the management of ESG issues in order to become more efficient, competitive and be a credible and reliable partner of its clients in creating a more sustainable, equitable and inclusive society.

In relation to the creation of value for stakeholders, the BPER Banca Group highlights its compliance with the time-schedule for the achievement of the challenging objectives set through the ESG Infusion tool in its Business Plan.
For more details on said project areas, please refer to the Sustainability Report as at 31 December 2022.

The Sustainability Report of the BPER Banca Group (containing the consolidated Non-Financial Statement required by Decree 254/16) is prepared according to the Guidelines of the Global Reporting Initiative - GRI Standards, with the aim of explaining to stakeholders how the wealth generated is redistributed across the areas of the Group's footprint and analyse its impact on the environment and society, with a 360 degree assessment of the market risks and opportunities present in the current operating environment.
This document, together with the

- "TCFD Report", which provides a detailed overview of the strategies and the actions implemented by the BPER Banca Group to manage risks and take advantage of opportunities related to climate change, as well as to allow stakeholders to better understand how the institution is integrating sustainability in its decisions and activities; and
- the Report "Principles for Responsible Banking" which contains assessments on the value chain, the steps taken and the commitments undertaken by the Group to achieve the UN Sustainable Development Goals

represent the actions the Institution is taking to highlight the initiatives implemented to promote responsible and sustainable banking, as well as to evaluate and manage environmental, social and governance risks.

ESG Management

During the first half of 2023, the BPER Banca Group carried out ESG management activities in the following main areas:

- quarterly monitoring of the progress of ESG projects contained in the Business Plan (ESG Infusion);
- Implementation of the masterplan of the interventions aimed at identifying and managing the climate-related and environmental risks identified by the GAP Analysis requested by the ECB;
- definition of the ESG KPIs to be included in the remuneration policies of the Top Managers and MRTs;
- coordination of Energy and Mobility management activities;
- implementation of the Energy Plan;
- launch of the "Piantiamola" competition to support soft mobility (racing between colleagues who reach the workplace by bicycle, on foot or with an electric scooter);
- Design and implementation of ESG Week, digital events for cultural dissemination on ESG issues (ESG Game, Impact Workshops, ..);
- start of the national roadshow "Sustainability: present and future of Italian SMEs between risks and opportunities", involving the Regional Departments;
- collection of data and drafting of the CDP - Carbon Disclosure Project questionnaire;
- collection of data and drafting of the Corporate Sustainability Assessment questionnaire of S&P (rating ESG);
- start of data collection activities and support for the S&P ESG Evaluation, Fitch ESG Evaluation, Sustainalytics (ESG rating);
- implementation of the ESG data needed for credit reporting and granting activities;
- activities for the definition of a sustainability rating system covering Group suppliers (a project included in the Business

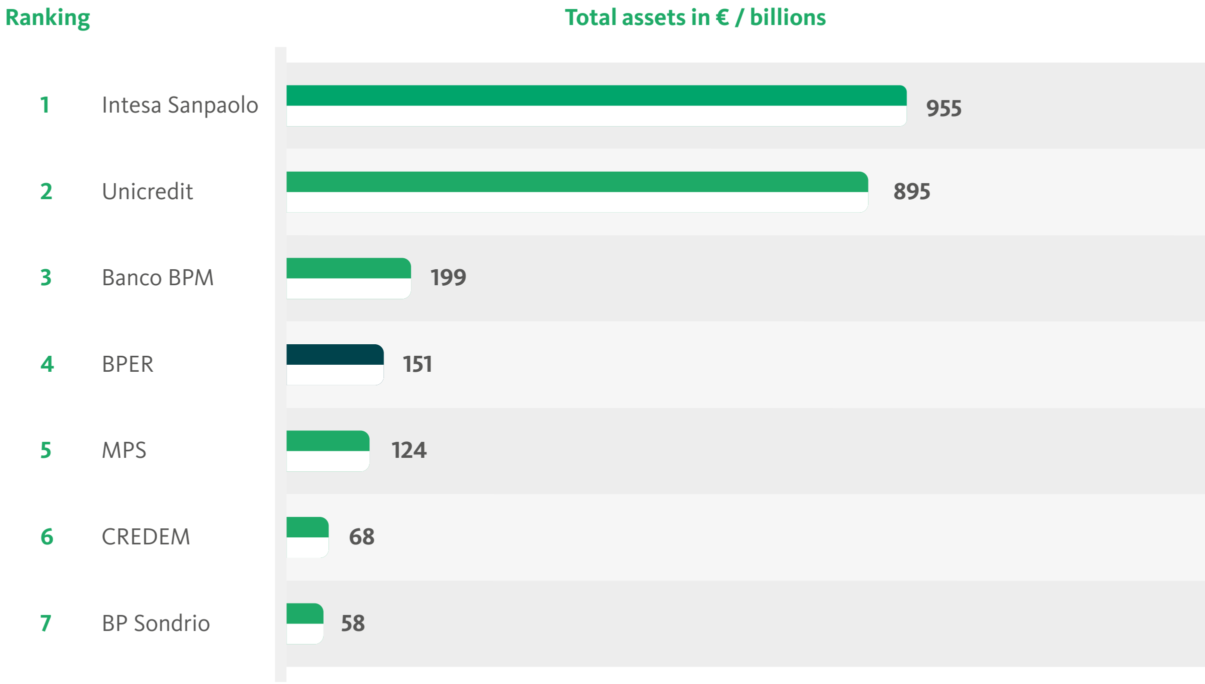
Plan);
- management of "unsolicited sustainability ratings" that assign a rating to the bank (for example MSCI ESG, ISS ESG, Moody’s Analytics);
- progress in the Net Zero Banking Alliance project; the objective of the first step of the project is the definition of the decarbonisation targets of the credit portfolio for more carbon-intensive sectors; the targets must be in line with the Paris Agreement;
- implementation of the requirements of Legislative Decree no. 2088 on the transparency of financial markets in the ESG area;
- organisation and delivery of the “Ethics in BPER” course;
- definition of the Diversity Management Action Plan;
- monitoring of micro credit activities (Agreement with PerMicro and Ente Nazionale Microcredito);
- verification of full compliance with the Group Policy for the regulation of relationships between the BPER Group companies and defence operators, weapons manufacturers and dealers;
- collaboration with FEDUF (ABI Foundation for financial education and saving);
- design and implementation of financial education activities (e.g. project “GRANDE!”);
- implementation of projects with a positive social impact at national level (e.g. Present4Future, in collaboration with the Abele Group and B-education, financial education project for university students);
- promotion of activities against pathological gambling in collaboration with the ATS Health Protection Agency of Bergamo;
- participation in various working groups (ABI, Fondazione per l’Educazione Finanziaria e al Risparmio, Forum per la Finanza Sostenibile, Associazione aziende modenesi per la RSI, Impronta Etica, Centro Servizi per il Volontariato di Modena, etc.) OICBR about topics of Sustainability, sustainability reporting, Sustainable Finance, Climate Change, Welfare, financial inclusion;
- promotion of crowdfunding campaigns from customers and employees for important social causes;
- organisation of a graduation award in the memory of Andrea Cavazzoli to students graduating from a university in the Emilia-Romagna Region who submitted a brilliant thesis for their postgraduate or second level degree course on corporate social responsibility during the last academic year;
- confirmation of membership (and related reporting) of the Global Compact Network, Sodalitas, Impronta Etica and CSR Manager Network, and management of the related activities.

4.2 Market positioning

The BPER Banca Group operates mainly in the traditional banking sector, i.e. loans and deposits and providing credit to customers, who are mainly represented by households and small and medium-sized corporates.
The Parent Company BPER Banca operates throughout the country, except for the Sardinia Region which is overseen by Banco di Sardegna.
At 30 June 2023, the Group’s network consists of 1,759 branches located in all Italian regions and one branch office in the Grand Duchy of Luxembourg, with a domestic market share, updated to 31 March 2023, of 8.35%. On the Italian banking scene, the BPER Banca Group ranks fourth by total assets and loans.

Positioning with respect to competitors

Figures at 3o June 2023 (total assets n Euro/billion)



Source: Management reporting and benchmarking of Banking Groups' financial statements at 31.03.2023

Within the domestic banking system, the BPER Banca Group's market share of loans to customers, excluding bad loans, was 5.06% at 31 March 2023, while its market share of deposits was 5.41%.

4.3 Lending policies

The BPER Banca Group is operating in a context, the main dynamics of which have been illustrated in Chapter 1 of this Report. The reference context has been characterised in 2023 - in summary - by an economic slowdown, albeit with better-than-expected performances, and with an upward revision of prospective outlooks. Following on from the trend observed in the second part of 2022, the effects of inflationary dynamics and the energy shock continue to persist, partially recovering in the last few months, as does the restrictive policy stance, which has a substantial impact on the cost of credit. In this regard, the increase in the costs of servicing debt exposes households and businesses to an additional financial increase.
In particular, in the face of the constantly evolving context, in the first half of 2023 the Group carried out a targeted partial review of its Credit Policy guidelines, with the aim of strengthening the supervision and support of the specific industrial micro-sectors considered most impacted by the macroeconomic effects (i.e. commercial channels, procurement of raw materials, increase in production costs and interest rates).
Initiatives were also launched to reduce the burden of instalments on households, by switching loans from a floating rate to a fixed rate or with suspensions or term extensions.

Guidelines were confirmed for attaching priority to the promotion of "green" financing and "technological innovation", cross-cutting all sectors of the economy and capable of ensuring greater competitiveness for recipient companies. The operations connected with the achievement of the objectives defined under the National Recovery and Resilience Plan (NRRP) were also confirmed.

4.4 Management and development of the Information System

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

Information Technology Area

The CIO area is continuing to work on its projects according to the main strategic guidelines identified for Information Technology, in the following areas:

- *Digital and data centric application architecture*: updating of the Bank's application architecture, modernisation of the obsolescence areas of the information system and industrialisation of the delivery operating model.
- *Hybrid Cloud infrastructure*: rationalisation of data centres and renewal of central infrastructures, to improve the stability, resilience and performance of the services provided.
- *Enterprise Architecture and IT Services:* evolution and redefinition of IT enterprise architecture, IT data architecture and verticals in support of the IT software cycle (Design Factory and Test Factory).
- *Digital Factory and channel upgrade:* Design, set-up and adoption of a new Modern Delivery model, including the strengthening of the workforce and up-skilling and re-skilling initiatives; evolution of card application architecture (OLI authorisation and Application Centre decoupling), evolution of content management platform (LifeRay).

IT Security Area

During the first half of 2023, the BPER Banca Group implemented projects in line with the contents of the 2022-2025 Strategic Security Plan, details of which are provided below:

- preparation of the Annual Report on the Group's Security results;
- refinement of the security governance area;
- enhanced awareness-raising of employees on cybersecurity issues;
- as regards security architecture, formalisation of the architectural security requirements and enhancement of security controls, through the acquisition of new technologies;
- execution of the Cyber Defence Assessment through the simulation of IT security incidents in Table Top mode, in order to test the security incident management process, highlighting strengths and areas of improvement;
- execution of the pilot project relating to monitoring of the security controls put in place by the IT Third Parties, targeted at bolstering the model that makes it possible to assess their level of exposure to IT security threats;
- definition of guidelines for standardising the model for monitoring the physical security measures for the Bank's buildings.

Data & Analytics

In a context of continuous growth and with the goal of raising awareness of data as a source of value added for all of the Bank's functions, various initiatives were designed and implemented; the Data Driven approach is always present, with the projects set out in the Business Plan.

In order to enhance the quality of corporate information assets, to be compliant with the principles implemented by the Basel Committee on Banking Supervision, phase II of Programme BCBS-239 was launched, which includes the preparation of processes and operating instructions, initiatives to improve information on risk data and the creation of methodologies for control functions, relevant for regulation purposes.
The activity of the Permanent Data Quality Working Groups continues, to facilitate coordination between the various players in the remediation process and facilitate the management of more complex issues.

4.5 Real estate sector

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

At 30 June 2023, the BPER Banca Group had the following real estate companies:
- BPER Real Estate S.p.A. (BPER RE), with registered office in Modena and an investee of BPER Banca S.p.A. (control) and Banco di Sardegna S.p.A., manages and enhances the value of the Group's property assets (partly used in banking operations);
- Adras S.p.A. based in Milan and wholly controlled by BPER Banca, owner of a single asset (Centro Commerciale Tanit, in Sassari.
- BPER REOCO S.p.A. (REOCO), with registered office in Milan and wholly-owned by BPER Banca S.p.A., took over the company Italiana Valorizzazioni Immobiliari s.r.l. during the six-month period. (IVI), active in the management and value enhancement of real estate assets arising from non-performing exposures of the BPER Banca Group;
- Sant'Anna Golf s.r.l., wholly owned by REOCO, with registered office in Genoa, owner of the "Sant'Anna Golf Club" property complex, and active in the golf club management and development;
- Annia s.r.l. with registered office in Milan, incorporated on 6 February 2023 and wholly-owned by REOCO, which on 20 February 2023 completed the purchase of the business unit from the company Immobiliare Turistica PB Srl;
- Commerciale Piccapietra s.r.l., wholly owned by BPER Banca, with registered office in Genoa, owner of a commercial licence.

During the first half of 2023, the main activities to be highlighted in relation to management of the real estate segment were as follows:

- Internal restructuring of the real estate portfolio, transferring properties from BPER Banca to BPER RE for a total of Euro 31.4 million;
- acquisition of the Immobiliare Turistica business unit. The company Annia srl acquired the business unit from the company Immobiliare Turistica PB Srl, comprising the Portogruaro (VE) shopping centre, together with the receivables and payables related to said shopping centre;
- Project involving the renovation of the Modena Management Centre: the project will incorporate three separate redevelopment phases, starting with the works on Building A, to be completed by September 2024, followed by works on Building B, to be completed by September 2025, and lastly, the works on Building C and the external areas, to be finished by September 2026. At the end of the works, the complex will provide 1,266 workstations for a total workforce of approximately 1,500 people. The site, consistently with the process of certification to the LEED GOLD and WELL standards, will meet the highest standards of sustainability and personal comfort. The executive design of the works on Building A and the assignment of strip-out works relating to the building itself are at the conclusion phase at present. The tender will commence at the start of September to identify the partner who will be entrusted with the site construction works;
- Project for the restructuring of the Regional Head Offices in Ancona and Naples: the executive designs are being finalised for the redevelopment of the buildings and subsequent consolidation in owned buildings making it possible to release the leased offices. Activities will commence in the second half of 2023 and will last around 15 months; Both projects will be LEED certified;
- Project for renovation of the building in Rome - Via Bissolati, to be used as the Parent Company's main headquarters in the capital: the preliminary design has commenced. The design is expected to be completed by the end of 2023 with works set to get underway in the 1st quarter of 2024; the Rome project will be LEED certified;
- also at the properties in Ferrara – Palazzo Koch – and L'Aquila - Palazzo Farinosi-Branconio, executive designs are being finalised which will see these two properties become the two main museum offices of BPER's "La Galleria", which will display the Group's artistic heritage. When the design of the Koch building is completed, works will commence in the second half of 2023 and last roughly 18 months. In relation to the Farinosi building, post-earthquake reinforcement and renovation works are continuing and they will likewise last around 18 months;
- Renovation project in Sassari – Via Padre Zirano: renovation works have commenced with a change of use from management to accommodation. Works are expected to be completed in the first quarter of 2024, in conjunction with the effectiveness of the lease with B&B Hotel (18-year contract already signed without the possibility of withdrawal, at a minimum guaranteed rent of Euro 195,000 per annum);
- participation in the Tender published by the Università Federico II of Naples, aimed at finding a property for educational/laboratory use in the Municipality of Ercolano, in order to increase the value of the property complex owned by the company BPER RE, located in the Municipality of Ercolano (NA), in a semi-central zone, currently under construction and to be used for "university/research centre" purposes.

In the first half of 2023, property sales totalling Euro 20 million were finalised.

4.6 Human resources

The human resources of the BPER Banca Group are coordinated by the Chief Human Resources Officer (CHRO) function, which works in close collaboration with the various personnel functions at Group banks and companies.

Recruiting

In the first half of 2023, the recruitment of external resources was very much centred on the demand for specialist job roles with a strong focus on the gender equality objective.
Significant projects were managed to strengthen the workforce of central head office structures, such as, for example, the inclusion of professional staff in the structures of the Chief Operating Officer, the Chief Risk Officer, the Chief Audit Officer and the Chief Retail & Commercial Banking Officer , especially in the Retail, with expertise in financial advisory services. Note should also be taken of the important activities targeted at enhancing the new Digital Business Department, as well as recruiting and hiring a significant number of persons belonging to the protected categories.
At the same time, the process of selecting junior roles to replace outgoing personnel was managed for Bibanca and Banco di Sardegna. Less relevant, but still ongoing, is the activity carried out for the other Companies of the Group. In addition, the hiring of junior staff under temporary staffing agreements was overseen, mainly in the retail sector, to replace outgoing staff and to support internal deals.

Management and Development of Resources

The opening of 2023 was characterised by consolidation, with the merger of Banca Carige completed just over a month earlier which, moreover, in compliance with the Antitrust legislation, had an offshoot in February 2023, through which the BPER Banca Group transferred 48 branches to Banco Desio, of which 40 of BPER Banca and 8 of Banco di Sardegna.
Management activity was nonetheless intense, targeted at all possible opportunities for the gradual onboarding of each employee, as required by the phases of consolidation that follow extraordinary transactions.
The effects of a “business portfolio resegmentation”, prepared and defined in the second half of 2022, materialised at the start of 2023. More specifically, the transfer, from the Network organisational units to the Business Centres, of the management of customers with annual turnover of between Euro 5 and Euro 10 million was registered. The transfer concerned a significant number of companies and, at the same time, caused a significant adjustment to the workforces of the Business Centres impacted, both in terms of Relationship Managers, managers specialised in commercial relations, and Corporate Assistants, professionals dedicated to overseeing the more strictly technical and analytical aspects.
The branch rationalisation plan continued and led to the closure of 96 BPER Banca branches and 10 Banco di Sardegna branches in March 2023.
The “voluntary redundancy scheme” is also continuing regularly: after 892 employees left in 2022 (of whom 161 from former UBI/ISP), a further 361 left (of whom 36 from former UBI and 49 former Carige) during the first half of 2023.
In the meantime, organisational changes continued and, during the first half, the construction of the new Strategy Area and the partial reorganisation of the Area of the Chief Retail & Commercial Banking Officer were managed.
As part of the process of rationalising the management of bad loans and UTPs, the merger by absorption of BPER Credit Management into BPER Banca at the end of March and the subsequent reorganisation of the Non-Performing Loan Department are worthy of note, with the establishment of a single new Credit Management & Workout Department.
Likewise worthy of note is the organisational overhaul of the Wealth Management hub, which will lead, over the next few months, to a new general structure for the Chief Private & Wealth Management Officer, Optima SIM and Banca Cesare Ponti.
The development context also incorporates the “moving” of structures and activities, aimed at optimising the Sourcing and Deployment balance between available resources and company requirements, by also using hubs relocated with the goal of reducing logistics problems for employees. From this perspective, the distribution of on-line branches throughout the territory will generate positive impacts, whose growth, including in size, will enable coverage of the on-line channel coupled with physical branches.
The framework described is the setting for the evolution of the corporate strategy and the structures used to pursue it; the former is achieved and the latter function thanks to the assignment of the right role to each member of staff, both with a view to efficient and effective operations, and professional and managerial development, a priority goal of all management initiatives, increasingly more visible also in the specialisation of the functions assigned to the Chief HR Officer.
Therefore, the result achieved at the end of 2022 on the quantitative part of Sourcing/Deployment was extremely important, to be viewed in a positive light coupled with the many Training and Development initiatives that have supported both Bank and employee growth; both trends also continued for 2023, however with visibly growing attention on the decisions that foster the development of diversity, in particular, during this phase, gender diversity.

Cost control, resource planning and remuneration policies

The first half of 2023 was characterised by mass staff exits, linked to the voluntary redundancy scheme set forth in the current Business Plan. In conjunction with these exits, branches/offices belonging to Banca Carige and Banca Monte Lucca were aligned with and incorporated in BPER Banca.
In order to identify any possible critical situations well in advance, systematic personnel analysis and planning activities were developed.
The activities of routine monitoring and budgeting of personnel costs were also guaranteed.

With regard to the remuneration policies, the CHRO functions, working together with other competent business functions, have helped the Governing Bodies define remuneration policies based on analyses and the monitoring of the Group and the banking system. These activities guaranteed consistent implementation of the resolutions adopted at the Shareholders' Meeting, while also defining and managing the MBO (Management By Objectives) process, the performance incentive and the Long-Term Incentive plans.

The 2023 Remuneration Policy is strictly related to the strategic guidelines set out in the Business Plan, with reference to the economic-financial objectives and the environmental, social and governance impact.
In particular, the 2023 Remuneration Policy is based, among other things, on the following principles:
- alignment between remuneration and sustainable performance, through a variable remuneration policy structured into short and long-term incentives intended for an increasingly broader section of company staff;
- challenging economic-financial objectives and with a positive impact for the environment and society incorporated in the ESG goals that the Bank has set;
- application of Bonus pools linked to the overall results achieved by the Group or by the specific segment of personnel who are the recipients of the reference budget;
- consolidation of safeguards to guarantee the gender neutrality of the Remuneration Policy.

Learning, Development and Talent

In the field of Learning, Development and Talent (LD&T), numerous working groups were set up in the first half of 2023 on the back of the actions of the Business Plan.
In relation to the Training component, the delivery of the training plan for the first half of 2023 was characterised by digitalised training activities, with the exception of some courses which could be offered in a "face-to-face setting". More specifically, managerial courses like CEB (Cultivating Emotional Balance), behavioural initiatives related to the topics of focus and conflict management.
Various training courses were also launched, designed ad hoc based on the real needs of domestic customers, to best support the reorganisation operations of some Departments in progress and in the making, with varied and well-structured underlying objectives.
Some examples: in order to facilitate the development of a common and effective language (CAO), to promote interfunctional cooperation and coordination (CLO), to accommodate role and structure change and transformation (CLO-CRCBO), to boost teamwork also thanks to the search for balance and motivation (CRO), to strengthen abilities in project management (CAO-CRCBO), by favouring a real transformation of daily behaviour.
The new training offer "Learning in Action" was launched in April, which will allow internal structures to take advantage of training courses on skills and behaviour and on technical know-how.
A training course was launched in April in cooperation with the Università Cattolica del Sacro Cuore, defined as an Executive Course in "Corporate & Investment Banking", which involves the Managers of the Business Centres and the Corporate Relationship Managers.
Training activity continues on the LMS "BLearning" platform, which contains regulatory and mandatory courses, numerous tutorials built by service model relating to onboarding to the role, processes, procedures and products relating to individual service models, a new section dedicated to Diversity and Inclusion and a new section hosting the catalogue of Exempla Webinars for the BPER Banca Group's managers.
In terms of the various initiatives, the courses on Inclusive Leadership, Post-Pandemic Banking, the modular initiative for HRBPs, the managerial check-up for the ESG managers appointed by the Bank, were especially warmly received.
Mandatory training (taken on-line) was maintained which, in the first half, was mainly centred on:
- IT Security, courses intended for all personnel;
- Analysis of cases of Anti-money laundering (Customer due diligence and Reporting of Suspicious Transactions, courses intended for network and semi-centre employees);
- Privacy: Data Breach and the Data Processing Manager (courses intended for all personnel).

In the first half of the year, the first tranches of training courses, which will be completed in September 2023, were also made available to colleagues who have to maintain their IVASS and MIFID certifications.
After the interruption due to the Covid-19 pandemic, in-presence training on Health and Safety continues, as it cannot entirely be provided on-line, due to regulatory provisions.

On the Development and Talent side, managerial development activities related to the project Exempla2 continued, involving both the return of closing feedback for managers of the second edition and the design and launch of assessments for the third edition of the project. In addition, the organisation and coordination of managerial drills continued and the third internal Mentorship programme closed, which continued to record very high levels of satisfaction from all participating employees.
A cycle of webinars was launched dedicated to "Scuola di Fallimento", to promote a healthy culture of making mistakes and failure, also to support new and innovative company projects and the host of change processes, which will continue in the last four months of 2023 with focus drills.
Among the projects of the Business Plan, the working groups related to the Mapping and Roll-out of the Roles and Skills catalogue have almost been completed, both for the distribution network and for the semi-central structures and central management as a tool to map professional paths within professional families. The first phase of the project for the creation of Succession Plans was completed. The Talent Project was launched, which makes provision for the identification of a talent pool within the company and which will be consolidated in the second half of 2023, with some courses delivered in 2024.
The LD&T structure also took an active role in defining the Operating Plan for the development of gender diversity, which will involve a number of training and development initiatives targeted at the empowerment of female leaders.

Labour relations

As regards the Group's trade union relations, discussions with the Trade Union Organisations progressed straight-forwardly also for the definition of the agreements relating to the 2022-2025 Business Plan of the first half. In particular, an agreement was reached in the first quarter with reference to the transfer of the business unit comprising the former Carige and Banco di Sardegna bank branches to Banco Desio e della Brianza (Agreement dated 3 February 2023), and an agreement was reached for the rationalisation of Group branches (Agreement dated 15 March 2023). Negotiations continued in the second quarter, with agreements relating to the merger of BPER Credit Management S.p.A. in BPER Banca, Agreement of 3 May 2023, and with the extension of the Voluntary Redundancy Scheme (Agreement of 28 December 2021), regulating its contents in the Agreement of 6 May 2023).
The company is constantly committed to protecting the health and the work-life balance of its personnel, continuing to offer smart working and smart learning.
Work has continued for further development of the Welfare Plan in light of the changes in the regulations governing corporate welfare, the steady increase in the use of benefits and services by employees, and the numerous agreements on bonuses signed with the unions in order to take advantage of the important regulatory developments.

Labour Law & Litigation

During the first half of 2023, the company defined individual contracts for 225 specialist professionals, including high standing, as well as made permanent (on apprenticeship or open-ended contracts) 99 employees initially hired on agency contracts.
More than 2,000 part-time contracts were managed, in the form of new concessions involving the reduction from full-time hours, extensions of previous contracts, or changes of hours.
Advice was provided in the field of labour law within the HR function and the equivalent structures of the Group's Banks and Companies.
In order to monitor disciplinary issues, the office also managed the relevant procedures and the process envisaged in the legislation, and managed out-of-court and in-court dispute cases (in both proceedings brought by/against the company), relating to the Parent Company's personnel.

4.7 Media Relations

In the first six months of 2023, the activities of the Media Relations office were focused on many important institutional appointments and events in the life of the Group, as well as a series of important initiatives that required effective and widespread communication, with the aim of adequately enhancing the various transactions carried out.

Specifically, the following have taken place:

- communication relating to the change of managers of the Regional Departments Emilia Ovest and Liguria, with dedicated interviews on the local information bodies;
- coordination of communication activities relating to support for the Turkish-Syrian population hit by the earthquake and

the Emilia-Romagna population hit by the flood;
- events and activities related to the Strega Prize literary award, Strega Prize for Children's Literature, Strega Prize for Youngsters, Strega Prize Tour, Strega Prize for Poetry (sponsored by the Bank). On 6 July 2023, the Bank also attended the presentation of the Strega Prize at the "Villa Giulia" National Etruscan Museum in Rome. These events received broad media attention as a result of press releases, radio and TV interviews and social media communication;
- coordination of media relations regarding the “Fondazione Centocinquantesimo” study grants awarded by BPER in 2023 to deserving upper school students resident in the Italian provinces served by the Bank;
- provision of news to the media on the Bank’s activities, including awards received, partnership agreements, dedicated loans, new appointments, conferences, sponsorships and events;
- coordination of communication activities relating to the new exhibitions at the BPER Banca Art Gallery and the Historical Archive;
- coordination of communication activities relating to THEGATE2023, on the occasion of Brescia Bergamo Capitale della Cultura (Capital of Culture), for which the Bank is the main sponsor;
- coordination and organisation of the Forum Eventi meetings. A total of 11 meetings were organised: 9 Forum Events and 1 Strega Prize event “Incontro con i finalisti” (meeting with the finalists) and 1 Festivalfilosofia event, both at the Theatre of the San Carlo Foundation;
- organisation of round tables in the various areas (2 in partnership with Corriere della Sera, 3 with QN-Carlino-Nazione-Giorno, 1 with Il Sole 24 Ore, with the participation of our top managers);
- organisation of various conferences, including an event with Siderweb, the Italian steel industry representatives;
- communication activities relating to the publication of the new Sustainability Report and Corporate Social Responsibility activities.

In volume terms, over 28,000 articles (press and web) mentioned BPER Banca during the first six months of 2023 in relation to: corporate activities and governance, institutional news, initiatives in favour of customers and the community, changes in the presence and structure of the Group, initiatives concerning corporate social responsibility.
BPER Banca was mentioned on national and local television about 500 times in the above period.

5. Scope of consolidation of the BPER Banca Group

5.1 Composition of the Group as at 30 June 2023

The BPER Banca Group has been registered since 7 August 1992 with code no. 5387.6 in the Register of Banking Groups referred to in art. 64 of Legislative Decree 385 of 1 September 1993.
The following is a list of the Banks and Companies included in the scope of consolidation at 30 June 2023, 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 Consolidated notes to this half-year Consolidated financial report.

The scope of consolidated companies has changed compared to 31 December 2022 as:
- on 6 February 2023, the company Annia s.r.l. was incorporated, wholly-owned by BPER REOCO s.p.a. The company was incorporated in execution of the resolutions passed by the Parent Company aimed at defining the management of a UTP loan;
- on 29 March 2023, the deed for the merger by absorption of BPER Credit Management s.cons.p.a. into BPER Banca was stipulated. Please refer to the chapter in this Report entitled "*Significant events and strategic transactions*" for further details on the transaction;
- On 1 April 2023, the company Italiana Valorizzazioni Immobiliari was merged in BPER REOCO s.p.a. Please refer to the chapter in this Report entitled "*Significant events and strategic transactions*" for further details on the transaction;
- On 28 April 2023, the company Bridge Servicing s.p.a. was incorporated, wholly-owned by BPER Banca. The company was incorporated to support the BPER Banca Group to manage debt collection.

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

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

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 95.820% of the preference shares, representing 99.373% of total capital;
4) Bibanca s.p.a., based in Sassari (99.130%)[15];
5) BPER Real Estate, based in Modena, real estate company (100%)[16];
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) BPER Factor s.p.a., based in Bologna, a factoring company (100%);
8) Optima s.p.a. SIM, based in Modena, investment broker (100%);
9) Sardaleasing s.p.a., based in Sassari, leasing company (99.779%)[17];
10) Arca Holding s.p.a.[18] based in Milan (57.061%);
11) Arca Fondi SGR s.p.a. based in Milan, asset management company wholly owned by Arca Holding s.p.a.;
12) Finitalia s.p.a. based in Milan, company that specialises in consumer lending (100%).
13) Banca Cesare Ponti s.p.a., based in Milan (100%);
14) BPER REOCO s.p.a., based in Milan, construction company (100%);

[14] Unless otherwise specified, the percentage shown refers to the Parent Company.
[15] Held by: the Parent Company (78.608%) and Banco di Sardegna s.p.a. (20.522%).
[16] Held by: the Parent Company (74.687%) and Banco di Sardegna s.p.a. (25.313%).
[17] Held by: the Parent Company (52.846%) and Banco di Sardegna s.p.a. (46.933%).
[18] The company is not a member of the Banking Group.

b) Other subsidiaries measured using the equity method[19]:

1) Estense Covered Bond s.r.l. based in Conegliano (Treviso), a vehicle for the issue of Covered Bonds under art. 7 *bis* of Law 130/99 (60%);
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 (TV), a vehicle for the issue of Covered Bonds under art. 7 *bis* of Law 130/99 (60%).
4) Carige Covered Bond s.r.l. based in Genoa, a vehicle for the issue of Covered Bonds under art. 7 *bis* of Law 130/99 (60%);
5) Carige Covered Bond 2 s.r.l. – in liquidation, based in Genoa, a vehicle for the issue of Covered Bonds under art. 7 *bis* of Law 130/99 (60%);
6) Argo Mortgage 2 S.r.l. - in liquidation, based in Genoa, a special purpose vehicle pursuant to Law no. 130/99 (60%);
7) Lanterna Finance s.r.l., based in Genoa, special vehicle company pursuant to Law no. 130/99 (5%);
8) Lanterna Lease s.r.l. - in liquidation, based in Genoa, a special purpose vehicle pursuant to Law no. 130/99 (5%);
9) Lanterna Mortgage s.r.l., based in Genoa, special vehicle company pursuant to Law no. 130/99 (5%);
10) Centro Fiduciario C.F. s.p.a. - in liquidation, based in Genoa, trust company (96.95%).

In addition to the above companies that belong to the Banking Group, the following direct and indirect subsidiaries are including in this cluster at 30 June 2023, even though they are not included in the Group since they do not contribute to its banking activities[20]:

- Adras s.p.a. (100%);
- Bridge Servicing s.p.a.(100%);
- SIFA' - Società Italiana Flotte Aziendali s.p.a. (100%);
- St. Anna Golf s.r.l., 100% wholly-owned by BPER REOCO;
- Commerciale Piccapietra s.r.l. (100%);
- Annia s.r.l., 100% wholly-owned by BPER REOCO.

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

c) Associated companies consolidated under the equity method:

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[21]., based in Modena (45%);
9) Sarda Factoring s.p.a., based in Cagliari (21.484%)[22];
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%).
12) Autostrada dei Fiori s.p.a., based in Imperia (GE) (20.620%);
13) Nuova Erzelli s.r.l., based in Genoa (40%);
14) Gility s.r.l. SB, based in Milan (50%).

[19] Following alignment of the scope of consolidation for accounting purposes with that used for supervisory purposes.
[20] Following alignment of the scope of consolidation for accounting purposes with that used for supervisory purposes.
[21] The company was placed into liquidation on 4 July 2023.
[22] Held by: Banco di Sardegna s.p.a. (13.401%) and the Parent Company (8.083%).

6. The BPER Banca Group's results of operations

6.1 Balance sheet aggregates

The most important balance sheet aggregates and captions at 30 June 2023 are presented below on a comparative basis with 31 December 2022, in thousands of Euro, indicating the changes between periods in absolute and percentage terms.

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

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

Assets

(in thousands)

Assets	30.06.2023	31.12.2022	Changes	% Change
Cash and cash equivalents	8,378,474	13,997,441	(5,618,967)	-40.14
Financial assets	30,461,365	30,665,767	(204,402)	-0.67
a) Financial assets held for trading	723,448	707,498	15,950	2.25
b) Financial assets designated at fair value	1,945	2,381	(436)	-18.31
c) Other financial assets mandatorily measured at fair value	765,039	742,099	22,940	3.09
d) Financial assets measured at fair value through other comprehensive income	7,264,042	7,962,910	(698,868)	-8.78
e) Debt securities measured at amortised cost	21,706,891	21,250,879	456,012	2.15
- banks	6,717,821	6,596,865	120,956	1.83
- customers	14,989,070	14,654,014	335,056	2.29
Loans	91,117,744	94,193,207	(3,075,463)	-3.27
a) Loans to banks	1,928,446	2,885,583	(957,137)	-33.17
b) Loans to customers	89,094,989	91,174,835	(2,079,846)	-2.28
c) Loans mandatorily measured at fair value	94,309	132,789	(38,480)	-28.98
Hedging	1,652,102	1,808,515	(156,413)	-8.65
a) Hedging derivatives	1,650,822	1,808,515	(157,693)	-8.72
b) Change in value of macro-hedged financial assets (+/-)	1,280	-	1,280	n.s.
Equity investments	361,736	376,158	(14,422)	-3.83
Property, plant and equipment	2,495,369	2,546,295	(50,926)	-2.00
Intangible assets	549,910	563,502	(13,592)	-2.41
- of which: goodwill	197,624	204,392	(6,768)	-3.31
Other assets	8,075,478	8,151,909	(76,431)	-0.94
Total assets	**143,092,178**	**152,302,794**	**(9,210,616)**	**-6.05**

Loans to customers

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

(in thousands)

Captions	30.06.2023	31.12.2022	Changes	% Change
Current accounts	5,718,453	5,482,779	235,674	4.30
Mortgage loans	62,474,404	62,952,434	(478,030)	-0.76
Repurchase agreements	515,989	4,254	511,735	--
Leases and factoring	4,622,250	5,051,671	(429,421)	-8.50
Other transactions	15,763,893	17,683,697	(1,919,804)	-10.86
Net loans to customers	**89,094,989**	**91,174,835**	**(2,079,846)**	**-2.28**

Loans to customers, net of adjustments, total Euro 89,095.0 million (Euro 91,174.8 million at 31 December 2022) down by Euro 2,079.8 million since 31 December 2022. In terms of the various technical forms, the reduction of the balance of mortgages totalled Euro -478.0 million (-0.76%), Euro -429.4 million (-8.50%) on leasing and factoring transactions and Euro -1,919.8 million (-10.86%) on other transactions, the latter due primarily to the reduction of stage one and stage two loans of BPER Banca attributable primarily to s.b.f. (subject to collection) advances, deposits at Cassa Depositi e Prestiti, in addition to other subsidies totalling Euro 1,545.9 million. By contrast, current accounts increased by Euro 235.7 million (+4.30%) and repurchase agreements by Euro 511.7 million.

Net loans to customers
in millions

(in thousands)

Captions	30.06.2023	31.12.2022	Changes	% Change
Gross non-performing exposures	2,503,715	2,991,445	(487,730)	-16.30
Bad loans	1,020,232	961,093	59,139	6.15
Unlikely-To-Pay loans	1,276,799	1,871,880	(595,081)	-31.79
Past due loans	206,684	158,472	48,212	30.42
Gross performing exposures	88,801,474	90,589,650	(1,788,176)	-1.97
Total gross exposure	91,305,189	93,581,095	(2,275,906)	-2.43
Impairment losses on non-performing exposures	1,491,096	1,706,790	(215,694)	-12.64
Bad loans	830,277	740,176	90,101	12.17
Unlikely-To-Pay loans	603,014	916,779	(313,765)	-34.22
Past due loans	57,805	49,835	7,970	15.99
Impairment losses on performing exposures	719,104	699,470	19,634	2.81
Total impairment losses	2,210,200	2,406,260	(196,060)	-8.15
Net non-performing exposures	1,012,619	1,284,655	(272,036)	-21.18
Bad loans	189,955	220,917	(30,962)	-14.02
Unlikely-To-Pay loans	673,785	955,101	(281,316)	-29.45
Past due loans	148,879	108,637	40,242	37.04
Net performing exposures	88,082,370	89,890,180	(1,807,810)	-2.01
Total net exposure	89,094,989	91,174,835	(2,079,846)	-2.28

At 30 June 2023, the provisions relating to non-performing loans amounted to Euro 1,491.1 million (Euro 1,706.8 million at 31 December 2022; -12.64%), for a coverage ratio of 59.56% (57.06% at 31 December 2022), while the provisions for performing loans amounted to Euro 719.1 million (Euro 699.5 million at 31 December 2022; +2.81%) and give a non-performing coverage ratio of 0.81% (0.77% at 31 December 2022).

Considering the direct write-offs made for an amount of Euro 66.5 million (Euro 68.5 million at 31 December 2022) on outstanding bad loans due to insolvency procedures, the coverage ratio would rise to 60.60% (58.02% at 31 December 2022).

The overall level of credit coverage came to 2.42%, down compared to 2.57% as at 31 December 2022 due to the transfers of NPLs (UTP in particular) completed in the first half of 2023. Based on the same considerations made above concerning direct write-offs, the total effective coverage of loans comes to 2.49% (2.64% at 31 December 2022).

(in thousands)

Loans to customers	30.06.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	79,676,621	78,128,605	82,120,863	80,376,740	-2.98	-2.80	1.94
2. BPER Bank Luxembourg s.a.	285,020	278,699	212,805	207,092	33.93	34.58	2.22
3. Bibanca s.p.a.	3,315,065	3,264,497	3,100,919	3,053,192	6.91	6.92	1.53
4. Banco di Sardegna s.p.a.	7,211,717	6,927,638	7,317,602	7,021,175	-1.45	-1.33	3.94
5. Banca Cesare Ponti s.p.a.	39,200	38,811	43,128	42,900	-9.11	-9.53	0.99
Total banks	90,527,623	88,638,250	92,795,317	90,701,099	-2.44	-2.27	2.09
6. Sardaleasing s.p.a.	3,528,283	3,244,649	3,659,519	3,385,856	-3.59	-4.17	8.04
7. BPER Factor s.p.a.	1,647,173	1,620,266	1,948,903	1,922,148	-15.48	-15.71	1.63
8. Finitalia s.p.a.	541,756	531,470	653,101	641,477	-17.05	-17.15	1.90
9. BPER Real Estate s.p.a.	1,726	1,726	263	263	556.27	556.27	-
Other companies and consolidation adjustments	(4,941,372)	(4,941,372)	(5,476,008)	(5,476,008)	-9.76	-9.76	-
Balance sheet total	91,305,189	89,094,989	93,581,095	91,174,835	-2.43	-2.28	2.42

(in thousands)

Non-performing loans	30.06.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,719,835	788,831	2,179,899	1,017,486	-21.10	-22.47	54.13
2. BPER Bank Luxembourg s.a.	9,876	4,139	9,540	4,402	3.52	-5.97	58.09
3. Bibanca s.p.a.	66,261	31,166	58,166	28,853	13.92	8.02	52.96
4. Banco di Sardegna s.p.a.	315,166	75,691	328,032	86,098	-3.92	-12.09	75.98
5. Banca Cesare Ponti s.p.a.	519	391	567	407	-8.47	-3.93	24.66
Total banks	**2,111,657**	**900,218**	**2,576,204**	**1,137,246**	**-18.03**	**-20.84**	**57.37**
6. Sardaleasing s.p.a.	343,680	92,685	363,043	123,902	-5.33	-25.19	73.03
7. BPER Factor s.p.a.	39,764	16,563	42,474	20,036	-6.38	-17.33	58.35
8. Finitalia s.p.a.	8,614	3,153	9,724	3,471	-11.42	-9.16	63.40
Balance sheet total	**2,503,715**	**1,012,619**	**2,991,445**	**1,284,655**	**-16.30**	**-21.18**	**59.56**
Direct write-offs of bad loans	66,508	-	68,495	-	-2.90	n.s.	100.00
Adjusted total	**2,570,223**	**1,012,619**	**3,059,940**	**1,284,655**	**-16.00**	**-21.18**	**60.60**
Non-performing loans (balance sheet total)/Loans to customers	**2.74%**	**1.14%**	**3.20%**	**1.41%**			

Net non-performing loans amount to Euro 1,012.6 million (-21.18% on 31 December 2022), equate to 1.14% of total net loans to customers (1.41% at 31 December 2022), whereas, on a gross basis, the ratio of non-performing loans to loans to customers equates to 2.74% (3.20% at 31 December 2022).
The coverage of non-performing loans of 59.56% has increased compared with 31 December 2022 (57.06%).

(in thousands)

Bad loans	30.06.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	520,243	121,128	453,215	120,126	14.79	0.83	76.72
2. BPER Bank Luxembourg s.a.	430	-	430	-	-	n.s.	100.00
3. Bibanca s.p.a.	17,397	1,861	15,445	2,773	12.64	-32.89	89.30
4. Banco di Sardegna s.p.a.	211,491	17,586	210,965	35,961	0.25	-51.10	91.68
5. Banca Cesare Ponti s.p.a.	45	31	163	81	-72.39	-61.73	31.11
Total banks	**749,606**	**140,606**	**680,218**	**158,941**	**10.20**	**-11.54**	**81.24**
6. Sardaleasing s.p.a.	242,266	44,645	252,746	56,907	-4.15	-21.55	81.57
7. BPER Factor s.p.a.	24,311	3,536	23,632	3,834	2.87	-7.77	85.46
8. Finitalia s.p.a.	4,049	1,168	4,497	1,235	-9.96	-5.43	71.15
Balance sheet total	**1,020,232**	**189,955**	**961,093**	**220,917**	**6.15**	**-14.02**	**81.38**
Direct write-offs of bad loans	66,508	-	68,495	-	-2.90	n.s.	100.00
Adjusted total	**1,086,740**	**189,955**	**1,029,588**	**220,917**	**5.55**	**-14.02**	**82.52**
Bad loans (Balance sheet total)/Loans to customers	**1.12%**	**0.21%**	**1.03%**	**0.24%**			

Net bad loans amount to Euro 190.0 million (-14.02% compared with 31 December 2022), accounting for 0.21% of total net loans to customers (0.24% at 31 December 2022), whereas, on a gross basis, the bad loans on total loans to customers ratio comes to 1.12% (1.03% at 31 December 2022).
The coverage of bad loans is 81.38%, up from 77.01% at 31 December 2022.

(in thousands)

Unlikely-To-Pay loans	30.06.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,071,577	572,158	1,629,038	830,228	-34.22	-31.08	46.61
2. BPER Bank Luxembourg s.a.	7,468	2,742	7,445	3,223	0.31	-14.92	63.28
3. Bibanca s.p.a.	14,059	8,338	13,243	8,274	6.16	0.77	40.69
4. Banco di Sardegna s.p.a.	78,688	40,560	99,489	37,152	-20.91	9.17	48.45
5. Banca Cesare Ponti s.p.a.	474	360	404	326	17.33	10.43	24.05
Total banks	1,172,266	624,158	1,749,619	879,203	-33.00	-29.01	46.76
6. Sardaleasing s.p.a.	90,141	39,432	100,363	58,951	-10.19	-33.11	56.26
7. BPER Factor s.p.a.	11,143	8,969	18,182	15,581	-38.71	-42.44	19.51
8. Finitalia s.p.a.	3,249	1,226	3,716	1,366	-12.57	-10.25	62.27
Balance sheet total	1,276,799	673,785	1,871,880	955,101	-31.79	-29.45	47.23
Unlikely to pay loans/Loans to customers	1.40%	0.76%	2.00%	1.05%			

Net unlikely-to-pay loans total Euro 673.8 million (-29.45% on 31 December 2022), representing 0.76% of total net loans to customers (1.05% at 31 December 2022), while, on a gross basis, the ratio is 1.40% (2.00% at 31 December 2022).
The coverage of unlikely-to-pay loans has slightly decreased to 47.23%, compared with 48.98% at 31 December 2022.

(in thousands)

Past due loans	30.06.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	128,015	95,545	97,646	67,132	31.10	42.32	25.36
2. BPER Bank Luxembourg s.a.	1,978	1,397	1,665	1,179	18.80	18.49	29.37
3. Bibanca s.p.a.	34,805	20,967	29,478	17,806	18.07	17.75	39.76
4. Banco di Sardegna s.p.a.	24,987	17,545	17,578	12,985	42.15	35.12	29.78
Total banks	189,785	135,454	146,367	99,102	29.66	36.68	28.63
5. Sardaleasing s.p.a.	11,273	8,608	9,934	8,044	13.48	7.01	23.64
6. BPER Factor s.p.a.	4,310	4,058	660	621	553.03	553.46	5.85
7. Finitalia s.p.a.	1,316	759	1,511	870	-12.91	-12.76	42.33
Balance sheet total	206,684	148,879	158,472	108,637	30.42	37.04	27.97
Past due loans/Loans to customers	0.23%	0.17%	0.17%	0.12%			

The net amount of past due loans of Euro 148.9 million (+37.04% compared with 31 December 2022) represents 0.17% of total net loans to customers (0.12% at 31 December 2022), whereas on a gross basis the ratio of past due loans to total loans to customers is 0.23% (0.17% at 31 December 2022). The coverage of past due loans is 27.97% (31.45% at 31 December 2022).

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

(in thousands)

Distribution of loans	30.06.2023	%
A. Agriculture, forestry and fishing	1,017,495	1.14
B. Mining and quarrying	72,143	0.08
C. Manufacturing	13,400,359	15.04
D. Provision of electricity, gas, steam and air-conditioning	779,707	0.88
E. Provision of water, sewerage, waste management and rehabilitation	744,396	0.84
F. Construction	3,160,712	3.55
G. Wholesaling and retailing, car and motorcycle repairs	7,399,124	8.30
H. Transport and storage	1,292,030	1.45
I. Hotel and restaurants	1,893,083	2.12
J. Information and communication	1,009,075	1.13
K. Financial and insurance activities	233,515	0.26
L. Real estate	4,076,589	4.58
M. Professional, scientific and technical activities	1,923,348	2.16
N. Rentals, travel agencies, business support services	1,946,741	2.19
O. Public administration and defence, compulsory social security	24,972	0.03
P. Education	49,449	0.06
Q. Health and welfare	625,545	0.70
R. Arts, sport and entertainment	212,946	0.24
S. Other services	556,791	0.62
Total loans to non-financial corporates	**40,418,020**	**45.37**
Individuals and other not included above	40,974,889	45.99
Financial companies	4,849,715	5.44
Insurance	56,674	0.06
Governments and other public entities	2,795,691	3.14
Total loans	**89,094,989**	**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	30.06.2023	31.12.2022	Changes	% Change
Financial assets measured at fair value through profit or loss	1,490,432	1,451,978	38,454	2.65
- of which derivatives	*612,698*	*593,323*	*19,375*	*3.27*
Financial assets at fair value through other comprehensive income	7,264,042	7,962,910	(698,868)	-8.78
Debt securities measured at amortised cost	21,706,891	21,250,879	456,012	2.15
a) banks	6,717,821	6,596,865	120,956	1.83
b) customers	14,989,070	14,654,014	335,056	2.29
Total financial assets	30,461,365	30,665,767	(204,402)	-0.67

Financial assets amount to Euro 30,461.4 million, including Euro 28,538.6 million of debt securities (93.69% of the total). Of these, Euro 15,067.9 million relates to sovereign States and Central Banks (in line compared to 31 December 2022, Euro 15,057.2 million) and Euro 9,329.5 million to Banks (down 1.67% on 31 December 2022). Equity instruments come to Euro 630.2 million (2.07% of total), inclusive of Euro 546.7 million of stable equity investments classified in the FVOCI portfolio, Euro 62.3 million in securities held for trading (FVTPL) and Euro 21.1 million in other equity instruments (SICAV and UCITS), mandatorily measured at FVTPL.
“Financial assets held for trading” include derivatives for an amount of Euro 612.7 million, up 3.27% from 31 December 2022, 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	30.06.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	28,157,026	28,495,795	(338,769)	-1.19
2. BPER Bank Luxembourg s.a.	150,265	144,797	5,468	3.78
3. Bibanca s.p.a.	14,044	12,495	1,549	12.40
4. Banco di Sardegna s.p.a.	1,953,626	1,835,866	117,760	6.41
5. Banca Cesare Ponti s.p.a.	145,474	141,155	4,319	3.06
Total banks	30,420,435	30,630,108	(209,673)	-0.68
Other companies and consolidation adjustments	40,930	35,659	5,271	14.78
Total	30,461,365	30,665,767	(204,402)	-0.67

(in thousands)

Captions	30.06.2023	31.12.2022	Changes	% Change
Equity investments	361,736	376,158	(14,422)	-3.83
of which subsidiaries	*6,552*	*34,108*	*(27,556)*	*-80.79*
of which associates	*355,184*	*342,050*	*13,134*	*3.84*

Following alignment of the scope of consolidation with that used for prudential reporting purposes, as discussed in detail in the Explanatory Notes, 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 part of the Banking Group since they do not contribute to its banking activities, and Group companies not meeting the requirements of art. 19 of Regulation (EU) 575/2013 that are measured using the equity method.
The reduction in the value of equity investments in subsidiaries is due to the reclassification under assets held for sale of the equity investment in *SIFA'* – Società Italiana Flotte Aziendali, merged by absorption in Unipol Rental effective from 1 July 2023.

Fixed assets

(in thousands)

Captions	30.06.2023	31.12.2022	Changes	% Change
Intangible assets	549,910	563,502	(13,592)	-2.41
of which goodwill	*197,624*	*204,392*	*(6,768)*	*-3.31*

The goodwill shown in "Intangible assets" amounts to Euro 197.6 million, down by 3.31% compared with 31 December 2022 due to the complete write-down of the goodwill allocated to the BPER Factor CGU. The breakdown of "Goodwill" at 30 June 2023 is provided below:

(in thousands)

Goodwill	30.06.2023	31.12.2022
Banks/Other companies	197,624	204,392
- Banco di Sardegna s.p.a.	*27,606*	*27,606*
- BPER Factor s.p.a.	-	*6,768*
- Arca Holding s.p.a.	*170,018*	*170,018*
Total	197,624	204,392

In the first half of 2023, the BPER Banca Group identified the need to fully write down the goodwill allocated to the CGU BPER Factor for Euro 6,768 thousand. Without prejudice to the 2023-2027 balance sheet and profit and loss forecasts of the CGU BPER Factor already used for the impairment test as at 31 December 2022, in the absence of revised forecast data approved by the Administrative Body, the use of the estimated cost of capital obtained using the parameters as at 30 June 2023 shows an impairment loss condition, i.e. a value in use lower than the relevant book value. Conversely, the same analysis led to a different result which makes it possible to fully support the goodwill recognised with reference to the CGUs Banco di Sardegna and Arca Holding, for which there is no need to recognise any impairment loss.

Interbank and liquidity position

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

(in thousands)

Net interbank position	30.06.2023	31.12.2022	Changes	% Change
A. Loans to banks	9,575,023	16,058,404	(6,483,381)	-40.37
- Loans	1,928,446	2,885,583	(957,137)	-33.17
1. Current accounts and deposits	76,053	234,376	(158,323)	-67.55
2. Repurchase agreements	299,870	358,702	(58,832)	-16.40
3. Compulsory reserve	1,149,877	1,347,747	(197,870)	-14.68
4. Other	402,646	944,758	(542,112)	-57.38
- Current accounts and demand deposits	7,646,577	13,172,821	(5,526,244)	-41.95
1. with Central Banks	7,229,088	12,706,014	(5,476,926)	-43.10
2. with Banks	417,489	466,807	(49,318)	-10.56
B. Due to banks	12,507,921	22,000,489	(9,492,568)	-43.15
Total (A-B)	(2,932,898)	(5,942,085)	3,009,187	-50.64

The net interbank position as at 30 June 2023 improved by Euro 3,009.2 million compared to 31 December 2022. As at 30 June 2023, investments decreased in "overnight" deposits at Central Banks which, as at 30 June 2023, amounted to Euro 7,229.1 million (-43.10% compared to 31 December 2022) due to lower cash and cash equivalents to be invested as a result of repayments at maturity of two tranches of TLTRO.

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

(in millions)

Refinancing operations with the European Central Bank	Currency	Principal	Maturity
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	eur	3,710	27.09.2023
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	eur	1,670	27.03.2024
Total		**5,380**	

As at 30 June 2023, the BPER Group had Euro 5,380 million worth of TLTRO III operations outstanding, as against Euro 15,880 worth of refinancing operations in place as at 31 December 2022. The decrease is due to some auctions that have expired: on 29 March 2023, the auction with value date 25 March 2020 expired, for a nominal amount of Euro 800 million, and on 28 June 2023, the auction with value date 24 June 2020 expired for a nominal amount of Euro 9,700 million.

(in millions)

Counterbalancing Capacity	Guarantee value	Encumbered portion	Unencumbered portion
Eligible securities and loans	35,360	11,814	23,546
- of which Securities and loans transferred to the Pooling Account	*20,511*	*5,370*	*15,141*

At 30 June 2023, the Central Treasury held significant resources relating to securities eligible for refinancing at the European Central Bank of an overall amount, net of margin calls, of Euro 35,360 million (Euro 35,926 million at 31 March 2023). The unencumbered portion amounts to Euro 23,546 million (Euro 15,480 million at 31 March 2023). Of the amount held in the Treasury, as at 30 June 2023, a total of Euro 20,511 million, refinanced for Euro 5,370 million, therefore with Euro 15,141 million still available, is attributable to the Pooling account (as at 31 March 2023 securities eligible for refinancing totalling Euro 22,939 million were held in the Pooling Account, refinanced for Euro 15,148 million, therefore with Euro 7,791 million still available).

Liabilities and shareholders' equity

(in thousands)

Liabilities and shareholders' equity	30.06.2023	31.12.2022	Changes	% Change
Due to banks	12,507,921	22,000,489	(9,492,568)	-43.15
Direct deposits	113,672,809	114,831,032	(1,158,223)	-1.01
a) Due to customers	103,410,428	107,414,943	(4,004,515)	-3.73
b) Debt securities issued	8,837,060	6,536,891	2,300,169	35.19
c) Financial liabilities designated at fair value	1,425,321	879,198	546,123	62.12
Financial liabilities held for trading	439,184	471,598	(32,414)	-6.87
Hedging	111,743	231,689	(119,946)	-51.77
a) Hedging derivatives	362,859	512,981	(150,122)	-29.26
b) Change in value of macro-hedged financial liabilities (+/-)	(251,116)	(281,292)	30,176	-10.73
Other liabilities	7,687,979	6,647,457	1,040,522	15.65
Minority interests	182,941	180,356	2,585	1.43
Shareholders' equity pertaining to the Parent Company	8,489,601	7,940,173	549,428	6.92
a) Valuation reserves	79,151	60,681	18,470	30.44
b) Reserves	4,217,670	2,944,603	1,273,067	43.23
c) Equity instruments	150,000	150,000	-	-
d) Share premium reserve	1,236,602	1,237,276	(674)	-0.05
e) Share capital	2,104,316	2,104,316	-	-
f) Treasury shares	(2,689)	(5,678)	2,989	-52.64
g) Profit (Loss) for the period	704,551	1,448,975	(744,424)	-51.38
Total liabilities and shareholders' equity	**143,092,178**	**152,302,794**	**(9,210,616)**	**-6.05**

Deposits

(in thousands)

Captions	30.06.2023	31.12.2022	Changes	% Change
Current accounts and demand deposits	94,171,028	102,489,461	(8,318,433)	-8.12
Time deposits	3,085,373	1,221,563	1,863,810	152.58
Repurchase agreements	2,111,756	-	2,111,756	n.s.
Lease liabilities	333,482	349,651	(16,169)	-4.62
Other short-term loans	3,708,789	3,354,268	354,521	10.57
Bonds	8,409,916	6,307,775	2,102,141	33.33
- subscribed for by institutional customers	7,839,771	5,983,336	1,856,435	31.03
- subscribed for by ordinary customers	570,145	324,439	245,706	75.73
Certificates	1,425,321	879,198	546,123	62.12
Certificates of deposit	427,144	229,116	198,028	86.43
Direct deposits from customers	**113,672,809**	**114,831,032**	**(1,158,223)**	**-1.01**
Indirect deposits (off-balance sheet figure)	**142,610,110**	**138,875,198**	**3,734,912**	**2.69**
- of which under management	63,314,211	60,597,120	2,717,091	4.48
- of which under administration	79,295,899	78,278,078	1,017,821	1.30
Customer funds under administration	**256,282,919**	**253,706,230**	**2,576,689**	**1.02**
Deposits from banks	12,507,921	22,000,489	(9,492,568)	-43.15
Funds under administration and management	**268,790,840**	**275,706,719**	**(6,915,879)**	**-2.51**

Direct deposits from customers of Euro 113,672.8 million have decreased by -1.01% since 31 December 2022.
In terms of the various technical forms, the main one, which recorded a negative balance change, was that of current accounts and free deposits for Euro -8,318.4 million

(-8.12%), while term deposits recorded an increase of Euro 1,863.8 million (+152.58%), repurchase agreements rose by Euro 2,111.8 million (n.s. %) and bonds increased by Euro 2,102.1 million (+33.33%), the latter due to the new BPER Banca bond issues for institutional customers in the first half of 2023, as well as certificates for Euro 546.1 million (+62.12%), due to new issues by the Parent Company BPER Banca in the first half of 2023.
Indirect customer deposits, marked to market, amounted to Euro 142,610.1 million, up by Euro 3,734.9 million (+2.69%) compared to 31 December 2022, given the positive market trend recorded in the period.
Total funds under administration or management by the Group, including deposits from banks (Euro 12,507.9 million) amount to Euro 268,790.8 million.

(in thousands)

Direct deposits	30.06.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	101,643,682	102,208,104	(564,422)	-0.55
2. BPER Bank Luxembourg s.a.	405,379	603,465	(198,086)	-32.82
3. Bibanca s.p.a.	257,530	262,666	(5,136)	-1.96
4. Banco di Sardegna s.p.a.	11,410,748	11,741,914	(331,166)	-2.82
5. Banca Cesare Ponti s.p.a.	233,133	289,381	(56,248)	-19.44
Total banks	**113,950,472**	**115,105,530**	**(1,155,058)**	**-1.00**
Other companies and consolidation adjustments	(277,663)	(274,498)	(3,165)	1.15
Total	**113,672,809**	**114,831,032**	**(1,158,223)**	**-1.01**

Direct funding includes subordinated liabilities:

(in thousands)

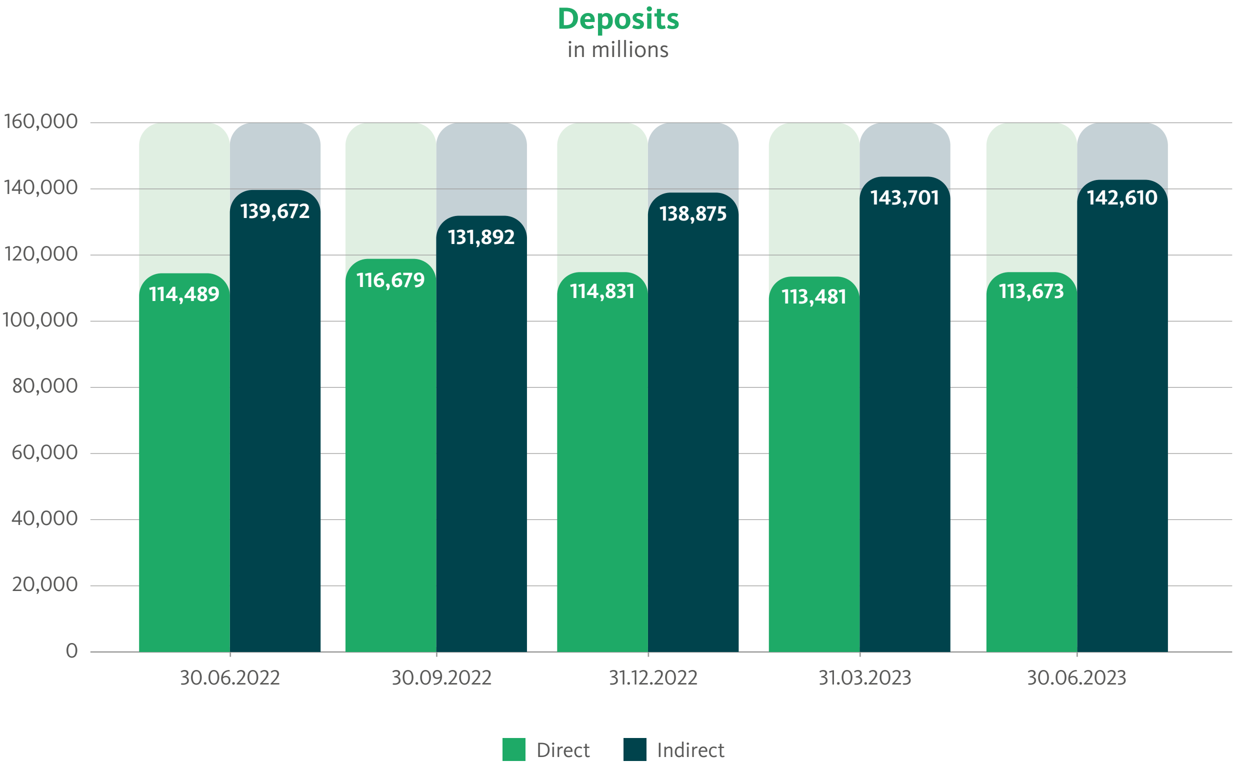
Captions	30.06.2023	31.12.2022	Changes	% Change
Non-convertible subordinated liabilities	1,667,530	1,646,723	20,807	1.26
Total Subordinated liabilities	**1,667,530**	**1,646,723**	**20,807**	**1.26**

The subordinated loans outstanding, with a book value of Euro 1,667.5 million, have increased by 1.26% compared with 31 December 2022. As was the case in December 2022, there are no convertible subordinated liabilities at 30 June 2023.

(in thousands)

Indirect deposits	30.06.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	122,629,734	120,395,078	2,234,656	1.86
2. BPER Bank Luxembourg s.a.	1,686,707	1,623,374	63,333	3.90
3. Banco di Sardegna s.p.a.	4,991,812	4,444,970	546,842	12.30
4. Banca Cesare Ponti s.p.a.	967,106	915,096	52,010	5.68
Total banks	**130,275,359**	**127,378,518**	**2,896,841**	**2.27**
5. Arca Fondi SGR s.p.a.	33,943,024	31,804,032	2,138,992	6.73
Other companies and consolidation adjustments	(21,608,273)	(20,307,352)	(1,300,921)	6.41
Total	**142,610,110**	**138,875,198**	**3,734,912**	**2.69**

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



Indirect deposits reported above do not include the amount arising from placement of insurance policies; the stock of customer assets invested in insurance products has decreased by 3.50% since 31 December 2022, due to the reduction of new life insurance policies.

(in thousands)

Bancassurance	30.06.2023	31.12.2022	Changes	% Change
Insurance premiums portfolio	23,657,817	24,515,939	(858,122)	-3.50
- of which life	*23,391,871*	*24,279,279*	*(887,408)*	*-3.66*
- of which non-life	*265,946*	*236,660*	*29,286*	*12.37*

If life insurance premiums are added to indirect deposits, the total comes to Euro 86,706.1 million, which accounts for 52.23% of the overall total of indirect deposits (assets under administration and assets under management) and life insurance premiums (Euro 166,002.0 million).

Shareholders' equity

(in thousands)

Captions	30.06.2023	31.12.2022	Changes	% Change
Shareholders' equity pertaining to the Parent Company	8,489,601	7,940,173	549,428	6.92
- of which profit (loss) for the period	*704,551*	*1,448,975*	*(744,424)*	*-51.38*
- of which shareholders' equity excluding profit (loss) for the period	*7,785,050*	*6,491,198*	*1,293,852*	*19.93*

(in thousands)

Captions	30.06.2023	31.12.2022	Changes	% Change
Minority interests	182,941	180,356	2,585	1.43
- of which profit (loss) for the period pertaining to minority interests	*14,960*	*24,905*	*(9,945)*	*-39.93*
- of which shareholders' equity pertaining to minority interests excluding their share of profit (loss) for the period	*167,981*	*155,451*	*12,530*	*8.06*

(in thousands)

Shareholders' equity	30.06.2023	31.12.2022	Changes	% Change
1. BPER Banca s.p.a.	7,350,738	6,214,593	1,136,145	18.28
2. BPER Bank Luxembourg s.a.	64,213	60,776	3,437	5.66
3. Bibanca s.p.a.	306,193	297,895	8,298	2.79
4. Banco di Sardegna s.p.a.	913,478	885,863	27,615	3.12
5. Banca Cesare Ponti s.p.a.	30,696	26,137	4,559	17.44
Total banks	8,665,318	7,485,264	1,180,054	15.77
Other companies and consolidation adjustments	(712,287)	(838,615)	126,328	-15.06
Total	7,953,031	6,646,649	1,306,382	19.65
Profit (Loss) for the period pertaining to the Parent Company	704,551	1,448,975	(744,424)	-51.38
Profit (loss) for the period pertaining to minority interests	14,960	24,905	(9,945)	-39.93
Total shareholders' equity	8,672,542	8,120,529	552,013	6.80

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 549.9 million) amounted to Euro 8,122.6 million.

6.2 Own funds and capital ratios

The harmonised rules for banks and investment companies contained in Regulation (EU) 575/2013 (CRR) and in the 2013/36/EU Directive (CRD IV) approved on 26 June 2013 and published in the Official Journal of the European Union the next day, entered into force on 1 January 2014.
These rules were later amended by Regulation (EU) 2019/876 of the European Parliament and of the Council ("CRR2") and Directive 2019/878/EU of the European Parliament and of the Council (CRDV) of 20 May 2019, published in the Official Journal of the European Union on 7 June 2019. Subject to certain exceptions, the CRR2 Regulation applies from 28 June 2021.
This regulatory framework, which is the only set of rules that seeks to harmonise prudential regulations of the Member States of the European Community, was made applicable in Italy by the Bank of Italy's Circular 285, published on 17 December 2013 and subsequent updates.
The scope of consolidation for accounting purposes is the same as that used for prudential reporting purposes: companies excluded are treated in the same way as the Banks and Companies subject to significant influence and consolidated under the equity method.

As at 30 June 2023, the BPER Banca Group has internal models in use for measuring the capital requirements relating to the credit risk represented by both business and retail customers. The perimeter includes:

- BPER Banca, Banco di Sardegna and Bibanca (ECB authorisation of 24 June 2016);
- Banca Carige and subsidiaries (approved by the Board of Directors of the Parent Company on 7 July 2022 and subsequently transmitted to the ECB);
- former Cassa di Risparmio di Saluzzo, former UBI Banca and former Unipol Banca (ECB authorisation of 16 February 2023 and of 29 June 2023)[23].

In relation to the Internal Rating System, through the Final Decision issued as a result of its latest Internal Model Investigation in February 2023, the ECB issued its authorisation of material model changes to the internal models and the extension of the IRB models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures.
The new internal rating system has been in use since the supervisory reports of 31 March 2023 and for management purposes since May 2023.
In addition, for the Supervisory Reports as at 30 June 2023, the new IRB models were extended to former Unipol Banca exposures, with the ECB having confirmed, on said date, the fulfilment of Condition 1 set forth in the aforementioned Final Decision and authorised said extension.

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

On 25 January 2022, after completion of the annual Supervisory Review and Evaluation Process for 2021, BPER Banca received its SREP Letter from the ECB. On 31 August 2022, in light of the acquisition of Banca Carige, the European Central Bank notified BPER Banca of its updated decision on the prudential requirements to be complied with on a consolidated basis, pursuant to art. 16 of Regulation (EU) n. 1024/2013.
BPER Banca will have to maintain a minimum consolidated capital ratio in terms of Common Equity Tier 1 of 8.47%, consisting of the sum of the minimum regulatory Pillar 1 requirement of 4.5%, the additional Pillar 2 requirement of 1.47% and the Capital Conservation Buffer of 2.5%.

This requirement is also influenced by the additional Countercyclical Capital Buffer requirement specified for the BPER Banca Group of 0.0335% at 30 June 2023, for an overall minimum requirement to be complied with of 8.504%.
With respect to said limit, the amount of available equity (CET1) as at 30 June 2023 is quantified at Euro 2,931 million (roughly 552 bps of CET1) on a Fully Phased basis.

With regard to the above, the CET1 amount was calculated by including the portion of the profit for the period that can be allocated to equity, amounting to Euro 492.2 million, as determined in accordance with the process envisaged in art. 3 of ECB Decision (EU) 656/2015 dated 4 February 2015 and art. 26, para. 2 of Regulation (EU) 575/2013 (CRR) for its inclusion.

The following table shows the BPER Banca Group's capital ratios and the minimum capital adequacy requirements for regulatory purposes as at 30 June 2023.

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

(in thousands)

	30.06.2023 Fully Phased	31.12.2022 Fully Phased	Change	% Change
Common Equity Tier 1 capital - CET1	7,451,222	6,379,995	1,071,227	16.79
Additional Tier 1 capital (AT1)	150,388	150,435	(47)	-0.03
Tier 1 capital (Tier 1)	**7,601,610**	**6,530,430**	**1,071,180**	**16.40**
Tier 2 capital (Tier 2 - T2)	1,785,077	1,761,978	23,099	1.31
Total Own Funds	9,386,687	8,292,408	1,094,279	13.20
Total Risk-weighted assets (RWA)	53,138,340	52,989,278	149,062	0.28
CET1 Ratio (CET1/RWA)	14.02%	12.04%	+198 bps	
Tier 1 Ratio (Tier 1/RWA)	14.31%	12.32%	+199 bps	
Total Capital Ratio (Total Own Funds/RWA)	17.67%	15.65%	+202 bps	
RWA/Total assets	37.14%	34.79%	+235 bps	

The capital ratios are as follows:
- Common Equity Tier 1 Ratio (Fully Phased) of 14.02% (12.04% as at 31 December 2022);
- Tier 1 Ratio (Fully Phased) of 14.31% (12.32% as at 31 December 2022);
- Total Capital Ratio (Fully Phased) of 17.67% (15.65% as at 31 December 2022).

Note that the BPER Banca Group uses different methods for calculating risk-weighted assets, which are summarised below:
- credit risk - for Group entities represented by BPER Banca, Banco di Sardegna and Bibanca, credit risk is measured 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).

6.3 Reconciliation of consolidated net profit/shareholders' equity

Consolidated net profit for the period pertaining to the parent company comprises, on a shareholding basis, the sum of profits (losses) at 30 June 2023 of the following Banks and Companies of the Group included in the line-by-line scope of consolidation.

(in thousands)

Reconciliation of consolidated profit (loss) for the period	30.06.2023
BPER Banca s.p.a.	634,229
Other Group companies:	164,748
Banco di Sardegna s.p.a.	*93,024*
Bibanca s.p.a.	*27,725*
BPER Bank Luxembourg s.a.	*4,601*
Banca Cesare Ponti s.p.a.	*642*
Arca Holding s.p.a. (consolidated figure)	*18,512*
Sardaleasing s.p.a.	*5,712*
BPER Factor s.p.a.	*1,081*
Finitalia s.p.a.	*11,073*
Optima S.p.A. SIM	*3,844*
BPER Real Estate s.p.a.	*878*
BPER REOCO s.p.a.	*(2,739)*
Modena Terminal s.r.l.	*395*
Total profit (loss) of the Group	798,977
Consolidation adjustments	(94,426)
Consolidated profit (loss) for the period	704,551

As required by current regulations, the following is presented with regard to the position at 30 June 2023:

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

(in thousands)

	Increase (decrease)	
	Profit (Loss) for the period	Shareholders' equity
AMOUNTS RELATING TO THE PARENT COMPANY	634,229	7,984,966
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:	162,486	437,217
- impairment losses on goodwill of consolidated companies	*(1,300)*	
- consolidation adjustments	*21*	-
- derecognition of intercompany profits and losses	*(983)*	-
- share of the results of companies consolidated on a line-by-line basis after tax effect	*164,748*	-
DIVIDENDS collected from companies consolidated on a line-by-line basis or measured under the equity method	(108,841)	28
DIFFERENCE between the interest in shareholders' equity (including results for the period) and the book value of companies consolidated under the equity method.	16,677	67,390
Profit (Loss) for the period and shareholders' equity pertaining to the Parent Company as at 30.06.2023	704,551	8,489,601
Profit (Loss) for the period and shareholders' equity pertaining to Minority interests	14,960	182,941
Consolidated Profit (Loss) for the period and shareholders' equity as at 30.06.2023	719,511	8,672,542
Consolidated Profit (Loss) for the period as at 30.06.2022	1,394,974	
Consolidated shareholders' equity as at 31.12.2022		8,120,529

6.4 Income statement aggregates

Summary data from the consolidated income statement at 30 June 2023 is presented below in thousands of Euro, appropriately compared with the amounts at 30 June 2022 and highlighting the changes in absolute and percentage terms. Note that this comparison is influenced by the increase in size of the Group resulting from the acquisition of control over Banca Carige in the second half of the year.

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

- "Net commission income" includes placement fees for Certificates, allocated to caption 110 "Net income on other financial assets and liabilities measured at fair value through profit or loss" of the accounting statement (Euro 12.6 million as at 30 June 2023 and Euro 12.1 million as at 30 June 2022);
- "Net income from financial activities" includes captions 80, 90, 100 and 110 in the accounting statement, net of the Certificates placement fees under the item above;
- indirect tax recoveries, allocated for accounting purposes to caption 230 "Other operating expense/income", have been reclassified as a reduction in the related costs under "Other administrative expenses" (Euro 136.2 million at 30 June 2023 and Euro 116.7 million at 30 June 2022);
- "Net adjustments to property, plant, equipment and intangible assets" include captions 210 and 220 of the accounting schedule;
- "Gains (Losses) on investments" include captions 250, 260, 270 and 280 of the accounting schedule;
- "Contributions to the SRF, DGS, and FITD-SV funds" have been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative expenses" as a better reflection of the trend in the Group's operating costs. In particular, at 30 June 2023, this caption represents the component allocated to administrative expenses in relation to the 2023 ordinary contribution to the SRF (European Single Resolution Fund) for Euro 49.5 million.

Consolidated Income Statement

(in thousands)

Captions		30.06.2023	30.06.2022	Changes	% Change
10+20	Net interest income	1,544,969	785,449	759,520	96.70
40+50	Net commission income	995,629	913,969	81,660	8.93
70	Dividends	25,135	15,883	9,252	58.25
80+90 +100+110	Net income from financial activities	53,948	84,396	(30,448)	-36.08
230	Other operating expense / income	32,639	(12,746)	45,385	-356.07
	Operating income	**2,652,320**	**1,786,951**	**865,369**	**48.43**
190 a)	Staff costs	(849,174)	(711,542)	(137,632)	19.34
190 b)	Other administrative expenses	(395,747)	(342,655)	(53,092)	15.49
210+220	Net adjustments to property, plant and equipment and intangible assets	(115,017)	(94,082)	(20,935)	22.25
	Operating costs	**(1,359,938)**	**(1,148,279)**	**(211,659)**	**18.43**
	Net operating income	**1,292,382**	**638,672**	**653,710**	**102.35**
130 a)	Net impairment losses to financial assets at amortised cost	(269,330)	(215,617)	(53,713)	24.91
	- loans to customers	*(271,225)*	*(193,713)*	*(77,512)*	*40.01*
	- other financial assets	*1,895*	*(21,904)*	*23,799*	*-108.65*
130 b)	Net impairment losses to financial assets at fair value	498	(246)	744	-302.44
140	Gains (Losses) from contractual modifications without derecognition	2,896	(1,198)	4,094	-341.74
	Net impairment losses for credit risk	**(265,936)**	**(217,061)**	**(48,875)**	**22.52**
200	Net provisions for risks and charges	(65,386)	(41,039)	(24,347)	59.33
###	Contributions to SRF, DGS, IDPF - VS	(49,484)	(45,721)	(3,763)	8.23
250+260+ 270+280	Gains (Losses) on investments	9,331	7,014	2,317	33.03
275	Gain on a bargain purchase	-	1,188,433	(1,188,433)	-100.00
290	**Profit (Loss) from current operations before tax**	**920,907**	**1,530,298**	**(609,391)**	**-39.82**
300	Income taxes on current operations for the period	(201,396)	(135,324)	(66,072)	48.83
330	**Profit (Loss) for the period**	**719,511**	**1,394,974**	**(675,463)**	**-48.42**
340	Profit (Loss) for the period pertaining to minority interests	(14,960)	(10,166)	(4,794)	47.16
350	**Profit (Loss) for the period pertaining to the Parent Company**	**704,551**	**1,384,808**	**(680,257)**	**-49.12**

Consolidated income statement by quarter as at 30 June 2023

(in thousands)

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

Net interest income

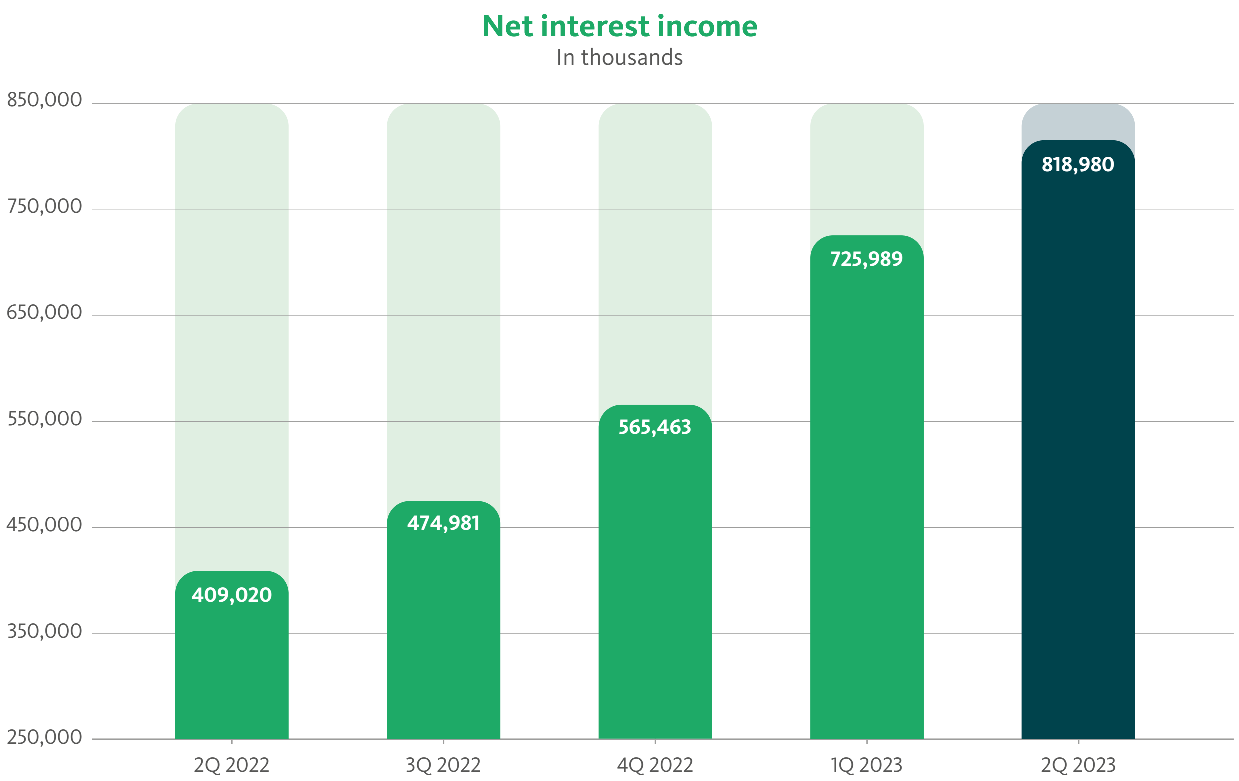
“Net interest income” amounts to Euro 1,545.0 million, which is higher than the comparative figure (Euro 785.4 million at 30 June 2022). The positive change was impacted not only by the increased size of the Group but, primarily, the rise in market interest rates, which led to an increase in the average yield of both the loan portfolio and the portfolio of owned securities.
The result deriving from relations with the ECB, taking account of the TLTRO III funding lines and the sums deposited at the Central Bank, was a positive Euro 100.1 million.
In addition to recalling the dynamics of loans and interest-bearing deposits, highlighted in paragraph 6.1 "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 the rates of Group loans to customers was 3.77% (vs. 1.96% in the first six months of last year);
- the average rate of return of the securities portfolio stands at 2.24% (0.41% at 30 June 2022);
- the average cost of direct deposits from customers was 0.72% (vs. 0.17% as at 30 June 2022);
- total interest-bearing liabilities entailed a cost of 1.03% (the average rate was basically nil at 30 June 2022, as it benefited from deposits at negative interbank rates);
- the spread between loan and deposit rates of Group relationships with customers came to 3.05% (1.79% at 30 June 2022);
- the overall gap between the average annual rate of return on interest-bearing assets and the average annual cost of interest-bearing liabilities amounts to 2.30% (it was 1.25% at 30 June 2022).

(in thousands)

Net interest income	30.06.2023	30.06.2022	Changes	% Change
1. BPER Banca s.p.a.	1,259,790	600,109	659,681	109.93
2. BPER Bank Luxembourg s.a.	5,868	1,899	3,969	209.00
3. Bibanca s.p.a.	51,139	41,513	9,626	23.19
4. Banco di Sardegna s.p.a.	147,273	83,386	63,887	76.62
5. Banca Cesare Ponti s.p.A.	3,946	-	3,946	n.s.
Total banks	**1,468,016**	**726,907**	**741,109**	**101.95**
Other companies and consolidation adjustments	76,953	58,542	18,411	31.45
Total	**1,544,969**	**785,449**	**759,520**	**96.70**

Compared with the quarterly trend in Net Interest Income, as shown in the following graph, the growth of the six-month period is due to the growth of interest rates. The increase in the spread on commercial relations in the second quarter highlighted an improvement in Net Interest Income from customers of Euro 47.4 million, the owned securities portfolio recorded a greater contribution to Net Interest Income of Euro 26.5 million, the management of liquidity from and to the ECB showed a greater contribution of Euro 50.6 million, whereas institutional funding witnessed an incremental cost of Euro 31.6 million.



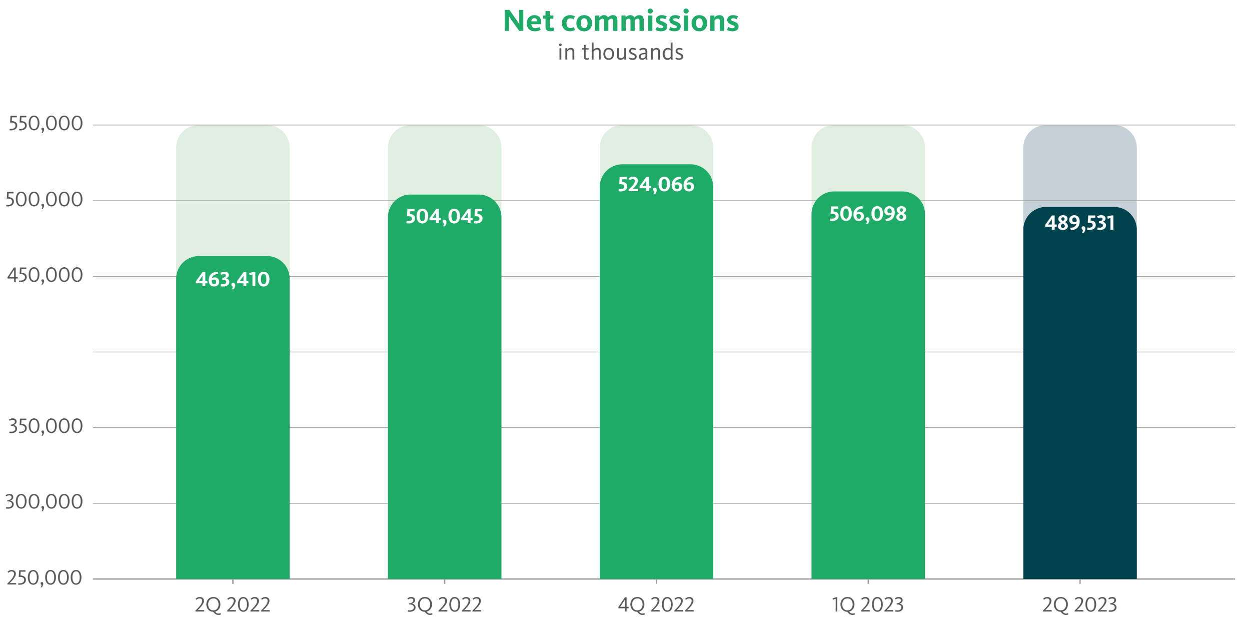
Net commission income

Net commission income, amounting to Euro 995.6 million, was +8.93% higher than at 30 June 2022.

(in thousands)

Net commission income	30.06.2023	30.06.2022	Changes	% Change
Trading in currency/financial instruments	7,444	5,804	1,640	28.26
Indirect deposits and insurance policies	419,538	397,351	22,187	5.58
Collection and payment services	349,411	307,924	41,487	13.47
Loans and guarantees	172,873	149,430	23,443	15.69
Other commissions	46,363	53,460	(7,097)	-13.28
Total net commissions	995,629	913,969	81,660	8.93

In the quarterly trend in Net fees and commissions shown in the graph, the results of the last quarter were influenced by the lower profitability of the indirect deposits, bancassurance and payment services segments.



Net income from financial activities and dividends

Net income from financial activities (including dividends of Euro 25.1 million) amounted to a positive Euro 79.1 million (Euro 100.3 million as at 30 June 2022).

The result was brought about in particular by:

- gains on the disposal of financial assets for an amount of Euro 31.0 million;
- net profit from disposal of loans for an amount of Euro 10.1 million;
- net capital gains on financial assets of Euro 0.9 million;
- other positive elements for Euro 12.0 million.

(in thousands)

Net income from financial activities (including dividends)	30.06.2023	30.06.2022	Changes	% Change
Dividends	25,135	15,883	9,252	58.25
Gain from disposal of financial assets and loans	41,072	139,998	(98,926)	-70.66
Capital gains on financial assets and liabilities	61,147	56,569	4,578	8.09
Capital losses on financial assets and liabilities	(60,235)	(118,407)	58,172	-49.13
Other revenues (losses)	11,964	6,236	5,728	91.85
Total	**79,083**	**100,279**	**(21,196)**	**-21.14**

Other operating expense / income

The item Other operating expense/income, amounting to Euro 32.6 million (a negative Euro 12.7 million as at 30 June 2022) includes, in terms of the main components for the six-month period:

- net contingent assets from the settlement of early terminations of former Carige commercial agreements, for Euro 5.6 million;
- contingent assets in relation to the settlement of lawsuits against the bank, for a total of Euro 9.4 million;
- the recognition of charges for an amount of Euro 5.1 million for the refund of fast-track loan approval process fees (CIV) to former Carige customers;
- other net income not attributable to a specific item (e.g. Fast-track facility fee and rental income) totalling Euro 19.1 million.

Net operating income amounted to Euro 2,652.3 million (+48.43% compared to the same period in the previous year).

Operating costs

Operating costs amounted to Euro 1,359.9 million, up 18.43% on the first six months of 2022, mainly due to the Group's increase in size.

The main components of operating costs are as follows.

"*Staff costs*" totalled Euro 849.2 million, up from the same period in the previous year (+19.34%).
"*Other administrative expenses*", stated net of indirect taxes recovered (Euro 136.2 million at 30 June 2023) and the contributions paid to the Single Resolution fund (Euro 49.5 million), amounted to Euro 395.7 million, up by 15.49% compared with the same period in the previous year.
"*Net adjustments to property, plant, equipment and intangible assets*" amounted to Euro 115.0 million (Euro 94.1 million in the first six months of 2022).
Amortisations of assets owned amounted to Euro 74.0 million (Euro 59.4 million as at 30 June 2022). The depreciation of rights of use related to leased assets amounted to Euro 39.3 million (Euro 33.7 million at 30 June 2022), while net adjustments due to early termination of contracts totalled Euro 1.8 million (Euro 1 million at 30 June 2022).

(in thousands)

Operating costs	30.06.2023	30.06.2022	Changes	% Change
1. BPER Banca s.p.a.	1,175,867	970,370	205,497	21.18
2. BPER Bank Luxembourg s.a.	3,151	2,645	506	19.13
3. Bibanca s.p.a.	28,091	30,130	(2,039)	-6.77
4. Banco di Sardegna s.p.a.	119,841	125,579	(5,738)	-4.57
5. Banca Cesare Ponti s.p.a.	3,574	-	3,574	n.s.
Total banks	**1,330,524**	**1,128,724**	**201,800**	**17.88**
Other companies and consolidation adjustments	29,414	19,555	9,859	50.42
Total	**1,359,938**	**1,148,279**	**211,659**	**18.43**

Net operating income therefore amounts to Euro 1,292.4 million (Euro 638.7 million at 30 June 2022).

Net impairment losses for credit risk

Net impairment losses for credit risk amounted to Euro 265.9 million (Euro 217.1 million at 30 June 2022).
More specifically, Net impairment losses on financial assets measured at amortised cost amounted to Euro 269.3 million (Euro 215.6 million at 30 June 2022).

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	30.06.2023	30.06.2022	Changes	% Change
1. BPER Banca s.p.a.	230,343	130,997	99,346	75.84
2. BPER Bank Luxembourg s.a.	608	318	290	91.19
3. Bibanca s.p.a.	3,110	12,628	(9,518)	-75.37
4. Banco di Sardegna s.p.a.	25,521	38,918	(13,397)	-34.42
5. Banca Cesare Ponti s.p.a.	169	-	169	n.s.
Total banks	**259,751**	**182,861**	**76,890**	**42.05**
Other companies and consolidation adjustments	11,474	10,852	622	5.73
Total	**271,225**	**193,713**	**77,512**	**40.01**

The overall cost of credit at 30 June 2023, calculated only on loans to customers, amounted to 30 bps, the equivalent of 61 bps on an annualised basis; the cost of credit at 30 June 2022 was 21 bps, while the effective cost at 31 December 2022 was 64 bps.

Net provisions for risks and charges

"*Net provisions for risks and charges*" total Euro 65.4 million (Euro 41.0 million at 30 June 2022). Net reversals on guarantees and commitments were recognised for an amount of Euro 10.9 million in the six-month period, whereas "Other provisions for risks and charges" amount to Euro 76.3 million and mainly refer to:

- ordinary allocations for disputes of Euro 32.2 million, relating in particular to compound interest/usury and bankruptcy clawbacks;
- the allocation of Euro 12.4 million, estimated with respect to operational/compliance risk connected with the tax credits acquired from customers in the six-month period;
- allocations of Euro 12.6 million for expenses to be paid to third parties for the early closure of distribution agreements.

Contributions to SRF, DGS, IDPF - VS

In the first half of the year, the regular contribution to the SRF (Single Resolution Fund) was paid for a total of Euro 49.5 million (Euro 45.7 million at 30 June 2022).

Gains (Losses) on investments

This item shows a positive balance of Euro 9.3 million (Euro 7.0 million as at 30 June 2022), mainly deriving from:

- Euro 16.7 million positive result from companies valued at equity;
- full write-down of goodwill relating to the CGU BPER Factor for Euro 6.8 million.

Net profit

The profit from current operations before tax amounted to Euro 920.9 million (Euro 1,530.3 million at 30 June 2022).
"Income taxes for the period", amounting to Euro 201.4 million, were quantified on the basis of the tax rate for the year 2023.
Net profit after tax amounted to Euro 719.5 million (Euro 1,395.0 million at 30 June 2022). The profit pertaining to minority interests totalled Euro 15.0 million (Euro 10.2 million at 30 June 2022). The profit pertaining to the Parent Company amounted to Euro 704.6 million (Euro 1,384.8 million at 30 June 2022).

(in thousands)

Net profit	30.06.2023	30.06.2022	Changes	% Change
1. BPER Banca s.p.a.	634,229	219,533	414,696	188.90
2. BPER Bank Luxembourg s.a.	4,601	351	4,250	--
3. Bibanca s.p.a.	28,005	10,896	17,109	157.02
4. Banco di Sardegna s.p.a.	93,611	28,257	65,354	231.28
5. Banca Cesare Ponti s.p.a.	642	-	642	n.s.
Total banks	**761,088**	**259,037**	**502,051**	**193.81**
Other companies and consolidation adjustments	(56,537)	1,125,771	(1,182,308)	-105.02
Total	**704,551**	**1,384,808**	**(680,257)**	**-49.12**

6.5 Employees

Employees	30.06.2023	31.12.2022	Changes
1. BPER Banca s.p.a.	17,953	18,302	(349)
2. BPER Bank Luxembourg s.a.	29	28	1
3. Bibanca s.p.a.	215	199	16
4. Banco di Sardegna s.p.a.	1,970	2,071	(101)
5. Banca Cesare Ponti s.p.a.	32	32	-
Total banks	**20,199**	**20,632**	**(433)**
Subsidiaries consolidated line-by-line	397	427	(30)
Total of balance sheet	**20,596**	**21,059**	**(463)**

Figures refer to the point-in-time number of employees at 30 June 2023.
The Group's headcount at 30 June 2023 includes 335 employees seconded with Group companies (496 at 31 December 2022).

6.6 Geographical organisation

Branches	30.06.2023	31.12.2022	Changes
1. BPER Banca s.p.a.	1,467	1,603	(136)
2. Banco di Sardegna s.p.a.	290	308	(18)
3. Banca Cesare Ponti s.p.a.	2	2	-
Total Italian banks	**1,759**	**1,913**	**(154)**
4. BPER Bank Luxembourg s.a.	1	1	-
Total	**1,760**	**1,914**	**(154)**

Please refer to the "Other attachments" of these half-year consolidated financial statements for details of the Group's local presence throughout the country.

7. Main risks and uncertainties

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

The BPER Banca Group identifies the Risk Appetite Framework (RAF) as a tool for overseeing the risk profile that the Group intends to take in the implementation of its business strategies, considering it as an essential element to ensure that the risk governance policy and process by which risks are managed comply with the principles of sound and prudent business management. The RAF provides the frame of reference that, in line with the maximum acceptable risk, defines the business model and strategic plan, risk appetite, tolerance thresholds, risk limits, risk management policies and the key processes needed to define and implement them.
The key principles of the RAF are formalised and approved by the Parent Company, which periodically reviews them, ensuring that they are in line with the strategic guidelines, business model and regulatory requirements in force at the time. The RAF is a coordinated set of methodologies, processes, policies, controls and systems that make it possible to establish, communicate and monitor the Group's risk appetite. In line with the regulatory guidelines[24], the Group adopts mechanisms aimed at allowing effective integration of the risk appetite with management activities. In particular, the Group consistently reconciles its RAF, business model, strategic plan, Capital, Funding and NPE Plan, ICAAP, ILAAP and budget.

The Group periodically monitors the overall RAF metrics, in order to control on a timely basis any overruns of the tolerance thresholds and/or risk limits assigned under the individual risk governance policies and, if appropriate, deal with the necessary communications to the Corporate Bodies and subsequent remedial actions.
The BPER Group defines the propensity to risk as the values of the risk objectives (Risk Appetite) and the tolerance thresholds (Risk Tolerance) set in order to ensure, in any case, that the Group has sufficient margins to operate, including under stress conditions, within the maximum risk than can be assumed, the exposure limits (Risk Limits) and the maximum risk than can be assumed (Risk Capacity).

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

For further details, see Part E - Information on risks and related hedging policy of the Consolidated financial statements as at 31 December 2022.

To ensure the implementation and in compliance with prudential supervisory regulations (Bank of Italy Circular 285 of 17 December 2013 and subsequent updates), the BPER Banca Group periodically performs an accurate identification of the risks to which it is or could be exposed by taking account of its operations and reference markets.
This activity is the result of an integrated and ongoing recognition process carried out centrally by the Parent Company, which also envisages (if deemed necessary in relation to any developments and/or changes in the business model) the involvement of the individual legal entities included in the Group's scope of consolidation, in order to enhance their role in relation to individual and specific operational features. In this regard, the Group Risk Map is viewed as having management and risk governance purposes, making it the cornerstone of the Internal Control System.
The risk identification process involves periodic updating of the "Map of Group Risks", which illustrates the relative position of the Bank with respect to Pillar 1 and 2 risks[25], with a point-in-time and forward-looking perspective, in order to foresee any risks capable of impacting the operations of the Group or of its legal entities. The purpose of this update is to define the scope of significant risks/entities through the application of appropriate criteria of applicability and materiality, which make it possible to differentiate between risks that are material or immaterial for the Group.

[24] See Banca d'Italia Circular No 285/2013
[25] See Bank of Italy Circular no. 285/13, Title III - Chapter 1 - Attachment D.

The scope of "material risks" is made up of all Pillar 1 risks, mandatory regulatory risks and Pillar 2 risks deemeed material for the Group (credit, counterparty, market, operational, liquidity, interest rate in the banking book, strategic/business, reputation, equity investments).
They are classified into risk sub-categories, based on the specific nature of the main risk, the reference regulations and/or the specific operations of the Group, with the aim of pursuing a complete monitoring of the various types of risk, also in line with national and international regulatory developments[26].
In order to strengthen said monitoring, in the 2023 Risk Map, an analysis of the macroeconomic context and of the 2023-25 Supervisory Priorities identified by the Regulator was carried out, and the benchmarking analysis was updated.
The main changes introduced to the 2023 Risk Map refer to the extension of the materiality analysis for all risks, except for those that are mandatory by law, incorporated in the business model or introduced following specific requests or further methodological refinements relating to the materiality analysis. In addition, continuing with the approach introduced in previous years, ESG risk factors continued to be fine-tuned and, in particular, quantitative indicators were strengthened for the materiality analysis of credit risk deriving from climate and environmental factors, and ESG risk factors were introduced to the materiality analysis of market, reputational and strategic/business risks.
Identification of these risks also considered their inherent uncertainties, understood as possible events whose potential impact cannot be determined, and hence quantified, at present. More specifically, as a key factor in the determining the outlook for Group operations, the Italian and global macroeconomic situation is currently characterised by persisting uncertainties in relation, in particular, to the Russian-Ukrainian conflict and the inflationary scenario accompanying the European Central Bank's rate hike policy.
In line with the RAF defined by the Parent Company, for risks identified as significant, the Board of Directors of BPER Banca sets, with a special policy, the risk objectives, the related risk exposure and operational limits and the process of risk assumption and management.

In line with the relevant regulations, the Corporate Bodies have a central role in the process of risk governance, providing for certain responsibilities with regard to the design, implementation, evaluation and external communication, as part of the development of the Group's system of internal controls.
The Parent Company's Board of Directors therefore performs the strategic supervision function at Group level, intervening in all phases envisaged by the model and, by means of strategic directives, involving the Boards of Directors of the individual Group Banks and Companies for the activities that are their responsibility, i.e.:

- it gives the CEO adequate powers and resources to implement the strategic guidelines, the RAF and risk governance policies defined by the Board of Directors of the Parent Company in the design of the internal control system and is responsible for taking all the necessary steps to ensure that the organisation and its internal control system comply with the principles and requirements laid down in regulatory provisions, monitoring compliance on an ongoing basis;
- receives, either directly or through the CEO, the information flows required to gain full awareness of the various risk factors and the ability to govern them, so as to plan and implement interventions to ensure the compliance and adequacy of the Internal Control System.

For said purpose, the Chief Executive Officer, in relation to the Group as a whole and its members, with the help of the competent structures, implements the necessary initiatives and activities to continuously guarantee the completeness, adequacy, functionality and reliability of the internal control system.
The Boards of Statutory Auditors[27] of the Parent Company and of the Group companies, each to the extent of its own responsibilities, perform their assignments as foreseen by the law and the articles of association and have the responsibility of ensuring the completeness, suitability and functionality of the internal control system and of the RAF. The results are brought to the attention of the respective Boards of Directors.
The Board of Directors of each Group Company assigns a mandate to its own corporate structures to implement, in its own corporate set-up, the decisions taken by the Parent Company.
Internal board committees and other internal committees set up by the Boards of Directors of the Parent Company and of the Group Companies are also involved in the overall Internal Control System, whose composition and functioning are defined in the relevant regulation approved by the Board itself.
The internal board committees are dedicated to the in-depth analysis of specialist topics and have inquiry, advisory and proposal-making duties in support of the Board of Directors, while the Internal Committees provide advice and support to the Management Body.

In particular, the Risks Committee, a body with consultative powers, assists the Chief Executive Officer in the determination and implementation of the Risk Appetite Framework, of risk governance policies and of the capital adequacy process for the Group and Group companies, as well as in the preparation of management reporting on risks and development and monitoring of the system of operating limits.

To this effect, the Committee is responsible for examining the following issues:

- risk capacity, risk appetite, risk tolerance, risk profile and risk limits under both normal and stressed conditions;

[26] EBA Guidelines on SREP, ECB guidelines on ICAAP and ILAAP.
[27] Bank of Italy Circular no. 285 of 2013; first part, Title IV, Chapter 3 "The body with control function is responsible for monitoring the completeness, adequacy, functionality and reliability of the internal control system and the RAF".

- consistency and reconciliation among the business model, the strategic plan, the RAF, ICAAP and ILAAP processes, the budget, business administration and the internal control system;
- the risk management process indicates the series of rules, procedures, methodologies and models, resources (human, technological and organisational) and control activities to identify, measure or assess, monitor, prevent or mitigate and to communicate, by means of a specific reporting process, all risks taken or that may be taken by the Group.

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

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

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

To ensure the achievement of strategic and operational objectives, the BPER Banca Group defines its Internal Control System (governed by the “Group Policy - Internal Control System”)[28], in line with Bank of Italy Circular 285 of 17 December 2013 – Supervisory instructions for banks.
The “Group’s Internal control system” is the set of rules, functions, structures, resources, procedures and processes aimed at ensuring that the activities carried out by the company are compliant with the pre-defined internal standards and practices.

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

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

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

For more information and details on the overall control system implemented at the Banking Group level and on the tasks assigned to each control body or function identified, please refer to the information provided in the Explanatory Notes, Part E - Information on risks and related hedging policies (particularly the "Introduction" to the qualitative and quantitative information), to the Consolidated Financial Statements as at 31 December 2022, the Pillar 3 Public Disclosures as at 31 December 2022, as well as to the Report on Corporate Governance and Ownership Structure as at 31 December 2022, which are available on the company's website (https://istituzionale.bper.it).

[28]Approved by Board of Directors on 28 April 2022.

Credit risk

With regard to credit risk, the measurements made by the internal rating system are used for management reporting purposes. More specifically:

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

For a description of the advanced credit risk measurement methodologies based on internal ratings, please refer to part E of these Notes, in the chapter that describes management, measurement and control systems.

The latest updates/improvements made to the internal models in the first half of 2023 are detailed below:

- in relation to the inspection activities concluded in the first quarter of 2022, on 16 February 2023, BPER Banca received the ECB's Final Decision, which authorised the "material model change" to internal models and the extension of the models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures;
- The new internal rating system has been in use since the supervisory reports of 31 March 2023 and for management purposes since May 2023.

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

Financial risk

With regard to financial risk management, an analytical system is used to measure, monitor and report on market, counterparty, liquidity and interest-rate risks. Guidance on management policies for market risk (VaR - Value at Risk), interest rate risk (ALM) and liquidity risk (operational and structural) is provided by the ALCO and Finance Committee and the Liquidity Committee. Operational reports are prepared on the risk profile, with frequencies varying from daily to monthly, depending on the characteristics of each risk that is monitored. Every quarter, an overall report on financial risks is presented to the Risks Committee, the Risk Control Committee, the Board of Directors of the Parent Company and, for the areas within their remit, to the Boards of Directors of the Group companies.
For more qualitative information on financial risk and related controls, please refer to the Explanatory Notes to this Report, Part E, Section 2, para. 1.2 – Market risk, para. 1.3 Derivative instruments and hedging policies, para. 1.4 Liquidity risk of the Consolidated financial statements as at and for the year ended 31 December 2022.

Operational risk

As regards the governance of operational risk, starting from the supervisory reports at 31 December 2013, the BPER Banca Group adopted the Traditional Standardised Approach (TSA) to calculate the capital requirement for operational risk.
The Own Funds requirement is calculated by determining the three-year average of the sum of the annual Own Funds requirement for the lines of business in which the relevant indicator was classified[29].
The model of operational risk governance and management adopted by the BPER Banca Group, designed to identify, assess, monitor, mitigate and report operational risks to the appropriate hierarchical levels, is formalised in specific internal rules. It provides for the centralised management at the Parent Company by the Operational, ICT & Reputational Risk service, which relies on the support from a Contact of the Risk Function in place at all Group banks and companies.
The operational risk management and measurement system adopted by the BPER Banca Group is ensured by:

- Loss Data Collection: system for collecting and filing the loss events that derive from operational risks, supported by dedicated IT tools under constant development that ensure the integrity and quality of the data gathered;
- measurement of exposure to operating risks via the Risk Self-Assessment, in order to determine over a one-year time horizon the forward-looking level of exposure to operating risks and assess the adequacy of processes and line controls;
- measurement of risk by determining the level of capital absorption by operating risk from both a regulatory (own funds) and an operational standpoint (economic capital);

[29] See CRR – Part three, Title III, Chapter 3, art. 317.

- system of reporting and communication to the Board of Directors and Senior Management, together with procedures to undertake appropriate mitigation actions based on the information flows sent.

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

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

Reputational risk

Commencing from 2017, the BPER Banca Group has implemented a framework for the management of reputational risk in order to monitor, manage and periodically present in an organised manner the position of the Group in relation to this risk, together with the corrective actions needed to mitigate any vulnerabilities identified.
The principal elements comprising the framework for the management of reputational risk are described and formalised in the "Group policy on the governance of reputational risk". This document centralises the management of this activity within the Risk Management Function of the Parent Company, and specifies the responsibilities of the Organisational Units within the Parent Company and the Group companies concerned, both under normal operating conditions and should any "critical reputational events" occur.

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

For more qualitative information on operational risk and reputational risk and related controls, please refer to the Explanatory Notes to this Report, Part E, Section 2, para. 1.5 Operational risks of the Consolidated financial statements as at and for the year ended 31 December 2022.

7.2 Other evidence of risk

Business Continuity

During the first six months of 2023, more than 500 Business Impact Analyses (BIA) were conducted, aimed at identifying the potential risks and failure points of corporate processes. The activities aimed at the “Ordinary Management” of Business Continuity continued with a view to updating the Business Continuity Plan of the Parent Company and of the Group’s Banks and Companies. With a view to continuous improvement, planned tests and Disaster Recovery tests were executed.

The elements that characterised the first half of the year concerned:
- the extension of Business Continuity to the new companies that joined the Group (Banca Cesare Ponti);
- the release of the “Everbridge” application into production as a mass notification tool for communications in the event of a crisis/emergency;
- activities for maintenance of certification ISO 22301, held by the Group through the company Numera, transferred at the end of 2022.

In the first half of 2023, there was a continued focus on operational resilience, through the publication of an updated version of the “Cosa fare se” (what to do if) manual, i.e. a support guide for network personnel outlining the conduct to observe and the communications to make in the event of a temporary shutdown or service outage (unexpected black-outs, line drop, etc.).

The contribution to the ESG domain continued, with new impetus injected into the analysis of climate risk and physical risk. In said area, software is being created which geolocates buildings and branches, associating the mapping of the main risks to each one (seismic, hydro-geological, landslide, vicinity to industrial sites).

The Business Continuity Office has coordinated multiple activities to restore compromised services. The most significant emergency situation concerned the Romagna flood in May 2023, which involved weeks of work, meetings with the Authorities, Civil Protection, the ECB and the Bank of Italy, in addition to activities to restore damaged branches. A special task force kept in contact with more than 180 branches and offices during the emergency, in an area hit by more than twenty instances of flooding. Data centres and central offices were always operational. Thanks to prevention activities, only three network units remained closed for a few days. On 5 June, the restoration of the last damaged branch was completed; the other agencies have been open to the public since the end of May.

Climate Change[30]

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

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

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

The BPER Banca Group has organised cross-cutting working groups with the aim of identifying action lines in the climate-related and environmental area to strengthen strategy, business, risk governance and regulatory compliance. With this in mind, an activity/intervention plan was defined and approved by the Parent Company's Board of Directors and sent to the European Central Bank. In 2022, the BPER Banca Group was involved in regulatory exercises by the ECB, first and foremost in the Thematic Review, targeted at assessing the compliance with the abovementioned ECB guidelines, which highlighted the Group's excellent positioning with respect to market peers, and subsequently in the Regulatory Stress Test on climate and environmental risk factors, based on which the opportunity was taken to further strengthen the procedures for the governance of the climate-environmental component.

With reference to the Risk Management framework, the integration of climate and environmental factors in the processes is currently being strengthened, through the identification of the channels for the transmission of climate and environmental factors to existing risk categories, the definition of the methodologies for the calculation of dedicated Key Risk Indicators, the adjustment of modelling and reporting, contributing to a pragmatic decision-making process based on sound and prudent risk management criteria.

[30] For more information on ESG risk, please refer to the Consolidated Non-Financial Statement (2022 Sustainability Report).

7.3 Disclosure of exposures to sovereign debt held by listed companies

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

Debt securities

Issuer	Rating	Cat	Nominal value	Book Value	Fair Value	OCI Reserves	%
Governments (*):			15,338,698	14,683,824	13,840,712	(42,262)	97.45%
Italy	BBB		10,386,649	10,211,365	9,687,429	(32,898)	67.77%
		FVTPLT	3,465	3,355	3,355	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	2,042,684	2,049,392	2,049,392	(32,898)	
		AC	8,340,500	8,158,618	7,634,682	#	
Spain	A-		1,675,400	1,567,628	1,495,824	(1,675)	10.40%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	18,500	16,852	16,852	(1,675)	
		AC	1,656,900	1,550,776	1,478,972	#	
Germany	AAA		964,501	900,834	815,009	(2,824)	5.98%
		FVTPLT	1	2	2	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	20,000	16,369	16,369	(2,824)	
		AC	944,500	884,463	798,638	#	
U.S.A.	AAA		890,000	806,196	658,838	-	5.35%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	890,000	806,196	658,838	#	
European Stability Fund	AA		326,000	292,506	284,992	(56)	1.94%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	105,000	90,175	90,175	(56)	
		AC	221,000	202,331	194,817	#	

(continued)

Issuer	Rating	Cat	Nominal value	Book Value	Fair Value	OCI Reserves	%
Belgium	AA-		246,400	212,418	209,935	-	1.41%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	246,400	212,418	209,935	#	
Other	-		849,748	692,877	688,685	(4,809)	4.60%
		FVTPLT	48	1	1	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	54,000	48,145	48,145	(4,809)	
		AC	795,700	644,731	640,539	#	
Other public entities:			436,101	384,039	368,549	(4,153)	2.55%
Italy	-		20,677	19,252	19,041	(9)	0.13%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	6,000	6,081	6,081	(9)	
		AC	14,677	13,171	12,960	#	
France	-		356,400	309,498	294,219	(4,102)	2.05%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	77,000	66,186	66,186	(4,102)	
		AC	279,400	243,312	228,033	#	
Other:	-		59,024	55,289	55,289	(42)	0.37%
		FVTPLT	24	10	10	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	59,000	55,279	55,279	(42)	
		AC	-	-	-	#	
Total as at al 30.06.2023			15,774,799	15,067,863	14,209,261	(46,415)	100.00%

(*)The individual percentages, calculated on book value, shown in the above table may not agree with the total because of roundings. Figures are expressed in thousands of Euro. The ratings indicated are those of Fitch Ratings at 30 June 2023.

Loans

Issuer	*Rating*	Cat	Nominal value	Book Value	*Fair value*	OCI Reserves	%
Governments (*):			2,101,562	2,101,562	2,094,216	-	75.17%
Italy	BBB+		2,101,562	2,101,562	2,094,216	-	75.17%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	2,101,562	2,101,562	2,094,216	#	
Other public entities:			694,129	694,129	715,857	-	24.83%
Italy	-		692,701	692,701	714,429	-	24.78%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	692,701	692,701	714,429	#	
Algeria	-		1,428	1,428	1,428	-	0.05%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	1,428	1,428	1,428	#	
Total loans as at 30.06.2023			2,795,691	2,795,691	2,810,073	-	100.00%

(*) The individual percentages, calculated on book value, shown in the above table may not agree with the total because of roundings. Figures are expressed in thousands of Euro. The ratings indicated are those of Scope Ratings at 30 June 2023.

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

	on demand	up to 1 year	1 to 5 years	over 5 years	Total
Debt securities	-	469,145	5,980,143	8,618,575	15,067,863
Loans	350,376	129,154	59,427	2,256,734	2,795,691
Total	350,376	598,299	6,039,570	10,875,309	17,863,554

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

8. Other information

8.1 Treasury shares in the portfolio

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

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

Purchases of treasury shares will be carried out within the limits of distributable profits and available reserves, as determined in the financial statements (annual report) most recently approved.

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

In the first six months of the year, treasury shares were also granted free of charge to employees, in line with the provisions of the Remuneration Policies (e.g. for short-term and long-term incentive and/or severance schemes). Please refer to the Explanatory Notes to this Report for further details.

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

The carrying amount of the Group's interest in the treasury shares held by consolidated companies, classified as a deduction from shareholders' equity caption 180, is Euro 2,689 thousand, of which Euro 2,683 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 30.06.2023	811,129	2,683,020
Total as at al 31.12.2022	1,714,504	5,671,809

There are also 62,238 shares relating to -and held by- Bibanca s.p.a., for a total of Euro 6 thousand.

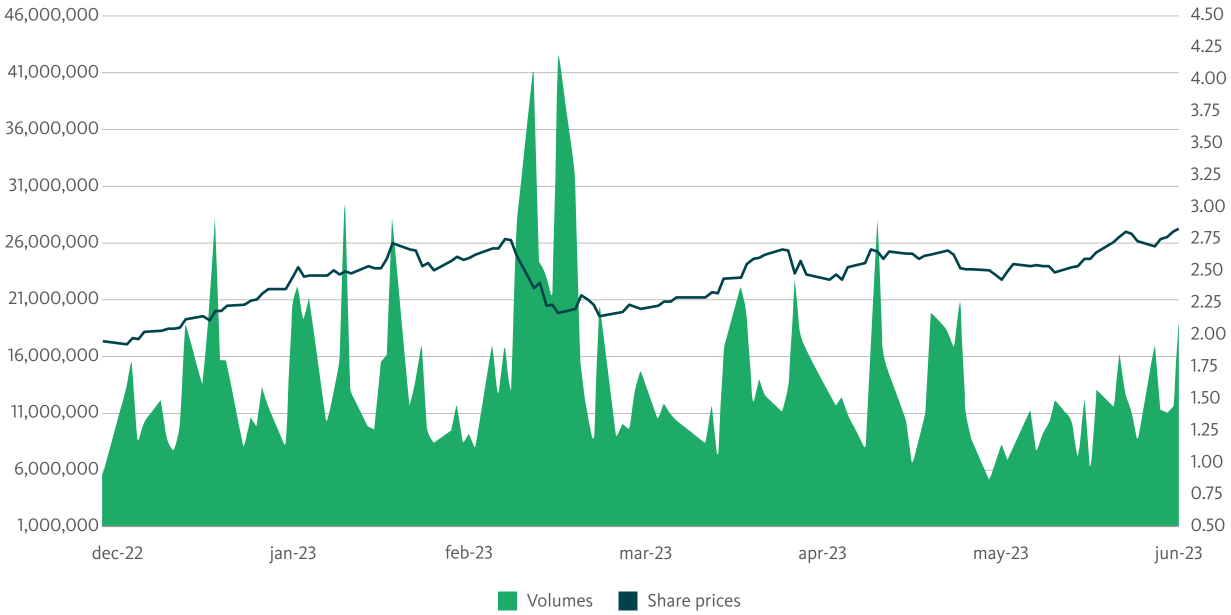
8.2 Share price performance

During the first half of 2023, the effects of external factors (geopolitical tensions, the Ukrainian crisis and economic downturn) were felt, especially on the bond market. The uncertainty surrounding the trajectory of the monetary policies adopted by the world's major central banks to counteract the impacts of inflation on the economy, prompted contrasting reactions from the market, in anticipation of understanding whether said measures may prove to be too severe, and thus contribute to an economic slowdown, including a recession, or whether there is still room for further interest rate hikes, owing to the persistence of inflationary pressures well above the targets set by the Monetary Authorities.
The crises of some regional US banks and the rescue of Credit Suisse led to further instability on the financial markets, especially in the first quarter of the year; in the second quarter, despite a reporting season below the expectations, especially in the United States, the equity market recovered the decrease recorded at the start of the year, with values moving back to those of April 2022 for the S&P500, and those of December 2021 for the Eurostoxx50 (similar trend for the Italian FTSEMIB).
In particular, since the start of the year in the United States, the US S&P500 index has risen by 15.91%, while in Europe the Euro Stoxx 50 and the Italian FTSE MIB index closed with positive performances of respectively 15.96% and 19.08%.

As regards the Italian financial sector, despite the volatility caused by the banking crises that occurred in the United States and Switzerland in the first quarter and tensions caused by the uncertainties surrounding central banks' monetary policies in the second quarter, the reference index for the sector (FTSE Italia All-Share Banks Index) has recorded a highly positive year-to-date performance of 25.86%.

In said context, the price of the BPER Banca share significantly outperformed the benchmark index, rising from Euro 1.9185 as at 30 December 2022 to Euro 2.782 as at 30 June 2023 (+45.04% from the start of the year).
From the start of the year, the volumes of BPER Banca shares traded settled at an average of about 13.8 million shares traded on a daily basis.
It is pointed out that the BPER Banca share is part of the new MIB40 ESG index launched in October 2021.

BPER share price and volumes



8.3 Rating as at 30 June 2023

Fitch Ratings

During the first half of 2023, the Agency Fitch Ratings conducted the annual review on the issuer BPER.

On 5 April 2023, Fitch Ratings raised the issuer rating assigned to BPER Banca from BB+ to BBB- with outlook ‘Stable’.
The upgrade reflects the Agency’s positive assessment of the important results achieved by the BPER Banca Group through its significant improvement in Asset Quality, to levels closer to international averages, which have considerably reduced BPER's vulnerability to asset quality shocks. The upgrade also reflects the Group’s strengthened franchise in Italy, as well as the pursuit of a medium-term strategy consistent with its business model and adequate capital buffers with respect to regulatory requirements.

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

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

Moody's

During the first half of 2023, there were no changes to the ratings of the BPER Group by the Agency Moody's.

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
Moody's	09.08.2022	P-2	Baa2	Negative	Ba1	Negative	Ba1	Ba2

International Rating Agency	Latest review date	Short Term Deposit	Long Term Deposit	Outlook (Long Term Deposit)	Long Term Issuer	Outlook (Long Term Issuer)	Baseline Credit Assessment ("BCA")	Subordinated debt	Senior Non-Preferred debt
Moody's	26.10.2022	P-2	Baa2	Negative	Ba1	Negative	Ba1	Ba2	Ba1

On 26 October 2022, under the Bank's Euro 6 billion Euro Medium-Term Note (EMTN) Programme, Moody's for the first time assigned BPER Banca's Senior Non-Preferred Debt a rating of "(P)[31] Ba1" in line with the Bank's senior debt rating.

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

DBRS Morningstar

The annual review meeting with the Agency's analysts was held on 28 June 2023, following which, on 18 July 2023, DBRS Morningstar confirmed all the Group's ratings, maintaining the trend as 'Stable'. The confirmation of the ratings reflects the Bank's competitive position and geographical diversification across the country. The rating action also considers the successful management of the integrations following the recent acquisitions and the continued progress in asset quality.
The capital, liquidity and funding positions were deemed adequate.

[31] Provisional rating

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

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

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

In May 2023, the BPER Banca Group received a request for regular contribution to the Single Resolution Fund (SRF) for 2023, for a total amount of Euro 49.5 million (Euro 45.7 million in 2022).

8.5 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 half-year Consolidated report as at 30 June 2023, the directors are of the opinion that the findings that emerged in the various inspection areas do not entail significant impacts in terms of income, assets and cash flows of the BPER Banca Group. In any case, the Group always prepares suitable action plans to implement the Supervisory Authority's recommendations as quickly as possible.

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

European Central bank – ECB

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

Inspection (2022)
From 10 October 2022 to 3 February 2023, BPER Banca was subject to an on-site inspection regarding credit and counterparty risk with the aim of assessing compliance with and the implementation of the IFRS9 accounting standard, as well as carrying out a Credit Quality Review on selected portfolios and assessing the credit risk processes. The outcomes of the inspection, in

relation to which the Group will formulate its observations and relevant remedial actions, were successfully received at the end of the six-month period.

Inspection (2023)

From 20 March 2023 until June 2023, BPER Banca was subject to an on-site inspection regarding the business model and profitability, with the objective of reviewing the corporate governance and strategy management process. As at the date of reporting, the Bank is waiting to learn the final decisions of the Supervisory Authority.

Bank of Italy - BI

Sardaleasing - Inspection (2022)

From 27 September 2022 to 28 December 2022, Sardaleasing was subject to on-site inspections in the context of anti-money laundering by the Bank of Italy's Financial Disclosure Unit (FDU). A meeting was held on 12 April 2023 with some representatives from the Anti-money laundering Supervision and Regulation Unit and officers from the Financial Intelligence Unit of the Bank of Italy responsible for inspections, which conducted the assessment in question, regarding the outcomes of the inspection carried out on the Company. During said meeting, it was announced that the inspection had concluded with a positive outcome, which means that no formal notification will be issued by the Bank of Italy's Financial Disclosure Unit. In said context, certain areas of improvement were nonetheless identified regarding the internal regulations and relevant training of agents involved in financial activities, as well as the need for strengthening the procedure of monitoring potential suspicious or irregular transactions,
In response to the recommendations formulated by the Supervisory Authority, a descriptive communication was sent by BPER Banca to the Bank of Italy on 5 May 2023, detailing the measures already adopted, or to be adopted, and the relevant implementation time schedule.

CSSF - Commission de Surveillance du Secteur Financier

Inspection (2022)

From 2 May 2022, BPER Bank Luxembourg was the subject of an on-site inspection by the Commission de Surveillance du Secteur Financier (CSSF), aimed at ascertaining the state of compliance with the MiFID II regulation. The on-site inspection phase has been completed and the Bank is waiting to learn the final decisions of the Supervisory Authority.

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

8.6 Information on intercompany and related-party transactions

Relations with or between the various companies included within the scope of consolidation and with associates and related parties were all of a routine nature and were conducted properly.
For details, as required by art. 2497 *bis* of the Italian Civil Code and by CONSOB Communication DEM 6064293 of 28 July 2006, reference should be made to Part H of the consolidated Explanatory Notes.

In accordance with CONSOB's Regulation 17221/10 and subsequent amendments, issued on the subject of related-party transactions, the BPER Banca Group has adopted specific internal rules to ensure transparency and substantial and procedural correctness of transactions with related parties.
In this context, the Parent Company BPER Banca adopted the "Group policy for the governance of non-compliance risk concerning conflicts of interest with related parties and risk activities with associated persons", which was also implemented by the other Group banks and companies. This Policy also complies with the Bank of Italy's requirements in terms of "Risk activities and conflict of interest versus related parties and associated persons" as contained in Circular 285 dated 17 December 2013 – 34th update made on 22 September 2020.
The document is published on BPER Banca's website (https://istituzionale.bper.it, in the Governance > Documents section) and on the websites of the other Group banks.

Without prejudice to the disclosure requirements of IAS 24 (explained in Part H of the consolidated explanatory Notes, in relation to the scope of application of the international accounting standard), the following is a summary of transactions with related parties, for which information is provided under Regulation 17221/10.

At 30 June 2023, the only company belonging to the BPER Banca Group issuing listed shares is BPER Banca.

a) most significant individual transactions concluded during the reporting period

No.	Company that initiated the transaction	Name of the counterparty	Nature of the relationship with the counterparty	Object of the transaction	Consideration for each transaction completed (Euro/000)	Other information
1	BPER Banca S.p.A.	Alba Leasing S.p.A.	Directly associated company	Credit line	645,000	Transaction exempt from market disclosure pursuant to art. 14 para. 2 of Regulation 17221/2010
2	BPER Banca S.p.A.	UnipolSai Assicurazioni S.p.A.	Significant shareholder	Merger by absorption of *SIFA'* S.p.A., a direct subsidiary of BPER Banca, into UnipolRental S.p.A., a direct subsidiary of UnipolSai Assicurazioni	1,000,000	Information Document pursuant to art. 5 of Reg. CONSOB 17221/2010

With reference to the transaction completed by BPER Banca S.p.A. with UnipolSai Assicurazioni S.p.A., more details can be found in the specific Information Document drafted in accordance with the aforementioned CONSOB Regulation 17221/10 and published on 30 March 2023.
Pursuant to said regulation, the transaction was approved by BPER Banca's Board of Directors, based on the prior favourable opinion of the Related Parties Committee on the existence of the company's interest in concluding said transaction and the convenience and substantive fairness of the relevant terms and conditions.
The Committee – which for the activities within its competence, availed itself of the support of independent experts appointed by the latter, both for their legal and strategic-financial profiles – was promptly involved in the negotiations and preliminary phase by receiving a complete and updated flow of information with the right to ask for information and to make observations to the delegated Bodies and to those in charge of carrying out the negotiations.
The Transaction's value was estimated at roughly Euro 1 billion, by calculating its various economic components.

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

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

As required by CONSOB Regulation 17221/10 with regard to other transactions with related parties, it is confirmed that no transactions have had a significant effect on the balance sheet or results of the company.

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

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

8.7 Information on atypical, unusual or non-recurring transactions

During the first half of 2023 there were no atypical or unusual transactions, as defined by CONSOB Communication DEM 6064293 dated 28 July 2006.
In relation to events and/or transactions that can be defined as "non-recurring", there are no further aspects to be mentioned beyond those already described in other chapters of this interim Report.
Where considered significant, the information on the impacts that the non-recurring events or transactions have had on the economic and financial situation of the Group is provided in the specific sections of the Consolidated Explanatory Notes.

8.8 Application of MiFID

Legislative Decree no. 31 of 10 March 2023 was published on 24 March 2023, which transposed Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 into national law, amending directive MiFID II regarding information requirements, product governance and position limits. The Legislative Decree simplifies/amends, in the presence of certain circumstances, the obligations determined by Directive MiFID II, including the amendments made to article 21 (General criteria) with regard to the performance of investment services and activities, to articles 68, 68 bis and 68 quater regarding position limits and controls on the management of commodity derivative positions. Following said regulatory amendment, the Bank launched analysis activities for adjustment purposes. Actions are in progress aimed at acknowledging the regulatory requirements.

On 3 March 2023, the translation into all official languages of the European Union of the Guidelines on the assessment of MiFID II suitability requirements was published on the ESMA website, which update the previous version of the Guidelines of 2018 (ESMA35-43-1163), primarily with the objective of integrating the client's sustainability preferences among the factors that need to be assessed in the provision of any type of investment advice and portfolio management services. Therefore, ESMA revises the guidelines in force on the assessment of MiFID II suitability, with the objective of providing operators with a guide for correctly assessing the aforementioned sustainability preferences as part of the suitability test required for advisory services relating to investments and portfolio management. A Bank project is in progress aimed at acknowledging the aforementioned regulatory obligations on sustainability in two different steps.

On 27 March 2023, ESMA published the "Final Report" containing the Guidelines on MiFID II product governance requirements. In particular, the main changes introduced by the Guidelines in question concern: i) the specification of any sustainability-related objectives the product is compatible with; ii) the practice of identifying a target market per cluster of products instead of per each product ("clustering approach"); iii) the determination of a compatible distribution strategy where a distributor believes that a more complex product may be distributed under non-advised sales; iv) the periodic review of products, including based on the principle of proportionality. In pursuing the objective of ensuring a consistent and harmonised application of the product governance requirements, the Guidelines aim to ensure the harmonised application of the governance requirements across Member States.

On 28 March 2023, ESMA issued a Public Statement addressing the critical aspects of investor protection as regards derivatives on fractions of shares. In particular, the Public Statement in question underlines that derivatives on fractions of shares do not qualify as corporate shares, and, furthermore, in line with the obligation of ensuring customers are reasonably able to understand the nature of the risks of the specific type of financial instrument, companies should prominently describe in plain language that the investor is buying a derivative instrument. The Public Statement also reminds companies that: i) all information to clients shall be fair, clear, and not misleading and firms offering these derivatives must clearly disclose all direct and indirect costs and charges relating to them and the services provided; ii) as derivatives, these instruments are complex products and this is expected to result in a narrow target market; iii) as derivatives are complex financial instruments, an appropriateness assessment needs to be carried out where non-advised services are provided.

Finally, 3 April 2023 saw the publication on ESMA's website of the translation into all the official languages of the European Union of the Guidelines on certain aspects of the MiFID II remuneration requirements, superseding the previous guidelines on the same topic issued by ESMA in 2013. ESMA aims to promote greater convergence in the interpretation of, and supervisory approaches to, the MiFID II remuneration requirements, as well as the MiFID II conflicts of interest and conduct of business requirements in the area of remuneration. By helping to ensure that firms comply with regulatory standards, ESMA anticipates a corresponding strengthening of investor protection.

In line with the revision of the MiFID II regulatory framework for the acknowledgement of sustainability-related aspects, on 11

May 2023, the Italian Institute for insurance supervision, IVASS, published Measure no. 131 of 10 May 2023 which integrates four IVASS Regulations, in order to bring the industry regulations into line with the European legislation on sustainable finance. For the purposes of alignment with the MiFID regulation, the amendments to regulations no. 40 and no. 45 are relevant, through which the following are acknowledged: i) the amendments and additions made by Delegated Regulation (EU) 2021/1257 to Delegated Regulation (EU) 2017/2359 governing conflicts of interest and rules of conduct relating to investment advisory services for the placement of insurance investment products which integrate policyholders' sustainability preferences, with particular regard to the adequacy assessment and ii) aspects of product governance and, in particular, regarding the identification of the reference market, including therein the negative market, as well as relating to the testing, monitoring and revision of the product and of the information flows between producer and distributor.

Lastly, it should be noted that the European Commission published a proposed Directive which aims to modify the current regulatory framework protecting retail investors, which also incorporates MiFID II. At present, the Bank is monitoring the evolution through participation in round-table talks promoted by the trade associations.

8.9 Corporate events involving the Parent Company BPER Banca

Shareholders' Meeting of 26 April 2023

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

1. 2022 Financial Statements:
   a) Financial Statements as at 31 December 2022, Reports of the Board of Directors, of the Board of Statutory Auditors and of the Independent Auditors; related and ensuing resolutions. Presentation of the consolidated financial statements as at 31 December 2022 and the 2022 consolidated non-financial statement;
   b) Allocation of 2022 profit and dividend payout; related and ensuing resolutions.
2. Supplementary fees paid to Deloitte & Touche s.p.a., the company responsible for auditing the accounts for the period 2017-2025, based on a reasoned proposal by the Board of Statutory Auditors; related and ensuing resolutions.
3. Remuneration:
   a) Report on Remuneration Policy and Compensation Paid, comprising:
      a1) remuneration policies of the BPER Banca Group for 2023; related and ensuing resolutions (binding);
      a2) compensation paid in 2022; related and ensuing resolutions (not binding).
   b) Incentive plan based on financial instruments pursuant to art. 114-bis of Legislative Decree no. 58 of 24 February 1998; related ad ensuing resolutions;
   c) Authorisation to purchase and dispose of treasury shares to service the 2023 MBO incentive scheme, the 2022-2025 Long-Term Incentive (LTI) Plan (as last approved by the Shareholders' Meeting of 5 November 2022), in addition to any severance payments due; related and ensuing resolutions.

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

The ordinary shareholders' meeting, in one call, chaired by Flavia Mazzarella, passed the following resolutions:
- approval of the statutory financial statements for 2022, the proposal for the allocation of profit and the proposed distribution of a cash dividend of Euro 0.12 per share for each of the 1,415,850,518 ordinary shares representing the share capital, for a maximum total amount of Euro 169,902,062.16 (net of those which will be held in the portfolio on the ex-date, on which no dividend will be paid);
- approval of the integration, on the reasoned proposal of the Board of Statutory Auditors, of the fees of Deloitte & Touche s.p.a., appointed as independent auditors for the period 2017-2025.
- approval of the 2023 Report on the Remuneration Policy and Compensation Paid, pursuant to art. 123-*ter* of Legislative Decree no. 58 of 24 February 1998, including the section on remuneration policies of the BPER Banca Group for 2023 and the section on compensation paid in 2022;
- approval of the short-term incentive plan based on financial instruments pursuant to art. 114-*bis* of the Consolidated Law on Finance;
- authorisation of the purchase and the disposal of up to 6,700,000 BPER Banca S.p.A. ordinary shares (not exceeding

a total value of Euro 13 million), with no par value, to service the 2023 MBO Incentive scheme and the 2022-2025 Long-Term Incentive (LTI) Plan (as last approved by the Shareholders' Meeting of 5 November 2022), in addition to any severance payments due.

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

9. Outlook for operations

9.1 Outlook for operations

The economic activity in the Euro area, influenced by the impact of high inflation and the more restrictive financing conditions, is experiencing a phase of cyclical weakness. The most recent economic indicators actually show that growth has been almost zero in the second quarter. In the first quarter of 2023, the Euro area recorded a slight decline in GDP, similar to the end of 2022. On the back of the lower contribution of the energy component, consumer price inflation continued to fall. However, core inflation is still struggling to come down.

As for the Italian economic situation, GDP rebounded in the first quarter, driven by the expansion in household consumption and further growth in investments. In spring this year, despite the brisk growth in services, GDP was broadly stable, affected by the decrease in manufacturing activity due to the weakening of the global industrial cycle. Although the flooding that hit Emilia-Romagna in May had an impact on the local economy, it did not have major consequences on Italy's GDP in the second quarter. According to the latest Bank of Italy's estimates for the three-year period[32], GDP is set to grow by 1.3% in 2023, 0.9% in 2024 and 1.0% in 2025. At the same time, inflation is expected to reach 6.0% on average this year and go down to 2.3% in 2024 to then continue the downward trajectory and settle at 2.0% in 2025, reflecting the direct and indirect effects of the fall in energy commodity prices.

In this scenario, the Bank's profitability will continue to be underpinned by net interest income, the resilience of net commissions, actions to offset the impact of inflationary dynamics on costs, and the growth in revenues that will benefit from interest rate trends. Maintaining resilient coverage levels and a conservative provisioning approach will continue to be a key feature of our credit quality. The capital position is expected to remain robust.

Modena, 2 August 2023

The Board of Directors
The Chair
Flavia Mazzarella

[32] Economic bulletin no. 1 of the Bank of Italy dated 20 January 2023.

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Consolidated financial statements

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Consolidated balance sheet as at 30 June 2023

(in thousands)

Assets		30.06.2023	31.12.2022
10.	Cash and cash equivalents	8,378,474	13,997,441
20.	Financial assets measured at fair value through profit or loss	1,584,741	1,584,767
	a) financial assets held for trading	723,448	707,498
	b) financial assets designated at fair value	1,945	2,381
	c) other financial assets mandatorily measured at fair value	859,348	874,888
30.	Financial assets measured at fair value through other comprehensive income	7,264,042	7,962,910
40.	Financial assets measured at amortised cost	112,730,326	115,311,297
	a) loans to banks	8,646,267	9,482,448
	b) loans to customers	104,084,059	105,828,849
50.	Hedging derivatives	1,650,822	1,808,515
60.	Change in value of macro-hedged financial assets (+/-)	1,280	-
70.	Equity investments	361,736	376,158
90.	Property, plant and equipment	2,495,369	2,546,295
100.	Intangible assets	549,910	563,502
	- goodwill	197,624	204,392
110.	Tax assets	2,779,849	2,931,538
	a) current	921,560	579,149
	b) deferred	1,858,289	2,352,389
120.	Non-current assets and disposal groups classified as held for sale	50,046	1,192,429
130.	Other assets	5,245,583	4,027,942
	Total assets	143,092,178	152,302,794

Liabilities and shareholders' equity		30.06.2023	31.12.2022 (in thousands)
10.	Financial liabilities measured at amortised cost	124,755,409	135,952,323
	a) due to banks	12,507,921	22,000,489
	b) due to customers	103,410,428	107,414,943
	c) securities issued	8,837,060	6,536,891
20.	Financial liabilities held for trading	439,184	471,598
30.	Financial liabilities designated at fair value	1,425,321	879,198
40.	Hedging derivatives	362,859	512,981
50.	Change in value of macro-hedged financial liabilities (+/-)	(251,116)	(281,292)
60.	Tax liabilities	65,200	71,562
	a) current	8,829	8,174
	b) deferred	56,371	63,388
70.	Liabilities associated with assets classified as held for sale	-	1,430,197
80.	Other liabilities	6,243,753	3,679,162
90.	Employee termination indemnities	166,694	177,224
100.	Provisions for risks and charges	1,212,332	1,289,312
	a) commitments and guarantees granted	142,997	154,497
	b) pension and similar obligations	115,930	115,987
	c) other provisions for risks and charges	953,405	1,018,828
120.	Valuation reserves	79,151	60,681
140.	Equity instruments	150,000	150,000
150.	Reserves	4,217,670	2,944,603
160.	Share premium reserve	1,236,602	1,237,276
170.	Share capital	2,104,316	2,104,316
180.	Treasury shares (-)	(2,689)	(5,678)
190.	Minority interests (+/-)	182,941	180,356
200.	Profit (Loss) for the period (+/-)	704,551	1,448,975
	Total liabilities and shareholders' equity	**143,092,178**	**152,302,794**

Consolidated Income Statement as at 30 June 2023

(in thousands)

	Captions	30.06.2023	30.06.2022
10.	Interest and similar income	2,236,727	921,333
	of which: interest income calculated using the effective interest method	2,162,403	910,784
20.	Interest and similar expense	(691,758)	(135,884)
30.	**Net interest income**	**1,544,969**	**785,449**
40.	Commission income	1,070,751	1,008,292
50.	Commission expense	(87,721)	(106,457)
60.	**Net commission income**	**983,030**	**901,835**
70.	Dividends and similar income	25,135	15,883
80.	Net income from trading activities	42,216	56,240
90.	Net income from hedging activities	(2,398)	525
100.	Gains (Losses) on disposal or repurchase of:	47,203	19,121
	a) financial assets measured at amortised cost	34,538	16,117
	b) financial assets measured at fair value through other comprehensive income	12,664	2,761
	c) financial liabilities	1	243
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(20,474)	20,644
	a) financial assets and liabilities designated at fair value	(33,298)	57,144
	b) other financial assets mandatorily measured at fair value	12,824	(36,500)
120.	**Net interest and other banking income**	**2,619,681**	**1,799,697**
130.	Net impairment losses for credit risk relating to:	(268,832)	(215,863)
	a) financial assets measured at amortised cost	(269,330)	(215,617)
	b) financial assets measured at fair value through other comprehensive income	498	(246)
140.	Gains (losses) from contractual modifications without derecognition	2,896	(1,198)
150.	**Net income from financial activities**	**2,353,745**	**1,582,636**
180.	**Net income from financial and insurance activities**	**2,353,745**	**1,582,636**
190.	Administrative expenses:	(1,430,586)	(1,216,619)
	a) staff costs	(849,174)	(711,542)
	b) other administrative expenses	(581,412)	(505,077)
200.	Net provisions for risks and charges	(65,386)	(41,039)
	a) commitments and guarantees granted	10,950	(24,047)
	b) other net provisions	(76,336)	(16,992)
210.	Net adjustments to property, plant and equipment	(78,682)	(66,368)
220.	Net adjustments to intangible assets	(36,335)	(27,714)
230.	Other operating expense/income	168,820	103,955
240.	**Operating costs**	**(1,442,169)**	**(1,247,785)**
250.	Gains (Losses) of equity investments	16,259	9,013
260.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	(386)	(1,689)
270.	Impairment losses on goodwill	(6,768)	-
275.	Gain on a bargain purchase	-	1,188,433
280.	Gains (Losses) on disposal of investments	226	(310)
290.	**Profit (Loss) from current operations before tax**	**920,907**	**1,530,298**
300.	Income taxes on current operations for the period	(201,396)	(135,324)
310.	**Profit (Loss) from current operations after tax**	**719,511**	**1,394,974**
330.	**Profit (Loss) for the period**	**719,511**	**1,394,974**
340.	Profit (Loss) for the period pertaining to minority interests	(14,960)	(10,166)
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**704,551**	**1,384,808**

	Earnings per share (Euro) 30.06.2023	Earnings per share (Euro) 30.06.2022
Basic EPS	0.498	0.981
Diluted EPS	0.486	0.957

Consolidated statement of other comprehensive income

(in thousands)

	Consolidated statement of other comprehensive income	30.06.2023	30.06.2022
10.	**Profit (loss) for the period**	**719,511**	**1,394,974**
	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	2,676	397
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	(4,668)	9,479
40.	Hedge of equity instruments measured at fair value through other comprehensive income:	(1,842)	1,228
50.	Property, plant and equipment	(40)	985
70.	Defined benefit plans	(4,313)	37,256
90.	Share of the valuation reserves of equity investments carried at equity	(1,337)	1,060
	Other comprehensive income, after tax, that may be reclassified to profit or loss		
130.	Cash flow hedges	(6,955)	(320)
150.	Financial assets (no equity instruments) measured at fair value through other comprehensive income	34,832	(186,734)
200.	**Total other comprehensive income after tax**	**18,353**	**(136,649)**
210.	**Total other comprehensive income (Captions 10+200)**	**737,864**	**1,258,325**
220.	Consolidated other comprehensive income pertaining to minority interests	14,992	10,132
230.	**Consolidated other comprehensive income pertaining to the Parent Company**	**722,872**	**1,248,193**

Consolidated statement of changes in shareholders' equity

(in thousands)

	Balance as at 31.12.22	Changes in opening balances	Balance as at 1.1.23	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 30.06.2023	Shareholders' equity as at 30.06.2023: Group	Shareholders' equity as at 30.06.2023: Minority
Share capital:	**2,128,991**	**-**	**2,128,991**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(286)**	**-**	**2,104,316**	**24,389**
a) ordinary shares	2,128,991	-	2,128,991	-	-	-	-	-	-	-	-	-	(286)	-	2,104,316	24,389
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,239,650**	**-**	**1,239,650**	**-**	**-**	**-**	**(674)**	**-**	**-**	**-**	**-**	**-**	**(150)**	**-**	**1,236,602**	**2,224**
Reserves:	**3,070,007**	**-**	**3,070,007**	**1,292,830**	**-**	**(6,761)**	**-**	**-**	**-**	**-**	**-**	**-**	**81**	**-**	**4,217,670**	**138,487**
a) from profits	2,461,156	-	2,461,156	1,292,830	-	2,138	-		-	-	-	-	81	-	3,618,289	137,916
b) other	608,851	-	608,851	-	-	(8,899)	-	-	-	-	-	-	-	-	599,381	571
Valuation reserves	**63,679**	**-**	**63,679**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,353**	**79,151**	**2,881**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(5,678)**	**-**	**(5,678)**	**-**	**-**	**-**	**2,989**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,689)**	**-**
Profit (Loss) for the period	**1,473,880**	**-**	**1,473,880**	**(1,292,830)**	**(181,050)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**719,511**	**704,551**	**14,960**
Group shareholders' equity	**7,940,173**	**-**	**7,940,173**	**-**	**(169,705)**	**(6,767)**	**2,315**	**-**	**-**	**-**	**-**	**-**	**713**	**722,872**	**8,489,601**	**-**
Minority interests	**180,356**	**-**	**180,356**	**-**	**(11,345)**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,068)**	**14,992**	**-**	**182,941**

	Balance as at 31.12.21	Changes in opening balances	Balance as at 1.1.22	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 30.06.2022	Shareholders' equity as at 30.06.2022: Group	Shareholders' equity as at 30.06.2022: Minority
Share capital:	**2,125,353**	**-**	**2,125,353**	**(195)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,372**	**-**	**2,100,435**	**38,095**
a) ordinary shares	2,125,353	-	2,125,353	(195)	-	-	-	-	-	-	-	-	13,372	-	2,100,435	38,095
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,242,945**	**-**	**1,242,945**	**-**	**-**	**-**	**(2,968)**	**-**	**-**	**-**	**-**	**-**	**644**	**-**	**1,237,460**	**3,161**
Reserves:	**2,592,213**	**-**	**2,592,213**	**467,571**	**-**	**22,437**	**-**	**15,536**	**-**	**-**	**-**	**-**	**(952)**	**-**	**2,971,945**	**124,860**
a) from profits	2,012,653	-	2,012,653	467,571	-	22,437	-	15,536	-	-	-	-	(952)	-	2,393,082	124,163
b) other	579,560	-	579,560	-	-	-	-	-	-	-	-	-	-	-	578,863	697
Valuation reserves	**199,201**	**-**	**199,201**	**-**	**-**	**(26,767)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(136,649)**	**33,148**	**2,637**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(9,552)**	**-**	**(9,552)**	**-**	**-**	**-**	**5,019**	**(15,536)**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,069)**	**-**
Profit (Loss) for the period	**558,649**	**-**	**558,649**	**(467,376)**	**(91,273)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,394,974**	**1,384,808**	**10,166**
Group shareholders' equity	**6,696,312**	**-**	**6,696,312**	**-**	**(84,667)**	**(4,382)**	**2,051**	**-**	**-**	**-**	**-**	**-**	**220**	**1,248,193**	**7,857,727**	**-**
Minority interests	**162,497**	**-**	**162,497**	**-**	**(6,606)**	**52**	**-**	**-**	**-**	**-**	**-**	**-**	**12,844**	**10,132**	**-**	**178,919**

Consolidated Statement of Cash Flows

Indirect method

(in thousands)

A. OPERATING ACTIVITIES	Amount	
	30.06.2023	30.06.2022
1. Operations	1,714,868	709,715
- profit (loss) for the period (+/-)	704,551	1,384,808
- gains/losses from financial assets held for trading and other assets/liabilities measured at fair value through profit and loss (-/+)	(20,582)	16,226
- gains (losses) from hedging activities (-/+)	2,398	(525)
- Net impairment losses for credit risk (+/-)	332,404	312,777
- net impairment losses/write-backs to property, plant and equipment and intangible assets (+/-)	115,403	95,771
- net provisions for risks and charges and other expense/income (+/-)	121,330	35,555
- unsettled taxes (+/-)	474,375	62,549
- other adjustments (+/-)	(15,011)	(1,197,446)
2. Cash generated/absorbed by financial assets	3,203,225	(4,103,796)
- financial assets held for trading	3,807	(180,980)
- financial assets designated at fair value	515	(1,844)
- other financial assets mandatorily measured at fair value	22,573	(91,576)
- financial assets at fair value through other comprehensive income	866,329	220,186
- financial assets measured at amortised cost	2,264,915	(3,026,085)
- other assets	45,086	(1,023,497)
3. Cash generated/absorbed by financial liabilities	(10,301,978)	3,445,116
- financial liabilities measured at amortised cost	(11,238,753)	(451,479)
- financial liabilities held for trading	(32,414)	192,915
- financial liabilities designated at fair value	534,681	499,163
- other liabilities	434,508	3,204,517
Net cash generated/absorbed by operating activities	(5,383,885)	51,035

B. INVESTMENT ACTIVITIES	30.06.2023	30.06.2022
1. Cash generated by	15,416	5,463
- disposal of property, plant and equipment	15,416	5,463
2. Cash absorbed by	(71,818)	221,295
- purchase of equity investments	(2,850)	(3,276)
- purchase of property, plant and equipment	(29,241)	(54,540)
- purchase of intangible assets	(39,727)	-
- purchase of subsidiaries and business lines	-	279,111
Net cash generated/absorbed by investment activities	(56,402)	226,758

C. FUNDING ACTIVITIES	30.06.2023	30.06.2022
- issue/purchase of treasury shares	2,315	2,051
- distribution of dividends and other scopes	(181,050)	(91,273)
Net cash generated/absorbed by funding activities	**(178,735)**	**(89,222)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,619,022)	188,571

Key:
(+) generated
(-) absorbed

Reconciliation

(in thousands)

Captions	Amount	
	30.06.2023	30.06.2022
Cash and cash equivalents at the beginning of the period	13,997,441	1,306,282
Total net cash generated/absorbed during the period	(5,619,022)	188,571
Cash and cash equivalents: effect of change in exchange rates	55	(487)
Cash and cash equivalents at the end of the period	**8,378,474**	**1,494,366**

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Consolidated explanatory notes

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Key to abbreviations in tables:

FV: Fair value
FV* = fair value calculated excluding value adjustments due to changes in the credit rating of the issuer since date of issuance.
NV: Nominal or notional value
BV: Book value
L1: Fair value hierarchy – Level 1
L2: Fair value hierarchy – Level 2
L3: Fair value hierarchy – Level 3
X: not applicable

Part A – Accounting policies

A.1 – General information

Section 1 – Declaration of compliance with international financial accounting standards

The half-year Condensed consolidated financial statements, included in the Half-Year Consolidated Report as at 30 June 2023, drafted pursuant to article 154 of Legislative Decree No. 58 of 24 February 1998, as later amended, have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Commission, as provided by EU Regulation no. 1606 dated 19 July 2002, and currently in force, including the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

In particular, the half-year Condensed consolidated financial statements comply with IAS 34, which dictates the minimum content and principles for recognition and measurement in interim financial statements. In accordance with the provisions of IAS 34.10, the Group exercised the option to prepare a summary report, instead of the full one provided for the annual report (which has to comply with the provisions of IAS 1).

Reference was also made, where necessary, to the "Conceptual Framework for Financial Reporting" and to the documents prepared by the Italian Accounting Body (OIC) and the Italian Banking Association (ABI).
In the absence of a standard or interpretation specifically applicable to a particular transaction, the Parent Company makes use of the professional opinion of its own staff, in particular the 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 consolidated 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 Group's own accounting recognition rules, in the right circumstances.

As required by IAS 8, the following table shows the new international accounting standards or amendments to standards already in force, with the related Approval Regulations, whose application is mandatory from 2023.

EC Approval Regulation	Title	In force from years beginning
2036/2021	Commission Regulation (EU) no. 2021/2036 of 19 November 2021 adopting IFRS17 Insurance Contracts was published in the Official Journal of the European Union L 416 on 23 November 2021. The Regulation gives companies the possibility not to apply the requirement laid down in paragraph 22 of the principle (i.e. grouping into annual cohorts) to contracts characterised by intergenerationally-mutualised and cash flow matched contracts.	1 January 2023
357/2022	Commission Regulation (EU) no. 2022/357 of 2 March 2022, adopting amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting policies, changes in accounting estimates and errors, was published in the Official Journal of the European Union L 68 on 3 March 2022. The amendments clarify the differences between accounting policies and accounting estimates in order to ensure consistent application of accounting policies and comparability of financial statements.	1 January 2023
1392/2022	Commission Regulation (EU) no. 2022/1392 of 11 August 2022 adopting IAS 12 Income Taxes was published in the Official Journal of the European Union L 211 on 12 August 2022. These amendments specify how companies must account for deferred tax liabilities on operations such as leasing and disposal obligations and seek to reduce the diversity in recognising deferred tax assets and liabilities on leasing and disposal obligations in the financial statements.	1 January 2023
1491/2022	Commission Regulation (EU) no. 2022/1491 of 8 September 2022 adopting IFRS 17 Insurance Contracts was published in the Official Journal of the European Union L 234 on 9 September 2022. The amendment to the transitional provisions of IFRS 17 allows companies to overcome the one-off classification differences of comparative information from the previous financial year upon first-time application of IFRS 17 and IFRS 9 Financial Instruments.	1 January 2023

With respect to the regulations that were endorsed and came into effect on 1 January 2023, the BPER Banca Group has not identified any significant impacts on the consolidated financial statements as at 30 June 2023.
In the first half of 2023, no Regulations concerning new international accounting standards or involving amendments to standards already in force, whose application is mandatory from 1 January 2024 or later date, have been published.

The documents for which, at the date of this half-year consolidated financial report, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of said amendments, are reported below.

- On 25 May 2023, the IASB published an amendment called "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document aims to improve the transparency of reverse factoring agreements and their effects on entities' liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this amendment on the Group's consolidated financial statements.
- On 23 May 2023, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: International Tax reform – Pillar two model rules". The document provides a temporary exception to the accounting for deferred tax assets deriving from the international tax reform promoted by the OECD (Organisation for Economic Co-operation and Development). The disclosure obligations will only be applicable to annual financial statements for years starting on 1 January 2023 (or later) but not to interim financial statements with a year-end date prior to 31 December 2023. The directors are currently assessing the possible effects of the introduction of this amendment on the Group's consolidated financial statements.
- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents aim to clarify how to classify debt and other short and long-term liabilities. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The directors do not expect the adoption of this amendment to have a significant impact on the Group's consolidated financial statements.
- On 22 September 2022, the IASB published an amendment called "Amendments to IFSR 16 Leases: Lease Liability in a Sale and Leaseback". The document requires a seller-lessee to measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The directors do not expect the adoption of this amendment to have a significant impact on the Group's consolidated financial statements.

On 30 December 2022, Commission Delegated Regulation (EU) 2022/2553 of 21 September 2022 was published in the Official Journal of the European Union, amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy (2022 ESEF Taxonomy) for the single electronic reporting format. The entry into force was set for 1 January 2023, with early application being permitted. The BPER Banca Group adopted said option, applying the 2022 Taxonomy as early as to the consolidated financial statements as at 31 December 2022, integrating it with the extensions defined by the ABI/Xbrl Italia work group (in which the Bank of Italy and Assirevi also took part).

Section 2 – Basis of preparation

In terms of the schedules presented and its technical form, this half-year consolidated report has been prepared on the basis of the Bank of Italy's Circular no. 262/2005, as amended (most recently by the 8th amendment dated 17 November 2022, effective for annual reporting periods beginning on or after 31 December 2023) – issued in implementation of art. 9 of Legislative Decree 38/2005 – and the additional instructions provided in separate communications[33]. During preparation, account has been taken of the interpretative and support documents for the application of the accounting standards, issued by the Italian and European regulatory and supervisory bodies and by the standard setters, to the extent applicable[34]. In particular, the most recent ones provided guidelines for better management of "Uncertainties in the use of accounting estimates", better highlighted in the next paragraph dedicated to the topic.
Where not already included in the documents mentioned above, Italian laws on the financial statements of companies[35] and the Italian Civil Code have been taken into consideration.

[33] These include the indications contained in communication of 14 March 2023 (repealing previous communications of 15 December 2020 and 21 December 2021) with provisions concerning the impacts of Covid-19 and the measures to support the economy and amendments to IAS/IFRS.
[34] Reference should be made, inter alia, to the public statement of ESMA of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports", the public statement of ESMA of 29 October 2021 "European Common Enforcement Priorities for 2021 Annual Financial Reports" and of 28 October 2022 "European Common Enforcement Priorities for 2022 Annual Financial Reports".
[35] 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.

The half-year Condensed consolidated financial statements consist of the balance sheet, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the explanatory notes. The Report is accompanied by the Directors' interim Report on Group operations.
The currency used in the Financial Reporting is the Euro. Figures are expressed in thousands of Euro[36].

The general criteria underlying the preparation of the half-year Condensed consolidated financial statements are presented below:

- *Going Concern*[37]*:* assets, liabilities and off-balance sheet transactions are measured in the context of continuity over time.
- *Accrual Basis of Accounting:* costs and revenues are recognised on the accrual basis, regardless of when they are settled.
- *Materiality and Aggregation:* each material class of similar items is presented separately in the financial statements. Items that are dissimilar in terms of their nature or use are only aggregated if they are individually immaterial.
- *Offsetting:* assets and liabilities, income and expenses are not offset unless required or permitted by a standard or an interpretation, or by the Bank of Italy's regulations for the preparation of financial statements.
- *Frequency of disclosures*: information must be prepared annually or more frequently; if an entity changes its accounting reference date, the reason must be indicated together with the fact that the information provided is not comparable.
- *Comparative Information*: comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements, unless otherwise required 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.

The Explanatory Notes and attachments, if any, provide additional information to help give a complete, true and fair view of the company's situation, even if such information is not expressly required by the regulations.

Uncertainties in the use of estimates

The preparation of the half-year condensed consolidated financial statements requires recourse to estimates and assumptions that may affect the amounts recorded in the balance sheet and the income statement, as well as the information about contingent assets and liabilities. The development of such estimates involves the use of available information and the adoption of subjective assessments, partly based on historical experience, in order to make reasonable assumptions for the recognition of operating events. By their nature, the estimates and assumptions used may change from period to period and, accordingly, it may be that the actual amounts recorded in the financial statements in subsequent periods are significantly different as a consequence of changes in the subjective assessments made.
The principal situations in which management is required to make subjective assessments include:

- quantification of the losses arising from the impairment of loans and, in general, other financial assets;
- determination of the fair value of financial instruments, in particular, the use of measurement models to determine the fair value of financial instruments that are not listed in active markets and those that are not routinely measured at fair value;
- determination of the fair value of owned properties;
- quantification of the provisions for employee benefits and the provisions for risks and charges;
- estimates and assumptions about the recoverability of deferred tax assets;
- measurement of goodwill and other intangible assets.

In relation to the "reasonableness and sustainability" of the information used for the accounting estimates, certain valuation areas were impacted in particular by: the war between Russia and Ukraine, the awareness acquired of climate risk and the relevant containment measures implemented at international level, the associated consequences on the macroeconomic context, already affected by the rapid rise in inflation (driven by the "cost of energy") and the sudden rise in market interest rates. As a direct manifestation of the aforementioned climate risk, account has also been taken of the recent extreme atmospheric event (flood) which hit Emilia-Romagna and some surrounding regions in May 2023 and the subsequent difficulty faced by the BPER Group, highly exposed in said areas, in conducting a complete assessment of the repercussions on borrowing customers, also in light of the Government intervention to support local business initiatives. In relation to said areas, also make reference to what is better detailed in the paragraph "*Other aspects*" below.
With reference *inter alia* to the IASB document dated 27 March 2020[38], the usual measurement models adopted by the BPER Banca Group (in particular, the models used to estimate the ECL and determine the Significant Increase in Credit Risk (SICR) within the framework of IFRS 9 impairment) cannot be applied "mechanically" in highly exceptional situations, i.e. when the related input information needed does not satisfy the "reasonable and supportable" requirements. Given that this situation persisted in 2023, due to the uncertainty caused by the afore-mentioned events, the balance sheet valuations for the period are

[36] As regards roundings, reference has been made to the instructions given in Bank of Italy's Circular 262/2005 and subsequent updates, entering the amount due to rounding in "Other assets/other liabilities" in the balance sheet and "Other operating expense/income" in the income statement.
[37] Please refer to the paragraph below, dedicated to the going concern principle, for more information on the assessment generally conducted.
[38] 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".

expected to be carried out also by using alternative approaches (also known as the "Overlay approach") as long as they also comply with the relevant IAS/IFRS.

Going Concern

In preparing the half-year condensed consolidated financial statements at 30 June 2023, the Directors considered the going-concern assumption to be appropriate because they did not find any uncertainties related to events or circumstances that, individually or collectively, could give rise to doubts about the business's 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 2023, as well as the liquidity position and related buffer with respect to the regulatory threshold, and the likely outlook for operations despite the uncertainties linked to the current macroeconomic context.

Inspections and audits

The Directors believe that the observations arising from the various inspection areas which the BPER Banca Group was subject to – as disclosed in the Directors' Interim Report on Group Operations, with suitable action plans being prepared to ensure a timely response to the Supervisory Authorities' recommendations – will not have a significant impact on the income, balance sheet and cash flows of the BPER Banca Group.

Section 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 at 31 December 2022.
Current regulations require the scope of consolidation to be managed on two levels:

- the accounting scope of consolidation governed by IFRS 10[39] "Consolidated financial statements", IAS 27 "Separate financial statements", IAS 28 "Investments in Associates and Joint Ventures" and, if required by the circumstances, IFRS 11 "Joint Arrangements", IFRS 12 "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, effective from 1 July 2009, and subsequent amendments).
- the prudential scope of consolidation governed by Regulation (EU) 575/2013 (effective from 1 January 2014, as later amended), in which art. 19 indicates the entities to be excluded from the prudential consolidation.

The above regulations contribute to determining the scope of consolidation at each level, as well as the methodologies to be used for each consolidation.
International accounting standards require subsidiaries to be consolidated on a line-by-line basis while jointly controlled entities and non-controlling interests in which the Group exercises significant influence are accounted for using the equity method.
Art. 19 of the CRR[40] excludes from the scope of line-by-line consolidation all financial entities and operating companies, including members of the Banking Group, whose total assets and off-balance sheet amounts are less than the lower of the following two amounts:

- Euro 10 million;
- 1% of the total assets and off-balance sheet amounts of the parent company or the entity that holds the equity investment.

The BPER Banca Group has decided to adopt the methodology required for the purposes of prudential supervision also for producing financial information, thus standardising the two consolidation perimeters ('for accounting purposes' and 'for prudential purposes').
This decision was needed to rationalise, simplify and streamline the production of consolidated information for supervisory and financial reporting purposes. Its effects on the latter are negligible. In terms of the areas affected, the marginal dynamics previously indicated in the income statement on a line-by-line basis are now summarised in the "Profit (loss) from equity investments" line item; in the assets and liabilities sides of the balance sheet, the "*Equity investments*" 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:

- Estense Covered Bond s.r.l.;
- BPER Trust Company s.p.a.;
- Estense CPT Covered Bond s.r.l.;
- Carige Covered Bond s.r.l.;
- Carige Covered Bond 2 s.r.l. – in liquidation;

[39] IFRS 10 §B86 in relation to consolidation procedures.
[40] Regulation (EU) 575/2013 and subsequent amendments.

- Argo Mortgage 2 S.r.l. – in liquidation;
- Lanterna Finance s.r.l.;
- Lanterna Lease s.r.l. – in liquidation;
- Lanterna Mortgage s.r.l.;
- Centro Fiduciario C.F. s.p.a. – in liquidation.

The other subsidiaries that are not included in the Banking Group, since their activities do not contribute to its banking operations, are:

- Adras s.p.a.;
- Annia s.r.l;
- Bridge Servicing s.p.a;
- SIFA' – Società Italiana Flotte Aziendali s.p.a.;
- St. Anna Golf s.r.l.;
- Commerciale Piccapietra s.r.l.

As at 30 June 2023, the above companies are consolidated at equity.

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

1. Equity Investments in wholly owned subsidiaries

The following table lists the equity investments in wholly owned companies. For information on shareholdings in companies subject to joint control and significant influence by the Group, please refer to the contents of the Explanatory Notes Part B – Information on the consolidated balance sheet – Assets – Section 7 – Equity investments.

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	99.373	100.000
2. Bibanca s.p.a.	Sassari	Sassari	1	74,458,607	BPER Banca	78.608	
					B. Sard.	20.522	
3. BPER Bank Luxembourg SA	Luxembourg	Luxembourg	1	30,667,500	BPER Banca	100.000	
4. Banca Cesare Ponti s.p.a.	Milan	Milan	1	14,000,000	BPER Banca	100.000	
5. BPER Real Estate	Modena	Modena	1	159,233,925	BPER Banca	74.687	
					B. Sard.	25.313	
6. BPER REOCO s.p.a.	Genoa	Milan	1	8,326,160	BPER Banca	100.000	
7. Sardaleasing s.p.a.	Milan/Bologna	Sassari	1	184,122,460	BPER Banca	52.846	
					B. Sard.	46.933	
8. Optima s.p.a. S.I.M.	Modena	Modena	1	13,000,000	BPER Banca	100.000	
9. Modena Terminal s.r.l.	Campogalliano	Campogalliano	1	8,000,000	BPER Banca	100.000	
10. BPER Factor s.p.a.	Bologna	Bologna	1	54,590,910	BPER Banca	100.000	
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 company’s share capital.
The figure for share capital is provided as extra information as required by CONSOB Communication DEM/6064293 dated 28 July 2006.

Key:
(1) Type of relationship:
1 Majority of votes at the ordinary shareholders’ meeting.
(2) Voting rights at ordinary shareholders’ meeting, distinguishing between actual and potential.

1.2 Equity investments within the Group consolidated with the application of the equity method

Company name	Operational head office	Registered head office	Type of relationship (1)	Share capital in Euro	Nature of holding		% Available votes (2)
					Parent company	% 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. Annia s.r.l.	Milan	Milan	1	100,000	BPER REOCO	100.000	
3. Bridge Servicing s.p.a.	Modena	Modena	1	100,000	BPER Banca	100.000	
4. SIFA' – Società Italiana Flotte Aziendali s.p.a.	Milan/Reggio Emilia	Trento	1	122,449	BPER Banca	100.000	
5. Sant'Anna Golf s.r.l.	Genoa	Genoa	1	50,000	BPER REOCO	100.000	
6. Commerciale Piccapietra s.r.l.	Genoa	Genoa	1	500,000	BPER Banca	100.000	
B. Subsidiaries that are included in the Banking Group but do not satisfy the requirements of art. 19 of the CRR							
7. Estense Covered Bond s.r.l.	Conegliano	Conegliano	1	10,000	BPER Banca	60.000	
8. BPER Trust Company s.p.a.	Modena	Modena	1	500,000	BPER Banca	100.000	
9. Estense CPT Covered Bond s.r.l.	Conegliano	Conegliano	1	10,000	BPER Banca	60.000	
10. Carige Covered Bond S.r.l.	Genoa	Genoa	1	10,000	BPER Banca	60.000	
11. Carige Covered Bond 2 s.r.l. in liquidation	Genoa	Genoa	1	10,000	BPER Banca	60.000	
12. Argo Mortgage 2 S.r.l. – in liquidation	Genoa	Genoa	1	10,000	BPER Banca	60.000	
13. Lanterna Finance s.r.l.	Genoa	Genoa	4	10,000	BPER Banca	5.000	
14. Lanterna Lease s.r.l. in liquidation	Genoa	Genoa	4	10,000	BPER Banca	5.000	
15. Lanterna Mortgage s.r.l.	Genoa	Genoa	4	10,000	BPER Banca	5.000	
16. Centro Fiduciario C.F s.p.a. – in liquidation	Genoa	Genoa	1	500,000	BPER Banca	96.950	

The "% Available votes" column is only used if the actual share of votes exercisable at the Ordinary Shareholders' Meeting is different from the interest held in the company's share capital.
The figure for share capital is provided as extra information as required by CONSOB Communication DEM/6064293 dated 28 July 2006.

Key:

(1) Type of relationship:
1 Majority of votes at the Ordinary Shareholders' Meeting; 4 Other forms of control.
(2) Voting rights at ordinary shareholders' meeting, distinguishing between actual and potential.

Section 4 – Events after the reporting period

The half-year consolidated report at 30 June 2023 was approved by the Board of Directors of BPER Banca on 2 August 2023, which authorised its publication.

Information about the events that took place after the reporting date of the half-year consolidated report and until its approval 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 half-year Condensed consolidated financial statements pursuant to IAS 10.

Section 5 – Other aspects

Risks, uncertainties and impacts from: Russia-Ukraine war, climate risk, macroeconomic context

The general and sectoral macroeconomic framework is still affected by significant uncertainty brought about by the Russia-Ukraine conflict and consequent international sanctions, and the awareness acquired at international level of climate risk and the associated measures to address it. It is, moreover, affected by the persistence of the rise in inflation and the subsequent increase in market interest rates. As a direct manifestation of the aforementioned climate risk, account has also been taken of the recent extreme atmospheric event (flood) which hit Emilia-Romagna and some surrounding regions in May 2023 and the subsequent difficulty faced by the BPER Group, highly exposed in said areas, in conducting a complete assessment of the repercussions on borrowing customers, also in light of the Government intervention to support local business initiatives. Said elevated uncertainty prompts banks to continuously control and monitor, in particular, credit risk and the related balance sheet assessments.
In this regard, even in the first half of 2023 the Parent Company carried out dedicated analyses, aimed at identifying the best methods of intervention on the credit risk measurement and forecasting systems, later aligning them with the prevailing context and trying to avoid being excessively pro-cyclical in the definition of collective provisions, as indicated by the Regulators (among others especially ESMA and the ECB).
The BPER Banca Group has implemented the various instructions issued by the Italian government (including the suspension of loan instalment payments – the recent "Flood-related moratoria"[41]) and affirmed its commitment to support business and private customers including with own dedicated initiatives, identifying at the same time the best ways to recognise these measures in the financial statements, in accordance with the established accounting policies and instructions from the Regulators.
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, already introduced in the previous paragraph "Uncertainties in the use of estimates".

Accounting estimates – Overlay approach applied in credit risk assessment

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

The BPER Banca Group made some 'expert' Stage 2 classifications in relation to direct exposures to parties that are in different ways affected by the ongoing conflict between Russia and Ukraine and related sanctions imposed at international level. The adjustments to the SICR model adopted by the Group, initially qualifying as Overlay, were essentially embedded in the model as at 30 June 2023.

2) Measurement of expected losses

As part of the application of the ECL model used by the BPER Banca Group in preparing the consolidated financial report as at 30 June 2023, as regards the macroeconomic scenarios adopted at Group level, reference was made to the up-to-date forecasts made available by the specialised infoprovider usually consulted by the Group which duly make it so that the forecasts of the economic, financial and physical variables include the repercussions at national and sectoral level of the new business context, including the Russian-Ukrainian conflict, inflationary pressure and climate change.

[41] Law Decree no. 61 of 1 June 2023, Orders of the Civil Protection 992-997-1000-1002.

In order to exclude pro-cyclical effects, a number of "top-down" adjustments have been applied, including:

- the "expert" attribution of the probability of occurrence of the macroeconomic scenarios considered by the model (so-called "multi-scenario") of ECL, in particular by intervening on the choice of the adverse scenario considered (so-called "extreme adverse" scenario as the most pessimistic macroeconomic scenario, drawn up by the provider used by BPER Banca), and increasing the relative probability of occurrence to 50% (same approach as adopted for the period ending 31 December 2022). The probability of occurrence of the "baseline" scenario was also set at 50% (same approach as for the reporting period ended 31 December 2022), leading to the absence of impact of the remaining "best" scenario – probability of occurrence equal to 0% (same approach as for the reporting period ended 31 December 2022; the increase in ECL attributable to said correction factor stands at roughly Euro 73.2 million, compared to the results of the ordinary model adopted by the Group, marking an income statement impact of Euro 4.1 million in the first half of 2023, with respect to the similar overlay already envisaged as at 31 December 2022);
- the application of a prudential correction factor to the ECL, downstream of the model's results, which pays special attention to the "energy-intensive" economic sectors, in order to take account of the probability of the customer encountering financial difficulties, also considering fears of negative effects on the economy stemming from the explosion of energy costs and raw materials, as well as the correlated increase in inflation; the latter also fuelled by the ongoing conflict between Russia and Ukraine. Similarly, the adjusting provisions of direct exposures to banks resident in Russia were booked to the same overlay. The increase in ECL attributable to said correction factors amounts to approximately Euro 166.7 million, compared to the ECL already integrated by the previous correction factor (marking a positive income statement impact of Euro 22.2 million in the first six months of 2023 with respect to the similar overlay already envisaged as at 31 December 2022);
- The application of an "expert" and prudential correction factor to take account of the impact of climate-environmental factors on credit risk. It is based on the adoption of an adverse climate scenario, characterised by the inertial conduct of the economic system with respect to the energy transition and an increase in temperature well above the limits agreed in the Paris Agreement [42] («Current Policy» scenario). This scenario is therefore to be considered adverse with respect to alternative climate scenarios, like that of the «Orderly Transition», which assume that the climate policy is able to contain the long-term increase in temperatures; the increase in ECL attributable to said correction factor amounts to approximately Euro 19 million, compared to the ECL already integrated by the previous two correction factors (marking a positive income statement impact of Euro 1.4 million in the first half of 2023, with respect to the similar overlay applied to the reporting period as at 31 December 2022);
- the application of an "expert" and prudential correction factor to take account of the recent weather event (flood) that hit Emilia-Romagna and some other regions in May 2023 in order to take account of the probability that customers resident in or with businesses operating in the areas hit hardest may run into financial difficulties. The increase in ECL attributable to said correction factor amounts to approximately Euro 53.5 million, compared to the ECL already integrated by the previous correction factors (marking an income statement impact of the same amount in the first half of 2023).

The "top down" overlays described above, aimed at including in the Group's ECL calculation model specific safeguards against the still widespread market uncertainty, were applied to the results of the Group's ECL 'standard' model which, even in the first half of 2023, underwent some additional parameter finetuning (mainly PD and SICR thresholds), described in greater detail in the paragraph Methods for determining the extent of impairment and in Part E, Section 2, para. 1.1 Credit Risk of these Explanatory Notes.

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 BPER Factor s.p.a., Finitalia s.p.a., Arca Fondi SGR spa and Arca Holding spa expired on 31 December 2022 and will be renewed for the three-year period 2023-2025 when the consolidating company submits its tax return.
The entry of the new consolidated company Banca Cesare Ponti s.p.a. took effect from 1 January 2023.

[42] Reference is made to the Paris Agreement, negotiated by the 197 member states of the United Nations framework convention on climate change (UNFCCC) and adopted on 12 December 2015.

Consolidated companies	2021	2022	2023	2024	2025
Banca Cesare Ponti s.p.a.			x	x	x
Bibanca s.p.a.	x	x	x		
Banco di Sardegna s.p.a.		x	x	x	
Optima s.p.a. SIM		x	x	x	
BPER 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	
BPER Real Estate s.p.a.		x	x	x	
Finitalia s.p.a.			x	x	x
Arca Fondi SGR s.p.a.			x	x	x
Arca Holding s.p.a.			x	x	x

Audit

The half-year condensed consolidated financial statements have been subjected to a limited review by Deloitte & Touche s.p.a., which was appointed for the period 2017-2025 at the Shareholders' Meeting held on 26 November 2016, as required by Legislative Decree 39 of 27 January 2010.

A.2 – Main captions in the financial statements

For the methods used in the recognition, classification, measurement and derecognition of income statement items, reference is made to the criteria applied for preparation of the Consolidated Financial Statements as at 31 December 2022.

Reported below is an update on:
- the integration of the accounting treatment of the tax credits acquired, also making provision for the IFRS9 Hold To Collect & Sell business model and a trading business model;
- the integration of the accounting treatment of the macro fair value hedge of fixed-rate loans (mortgages and loans).

Purchase of tax credits originated from benefits mentioned in the "Cura Italia" and "Rilancio" Decree Laws (the so-called "Ecobonus" and "Sismabonus")

In order to counter the negative economic effects of the spread of the Covid-19 pandemic, by Law no. 77 of 17 July 2020 converting, with amendments, Decree-Law no. 34 of 19 May 2020 (the so-called "Relaunch" Decree) containing urgent measures in the field of health, support for work and the economy, Parliament issued a series of measures which, among other things, make it possible under certain conditions to benefit from a deduction of the expenses incurred for specific interventions (e.g. interventions to increase the level of energy efficiency of existing buildings or reduce their seismic risk can attract a deduction of 110% of the costs incurred). The law also introduced the possibility for taxpayers to opt, instead of using the deduction directly, for an advance contribution in the form of a discount from the suppliers of goods or services ("invoice discount") or, alternatively, for the assignment of the credit corresponding to the deduction due to other entities, including therein credit institutions and other financial intermediaries. The Italian Government further ruled on the subject by issuing Decree Law no. 50/2022 "Decreto Aiuti" – Aid Decree) primarily by restructuring the target of potential of re-assignees.
As part of its commercial policies, the BPER Banca Group has decided to operate as an assignee of tax credits to its customers. The transferee bank may in turn use these credits to offset tax payments through the F24 form or, alternatively, transfer these credits to other parties. The tax credit must be used with the same breakdown into annual instalments with which the deduction would have been used by the seller (for example in five annual instalments of the same amount). The portion of the tax credit not used during the year cannot be used in subsequent years and cannot be requested as a refund.
As regards the responsibilities as to the existence of the credit, the law provides that:
a) suppliers and buyers of credits are liable only for any use of the tax credit that is irregular or for a larger amount than the tax credit received;
b) if the Revenue Agency finds out that one does not have all or some of the requisites that give the right to a tax deduction, it will recover the amount of the deduction not due from those to whom the bonus was granted (i.e. the seller). In addition, Decree Law no. 11 of 17 February 2023, amending article 121 of Decree Law 34/2020, established that the liability of the assignee is limited solely to cases of wilful misconduct if it demonstrates that it has acquired the credit and is in possession of the series of documents listed in the decree. The exemption of liability also applies to entities that acquire the credits from banks, following the certification of possession of the documentation.

With reference to the accounting treatment to be adopted in the financial statements of the buying bank, since the case in question is not subject to clear instructions in the IAS/IFRS, in application of the provisions of IAS 8, paras. 10 and 11, various possible scenarios were assessed concerning the applicability of the following international accounting standards by analogy:
a) IAS 20 "Accounting for government grants and disclosure of government assistance";
b) IAS 12 "Income Taxes";
c) IAS 38 "Intangible Assets";
d) IFRS 9 "Financial Instruments".

The choice made by the BPER Banca Group is to refer by analogy to the indications of IFRS 9[43], considering that these tax credits are in essence financial assets, as they can be:
- used to pay off a debt (e.g. a tax debt);
- incorporated in a HTC business model, or with a hold-to-maturity strategy for offsetting, if acquired within the limits of its tax capacity;
- incorporated in a HTC&S business model, or according to a mixed strategy of holding and/or sale by the date of offsetting, if the technical/business conditions are satisfied;
- incorporated in a trading business model when already in excess of its tax capacity at the purchase date;
- classified in item 130 "Other assets".

Furthermore, the tax credits are bought by the bank at a price that discounts both the time value of money and the ability to use/sell them within a certain time limit. So at the time of initial recognition the tax credit is recognised at the price of the individual transaction – equating it to the fair value of a Level 3 instrument, as there are no official markets or comparable

[43] The approach adopted is consistent with what is indicated in the Bank of Italy/CONSOB/Ivass Document no. 9 - Coordination table between the Bank of Italy, CONSOB and IVASS on the application of IAS/IFRS.

transactions – and thereby allowing to satisfy the condition set by IFRS 9 according to which financial assets and liabilities are to be initially recognised at fair value.
The subsequent valuation (measurement) of said assets, always in accordance with the guidelines of IFRS 9, is carried out:
- at amortised cost, if classified as HTC;
- at fair value through other comprehensive income, if classified as HTC&S;
- at fair value through profit or loss, if classified in the trading portfolio.

The amortised cost is defined considering: i) the time value of money; ii) the use of a correct effective interest rate; and iii) the uses made of the tax credit through offsets. The effective interest rate is originally set so that the discounted cash flows of the estimated future offsets over the expected duration of the tax credit equal the purchase price of the tax credits.
In relation to the determination of fair value, owing to the unique nature of these instruments, fair value fluctuations are linked to changes in market interest rates with respect to the internal rate characterising the individual transaction.
In addition, if the Bank were to revise its estimates of the use of the tax credit through offsets, it would have to adjust the gross carrying amount of the tax credit to reflect the estimated, actual and restated uses of the tax credit through offsets. In such situations, as part of the HTC business model, the Bank would recalculate the gross carrying amount of the tax credit as the present value of the new estimated uses of the tax credit through offsets discounted back to the original effective interest rate. In this restatement, taking into account that there is no chance of reimbursement by the counterparty (i.e. the Treasury), an impairment loss due to any failure to use the tax credits bought would be included. Within the trading BM, the revision of its recoverability estimates would be reversed directly in the fair value measurement of the instruments.
Considering the operations arranged by the BPER Banca Group, it is believed that the risk of losses/a negative change in the fair value resulting from the non-use as offsetting is unlikely given that, with reference to the HTC business model, the balances acquired are consistent with the Group's overall tax capacity (constantly monitored); in relation to the trading portfolio (and, if applicable, in the case in which the technical/business conditions apply, in relation to the HTC&S portfolio), in respect of the credits acquired, assignment agreements are gradually stipulated with counterparties identified from the Group's corporate customers, with the objective of ensuring the recoverability of the credit booked under assets.
Moreover, as part of the remeasurement at amortised cost, not finding a counterparty credit risk as realising the instrument takes place exclusively through offsetting against tax liabilities and not by receiving money from the counterparty, the IFRS 9 rules on Expected Credit Losses are not applicable.

Macro Fair Value Hedge on sight deposits and fixed-rate loans
Within the BPER Banca Group, the macro fair value hedge regime is currently applied to hedge the interest rate risk inherent in formally sight funding items and on fixed-rate loans.

Macro Fair Value Hedge on fixed-rate loans (long-term mortgages)
The macro fair value hedge regime is applied to a "hedged item" identified by taking as a reference the portfolios of fixed-rate mortgages disbursed to customers as "homogeneous" as possible with a series of parameters, such as term to maturity, frequency of payments, customer segmentation, etc. (hedged "meta-loan").
The objective of the hedge is to neutralise the risk of an unwanted change in the fair value of the identified portion of the portfolio of long-term and fixed-rate loans, due to the trend in market rates.
In fact, based on the structure adopted, the hedged meta-loan (defined starting from the portfolio of loans taken as a reference) has the same duration, nominal amount and flows of the fixed leg of the hedging derivative.
The hedge effectiveness tests (retrospective and prospective) are carried out monthly by applying the "Dollar Offset Method"[44], considering accumulated fair value changes (from the start of the hedging) of the "meta-mortgage" hedged and the hedging derivatives; the effectiveness or ineffectiveness of the hedge is recognised on the entire portion of the hedged portfolio and not on the individual transaction included in the aggregate taken as a reference to define the hedged item.
In order to ensure the resilience of the tests due to unexpected events such as prepayments (full or partial early repayments), migration to bad loan status or renegotiations/restructuring, the full hedging of the interest rate risk of part (70%) of the identified portfolio was defined.

Method for determining the extent of impairment

Financial assets

Criteria for the classification of financial instruments in Stages
The Stage Assignment Framework adopted by the BPER Banca Group establishes the requirements for classifying financial

[44] The hedge is deemed effective both if the ratio of the accumulated fair value changes between the Hedging Instrument and the Hedged Group is within the range of 80%-125%, and if outside this range, but the relevance thresholds defined at corporate policy level are nonetheless respected. The hedge is only deemed effective if the prospective and retrospective effectiveness tests are simultaneously passed, without prejudice to the aforementioned possibility of satisfying the materiality thresholds.

instruments with reference to the actual "deterioration" of credit risk, consistent with the requirements of IFRS 9, applying an approach that is consistent among the various portfolios and within the Banking Group. This classification in stages of increasing risk is determined using all the significant information contained in Group processes, as supported where applicable by updates and the credit monitoring processes.
Specifically, financial assets are classified into three stages of risk, each of which applies a different method to calculate the related impairment adjustments, while consistently applying the "Expected Loss" or "Expected Credit Losses" (ECL) concept:

- Stage 1: includes all performing loans (originated or acquired) for which there is no "significant increase in credit risk" (SICR) since initial recognition; impairments are equal to the expected losses that could occur if a default occurs in the next 12 months (12-month ECL);
- Stage 2: comprises all performing loans with a "SICR" since initial recognition; the impairment adjustments reflect the expected losses that might arise on default at any time in the life of the financial instrument (lifetime ECL);
- Stage 3: comprises all accounts in default at the reporting date, the impairment adjustments for which consider the lifetime ECL.

In particular, regarding the classification of loans in Stage 2, it is essential to identify correctly the SICR criteria used in the stage assignment process. For this purpose, the BPER Banca Group has structured a framework designed to identify the increase in credit risk before the credit lines granted show clear signs of impending default.
While the distinction between performing and non-performing is made at counterparty level, classification into stages of risk is carried out at account level. In order to distinguish loans within the performing portfolio that do not show SICR (Stage 1) from those that do (Stage 2), the BPER Banca Group has decided to use all the following available significant factors as criteria for the analysis of credit quality:

- relative quantitative criteria, reflected in the internal thresholds of change between the PD identified on originating the contractual relationship and the PD at the measurement date, that identify a significant increase in credit risk if exceeded. In this context, a framework is in use to identify the changes in PD and related thresholds, which makes reference to the Lifetime PD curves, containing forward-looking information. The SICR thresholds, with the quantitative criterion being triggered if breached, are differentiated by counterparty risk segment, residual maturity cluster of the financial instrument and source rating class.

  The table below offers a summary view of the granularity of definition of the relevant "lifetime PD delta" thresholds for SICR, i.e. the internal thresholds of change between the PD identified on originating the contractual relationship and the PD at the measurement date and used by the Group:

Rating class at origination	PD Model segment IFRS9	Residual maturity cluster
From 1 to 9 years	Large Corporate	< = 2 years
		< = 5 years
		> 5 years
	Holding	< = 3 years
		< = 8 years
		> 8 years
From 1 to 13 years	SMEs Corporate	< = 16 years
		> 16 years
	Real Estate – Multi-annual SMEs Centre South Islands	< = 2 years
		< = 5 years
		< = 10 years
		> 10 years
	Real Estate – Multi-annual SMEs North	< = 5 years
		< = 9 years
		< = 10 years
		> 10 years
	Retail SMEs – Centre South Islands	< = 3 years
		< = 4 years
		< = 5 years
		< = 9 years
		> 9 years
	Retail SMEs – North	< = 4 years
		< = 8 years
		< = 13 years
		> 13 years
	Private individuals – Centre South Islands	< = 3 years
		< = 4 years
		< = 5 years
		< = 7 years
		< = 16 years
		> 16 years
	Private individuals – North	< = 3 years
		< = 4 years
		< = 5 years
		< = 6 years
		< = 7 years
		< = 13 years
		< = 16 years
		> 16 years
	Small Business Operators	< = 5 years
		> 5 years
	Financial corporations	< = 5 years
		> 5 years

- absolute qualitative criteria that, via the identification of a risk threshold, identify the transactions to be classified in Stage 2 based on the specific risk information available. This category includes the adverse events impacting credit risk that are identified by the Early Warning credit performance monitoring system ("watchlist"). In order to avoid overlapping, some qualitative counterparty information has not been included among the staging criteria, as it is already considered in the rating models;
- backstop indicators, including:
  - the presence of exposures with a significant past due balance for more than 30 days;
  - the presence of a regulatory probation period of 24 months for forbearance measures;
  - the absence of a rating or the presence of a default status at the credit origination date.

The BPER Banca Group has not made provision, to date, for the possibility of manually overriding the classification obtained from applying the staging rules described.
For a homogeneous application of the impairment model between portfolios of the Group, the classification criteria in stages for the portfolio of debt securities were taken, where possible, from the staging logic applied to the loan portfolio. Specifically, the BPER Banca Group has defined a staging model for debt securities based on the following criteria:
- management of an "inventory" of debit securities for staging purposes, applying the FIFO method to relieve sold tranches from the portfolio;
- model for identifying significant increases in credit risk, in order to classify debt securities in Stage 1 or Stage 2, based on the following criteria:
  - primary use of the internal rating model and, if unavailable, reference to an external rating agency;
  - determination of the rating downgrade threshold based on a comparison of rating classes at origination with rating classes at the measurement date (notching between rating classes);
- classification in Stage 3 of all debt securities in default at the reporting date, applying the definition of default contained in the ISDA document entitled "Credit Derivatives Definition" of 2003.

The standard also envisages the possible use of a practical expedient, intended to reduce the implementation burden for

transactions that, at the measurement date, have a *low credit risk* and can be classified in Stage 1 without first carrying out the SICR test. The standard considers an asset to have a low credit risk if the debtor is well able to meet the short-term cash flow requirements deriving from its contractual obligations and adverse changes in the long-term economic situation might reduce that ability, but not necessarily.
The BPER Banca Group has decided not to adopt this practical expedient.
Should the conditions giving rise to the SICR cease to apply at a subsequent measurement date, the financial instrument is once again measured with reference to the 12-month ECL, which might result in a write-back to the income statement.
It should be noted, however, that in the event of reclassification of a loan from non-performing (Stage 3) to performing, the BPER Banca Group does not deem necessary a forced classification in Stage 2 with the application of a Lifetime ECL, since no probation period has been set for the return from Stage 3 to Stage 1. In this case, the stage assignment approach mentioned previously will be valid. In line with this approach and with the regulatory requirements, also in the event of a return from Stage 2 to Stage 1, probation periods are not envisaged as the combination of the various SICR rules implemented already permits an adequate level of prudence in the case of a return to Stage 1.
The only exception to this concerns the application of the regulations on "forborne exposures", for which the Group expects that the official rating valid on the day the forborne attribute is activated may not be changed before twelve months have elapsed.

A.3 – Information on transfers of financial assets between portfolios

No financial assets were reclassified during the first half of 2023.

A.4 – Information on fair value

Qualitative information

A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used

The valuation techniques and inputs used are described in part A of the explanatory notes to the consolidated financial statements as at 31 December 2022.
Despite the geopolitical events and the strong volatility on the financial markets that characterised the first half of 2023, there was no need to intervene on the fair value measurement methods developed internally by the BPER Banca Group as they were already deemed adequate to reflect these financial tensions.

A.4.2 Measurement process and sensitivity

Financial assets and liabilities measured at fair value and classified in Level 3 of the fair value hierarchy mainly consist of:

- minority equity investments (unlisted equity instruments), often held in order to preserve local roots, or for the development of commercial relationships (measured at fair value mainly on the basis of equity methods);
- investments in Asset-Backed Securities (ABS) classified as "*Financial assets measured at fair value through profit or loss – other financial assets mandatorily measured at fair value*"[45];
- investments in closed-end real estate investment funds, classified as "*Financial assets measured at fair value through profit or loss – other financial assets mandatorily measured at fair value*" and acquired in exchange for real estate sales;
- investments in closed-end alternative investment funds, classified as "*Financial assets measured at fair value through profit or loss – other financial assets mandatorily measured at fair value*" and acquired in exchange for sales of UTP loan portfolios.

IFRS 13 requires that an analysis of the sensitivity of the fair value measurement to changes in unobservable inputs be provided

[45] For the sake of completeness, it should be noted that the portfolio contains ABS securities measured at amortised cost as they are part of the Hold To Collect (HTC) business model and with technical-financial characteristics such as to have passed the SPPI test required by IFRS 9. The fair value is also calculated for these instruments and provided for disclosure purposes only.

for assets measured at fair value on a recurring basis and classified in Level 3 of the fair value hierarchy. The following analysis is provided for ABS instruments, Real Estate Funds and Non-Performing Loan Funds measured at fair value:

Financial asset/liability	Non-observable parameter	Change in parameter	Sensitivity (in thousands)	Change in parameter	Sensitivity (in thousands)
Investments in Asset Backed Securities	Credit Spread*	+50 bps	(108)	-50 bps	201
Investments in Real Estate Funds	Financial charges**	+50 bps	(623)	-50 bps	623
Investments in Non-Performing Loan Funds	Financial charges**	+50 bps	(1,394)	-50 bps	1,394

* Investments in Asset-Backed Securities: the unobservable parameter used to construct the sensitivity is the credit spread used in the construction of the rate used to discount future cash flows;

** Real Estate Funds and Non-performing Loans Funds: the unobservable parameter used to construct the sensitivity is the opportunity cost considered in the construction of the NAV adjustment component dedicated to the appreciation of the liquidity risk of the instruments.

For the other instruments held in the portfolio (derivatives and equity instruments, in particular), no quantitative sensitivity analysis of the fair value was carried out with respect to the change in unobservable inputs, as either the fair value was drawn from third-party sources without making any adjustment, or it is the result of a model whose inputs are specific to the entity being valued (for example, the company's equity figures) and for which it is not reasonably conceivable to provide alternative amounts.

A.4.3 Fair value hierarchy

The rules for the identification of the fair value hierarchy are described in Part A.4 of the Explanatory notes to the Consolidated financial statements as at 31 December 2022, in the section entitled A.4.3 "Fair value hierarchy".

A.4.4 Other information

Reference should be made to the section entitled "A.4.4 Other information" in Part A.4 of the Explanatory notes to the Consolidated financial statements as at 31 December 2022 for further information on fair value.

Quantitative information

A.4.5 Fair value hierarchy

A. 4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

Assets/Liabilities measured at fair value	30.06.2023			31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	392,770	682,240	509,731	402,566	642,179	540,022
a) Financial assets held for trading	104,313	615,346	3,789	106,107	593,666	7,725
b) Financial assets designated at fair value	-	1,945	-	-	1,920	461
c) Other financial assets mandatorily measured at fair value	288,457	64,949	505,942	296,459	46,593	531,836
2. Financial assets measured at fair value through other comprehensive income	6,240,678	481,297	542,067	6,892,423	529,812	540,675
3. Hedging derivatives	-	1,650,822	-	-	1,808,515	-
4. Property, plant and equipment	-	-	1,812,770	-	-	1,825,229
5. Intangible assets	-	-	-	-	-	-
Total	**6,633,448**	**2,814,359**	**2,864,568**	**7,294,989**	**2,980,506**	**2,905,926**
1. Financial liabilities held for trading	257	432,975	5,952	65	459,500	12,033
2. Financial liabilities designated at fair value	-	1,425,321	-	-	879,198	-
3. Hedging derivatives	-	362,859	-	-	512,981	-
Total	**257**	**2,221,155**	**5,952**	**65**	**1,851,679**	**12,033**

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

Transfers of assets from Level 2 to Level 1 of the fair value hierarchy during the period amounted to € 65,066 thousand and those from Level 1 to Level 2 amounted to Euro 49,794 thousand.
The former were marked by an improvement in the market tradability of the instruments (in terms of the volume, breadth and depth of the prices quoted and the number of contributors) and transition from the AIM (Alternative Investment Market) segment to the MTA (*Mercato Telematico Azionario*, electronic stock market) segment of Borsa Italiana. The latter are due to the loss of the meaningfulness of the price quoted in the principal market (resulting from an increase in the width of the bid/ask spread) and a reduction in the number of contributors below the minimum threshold.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	30.06.2023				31.12.2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	112,730,326	19,141,782	345,928	91,543,146	115,311,297	18,413,075	378,776	96,853,102
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	50,046	-	-	50,046	1,192,429	-	-	1,192,429
Total	**112,780,372**	**19,141,782**	**345,928**	**91,593,192**	**116,503,726**	**18,413,075**	**378,776**	**98,045,531**
1. Financial liabilities measured at amortised cost	124,755,409	4,987,491	3,218,238	116,345,493	135,952,323	4,395,269	1,623,291	129,644,548
2. Liabilities associated with assets classified as held for sale	-	-	-	-	1,430,197	-	-	1,430,197
Total	**124,755,409**	**4,987,491**	**3,218,238**	**116,345,493**	**137,382,520**	**4,395,269**	**1,623,291**	**131,074,745**

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

A.5 – Information on “*day one profit/loss*”

In the case of Level 3 transactions, the fair value according to the model may differ from the transaction price: in the case of a positive difference (day one profit), this is amortised over the residual life of the instrument; in case of a negative difference (day-one loss), it is charged to the income statement for prudential purposes.

There were no differences at 30 June 2023 between the value of transactions and their corresponding fair values.

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Part B – Information on the consolidated balance sheet

Assets

Section 2 – 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 30.06.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	43,929	4,473	11	49,365	5,205	10
1.1 Structured securities	20,630	1,418	-	22,440	1,427	-
1.2 Other debt securities	23,299	3,055	11	26,925	3,778	10
2. Equity instruments	60,383	1,930	23	56,742	2,830	23
3. UCITS units	1	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	104,313	6,403	34	106,107	8,035	33
B. Derivative instruments						
1. Financial derivatives	-	608,943	3,755	-	585,631	7,692
1.1 trading	-	608,943	3,755	-	585,631	7,692
1.2 connected with the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 connected with the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	-	608,943	3,755	-	585,631	7,692
Total (A+B)	104,313	615,346	3,789	106,107	593,666	7,725

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 as at 31 December 2022.

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

2.3 Financial assets designated at fair value: breakdown by product

Description/Amounts	Total 30.06.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1.Debt securities	-	1,945	-	-	1,920	461
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	1,945	-	-	1,920	461
2. Loans	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	-	1,945	-	-	1,920	461

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 as at 31 December 2022.

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

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

Description/Amounts	Total 30.06.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	1,380	62,664	-	1,436	70,585
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	1,380	62,664	-	1,436	70,585
2. Equity instruments	2,121	-	18,997	1,613	297	18,235
3. UCITS units	286,336	-	393,541	294,846	-	355,087
4. Loans	-	63,569	30,740	-	44,860	87,929
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	63,569	30,740	-	44,860	87,929
Total	288,457	64,949	505,942	296,459	46,593	531,836

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 as at 31 December 2022.

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

Section 3 – 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 30.06.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	6,238,625	478,679	-	6,890,765	527,575	656
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	6,238,625	478,679	-	6,890,765	527,575	656
2. Equity instruments	2,053	2,618	542,067	1,658	2,237	540,019
3. Loans	-	-	-	-	-	-
Total	6,240,678	481,297	542,067	6,892,423	529,812	540,675

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 as at 31 December 2022.

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

Section 4 – 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 30.06.2023						Total 31.12.2022					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated credit	L1	L2	L3
A. Loans to Central Banks	**1,149,877**	**-**	**-**	**-**	**-**	**1,149,877**	**1,347,747**	**-**	**-**	**-**	**-**	**1,347,747**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	1,149,877	-	-	X	X	X	1,347,747	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	**7,496,390**	**-**	**-**	**6,213,266**	**196,503**	**778,569**	**8,134,701**	**-**	**-**	**6,030,453**	**234,895**	**1,537,836**
1. Loans	778,569	-	-	-	-	778,569	1,537,836	-	-	-	-	1,537,836
1.1.Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	76,053	-	-	X	X	X	234,376	-	-	X	X	X
1.3. Other loans:	702,516	-	-	X	X	X	1,303,460	-	-	X	X	X
- Repurchase agreements	299,870	-	-	X	X	X	358,702	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	402,646	-	-	X	X	X	944,758	-	-	X	X	X
2. Debt securities	6,717,821	-	-	6,213,266	196,503	-	6,596,865	-	-	6,030,453	234,895	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	6,717,821	-	-	6,213,266	196,503	-	6,596,865	-	-	6,030,453	234,895	-
Total	**8,646,267**	**-**	**-**	**6,213,266**	**196,503**	**1,928,446**	**9,482,448**	**-**	**-**	**6,030,453**	**234,895**	**2,885,583**

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022.

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 30.06.2023						Total 31.12.2022					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3
1. Loans	**87,655,111**	**765,849**	**674,029**	**-**	**-**	**88,646,237**	**89,558,304**	**779,822**	**836,709**	**-**	**-**	**92,954,208**
1.1. Current accounts	5,620,266	39,206	58,981	X	X	X	5,333,127	58,564	91,088	X	X	X
1.2. Repurchase agreements	515,989	-	-	X	X	X	-	4,254	-	X	X	X
1.3. Mortgage loans	61,438,432	523,243	512,729	X	X	X	61,825,671	482,502	644,261	X	X	X
1.4. Credit cards, personal loans and assignments of one-fifth of salary	4,686,123	38,536	10,908	X	X	X	4,598,696	35,683	12,693	X	X	X
1.5. Finance leases	2,907,388	77,302	26,570	X	X	X	3,011,379	102,127	23,945	X	X	X
1.6. Factoring	1,596,687	14,303	-	X	X	X	1,896,399	17,821	-	X	X	X
1.7. Other loans	10,890,226	73,259	64,841	X	X	X	12,893,032	78,871	64,722	X	X	X
2. Debt securities	**14,989,070**	**-**	**-**	**12,928,516**	**149,425**	**968,463**	**14,654,014**	**-**	**-**	**12,382,622**	**143,881**	**1,013,311**
2.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other debt securities	14,989,070	-	-	12,928,516	149,425	968,463	14,654,014	-	-	12,382,622	143,881	1,013,311
Total	**102,644,181**	**765,849**	**674,029**	**12,928,516**	**149,425**	**89,614,700**	**104,212,318**	**779,822**	**836,709**	**12,382,622**	**143,881**	**93,967,519**

The sub-item "Other loans", limited to the performing component (inclusive of Stage 1 and 2 equal to € 10,890 million, as well as the portion of POCI assets classified in Stage 2, equal to € 34.8 million), is composed as follows: € 5,591 million of bullet short term loans (-19.75%), € 2,863 million of advances on invoices subject to collection (-9.28%), € 1,371 million of import/export advances, (-3.72%), € 46 million of credit assignment (-6.12%) and € 1,054 million of other miscellaneous entries (-19.23%).

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 as at 31 December 2022.

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

Section 7 – Equity investments

Caption 70

7.1 Equity investments: information on shareholdings

Company name	Registered head office	Operational head office	Type of relationship	Currency	Share capital	Nature of holding		% Available votes
						Parent company	% holding	
A. Companies subject to joint control								
1 Gility S.r.l. Benefit Corporation	Milan	Milan	7	eur	50,000	BPER Banca	50.000	
B. Companies subject to significant influence								
1 Alba Leasing s.p.a.	Milan	Milan	8	eur	357,953,058	BPER Banca	33.498	
2 Atriké s.p.a. (*)	Modena	Modena	8	eur	120,000	BPER Banca	45.000	
3 Autostrada dei Fiori s.p.a.	Imperia	Imperia	8	eur	325,000,000	BPER Banca	20.620	
4 Cassa di Risparmio di Fossano s.p.a.	Fossano	Fossano	8	eur	31,200,000	BPER Banca	23.077	
5 Cassa di Risparmio di Savigliano s.p.a.	Savigliano	Savigliano	8	eur	38,011,495	BPER Banca	31.006	
6 CAT Progetto Impresa Modena s.c.r.l.	Modena	Modena	8	eur	90,000	BPER Banca	20.000	
7 Immobiliare Oasi nel Parco s.r.l.	Milan	Milan	8	eur	1,000,000	BPER Banca	36.800	
8 Lanciano Fiera – Polo Fieristico d'Abruzzo Consorzio	Lanciano	Lanciano	8	eur	250,000	BPER Banca	33.333	
9 Nuova Erzelli s.r.l.	Genoa	Genoa	8	eur	20,000	BPER Banca	40.000	
10 Resiban s.p.a.	Modena	Modena	8	eur	165,000	BPER Banca	20.000	
11 Sarda Factoring s.p.a.	Cagliari	Cagliari	8	eur	9,027,079	B. Sard.	13.401	
			8			BPER Banca	8.083	
12 Sofipo s.a. in liquidation	Lugano	Lugano	8	chf	2,000,000	BPER Luxembourg	30.000	
13 Unione Fiduciaria s.p.a.	Milan	Milan	8	eur	5,940,000	BPER Banca	24.000	

The figure for share capital is provided as extra information as required by CONSOB Communication DEM/6064293 dated 28 July 2006.
The "% Available votes" column is only used if the actual share of votes exercisable at the Ordinary Shareholders' Meeting is different from the interest held in the company's share capital.

(*) The company was placed into liquidation on 4 July 2023.

Key – Type of relationship: 7 = joint control; 8 = associated company

7.5 Equity investments: annual changes

	Total 30.06.2023	Total 31.12.2022
A. Opening balance	**376,158**	**240,534**
B. Increases	**24,803**	**143,186**
B.1 Purchases	3,850	118,914
- of which: business combinations	-	115,638
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other changes	20,953	24,272
C. Decreases	**39,225**	**7,562**
C.1 Sales	-	-
C.2 Adjustments	417	1,272
C.3 Depreciations	-	-
C.4 Other decreases	38,808	6,290
D. Closing balance	**361,736**	**376,158**
E. Total revaluations	**-**	**-**
F. Total adjustments	**190,336**	**189,919**

“Purchases” refer mainly to the payment of the “variable” component of the consideration set forth in the contract for the purchase of the shares of SIFA’ – Società Italiana Flotte Aziendali s.p.a., stipulated on 30 December 2020; they also include the payments made during the incorporation of Annia s.r.l., a wholly-owned subsidiary of BPER REOCO, the incorporation of Bridge Servicing s.p.a., wholly-owned by BPER Banca.
“Adjustments” refer to the impairment accounted for on the following associates: Immobiliare Oasi nel Parco s.r.l. (€ 98 thousand), CAT Progetto Impresa Modena s.c.r.l. (Euro 6 thousand) and Nuova Erzelli s.r.l. (€ 6 thousand); Sant’Anna Golf s.r.l. (Euro 179 thousand) and Commerciale Piccapietra s.r.l. (Euro 29 thousand), subsidiaries consolidated at equity; on Gility s.r.l. Benefit Corporation, jointly-controlled subsidiary (Euro 99 thousand).
“Other increases/decreases” mainly include the Group’s share of the positive or negative results of the investees and the consolidation entries under the equity method.
The “Other decreases” include the reclassification of the equity investment in SIFA’ – Società Italiana Flotte Aziendali s.p.a. under “Non-current assets and disposal groups classified as held for sale”

Section 9 – Property, plant and equipment

Caption 90

9.1 Property, plant and equipment used in operations: breakdown of assets measured at cost

Description/Amounts	Total 30.06.2023	Total 31.12.2022
1. Assets owned	**229,958**	**243,468**
a) land	-	-
b) buildings	-	-
c) furniture	72,015	72,755
d) electronic systems	70,127	77,000
e) other	87,816	93,713
2. Rights of use acquired through leases	**337,639**	**359,089**
a) land	-	-
b) buildings	320,162	335,398
c) furniture	-	-
d) electronic systems	11,765	16,688
e) other	5,712	7,003
Total	**567,597**	**602,557**
of which: arising from the enforcement of guarantees received	-	-

9.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

There is no property, plant or equipment held for investment purposes measured at cost in these consolidated financial statements.

9.3 Property, plant and equipment used in operations: breakdown of revalued assets

Description/Amounts	Total 30.06.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Assets owned	**-**	**-**	**1,296,602**	**-**	**-**	**1,372,883**
a) land	-	-	619,988	-	-	658,737
b) buildings	-	-	676,614	-	-	714,146
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	**-**	**-**	**1,296,602**	**-**	**-**	**1,372,883**
of which: arising from the enforcement of guarantees received	-	-	-	-	-	-

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

9.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

Description/Amounts	Total 30.06.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Assets owned	**-**	**-**	**516,168**	**-**	**-**	**452,346**
a) land	-	-	258,756	-	-	197,037
b) buildings	-	-	257,412	-	-	255,309
2. Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**516,168**	**-**	**-**	**452,346**
of which: arising from the enforcement of guarantees received	-	-	36,728	-	-	39,807

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

9.5 Inventories of property, plant and equipment governed by IAS 2: breakdown

Description/Amounts	Total 30.06.2023	Total 31.12.2022
1. Inventories of property, plant and equipment arising from the enforcement of guarantees	**114,918**	**118,441**
a) land	66,695	69,414
b) buildings	48,223	49,027
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
2. Other inventories of property, plant and equipment	**84**	**68**
Total	**115,002**	**118,509**
of which: measured at fair value less costs to sell	-	-

This caption mainly refers to properties held by the BPER Banca Group's real estate company.

Section 10 – Intangible assets

Caption 100

10.1 Intangible assets: breakdown by asset type

Description/Amounts	Total 30.06.2023		Total 31.12.2022	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X	197,624	X	204,392
A.1.1 pertaining to group	X	197,624	X	204,392
A.1.2 pertaining to minority interests	X	-	X	-
A.2 Other intangible assets	352,286	-	359,110	-
of which Software	326,738	-	321,678	-
A.2.1 Assets measured at cost	352,286	-	359,110	-
a) intangible assets generated internally	-	-	-	-
b) other assets	352,286	-	359,110	-
A.2.2 Assets measured at fair value	-	-	-	-
a) intangible assets generated internally	-	-	-	-
b) other assets	-	-	-	-
Total	352,286	197,624	359,110	204,392

"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 business combinations (Purchase Price Allocation).

10.3 Other information

10.3.1 Goodwill

The goodwill recorded in the consolidated half-year report of the BPER Banca Group is summarised in the table below:

(in thousands)

Goodwill	30.06.2023	31.12.2022
Banks/Other companies	197,624	204,392
- Banco di Sardegna s.p.a.	*27,606*	*27,606*
- BPER Factor s.p.a.	-	*6,768*
- Arca Holding s.p.a.	*170,018*	*170,018*
Total	197,624	204,392

Information on goodwill

With respect to business combinations, accounting standard IFRS 3 requires the recognition of any intangible assets and goodwill arising from the transaction; goodwill, in particular, is measured as the difference between the value of the consideration paid and (i) the fair value at the transaction date of the assets and liabilities of the acquired company, (ii) any specific intangible assets identified and (iii) any contingent liabilities recognised.
IFRS 3 and IAS 36 require the identification of the “Cash Generating Units” (CGUs) and allocation of goodwill to those that will benefit from the effects deriving from the business combination; a CGU is the smallest group of assets that can generate cash flows independently.
According to IAS 36, an impairment test, i.e. the verification of an asset’s recoverable amount, is performed by comparing the carrying amount of the CGU with its recoverable value, where “recoverable value” means the higher of its fair value less costs of disposal and its value in use. Any adjustments are recorded in the income statement.
In accordance with IAS 36, intangible assets with an indefinite useful life, such as goodwill, are not amortised, but must be tested for impairment annually (or in any case whenever there is evidence of impairment) to verify the actual recoverability of the recorded value.

The annual verification can be carried out at any time during the reference year, provided that it is conducted in the same period in all years. In this contest, the BPER Banca Group carries out an annual impairment test at the time the year-end financial statements are prepared, whereas when interim reports are prepared, a check is performed to verify whether there are any signs of impairment; in this case, if the check has a positive outcome, an impairment test is carried out.
Again according to IAS 36, reference can be made to the most recent analytical calculation, performed in a prior period, of the recoverable value of a CGU to which the goodwill has been allocated. In fact, said value can be used in the impairment test for that unit during the current year, provided that all the following criteria are satisfied: a) the assets and liabilities that form the unit have not changed significantly since the most recent calculation of the recoverable value; b) the most recent calculation of the recoverable value has determined a value exceeding the book value of the unit with a substantial margin; and c) based on an analysis of the facts occurred and circumstances that have changed since the most recent calculation of the recoverable value, the likelihood that the current determination of recoverable value is lower than the current book value of the unit is remote.

In relation to the valuation activities as at 30 June 2023, the verification of two significant events highlighted the need to conduct an in-depth analysis in order to assess whether their impacts have involved impairment of the goodwill booked to the financial statements; these aspects are:
- the new updated macroeconomic and sectoral scenario for the 2023-2026 period issued by specialised info-providers, which shows a less favourable long-term context with respect to that used for the income statement and balance sheet calculations considered in the impairment test performed as at 31 December 2022;
- the increase in the cost of equity employed for discounting cash flows and estimating the value in use; there is actually an inverse relationship between the cost of equity and the value in use. The increase in the parameter is attributable to the higher value of the risk-free interest rate and the beta.

Generally speaking, with respect to the forecasts available at the end of 2022, the recent estimates issued by specialised info-providers show a more favourable macroeconomic context for 2023, even if the amount of loans and direct deposits are expected to fall, while for the years of the 2024-2026 period, a generally less favourable situation is predicted, with the main macroeconomic and sectoral parameters registering variations with a more or less accentuated negative trend.
In light of the new estimates, 2023 GDP should show more sustained growth of +74 basis points with respect to the previous expectations at the end of 2022, then register more contained growth in subsequent years (-45 basis points on average in the 2024-2025 period and -20 basis points in 2026). The slowdown in growth is the result, inter alia, of the restrictive monetary policies implemented by the Central Banks in order to contain inflation. The unemployment rate is also expected to be lower in 2023 but, on the contrary, roughly +45 basis points higher in the years 2024-2025 with respect to the previous forecasts; lastly, in 2026, the level of unemployment is expected to be slightly lower than the previous estimate (-14 basis points), while in 2027 it should sit at under 8%, values that have not been recorded since 2008-2009. The inflationary variable remains one of the most significant aspects, able to influence the trend in the other macroeconomic dynamics, as well as the initiatives to be implemented. The previous forecasts on an annual basis are confirmed for 2023, with an inflation level that should sit at around 5%, while it is expected to contract significantly in 2024 and stabilise at values slightly higher than 2.0% in subsequent years; the updated values are, nonetheless, higher than the previous forecasts for the same years. The causes sustaining inflation in 2023 include the increase in salaries which follows the loss of purchase power due to the first phase of the significant increase in prices, originally caused by the supply-side shock and which had concerned primarily energy commodities. In this new phase, the recovery in salaries is pushing up the different components of core inflation.
The actions influenced by the level of inflation include those taken by the Central Banks that, with the objective of reducing its increase and duration, need to hike up reference rates further in 2023 with effects on the economy. In this regard, the 3-month Euribor in 2023 is expected to be higher than the previous forecasts, +105 basis points compared to the 2023 figure indicated in the forecasts at the end of 2022, an increase also confirmed for subsequent years, 2024-2026, with changes of +144 basis points on average, staying above 3% for the entire period, albeit with a decreasing trend.
As regards sector trends, the amount in absolute terms of loans to non-financial companies and households is expected to be

flat, with extremely low annual variations over the next period (around 0%); average adjustments of roughly *-175 basis points* in growth rates are registered with respect to the previous forecasts for the years 2023-2024. In the long-term, 2025-2026, the expected annual growth will be positive but under 1%, with a correction with respect to the previous forecasts of -140 basis points on average.
With reference to the spread between lending and deposit rates, the new forecast scenario shows a slight decline in margins with the exception of 2023, a year in which there is still a significant mismatch between the cost of funding and the rate on loans, with a spread up by +25 basis points with respect to previous forecasts. In the years after 2023, the trend will be influenced by an increase in the cost of funding not fully reflected in the increase in interest rates receivable on loans, with a subsequent decline in profitability of approximately -9 basis points in the first period and -32 basis points in 2026.
The new forecast on the trend in bad loans bucks the trend as regards the expectations at the end of 2022: the amount is expected to fall in 2023 compared to the previous year (they were due to increase in the previous forecasts for the same period) but rise in subsequent years (they were expected to drop in the previous forecasts for the same period). The reasons for the deterioration of said indicator lie, inter alia, in the increase in interest rates, which makes the payment of interest on floating rate exposures more costly, increasing their probability of default.
Lastly, assets under management continue to be characterised by significant growth rates, even if slightly more contained with respect to the previous medium/long-term forecasts. Without prejudice to 2023, for which lower growth of -162 basis points is predicted, in subsequent years annual growth rates are set to be at values exceeding 6%, but slightly lower than the previous forecasts (roughly -78 basis points in 2024, -24 basis points in 2026).
Despite the scenario described, stock market values registered an increase in the first half of 2023 and, in particular, in the second part of said period. Since the start of the year, and despite a major downward correction in March 2023 due to the bankruptcy of Silicon Valley Bank, tensions regarding other US mid-size banks and the rescue of Credit Suisse by UBS, events that put the solidity and solvency of the banking system -and the US banking system more specifically- as a whole up for discussion, the general FTSE MIB and FTSE IT All Share indexes have recorded increases of +19% and 18% respectively, while that of the banking sector, FTSE IT Banks, have posted an increase of roughly +26%. Banks are continuing to quote under shareholders' equity, albeit with an improved multiple compared to the values of the previous periods. The banking sector today benefits from a positive trend in profitability, thanks to the increase in reference interest rates and the growth in loans. A condition that should taper off in the near future according to analyst opinion, with a contraction in net interest income and an increase in bad loans due to the difficulties registered at economic system level.

The changed macroeconomic and sectoral context, however, did not involve a revision of the income statement and balance sheet forecasts drawn up for the individual CGUs and used during the impairment test as at 31 December 2022, for which the validity is also confirmed with reference to 30 June 2023.
An analysis of the results of the impairment test as at 31 December 2022 shows that the sensitivity analysis conducted highlighted significant margins for a reduction in: the estimated profits for the explicit forecast period, normalised profit and the normalised flow forming the basis of the Terminal Value of the CGU Banco di Sardegna (-48% maximum reduction in profits expected in the analytical period and in normalised profit, -92% maximum change in the normalised flow) and the CGU Arca Holding (-44% and -73% respectively) before an impairment loss condition could emerge; all this is without prejudice to the other valuation assumptions as at 31 December 2022.
On the other hand, the same comparison highlighted the need for greater attention on the CGU BPER Factor, whose maximum changes were much more contained, highlighting a stress condition at the slightest deterioration in the reference context; in fact, for the CGU BPER Factor, the following limits emerged: -9% maximum reduction in profits expected in the analytical period and in normalised profit, -17% maximum change in the normalised flow forming the basis of the Terminal Value.

As regards the estimated cost of equity for the BPER Banca Group, following the update of the parameters forming the basis of the *Capital Asset Pricing Model* (CAPM) as at 30 June 2023, an increase of +130 basis points was registered with respect to the figure used in the impairment test as at 31 December 2022 (10.02%), with a cost of equity that amounts to 11.32%.
The updated value is obtained on the basis of the following market inputs, estimated in continuation with the methodology used previously[46]:

- the risk free rate, being the time value of money corresponding to the yield on a risk-free investment, usually represented by government bonds. An average value of the 10-year BTP yield rates of 4.05%, calculated over a one-year observation period, was used here (vs. the 3.14% value used in the impairment test as at 31 December 2022);
- the market risk premium, being the difference between the yield on a diversified portfolio of risky investments available on the market and the yield on a risk-free bond. A market risk premium of 5.70% was confirmed, in line with the value used in the last available impairment tests. This figure is the result of a qualitative and quantitative analysis using, among other factors, the information issued periodically by info providers, which analyse the sector and macroeconomic trends or periodically record those used on average in practice by various operators when carrying out valuations;
- the beta, being the specific investment risk. The beta expresses the correlation between the yield on a single risky investment and that on a market portfolio. A 1.27 beta was used in this case (1.21 on 31 December 2022), equal to the beta of the BPER Banca Group estimated over a sufficiently long period of time to minimise the distortive effects that may affect short periods. Specifically, in line with what was considered in the most recent impairment tests, the period considered is 5 years of observations, on a monthly basis and taking the Italian stock index as the benchmark.

[46] For more information, please refer to the consolidated Explanatory Notes as at 31 December 2022.

The updated cost of equity is broadly below the limit rates identified during the impairment test as at 31 December 2022 for the CGU Banco di Sardegna (24.1%) and the CGU Arca Holding (18.0%); the limit rate is the rate for which the value in use of the CGU is equal to its book value, inclusive of goodwill, without prejudice to all other valuation parameters. A different consideration emerges in relation to the CGU BPER Factor, whose maximum rate identified in the activity as at 31 December 2022, standing at 11.1%, is lower than the one that emerged from the update as at 30 June 2023.
Without prejudice to the 2023-2027 income statement and balance sheet forecasts of the CGU BPER Factor already used for the impairment test as at 31 December 2022, in the absence of revised forecast data approved by the Administrative Body, the use of the estimated cost of equity obtained using the parameters as at 30 June 2023 shows an impairment loss condition, i.e. a value in use lower than the relevant book value.

On conclusion of the analysis and in light of the considerations reported, the full sustainability of the goodwill recognised with reference to the CGU Banco di Sardegna and the CGU Arca Holding emerges, for which it may be considered that:
- there is a broad margin between the cost of equity obtained using the update of the parameters as at 30 June 2023 and the maximum rate identified during the impairment test as at 31 December 2022;
- no significant reduction is expected in the provisional values, despite the update of the macroeconomic and sectoral context.

A different consideration must instead be made in relation to the goodwill allocated to the CGU BPER Factor. In order to verify the impact of the increase in the cost of capital, a valuation exercise was carried out which saw the estimate of the cash flows potentially distributable forming the basis of the value in use, obtained by using the *Excess Capital Method*, considering the 2023-2027 provisional data already used in the impairment test as at 31 December 2022 and an estimated starting point of 30 June 2023. With regard to the other measurement parameters, an updated cost of capital was used on the basis of market parameters at the date of the impairment test (as mentioned above), together with a long-term growth rate "g" equal to that used in the previous impairment test of 31 December 2022, and a Common Equity TIER 1 (CET1) target ratio in line with the most recent supervisory legislation. In addition, sensitivity analyses were carried out by considering a deterioration in some key valuation parameters (i.e. increase in risk-free rate forming the basis of the cost of equity).
The results obtained were compared with the estimated book value as at 30 June 2023 of the CGU, the latter inclusive of the amount of goodwill allocated. From comparing the two values, the need emerged to fully write down the goodwill allocated to the BPER Factor CGU for an amount of Euro 6,768 thousand.

Section 11 – Tax assets and liabilities

Asset caption 110 and liability caption 60

11.1 Deferred tax assets: breakdown

	IRES	IRAP	Total 30.06.2023	Total 31.12.2022
Impairment losses on loans to customers	424,905	38,805	463,710	553,186
Impairment losses on equity investments and securities	91,726	19,365	111,091	131,398
Goodwill convertible into tax credits	268,004	51,631	319,635	337,313
Non-convertible goodwill	34,254	7,109	41,363	48,729
Personnel provisions	168,444	23,039	191,483	205,001
Endorsement credits, clawback action during bankruptcy proceedings and outstanding lawsuits	104,052	6,928	110,980	122,831
Impairment losses on loans to customers FTA IFRS 9	206,172	42,016	248,188	254,852
Non-convertible tax losses	206,883	-	206,883	160,341
Tax losses convertible into tax credits	80,661	5,230	85,891	421,501
ACE (Allowance for Corporate Equity) benefit carried forward	22,966	-	22,966	21,465
Property, plant and equipment and intangible assets	4,868	728	5,596	6,547
Other deferred tax assets	49,867	636	50,503	89,225
Total	**1,662,802**	**195,487**	**1,858,289**	**2,352,389**

“Deferred tax assets" are determined on the basis of IRES and IRAP tax rates which are expected to be in force at the time of their recovery.
The total includes, for an amount of € 869.2 million, deferred tax assets relating to value adjustments to loans to customers, goodwill and IRES and IRAP tax losses of the current year convertible to tax credits pursuant to Law 214/2011.
The remaining deferred tax assets, amounting to € 989.1 million, mainly relate to deductible temporary differences for an amount of € 759.2 million, non-convertible tax losses for an amount of € 206.9 million and ACE (Allowance for Corporate Equity) surpluses for € 23 million; these deferred tax assets were recognised on the basis of the positive outcome of the probability test carried out in compliance with the provisions of IAS 12, assuming that a time horizon of 5 years is used for the purposes of the recovery forecasts; the future taxable income considered is consistent with the financial forecasts updated recently in 2023.
As at 30 June 2023, no deferred tax assets were recognised on tax losses for € 296.0 million, and € 64.9 million on ACE (Allowance for Corporate Equity) surplus. Furthermore, € 119.2 million worth of deferred tax assets were not recorded, as they relate to changes recoverable beyond the time horizon allocated for the probability test

11.2 Deferred tax liabilities: breakdown

	IRES	IRAP	Total 30.06.2023	Total 31.12.2022
Payments to FITD (Interbank Deposit Protection Fund)	196	40	236	239
Revaluations of equity investments and securities	5,584	10,381	15,965	18,361
Capital gains on shares and other securities	1,417	843	2,260	2,490
Personnel provisions	1,653	12	1,665	1,664
Property, plant and equipment and intangible assets	23,102	4,649	27,751	37,274
Other deferred taxes	7,516	978	8,494	3,360
Total	**39,468**	**16,903**	**56,371**	**63,388**

“Deferred tax liabilities" are determined on the basis of IRES and IRAP tax rates which are expected to be in force at the time of their recovery.
At 30 June 2023, there are no temporary differences relating to investments in subsidiaries, branches, associates and companies under joint control for which the related deferred tax liabilities have not been recognised.

Section 12 – Non-current assets and disposal groups classified as held for sale and related liabilities

Asset caption 120 and liability caption 70

12.1 Non-current assets and disposal groups classified as held for sale: breakdown by assets

	30.06.2023	31.12.2022
A. Assets held for sale		
A.1 Financial assets	-	1,160,665
A.2 Equity investments	29,464	-
A.3 Property, plant and equipment	20,582	31,764
of which: arising from the enforcement of guarantees received	-	6,012
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**50,046**	**1,192,429**
of which measured at cost	29,464	1,165,487
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	20,582	26,942
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: arising from the enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

(cont.)

	30.06.2023	31.12.2022
C. Liabilities associated with assets classified as held for sale		
C.1 Due to banks/customers	-	1,351,765
C.2 Securities	-	101
C.3 Other liabilities	-	78,331
Total C	**-**	**1,430,197**
of which measured at cost	-	1,430,197
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total D	**-**	**-**
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

The item “Equity investments” is represented by the value of the investee SIFA’, which was merged in UnipolRental S.p.A., effective from 1 July 2023.
"Property, plant and equipment" also includes € 20.6 billion worth of buildings owned by the Group, for which advanced sales negotiations for the disposal are underway as at the reporting date.

Liabilities

Section 1 – 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 30.06.2023				Total 31.12.2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Due to Central Banks	5,487,584	X	X	X	15,970,641	X	X	X
2. Due to banks	7,020,337	X	X	X	6,029,848	X	X	X
2.1 Current accounts and demand deposits	198,001	X	X	X	405,196	X	X	X
2.2 Time deposits	1,037	X	X	X	1,717	X	X	X
2.3 Loans	4,984,855	X	X	X	3,974,943	X	X	X
2.3.1 Repurchase agreements	4,660,941	X	X	X	3,614,886	X	X	X
2.3.2 Other	323,914	X	X	X	360,057	X	X	X
2.4 Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	16,008	X	X	X	16,702	X	X	X
2.6 Other liabilities	1,820,436	X	X	X	1,631,290	X	X	X
Total	12,507,921	-	-	12,507,921	22,000,489	-	-	22,000,489

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 as at 31 December 2022.
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 30.06.2023				Total 31.12.2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	94,171,028	X	X	X	102,489,461	X	X	X
2. Time deposits	3,085,373	X	X	X	1,221,563	X	X	X
3. Loans	4,531,834	X	X	X	1,879,072	X	X	X
3.1 Repurchase agreements	2,111,756	X	X	X	-	X	X	X
3.2 Other	2,420,078	X	X	X	1,879,072	X	X	X
4. Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	333,482	X	X	X	352,422	X	X	X
6. Other liabilities	1,288,711	X	X	X	1,472,425	X	X	X
Total	103,410,428	-	-	103,410,428	107,414,943	-	-	107,414,943

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 as at 31 December 2022. Fair value is assumed to be the same as the carrying amount since they are sight or short-term transactions, mainly at floating rates.

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

1.3 Financial liabilities measured at amortised cost: breakdown, by product, of securities issued

Type of transaction/Amounts	Total 30.06.2023				Total 31.12.2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	8,409,916	4,987,491	3,218,238	-	6,307,775	4,395,269	1,623,291	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	8,409,916	4,987,491	3,218,238	-	6,307,775	4,395,269	1,623,291	-
2. other securities	427,144	-	-	427,144	229,116	-	-	229,116
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	427,144	-	-	427,144	229,116	-	-	229,116
Total	8,837,060	4,987,491	3,218,238	427,144	6,536,891	4,395,269	1,623,291	229,116

“Bonds” include € 1,667.5 million of subordinated debt, none of which are convertible into shares.
An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022.

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

Breakdown of "Financial liabilities measured at amortised cost": changes

		Nominal value	Book Value
1.	New issues	2,435,000	2,207,735
2.	Disposals	2,050	1,668
3.	Other	-	43,847
4.	Repurchases	(5,346)	(5,982)
5.	Refunds	(142,709)	(145,126)

Section 2 - Financial liabilities held for trading

Caption 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transaction/Amounts	Total 30.06.2023					Total 31.12.2022				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	47	-	46	-	46
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	-	-	-	-	-	47	-	46	-	46
B. Derivative instruments										
1. Financial derivatives	X	257	432,975	5,952	X	X	65	459,451	12,033	X
1.1 Trading	X	257	432,975	5,952	X	X	65	459,451	12,033	X
1.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	X	-	-	-	X	X	-	3	-	X
2.1 Trading	X	-	-	-	X	X	-	3	-	X
2.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	X	257	432,975	5,952	X	X	65	459,454	12,033	X
Total (A+B)	X	257	432,975	5,952	X	X	65	459,500	12,033	X

An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes to the consolidated financial statements as at 31 December 2022.

Key: VN = Nominal Value or Notional Value; L1 = Level 1; L2 = Level 2; L3 = Level 3; Fair value* = fair value calculated excluding value adjustments due to changes in the creditworthiness of the issuer since the issue date.

Section 3 – Financial liabilities designated at fair value through profit or loss

Caption 30

3.1 Financial liabilities designated at fair value: breakdown by product

Type of transaction/Amounts	Total					Total				
	30.06.2023					31.12.2022				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-	-	-	-	-	-	-
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:					-					
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
2. Due to customers	-	-	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:					-					
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
3. Debt securities	**1,512,680**	**-**	**1,425,321**	**-**	**1,426,578**	**978,004**	**-**	**879,198**	**-**	**4,173,865**
3.1 Structured	1,512,680	-	1,425,321	-	X	978,004	-	879,198	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**1,512,680**	**-**	**1,425,321**	**-**	**1,426,578**	**978,004**	**-**	**879,198**	**-**	**4,173,865**

The item includes capital protection certificates (structured debt securities). Classification into this category derives primarily from the reconciliation of these liabilities to the portfolios managed by Capital Market, which, according to the Group's policies, are measured at fair value considering the objectives pursued and reported performance. In addition, this classification makes it possible to pursue a "natural hedge" of derivatives entered into in order to "balance" the risks assumed with derivatives embedded in issued liabilities (derivatives that were classified as "trading" when recognised).
The increase recorded in the first half is due to the issuing of 5 new certificates, for a total nominal value of € 547.4 million.

Key: VN = Nominal Value; L1 = Level 1; L2 = Level 2; L3 = Level 3; Fair value* = fair value calculated excluding value adjustments due to changes in the creditworthiness of the issuer since the issue date.

3.1 bis Financial liabilities designated at fair value: method of use of the fair value option

Description/Amounts	30.06.2023
	Due to banks
a) Natural hedges through derivatives	-
b) Natural hedges with other financial instruments	-
c) Other types of accounting mismatch	-
d) Financial instruments managed and measured at fair value	1,425,321
e) Embedded structured derivative products	-
Total	**1,425,321**

Section 6 – Tax liabilities

Caption 60

Please refer to the information provided in section 11, Assets.

Section 7 – Liabilities associated with assets classified as held for sale

Caption 70

For details about Liabilities associated with assets classified as held for sale, please refer to the information provided in section 12 of Part B, Assets.

Section 10 – Provisions for risks and charges

Caption 100

10.1 Provisions for risk and charges: breakdown

Description/Amounts	30.06.2023	31.12.2022
1. Impairment provisions for credit risk related to commitments and financial guarantees	61,793	70,102
2. Impairment provisions related to other commitments and guarantees granted	81,204	84,395
3. Provisions for pension and similar obligations	115,930	115,987
4. Other provisions for risk and charges	953,405	1,018,828
4.1 legal and fiscal disputes	264,857	269,468
4.2 personnel charges	513,217	568,119
4.3 other	175,331	181,241
Total	**1,212,332**	**1,289,312**

10.3 Impairment provisions for credit risk related to commitments and financial guarantees

	Impairment provisions for credit risk related to commitments and financial guarantees granted				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Commitments to distribute funds	9,747	3,705	89	-	13,541
Financial guarantees granted	1,922	2,873	43,457	-	48,252
Total	**11,669**	**6,578**	**43,546**	**-**	**61,793**

Section 13 – Group shareholders' equity

Captions 120, 130, 140, 150, 160, 170 and 180

13.1 "Share capital" and "Treasury shares": breakdown

The "Share capital" caption relates solely to the Parent Company. It consists solely of ordinary shares with no par value, fully subscribed and paid in.
There are 811,129 treasury shares in the Parent Company's portfolio amounting to Euro 2,683 thousand. There are also 62,238 shares relating to -and held by- Bibanca s.p.a., for a total of Euro 6 thousand.

13.2 Share capital – Parent Company's number of shares: annual changes

Description/Types	Ordinary	Other
A. Initial number of shares	**1,415,850,518**	**-**
- fully paid-in	1,415,850,518	-
- not fully paid-in	-	-
A.1 Treasury shares (-)	(1,714,504)	-
A.2 Shares outstanding: opening balance	**1,414,136,014**	**-**
B. Increases	**903,561**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- for free:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sales of treasury shares	903,561	-
B.3 Other increases	-	-
C. Decreases	**186**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	186	-
C.3 Business disposal transactions	-	-
C.4 Other decreases	-	-
D. Shares outstanding: closing balance	**1,415,039,389**	**-**
D.1 Treasury shares (+)	811,129	-
D.2 Final number of shares	1,415,850,518	-
- fully paid-in	1,415,850,518	-
- not fully paid-in	-	-

Caption B.2 Sales of treasury shares refers to treasury shares that BPER Banca has assigned free of charge to employees, in line with the provisions of the Remuneration Policies (e.g. for short-term and long-term incentive and/or severance schemes).
Item C.2 Purchase of treasury shares includes the shares taken on following prescription of the dividend right as set out in the 2011 profit distribution, which made provision for the payment to be partly in cash and partly through the free allocation of the treasury shares of BPER Banca.
Further information about transactions in treasury shares is presented in section 8.1 "Treasury shares held" of the Group Interim Report on Operations.

Part C - Information on the consolidated income statement

Section 1 – Interest

Captions 10 and 20

1.1 Interest and similar income: breakdown

Captions/Technical forms	Debt securities	Loans	Other transactions	Total 30.06.2023	Total 30.06.2022
1. Financial assets measured at fair value through profit or loss:	**3,062**	**333**	**186**	**3,581**	**4,298**
1.1 Financial assets held for trading	1,122	-	-	1,122	834
1.2 Financial assets measured at fair value	35	-	-	35	1,844
1.3 Other financial assets mandatorily measured at fair value	1,905	333	186	2,424	1,620
2. Financial assets measured at fair value through other comprehensive income	**60,463**	**-**	**X**	**60,463**	**17,313**
3. Financial assets measured at amortised cost:	**119,452**	**1,844,639**	**X**	**1,964,091**	**820,550**
3.1 Loans to banks	32,687	260,541	X	293,228	16,514
3.2 Loans to customers	86,765	1,584,098	X	1,670,863	804,036
4. Hedging derivatives	**X**	**X**	**137,181**	**137,181**	**(23,671)**
5. Other assets	**X**	**X**	**70,491**	**70,491**	**5,846**
6. Financial Liabilities	**X**	**X**	**X**	**920**	**96,997**
Total	**182,977**	**1,844,972**	**207,858**	**2,236,727**	**921,333**
of which: interest income on impaired financial assets	-	44,664	-	44,664	38,656
of which: interest income on finance lease	X	76,014	X	76,014	28,531

1.3 Interest and similar expense: breakdown

Captions/Technical forms	Loans	Debt Securities	Other transactions	Total 30.06.2023	Total 30.06.2022
1. Financial liabilities measured at amortised cost	507,810	119,721	X	627,531	107,854
1.1 Due to central banks	143,293	X	X	143,293	-
1.2 Due to banks	120,597	X	X	120,597	14,062
1.3 Due to customers	243,920	X	X	243,920	41,629
1.4 Debt securities issued	X	119,721	X	119,721	52,163
2. Financial liabilities held for trading	2	-	-	2	1,942
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	394	394	356
5. Hedging derivatives	X	X	63,072	63,072	(10,261)
6. Financial assets	X	X	X	759	35,993
Total	507,812	119,721	63,466	691,758	135,884
of which: interest expense on lease liabilities	4,144	X	X	4,144	2,377

1.5 Spreads on hedging transactions

Captions	Total 30.06.2023	Total 30.06.2022
A. Positive spreads on hedging transactions	218,727	48,441
B. Negative spreads on hedging transactions	(144,618)	(61,851)
C. Balance (A-B)	74,109	(13,410)

Section 2 – Commissions

Captions 40 and 50

2.1 Commission income: breakdown

Type of service/Amounts	Total 30.06.2023	Total 30.06.2022
a) Financial instruments	154,235	145,383
1. Placement of securities	117,588	113,236
1.1 Through underwriting and/or on a firm commitment basis	1,952	-
1.2 Without a firm commitment basis	115,636	113,236
2. Reception, transmission and execution of orders on behalf of customers	13,011	10,127
2.1 Reception and transmission of orders for one or more financial instruments	13,011	-
2.2. Execution of orders on behalf of customers	-	10,127
3. Other commission income related to activities connected to financial instruments	23,636	22,020
of which: dealing on own account	1,336	243
of which: individual portfolio management	22,061	21,777
b) Corporate Finance	2,480	1,695
1. Mergers and acquisitions advisory	666	300
2. Treasury services	-	-
3. Other commission income related to corporate finance services	1,814	1,395
c) Investment advice	844	1,008
d) Clearing and settlement	-	-
e) Collective portfolio management	187,175	192,916
f) Custody and administration	18,497	20,181
1. Depositary bank	-	-
2. Other commission income related to custody and administration services	18,497	20,181
g) Central administrative services for collective portfolio management	-	-
h) Fiduciary services	-	-
i) Payment services	369,343	329,074
1. Current accounts	195,349	170,191
2. Credit cards	35,976	31,165
3. Debit cards and other payment cards	43,956	51,779
4. Bank transfers and other payment orders	64,701	46,762
5. Other commission income related to payment services	29,361	29,177
j) Distribution of third-party services	119,941	126,982
1. Collective portfolio management	321	614
2. Insurance products	108,007	103,218
3. Other products	11,613	23,150
of which: individual portfolio management	3,608	4,767
k) Structured finance	20,979	11,489
l) Securitisation servicing	43	49
m) Commitments to disburse funds	-	-
n) Financial guarantees granted	24,153	22,143
of which: credit derivatives	-	-
o) Financing transactions	129,335	116,737
of which: factoring transactions	8,540	7,354
p) Currency dealing	8,260	6,667
q) Commodities	-	-
r) Other commission income	35,466	33,968
of which: management of multilateral trading facilities	-	-
of which: management of organised trading facilities	-	-
Total	**1,070,751**	**1,008,292**

With respect to the qualitative information on the types of revenue from relations with customers falling within the scope regulated by IFRS 15, please refer to the contents of Part L of the Explanatory Notes.

2.2 Commission expense: breakdown

Type of services/Amounts	Total 30.06.2023	Total 30.06.2022
a) Financial instruments	1,086	1,160
of which: trading in financial instruments	1,066	1,076
of which: placement of financial instruments	-	30
of which: individual portfolio management	20	54
- Own portfolios	20	54
- Third party portfolios	-	-
b) Clearing and settlement	-	-
c) Collective portfolio management	48,946	66,893
1. Own portfolios	48,946	66,893
2. Third party portfolios	-	-
d) Custody and administration	3,089	2,538
e) Collection and payment services	19,932	21,150
of which: credit cards, debit cards and other payment cards	16,123	17,640
f) Securitisation servicing	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	1,592	939
of which: credit derivatives	-	-
i) "Out-of-branch" offer of financial instruments, products and services	3,590	4,381
j) Currency dealing	-	-
k) Other commission expense	9,486	9,396
Total	**87,721**	**106,457**

Section 3 – Dividends and similar income

Caption 70

3.1 Dividends and similar income: breakdown

Captions/Income	Total 30.06.2023		Total 30.06.2022	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	1,693	-	1,843	-
B. Other financial assets mandatorily measured at fair value	14	2,201	780	1,017
C. Financial assets measured at fair value through other comprehensive income	21,227	-	12,243	-
D. Equity investments	-	-	-	-
Total	**22,934**	**2,201**	**14,866**	**1,017**

Section 4 – 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	**9,117**	**2,589**	**(3,378)**	**(707)**	**7,621**
1.1 Debt securities	269	1,205	(2,352)	(653)	(1,531)
1.2 Equity instruments	8,848	1,384	(1,026)	(54)	9,152
1.3 UCITS units	-	-	-	-	-
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	**7,517**
4. Derivative instruments	**168,127**	**166,319**	**(161,626)**	**(153,087)**	**27,078**
4.1 Financial derivatives:	168,127	165,583	(161,626)	(152,613)	26,816
- on debt securities and interest rates	58,593	146,822	(74,889)	(141,257)	(10,731)
- on equities and stock indexes	108,414	15,487	(85,662)	(8,621)	29,618
- on currency and gold	X	X	X	X	7,345
- other	1,120	3,274	(1,075)	(2,735)	584
4.2 Credit derivatives	-	736	-	(474)	262
of which: natural hedges connected with the fair value option	X	X	X	X	-
Total	**177,244**	**168,908**	**(165,004)**	**(153,794)**	**42,216**

The item includes capital gains from valuation relating to the operational hedging of Certificates, for a total of € 29.4 million.

Section 5 – Net income from hedging activities

Caption 90

5.1 Net income from hedging activities: breakdown

Income items/Amounts	Total 30.06.2023	Total 30.06.2022
A. Income from:		
A.1 Fair value hedging derivatives	68,248	1,242,488
A.2 Hedged financial assets (fair value)	154,266	2,547
A.3 Hedged financial liabilities (fair value)	5,839	215,457
A.4 Cash-flow hedging derivatives	38	488
A.5 Foreign currency assets and liabilities	-	-
Total income from hedging activity (A)	228,391	1,460,980
B. Charges from:		
B.1 Fair value hedges	165,694	218,066
B.2 Hedged financial assets (fair value)	23,787	1,241,857
B.3 Hedged financial liabilities (fair value)	41,264	46
B.4 Cash-flow hedging derivatives	44	486
B.5 Foreign currency assets and liabilities	-	-
Total charges from hedging activity (B)	230,789	1,460,455
C. Net income from hedging activities (A-B)	(2,398)	525
of which: result of hedging on net positions	-	-

Section 6 – Gains (Losses) on disposal or repurchase

Caption 100

6.1 Gains (Losses) on disposal or repurchase: breakdown

Captions/Income items	Total 30.06.2023			Total 30.06.2022		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Financial assets measured at amortised cost	35,838	(1,300)	34,538	25,205	(9,088)	16,117
1.1 Loans to banks	269	(115)	154	-	-	-
1.2 Loans to customers	35,569	(1,185)	34,384	25,205	(9,088)	16,117
2. Financial assets measured at fair value through other comprehensive income	13,142	(478)	12,664	2,814	(53)	2,761
2.1 Debt securities	13,142	(478)	12,664	2,814	(53)	2,761
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**48,980**	**(1,778)**	**47,202**	**28,019**	**(9,141)**	**18,878**
Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities issued	1	-	1	257	(14)	243
Total liabilities (B)	**1**	**-**	**1**	**257**	**(14)**	**243**

The net result relating to “Financial assets” includes net profits deriving from transfers of loans for € 10.1 million plus the gains realised on the disposal of debt securities classified in the HTC and HTC&S portfolios.

Section 7 – Net income on other 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 of financial assets and liabilities designated at fair value

Transactions/Income items	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net Result [(A+B) - (C+D)]
1. Financial assets	492	-	(413)	-	79
1.1 Debt securities	492	-	(413)	-	79
1.2 Loans	-	-	-	-	-
2. Financial Liabilities	26,321	2	(32,663)	(27,037)	(33,377)
2.1 Debt securities issued	26,321	2	(32,663)	(27,037)	(33,377)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: exchange differences	X	X	X	X	-
Total	26,813	2	(33,076)	(27,037)	(33,298)

The results shown on Securities in Issue refer to the Certificates issued and are attributable to the change in fair value attributable to interest rate risk, to the change in fair value of the derivative component embedded in the instruments issued (which is similarly recognised with an entry of opposite sign in Caption 80 "Net income from trading activities" against the valuation of derivatives entered into on the market to balance the bank's position), as well as to so-called "commercial margins", which pass through the Income Statement at the time of the first valuation of the financial instrument.

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income items	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net Result [(A+B) - (C+D)]
1. Financial assets	31,315	6,224	(23,781)	(433)	13,325
1.1 Debt securities	4,203	1,283	(13,033)	(5)	(7,552)
1.2 Equity instruments	1,404	80	(417)	(253)	814
1.3 UCITS units	25,559	635	(10,331)	(175)	15,688
1.4 Loans	149	4,226	-	-	4,375
2. Foreign currency financial assets: exchange differences	X	X	X	X	(501)
Total	31,315	6,224	(23,781)	(433)	12,824

Section 8 – 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	Stage 2	Stage 3		Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	30.06.2023	30.06.2022
			Write-offs	Other	Write-offs	Other						
A. Loans to banks	(11)	(2,691)	-	-	-	-	5,897	-	-	-	3,195	(21,864)
- Loans	-	(2,691)	-	-	-	-	5,897	-	-	-	3,206	(21,649)
- Debt securities	(11)	-	-	-	-	-	-	-	-	-	(11)	(215)
B. Loans to customers	(19,276)	(38,049)	(4,211)	(420,486)	(12,766)	(104,552)	23,231	12,364	188,118	103,102	(272,525)	(193,753)
- Loans	(19,270)	(35,358)	(4,211)	(420,486)	(12,766)	(104,552)	23,021	11,177	188,118	103,102	(271,225)	(193,713)
- Debt securities	(6)	(2,691)	-	-	-	-	210	1,187	-	-	(1,300)	(40)
Total	(19,287)	(40,740)	(4,211)	(420,486)	(12,766)	(104,552)	29,128	12,364	188,118	103,102	(269,330)	(215,617)

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 30.06.2023	Total 30.06.2022
	Stage 1	Stage 2	Stage 3		Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
			Write-offs	Other	Write-offs	Other						
A. Debt securities	(4)	(60)	-	-	-	-	422	140	-	-	498	(246)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(4)	(60)	-	-	-	-	422	140	-	-	498	(246)

Section 12 – Administrative expenses

Caption 190

12.1 Staff costs: breakdown

Type of costs/Amounts	Total 30.06.2023	Total 30.06.2022
1) Employees	822,037	693,508
a) wages and salaries	585,244	497,496
b) social security charges	152,599	131,168
c) termination indemnities	30,193	26,278
d) pension expenses	328	289
e) provision for employee termination indemnities	3,187	479
f) provision for pension and similar commitments:	1,749	543
- defined contribution plan	-	-
- defined benefit plans	1,749	543
g) payments to external supplementary pension funds:	18,679	16,287
- defined contribution plan	18,679	16,287
- defined benefit plans	-	-
h) costs from share-based payments	3,342	(118)
i) other personnel benefits	26,716	21,086
2) Other not-retired employees	21,425	13,351
3) Directors and Statutory Auditors	5,310	4,635
4) Retired employees	402	48
Total	849,174	711,542

12.5 Other administrative expenses: breakdown

Captions	30.06.2023	30.06.2022
Indirect taxes and duties	159,602	129,732
Stamp duty	130,453	109,362
Other indirect taxes with right of recourse	7,111	8,611
Municipal property tax	11,142	7,903
Other	10,896	3,856
Other costs	421,810	375,345
Maintenance and repairs	51,274	40,396
Rental expense	11,334	13,120
Post office, telephone and telegraph	14,203	12,487
Data transmission fees and use of databases	47,605	45,379
Advertising	18,303	10,723
Consulting and other professional services	76,025	73,173
Lease of IT hardware and software	26,767	27,733
Insurance	11,593	8,086
Cleaning of office premises	6,334	5,915
Printing and stationery	4,318	4,676
Energy and fuel	28,867	20,544
Transport	8,092	7,371
Staff training and expense refunds	10,867	5,893
Information and surveys	8,442	8,842
Security	5,934	5,423
Administrative services	9,597	14,275
Use of external data gathering and processing services	7,848	7,246
Membership fees	4,700	3,904
Condominium expenses	6,272	3,090
Contribution to SRF, DGS, IDPF-VS	49,484	45,721
Sundry other	13,951	11,348
Total	581,412	505,077

The caption “Contribution to SRF, DGS, IDPF-VS” refers to the ordinary 2023 contribution to the SRF (European Single Resolution Fund).

Section 13 – Net provisions for risks and charges

Caption 200

13.1 Net provisions for credit risk on commitments to distribute funds and financial guarantees granted: breakdown

Type of risks and charges	Impairment losses				Write-backs				30.06.2023	30.06.2022
	Stage 1	Stage 2	Stage 3	Purchased or originated credit	Stage 1	Stage 2	Stage 3	Purchased or originated credit		
Commitments to disburse funds	(20)	(31)	(60)	-	2,588	3,461	-	-	5,938	646
Financial guarantees granted	-	-	(3,618)	-	423	586	4,846	-	2,237	(6,374)
Total	**(20)**	**(31)**	**(3,678)**	**-**	**3,011**	**4,047**	**4,846**	**-**	**8,175**	**(5,728)**

13.2 Net provisions on other commitments and other guarantees granted: breakdown

Type of risks and charges	Impairment losses	Write-backs	30.06.2023	30.06.2022
Other guarantees granted	(20,000)	11,750	(8,250)	(9,100)
Other commitments	(2,386)	13,411	11,025	(9,219)
Total	**(22,386)**	**25,161**	**2,775**	**(18,319)**

13.3 Net provisions for other risks and charges: breakdown

Type of risks and charges	30.06.2023	30.06.2022
A. Provisions	**(87,418)**	**(26,395)**
1. for legal disputes	(43,316)	(22,252)
2. other	(44,102)	(4,143)
B. Write-backs	**11,082**	**9,403**
1. for legal disputes	10,725	9,253
2. other	357	150
Total	**(76,336)**	**(16,992)**

Section 16 – Other operating expense (income)

Caption 230

16.1 Other operating expense: breakdown

Description/Amounts	30.06.2023	30.06.2022
Loss from loss data collection	10,747	9,617
Amortisation of leasehold improvement expenditure	2,003	2,347
Other expense	50,238	49,272
Total	**62,988**	**61,236**

16.2 Other operating income: breakdown

Description/Amounts	30.06.2023	30.06.2022
Rental income	6,408	4,355
Recovery of taxes	136,181	116,701
Income from Loss data collection	20,117	8,902
Fast-track facility fee	4,654	4,837
Other income	64,448	30,396
Total	**231,808**	**165,191**

Section 25 – Earnings per share

IAS 33 requires disclosure of basic and diluted earnings per share (EPS), specifying how each is calculated.
Basic earnings per share reflect the relationship between:

- the earnings attributable to ordinary shareholders,
- and the weighted average number of shares outstanding during the period.

Diluted earnings per share reflect the relationship between:

- the earnings used to calculate Basic EPS, as adjusted by the economic effects of converting all outstanding convertible bonds into shares at period end;
- the number of shares in circulation used to calculate basic EPS, as adjusted by the weighted average of the potential ordinary shares with a diluting effect deriving from the conversion of bonds outstanding at period end.

	30.06.2023			30.06.2022		
	Attributable earnings	Weighted average ordinary shares	Earnings per share (Euro)	Attributable earnings	Weighted average ordinary shares	Earnings per share (Euro)
Basic EPS	704,551	1,414,309,759	0.498	1,384,808	1,411,136,469	0.981
Diluted EPS	704,551	1,450,024,045	0.486	1,384,808	1,446,850,755	0.957

The following tables reconcile the weighted average number of ordinary shares outstanding used to calculate basic earnings per share with the number of ordinary shares used to calculate diluted earnings per share; they also reconcile net profit for the year with the net income used to determine basic and diluted earnings per share.

25.1 Average number of ordinary shares (fully diluted)

	30.06.2023	30.06.2022
Weighted average number of outstanding ordinary shares for Base EPS calculation	1,414,309,759	1,411,136,469
Weighted dilutive effect deriving from the potential conversion of convertible bonds	35,714,286	35,714,286
Weighted average number of outstanding ordinary shares for diluted EPS calculation	1,450,024,045	1,446,850,755

25.2. Other information

	30.06.2023	30.06.2022
Profit (Loss) for the period	704,551	1,384,808
Allocations not attributable to the shareholders	-	-
Net profit for Basic EPS calculation	704,551	1,384,808
Change in income and charges deriving from conversion	-	-
Net profit for diluted EPS calculation	704,551	1,384,808

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Part E - Information on risks and related hedging policies

Introduction

A summary of the organisation of the BPER Banca Group's risk governance and the related processes and key functions involved is described below. A description of the “culture of risk” in the BPER Banca Group and the methods through which it is disseminated is also provided.

The Board of Directors of the Parent Company[47] has defined the principles governing the design, implementation and assessment the BPER Banca Group’s internal control system (the “internal control system) by issuing and implementing the “Group Policy - Internal Control System”[48], in line with the Supervisory instructions for banks[49].

It should also be noted that, in compliance with the prudential regulations intended to strengthen the ability of banks to absorb shocks deriving from economic and financial tensions, the Group monitors capital adequacy, the exposure to risks and the general characteristics of the related management and control systems, in order to facilitate market discipline.
The document “Public Disclosure - Pillar 3” as at 30 June 2023, prepared pursuant to the requirements of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) and subsequent updates, illustrates the key metrics used by the BPER Banca Group (own funds, capital requirements, financial leverage and liquidity coverage ratio) as required by art. 447 of Regulation (EU) 575/2013, as later amended.

The disclosure at 30 June 2023 is published on the same date as or as soon as possible after the Consolidated report is published on the Parent Company’s website https://istituzionale.bper.it.

[47] Throughout the chapter, any reference to the Board of Directors or the Chief Executive Officer or any other Corporate Bodies are to be understood as referring to the Parent Company BPER Banca, unless otherwise specified.
[48] Last update approved by Board of Directors of the Parent Company on 28 April 2022.
[49] Bank of Italy Circular no. 285/2013 and subsequent updates.

Section 1 - Risks of consolidation accounting

Quantitative information

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes and economic distribution

A.1.1 Breakdown of financial assets by portfolio classification and credit quality (book values)

Portfolios/quality	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	189,955	673,785	148,879	1,049,397	110,668,310	112,730,326
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	6,717,304	6,717,304
3. Financial assets designated at fair value	-	-	-	-	1,945	1,945
4. Other financial assets mandatorily measured at fair value	-	-	-	-	158,353	158,353
5. Financial assets held for sale	-	-	-	-	-	-
Total 30.06.2023	189,955	673,785	148,879	1,049,397	117,545,912	119,607,928
Total 31.12.2022	220,917	963,920	109,936	1,142,869	121,660,507	124,098,149

Details on forborne exposures classified as “Financial assets measured at amortised cost” are provided below.

Portfolios/Quality	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures	Performing past due exposures	Performing exposures
1. Financial assets measured at amortised cost					
- Loans to customers	41,971	317,941	65	66,000	1,182,800

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 exposure	Overall partial write-off	Gross exposure	Overall impairment provisions	Net exposure	
1. Financial assets measured at amortised cost	2,503,715	1,491,096	1,012,619	66,508	112,472,843	755,136	111,717,707	112,730,326
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	6,720,358	3,054	6,717,304	6,717,304
3. Financial assets designated at fair value	-	-	-	-	X	X	1,945	1,945
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	158,353	158,353
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 30.06.2023	2,503,715	1,491,096	1,012,619	66,508	119,193,201	758,190	118,595,309	119,607,928
Total 31.12.2022	3,007,330	1,712,557	1,294,773	68,495	123,353,197	757,012	122,803,376	124,098,149

Portfolios/quality	Low credit quality assets		Other assets
	Cumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	1,160	659,951
2. Hedging derivatives	-	-	1,650,822
Total 30.06.2023	-	1,160	2,310,773
Total 31.12.2022	-	1,340	2,455,078

Risks of prudential consolidation

1.1 Credit risk

The BPER Banca Group's organisation provides for centralisation of the credit risk control function at the Parent Company.

Qualitative Information

1. General aspects

In the first half of 2023, the Italian economy recorded a downward trend following the strong performances in 2022. However, the overall results of the fundamentals are better than expected, banishing the spectre of a possible recession. In the first half of 2023, the decline in energy prices and better supply conditions in the production chains underpinned industrial production. Household spending remains weak due to the reduction in purchasing power, already weighed down by the sharp rises recorded in 2022 and the increase in interest rates, which reverberates negatively on debt servicing charges, reducing household liquidity buffers.
Consumer inflation, after having peaked in the autumn of 2022, gradually fell, reaching 6.4%[50] in June 2023, due to the significant decrease in the energy component, while the core component showed signs of a slight slowdown only in the most recent months, reflecting increased rigidity especially in the dynamics of food prices. Despite this, household and business expectations are oriented towards a gradual easing of inflationary pressures over the coming months.
As regards the job market, the employment trend was also positive in the first months of 2023, when a decrease in the unemployment rate was registered.
Based on the trend in fundamentals and the characteristics of the macroeconomic context, growth of 1.3% in GDP is forecast for 2023, while a slowdown is expected for 2024-2025, mainly due to a deterioration in financial conditions[51].

As a result of the gradual and significant hikes in interest rates, the trend in loans has tapered off, starting from the fourth quarter of 2022, especially for businesses. The increase in the cost of lending and less favourable supply conditions have also led to a slight decline in loans to households, in particular mortgages for buying a home.

The impairment rates for banking assets are still at very contained levels. The portion of performing loans for which banks have recognised a significant increase in credit risk remains limited.

Management objectives and macroeconomic uncertainties

In pursuit of the general objectives of credit policy and with the desire to support customers most exposed to the effects of the Russia-Ukraine war, and to unexpected economic dynamics such as the recent energy and inflation shock, a forward-looking approach was adopted with the aim of:
- Incorporating sectoral and micro-sectoral forecasts;
- evaluating the resilience of companies through forward-looking estimates of company financial statements;
- extending portfolio segmentation to the various branches of the economy in order to intercept dissimilar micro-sector dynamics within the same business areas;
- introducing assessments of climatic, environmental and sustainability risks, with particular reference to those sectors with greater energy absorption or characterised by a high dependence on fossil fuels;
- providing for the development of "green financing" and "technological innovation", transversal to all sectors of the economy and intended to ensure greater competitiveness for the companies concerned;
- continuing to finance consumer households in the various technical forms (home mortgages, personal loans, etc.).

2. Credit risk management policies

Against the backdrop of a generally better-than-expected, albeit slowing, economic scenario, and elements such as high inflation and uncertainty deriving from the persistence of the Russia-Ukraine conflict, the BPER Banca Group has defined a

[50] Harmonised index of consumer prices, percentage change over the corresponding period, preliminary estimate by Istat, the Italian National Institute of Statistics
[51] Bank of Italy, Macroeconomic projections for the Italian economy, June 2023.

number of actions targeted at the segments most exposed to market dynamics, in the aim of at better calibrating the sectoral guidelines of its credit policy (already defined in 2022), and therefore its asset allocation targets, with the objective of supporting the banking system and its resilience. In this regard, initiatives were implemented to support households and businesses subject to an increase in the costs of servicing debt stemming from the gradual and significant increase in interest rates.

The guidelines for promoting “green financing” and “technological innovation” are confirmed, as they cross cut all sectors of the economy and make it possible to ensure greater competitiveness for recipient companies. More specifically, as early as in December 2022, the Group approved a specific “ESG-linked Loan Origination Policy”, which sets out the principles adopted by the Group during the credit assessment. In fact, this document[52] indicates:
- The general limitation and exclusion criteria for counterparty and/or project finance ability, consistently with the “ESG Policy” of the BPER Group and its voluntary commitments (Net-Zero Banking Alliance, PRB);
- detailed criteria applying to counterparties belonging to “risk-sensitive” sectors;
- strategies to support transition and the increasing “alignment” of counterparties with the principles of the EU Taxonomy, including via dedicated products or services.

The credit management policy of the BPER Banca Group continues to pursue the aim of carefully selecting counterparties through an analysis of their creditworthiness, including the use of well-established tools such as the internal rating system, having regard for the achievement of commercial and support objectives, including in an ESG perspective.
In view of the Group’s strategic objectives and operations, the general risk management strategy was to accept a moderate level of risk involving:
- the assessment of the current and prospective creditworthiness of counterparties;
- the diversification of the portfolio, limiting the concentration of exposures towards individual counterparties and sectors of economic activity.

2.1 Organisational aspects

The Group’s credit risk management model has the following objectives:
- apply the instructions issued by the Supervisory Authorities, while taking account of the Group’s specific operating characteristics;
- ensure that credit risk is managed appropriately by each bank/company and at a Group level.

These objectives are achieved via the segregation of responsibilities and duties between the bodies that manage credit risk and those with a control function.
The following elements underpin work to manage and control the exposure to credit risk:
- independence of the function responsible for the measurement of credit risk with respect to the various business functions;
- clear definition of delegated powers and the resulting structure of limits imposed by the Board of Directors of the Parent Company;
- coordination by the Parent Company of credit risk management processes, while leaving individual companies with operational autonomy for the management of credit risk;
- consistent application of measurement models throughout the Group, in line with international best practice;
- transparent methodology and measurement criteria to facilitate understanding of the risk measures adopted;
- performance of periodic stress tests which use endogenous and exogenous shock scenarios to provide deterministic and/or probability-based indicators of risk.

2.2 Systems for managing, measuring and monitoring

The management of risk involves applying a system of methodologies and approaches for the ongoing measurement and/or assessment of risk. This system helps to guide operational decisions and quantify the level of capital required by the Group in order to cover the risks that have been accepted. Each Group bank/company analyses the various components of credit risk and identifies the exposure associated with the loan portfolio using suitable measurement methodologies. In particular, the Group uses many tools to measure and monitor credit risk in relation to both performing and non-performing loans.
As part of its policies for managing loans to customers, the Group has adopted rules and processes for monitoring relationships, which have involved, among other things, a complex activity of classifying them into homogeneous risk categories. In particular,

[52] For more information on the “ESG-linked Loan Origination Policy”, adopted by the Group, please refer to the disclosure provided in the consolidated Non-Financial Statement (“consolidated NFS”) of the BPER Banca Group as at 31 December 2022, prepared in accordance with Legislative Decree no. 254/16 and available on the website ://istituzionale.bper.it.

on the basis of "rating" and "early warning" systems, the Group has analysed performing loans to customers valued at amortised cost and identified those most at risk.
The characteristics of the rating models developed by the Parent Company for the calculation of PD (Probability of default: i.e. the probability that the borrower will not be able to meet their commitments) depend on the risk segment to which the counterparty belongs, the amount of the exposure and the stage in the lending process at which they are applied (initial pay-out or monitoring). The classifications are represented by 13[53] creditworthiness rating classes differentiated by business model segment. All of the Parent Company's systems share a number of common characteristics:

- the rating is determined with reference to the specific counterparty;
- the rating models are established with reference to the loan portfolio of the BPER Banca group (the rating is unique for each counterparty, even if shared by several Group Banks and Companies);
- the models process sociodemographic data, internal performance information derived from reports issued by the Central Credit Register database, as well as financial information in the case of businesses;
- the models for Corporate SMEs, Long-term Property SMEs, Holding Companies, Financial Corporations and Large Corporates add a qualitative element to the purely statistical side. The rating assignment process for these segments involves expert attribution for counterparties that exceed a certain threshold[54] and all Financial Companies, via a central structure operating at Group level. For Corporate SMEs, Real Estate Multiannual and Large Corporates that fall below the threshold, there is also the possibility for the relationship manager to activate an override, i.e. to request an exception from the quantitative rating on the basis of solid, documented information not processed by the model. The requested exception is evaluated by a central structure that operates at Group level;
- in addition to the model that evaluates the individual counterparty, the rating model for Large Corporates, Holding Companies, Financial Companies, Corporate SMEs and Multiannual-Real Estate SMEs is supplemented by a component that, where applicable, takes into consideration the fact that they belong to a consolidated corporate group;
- the Probability of Default is calibrated with reference to regulatory anomalies, which include past due amounts;
- the time series used in order to develop and calibrate the models cover a broad time horizon, consistent with the requirements of current regulations;
- the ratings are reviewed at least once each year; the Bank has also defined a process for the monitoring of each rating, causing the rating to lapse if it no longer represents the true risk profile of the counterparty and there are signs of deterioration in the quality of the related lending;
- use is made of a rating calculation model for counterparties acting as guarantors for individuals, aimed at the quantification and measurement of credit risk attributable to private counterparties that provide personal guarantees to BPER Banca Group's customers.

The estimation of LGD (Loss Given Default represents the extent of the loss expected to occur on default of the borrower, dependent on type of exposure to the counterparty) is based on information on the borrower (segment, geographical area, internal administrative status), the product (technical form, size of exposure), and the presence, type and coverage of guarantees. LGD estimation includes the impact of the recession phase in the economic cycle (downturn LGD).

In relation to the inspection activities concluded in the first quarter of 2022, on 16 February 2023, BPER Banca received the ECB's Final Decision, which authorised the "material model change" to internal models and the extension of the models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures.
Starting from 30 June 2023 for Supervisory Reports, the new IRB models were extended to former Unipol Banca exposures, with the ECB having confirmed, on said date, the fulfilment of Condition 1 set forth in the aforementioned Final Decision and authorised said extension.

In addition to indicating the principles of governance, assumption and management of credit risk, the Group Credit Risk Governance Policy defines the BPER Banca Group's credit risk appetite. For this purpose, the policy provides for a new system of credit risk exposure limits, establishing supervisory thresholds that have to be monitored periodically. The document also explains the principles for calculating analytical and collective loan loss provisions and for the classification of loans by status.

In order to manage credit risk, the Group has developed a system of credit limits designed to regulate the lending process, together with a system for authorisations that takes account of the riskiness of the customer and/or the transaction, consistent with the risk evaluation systems adopted. This system ensures compliance with the principle that the level of authorisation be consistent with the riskiness of the transaction, envisaging that the limits on decision making are established with reference to one or more aspects of the specific counterparty and transaction risk (in particular counterparty rating, expected loss, amount of the facility).

The internal rating system's risk measures are used for management reporting purposes; in particular:

- a credit report is prepared for management every quarter and the results are included in the quarterly risk report, which is then sent to Top Management and the various Corporate Bodies of the Parent Company and of Group Banks and

[53] Except for the Large Corporate and Holding models, which are structured into 9 classes.
[54] Threshold defined based on turnover, balance sheet structure and status of the consolidating parent company.

Companies. The information is discussed by the Risks Committee and presented by the Chief Risk Officer to the Control and Risk Committee and the Board of Directors of the Parent Company;
- a summary report is prepared on a monthly basis, including the monitoring of supervisory thresholds set for credit risk;
- a network reporting tool is prepared, characterised by different views of the loan portfolio, with different levels of aggregation (Branch, Territorial Department, General Management, Bank/Company, Group) and hierarchical visibility cones.

Advanced methodologies (AIRB) have long been used as part of the process of defining capital adequacy (ICAAP). To be precise, the BPER Banca Group has adopted the advanced methodologies (AIRB) starting from the Supervisory Reports of June 2016 with reference to the Banks falling within the scope of first validation (BPER Banca, Banco di Sardegna and BiBanca), subsequently extended to the Cassa di Risparmio di Bra[55] starting from the Supervisory Reports of March 2019.
Starting from Supervisory Reporting as at 31 December 2021, after the ex-ante notification was sent to the Supervisory Authorities in October 2021, the use of the Group internal models for the calculation of credit risk capital requirements was extended to the credit exposures acquired from the Intesa Sanpaolo business units.
As represented previously, following the Final decision of the latest Internal Model Investigation and subsequent Follow-Up letter from the ECB, starting from the Supervisory Reports as at 31 March 2023, the calculation of the credit risk capital requirements was extended to former Cassa di Risparmio di Saluzzo and former UBI Banca credit exposures, and starting from the Supervisory Reports as at 30 June 2023 to former Unipol Banca exposures.

The following asset classes are subject to AIRB methodologies:
- “Exposures to retail businesses";
- “Exposure to companies".

The other Group Companies/Banks and asset classes for which Permanent Partial Use (PPU) is not required or which are not included in the roll-out plan, the BPER Group has continued to use the Standardised Approach and the external ratings supplied by the ECAIs (External Credit Assessment Institutions) recognised by the Supervisory Authority. In particular, the following were used:
- the Cerved, Fitch, Moody’s and Standard &Poor’s ratings were used for “Exposure to corporates”;
- the Fitch, Moody’s and Standard & Poor’s ratings were used for “Exposures to supervised intermediaries” and “Covered bonds”;
- Scope Ratings AG for "Exposures to central administrations or central banks";
- the Fitch Rating was used for financial Instruments pledged as collateral;
- Standard & Poor’s ratings for “Exposures to securitisation”.

Through the implementation of the “second best rating” rule, in compliance with the provisions approved by the CRR (Capital Requirements Regulation), article 138 (d)(e)(f), where two ratings of the same customer are present, the more prudential one is adopted; in the case of three ratings, the intermediate one; if all ratings are present, the second best one. In addition, in line with the contents of the CRR, article 444 (d) regarding the association of the external rating of each ECAI with the risk weights corresponding to the credit quality steps set out in said CRR, it is confirmed that the BPER Group respects the association published by the EBA.

2.3 Methods for measuring expected losses

The ECL model for calculating expected credit losses is based on the risk parameters estimated for regulatory purposes, whose main characteristics were described in the previous paragraphs, appropriately modified to ensure that they fully comply with IFRS 9. For information on impairment models and related risk parameters, please refer to Part A of the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022 unless otherwise specified in this Part A of the Explanatory Notes.

Update of macroeconomic scenarios and ECL sensitivity

As stated in Part A.1, Section 5 and Part A.2 of these Explanatory Notes, the BPER Banca Group develops forward-looking impairment models using three macroeconomic scenarios that are consistent with those considered in other business areas requiring similar forecasts, such as planning (including the determination of lending policies) and risk management.
The time horizon for the macroeconomic forecasts is 3 years for each of the 3 scenarios used:
- Adverse Scenario (in its "Extreme Adverse" version);

[55] Subsequently absorbed by BPER Banca in July 2020.

- Baseline Scenario;
- Best Scenario.

The development of the scenarios is outsourced to a leading provider that carries out economic research and provides the BPER Banca Group with short and medium-term forecasts for the Italian and international economies and long-term forecasts for the Italian economy. The scenarios are later customised according to the guidelines of the Bper Banca's Market Study and Research office.
The macroeconomic scenarios used by the Bank for the estimate of the multi-scenario ECL as at 30 June 2023, are different from those used in relation to the financial statements for the period ended 31 December 2022 as a result of the generalised improvement in the international context. The main factors of improvement include:
- the war in Ukraine remains in the background, continuing to shape the European economic context; further escalation in the conflict cannot be speculated, an assumption that remains, however, among the main risk factors implicit in the scenario;
- signs of an easing up of the prices of some commodities, particularly the Brent, were strengthened during the year;
- in Italy, the growth in GDP in the first quarter of 2023 proved to be above the expectations, consequently involving an upward revision of the forecasts for the current year (+1.1%); by contrast, in 2024, GDP growth is estimated to be more contained (+0.7%), due to less thrust (compared to the previous year) injected by residential investments and consumption, the latter adversely impacted by the loss of purchase power stemming from inflation and the subsequent increase in interest rates.

The updated macroeconomic scenarios also include elements of uncertainty:
- as inflation remains high, the ECB will continue to keep a close eye on this. Following the last increase in rates effective from 15 June 2023, bringing the principal refinancing rate to 400 basis points, the ECB announced a further increase that presumably will take effect in July 2023;
- the potential recessionary effect, in particular for Italy, in the assumption that the expansionary effects related to the implementation of the measures of the National Recovery and Resilience Plan are partly offset by the contraction in demand, resulting from the persistently high interest rates and inflation that struggles to fall below the levels of equilibrium monitored by the monetary authorities.

Scenarios used to determine the multi-scenario ECL in relation to the financial statements as at 31 December 2022

		BASELINE				EXTREME ADVERSE SCENARIO		
		2022	2023	2024	2025	2023	2024	2025
Brent oil: $ per barrel	lev.	100	90	86	84	125	111	100
Italy equity index	% chg.	-6.5	2.9	6.3	5.3	-32	-5.2	3.1
Italian GDP	% chg.	3.8	0.3	1.1	1.3	-2.7	0	0.7
Spending of resident families	% chg.	4.2	0.5	1.3	1.3	-1.4	-0.1	0.2
Spending of public administrations	% chg.	0.6	0.6	-0.2	-0.1	0.6	0.1	0
Investments in machinery and means of transport	% chg.	7.2	-0.8	3.1	3.1	-12.6	-3.3	-1.2
Export of goods and services	% chg.	11.3	2.1	2.9	3.1	-1.1	0.7	2.4
Industrial production	% chg.	0.8	-0.8	1.5	1.9	-6.7	-2.7	0.3
10Y BTP-Bund Spread	% lev.	1.9	2.3	2.1	2	5.4	5.4	5.2
BTP 10Y interest rate	% lev.	3.1	4.7	4.7	4.6	7.5	7.6	7.4
Commercial property price index	% chg.	1.5	1.6	1.4	1.3	0.5	-0.1	-0.5
Residential property price index	% chg.	4.9	2.9	1.9	1.8	1.4	-0.7	-1

Scenarios used to determine the multi-scenario ECL in relation to the financial statements as at 30 June 2023

		BASELINE				EXTREME ADVERSE SCENARIO		
		2022	2023	2024	2025	2023	2024	2025
Brent oil: $ per barrel	lev.	99	82	85	84	122	140	110
Italy equity index	% chg.	-5.7	17.4	18.3	10.5	1.5	-6.0	1.7
Italian GDP	% chg.	3.8	1.1	0.7	0.9	-0.0	-1.5	-0.2
Spending of resident families	% chg.	4.6	0.9	1.1	0.9	-0.1	-1.1	-0.5
Spending of public administrations	% chg.	0.0	0.3	0.1	0.0	0.3	0.1	-0.1
Investments in machinery and means of transport	% chg.	7.2	4.5	3.4	2.6	0.3	-6.0	-3.0
Export of goods and services	% chg.	10.2	2.2	2.2	2.4	0.5	-1.0	0.9
Industrial production	% chg.	0.4	0.1	1.6	1.3	-1.0	-2.9	-0.4
10Y BTP-Bund Spread	% lev.	19.0	1.7	1.6	1.5	3.7	4.5	4.4
BTP 10Y interest rate	% lev.	3.0	4.4	5.6	5.4	6.3	8.4	8.1
Commercial property price index	% chg.	1.3	1.2	1.4	1.7	1.1	0.7	0.8
Residential property price index	% chg.	3.8	1.2	1.6	2.0	1.2	0.8	-0.5

A comparison between the indicators considered at the two dates clearly shows:

- a redistribution of the growth in domestic demand, with the production of goods and services (ITALIAN GDP) revised upwards for 2023 compared to the forecast in December 2022, conveyed from the investments component;
- signs of an easing up on the price of some commodities, including oil, with respect to the forecast in December 2022;
- significant growth in the financial markets, with markedly increased estimates in the FTSE-MIB over the three-year forecast period with respect to the forecasts of December 2022;
- the perception of a lower sovereign risk than forecast in December 2022 (BTP-BUND Spread);
- the real estate market, also impacted by the continuous rises in interest rates, which put the brakes on mortgage applications, recorded a decrease in price indexes (residential above all), with respect to the estimates of December 2022.

Shown below is the sensitivity of the ECL in response to a change in the probability of occurrence attributed to each of the (multiple) scenarios considered by the model adopted by the BPER Banca Group, applied on a "recurring" basis by the BPER Banca Group, without taking account of the overlays identified in relation to the uncertainties of the macroeconomic context ("post-model adjustments").
As at 30 June 2023, the sensitivity recorded by the ECL in response to a change in the probability of occurrence attributed to the favourable and adverse (extreme) scenario with respect to the baseline scenario, is included in the range -4.61 % / +18.98%. The total amount of ECL in the account as at the reporting date, including the effect of the overlays applied, is confirmed 15.05% higher than at 30 June 2023, compared to the value resulting from the 100% risk weight of the adverse scenario.

2.4 Credit risk mitigation techniques

Mitigation techniques are an important tool for reducing or transferring part of the credit risk associated with the portfolio of exposure. Consistent with the low propensity to accept risk that characterises operations, the Group seeks to mitigate credit risk, in particular, by obtaining and managing secured and unsecured guarantees. For this purpose, the Group has prepared suitable IT procedures and systems for managing mortgages and financial guarantees in compliance with prudent supervisory requirements, as well as appropriate internal regulations for managing the life-cycles of other collateral obtained.

The collateral mostly used by the Group generally comprise mortgages on residential and non-residential property, as part of retail lending and, to a lesser extent, loans to Corporate customers, as well as pledges on securities, receivables and cash. An internal procedure developed over a number of years gathers information in an organised fashion on the property assets of borrowers and on the properties given in guarantee. As a guarantee of both performing and non-performing positions, properties are periodically revalued and updated with new appraisals or indexed revaluations based on the statistical databases of a primary operator in the sector. A dedicated procedure is used to check every month whether a new appraisal or index-based revaluation is needed, in compliance with the Guidelines for banks on non-performing loans (NPL) and EU Regulation no.

575/2013, as later amended. An internal function covering the entire banking group has been established to supervise this process and monitor constantly the value obtained to cover exposures, as required by current regulations. The Group also has a new appraisal management system that automatically directs requests to providers according to the rules consistent with the relevant legislation. The same application monitors the state of the appraisals in progress and acts as a historical archive that preserves the previous assessments in digital format with all the accompanying documents.
Likewise, the collateral represented by financial instruments is managed within a procedure that updates the fair value on the basis of market trends.

The principal types of unsecured guarantees consist of "specific guarantees" and "restricted omnibus guarantees", mainly given by entrepreneurs in favour of their companies and by parent companies in favour of their subsidiaries in the form of binding comfort letters. Guarantees given by various guarantee consortia in favour of their members firms are becoming more significant, as well as guarantees given by third party institutions, such as SACE, MCC (Guarantee Fund for SMEs), EIF (European Investment Fund) and Guarantee Fund for the First Home and EIB (Life for Energy), which are also subject to periodic monitoring and, lastly, the state guarantees issued following the crisis triggered off by the Covid-19 pandemic.

3 Non-performing exposures

3.1. Strategies and management policies

In relation to the general management aspects of the NPE portfolio, it should be noted that the classification of financial assets within the risk categories envisaged by supervisory regulations is based on the identified risk profile.
The classification of a position is determined both automatically and using an analytical methodology. These processes are governed by an internal regulation that applies the guidelines for identifying any deterioration in creditworthiness and assigns the most appropriate administrative status to the position. When not automatic, the classification of positions as anomalous is based on assessments made by account managers who actively monitor conditions within the lending system. The Early Warning tools available make it possible to detect, at an early stage, any signs of deterioration of relationships potentially at risk, enabling the analysis of creditworthiness and classification of the position to the correct risk category, if required.

The following are some of the most significant interventions developed at Banking Group level, which contributed to better processing of sub- and non-performing loans:

- Organisation and governance: as part of compliance with the Supervisory requirements (NPL Guidance) for the greater monitoring of loans and operational specialisation by segment, structures have been set up for the dedicated management of default positions (Non-Performing Loans and BPER Credit Management– BCM[56]) and “Pro-active Management” activities have been introduced for performing accounts with loan anomalies. In particular:
  - the handling of non-performing loans has been focused on managing counterparties already classified as in default (non-performing past due exposures and unlikely to pay loans), which have been grouped into three clusters (Retail, Corporate and Real Estate);
  - Pro-active Management, instead, supervises performing loans with anomalies, in order to avoid the deterioration of the lending relationship and provide constant support to the commercial network in determining the best operational strategies. The loan counterparties at issue have been grouped into the Corporate and Retail clusters. In this context, specialist functions are envisaged for the management of Watch List positions and performing positions subject to forbearance measures;
  - BPER Credit Management - BCM is sub-divided into specialist operational and recovery teams focused on specific asset types (Corporate, Retail, centralised or outsourced recovery), thus changing completely the approach to managing bad loans;
  - following the integration of the former Carige Group, the geographical area structures were also reorganised in order to ensure adequate coverage of the sub- and non-performing portfolios and the application of models, processes and procedures to the new positions acquired by the Group.

- Processes and procedures acting on Sub- and Non-Performing Loans: non-performing loan management and monitoring processes are in use, with the adoption of procedures that have been further developed and improved over the last few years. In particular:
  - the Early Warning model, with the development over time of 6 specialised anomaly detection engines by customer segment (Corporate, Retail, Small Business, Construction, Real Estate and Finance & PA) and optimisation of anomaly detection performance, in particular with the insertion of anomalies (“triggers”) inspired by the NPL Guidance;
  - Electronic request for loan management action (*Pratica Elettronica di Gestione* – PEG), optimised with the gradual

[56] BPER Credit Management (BCM) was merged by absorption into BPER Banca at the end of March 2023.

inclusion of new management measures and new information available to the manager to gain a better understanding of the potential evolution of the position, with targeted links to other procedures;
- external collection system that seeks to recover smaller loans via “phone collection” and “home collection” activities;
- a much more precise monitoring system, focused not only on the quality of the overall portfolio, but also on the performance of the individual structures;
- more extensive use of the forbearance tool and introduction of sustainability tools and monitoring of the effectiveness of the agreed measures.

- Processes and procedures acting on Forbearance: a decision-making system is planned to be introduced to prevent potential deterioration already at the time of the forbearance. In particular:
  - development of precise credit policies, characterised by indications of asset allocation based on risk/return/capital absorption indicators. These indications, valid for each individual counterparty, have been included in the Electronic Loan File procedure, therefore visible to the proposer and to the decision maker. In this way the quality of the performing portfolio has improved over the years, shifting its concentration towards the best rating classes;
  - strengthening of the preliminary investigation of top management loan files, with the need for a much more complete set of information, similar to structured finance transactions, strengthening the functions to which this task is delegated;
  - a very precise monitoring system also for the Granting process, the timing of approvals and the quality of the approved portfolio.

- Incentive systems: credit quality objectives are allocated to the network and head office teams, addressing the activities of each function, in order to achieve complementary results that are fully consistent with Group objectives.

- Training on lending activities: in order to strengthen credit monitoring in application of current legislation, (NPL Guidance and Guidelines on the application of the definition of default), training cycles segmented by functions are provided to central structures and training cycles with more general content and strategic management indications to pursue are provided to the network.

The consistency of the classification of a position in the right risk category, with respect to internal rules and Bank of Italy regulations, is also ensured by second-level checks that, by applying a suitable method, verify not only that classifications are correct, but also the adequacy of provisions, the presence of first-level controls and the effectiveness of recovery processes, so as to ensure strong supervision throughout the entire credit chain. The improvement in the risk profile of counterparties leads to a transfer to better internal classifications and may result in a return to "performing" status.

With regard to the cycle for the management of exposures showing initial signs of difficulty and non-performing exposures, macro strategies for internal recoveries are envisaged within the Group, which apply specific methods depending on the type of debtor, how critical the anomalies are and an assessment of the entire exposure to the debtor and any related parties.
The main strategies that can be followed are:
- management of arrears/overdrafts, also through outsourcing;
- reshaping of the credit line and/or guarantee framework;
- granting of forbearance measures;
- waiver of loan (with or without debt forgiveness, a.k.a.: Debt forgiveness);
- transfer of loans to third parties;
- repossession of the asset.

The recovery of arrears and the granting of forbearance measures without remission - even partial - of the debt, where judged practicable, are to be preferred to alternative strategies such as a waiver or assignment of loans and the use of debt recovery procedures and enforcement actions, and will be pursued as a matter of priority.
The resolution approving the management strategy envisages a system of increasing delegated powers, consistent with the powers of classification and the estimate of value adjustments, also with the intervention of specialist units competent in the various phases of the relationship, and with different degrees of centralisation of decision-making skills in relationship management.

3.2 Write-offs

In general, and in line with the relevant legislation, the elimination of the loan from the financial statements must be carried out when:
- there is no reasonable prospect of recovery as a result of facts of any nature that make it impossible for the customer to fully meet their obligations ("write-off"), or
- the certainty of a loss materialises (for example, because of definitive legal events).

The assessment and proposal of write-offs, foreseen exclusively for the positions classified as "unlikely to pay" and "bad" loans according to certain events, must be adequately motivated and documented. In line with the recommendations of the supervisory authority, in cases of non-recoverability of the loan, it is best to write off a loan as soon as its non-recoverability has been ascertained.
In line with the reference guidelines:

- derecognition of a financial asset in its entirety or in part constitutes an accounting elimination and the derecognised amount cannot be subject to write-backs. Write-offs should not be written back and if cash or other assets are eventually collected these collections should be directly recognised as income in the statement of profit or loss;
- a write-off can take place before legal actions against the borrower to recover the debt have been concluded in full;
- a write-off does not involve the Bank forfeiting the legal right to recover the debt. A bank's decision to forfeit the legal claim on the debt is called "debt forgiveness". Detailed evidence of NPL write-offs at portfolio level is maintained, as well as information on financial assets that, although written off the balance sheet, are subject to enforcement activity.

3.3 Purchased or originated credit-impaired financial assets

If a credit exposure classified in caption 30 "Financial assets measured at fair value through other comprehensive income" or in caption 40 "Financial assets measured at amortised cost" at the time of initial recognition becomes impaired, it is identified as "Purchased or Originated Credit Impaired - POCI".
By convention, POCI financial assets are classified in Stage 3 on initial recognition.
Should these assets become performing, following an improvement in the creditworthiness of the counterparty, they are reclassified to Stage 2.
They can never be classified in Stage 1, as the expected credit loss must always be calculated over the residual duration.

The BPER Banca Group identifies as "Purchased or originated credit-impaired financial assets":

- exposures already impaired at the time of purchase, also as part of business combinations;
- exposures originated as part of restructuring transactions of impaired exposures that led to the disbursement of new finance, or introduced substantial changes to the original contractual conditions.

4. Renegotiated financial assets and forborne exposures

The BPER Banca Group adopts the definition of "Forbearance Measure" of the Implementing Regulation EU 227/2015.
Measures of forbearance consist of concessions to a debtor who is or is about to find themselves in difficulty in meeting their financial commitments (i.e. in financial difficulty). The exposures subject to forbearance measures are identified as forborne.
"Forbearance" means facilitating measures in favour of the customer which can be summarised in the following categories:

- "modifications", made to the terms and conditions of a loan agreement due to the debtor's inability to perform financially in the commitments assumed previously;
- total or partial "refinancing" of the debt.

An intrinsic characteristic of forbearance is the state of financial difficulty of the debtor: it is based on an overall assessment of the debtor for which the rating is one of the elements to be considered. Financial difficulty is objectively recognised when the counterparty position is classified among the non-performing loans, while it is presumed when loan anomalies envisaged under current regulations are detected, including but not limited to:

- existence during the past 3 months, or potential existence in the absence of assistance granted to the debtor, of past due and/or overdrawn relationships for periods of at least 30 days;
- allocation of new loans, in whole or in part, to paying down existing credit lines that were past due and/or overdrawn for 30 days at least once during the 3-month period prior to granting the new loans to the debtor.

The Group adopts standardised decision-making trees and/or customised solutions in order to apply efficient and effective debt rescheduling solutions, based on customer characteristics and type of exposure, which constitute one of the Group's strategies for reducing non-performing exposures.

The forbearance measures are divided, depending on the time horizon over which they extend, into:

- short-term forbearance measures, or temporary changes in the reimbursement conditions, aimed at facing short-term financial difficulties, and have a duration of less than 24 months;
- long-term forbearance measures, or changes in the reimbursement conditions aimed at definitively resolving the debtor's financial difficulty, and lasting more than 24 months (also in combination with short-term measures).

Not all contractual changes in favour of the customer ("concessions") give rise to forborne exposures, but only if there are also elements of financial difficulty. In their absence, the concessions are configured as transactions for merely commercial purposes.

Forborne positions are monitored by the Bank to check the effectiveness and efficiency of the assistance provided, in order to verify that the financial difficulties have been overcome. The minimum observation period is:

- 24 months if the counterparty is classified as performing (probation period);
- 36 months if the counterparty is in default (12-month cure period and 24-month probation period).

Once the debtor's financial difficulty has been established, the conditions for classification as an unlikely to pay position must also be verified when the measure is granted.

Positions may be forborne in both macro-categories of credit classification ("performing" and "default") and, in accordance with current regulations, may result in the counterparty being classified as non-performing: for example, a counterparty with credit lines that are forborne under probation, that has therefore completed the 12-month cure period and is now in the probation period following reclassification as "performing" from "default", is automatically classified as unlikely to pay if they are overdrawn for more than 30 days or a new concession is made (re-forborne).

Quantitative Information

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, adjustments, changes and economic distribution

A.1.1 Prudential consolidation: breakdown of financial assets by past due buckets (book values)

Portfolios/Risk stage	Stage 1			Stage 2			Stage 3			Purchased or originated credit impaired		
	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days	1 to 30 days	> 30 to 90 days	> 90 days
1. Financial assets measured at amortised cost	513,306	27	18	292,425	162,414	71,371	28,897	60,937	483,258	18,958	13,963	151,240
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 30.06.2023	513,306	27	18	292,425	162,414	71,371	28,897	60,937	483,258	18,958	13,963	151,240
Total 31.12.2022	609,180	34,767	293	241,111	197,444	47,791	30,212	54,055	425,647	25,261	25,740	292,390

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

Type of exposure/amount	Gross exposure					Total impairment provisions					Net exposures	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit		Stage 1	Stage 2	Stage 3	Purchased or originated credit		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
A.1. ON DEMAND	7,647,705	7,647,651	54	-	-	1,128	1,128	-	-	-	7,646,577	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	7,647,705	7,647,651	54	X	-	1,128	1,128	-	X	-	7,646,577	-
A.2 OTHER	11,283,397	11,137,265	137,547	-	-	25,479	3,082	22,397	-	-	11,257,918	13,488
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	13,488
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	100,692	80,778	19,914	X	-	19,628	-	19,628	X	-	81,064	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	11,182,705	11,056,487	117,633	X	-	5,851	3,082	2,769	X	-	11,176,854	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	18,931,102	18,784,916	137,601	-	-	26,607	4,210	22,397	-	-	18,904,495	13,488
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	4,238,091	1,894,399	91,455	X	-	5,564	89	5,475	X	-	4,232,527	-
TOTAL (B)	4,238,091	1,894,399	91,455	-	-	5,564	89	5,475	-	-	4,232,527	-
TOTAL (A+B)	23,169,193	20,679,315	229,056	-	-	32,171	4,299	27,872	-	-	23,137,022	13,488

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

Type of exposure/amount	Gross exposure					Total impairment provisions					Net exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit		Stage 1	Stage 2	Stage 3	Purchased or originated credit		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
a) Bad loans	1,020,232	X	-	758,384	261,848	830,277	X	-	615,481	214,796	189,955	66,508
- of which: forborne exposures	139,435	X	-	91,789	47,646	97,464	X	-	63,861	33,603	41,971	2,868
b) Unlikely to pay loans	1,276,799	X	-	866,813	409,986	603,014	X	-	387,115	215,899	673,785	-
- of which: forborne exposures	565,452	X	-	333,299	232,154	247,511	X	-	147,197	100,314	317,941	-
c) Non-performing past due exposures	206,684	X	-	198,530	8,154	57,805	X	-	55,283	2,522	148,879	-
- of which: forborne exposures	76	X	-	76	-	11	X	-	11	-	65	-
d) Performing past due exposures	1,020,737	434,212	575,934	X	10,591	52,404	1,639	50,010	X	755	968,333	-
- of which: forborne exposures	80,516	-	78,967	X	1,549	14,516	-	14,325	X	191	66,000	-
e) Other performing exposures	107,097,778	97,009,779	9,540,689	X	441,493	680,307	220,258	435,979	X	24,070	106,417,471	-
- of which: forborne exposures	1,279,027	6,426	1,150,323	X	122,278	96,227	-	84,997	X	11,231	1,182,800	-
TOTAL (A)	**110,622,230**	**97,443,991**	**10,116,623**	**1,823,727**	**1,132,072**	**2,223,807**	**221,897**	**485,989**	**1,057,879**	**458,042**	**108,398,423**	**66,508**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	362,682	X	-	362,682	-	60,113	X	-	60,113	-	302,569	-
b) Performing	36,873,501	34,183,983	2,547,298	X	-	77,320	66,242	11,078	X	-	36,796,181	-
TOTAL (B)	**37,236,183**	**34,183,983**	**2,547,298**	**362,682**	**-**	**137,433**	**66,242**	**11,078**	**60,113**	**-**	**37,098,750**	**-**
TOTAL (A+B)	**147,858,413**	**131,627,974**	**12,663,921**	**2,186,409**	**1,132,072**	**2,361,240**	**288,139**	**497,067**	**1,117,992**	**458,042**	**145,497,173**	**66,508**

The loans measured at amortised cost, that constitute new liquidity granted through public guarantee mechanisms issued in response to the Covid-19 pandemic are reported below, when the stage of risk in which the exposures are found at the date of this disclosure is different from the stage in which the exposures were classified at the start of the period.

	Gross exposure					Total impairment provisions					Exposure Net
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
A. Bad loans	157	-	-	102	55	157	-	-	102	55	-
B. Unlikely to pay loans	107,279	-	-	97,356	9,923	12,399	-	-	10,887	1,512	94,880
C. Non-performing past due exposures	32,732	-	-	32,108	624	1,502	-	-	1,488	14	31,230
D. Performing loans	60,861	10,847	49,671	-	343	1,912	18	1,867	-	27	58,949
E. Other performing loans	6,867,451	5,736,614	1,117,714	-	13,123	17,667	5,793	11,688	-	186	6,849,784
TOTAL (A+B+C+D+E)	**7,068,480**	**5,747,461**	**1,167,385**	**129,566**	**24,068**	**33,637**	**5,811**	**13,555**	**12,477**	**1,794**	**7,034,843**

A.1.6 Prudential consolidation - On-balance sheet credit exposures to banks: change in gross non-performing exposures

There are no amounts in these Consolidated Financial Statements.

A.1.6bis Prudential consolidation - On-balance sheet credit exposures to banks: change in gross forborne exposures broken down by credit quality

There are no amounts in these Consolidated Financial Statements.

A.1.7 Prudential consolidation – On-balance sheet credit exposures to customers: change in gross non-performing exposures

Reasons/Category	Bad loans	Unlikely-To-Pay loans	Non-performing past due exposures
A. Opening balance (gross amount)	**961,093**	**1,886,020**	**160,217**
- of which: sold but not derecognised	-	-	-
B. Increases	**165,862**	**718,472**	**165,373**
B.1 inflows from performing exposures	16,136	294,037	109,245
B.2 inflows from purchased or originated credit impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures	124,670	53,586	181
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	25,056	370,849	55,947
C. Decreases	**106,723**	**1,327,693**	**118,906**
C.1 outflows to performing exposures	8	85,139	22,687
C.2 write-offs	31,915	15,689	124
C.3 recoveries	58,083	262,279	34,551
C.4 sales proceeds	4,943	288,147	-
C.5 losses on disposals	892	260	-
C.6 transfers to other non-performing exposures	712	116,782	60,943
C.7 contractual modifications without derecognition	1,616	33,303	222
C.8 other decreases	8,554	526,094	379
D. Closing balance (gross amounts)	**1,020,232**	**1,276,799**	**206,684**
- of which: sold but not derecognised	-	-	-

A.1.8 Prudential consolidation – On-balance sheet non-performing credit exposures to banks: change in total impairment provisions

There are no amounts to be disclosed in this Consolidated Report.

A.1.9 Prudential Consolidation - On-balance sheet non-performing credit exposures to customers: change in total impairment provisions

Reasons/Category	Bad loans		Unlikely-To-Pay loans		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance: total impairment provisions	740,176	-	922,100	-	50,281	-
- of which: sold but not derecognised	-	-	-	-	-	-
B. Increases	175,724	-	502,977	-	38,935	-
B.1 impairment losses on purchased or originated impaired financial assets	-	X	-	X	-	X
B.2 other value adjustments	123,080	-	379,333	-	38,567	-
B.3 losses on disposals	892	-	260	-	-	-
B.4 transfers from other non-performing exposures	49,665	-	18,678	-	76	-
B.5 contractual modifications without derecognition	-	-	-	-	-	-
B.6 other increases	2,087	-	104,706	-	292	-
C. Decreases	85,623	-	822,063	-	31,411	-
C.1 write-backs from assessments	12,930	-	205,587	-	8,475	-
C.2 write-backs from recoveries	23,117	-	42,811	-	1,826	-
C.3 gains on disposal	1,699	-	9,542	-	-	-
C.4 write-offs	31,915	-	15,689	-	124	-
C.5 transfers to other categories of non performing exposures	470	-	47,471	-	20,478	-
C.6 contractual modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	15,492	-	500,963	-	508	-
D. Closing balance: total impairment provisions	830,277	-	603,014	-	57,805	-
- of which: sold but not derecognised	-	-	-	-	-	-

A.3.1 Prudential consolidation - Guaranteed on- and off-balance sheet credit exposures to banks

	Gross exposure	Net exposures	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
								Other derivatives
			Property - mortgages	Property - finance leases	Securities	Other collateral	CLN	Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**303,414**	**303,414**	**-**	**-**	**299,870**	**-**	**-**	**-**
1.1 fully guaranteed	300,072	300,072	-	-	299,870	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partially guaranteed	3,342	3,342	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**146,345**	**146,338**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 fully guaranteed	64,106	64,106	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	82,239	82,232	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.1 Prudential consolidation - Guaranteed on- and off-balance sheet credit exposures to banks

(cont.)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Endorsement loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public Administrations	Banks	Other financial companies	Other entities	
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**2,876**	**302,746**
1.1. fully guaranteed	-	-	-	-	-	-	202	300,072
- of which non-performing	-	-	-	-	-	-	-	-
1.2 fully guaranteed	-	-	-	-	-	-	2,674	2,674
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**46,599**	**-**	**78,592**	**125,191**
2.1. fully guaranteed	-	-	-	-	46,599	-	17,506	64,105
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	61,086	61,086
- of which non-performing	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - Guaranteed on- and off-balance sheet credit exposures to customers

	Gross exposure	Net exposures	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property - finance leases	Securities	Other collateral	CLN	Other derivatives - Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**65,040,553**	**63,551,735**	**39,197,619**	**2,089,872**	**1,660,041**	**2,610,562**	**-**	**-**
1.1. fully guaranteed	55,717,928	54,424,837	38,652,668	2,089,872	1,334,393	2,367,756	-	-
- of which non-performing	1,568,579	790,432	520,030	79,424	6,084	20,671	-	-
1.2. partially guaranteed	9,322,625	9,126,898	544,951	-	325,648	242,806	-	-
- of which non-performing	238,139	122,184	14,796	-	1,667	230	-	-
2. Guaranteed off-balance sheet credit exposures:	**5,822,981**	**5,810,839**	**55,228**	**-**	**281,018**	**172,489**	**-**	**-**
2.1. fully guaranteed	4,948,237	4,937,479	54,542	-	198,004	115,381	-	-
- of which non-performing	66,069	57,915	-	-	2,602	1,517	-	-
2.2. partially guaranteed	874,744	873,360	686	-	83,014	57,108	-	-
- of which non-performing	11,941	11,416	16	-	764	974	-	-

A.3.2 Prudential consolidation - Guaranteed on- and off-balance sheet credit exposures to customers

(cont.)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Endorsement loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public Administrations	Banks	Other financial companies	Other entities	
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**7,177,191**	**122,641**	**139,471**	**7,676,130**	**60,673,527**
1.1. fully guaranteed	-	-	-	3,486,793	100,748	119,066	6,250,395	54,401,691
- of which non-performing	-	-	-	104,628	122	1,470	57,900	790,329
1.2. partially guaranteed	-	-	-	3,690,398	21,893	20,405	1,425,735	6,271,836
- of which non-performing	-	-	-	76,310	-	454	12,025	105,482
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**253,607**	**14,231**	**97,510**	**4,605,157**	**5,479,240**
2.1. fully guaranteed	-	-	-	142,687	11,804	93,720	4,319,199	4,935,337
- of which non-performing	-	-	-	1,210	6,586	1,286	44,714	57,915
2.2. partially guaranteed	-	-	-	110,920	2,427	3,790	285,958	543,903
- of which non-performing	-	-	-	1,457	-	-	5,079	8,290

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Part F - Information on consolidated shareholders' equity

Section 1 – Consolidated shareholders' equity

Qualitative information

Equity management and its continuous monitoring in terms of size and quality compared with the risks assumed is an activity that the BPER Banca Group carries on constantly to ensure an adequate level of capitalisation in compliance with the prudential rules.
As Parent Company, BPER Banca performs the role of coordination and guidance of Group banks and companies, coordinating the management of capital in each 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 Group's consolidated capital resources and those of the individual Group companies are verified periodically and brought to the attention of management and of the Board of Directors and Board of Statutory Auditors. The capital position is monitored as part of the RAF (Risk Appetite Framework) process, at meetings of the Risk Committee, in periodic reports relating to the financial statements and in the impact simulations relating to extraordinary transactions and regulatory changes.
The capital management and planning activities are aimed at governing and improving the current and prospective financial strength of the Group. There are also plans to improve the capital base, such as conservative pay-out policies, strategic finance operations (capital increases, convertible loans, subordinated bonds) and levers connected to the containment of risks, such as insurance coverage, management of loans as a function of counterparty risk, technical form and guarantees assumed.

The Parent Company is subject to the capital adequacy requirements established by the Basel Committee, in accordance with the rules defined by EU Regulation 575/2013 (CRR). In regulatory terms, BPER Banca, Banco di Sardegna and Bibanca were authorised from 30 June 2016 to use the AIRB approach for measuring credit risk for the Corporate and Retail segments. Other BPER Banca Group companies apply the Standardised Approach (SA) for the measurement of credit risk while, at the same time, continuing preparations to extend the use of advanced methodologies to other Group entities whose IT systems have already been aligned.

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 ended on 1 January 2023 (for 2022 a 25% correction factor has been applied, 50% for 2021, 70% for 2020), fully including in the calculation of Own Funds the provisions recognised at transition on 1 January 2018. It should also be noted that BPER Banca went for the “static” option, which limits deferral of the impact on capital solely to the FTA component.

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	2,895,728	-	-	(767,023)	2,128,705
2. Share premium reserve	1,562,390	-	-	(323,564)	1,238,826
3. Reserves	5,343,388	-	-	(987,231)	4,356,157
4. Equity instruments	150,000	-	-	-	150,000
5. (Treasury shares)	(2,689)	-	-	-	(2,689)
6. Valuation reserves:	70,314	-	-	11,718	82,032
- Equity instruments measured at fair value through other comprehensive income	151,680	-	-	(1,029)	150,651
- Hedging of equity instruments measured at fair value through other comprehensive income	(2,578)	-	-	993	(1,585)
- Financial assets (no equity instruments) measured at fair value through other comprehensive income	(217,060)	-	-	3,008	(214,052)
- Property, plant and equipment	98,277	-	-	-	98,277
- Intangible assets	-	-	-	-	-
- Foreign investment hedges	-	-	-	-	-
- Cash flow hedges	163	-	-	-	163
- Hedging instruments [non-designated elements]	-	-	-	-	-
- Foreign exchange differences	-	-	-	-	-
- Non-current assets and disposal groups held for sale	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (variation due to changes in creditworthiness)	(1,373)	-	-	-	(1,373)
- Actuarial gains (losses) on defined benefit plans	(138,406)	-	-	-	(138,406)
- Share of valuation reserves of equity investments valued at equity	-	-	-	8,746	8,746
- Financial revenues or costs relating to insurance contracts issued	-	-	-	-	-
- Financial revenues or costs relating to outwards reinsurance	-	-	-	-	-
- Special revaluation laws	179,611	-	-	-	179,611
7. Profit (loss) for the period (+/-) of the Group and minority interests	813,805	-	-	(94,294)	719,511
Total	**10,832,936**	**-**	**-**	**(2,160,394)**	**8,672,542**

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 June 2023 – Pillar 3”, prepared in accordance with the regulatory framework consisting of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (the Capital Requirements Regulation or CRR) as later amended.
The disclosure is published on the same date as or as soon as possible after the half-year Consolidated report as at 30 June 2023 is published on the Parent Company’s website https://istituzionale.bper.it.

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Part H - Related-party transactions

1. Information on the remuneration of Managers with strategic responsibilities

	Directors	Statutory Auditors	Other managers with strategic responsibilities
short-term benefits (1)	2,043	175	3,343
post-employment benefits (2)	-	-	189
other long-term benefits (3)	-	-	-
indemnities for termination of employment (4)	-	-	-
share-based payments (5)	473	-	980
Total 30.06.2023	**2,516**	**175**	**4,512**
short-term benefits (1)	1,936	168	1,782
post-employment benefits (2)	-	-	107
other long-term benefits (3)	-	-	-
indemnities for termination of employment (4)	-	-	-
share-based payments (5)	-	-	-
Total 30.06.2022	**1,936**	**168**	**1,889**

The information provided is consistent with that required by IAS 24.
The amounts shown for the Directors (including the emoluments of the Chief Executive Officer), the Statutory Auditors and other Managers with strategic responsibilities, represent their emoluments for the six-month period, regardless of when they are paid.

(1) The item includes salaries, indemnities in lieu of untaken vacation, paid leave of absence and any fringe benefits, such as insurance, housing and car, in addition to social security contributions.
As regards the Directors, note that the amount shown (€ 2,043 thousand) consists of their emoluments for the period in accordance with art. 11 of the Articles of Association. More specifically:
- € 992 thousand (€ 950 thousand at 30 June 2022), comprising the fees payable to the Directors (€ 552 thousand), the additional emoluments due to members of the Board committees (€ 253 thousand), as well as the attendance fees payable to the Directors for participating in meetings of the Board of Directors (€ 73 thousand) and amounts earned for positions held in subsidiaries not paid directly to the Parent Company (€ 114 thousand as at 30 June 2023);
- € 181 thousand (unchanged as compared to the prior period) of additional emoluments payable to Directors appointed to particular positions in compliance with the Articles of Association (specifically Chair and Deputy Chair); in fact, this remuneration has to be set by the Board of Directors, after having sought the opinion of the Board of Statutory Auditors;
- € 600 thousand (unchanged from prior period) as additional emoluments, again with reference to the same clause of the Articles of Association mentioned above, for the office of Chief Executive Officer, plus € 270 thousand of variable remuneration.
The amounts shown for other Key Management Personnel (the General Manager, 2 Deputy General Managers, the Manager responsible for preparing the company's financial reports and 11 other Group Senior Managers in the Parent Company BPER Banca) belong to the types of costs detailed above. They are disclosed in the Report on Remuneration (art. 123-ter of Legislative Decree 58/1998) in accordance with CONSOB's instructions. The values relating to the comparison period refer to a perimeter of 8 Managers with strategic responsibilities.

(2) The item includes payments to the supplementary pension funds and provisions for termination indemnities.

(3) The item includes deferred variable remuneration relating to annual variable incentive plans, as specified in the Remuneration Report.

(4) The item includes termination indemnities.

(5) The item includes the costs accrued for the Long-Term Incentive Plan during the year.

2. Information on related-party transactions

The BPER Banca Group has adopted a series of regulations that include the “Group policy governing non-compliance risk in relation to conflicts of interest with related parties and risk activities with associated persons”. This regulatory framework complies with the Bank of Italy’s requirements in terms of “Risk activities and conflict of interest with related parties and associated persons" as contained in Circular 285 dated 17 December 2013 and subsequent updates. The Policy describes the prudential limits placed on risk activities involving related parties and associated persons, the continuous monitoring of limits, the management of situations where the limits have been exceeded. An “internal threshold of attention” establishes an individual limit on the weighted consolidated exposure that is lower than the regulatory threshold. This threshold is set at such a level as to constitute an adequate precaution against accepting particularly significant exposures to related parties and persons associated with them.

The following shows the transactions with related parties, identified in application of IAS 24.

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Subsidiaries (*)	677,317	22,761	14,376	6,219	512
Associates	820,302	16,636	142,623	14,018	708
Directors, Statutory Auditors and Managers	559	1,655	372	17	12
Other related parties	326,043	1,645,083	153,436	109,975	34,957
Total 30.06.2023	**1,824,221**	**1,686,135**	**310,807**	**130,229**	**36,189**
Subsidiaries	604,477	16,947	47,278	7,472	903
Associates	667,897	21,500	282,395	6,659	1,697
Directors, Statutory Auditors and Managers	66	1,242	326	18	47
Other related parties	379,072	2,006,567	162,174	253,952	21,114
Total 31.12.2022	**1,651,512**	**2,046,256**	**492,173**	**268,101**	**23,761**
Total 30.06.2022	**-**	**-**	**-**	**132,326**	**7,525**

(*) not fully consolidated.

None of the balances or transactions with related parties can be considered critical. They all relate to routine banking and other services and arose normally during the year, as a consequence of needs and requirements in the common interests of the parties or, where applicable, of the Group. The conditions applied to individual balances and transactions with these companies are in line with those currently applied in the market.
“Other related parties" are situations other than those set out in the table, such as entities controlled by associated companies of BPER Banca, entities which have a significant influence on the BPER Banca Group and entities subject to the control of Directors, Statutory Auditors or Managers, or by subjects that may have significant influence over them, as defined by IAS 24.
The total amount of cash and endorsement loans to Directors, Statutory Auditors, Managers and other related parties comes to € 480.4 million (€ 541.6 million at 31 December 2022). The above amount accounts for 0.26% of total cash and endorsement loans.

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Total reference amounts - 30.06.2023	143,092,178	134,419,636	39,111,141	3,539,286	2,273,053
Total reference amounts - 31.12.2022	152,302,794	144,182,265	38,992,102	5,070,380	3,838,221
Total reference amounts - 30.06.2022	-	-	-	2,094,816	1,520,196

The total reference amounts for revenues include interest income (caption 10), commission income (caption 40) and other operating income (detail of caption 230); costs include interest expense (caption 20), commission expense (caption 50), other operating expenses (detail of caption 230) and administrative expenses (caption 190).

Related party transactions stated as a percentage of reference amounts (financial position and economic results)

	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Subsidiaries (*)	0.47%	0.02%	0.04%	0.18%	0.02%
Associates	0.57%	0.01%	0.36%	0.40%	0.03%
Directors, Statutory Auditors and Managers	0.00%	0.00%	0.00%	0.00%	0.00%
Other related parties	0.23%	1.22%	0.39%	3.10%	1.54%
Total 30.06.2023	**1.27%**	**1.25%**	**0.79%**	**3.68%**	**1.59%**
Subsidiaries	0.40%	0.01%	0.12%	0.15%	0.02%
Associates	0.44%	0.01%	0.72%	0.13%	0.04%
Directors, Statutory Auditors and Managers	0.00%	0.00%	0.00%	0.00%	0.00%
Other related parties	0.26%	1.39%	0.42%	5.02%	0.55%
Total 31.12.2022	**1.10%**	**1.41%**	**1.26%**	**5.30%**	**0.61%**
Total 30.06.2022				**6.32%**	**0.50%**

(*) not fully consolidated.

Associates	Assets	Liabilities	Guarantees and commitments	Revenues	Costs
Sofipo s.a. in liquidation	-	-	-	-	-
Cassa di Risparmio di Fossano s.p.a.	-	564	14	-	399
CAT Progetto Impresa Modena s.c.r.l.	-	45	50	-	-
Cassa di Risparmio di Savigliano s.p.a.	-	12	80	68	25
Resiban s.p.a.	-	180	300	2	118
Unione Fiduciaria s.p.a.	3,282	5,453	7,127	450	121
Sarda Factoring s.p.a.	39,690	9	14,585	671	-
Alba Leasing s.p.a.	776,739	3,792	117,486	12,785	-
Atrikè s.p.a. (*)	-	802	-	-	12
Lanciano Fiera - Polo Fieristico d'Abruzzo Consorzio	164	183	130	6	-
Cedisa s.r.l. in liquidation	391	145	-	-	-
Immobiliare Oasi nel Parco s.r.l.	-	-	-	-	-
Gility S.r.l. Benefit Corporation	5	5,055	-	2	21
Autostrada dei Fiori S.p.A.	31	393	2,851	34	12
Nuova Erzelli S.r.l.	-	3	-	-	-
Total as at al 30.06.2023	820,302	16,636	142,623	14,018	708

(*) The company was placed into liquidation on 4 July 2023.

Part I - Equity-based payments

Qualitative Information

1. Description of equity-based payments

On 26 April 2023, the Shareholders' Meeting, based on prior resolution of the Board of Directors of 09 March 2023, approved the Remuneration policies for the year 2023 of the BPER Banca Group containing guidelines on the use of remuneration plans based on equity instruments (financial)

In order to pursue the objective of encouraging alignment of the interests of management with those of shareholders, the "Supervisory Provisions for banks" regarding "Remuneration and incentive policies and practices (Bank of Italy Circular no. 285 of 17 December 2013 and subsequent updates) establish that at least 50% of variable remuneration provided to "key employees" (or "Material Risk Takers" or "MRT") should be paid in the form of shares or associated financial instruments (pursuant to article 114-bis of Legislative Decree no. 58 of 24 February 1998) and paid through upfront payment systems or deferred for a period of no less than 4-5 years. "Variable remuneration" refers to both variable performance-linked components or other parameters, and to amounts paid as incentives for the early termination of the employment relationship or for the early exit from office recognised to recipients ("severance").

In compliance with the aforementioned regulatory provisions, the BPER Banca Group has therefore made provision for:
- A short-term incentive plan on an annual basis - MBO 2023: the plan identifies the following beneficiaries: in addition to the Chief Executive Officer and the General Manager, the executives with strategic responsibilities of the BPER Banca Group and selected persons from other categories of employees or associates of the BPER Banca Group classified as "Material Risk Takers" pursuant to the applicable legislation. As far as the structure is concerned, the Plan envisages paying part of the incentive through the assignment of BPER Banca shares, subject to the fulfilment of the conditions for its activation ("entry gates") and based on the bonus amount accrued by each MRT. The period for implementing the Plan runs between 2023 (the period in which the results for the financial year 2023 are recognised) and the actual availability of the last deferred portion in BPER shares (2030).
- 2022-2025 Long-Term Incentive (LTI) Plan: the plan identifies the following beneficiaries: in addition to the Chief Executive Officer and the General Manager, some executives with strategic responsibilities of the BPER Banca Group and certain selected persons from managers of the BPER Banca Group included in the perimeter of "Material Risk Takers". As regards the structure, the Plan makes provision, subject to the achievement of specific long-term company performance targets in line with the Strategic Plan in force, for the assignment to beneficiaries of an individual bonus, to be paid solely in ordinary BPER Banca shares at the end of the four-year vesting period (1 January 2022 - 31 December 2025). The period for implementing the 2022-2025 LTI Plan runs between the year of the shareholders' meeting approval (2022) and the actual availability of the last deferred portion in BPER shares (2032).

For detailed information, please refer to the document "2023 Report on remuneration policy and compensation paid", published on the Bank's website www.bper.it – Homepage › Governance › Documents.

Methods of implementation of the short-term incentive plan on an annual basis -MBO 2023

The assignment of variable remuneration is provided on the condition that the BPER Group achieves the economic-financial targets established on an ex-ante basis ("entry gates") tied to the following parameters targeted at ensuring the maintenance of adequate income and capital standards:
- Consolidated Common Equity Tier 1 Ratio (CET1);
- Consolidated Return On Risk-Weighted Assets (RORWA);
- Consolidated Liquidity Coverage Ratio (LCR).

After checking that the entry gates have been exceeded, the bonus allocation and the deriving extent of the variable remuneration are defined by evaluating individual performances using a process that includes an analysis of various qualitative and quantitative indicators.
If the variable remuneration determined for each individual beneficiary is greater than Euro 50 thousand or 1/3 of the total annual remuneration, this Plan is activated, which envisages payment (also through quotas with deferred vesting) of a part of the bonus through the free-of-charge, personal assignment of a given number of BPER shares. With regard to the bonus component deferred over time, the Plan envisages its allocation in equal portions to the years subsequent to that of the bonus assignment (subject to a retention period of 1 year starting from the maturity date of each deferred portion), after having exceeded the entry gates set for the year prior to the year of disbursement of each deferred quota.
The deferred instalments are subject to malus rules that can reduce the instalment to zero in the event of failure to achieve the entry gates for the financial year preceding the year of payment of each deferred instalment. The malus mechanism, which can

block payment of the deferred portions of the Bonus, also acts on activation of the clawback clauses.

The total number of BPER Banca shares derives from the size of the bonus assigned and the average price of the share established in the period prior to the date of the Board of Directors’ meeting which approves the Group’s consolidated results.

On 14 January 2021, the Board of Directors of the Parent Company decided that from 2021 “actual” BPER Banca shares would be used instead of “phantom” shares as the financial instruments serving the MBO short-term incentive plan, adapting to market benchmarks and standardising the tools used in incentive schemes. The use of “actual" shares is already envisaged for the LTI plan.
The Bank asks Beneficiaries - through specific individual agreements - not to make use of personal hedging or insurance strategies, in compliance with the regulatory framework in force.

Note that there are compensation plans still outstanding for the years 2018, 2019, 2020, 2021 and 2022.

For detailed information on the contents of the Plan, please refer to the “Information Document on the 2023 Compensation Plan based on financial instruments” prepared in accordance with article 114-bis of the Consolidated Law on Finance and article 84-bis of the Issuers' Regulation available to the public at the company’s registered office, on the Bank’s website www.bper.it – Homepage > Governance > Shareholders’ Meeting.

Methods of implementation of the 2022-2025 Long-Term Incentive (LTI) Plan

In line with the market practices, the entry gates defined for the LTI Plan are in line with those defined for the MBO Plan (consolidated Common Equity Tier 1 (CET1) ratio, consolidated Return On Risk-Weighted Assets (RORWA) and consolidated Liquidity Coverage Ratio (LCR)). In particular, the assignment of variable remuneration (exclusively in BPER Banca shares) in the 2022-2025 LTI Plan is linked to the achievement, in 2026 with reference to 2025, of the entry gate objectives as defined. Failure to achieve even only one of the entry gates means not paying any bonus under this long-term incentive scheme.

If the entry gates are exceeded, the company performance to which to link the total bonus amount to be determined (bonus pool) is based on the measurement of the following metrics (KPIs):
- Return On Tangible Equity or also “ROTE” at 2025 (earnings objective);
- Cost/Income ratio at 2025 (operating efficiency target);
- Gross NPE Ratio at 2025 (credit quality objective);
- ESG at 2025: mix of objectives structured into “sustainable finance”, “energy transition”, “diversity and inclusion” and Project «Futuro».

2022-2025 LTI scorecard

KPIs	Weight
Rote at 31/12/2025	50%
Cost/Income at 31/12/2025	20%
Gross NPE Ratio at 31/12/2025	15%
ESG[1]	15%

[1] Composed of 4 indicators of equal weight (25%): Sustainable Finance (Green loans), Energy Transition (Reduction of CO2 Emissions), Diversity and Inclusion (Gender Gaps: less represented gender among Managers and Executives), "Future" Project (financial education projects and definition of a youth inclusion project).

Attainment of the above-mentioned KPIs is verified in 2026 in relation to the last year of the vesting period (2025). However, continuous monitoring of the indicators is required under the Plan to verify compliance with the objectives of the Strategic Plan. The target values of the KPIs of the 2022-2025 LTI Plan are indicated in the Remuneration Report approved by the Shareholders’ Meeting on 26 April 2023.
The disbursement of the individual bonus for each plan beneficiary is linked to the achievement of one’s individual targets[57] (determined on an annual and four-yearly basis) calculated according to a percentage of gross annual individual remuneration: (i) 60% (240% on a four-yearly basis) for top management and C-Level (these include the Chief Executive Officer and the General Manager of the Parent Company and (ii) 40% (160% on a three-yearly basis) for senior management and (iii) 15% (60% on a four-yearly basis) for beneficiaries identified from the selected key personnel for the pursuit of the strategic guidelines. Excluded from the Plan are the heads of the control and similar functions, whose variable remuneration is expected not to

[57] In respect of the variable: fixed ratio defined by the relevant remuneration policies at the moment of participation and in compliance with the regulations in force from time to time.

exceed 33% of their fixed remuneration, taking into account the specific regulatory restraints of the industry for usable indicators.

The manner in which bonuses are awarded is structured as an up-front portion, awarded at the end of the four-year vesting period, and as a portion deferred pro-rata in equal tranches, over a number of years (5 years). The payment structure for the shares provides for a retention period of one year for the up-front portion and for the deferred portions.
The exact identification of the number of ordinary BPER Banca shares to be assigned in each fiscal year of the Plan term is conditional on the opening of gates and the level of achievement of the specific performance indicators upon payment of the Bonus at 2025.

The Bank cannot assign shares to beneficiaries, in whole or in part, and also reserves the right to ask the beneficiaries to return the shares, in whole or in part, if malus and claw-back clauses are triggered.
The Bank asks beneficiaries - through specific individual agreements - not to make use of personal hedging or insurance strategies which may alter or nullify the effects of the alignment with the risk inherent in the Plan, in compliance with the regulatory framework in force.

For detailed information on the contents of the Plan, please refer to the “Information Document relating to the long-term incentive plan “2022-2025 LTI plan” prepared in accordance with article 114-bis of the Consolidated Law on Finance and article 84-bis of the Issuers' Regulation available to the public at the company’s registered office, on the Bank’s website www.bper.it – Homepage > Governance > Shareholders’ Meeting.

Quantitative Information

As regards the ILT Plan, the grant of shares without charge in execution of the Plan will take place using treasury shares that derive from purchases authorised at the Shareholders' Meeting, pursuant to arts. 2357 and 2357-ter of the Italian Civil Code.

Please refer to the relevant chapter “Other information” of the Interim Report, paragraph ‘Treasury shares in the portfolio’ for a description of the authorisation obtained from the ECB.

The determination of the short-term variable remuneration referred to 2022 involved the assignment of 1,078,404 BPER Banca S.p.A. shares.

Part L - Segment reporting

According to IAS/IFRS, financial reporting must include descriptive information or more detailed analysis of the figures shown in the financial statements.
In addition, the Conceptual Framework of Financial Information points out that financial statements can include additional information compared with what is specifically requested by the Standards, when, in the opinion of preparers of financial statements, this is likely to give a clearer explanation of the company's business.
In this sense, paragraph 1 of IFRS 8 states that the objective of the Standard is to disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business activities of an entity and the economic environments in which it operates.
Based on these recommendations, the following representation is structured in a broader way with more detailed information than is used in the top management reporting system, which is mainly based on a vision by legal entity, although it is aligned and can be reconciled with it.
Segmentation of the various items analysed is based on criteria consistent with the "behavioural model" adopted by the Group for the clustering of customers for commercial purposes.
The segments were identified on the basis of the following criteria:
- legal nature and risk profile of the counterparty;
- balance sheet and income statement parameters such as turnover, agreed lending facilities of the BPER Banca Group and total assets;
- behavioural variables.

Segments

Income statement and balance sheet information is presented for the following segments:

Retail
This segment comprises the profit/loss and balance sheet information deriving from relations with the following types of customers:
- natural persons with assets at Bank level of less than Euro 50,000 (identified as "Family" customers);
- natural persons with assets at Bank level higher than Euro 50,000 and lower than Euro 500,000 (identified as "Personal" customers);
- sole proprietorships or legal entities that have at least a turnover of less than Euro 1 million or agreed facilities at Group level of less than Euro 50,000 or total assets of less than Euro 2.5 million (identified as "POE" - *Piccoli Operatori Economici*);
- legal entities with at least a turnover of between Euro 1 million and Euro 5 million or agreed facilities at Group level of between Euro 50,000 and Euro 2 million or total assets of between Euro 2.5 million and Euro 25 million (identified as "Small Business" customers).

The income statement and balance sheet data of Optima SIM s.p.a., Finitalia s.p.a. and Arca Holding s.p.a. (sub-consolidation) is also included as, by their nature, these Group companies offer products and services to retail customers.

Private
This segment comprises the profit/loss and balance sheet information deriving from relations with the following types of customers:
- natural persons with assets at Bank level equal to or greater than Euro 500,000 (identified as "Private Banking" or "Private" customers).

The income statement and balance sheet figures of Banca Cesare Ponti s.p.a. which, by nature, offers products and services to private customers, are included.

Corporate
This segment comprises the income statement and balance sheet information deriving from relations with the following types of customers:
- legal entities with at least a turnover of between Euro 5 million and Euro 500 million or agreed facilities at Group level of between Euro 2 million and Euro 20 million or total assets exceeding Euro 25 million (identified as "Corporate" customers);
- Central Governments and Public Administrations (identified as "Entities and Treasuries");
- Banks and financial companies or sole proprietorships/legal entities attributable to insolvency proceedings/bankruptcies (identified as "Institutional Counterparties").

This segment also includes the income statement and balance sheet information of Group companies that, by their nature, offer products and services to Corporate customers (Sardaleasing s.p.a. and Emil-Ro Factor s.p.a.).

Large Corporate

This segment comprises the profit/loss and balance sheet information deriving from relations with the following types of customers:

- legal entities with at least a turnover exceeding Euro 500 million or agreed facilities at Group level of more than Euro 20 million.

Finance

This segment includes the results and financial position deriving from treasury activities, management of the Group's investment portfolio, access to financial markets and specialist operational support for the commercial network.

Corporate centre

Included herein are income statement and balance sheet captions arising from activities related to the governance of the Group, to strategic decisions and results thereof (shareholders' equity, equity investments, etc.) or from activities not directly connected to other areas of the business.

Other assets

This segment also includes the results and financial position of those non-banking Group companies that are not allocated to the other segments.

A.1 Breakdown by segment: income statement

Based on the requirements established in IFRS 8, the income statement by segment contains the following information:

Captions	Retail	Private	Corporate	Large Corporate	Finance	Corporate centre	Other assets	Total
Net interest income	762,868	1,032	331,578	111,850	263,276	70,481	3,884	1,544,969
Net commission income	750,459	60,793	113,163	55,437	-	-	3,178	983,030
Net interest and other banking income	1,506,841	59,763	436,262	167,868	370,883	70,481	7,583	2,619,681
Net income from financial activities 30.06.2023	**1,275,896**	**58,086**	**421,802**	**147,236**	**373,211**	**70,481**	**7,033**	**2,353,745**
Net income from financial activities 30.06.2022	**1,123,686**	**69,201**	**138,350**	**77,227**	**165,917**	**4,919**	**3,336**	**1,582,636**
Operating costs	(787,654)	(44,731)	(215,042)	(9,340)	(6,816)	(370,606)	(7,980)	(1,442,169)
Profit (Loss) from current operations before tax 30.06.2023	**488,241**	**13,354**	**198,963**	**137,897**	**366,395**	**(283,190)**	**(753)**	**920,907**
Profit (Loss) from current operations before tax 30.06.2022	**478,334**	**34,851**	**(107,063)**	**70,470**	**161,363**	**906,635**	**(14,292)**	**1,530,298**

The above captions have been allocated to the various Segments using the information held in the management information system, which can be reconciled with the accounting system.
With respect to the figure as at 30.06.2023, it should be noted that the gross profit from current operations as at 30.06.2022 of the Corporate Centre segment was heavily influenced by the badwill stemming from the Carige business combination, amounting to Euro 948.1 million.
The figures relating to the prior period are those published in the Half-Year Consolidated Financial Report as at 30 June 2022.

Detailed information about net commission income by segment is presented below, pursuant to paras. 114 and 115 of IFRS 15 "Revenues from contracts with customers".

Captions	Retail	Private	Corporate	Large Corporate	Other assets	Total
Financial instruments	102,419	23,672	25,987	1,568	589	154,235
of which: placement of securities	*60,719*	*23,794*	*31,433*	*1,642*	-	*117,588*
Collective portfolio management	187,175	-	-	-	-	187,175
Payment services	282,685	6,095	72,702	7,659	202	369,343
of which: current accounts	*172,700*	*4,783*	*15,442*	*2,424*	-	*195,349*
of which: cards	*44,491*	*(197)*	*35,776*	*(138)*	-	*79,932*
of which: bank transfers and other payment instruments	*65,494*	*1,509*	*21,484*	*5,373*	*202*	*94,062*
Distribution of third-party services	80,415	27,981	4,079	7,466	-	119,941
of which: insurance products	*68,974*	*26,858*	*8,779*	*3,396*	-	*108,007*
Financial guarantees granted	4,762	223	11,749	7,407	12	24,153
Financing operations	64,132	2,568	53,924	8,711	-	129,335
Other commission income	32,808	350	24,598	26,294	2,519	86,569
Total Commission Income 30.06.2023	**754,396**	**60,889**	**193,039**	**59,105**	**3,322**	**1,070,751**

Management commissions are recognised periodically in line with fulfilment of the performance obligation, while performance commissions are recorded only to the extent that it is highly probable that a significant reversal will not occur once the uncertainty related to the performance commission is subsequently resolved, as specified in paragraph 56 of IFRS 15.

A.2 Breakdown by segment: balance sheet

Based on the requirements established in IFRS 8, the balance sheet by segment contains the following information:

Captions	Retail	Private	Corporate	Large Corporate	Finance	Corporate centre	Other assets	Total
Financial assets measured at fair value	272,070	39	80,239	-	8,396,043	-	100,392	8,848,783
Loans to banks	-	370	247	-	8,559,666	-	85,984	8,646,267
- debt securities at amortised cost					*6,704,584*	-	*13,237*	*6,717,821*
- loans	-	*370*	*247*	-	*1,855,082*	-	*72,747*	*1,928,446*
Loans to customers	51,947,971	568,558	28,762,839	7,576,644	14,911,973	-	316,074	104,084,059
- debt securities at amortised cost		*41,447*			*14,911,973*		*35,650*	*14,989,070*
- loans	*51,947,971*	*527,111*	*28,762,839*	*7,576,644*	-	-	*280,424*	*89,094,989*
Other assets	1,730,892	99,442	218,296	19,563	1,674,032	17,325,375	445,469	21,513,069
Total Assets 30.06.2023	**53,950,933**	**668,409**	**29,061,621**	**7,596,207**	**33,541,714**	**17,325,375**	**947,919**	**143,092,178**
Total Assets 31.12.2022	**53,942,785**	**704,803**	**30,730,226**	**8,106,936**	**34,863,686**	**23,083,472**	**870,886**	**152,302,794**
Due to banks	-	783	256,738	-	12,249,878	-	522	12,507,921
Due to customers	74,518,456	5,844,117	19,211,218	3,404,726	-	-	431,911	103,410,428
Debt securities issued	708,604	211,079	7,907,617	9,760	-	-	-	8,837,060
Financial liabilities designated at fair value	-	96,897	-	-	1,328,424	-	-	1,425,321
Other liabilities and shareholders' equity	861,954	19,884	267,671	3,168	549,918	15,052,670	156,183	16,911,448
Total liabilities 30.06.2023	**76,089,014**	**6,172,760**	**27,643,244**	**3,417,654**	**14,128,220**	**15,052,670**	**588,616**	**143,092,178**
Total liabilities 31.12.2022	**79,530,304**	**7,276,576**	**24,322,334**	**3,551,478**	**23,210,386**	**13,421,226**	**990,490**	**152,302,794**

Balance sheet information has been allocated to the segments using the criteria adopted for the allocation of the income statement.
The total assets of the Corporate Centre segment fell by Euro 5,758.1 million compared to 31 December 2022, mainly due to the reduction of investments in "overnight" deposits at Central Banks (down, more specifically, by Euro 5,476,926 compared to 31 December 2022), resulting from the lower cash and cash equivalents once the repayments at maturity of the two TLTRO tranches were made.

Financial information by geographical area

All the activities of the BPER Banca Group are essentially concentrated in Italy.

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Attachments

Contents

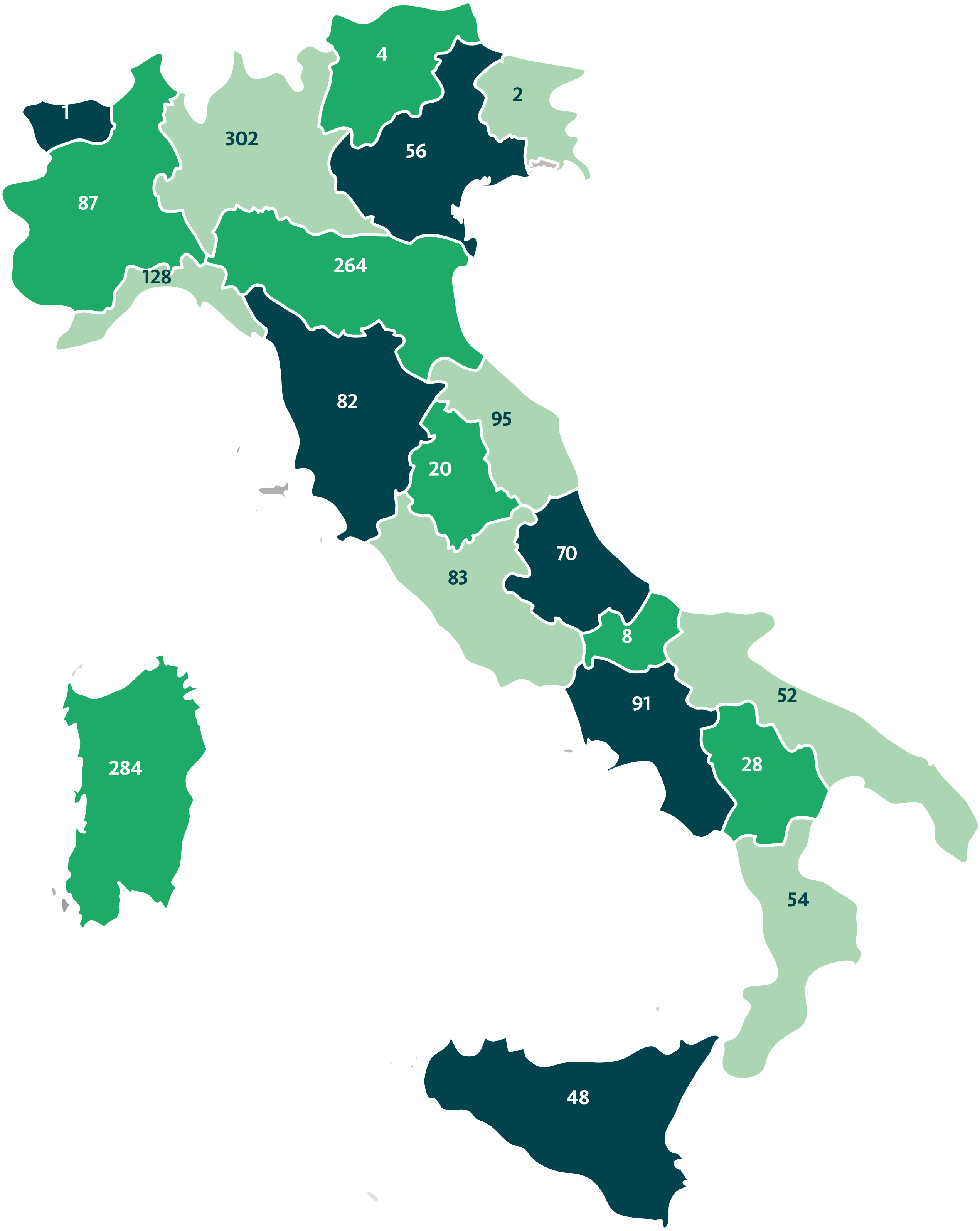
Attachments

Geographical organisation of the Group

Details	BPER Banca	Banco di Sardegna	Banca Cesare Ponti	30.06.2023	31.12.2022
Emilia - Romagna	264	-	-	264	277
Bologna	50			50	52
Ferrara	28			28	28
Forlì – Cesena	23			23	24
Modena	65			65	69
Parma	23			23	23
Piacenza	5			5	6
Ravenna	27			27	29
Reggio Emilia	30			30	32
Rimini	13			13	14
Abruzzo	70	-	-	70	74
Chieti	27			27	28
L'Aquila	25			25	27
Pescara	9			9	9
Teramo	9			9	10
Basilicata	28	-	-	28	28
Matera	13			13	13
Potenza	15			15	15
Calabria	54	-	-	54	57
Catanzaro	10			10	11
Cosenza	22			22	24
Crotone	7			7	7
Reggio Calabria	12			12	12
Vibo Valentia	3			3	3
Campania	91	-	-	91	97
Avellino	16			16	17
Benevento	4			4	4
Caserta	9			9	10
Naples	37			37	40
Salerno	25			25	26
Friuli Venezia G.	2	-	-	2	2
Pordenone	1			1	1
Trieste	1			1	1
Lazio	80	3	-	83	93
Frosinone	6			6	8
Latina	12			12	15
Rieti	5			5	5
Rome	50	3		53	58
Viterbo	7			7	7
Liguria	126	1	1	128	147
Genoa	68	1	1	70	76
Imperia	17			17	19
La Spezia	13			13	19
Savona	28			28	33
Lombardy	300	1	1	302	330
Bergamo	61			61	66
Brescia	77			77	81
Como	14			14	19
Cremona	7			7	7
Lecco	1			1	1
Lodi	3			3	3
Mantua	10			10	10
Milan	34	1	1	36	39
Monza Brianza	13			13	14
Pavia	28			28	31
Varese	52			52	59
Marche	95	-	-	95	104
Ancona	31			31	34
Ascoli Piceno	9			9	10
Fermo	11			11	11
Macerata	19			19	22
Pesaro-Urbino	25			25	27

Details	BPER Banca	Banco di Sardegna	Banca Cesare Ponti	30.06.2023	31.12.2022
Molise	8	-	-	8	8
Campobasso	5			5	5
Isernia	3			3	3
Piedmont	87	-	-	87	98
Alessandria	16			16	17
Asti	3			3	3
Biella	1			1	1
Cuneo	24			24	27
Novara	5			5	5
Turin	33			33	40
Verbano-Cusio-Ossola	3			3	3
Vercelli	2			2	2
Apulia	52	-	-	52	53
Bari	12			12	12
Barletta Andria Trani	7			7	7
Brindisi	6			6	6
Foggia	14			14	14
Lecce	5			5	5
Taranto	8			8	9
Sardinia	-	284	-	284	307
Cagliari		26		26	30
Nuoro		60		60	62
Oristano		39		39	44
Sassari		84		84	94
South Sardinia		75		75	77
Sicily	48	-	-	48	57
Agrigento	5			5	5
Catania	8			8	9
Enna	3			3	3
Messina	8			8	9
Palermo	16			16	20
Ragusa	1			1	1
Siracusa	3			3	6
Trapani	4			4	4
Tuscany	81	1	-	82	95
Arezzo	14			14	15
Florence	17			17	18
Grosseto	4			4	5
Livorno	4	1		5	6
Lucca	16			16	18
Massa e Carrara	16			16	21
Pisa	3			3	4
Pistoia	3			3	4
Prato	2			2	2
Siena	2			2	2
Aosta Valley	1	-	-	1	1
Aosta	1			1	1
Trentino-Alto Adige	4	-	-	4	4
Trento	4			4	4
Umbria	20	-	-	20	22
Perugia	16			16	17
Terni	4			4	5
Veneto	56	-	-	56	59
Belluno	2			2	2
Padua	14			14	15
Rovigo	5			5	6
Treviso	4			4	4
Venice	13			13	14
Verona	12			12	12
Vicenza	6			6	6
Total 30.06.2023	1,467	290	2	1,759	
Total 31.12.2022	1,603	308	2		1,913
Changes to the Group's geographical organisation during the year					(154)

Total branches of the Group



Certifications and other reports

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Certification of the condensed half-year consolidated financial statements at 30 June 2023 pursuant to art. 81-ter of Consob Regulation no. 11971 dated 14 May 1999 and subsequent additions and amendments

➢ The undersigned

- Piero Luigi Montani, as Chief executive officer,
- Marco Bonfatti, as the Manager responsible for preparing the Company's financial report,

of BPER Banca S.p.A., having considered the requirements of paras. 3 and 4 of art. 154-*bis* of Decree no. 58 dated 24 February 1998, confirm:

- the adequacy in relation to the characteristics of the Bank and
- the proper application, during the first half of 2023, of the administrative and accounting procedures adopted for the preparation of the condensed half-year consolidated financial statements.

➢ This assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the condensed half-year consolidated financial statements at 30 June 2023 is based on a model developed by BPER Banca S.p.A., consistent with the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This framework represents reference standards for systems of internal control that are generally accepted at an international level.

➢ It is also certified that

- the condensed half-year consolidated financial statements at 30 June 2023:
  a) have been prepared in accordance with the applicable international accounting standards recognised within the European Union pursuant to European Parliament and Council Regulation (EC) no. 1606/2002 dated 19 July 2002, Decree 38/2005 and the enabling regulations for art. 9 of this Decree;
  b) agree with the underlying accounting records and entries;
  c) present a true and fair view of the financial position and results of operations of the Bank and the companies included within the scope of consolidation.
- The interim report on operations includes a reliable analysis of the key events that took place during the first half of 2023 and of their impact on the condensed half-year financial statements, together with a description of the principal risks and uncertainties affecting the second half of the year. The report on operations also includes a reliable analysis of significant transactions with related parties.

Modena, 2 August 2023

Signed by
Piero Luigi Montani

Chief Executive Officer

Signed by
Marco Bonfatti

Manager responsible for preparing the Company's financial report

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REPORT ON REVIEW OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
BPER BANCA S.p.A.

Introduction

We have reviewed the accompanying half-year condensed consolidated financial statements of BPER Banca S.p.A. and subsidiaries (the "BPER Banca Group"), which comprise the consolidated balance sheet as of June 30, 2023 and the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-year condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-year condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-year condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year condensed consolidated financial statements of BPER Banca Group as at June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Merlo
Partner

Bologna, Italy
August 8, 2023

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.