BPER:
Gruppo

CONSOLIDATED INTERIM REPORT ON OPERATIONS AS AT 31 MARCH 2023

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

BPER Banca s.p.a.
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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
http://www.bper.it, https://istituzionale.bper.it;
E-mail: servizio.clienti@gruppobper.it – Certified e-mail (PEC): bper@pec.gruppobper.it
Company belonging to the BPER Banca VAT Group VAT no. 03830780361
Tax Code and Modena Companies Register no. 01153230360
C.C.I.A.A. Modena Chamber of Commerce 222528 Share capital Euro 2,104,315,691.40
Member of the Interbank Deposit Protection Fund and of the National Guarantee Fund
Ordinary shares listed on the regulated Euronext market

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Directors and officers of the Parent Company at the date of approval of the Consolidated interim report on operations as at 31 March 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 Gianfranco Farre Alessandro Robin Foti Roberto Giay Gianni Franco Papa Marisa Pappalardo Monica Pilloni Elisa Valeriani

Board of Statutory Auditors	
Chair:	Daniela Travella
Acting Auditors:	Patrizia Tettamanzi Carlo Appetiti (**)
Substitute 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.

(*) 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 previously resigned with effect 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 Acting auditor by the Ordinary Shareholders' Meeting of BPER Banca held on 27 July 2022, replacing the auditor Paolo De Mitri, who previously resigned with effect from 6 June 2022. Carlo Appetiti will remain in office, similarly to the other members of the Board of Statutory Auditors, until the Shareholders' Meeting called to approve the financial statements for the year 2023.
(***) Gian Luca Santi was appointed as Deputy General Manager with effect from 1 October 2022. In particular, Gian Luca Santi was a member of the Company's Board of Directors, a role he stepped down with effect from 8 September 2022.

Group interim report on operations as at 31 March 2023

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Introduction

In the first three months of 2023, the world economy experienced an upward, albeit modest, revision of growth forecasts. In fact, without too much trouble, the economic cycle managed to withstand the tightening of financial conditions recorded in the last few quarters, in a context in which inflation - albeit at modest rates - instead confirmed the slowdown trend that had already taken hold in the second part of 2022, thanks in particular to the fall in energy prices. The latter aspect, the decrease in energy components, was undoubtedly one of the main contributing factors to the general improvement in economic estimates, especially in Europe. Another key element was also the decision taken by China, which completely removed all restrictions linked to the "Zero-Covid" policy, fuelling hopes of a positive boost to the global recovery, not just in terms of greater demand for goods and services, but also through the easing of pressures along the supply chains, and a consequent expected recovery in global trade.

In the first quarter of the year, the Eurozone is expected to be - among the major macro-regions - the one with the most anaemic growth. According to the estimates collected by Bloomberg, in fact, the GDP of the Euro area is expected to record zero change (0% q/q). Nonetheless, this is an improved economic picture with respect to the one forecast just a few months ago, with upside risks especially in light of the positive indications coming from the leading indicators for the economic cycle. The PMI (*Purchasing Managers Index*) composite index - summary of manufacturing and service-related activities - after having ended 2022 in an area of contraction gradually returned to an area of expansion, reaching 53.7 points in March. In particular, a decisive contribution to the improvement in the climate was the disappearance of concerns about a possible energy crisis, which fortunately failed to materialise. In that sense, the trend in natural gas was fundamental, whose price, despite staying above historical levels, fell markedly as a result of extremely mild temperatures and storage levels that, on average, remained constantly above threshold levels. This enabled, among other things, a slowdown in inflation, which decelerated for the fifth consecutive month to +6.9% y/y in March. By contrast, the core component of inflation, excluding the most volatile items, was confirmed to be more persistent and continued to accelerate (+5.7% y/y in March), keeping pressures at high levels for the ECB. The European Central Bank continued its monetary tightening path in the early part of the year, with the aim of ensuring a timely return of inflation to the 2% average in the medium term. The three benchmark interest rates were raised by a total of 100 basis points on two occasions, in February and March, reaching 3.50% (rate on the main refinancing operations), 3% (rate on deposits) and 3.75% (rate on marginal lending facilities). The Board also confirmed the reduction of the APP portfolio (the Asset Purchase Programme), which will decrease by 15 billion per month from the beginning of March to the end of June 2023; any further reductions will be evaluated over time. The ECB's determination did not even falter during the phases of tension observed on the financial markets, linked to the fall of the Swiss bank Credit Suisse. In this regard, President Lagarde provided reassurance on the soundness of the euro area banking sector, and confirmed that the ECB - should the need arise - has all the necessary instruments at its disposal to provide liquidity to support the financial system. By contrast, as regards the future evolution of monetary policy, Lagarde reiterated the "data dependent" approach: the Board, that is, will decide on the basis of new economic and financial data, the trend in core inflation, and the intensity of the transmission of the monetary policy to the economic cycle.
Broadening our view to Europe, the Bank of England also continued its policy of monetary tightening. The Bank of England raised the cost of borrowing by a total of 75 basis points, in order to check inflation which unexpectedly started to accelerate again in February (10.4% y/y). In contrast, the Swiss SNB (Swiss National Bank) remained firm on the interest rate front, although it had to intervene by providing additional liquidity to Credit Suisse, the Swiss banking giant subsequently acquired by its long-time rival UBS.

Based on the estimates collected by Bloomberg, the Italian economy should closely follow the trend of the entire Eurozone, therefore remaining unchanged in the reference quarter. However, similar to the Euro area, there is a concrete possibility of growth being mildly positive, in line with gradually growing business activity, and a services sector that - thanks to the fundamental contribution from tourism - has accelerated significantly. Household consumption also did not slump as feared, based on the decrease in energy prices and inflation, which reported an increase of 7.6% in March, down from +11.6% in December 2022.

In the United States, growth in the first quarter is expected to slow down significantly compared to the latter part of 2022, but still confirming the expansion of the economy. According to the estimates collected from Bloomberg, GDP in the first quarter is expected to increase by an annualised 1.6% q/q. Two elements mainly contributed to the resilience of the US economy which, albeit showing some early signs of deterioration of the figures in March, stayed at high levels: service-related activities, which more than offset the decline in the manufacturing component, and in particular the job market. The creation of jobs actually continued constantly, while the unemployment rate (3.5% in March) remained close to all-time lows. On the prices front, both general inflation and partly also core inflation confirmed the deceleration trend already observed in the second part of 2022, registering increases, respectively, of 5.0% y/y and 5.6% in March. The Fed, as with the ECB, implemented its policy of monetary tightening, albeit slowing the pace of this action: the cost of borrowing was increased by a total of 50 basis points, reaching the range of 4.75-5.00%, the highest level since 2006. The Federal Reserve, as with the SNB, was also called to intervene to return stability to the financial system. In fact, in March, the theme of US regional banks emerged, with the Californian Institution Silicon Valley Bank (SVB) which - finding itself short of liquidity due to customers' withdrawal of their deposits (typically start-ups in the technology sector) - was then forced to file for bankruptcy. Consequently, the financial markets experienced phases of volatility, which were however, relatively quickly brought under control thanks to the prompt interventions of the Supervisory Authorities: all SVB deposits (even those above the legal threshold) were guaranteed, and an emergency funding line was provided to all banks by the Fed. In addition to the above, in order to ensure greater stability and prevent any liquidity crises, the Fed and the other central banks decided - through coordinated global action - to strengthen the availability of US dollars in the financial system.

In the emerging markets, operators' attention was monopolised by the decision taken by the Chinese authorities to fully abolish the measures to contain Covid-19 adopted in previous months. Growth in the second global economy was then able to accelerate in the first three months of the year at a rate of +4.5% on an annual basis. A figure still below the government forecasts for the whole year, but nonetheless above the market estimates. Decided in December 2022 and completed in about mid-January, the reopening revived not only the Chinese economy, which benefited in particular from the recovery of domestic consumption, but also the entire Asian region. The other emerging macro-areas, from Latin America to Eastern Europe were on average characterised by decelerating inflation but still high in absolute terms, as such to prevent the various central banks from undertaking a cycle of monetary relaxation. In some important developing countries, like Mexico and South Africa, the respective monetary policy institutes actually opted for further hikes in the cost of borrowing. Therefore, financial conditions remained rigid on the whole, consequently putting the brakes on growth, generally speaking.

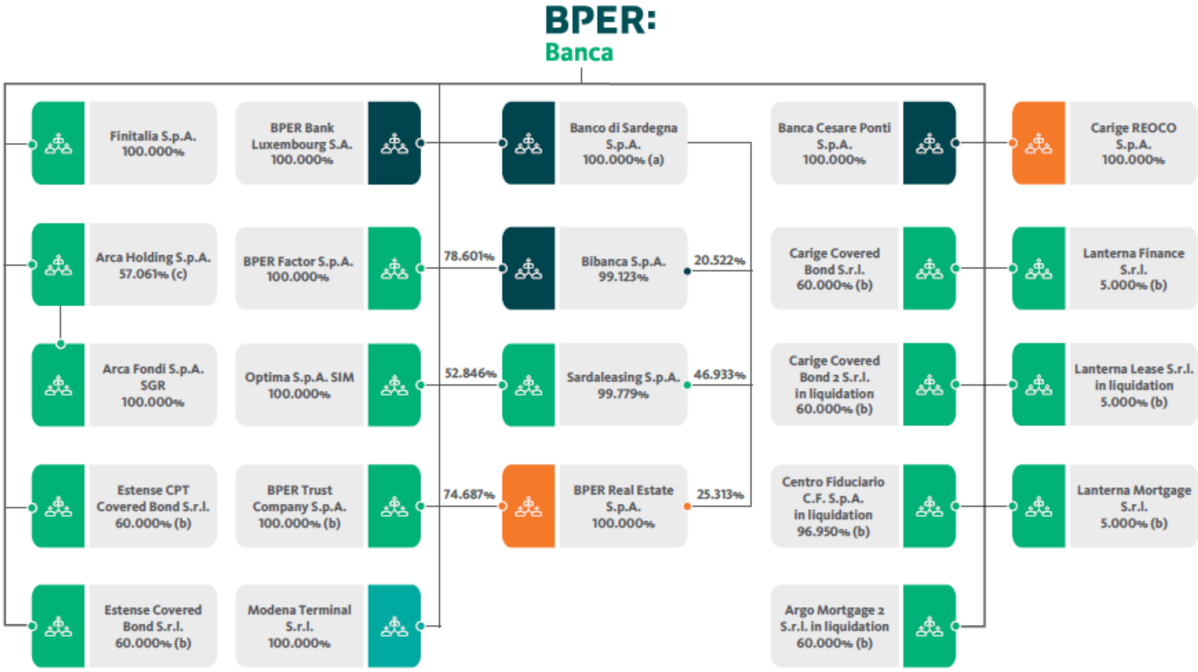
As far as financial markets are concerned, the first quarter of 2023 proved particularly favourable, recording positive changes for the major asset, equities and bonds classes. On the contrary, the balance for commodities, especially energy commodities, was negative. The positive performance of the markets was influenced by two factors in particular: China - earlier than expected by the majority of analysts - completely removed the restrictions linked to the "zero-Covid" policy, fuelling hopes of a positive boost to the global recovery; the economic cycle - based on the indicators published over time - also gave the impression of withstanding, without too much trouble, the tightening of financial conditions observed in 2022, in a context in which inflation, albeit at modest rates, confirmed the slowdown trend.
Towards the end of the quarter, investors' attention was captured by events related to the banking system. The difficulties highlighted by some institutions, both in the United States and in Europe, generated phases of volatility, but prompt intervention by the respective Authorities helped to quickly calm the climate in the markets. In the equities area, the MSCI AC World index closed the quarter up by almost 7%, thanks to the homogeneous rise in the European and US markets, sustained, among other things, by the better-than-expected corporate results, on average. In Europe, price lists benefitted from the improved economic prospects for the area, stemming in particular from the decline in natural gas and the possible positive effects linked to the recommencement of business activities in China. The Milan Stock Exchange recorded a particularly positive performance (+14.4%), among the best-performing markets, not just in Europe but globally. In the US, performances were more varied: the weakness of some sectors linked to the traditional economy (basic resources and energy), weighed particularly heavily on the Dow Jones, the only one of the main global equity indexes to close the quarter unchanged. The decline in bond yields, on the contrary, returned prestige to the technology segment which, being the best performing sector in absolute terms, allowed the Nasdaq to record double-digit growth (+16.8%). During the quarter, the banking segment, after an excellent start to the year, lost part of the ground gained in the wake of the tensions cited previously. The equity segment in Japan rose in line with western markets, while the global index of emerging countries closed with a slightly more contained increase (MSCI Emerging Markets: +3.5%). The bond markets also recorded a positive performance, nonetheless experiencing an extremely volatile quarter based on monetary policy expectations, which were revised on a number of occasions. The final balance, as stated, was largely favourable, thanks in the first place to the difficulties observed in the credit sector, which led traders to bet on gradually less aggressive central banks. The fall in yields concerned all maturities, in alternating phases, with curves first flattening - accentuating the negative incline on the 2/10 year sections - only to partly start to steepen again. It should be noted that the positive performance, within the Eurozone, regarded in particular the securities of periphery Euro area countries, to the point that the spread between the 10-year Italian BTP and German Bund fell by more than 30 basis points. A quarter of increases was also recorded by the spread markets, which took advantage of the positive climate on risky asset classes.

In the currency domain, the Euro appreciated, on average, against the other main currencies, reflecting an ECB which - especially with respect to the Fed - could maintain a more long-term restrictive stance. Therefore, the Euro gained ground against both the US dollar (+1.2%) and the Yen (+2.5%), while it fell slightly against the Pound Sterling. All currencies linked to raw materials were extremely weak, in the same way the majority of emerging currencies were uninspiring.

Raw materials recorded widespread decreases, in particular energy components. Oil actually continued to fall, a trend that took hold in the middle of 2022, then clawed back part of the losses in the final part of the quarter. The European natural gas price registered a net decrease, thanks to the mild temperatures recorded in Europe and storage levels that, as a result, remained at safety stock levels. On the contrary, gold recorded a brisk performance, profiting from the partial weakness of the dollar, the phases of credit tension and the decline in real US interest rates.

1. Key figures

1.1 BPER Banca Group structure as at 31 March 2023



a) Equivalent to 99.362% 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.

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%);
- Italiana Valorizzazioni Immobiliari S.r.l. (100%);
- Sifà S.p.A. (100%).
- Commerciale Piccapietra S.r.l. (100%);

Subsidiary of Italiana Valorizzazioni Immobiliari S.r.l.:
- Annia S.r.l. (100%).

Subsidiary of Carige Reoco S.p.A.:
- Sant'Anna Golf S.r.l. (100%).

1.2 Summary of results

The results as at 31 March 2023, which highlighted sharp growth in net profitability of Euro 178.0 million compared to 31 March 2022, show net profit for the period of Euro 290.7 million, after having expensed Euro 69.5 million as the estimated ordinary contribution to the Single Resolution Fund for 2023.

The first quarter of 2023 recorded significant growth in net interest income (Euro 726.0 million as at 31 March 2023, +92.86% compared to 31 March 2022) and good staying power of net commission income (Euro 506.1 million as at 31 March 2023, +12.33% compared to 31 March 2022), against a macroeconomic backdrop characterised by slightly increased economic activity and persistently high inflation.

Net operating income (Euro 1,318.4 million) performed extremely well, growing by 49.19% compared to the first quarter of 2022. Operating efficiency improved, with a cost/income ratio falling from 63.19% at 31 March 2022 to 51.26% as at 31 March 2023.

As at 31 March 2023, asset quality achieved by the BPER Banca Group in 2022 was confirmed, registering a gross NPE ratio and net NPE ratio respectively of 3.29% and 1.32%, compared to 3.20% and 1.41% at the end of the previous year. As at 31 March 2023 to be noted are also:

- a 60.93% coverage ratio of the non-performing loan portfolio (vs. 57.06% as at 31 December 2022), a 80.39% coverage for bad loans (vs. 77.01% as at 31 December 2022) and a 53.27% coverage ratio of UTPs (vs. 48.98% at the end of 2022), while past due loans show a coverage of 30.59% (31.45% as at 31 December 2022);
- cost of credit at 16 bps (63 basis points on an annual basis, in line with the figure recorded in 2022 of 64 basis points).

The capital solidity of the BPER Banca Group remained high as at 31 March 2023 with a CET1 Fully Phased ratio of 13.34%, up compared to 12.04% as at 31 December 2022 and well above the minimum requirement set by the ECB of 8.47%[1]. The liquidity position is high, with a liquidity coverage ratio (LCR) of 206.3% (195.3% as at the end of 2022), well above the regulatory threshold of 100% and the NSFR at 126.5% (127.3% as at the end of 2022).

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

[1] BPER Banca's minimum requirement on a consolidated basis indicated (8.47%) is applied as from 31 August 2022.

1.3 Performance ratios[2]

Financial ratios	31.03.2023	2022 (*)
Structural ratios		
Net loans to customers/total assets	59.15%	59.86%
Net loans to customers/direct deposits from customers	78.78%	79.40%
Financial assets/total assets	20.34%	20.13%
Gross non-performing loans/gross loans to customers	3.29%	3.20%
Net non-performing loans/net loans to customers	1.32%	1.41%
Texas ratio[3]	31.06%	32.29%
Profitability ratios		
ROE[4]	16.31%	7.94%
ROTE[5]	16.53%	8.30%
ROA[6]	0.80%	0.35%
Cost to income ratio[7]	51.26%	63.19%
Cost of credit risk[8]	0.16%	0.12%
Prudential supervisory ratios	**31.03.2023**	**2022 (*)**
Own Funds (Fully Phased) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	7,138,834	6,379,995
Total Own Funds	9,070,756	8,292,408
Risk-weighted assets (RWA)	53,518,498	52,989,278
Fully Phased capital ratios and liquidity ratios		
Common Equity Tier 1 Ratio (CET1)	13.34%	12.04%
Tier 1 Ratio (T1 Ratio)	13.62%	12.32%
Total Capital Ratio (TC Ratio)	16.95%	15.65%
Leverage ratio	4.8%	4.3%
Liquidity Coverage Ratio (LCR)[9]	206.3%	195.3%
Net Stable Funding Ratio (NSFR)	126.5%	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 31 March 2022 as per the Consolidated interim report on operations as at 31 March 2022.

[2] 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.

[3] 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.

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

[5] 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.

[6] 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.

[7] The Cost to income ratio is calculated on the basis of the layout of the reclassified income statement (operating costs/operating income); when calculated on the basis of the layout provided by the 8th update of Bank of Italy Circular no. 262, the Cost to income ratio is at 59.85% (69.82% at 31 March 2022 as per the consolidated interim report on operations at 31 March 2022).

[8] The Cost of credit risk has been calculated as net impairment losses to loans to customers on net loans to customers as at 31 March.

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

2. Significant events and strategic transactions

2.1 2022-2025 “BPER e-volution” Business Plan

On 9 June 2022, the Board of Directors of BPER Banca approved its 2022-2025 Business Plan – “BPER e-volution”, which was presented to the market the following day. 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 and deconsolidation 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 in 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 subsequent 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 funds of Elliott, Gardant’s parent company, was also approved, to be carried out in the first half of 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 – Sifà*
  The transaction makes provision for the integration of Sifà into one of the leading players in the long-term rental sector, to be finalised by the end of 2023. Please refer to the next paragraph for details on the agreement reached with UnipolSai.
- *Deconsolidation of Sardaleasing*
  The disposal of the subsidiary, planned for completion within the first half of 2023 and aimed at simplifying the Group’s oversight of the leasing proposition, is currently under review.
- *Creation of a Wealth Management & Asset Management hub*
  The value of Banca Cesare Ponti s.p.a. as a specialised vehicle and centre of excellence for the direct management of Private banking customers is expected to be enhanced. This transaction will maximise synergies between the distribution networks and the product companies of Asset Management and Life Bancassurance.

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.

2.2 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 has 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

On 28 November 2022, the BPER Banca Group entered into the agreements for the creation of a strategic partnership with the Gardant Group for the management of the BPER Banca Group's non-performing exposures and the disposal of some portfolios of non-performing exposures to AMCO and to subsidiary companies of Elliott, the parent company of Gardant S.p.A., to be completed in 2023.
As already highlighted in the Business Plan presentation paragraph, the strategic development lines of the "BPER e-volution" Plan identify "de-risking and credit management" as one of the three cross-cutting levers of the Plan, with major impact also on the SREP process.
The strategic partnership will be established through a joint venture between the BPER Banca Group and the Gardant Group, which will combine the professional, industrial, IT and management skills of the two partners.
More specifically, the joint venture will focus on the management and recovery of assets classified as both unlikely-to-pay exposures (UTPs) and bad loans and will manage part of the non-performing exposures being disposed of under the framework agreement, part of the retained stock owned by the BPER Banca Group, as well as 90% of future potential new UTP flows and 50% of the future potential new UTP flows of the BPER Banca Group, under a 10-year master servicing agreement.
The joint venture, worth approximately Euro 150 million, will be 70% owned by Gardant and 30% owned by BPER Banca.
The transactions are subject to obtaining the required regulatory authorisations.

As part of the NPE derisking process, in the first quarter of 2023, single-name disposals of bad loans and UTPs were finalised for a gross book value of approximately Euro 74 million.

Strategic commercial partnership entered into with UnipolSai in long-term rental

On 28 March 2023, BPER Banca and UnipolSai Assicurazioni S.p.A. signed an agreement to launch a strategic commercial partnership in the Long-Term Rental sector, to be achieved through, among other things, the merger by absorption of SIFA' s.p.a.- Società Italiana Flotte Aziendali, a company wholly-owned by BPER Banca, in UnipolRental s.p.a., a subsidiary of UnipolSai. Upon completion of the merger – scheduled to take effect at the beginning of the second half of 2023, once the conditions precedent and statutory obligations are met – BPER Banca will hold a 19.987% interest in the share capital of UnipolRental, with which it will enter 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.

Internal reorganisation of the BPER Banca Group

Merger by absorption of Italia Valorizzazioni Immobili into Carige 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 by BPER Banca 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 and accounting and tax effectiveness were 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 Authority.
The merger fits within the framework of the initiatives for the rationalisation and simplification of the BPER 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 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; the transaction is effective from 31 March 2023 for legal purposes and accounting and tax effectiveness were backdated to 1 January 2023.

Establishment of the company Annia srl

On 6 February 2023, the company Annia s.r.l. was established, wholly-owned by the company Italiana Valorizzazioni Immobiliari. The company was established in execution of the resolutions passed by the Parent Company in 2022, aimed at defining the management of a UTP loan of BPER Banca.
During the first quarter of 2023, the company actually acquired full ownership of the real estate collateral relating to said UTP loan, through the transfer of the business unit; the objective pursued is the professional development of the property portfolio and maximising the recovery of the credit position.
It should be noted that as a preparatory step for the transfer of the business unit, the related mortgage loans were renegotiated.

2.3 European Single Supervisory Mechanism (SSM)

BPER Banca and its banking Group are among Europe's significant institutions supervised directly by the ECB[10].
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 the 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 Banca Carige Group. Based on the outcome of the SREP, the ECB decided that BPER Banca is required to maintain, on a consolidated basis, an additional Pillar 2[11] requirement of 2.61% (vs. prior requirement of 2.30%). This requirement shall be held in the form of at least 56.25% of CET1 instruments and 75% of Tier 1.
The capital requirements for 2022 established in the SREP Letter 2021[12] (as amended as at 31 August 2022), 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) no. 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) no. 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) no. 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 the new 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 achievement of the targets set in the Business Plan and the management of Non-Performing Exposures (NPEs)[13].

On 9 December 2022, as a result of the "pragmatic approach for SREP 2022" adopted by the ECB following the acquisition of the Carige Group, BPER Banca received an additional letter which confirmed the validity of the content of the SREP Letter of 24 January 2022 and the associated amendment of 31 August 2022, in particular with reference to the minimum capital requirements to be complied with.

On 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 new 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, together with the sale of additional portfolios of NPEs and improvement in management and workout activities, help to confirm a gross NPE ratio level at low levels and in line with the targets of the 2022-2025 "BPER e-volution" Business Plan, approved on 9 June 2022.

At the reference date, activities are being carried out relating to the performance of the regulatory stress test commenced by the EBA at the start of 2023.
In relation to the Internal Rating System, 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 will be used from the supervisory reporting of 31 March 2023 and for management purposes

[10] 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.
[11] Regulation (EU) 1024/2013, art. 16, P2R component.
[12] For the capital requirements of BPER Banca, please refer to section 4.2 "Own funds and capital ratios".
[13] The ECB recommended that BPER Banca should implement, only for Pillar 2 regulatory purposes, a linear adjustment of its coverage levels for the stock of non-performing loans outstanding at 31 March 2018 until full coverage is achieved, with the following objectives:

- for secured NPEs older than 7 years, achieve 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.

The Basel III accords state that banks must monitor their own financial leverage ratio, calculated as the ratio between the institution's Tier 1 Capital and the sum of its exposures, according to the provisions of art. 429 of Regulation 575/2013.

from May 2023.

2.4 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 respect for the time-scales of 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.

2.5 Other significant events

Evolution of BPER Real Estate: increase in share capital

On 8 February 2023, BPER Banca's Board of Directors resolved 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 to 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 became effective from 29 March 2023, after the notarial deed was registered with the Modena Companies Register on the same date.

2.6 Events after the reporting period as at 31 March 2023

Disposal of UTP portfolio of the BPER Banca Group completed

On 27 April 2023, further to the above-mentioned agreements entered into with the Gardant Group, the BPER Banca Group 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.
The transaction was finalised via the disposal of the 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 of the Gardant Group.
The sale price of the portfolio is in line with the carrying amounts booked in the financial statements of the Selling Banks.

3. Scope of consolidation of the BPER Banca Group

3.1 Composition of the Group as at 31 March 2023

The BPER Banca Group has been registered since 7 August 1992 with code no. 5387.6 in the Register of Banking Groups referred to in art. 64 of Legislative Decree 385 of 1 September 1993.
The following is a list of the Banks and Companies included in the scope of consolidation at 31 March 2023, distinguishing between Banks and Companies consolidated on a line-by-line basis and Banks and Companies, whether or not belonging to the Group, consolidated 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 explanatory notes to this Consolidated interim report on operations.

The scope of consolidated companies has changed compared to 31 December 2022 as:
- on 6 February 2023, the company Annia s.r.l. was established, wholly-owned by the company Italiana Valorizzazioni Immobiliari s.r.l. The company was established 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.

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 95.748% of the preference shares, representing 99.362% of total capital;
4) Bibanca s.p.a., based in Sassari (99.123%)[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 specialized in consumer lending (100%).
13) Banca Cesare Ponti s.p.a., based in Milan (100%);
14) Carige REOCO s.p.a., based in Genoa, construction company (100%);

[14] Unless otherwise specified, the percentage shown refers to the Parent Company.
[15] Held by: the Parent Company (78.601%) 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 consolidated 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, also the following direct and indirect subsidiaries are included in this cluster at 31 March 2023, even though they are not included in the Group since they do not contribute to its banking activities[20]:

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

St. Anna Gestione Golf Società Sportiva Dilettantistica s.r.l., a subsidiary of BPER Banca through St. Anna Golf s.r.l., was excluded from the scope of consolidation.

c) Associated companies consolidated using the equity method

1) Cassa di Risparmio di Fossano s.p.a., based in Fossano (Cuneo) (23.077%);
2) Cassa di Risparmio di Savigliano s.p.a., based in Savigliano (Cuneo) (31.006%);
3) Alba Leasing s.p.a., based in Milan (33.498%);
4) Sofipo s.a. in liquidation, based in Lugano, held by BPER Bank Luxembourg SA which holds 30% of its share capital;
5) CAT Progetto Impresa Modena s.c.r.l., based in Modena (20%);
6) Resiban s.p.a., based in Modena (20%);
7) Unione Fiduciaria s.p.a., based in Milan (24%);
8) Atriké s.p.a., based in Modena (45%);
9) Sarda Factoring s.p.a., based in Cagliari (21.484%)[21];
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] Held by: Banco di Sardegna s.p.a. (13.401%) and the Parent Company (8.083%).

4. The BPER Banca Group's results of operations

4.1 Balance sheet aggregates

The most important balance sheet aggregates and captions at 31 March 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	31.03.2023	31.12.2022	Change	% Change
Cash and cash equivalents	16,108,463	13,997,441	2,111,022	15.08
Financial assets	30,737,095	30,665,767	71,328	0.23
a) Financial assets held for trading	715,914	707,498	8,416	1.19
b) Financial assets designated at fair value	2,391	2,381	10	0.42
c) Other financial assets mandatorily measured at fair value	759,110	742,099	17,011	2.29
d) Financial assets measured at fair value through other comprehensive income	7,646,253	7,962,910	(316,657)	-3.98
e) Debt securities measured at amortised cost	21,613,427	21,250,879	362,548	1.71
- banks	6,788,487	6,596,865	191,622	2.90
- customers	14,824,940	14,654,014	170,926	1.17
Loans	91,903,326	94,193,207	(2,289,881)	-2.43
a) Loans to banks	2,348,510	2,885,583	(537,073)	-18.61
b) Loans to customers	89,400,944	91,174,835	(1,773,891)	-1.95
c) Loans mandatorily measured at fair value	153,872	132,789	21,083	15.88
Hedging derivatives	1,688,263	1,808,515	(120,252)	-6.65
Equity investments	389,785	376,158	13,627	3.62
Property, plant and equipment	2,504,243	2,546,295	(42,052)	-1.65
Intangible assets	559,551	563,502	(3,951)	-0.70
- of which: goodwill	204,392	204,392	-	-
Other assets	7,248,476	8,151,909	(903,433)	-11.08
Total assets	**151,139,202**	**152,302,794**	**(1,163,592)**	**-0.76**

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	31.03.2023	31.12.2022	Change	% Change
Current accounts	5,678,670	5,482,779	195,891	3.57
Mortgage loans	62,313,784	62,952,434	(638,650)	-1.01
Repurchase agreements	903,554	4,254	899,300	--
Leases and factoring	4,629,111	5,051,671	(422,560)	-8.36
Other transactions	15,875,825	17,683,697	(1,807,872)	-10.22
Net loans to customers	89,400,944	91,174,835	(1,773,891)	-1.95

Loans to customers, net of adjustments, totalled Euro 89,400.9 million (Euro 91,174.8 million at 31 December 2022), down by Euro -1,773.9 million (-1.95%) compared to 31 December 2022. Among the various technical forms, the reduction on mortgage loans was Euro -638.7 million (-1.01%), on leases and factoring Euro 422.6 million (-8.36%) and on other transactions Euro -1,807.9 million (-10.22%). By contrast, current accounts increased by Euro 195.9 million (+3.57%) and repurchase agreements by Euro 899.3 million.

Net loans to customers
in millions

(in thousands)

Captions	31.03.2023	31.12.2022	Change	% Change
Gross non-performing exposures	**3,022,050**	**2,991,445**	**30,605**	**1.02**
Bad loans	988,676	961,093	27,583	2.87
Unlikely to pay loans	1,872,054	1,871,880	174	0.01
Past due loans	161,320	158,472	2,848	1.80
Gross performing exposures	**88,884,037**	**90,589,650**	**(1,705,613)**	**-1.88**
Total gross exposure	**91,906,087**	**93,581,095**	**(1,675,008)**	**-1.79**
Impairment provisions for non-performing exposures	**1,841,403**	**1,706,790**	**134,613**	**7.89**
Bad loans	794,750	740,176	54,574	7.37
Unlikely to pay loans	997,304	916,779	80,525	8.78
Past due loans	49,349	49,835	(486)	-0.98
Impairment provisions for performing exposures	**663,740**	**699,470**	**(35,730)**	**-5.11**
Total impairment provisions	**2,505,143**	**2,406,260**	**98,883**	**4.11**
Net non-performing exposures	**1,180,647**	**1,284,655**	**(104,008)**	**-8.10**
Bad loans	193,926	220,917	(26,991)	-12.22
Unlikely to pay loans	874,750	955,101	(80,351)	-8.41
Past due loans	111,971	108,637	3,334	3.07
Net performing exposures	**88,220,297**	**89,890,180**	**(1,669,883)**	**-1.86**
Total net exposure	**89,400,944**	**91,174,835**	**(1,773,891)**	**-1.95**

At 31 March 2023, the provisions relating to non-performing loans amount to Euro 1,841.4 million (Euro 1,706.8 million at 31 December 2022; +7.89%), for a coverage ratio of 60.93% (57.06% at 31 December 2022), while the provisions for performing loans amount to Euro 663.7 million (Euro 699.5 million at 31 December 2022; -5.11%) and give a coverage ratio of 0.75% (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 61.77% (58.02% at 31 December 2022).
The total coverage ratio of loans is therefore 2.73%, up compared with the figure at 31 December 2022 (2.57%). Based on the same considerations made above concerning direct write-offs, the total effective coverage of loans comes to 2.80% (2.64% at 31 December 2022).

(in thousands)

Loans to customers	31.03.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	80,268,103	78,433,355	82,120,863	80,376,740	-2.26	-2.42	2.29
2. BPER Bank Luxembourg s.a.	257,787	250,929	212,805	207,092	21.14	21.17	2.66
3. Bibanca s.p.a.	3,205,023	3,156,414	3,100,919	3,053,192	3.36	3.38	1.52
4. Banco di Sardegna s.p.a.	7,326,754	7,018,709	7,317,602	7,021,175	0.13	-0.04	4.20
5. Banca Cesare Ponti s.p.a.	41,175	40,776	43,128	42,900	-4.53	-4.95	0.97
Total banks	**91,098,842**	**88,900,183**	**92,795,317**	**90,701,099**	**-1.83**	**-1.99**	**2.41**
6. Sardaleasing s.p.a.	3,620,231	3,351,204	3,659,519	3,385,856	-1.07	-1.02	7.43
7. BPER Factor s.p.a.	1,587,074	1,560,714	1,948,903	1,922,148	-18.57	-18.80	1.66
8. Finitalia s.p.a.	580,834	569,737	653,101	641,477	-11.07	-11.18	1.91
9. BPER Real Estate s.p.a.	1,708	1,708	263	263	549.43	549.43	-
Other companies and consolidation adjustments	(4,982,602)	(4,982,602)	(5,476,008)	(5,476,008)	-9.01	-9.01	-
Total of balance sheet	**91,906,087**	**89,400,944**	**93,581,095**	**91,174,835**	**-1.79**	**-1.95**	**2.73**

Net non-performing loans amount to Euro 1,180.6 million (-8.10% on 31 December 2022), equal to 1.32% of total net loans to customers (1.41% at 31 December 2022), whereas, on a gross basis, the ratio of non-performing loans to loans to customers is 3.29% (3.20% at 31 December 2022).
The coverage of non-performing loans of 60.93% has increased compared with 31 December 2022 (57.06%).

(in thousands)

Non-performing loans	31.03.2023 Gross	31.03.2023 Net	31.12.2022 Gross	31.12.2022 Net	% Gross change	% Net change	% Coverage ratio
1. BPER Banca s.p.a.	2,194,565	913,145	2,179,899	1,017,486	0.67	-10.25	58.39
2. BPER Bank Luxembourg s.a.	12,014	5,793	9,540	4,402	25.93	31.60	51.78
3. Bibanca s.p.a.	61,310	30,620	58,166	28,853	5.41	6.12	50.06
4. Banco di Sardegna s.p.a.	346,654	88,998	328,032	86,098	5.68	3.37	74.33
5. Banca Cesare Ponti s.p.a.	700	516	567	407	23.46	26.78	26.29
Total banks	2,615,243	1,039,072	2,576,204	1,137,246	1.52	-8.63	60.27
6. Sardaleasing s.p.a.	358,762	122,662	363,043	123,902	-1.18	-1.00	65.81
7. BPER Factor s.p.a.	38,513	15,448	42,474	20,036	-9.33	-22.90	59.89
8. Finitalia s.p.a.	9,532	3,465	9,724	3,471	-1.97	-0.17	63.65
Total of balance sheet	3,022,050	1,180,647	2,991,445	1,284,655	1.02	-8.10	60.93
Direct write-offs of bad loans	66,537	-	68,495	-	-2.86	n.s.	100.00
Adjusted total	3,088,587	1,180,647	3,059,940	1,284,655	0.94	-8.10	61.77
Non-performing loans (Total of balance sheet)/Loans to customers	3.29%	1.32%	3.20%	1.41%			

Net bad loans amount to Euro 193.9 million (-12.22% on 31 December 2022), accounting for 0.22% of total net loans to customers (0.24% at 31 December 2022), whereas, on a gross basis, the ratio of bad loans to total loans to customers comes to 1.08% (1.03% at 31 December 2022). The coverage of bad loans is 80.39%, up from 77.01% at 31 December 2022.

(in thousands)

Bad loans	31.03.2023 Gross	31.03.2023 Net	31.12.2022 Gross	31.12.2022 Net	% Gross change	% Net change	% Coverage ratio
1. BPER Banca s.p.a.	489,615	101,685	453,215	120,126	8.03	-15.35	79.23
2. BPER Bank Luxembourg s.a.	429	-	430	-	-0.23	n.s.	100.00
3. Bibanca s.p.a.	16,511	3,140	15,445	2,773	6.90	13.23	80.98
4. Banco di Sardegna s.p.a.	211,148	28,363	210,965	35,961	0.09	-21.13	86.57
5. Banca Cesare Ponti s.p.a.	154	78	163	81	-5.52	-3.70	49.35
Total banks	717,857	133,266	680,218	158,941	5.53	-16.15	81.44
6. Sardaleasing s.p.a.	242,246	55,746	252,746	56,907	-4.15	-2.04	76.99
7. BPER Factor s.p.a.	23,987	3,641	23,632	3,834	1.50	-5.03	84.82
8. Finitalia s.p.a.	4,586	1,273	4,497	1,235	1.98	3.08	72.24
Total of balance sheet	988,676	193,926	961,093	220,917	2.87	-12.22	80.39
Direct write-offs of bad loans	66,537	-	68,495	-	-2.86	n.s.	100.00
Adjusted total	1,055,213	193,926	1,029,588	220,917	2.49	-12.22	81.62
Bad loans (Total of balance sheet)/Loans to customers	1.08%	0.22%	1.03%	0.24%			

Net unlikely-to-pay loans total Euro 874.8 million (-8.41% compared with 31 December 2022), representing 0.98% of total net loans to customers (1.05% at 31 December 2022), while on a gross basis the ratio is 2.04% (2.00% at 31 December 2022).
The coverage of unlikely-to-pay loans has increased to 53.27%, compared with 48.98% at 31 December 2022.

(in thousands)

Unlikely to pay loans	31.03.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,606,039	741,622	1,629,038	830,228	-1.41	-10.67	53.82
2. BPER Bank Luxembourg s.a.	9,755	4,502	7,445	3,223	31.03	39.68	53.85
3. Bibanca s.p.a.	13,075	8,164	13,243	8,274	-1.27	-1.33	37.56
4. Banco di Sardegna s.p.a.	118,521	48,205	99,489	37,152	19.13	29.75	59.33
5. Banca Cesare Ponti s.p.a.	486	381	404	326	20.30	16.87	21.60
Total banks	1,747,876	802,874	1,749,619	879,203	-0.10	-8.68	54.07
6. Sardaleasing s.p.a.	108,079	60,394	100,363	58,951	7.69	2.45	44.12
7. BPER Factor s.p.a.	12,930	10,304	18,182	15,581	-28.89	-33.87	20.31
8. Finitalia s.p.a.	3,169	1,178	3,716	1,366	-14.72	-13.76	62.83
Total of balance sheet	1,872,054	874,750	1,871,880	955,101	0.01	-8.41	53.27
Unlikely to pay loans/Loans to customers	2.04%	0.98%	2.00%	1.05%			

The net amount of past due loans of Euro 112.0 million (+3.07% compared with 31 December 2022) represents 0.13% of total net loans to customers (0.12% at 31 December 2021), whereas, on a gross basis, the past due loans on total loans to customers ratio is 0.18% (0.17% at 31 December 2022). The coverage of past due loans is 30.59% (31.45% at 31 December 2022).

(in thousands)

Past due loans	31.03.2023		31.12.2022		% Gross change	% Net change	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	98,911	69,838	97,646	67,132	1.30	4.03	29.39
2. BPER Bank Luxembourg s.a.	1,830	1,291	1,665	1,179	9.91	9.50	29.45
3. Bibanca s.p.a.	31,724	19,316	29,478	17,806	7.62	8.48	39.11
4. Banco di Sardegna s.p.a.	16,985	12,430	17,578	12,985	-3.37	-4.27	26.82
5. Banca Cesare Ponti s.p.a.	60	57			n.s.	n.s.	5.00
Total banks	149,510	102,932	146,367	99,102	2.15	3.86	31.15
6. Sardaleasing s.p.a.	8,437	6,522	9,934	8,044	-15.07	-18.92	22.70
7. BPER Factor s.p.a.	1,596	1,503	660	621	141.82	142.03	5.83
8. Finitalia s.p.a.	1,777	1,014	1,511	870	17.60	16.55	42.94
Total of balance sheet	161,320	111,971	158,472	108,637	1.80	3.07	30.59
Past due loans/Loans to customers	0.18%	0.13%	0.17%	0.12%			

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

(in thousands)

Breakdown of loans to non-financial corporates	31.03.2023	%
A. Agriculture, forestry and fishing	1,032,132	1.15
B. Mining and quarrying	74,995	0.08
C. Manufacturing	13,397,997	15.00
D. Provision of electricity, gas, steam and air-conditioning	808,139	0.90
E. Provision of water, sewerage, waste management and rehabilitation	835,618	0.93
F. Construction	3,307,011	3.70
G. Wholesaling and retailing, car and motorcycle repairs	7,406,772	8.28
H. Transport and storage	1,399,127	1.57
I. Hotel and restaurants	1,954,059	2.19
J. Information and communication	981,776	1.10
K. Financial and insurance activities	218,355	0.24
L. Real estate	4,185,448	4.68
M. Professional, scientific and technical activities	1,837,970	2.07
N. Rentals, travel agencies, business support services	1,808,593	2.02
O. Public administration and defence, compulsory social security	29,353	0.03
P. Education	51,106	0.06
Q. Health and welfare	655,770	0.73
R. Arts, sport and entertainment	222,697	0.25
S. Other services	592,718	0.66
Total loans to non-financial corporates	**40,799,636**	**45.64**
Individuals and other not included above	40,917,596	45.76
Financial corporates	4,868,315	5.45
Insurance	45,400	0.05
Governments and other public entities	2,769,997	3.10
Total loans	**89,400,944**	**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	31.03.2023	31.12.2022	Change	% Change
Financial assets measured at fair value through profit or loss	1,477,415	1,451,978	25,437	1.75
- of which derivatives	*599,358*	*593,323*	*6,035*	*1.02*
Financial assets measured at fair value through other comprehensive income	7,646,253	7,962,910	(316,657)	-3.98
Debt securities measured at amortised cost	21,613,427	21,250,879	362,548	1.71
a) banks	6,788,487	6,596,865	191,622	2.90
b) customers	14,824,940	14,654,014	170,926	1.17
Total financial assets	**30,737,095**	**30,665,767**	**71,328**	**0.23**

Financial assets amount to Euro 30,737.1 million, including Euro 28,846.6 million of debt securities (93.85% of the total). Of these, Euro 15,168.0 million relates to sovereign States and Central Banks (in line compared to 31 December 2022, Euro 15,057.2 million) and Euro 9,483.8 million to Banks (in line compared to 31 December 2022, Euro 9,487.5 million). Equity instruments come to Euro 629.2 million (2.05% of total), inclusive of Euro 544.8 million of stable equity investments classified in the FVOCI portfolio, Euro 62.5 million in securities held for trading (FVTPL) and Euro 21.9 million in other equity instruments (SICAV and UCITS), mandatorily measured at FVTPL.
“Financial assets held for trading” include derivatives for an amount of Euro 599.4 million, slightly up from 31 December 2022 (+1.02%), 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	31.03.2023	31.12.2022	Change	% Change
1. BPER Banca s.p.a.	28,418,522	28,495,795	(77,273)	-0.27
2. BPER Bank Luxembourg s.a.	153,152	144,797	8,355	5.77
3. Bibanca s.p.a.	13,322	12,495	827	6.62
4. Banco di Sardegna s.p.a.	1,965,559	1,835,866	129,693	7.06
5. Banca Cesare Ponti s.p.a.	143,615	141,155	2,460	1.74
Total banks	**30,694,170**	**30,630,108**	**64,062**	**0.21**
Other companies and consolidation adjustments	42,925	35,659	7,266	20.38
Total	**30,737,095**	**30,665,767**	**71,328**	**0.23**

(in thousands)

Captions	31.03.2023	31.12.2022	Change	% Change
Equity investments	389,785	376,158	13,627	3.62
of which subsidiaries	*33,189*	*32,620*	*569*	*1.74*
of which associates	*356,596*	*343,538*	*13,058*	*3.80*

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.

Fixed assets

(in thousands)

Captions	31.03.2023	31.12.2022	Change	% Change
Intangible assets	559,551	563,502	(3,951)	-0.70
of which goodwill	*204,392*	*204,392*	-	-

“Intangible assets” include amounts of goodwill for a total of Euro 204.4 million, unchanged since 31 December 2022. The breakdown of "Goodwill" at 31 March 2023 is provided below:

(in thousands)

Goodwill	31.03.2023	31.12.2022
Banks/Other companies	204,392	204,392
- Banco di Sardegna s.p.a.	*27,606*	*27,606*
- BPER Factor s.p.a.	*6,768*	*6,768*
- Arca Holding s.p.a.	*170,018*	*170,018*
Total	204,392	204,392

In the first quarter of 2023, in compliance with IAS 36, the BPER Banca Group did not consider it necessary to conduct an impairment test, as no evidence of impairment losses on goodwill was identified from the assessments conducted.

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	31.03.2023	31.12.2022	Change	% Change
A. Loans to banks	**17,744,094**	**16,058,404**	**1,685,690**	**10.50**
- Loans	**2,348,510**	**2,885,583**	**(537,073)**	**-18.61**
1. Current accounts and deposits	102,259	234,376	(132,117)	-56.37
2. Repurchase agreements	298,720	358,702	(59,982)	-16.72
3. Compulsory reserve	1,066,544	1,347,747	(281,203)	-20.86
4. Other	880,987	944,758	(63,771)	-6.75
- Current accounts and demand deposits	**15,395,584**	**13,172,821**	**2,222,763**	**16.87**
1. with Central Banks	15,055,464	12,706,014	2,349,450	18.49
2. with Banks	340,120	466,807	(126,687)	-27.14
B. Due to banks	**22,329,839**	**22,000,489**	**329,350**	**1.50**
Total (A-B)	**(4,585,745)**	**(5,942,085)**	**1,356,340**	**-22.83**

The net interbank position as at 31 March 2023 improved by Euro 1,356.3 million compared to 31 December 2022. In a context of rising interest rates, as at 31 December 2022, the Group continued to focus on “overnight” deposits at Central Banks for Euro 15,055.5 million (+18.49% compared to 31 December 2022), rather than on investments in Compulsory reserve, which recorded a decrease of Euro 281.2 million compared to 31 December 2022 (-20.86%).

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

(in millions)

Refinancing transactions with the European Central Bank	Currency	Principal	Maturity
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	eur	9,700	28.06.2023
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		**15,080**	

As at 31 March 2023, the BPER Group has obtained Euro 15,080 million of TLTRO-III loans, which is 99.99% of its participation limit.
On 29 March 2023, the auction with value date 25 March 2020 came to maturity, for a nominal amount of Euro 800 million.

(in millions)

Counterbalancing Capacity	Guarantee value	Restricted portion	Available portion
Eligible securities and loans	35,926	20,446	15,480
- of which Securities and loans transferred to the Pooling Account	*22,939*	*15,148*	*7,791*

At 31 March 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 35,926 million (Euro 35,025 million at 31 December 2022). The unencumbered portion amounts to Euro 15,480 million (Euro 18,008 million at 31 December 2022).
As at 31 March 2023, the Central Treasury held significant resources in the Pooling Account, relating to securities eligible for refinancing with the European Central Bank, for an overall amount, net of margin calls, of Euro 22,939 million, of which Euro 15,148 million has been refinanced and Euro 7,791 million is still unencumbered (vs. Euro 24,161 million worth of securities eligible for refinancing in the Pooling Account, with Euro 15,583 million refinanced and Euro 8,578 million unencumbered, as at 31 December 2022).

Liabilities and shareholders' equity

(in thousands)

Liabilities and shareholders' equity	31.03.2023	31.12.2022	Change	% Change
Due to banks	22,329,839	22,000,489	329,350	1.50
Direct deposits	113,481,077	114,831,032	(1,349,955)	-1.18
a) Due to customers	104,959,275	107,414,943	(2,455,668)	-2.29
b) Debt securities issued	7,244,714	6,536,891	707,823	10.83
c) Financial liabilities measured at fair value	1,277,088	879,198	397,890	45.26
Financial liabilities held for trading	436,310	471,598	(35,288)	-7.48
Macro-hedge accounting	132,283	231,689	(99,406)	-42.90
a) Hedging derivatives	387,334	512,981	(125,647)	-24.49
b) Change in value of macro-hedged financial liabilities (+/-)	(255,051)	(281,292)	26,241	-9.33
Other liabilities	6,312,589	6,647,457	(334,868)	-5.04
Minority interests	188,074	180,356	7,718	4.28
Shareholders' equity pertaining to the Parent Company	8,259,030	7,940,173	318,857	4.02
a) Valuation reserves	86,088	60,681	25,407	41.87
b) Reserves	4,396,187	2,944,603	1,451,584	49.30
c) Equity instruments	150,000	150,000	-	-
d) Share premium reserve	1,237,200	1,237,276	(76)	-0.01
e) Share capital	2,104,316	2,104,316	-	-
f) Treasury shares	(5,436)	(5,678)	242	-4.26
g) Profit (Loss) for the period	290,675	1,448,975	(1,158,300)	-79.94
Total liabilities and shareholders' equity	**151,139,202**	**152,302,794**	**(1,163,592)**	**-0.76**

Deposits

(in thousands)

Captions	31.03.2023	31.12.2022	Change	% Change
Current accounts and demand deposits	97,128,427	102,489,461	(5,361,034)	-5.23
Time deposits	2,141,265	1,221,563	919,702	75.29
Repurchase agreements	2,148,783	-	2,148,783	n.s.
Lease liabilities	332,057	349,651	(17,594)	-5.03
Other short-term loans	3,208,743	3,354,268	(145,525)	-4.34
Bonds	6,975,941	6,307,775	668,166	10.59
- subscribed for by institutional customers	6,910,981	6,133,336	777,645	12.68
- subscribed for by ordinary customers	64,960	174,439	(109,479)	-62.76
Certificates	1,277,088	879,198	397,890	45.26
Certificates of deposit	268,773	229,116	39,657	17.31
Direct deposits from customers	**113,481,077**	**114,831,032**	**(1,349,955)**	**-1.18**
Indirect deposits (off-balance sheet figure)	**143,700,600**	**138,875,198**	**4,825,402**	**3.47**
- of which under management	62,110,183	60,597,120	1,513,063	2.50
- of which under administration	81,590,417	78,278,078	3,312,339	4.23
Customer funds under administration	**257,181,677**	**253,706,230**	**3,475,447**	**1.37**
Deposits from banks	22,329,839	22,000,489	329,350	1.50
Funds under administration or management	**279,511,516**	**275,706,719**	**3,804,797**	**1.38**

Direct deposits from customers of Euro 113,481.1 million have decreased by -1.18% since 31 December 2022.
As regards the different technical forms, the main one to record a negative balance change was current accounts and demand deposits for Euro -5,361.0 million (-5.23%), while term deposits recorded an increase of Euro 919.7 million (+75.29%), repurchase agreements rose by Euro 2,148.8 million (n.s. %) and bonds increased by Euro 668.2 million (+10.59%), the latter due to the new BPER bond issues to institutional customers in the first quarter of 2023, as well as certificates for Euro 397.9 million (+45.26%), due to new issues by the Parent Company BPER Banca in the first quarter of 2023.

Indirect customer deposits, marked to market, amount to Euro 143,700.6 million, up by Euro 4,825.4 million (+3.47%) 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 22,329.8 million) amount to Euro 279,511.5 million.

(in thousands)

Direct deposits	31.03.2023	31.12.2022	Change	% Change
1. BPER Banca s.p.a.	101,177,485	102,208,104	(1,030,619)	-1.01
2. BPER Bank Luxembourg s.a.	587,021	603,465	(16,444)	-2.72
3. Bibanca s.p.a.	251,833	262,666	(10,833)	-4.12
4. Banco di Sardegna s.p.a.	11,497,783	11,741,914	(244,131)	-2.08
5. Banca Cesare Ponti s.p.a.	255,495	289,381	(33,886)	-11.71
Total banks	**113,769,617**	**115,105,530**	**(1,335,913)**	**-1.16**
Other companies and consolidation adjustments	(288,540)	(274,498)	(14,042)	5.12
Total	**113,481,077**	**114,831,032**	**(1,349,955)**	**-1.18**

Direct funding includes subordinated liabilities:

(in thousands)

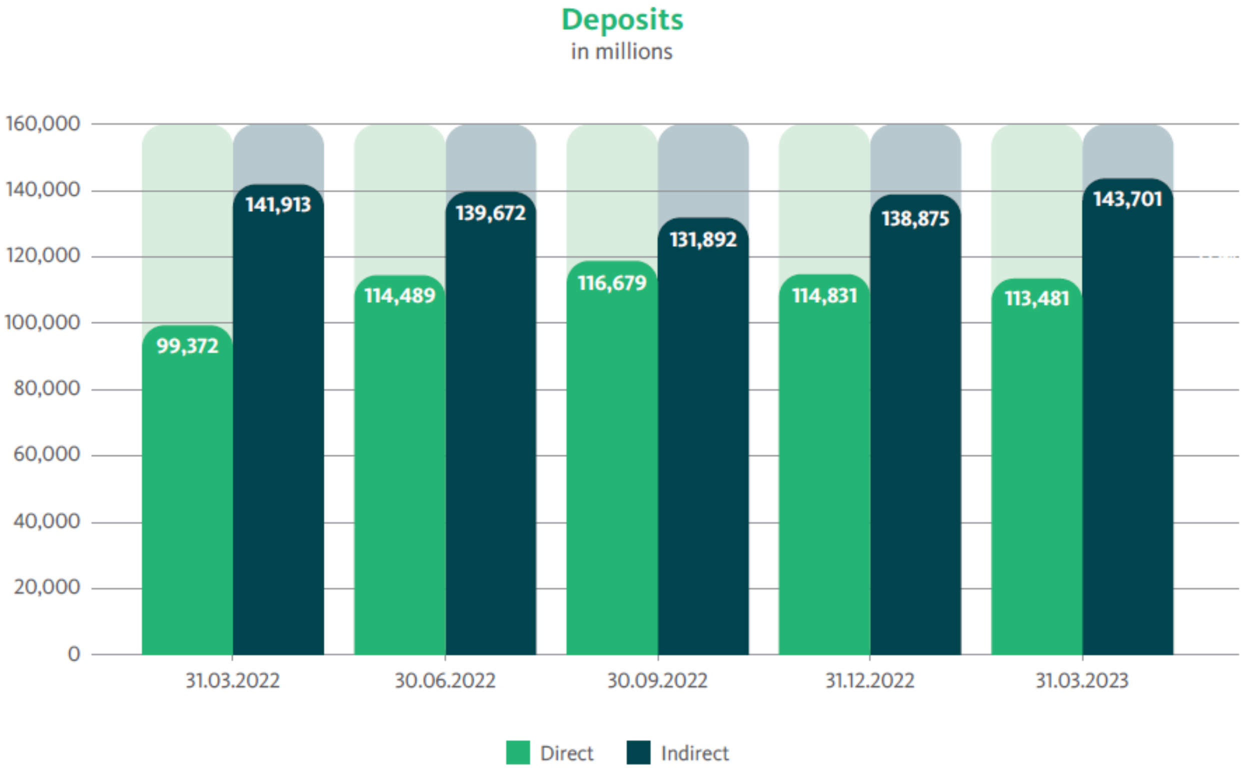
Captions	31.03.2023	31.12.2022	Change	% Change
Non-convertible subordinated liabilities	1,648,619	1,646,723	1,896	0.12
Total subordinated liabilities	**1,648,619**	**1,646,723**	**1,896**	**0.12**

Subordinated loans outstanding, with a book value of Euro 1,648.6 million, have remained stable compared with 31 December 2022. As was the case in December 2022, there are no convertible subordinated liabilities at 31 March 2023.

(in thousands)

Indirect deposits	31.03.2023	31.12.2022	Change	% Change
1. BPER Banca s.p.a.	124,281,885	120,395,078	3,886,807	3.23
2. BPER Bank Luxembourg s.a.	1,630,217	1,623,374	6,843	0.42
3. Banco di Sardegna s.p.a.	4,675,172	4,444,970	230,202	5.18
4. Banca Cesare Ponti s.p.a.	945,765	915,096	30,669	3.35
Total banks	**131,533,039**	**127,378,518**	**4,154,521**	**3.26**
5. Arca Fondi SGR s.p.a.	33,408,443	31,804,032	1,604,411	5.04
Other companies and consolidation adjustments	(21,240,882)	(20,307,352)	(933,530)	4.60
Total	**143,700,600**	**138,875,198**	**4,825,402**	**3.47**

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 1.99% since 31 December 2022, mainly due to the reduction of new life insurance policies.

(in thousands)

Bancassurance	31.03.2023	31.12.2022	Change	% Change
Insurance premiums portfolio	24,026,964	24,515,939	(488,975)	-1.99
- of which life business	*23,776,658*	*24,279,279*	*(502,621)*	*-2.07*
- of which non-life business	*250,306*	*236,660*	*13,646*	*5.77*

If life insurance premiums are added to indirect deposits, the total comes to Euro 85,886.8 million, which accounts for 51.28% of the overall total of indirect deposits (assets under administration and assets under management) and life insurance premiums (Euro 167,477.3 million).

Shareholders' equity

(in thousands)

Captions	31.03.2023	31.12.2022	Change	% Change
Shareholders' equity pertaining to the Parent Company	8,259,030	7,940,173	318,857	4.02
- of which profit (loss) for the period	*290,675*	*1,448,975*	*(1,158,300)*	*-79.94*
- of which shareholders' equity excluding profit (loss) for the period	*7,968,355*	*6,491,198*	*1,477,157*	*22.76*

(in thousands)

Captions	31.03.2023	31.12.2022	Change	% Change
Minority interests	188,074	180,356	7,718	4.28
- of which profit (loss) for the period pertaining to minority interests	*8,667*	*24,905*	*(16,238)*	*-65.20*
- of which shareholders' equity pertaining to minority interests excluding their share of profit (loss) for the period	*179,407*	*155,451*	*23,956*	*15.41*

(in thousands)

Shareholders' equity	31.03.2023	31.12.2022	Change	% Change
1. BPER Banca s.p.a.	7,530,033	6,214,593	1,315,440	21.17
2. BPER Bank Luxembourg s.a.	64,025	60,776	3,249	5.35
3. Bibanca s.p.a.	327,206	297,895	29,311	9.84
4. Banco di Sardegna s.p.a.	965,357	885,863	79,494	8.97
5. Banca Cesare Ponti s.p.a.	30,694	26,137	4,557	17.44
Total banks	8,917,315	7,485,264	1,432,051	19.13
Other companies and consolidation adjustments	(769,553)	(838,615)	69,062	-8.24
Total	8,147,762	6,646,649	1,501,113	22.58
Profit (Loss) for the period pertaining to the Parent Company	290,675	1,448,975	(1,158,300)	-79.94
Profit (loss) for the period pertaining to minority interests	8,667	24,905	(16,238)	-65.20
Total shareholders' equity	8,447,104	8,120,529	326,575	4.02

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 559.6 million) amount to Euro 7,887.6 million.

4.2 Own funds and capital ratios

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

As at 31 March 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 scope of the models[22] includes BPER Banca, Banco di Sardegna and Bibanca. The update of the plan for the extension of these models (roll-out), approved by the Board of Directors of the Parent Company on 7 July 2022 and subsequently transmitted to the ECB, includes Banca Carige (merged into BPER Banca on 28 November 2022) and its subsidiaries. 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

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

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 0.016% at 31 March 2023, raising the overall minimum to 8.48%.
With respect to said limit, the amount of available equity (Fully Phased CET1) as at 31 March 2023 is quantified at Euro 2,599 million (roughly 486 *bps* of CET1).

With regard to the above, the amount calculated for CET1 as at 31 March 2023 includes that portion of the profit for the period allocable to equity, Euro 219.9 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).

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

(in thousands)

	31.03.2023 Fully Phased	31.12.2022 Fully Phased	Change	% Change
Common Equity Tier 1 capital- CET1	7,138,834	6,379,995	758,839	11.89
Additional Tier 1 capital - AT1	150,402	150,435	(33)	-0.02
Tier 1 capital - Tier 1	**7,289,236**	**6,530,430**	**758,806**	**11.62**
Tier 2 capital - Tier 2 - T2	1,781,520	1,761,978	19,542	1.11
Total Own Funds	**9,070,756**	**8,292,408**	**778,348**	**9.39**
Total Risk-weighted assets (RWA)	**53,518,498**	**52,989,278**	**529,220**	**1.00**
CET1 Ratio (CET1/RWA)	13.34%	12.04%	+130 bps	
Tier 1 Ratio (Tier 1/RWA)	13.62%	12.32%	+130 bps.	
Total Capital Ratio (Total Own Funds/RWA)	16.95%	15.65%	+130 bps	
RWA/Total assets	35.41%	34.79%	+62 bps	

The capital ratios are as follows:
- Common Equity Tier 1 Ratio (Fully Phased) of 13.34% (12.04% as at 31 December 2022);
- Tier 1 Ratio (Fully Phased) of 13.62% (12.32% as at 31 December 2022);
- Total Capital Ratio (Fully Phased) of 16.95% (15.65% as at 31 December 2022).

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

4.3 Reconciliation of consolidated net profit/shareholders' equity

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

(in thousands)

Reconciliation of consolidated net profit (loss) for the period	31.03.2023
BPER Banca s.p.a.	181,656
Other Group companies:	80,654
Banco di Sardegna s.p.a.	*41,042*
Bibanca s.p.a.	*12,922*
BPER Bank Luxembourg s.a.	*1,772*
Banca Cesare Ponti s.p.a.	*250*
Arca Holding s.p.a. (consolidated figure)	*10,858*
Sardaleasing s.p.a.	*3,536*
BPER Factor s.p.a.	*3,705*
Finitalia s.p.a.	*5,242*
Optima s.p.a. SIM	*2,033*
BPER Real Estate s.p.a.	*380*
Carige REOCO s.p.a.	*(1,246)*
Modena Terminal s.r.l.	*160*
Total net profit (loss) of the Group	262,310
Consolidation adjustments	28,365
Consolidated profit (loss) for the period	290,675

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

Reconciliation of the shareholders' equity and result 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	181,656	7,711,688
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:	97,473	480,625
- consolidation adjustments	*18,280*	-
- derecognition of intercompany profits and losses	*(1,461)*	-
- share of the results of companies consolidated on a line-by-line basis after tax effect	*80,654*	-
DIFFERENCE between the interest in shareholders' equity (including results for the period) and the book value of companies consolidated under the equity method	11,546	66,717
Profit (Loss) for the period and shareholders' equity pertaining to the Parent Company as at 31.03.2023	290,675	8,259,030
Profit (Loss) for the period and shareholders' equity pertaining to Minority interests	8,667	188,074
Consolidated Profit (Loss) for the period and shareholders' equity as at 31.03.2023	299,342	8,447,104
Consolidated Profit (Loss) for the period as at 31.03.2022	118,730	
Consolidated shareholders' equity as at 31.12.2022		8,120,529

4.4 Income statement aggregates

Summary data from the consolidated income statement at 31 March 2023 is presented below in thousands of Euro, appropriately compared with the amounts at 31 March 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 previous 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 item 110 *"Net income on other financial assets and liabilities measured at fair value through profit or loss"* of the accounting statement (Euro 9.1 million as at 31 March 2023 and Euro 9.5 million as at 31 March 2022);
- *"Net income from financial activities"* includes items 80, 90, 100 and 110 in the accounting statement, net of the Certificates placement fees under the item above;
- indirect tax recoveries, allocated for accounting purposes to caption 230 *"Other operating expense/income",* have been reclassified as a reduction in the related costs under "Other administrative expenses" (Euro 67.4 million at 31 March 2023 and Euro 58.9 million at 31 March 2022);
- *"Net adjustments to property, plant, equipment and intangible assets"* include captions 210 and 220 in the standard reporting format;
- "*Gains (Losses) on investments*" include captions 250, 260, 270 and 280 of the accounting schedule;
- "*Contributions to the SRF, DGS and IDPF-VS funds*" have been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to leave the "Other administrative expenses" as a better reflection of the trend in the Group's operating costs. In particular, at 31 March 2023, this caption represents the component allocated to administrative expenses in relation to the 2023 estimate of ordinary contribution to the SRF (European Single Resolution Fund) for Euro 69.5 million.

Consolidated reclassified income statement

(in thousands)

Captions		31.03.2023	31.03.2022	Change	% Change
10+20	Net interest income	725,989	376,429	349,560	92.86
40+50	Net commission income	506,098	450,559	55,539	12.33
70	Dividends	2,223	286	1,937	677.27
80+90 +100+110	Net income from financial activities	50,882	58,939	(8,057)	-13.67
230	Other operating expense/income	33,220	(2,470)	35,690	--
	Operating income	**1,318,412**	**883,743**	**434,669**	**49.19**
190 a)	Staff costs	(423,227)	(352,154)	(71,073)	20.18
190 b)	Other administrative expenses	(195,402)	(160,690)	(34,712)	21.60
210+220	Net adjustments to property, plant and equipment and intangible assets	(57,161)	(45,584)	(11,577)	25.40
	Operating costs	**(675,790)**	**(558,428)**	**(117,362)**	**21.02**
	Net operating income	**642,622**	**325,315**	**317,307**	**97.54**
130 a)	Net impairment losses to financial assets at amortised cost	(142,411)	(111,925)	(30,486)	27.24
	- loans to customers	*(141,199)*	*(96,109)*	*(45,090)*	*46.92*
	- other financial assets	*(1,212)*	*(15,816)*	*14,604*	*-92.34*
130 b)	Net impairment losses to financial assets at fair value	(31)	(16)	(15)	93.75
140	Gains (Losses) from contractual modifications without derecognition	1,905	(1,225)	3,130	-255.51
	Net impairment losses for credit risk	**(140,537)**	**(113,166)**	**(27,371)**	**24.19**
200	Net provisions for risks and charges	(57,088)	(12,200)	(44,888)	367.93
###	Contributions to SRF, DGS, IDPF - VS	(69,530)	(45,666)	(23,864)	52.26
250+260+270 +280	Gains (Losses) on investments	12,124	4,026	8,098	201.14
290	**Profit (Loss) from current operations before tax**	**387,591**	**158,309**	**229,282**	**144.83**
300	Income taxes on current operations for the period	(88,249)	(39,579)	(48,670)	122.97
330	**Profit (Loss) for the period**	**299,342**	**118,730**	**180,612**	**152.12**
340	Profit (Loss) for the period pertaining to minority interests	(8,667)	(6,058)	(2,609)	43.07
350	**Profit (Loss) for the period pertaining to the Parent Company**	**290,675**	**112,672**	**178,003**	**157.98**

Consolidated reclassified income statement by quarter

(in thousands)

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

Net interest income

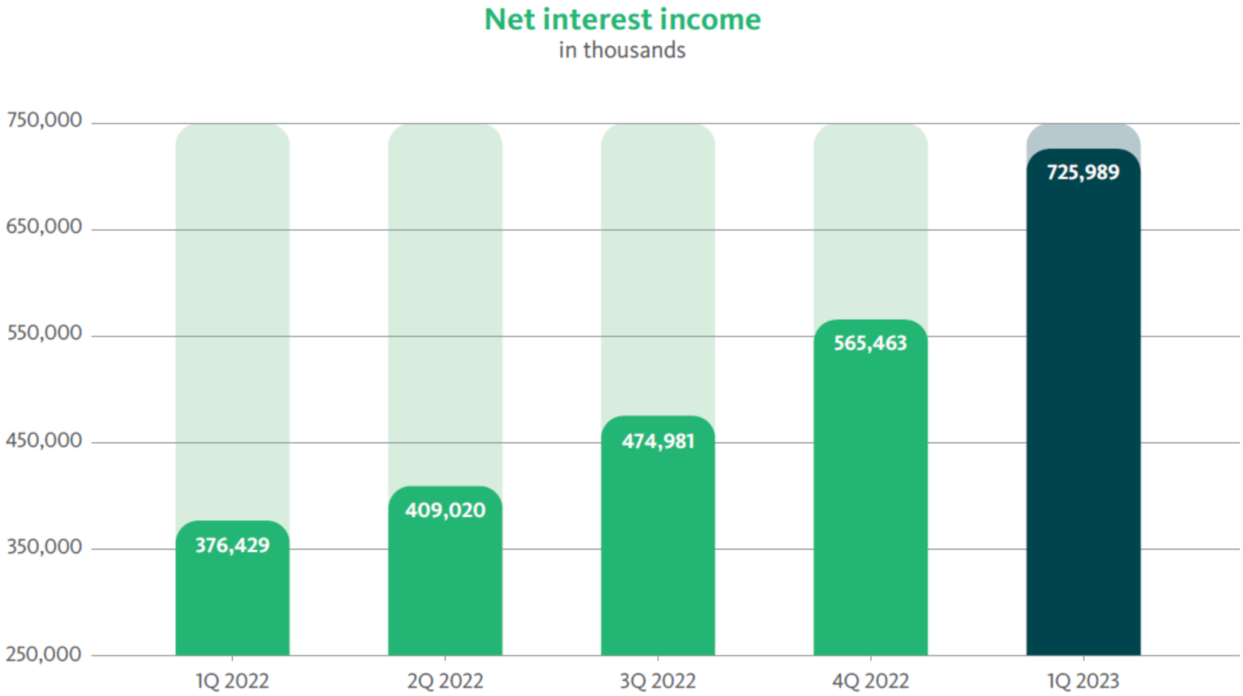
"Net interest income" amounted to Euro 726.0 million, an increase with respect to the comparative figure (Euro 376.4 million as at 31 March 2022); the positive change was impacted not only by the increased size of the Group, but also by the rise in market interest rates which led to an increase in both the commercial spread on the loan portfolio and the average yield of 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 24.7 million.
In addition to recalling the dynamics of loans and interest-bearing deposits, highlighted in paragraph 4.1 "Balance sheet aggregates", an indication of the trend in average lending/funding rates is given below for a better understanding of the trend of net interest income:

- the average interest rate for the period, based on the rates of Group loans to customers was 3.62% (vs. 1.91% in the first three months of last year);
- the average rate of return of the securities portfolio stands at 2.07% (0.34% at 31 March 2022);
- the average cost of direct deposits from customers was 0.61% (0.17% in the first three months of the previous year);
- total interest-bearing liabilities entailed a cost of 0.96% (the average rate was basically nil at 31 March 2022, as it benefited from deposits at negative interbank rates);
- the spread between lending and deposit rates of Group relationships with customers came to 3.00% (1.74% at 31 March 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 2.17% (it was 1.21% at 31 March 2022).

(in thousands)

Net interest income	31.03.2023	31.03.2022	Change	% Change
1. BPER Banca s.p.a.	584,799	288,928	295,871	102.40
2. BPER Bank Luxembourg s.a.	2,908	832	2,076	249.52
3. Bibanca s.p.a.	25,167	19,036	6,131	32.21
4. Banco di Sardegna s.p.a.	71,880	41,630	30,250	72.66
5. Banca Cesare Ponti s.p.a.	1,891	-	1,891	n.s.
Total banks	686,645	350,426	336,219	95.95
Other companies and consolidation adjustments	39,344	26,003	13,341	51.31
Total	725,989	376,429	349,560	92.86

Compared with the quarterly trend in net interest income, as shown in the following graph, the growth of the last quarter is mainly due to the growth of interest rates. The increase in the spread on commercial relations highlighted an improvement in Net Interest Income from customers of Euro 62.4 million, the owned securities portfolio recorded a greater contribution to Net Interest Income of Euro 64.8 million, the management of liquidity from and to the ECB showed a greater contribution of Euro 35.9 million.



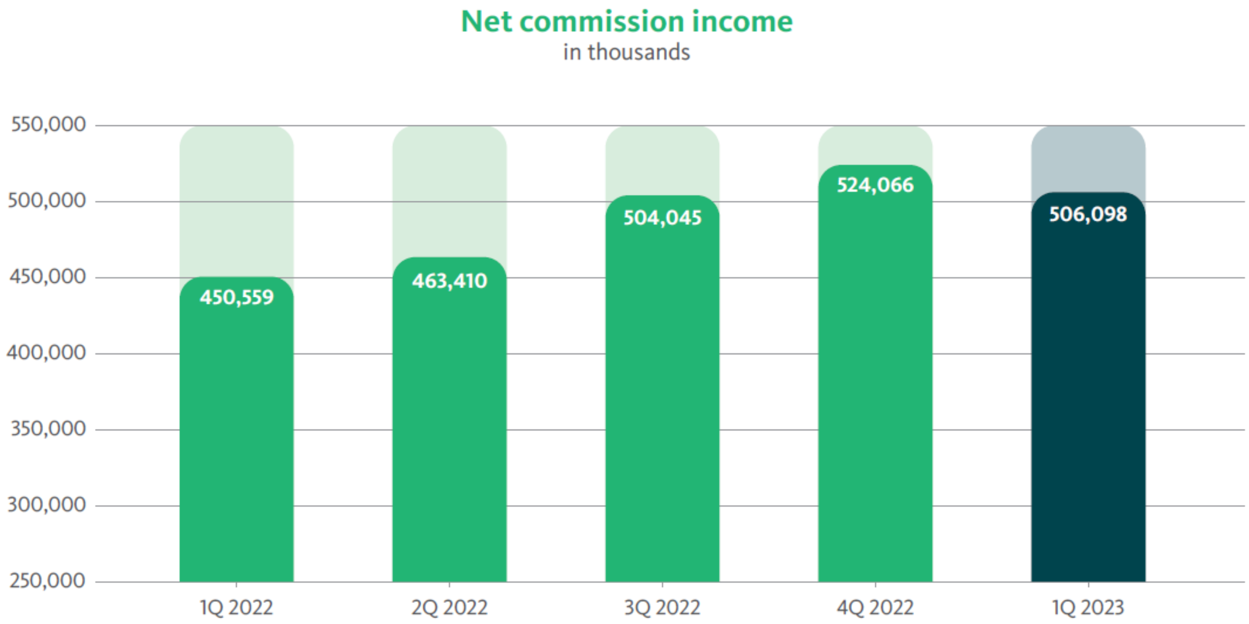
Net commission income

"Net commission income", amounting to Euro 506.1 million, was higher (+12.33%) than at 31 March 2022.

(in thousands)

Net commission income	31.03.2023	31.03.2022	Change	% Change
Trading in currency/financial instruments	3,460	2,739	721	26.32
Indirect deposits and insurance policies	213,700	197,643	16,057	8.12
Collection and payment services	176,546	147,504	29,042	19.69
Loans and guarantees	86,773	72,694	14,079	19.37
Other commissions	25,619	29,979	(4,360)	-14.54
Total net commission income	506,098	450,559	55,539	12.33

In the quarterly trend in net fee and commission income represented in the graph, the results of the final quarter were influenced by the lower commission contribution from the merchant acquiring business, outsourced at the end of 2022, while commissions on assets under management and bancassurance were broadly stable.



Net income from financial activities

Net income from financial activities (including dividends of Euro 2.2 million) amounted to a positive Euro 53.1 million (Euro 59.2 million as at 31 March 2022).
The result was brought about in particular by:

- net profit on disposal or trading of financial assets for an amount of Euro 31.1 million;
- net profit from disposal of loans for an amount of Euro 0.2 million;
- net capital gains on financial assets for an amount of Euro 14.6 million;
- other positive elements for Euro 5.0 million.

(in thousands)

Net income from financial activities (including dividends)	31.03.2023	31.03.2022	Change	% Change
Dividends	2,223	286	1,937	677.27
Gain from disposal of financial assets and loans	31,324	50,632	(19,308)	-38.13
Capital gains on financial assets and liabilities	55,692	35,167	20,525	58.36
Capital losses on financial assets and liabilities	(41,121)	(31,195)	(9,926)	31.82
Other revenues (losses)	4,987	4,335	652	15.04
Total	53,105	59,225	(6,120)	-10.33

Other operating expense/income

The item Other operating expense/income, amounting to Euro 33.2 million (a negative Euro 2.5 million as at 31 March 2022) includes, in terms of the main components:

- reversals of provisions for risks and charges allocated in the 2022 financial statements, with respect to the definition of the agreement for the early termination of former Carige service contracts, which took place in the quarter, for an amount of Euro 15.1 million;
- the positive price adjustment with respect to the transfer of the equity investment in Numera s.p.a., for Euro 1.5 million;
- reversals of provisions for risks and charges allocated in the 2022 financial statements, in relation to the settlement of lawsuits against the bank, for a total of Euro 9.6 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.

Operating income amounted to Euro 1,318.4 million (+49.19% compared to the same period in the previous year).

Operating costs

Operating costs amounted to Euro 675.8 million, up 21.02% on the first three months of 2022, mainly due to the Group's increase in size.
The main components of operating costs are reported below.

"*Staff costs*" totalled Euro 423.2 million, up from the same period in the previous year (+20.18%).
"*Other administrative expenses*", shown net of indirect taxes recovered (Euro 67.4 million) and of the contributions paid to the Resolution funds (Euro 69.5 million), amounted to Euro 195.4 million, up 21.60% compared with the same period of the previous year.
"*Net adjustments to property, plant, equipment and intangible assets*" amounted to Euro 57.2 million (Euro 45.6 million in the first three months of 2022). Amortisations of assets owned amounted to Euro 36.1 million (Euro 28.9 million as at 31 March 2022). The depreciation of rights of use related to leased assets amounted to Euro 20.1 million (Euro 16.7 million at 31 March 2022), while adjustments due to early termination of contracts totalled Euro 1.0 million.

(in thousands)

Operating costs	31.03.2023	31.03.2022	Change	% Change
1. BPER Banca s.p.a.	586,478	469,919	116,559	24.80
2. BPER Bank Luxembourg s.a.	1,502	1,246	256	20.55
3. Bibanca s.p.a.	14,032	14,841	(809)	-5.45
4. Banco di Sardegna s.p.a.	59,655	65,092	(5,437)	-8.35
5. Banca Cesare Ponti s.p.a.	1,852	-	1,852	n.s.
Total banks	663,519	551,098	112,421	20.40
Other companies and consolidation adjustments	12,271	7,330	4,941	67.41
Total	675,790	558,428	117,362	21.02

Net operating income therefore amounts to Euro 646.2 million (Euro 325.3 million at 31 March 2022).

Net impairment losses for credit risk

"Net impairment losses for credit risk" amounted to Euro 140.5 million (Euro 113.2 million in the first three months of 2022), relating primarily to net impairment losses on financial assets measured at amortised cost, equal to Euro 142.4 million (Euro 111.9 million as at 31 March 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	31.03.2023	31.03.2022	Change	% Change
1. BPER Banca s.p.a.	119,276	87,142	32,134	36.88
2. BPER Bank Luxembourg s.a.	895	196	699	356.63
3. Bibanca s.p.a.	1,081	3,274	(2,193)	-66.98
4. Banco di Sardegna s.p.a.	14,756	3,350	11,406	340.48
5. Banca Cesare Ponti s.p.a.	170	-	170	n.s.
Total banks	136,178	93,962	42,216	44.93
Other companies and consolidation adjustments	5,021	2,147	2,874	133.86
Total	141,199	96,109	45,090	46.92

The overall cost of credit at 31 March 2023, calculated only on loans to customers, amounted to 16 bps, the equivalent of 63 bps on an annualised basis; the cost of credit at 31 March 2022 was 12 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 57.1 million (Euro 12.2 million at 31 March 2022). Net impairment adjustments on guarantees and commitments come to Euro 2.6 million, whereas "Other provisions for risks and charges" amount to Euro 54.5 million and mainly refer to:

- ordinary allocations for disputes of Euro 22.2 million, relating in particular to compound interest/usury and bankruptcy clawbacks;
- the allocation of Euro 6.6 million, estimated with respect to operational/compliance risk connected with the tax credits acquired by customers in the quarter;
- allocations of Euro 21.1 million for expenses to be paid to third parties for the early closure of distribution agreements.

Contributions to SRF, DGS, IDPF - VS

At 31 March 2023, costs of Euro 69.5 million were recognised (Euro 45.7 million at 31 March 2022) as an estimate of the ordinary contribution to the SRF (Single Resolution Fund).

Gains (Losses) on investments

The item presents a positive result of Euro 12.1 million (Euro 4.0 million as at 31 March 2022), deriving mainly from the positive result of the companies measured at equity for Euro 11.5 million.

Net profit

"Profit from current operations before tax" amounted to Euro 387.6 million (Euro 158.3 million at 31 March 2022).
"Income taxes for the period", amounting to Euro 88.2 million, were quantified on the basis of the tax rate for the year 2023.
Net profit after tax amounted to Euro 299.3 million (Euro 118.7 million at 31 March 2022). The profit pertaining to minority interests totalled Euro 8.7 million (Euro 6.1 million at 31 March 2022). The profit pertaining to the Parent Company amounted to Euro 290.7 million (Euro 112.7 million at 31 March 2022).

(in thousands)

Net profit	31.03.2023	31.03.2022	Change	% Change
1. BPER Banca s.p.a.	181,656	77,157	104,499	135.44
2. BPER Bank Luxembourg s.a.	1,772	546	1,226	224.54
3. Bibanca s.p.a.	13,054	5,533	7,521	135.93
4. Banco di Sardegna s.p.a.	41,306	17,490	23,816	136.17
5. Banca Cesare Ponti s.p.a.	250	-	250	n.s.
Total banks	**238,038**	**100,726**	**137,312**	**136.32**
Other companies and consolidation adjustments	52,637	11,946	40,691	340.62
Total	**290,675**	**112,672**	**178,003**	**157.98**

4.5 Employees

Employees	31.03.2023	31.12.2022	Change
1. BPER Banca s.p.a.	17,929	18,302	(373)
2. BPER Bank Luxembourg s.a.	28	28	-
3. Bibanca s.p.a.	214	199	15
4. Banco di Sardegna s.p.a.	1,956	2,071	(115)
5. Banca Cesare Ponti s.p.a.	32	32	-
Total banks	**20,159**	**20,632**	**(473)**
Subsidiaries consolidated line-by-line	398	427	(29)
Total of balance sheet	**20,557**	**21,059**	**(502)**

Figures refer to the point-in-time number of employees at 31 March 2023.
The Group's headcount at 31 March 2023 includes 336 employees seconded with Group companies (496 at 31 December 2022).

4.6 Geographical organisation

Branches	31.03.2023	31.12.2022	Change
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)**

5. Other information

5.1 Treasury shares

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 latest available financial statements (annual report) at the time of purchase.

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

In the first three months of the year, treasury shares were also granted free of charge to employees, in line with the provisions of the Remuneration Policies.

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 5,436 thousand, of which Euro 5,430 thousand relates to BPER Banca shares held by the Parent Company.

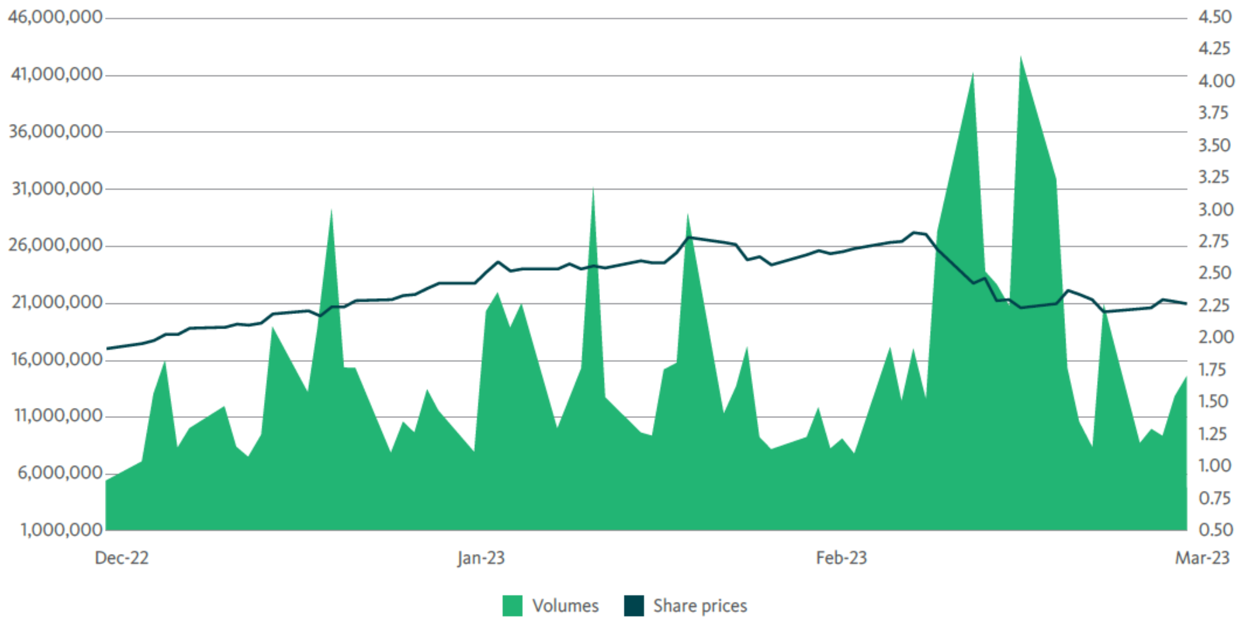
Shares of BPER Banca s.p.a.	Number of shares	Total par value
Total as at 31.03.2023	1,641,506	5,430,323
Total as at 31.12.2022	1,714,504	5,671,809

There are also 62,232 shares relating to -and held by- Bibanca s.p.a., for a total of Euro 6 thousand.

5.2 Share price performance

The effects of the external elements that characterised 2022, especially the second half (geopolitical tensions, the Ukrainian crisis and economic downturn) were also visible in the first quarter of 2023, especially on the bond market. These were augmented by the uncertainty surrounding the trajectory of the monetary policies adopted by the main global central banks to counteract the impacts of inflation on the economy, with the market waiting to see if said measures are too severe or whether there is still room for further interest rate hikes.
Two particularly significant events which concerned the financial sector contributed to the instability of the financial markets: the first was the crisis of certain regional US banks like SVB (Silicon Valley Bank) and Signature Bank which, on the back of a drastic slump in deposits combined with latent losses on the bond portfolio, forced the Federal Reserve to intervene, while the second, clearly more relevant at European level, was the Credit Suisse crisis; the Swiss giant was plunged into a crisis of market confidence following the refusal of the largest shareholder to participate in a new share capital increase and the massive outflow of deposits (more than 200 billion Swiss francs in the last six months), forcing the SNB to rapidly seek a solution, which came in the form of UBS' offer (with subordinated securities issued by Credit Suisse being written down to zero).
In particular, since the start of the year in the United States, the US S&P500 index has risen by 7.0%, while in Europe the Euro Stoxx 50 and the Italian FTSE MIB index closed the year with positive performances of respectively 13.7% and 14.4%. As regards the Italian financial sector, despite the volatility caused by the banking crises that occurred in the United States and Switzerland, the reference index for the sector (FTSE Italia All-Share Banks Index) recorded a highly positive performance of 15.4%.
In said context, the price of the BPER Banca share followed the trend of the above benchmark index, rising from Euro 1.9185 as at 30 December 2022 to Euro 2.273 as at 31 March 2023 (+18.5% 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 15.1 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



5.3 Rating as at 31 March 2023

Fitch Ratings

During the first quarter of 2023, there were no changes to the ratings of the BPER Group by the Agency Fitch Ratings.

On 5 April 2023, Fitch Ratings concluded its annual review, raising 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	Short Term	Long Term	Outlook	Viability Rating	Support rating	Support rating floor	Subordinated debt	Senior Non-Preferred debt
Fitch Ratings	05.09.2022	B	BB+	Positive	bb+	5	No floor	BB-	BB

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).
Support rating: Opinion on the probability of any extraordinary external intervention (by the State or major shareholders) if the bank finds it difficult to honour its senior obligations (1: high probability of external support - 5: one cannot rely on any support (as in the case of European banks under the BRRD resolution regime).
Support rating floor: This rating is an accessory piece of information, closely related to the Support Rating, as it identifies, the minimum level for each level of Support Rating that the Issuer Default Rating could reach in the case of negative events (No Floor for European Banks under the BRRD resolution scheme).
Subordinated debt: Opinion on the issuer's ability to honour subordinated debt. Fitch adds "+" or "-" to report the related position with respect to the category.
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 quarter 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 EUR 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)[23] Ba1” in line with the Bank’s senior debt rating.

[23] Provisional 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: it indicates the possible future evolution of the rating that 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.

DBRS Morningstar

During the first quarter of 2023, there were no changes to the ratings of the BPER Group by the Agency DBRS Morningstar.

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	06.09.2022	BBB	R-2 (high)	BBB	R-2 (high)	BBB (high)	R-1 (low)	BBB (low)	BB+

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.

5.4 Disclosure of exposures to sovereign debt held by listed companies

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

Debt securities

Issuer	Rating	Cat	Nominal value	Book value	Fair Value	OCI Reserves	%
Governments (*):			**15,478,810**	**14,777,895**	**13,962,341**	**(50,413)**	**97.43%**
Italy	BBB		**10,453,526**	**10,287,490**	**9,757,590**	**(40,795)**	**67.82%**
		FVTPLT	7,342	7,018	7,018	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	2,315,684	2,322,026	2,322,026	(40,795)	
		AC	8,130,500	7,958,446	7,428,546	#	
Spain	A-		**1,667,900**	**1,541,443**	**1,480,003**	(1,583)	**10.16%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	11,000	9,436	9,436	(1,583)	
		AC	1,656,900	1,532,007	1,470,567	#	
U.S.A.	AAA		**890,000**	**803,672**	**672,495**	-	**5.30%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	890,000	803,672	672,495	#	
Germany	AAA		**955,102**	**890,808**	**807,570**	**(2,727)**	**5.87%**
		FVTPLT	602	603	603	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	20,000	16,442	16,442	(2,727)	
		AC	934,500	873,763	790,525	#	
European Stability	AA		**333,500**	**301,129**	**293,597**	**(154)**	**1.99%**
Fund		FVTPLT	-	-		#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	105,000	90,581	90,581	(154)	
		AC	228,500	210,548	203,016	#	

(continued)

Issuer	Rating	Cat	Nominal value	Book value	Fair Value	OCI Reserves	%
Belgium	AA-		**226,400**	**192,332**	**190,513**	**-**	**1.27%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	226,400	192,332	190,513	#	
Other	-		**952,382**	**761,021**	**760,573**	**(5,154)**	**5.02%**
		FVTPLT	2,682	2,391	2,391	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	54,000	47,785	47,785	(5,154)	
		AC	895,700	710,845	710,397	#	
Other public entities:			**442,190**	**390,140**	**375,030**	**(4,070)**	**2.57%**
Italy	-		**20,766**	**19,328**	**19,125**	**(61)**	**0.13%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	6,000	6,028	6,028	(61)	
		AC	14,766	13,300	13,097	#	
France	-		**362,400**	**315,312**	**300,405**	**(3,893)**	**2.08%**
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	83,000	72,265	72,265	(3,893)	
		AC	279,400	243,047	228,140	#	
Other	-		**59,024**	**55,500**	**55,500**	**(116)**	**0.37%**
		FVTPLT	24	10	10	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	59,000	55,490	55,490	(116)	
		AC	-	-	-	#	
Total as at 31.03.2023			**15,921,000**	**15,168,035**	**14,337,371**	**(54,483)**	**100.00%**

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

Loans

Issuer	*Rating*	Cat	Nominal value	Book value	*Fair value*	OCI Reserves	%
Governments (*):			2,006,532	2,006,532	2,005,805	-	72.44%
Italy	BBB+		2,006,532	2,006,532	2,005,805	-	72.44%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	2,006,532	2,006,532	2,005,805	#	
Other public entities:			763,465	763,465	789,268	-	27.56%
Italy	-		762,037	762,037	787,840	-	27.51%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	762,037	762,037	787,840	#	
Algeria	-		1,428	1,428	1,428	-	0.05%
		FVTPLT	-	-	-	#	
		FVO	-	-	-	#	
		FVTPLM	-	-	-	#	
		FVOCI	-	-	-	-	
		AC	1,428	1,428	1,428	#	
Total loans as at 31.03.2023			2,769,997	2,769,997	2,795,073	-	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 31 March 2023.

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

	on demand	until 1 year	1 to 5 years	over 5 years	Total
Debt securities	-	826,716	5,965,314	8,376,005	15,168,035
Loans	268,894	112,141	84,634	2,304,328	2,769,997
Total	268,894	938,857	6,049,948	10,680,333	17,938,032

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.

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

As at 31 March 2023, while waiting to receive the contribution request for 2023 from the authorities, the BPER Banca Group recorded charges of Euro 69.5 million (Euro 45.7 million in 2022), as the estimated ordinary contribution to the Single Resolution Fund – SRF.

5.6 Inspections and audits

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

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

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 final letter on the results of the inspection had not yet been received as at the date of this Report.

Inspection (2023)

As of 20 March 2023, BPER Banca is subject to an on-site inspection regarding the business model and profitability, with the objective of reviewing the corporate strategy process.

Bank of Italy - BoI

Sardaleasing – Inspection (2022)

From 27 September 2022 to December 2022, Sardaleasing has been 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 FIU. 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 must be sent

detailing the measures already adopted, or to be adopted, and the relevant implementation time schedule.

CSSF - Commission de Surveillance du Secteur Financier

Inspection (2022)
Since 2 May 2022, BPER Bank Luxembourg has been 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, but there could be further requests for deep dives including in light of the additional anti-money laundering inspection.

Since 30 November 2022, BPER Lux has been the subject of an on-site anti-money laundering inspection by the Commission de Surveillance du Secteur Financier (CSSF).

5.7 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.

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.

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; 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.

5.8 Corporate events subsequent to 31 March 2023 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 of 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 S.p.A. 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.

6. Outlook for operations

6.1 Outlook for operations

Economic activity in the euro area started to grow again, although slightly, at the start of the year, despite a first slowdown in loans to businesses. The most recent economic indicators show that gross domestic product has improved, albeit weakly. With reference to the Italian economic situation, the end of last year saw the economic expansion phase come to a halt, mainly due to the contraction in household spending. The last quarter of 2022 was characterised by a slightly declining GDP (-0.4%). According to the Bank of Italy's models, economic activity increased slightly in Italy against a backdrop of persistently high inflation in the first quarter of 2023, thanks in particular to the drop in energy prices and the normalization of supply conditions along the value chains.
In this scenario, the Bank's profitability will continue to be underpinned in particular 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 still benefit from interest rate trends.

Modena, 9 May 2023

The Board of Directors
The Chair
Flavia Mazzarella

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Consolidated financial statements

Contents

Consolidated balance sheet as at 31 March 2023

(in thousands)

	Assets	31.03.2023	31.12.2022
10.	Cash and cash equivalents	16,108,463	13,997,441
20.	Financial assets measured at fair value through profit or loss	1,631,287	1,584,767
	a) financial assets held for trading	715,914	707,498
	b) financial assets designated at fair value	2,391	2,381
	c) other financial assets mandatorily measured at fair value	912,982	874,888
30.	Financial assets measured at fair value through other comprehensive income	7,646,253	7,962,910
40.	Financial assets measured at amortised cost	113,362,881	115,311,297
	a) loans to banks	9,136,997	9,482,448
	b) loans to customers	104,225,884	105,828,849
50.	Hedging derivatives	1,688,263	1,808,515
70.	Equity investments	389,785	376,158
90.	Property, plant and equipment	2,504,243	2,546,295
100.	Intangible assets	559,551	563,502
	of which:		
	- goodwill	204,392	204,392
110.	Tax assets	2,878,301	2,931,538
	a) current	956,254	579,149
	b) deferred	1,922,047	2,352,389
120.	Non-current assets and disposal groups classified as held for sale	22,332	1,192,429
130.	Other assets	4,347,843	4,027,942
	Total assets	151,139,202	152,302,794

(in thousands)

	Liabilities and shareholders' equity	31.03.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	134,533,828	135,952,323
	a) due to banks	22,329,839	22,000,489
	b) due to customers	104,959,275	107,414,943
	c) debt securities issued	7,244,714	6,536,891
20.	Financial liabilities held for trading	436,310	471,598
30.	Financial liabilities designated at fair value	1,277,088	879,198
40.	Hedging derivatives	387,334	512,981
50.	Change in value of macro-hedged financial liabilities (+/-)	(255,051)	(281,292)
60.	Tax liabilities	71,291	71,562
	a) current	12,984	8,174
	b) deferred	58,307	63,388
70.	Liabilities associated with assets classified as held for sale	-	1,430,197
80.	Other liabilities	4,806,400	3,679,162
90.	Employee termination indemnities	168,318	177,224
100.	Provisions for risks and charges	1,266,580	1,289,312
	a) commitments and guarantees granted	156,513	154,497
	b) pension and similar obligations	116,663	115,987
	c) other provisions for risks and charges	993,404	1,018,828
120.	Valuation reserves	86,088	60,681
140.	Equity instruments	150,000	150,000
150.	Reserves	4,396,187	2,944,603
160.	Share premium reserve	1,237,200	1,237,276
170.	Share capital	2,104,316	2,104,316
180.	Treasury shares (-)	(5,436)	(5,678)
190.	Minority interests (+/-)	188,074	180,356
200.	Profit (Loss) for the period (+/-)	290,675	1,448,975
	Total liabilities and shareholders' equity	151,139,202	152,302,794

Consolidated income statement as at 31 March 2023

(in thousands)

	Captions	31.03.2023	31.03.2022
10.	Interest and similar income	1,052,754	438,844
	of which: interest income calculated using the effective interest method	1,013,938	435,623
20.	Interest and similar expense	(326,765)	(62,415)
30.	**Net interest income**	**725,989**	**376,429**
40.	Commission income	540,186	493,696
50.	Commission expense	(43,197)	(52,590)
60.	**Net commission income**	**496,989**	**441,106**
70.	Dividends and similar income	2,223	286
80.	Net income from trading activities	46,141	44,266
90.	Net income from hedging activities	(2,542)	(927)
100.	Gains (Losses) on disposal or repurchase of:	26,928	5,596
	a) financial assets measured at amortised cost	15,299	3,632
	b) financial assets measured at fair value through other comprehensive income	11,629	1,764
	c) financial liabilities	-	200
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(10,536)	19,457
	a) financial assets and liabilities designated at fair value	(29,276)	29,965
	b) other financial assets mandatorily measured at fair value	18,740	(10,508)
120.	**Net interest and other banking income**	**1,285,192**	**886,213**
130.	Net impairment losses for credit risk relating to:	(142,442)	(111,941)
	a) financial assets measured at amortised cost	(142,411)	(111,925)
	b) financial assets measured at fair value through other comprehensive income	(31)	(16)
140.	Gains (Losses) from contractual modifications without derecognition	1,905	(1,225)
150.	**Net income from financial activities**	**1,144,655**	**773,047**
180.	**Net income from financial and insurance activities**	**1,144,655**	**773,047**
190.	Administrative expenses:	(755,539)	(617,416)
	a) staff costs	(423,227)	(352,154)
	b) other administrative expenses	(332,312)	(265,262)
200.	Net provisions for risks and charges	(57,088)	(12,200)
	a) commitments and guarantees granted	(2,566)	(2,582)
	b) other net provisions	(54,522)	(9,618)
210.	Net adjustments to property, plant and equipment	(39,542)	(32,390)
220.	Net adjustments to intangible assets	(17,619)	(13,194)
230.	Other operating expense/income	100,600	56,436
240.	**Operating costs**	**(769,188)**	**(618,764)**
250.	Gains (Losses) of equity investments	11,447	3,859
260.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	685	393
280.	Gains (Losses) on disposal of investments	(8)	(226)
290.	**Profit (Loss) from current operations before tax**	**387,591**	**158,309**
300.	Income taxes on current operations for the period	(88,249)	(39,579)
310.	**Profit (Loss) from current operations after tax**	**299,342**	**118,730**
330.	**Profit (Loss) for the period**	**299,342**	**118,730**
340.	Profit (Loss) for the period pertaining to minority interests	(8,667)	(6,058)
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**290,675**	**112,672**

	Earnings per share (Euro) 31.03.2023	Earnings per share (Euro) 31.03.2022
Basic EPS	0.206	0.080
Diluted EPS	0.198	0.078

Consolidated statement of other comprehensive income

(in thousands)

	Consolidated statement of other comprehensive income	31.03.2023	31.03.2022
10.	Profit (Loss) for the period	299,342	118,730
	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	1,165	(607)
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	(797)	383
40.	Hedging of equity instruments designated at fair value through other comprehensive income	(1,616)	207
50.	Property, plant and equipment	1	30
70.	Defined benefit plans	(4,254)	16,596
90.	Share of the valuation reserves of equity investments carried at equity	541	(43)
	Other comprehensive income, after tax, that may be reclassified to profit or loss		
130.	Cash-flow hedges	(4,547)	204
150.	Financial assets (no equity instruments) measured at fair value through other comprehensive income	34,806	(86,659)
200.	Total other comprehensive income after tax	25,299	(69,889)
210.	Total other comprehensive income (Captions 10+200)	324,641	48,841
220.	Consolidated other comprehensive income pertaining to minority interests	8,691	6,055
230.	Consolidated other comprehensive income pertaining to the Parent Company	315,950	42,786

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		Changes during the period										Shareholders' equity as at 31.03.2023	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity							Other comprehensive income as at 31.03.2023		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in participatory interests		Group	Minority interests
Share capital:	**2,128,991**	**-**	**2,128,991**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(248)**	**-**	**2,104,316**	**24,427**
a) ordinary shares	2,128,991	-	2,128,991	-	-	-	-	-	-	-	-	-	(248)	-	2,104,316	24,427
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,239,650**	**-**	**1,239,650**	**-**	**-**	**-**	**(76)**	**-**	**-**	**-**	**-**	**-**	**(122)**	**-**	**1,237,200**	**2,252**
Reserves:	**3,070,007**	**-**	**3,070,007**	**1,473,880**	**-**	**2,074**	**-**	**-**	**-**	**-**	**-**	**-**	**64**	**-**	**4,396,187**	**149,838**
a) from profits	2,461,156	-	2,461,156	1,473,880	-	2,115	-		-	-	-	-	64	-	3,787,958	149,257
b) other	608,851	-	608,851	-	-	(41)	-	-	-	-	-	-	-	-	608,229	581
Valuation reserves	**63,679**	**-**	**63,679**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,299**	**86,088**	**2,890**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(5,678)**	**-**	**(5,678)**	**-**	**-**	**-**	**242**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,436)**	**-**
Profit (Loss) for the period	**1,473,880**	**-**	**1,473,880**	**(1,473,880)**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**299,342**	**290,675**	**8,667**
Group shareholders' equity	**7,940,173**	**-**	**7,940,173**	**-**	**-**	**2,074**	**166**	**-**	**-**	**-**	**-**	**-**	**667**	**315,950**	**8,259,030**	**-**
Minority interests	**180,356**	**-**	**180,356**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(973)**	**8,691**	**-**	**188,074**

	Balance as at 31.12.21	Changes in opening balances	Balance as at 1.1.22	Allocation of prior year results		Changes during the period										Shareholders' equity as at 31.03.2022	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity							Other comprehensive income as at 31.03.2022		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in participatory interests		Group	Minority interests
Share capital:	**2,125,353**	**-**	**2,125,353**	**(197)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(45)**	**-**	**2,100,435**	**24,676**
a) ordinary shares	2,125,353	-	2,125,353	(197)	-	-	-	-	-	-	-	-	(45)	-	2,100,435	24,676
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**1,242,945**	**-**	**1,242,945**	**-**	**-**	**-**	**(72)**	**-**	**-**	**-**	**-**	**-**	**(26)**	**-**	**1,240,356**	**2,491**
Reserves:	**2,592,213**	**-**	**2,592,213**	**558,846**	**-**	**(146)**	**-**	**-**	**-**	**-**	**-**	**-**	**6**	**-**	**3,018,131**	**132,788**
a) from profits	2,012,653	-	2,012,653	558,846	-	(146)	-	-	-	-	-	-	6	-	2,439,284	132,075
b) other	579,560	-	579,560	-	-	-	-	-	-	-	-	-	-	-	578,847	713
Valuation reserves	**199,201**	**-**	**199,201**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(69,889)**	**126,509**	**2,803**
Equity instruments	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**
Treasury shares	**(9,552)**	**-**	**(9,552)**	**-**	**-**	**-**	**126**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,426)**	**-**
Profit (Loss) for the period	**558,649**	**-**	**558,649**	**(558,649)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118,730**	**112,672**	**6,058**
Group shareholders' equity	**6,696,312**	**-**	**6,696,312**	**-**	**-**	**(582)**	**54**	**-**	**-**	**-**	**-**	**-**	**107**	**42,786**	**6,738,677**	**-**
Minority interests	**162,497**	**-**	**162,497**	**-**	**-**	**436**	**-**	**-**	**-**	**-**	**-**	**-**	**(172)**	**6,055**	**-**	**168,816**

Explanatory notes

Contents

Explanatory notes

Key to abbreviations in tables:

FV: Fair value
FV*: Fair value excluding variations due to changes in the credit worthiness of the issuer since the issue date
NV: Nominal or notional value
BV: Book value
L1: Fair value hierarchy – Level 1
L2: Fair value hierarchy – Level 2
L3: Fair value hierarchy – Level 3
X: not applicable

Form and content of the Consolidated interim report on operations as at 31 March 2023

Introduction

The Consolidated interim report on operations as at 31 March 2023 (hereinafter "the Report") of the BPER Banca Group has been prepared on a voluntary basis, following changes to the Consolidated Law on Finance introduced by Legislative Decree no. 25 of 15 February 2016, which followed the European Directive 2013/50/EU (Transparency II): by replacing the content of paragraph 5 of article 154-ter, it cancelled the need for quarterly reports to be prepared by issuers with Italy as their member state of origin, granting Consob the power to request the publication of periodic financial information in addition to half-yearly and annual reports.

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

The choice made by the BPER Banca Group was therefore based on continuity in the preparation and publication of periodic financial reporting[24].

1. Declaration of compliance with international financial accounting standards

The Report has been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Commission, as provided by EU Regulation 1606 dated 19 July 2002, and currently in force, including the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

Reference was also made, where necessary, to the "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.

[24] The following announcement was made to the market on 29 December 2022: "BPER Banca has chosen voluntarily to continue publishing additional periodic financial information with respect to the half-yearly and annual financial report, with reference to 31 March and 30 September of each financial year, including the information provided in art. 154-ter paragraph 5 letter a) and b) of Legislative Decree 58/1998 "Consolidated law on financial intermediation" (i.e. the data contained in the former interim financial reports), ensuring consistency and fairness as well as comparability with the corresponding data contained in the press releases and financial reports previously disclosed to the public".

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 09 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

In the first quarter 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 2004/109/EC Directive (the "Transparency" Directive) and Delegated Regulation (EU) 2019/815 (ESEF Regulation) introduced the obligation for issuers of securities listed on regulated markets of the European Union to prepare their annual financial reports in XHTML language, based on the ESEF (European Single Electronic Format), approved by ESMA.

On 30 December 2022, Commission Delegated Regulation (EU) 2022/2553 of 21 September 2022 was published in the Official Journal of the European Union, amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy (2022 ESEF Taxonomy) for the single electronic reporting format.
The entry into force was set at 1 January 2023, permitting early application (option exercised by the BPER Banca Group).

In any case, this document does not constitute "interim financial reporting" as intended by International Accounting Standard IAS 34.

2. Basis of preparation

In terms of the schedules presented and its technical form, this 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 not yet incorporated into the main document[25].

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[26].

[25] These include the indications contained in communication of 14/03/2023 (repealing previous communications of 15 December 2020 and 21 December 2021) with provisions concerning the impacts of Covid-19 and the measures to support the economy and amendments to IAS/IFRS.
[26] The following, among others, are recalled: the communication by ESMA of 25 March 2020 "Public Statement. Accounting implications of the Covid 19 outbreak on the calculation of expected credit losses in accordance with IFRS 9", the document of the IFRS Foundation of 27 March 2020 "IFRS 9 and Covid-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic", the letter from the ECB dated 1 April 2020 "IFRS 9 in the context of the coronavirus (Covid 19) pandemic" addressed to all significant institutions, the communication of ESMA of 20 May 2020

Where not already included in the documents mentioned above, Italian laws on the financial statements of companies[27] and the Italian Civil Code have been taken into consideration.
The consolidated interim report on operations consists of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and these explanatory notes. The Report is accompanied by the Directors' Group interim Report on operations.

The currency used in the Report is the Euro. Figures are expressed in thousands of Euro[28].

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

- *Going Concern [29]:* assets, liabilities and off-balance sheet transactions are measured in the context of continuity over time.
- *Accrual Basis of Accounting:* costs and revenues are recognised on the accrual basis, regardless of when they are settled.
- *Materiality and Aggregation:* each material class of similar items is presented separately in the financial statements. Items that are dissimilar in terms of their nature or use are only aggregated if they are individually immaterial.
- *Offsetting:* assets and liabilities, income and expenses are not offset unless required or permitted by a standard or an interpretation, or by the Bank of Italy's regulations for the preparation of financial statements.
- *Frequency of disclosures*: information must be prepared annually or more frequently; if an entity changes its accounting reference date, the reason must be indicated together with the fact that the information provided is not comparable.
- *Comparative Information:* comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements, unless required otherwise by a standard or an interpretation.
- *Consistency of Presentation*: the presentation and classification of items is maintained over time to ensure that information is comparable, unless specified otherwise in new accounting standards or their interpretations, or unless a change is required to improve the meaningfulness and reliability of the amounts reported. The nature of changes in account presentation or classification is described, together with the related reasons; where possible, the new criterion is applied on a retroactive basis.

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

- quantification of the losses arising from the impairment of loans and, in general, other financial assets;
- determination of the fair value of financial instruments, in particular, the use of measurement models to determine the fair value of financial instruments that are not listed in active markets and those that are not routinely measured at fair value;
- the 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 Covid-19 pandemic, 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

"Implications of the Covid-19 outbreak on interim financial reports", the letter from the ECB dated 4 December 2020 "Identification and measurement of credit risk in the context of the coronavirus (Covid 19) pandemic" addressed to all significant institutions, CONSOB warning notice no. 1/21 of 16/02/2021 - Covid 19 - measures to support the economy, the ESMA public statement of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports", ESMA public statement of 29 October 2021 "European Common Enforcement Priorities for 2021 Annual Financial Reports" and ESMA public statement of 28 October 2022 "European Common Enforcement Priorities for 2022 Annual Financial Reports".

[27] 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.

[28] 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.

[29] Please refer to the paragraph below, dedicated to the going concern principle, for more information on the assessment generally conducted.

market interest rates. 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[30], 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 were carried out using alternative approaches (also known as the "Overlay approach") as long as they also comply with the relevant IAS/IFRS.

Going concern[31]

In preparing this Report as at 31 March 2023, the Directors considered the going-concern assumption to be appropriate because they did not find any uncertainties related to events or circumstances that, individually or collectively, could give rise to doubts about the going concern. This assessment took account of the capitalisation of the Group, which has significant buffer capital with respect to the minimum requirement established by the European Central Bank for 2022, 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 will not have a significant impact on the income, balance sheet and cash flows of the BPER Banca Group. Nevertheless, recommendations made by the Supervisory Authorities are disclosed in the Directors' report on Group operations and suitable action plans are prepared in order to ensure a timely response.

3. Scope of consolidation and methodology

The consolidation criteria and methodology are described in part A of the explanatory notes to the consolidated financial statements as at 31 December 2022.
Current regulations require the scope of consolidation to be managed on two levels:
- the accounting scope of consolidation governed by IFRS 10[32] "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, 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 and subsequent amendments), 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[33] excludes from the scope of line-by-line consolidation all financial entities and operating companies, including members of the Banking Group, whose total assets and off-balance sheet amounts are less than the lower of the following two amounts:
- Euro 10 million;
- 1% of the total assets and off-balance sheet amounts of the parent company or the entity that holds the equity investment.

The BPER Banca Group has decided to adopt the consolidation method envisaged for prudential regulatory purposes. This

[30] 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".
[31] As required by document No. 2 issued with joint signature by the Bank of Italy, CONSOB and ISVAP (now IVASS) on 6 February 2009.
[32] IFRS 10 §B86 in relation to consolidation procedures.
[33] Regulation (EU) 575/2013 of 26 June 2013 (the Capital Requirements Regulation or CRR) as later amended.

approach has also been applied when determining the financial disclosures to be made, bringing the two scopes of consolidation ("for accounting purposes" and "for regulatory purposes") into line.
This decision was needed to rationalise, simplify and streamline the production of consolidated information for supervisory and financial reporting purposes. Its effects on the latter are negligible.
In terms of the areas affected, the marginal dynamics previously indicated in the income statement on a line-by-line basis are now summarised in the "Gains (losses) of 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.
Listed below are the companies included in the Banking Group that, at 31 March 2023, 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;
- 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:

- Italiana Valorizzazioni Immobiliari s.r.l.;
- Adras s.p.a.;
- SIFA' - Società Italiana Flotte Aziendali s.p.a.;
- St’Anna Golf s.r.l.;
- Commerciale Piccapietra s.r.l.;
- Annia s.r.l.

As at 31 March 2023, the above companies are consolidated at equity.

3.1. Equity investments in wholly owned subsidiaries

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	99.362	100.000
2. Bibanca s.p.a.	Sassari	Sassari	1	74,458,607	BPER Banca	78.601	
					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. Carige REOCO s.p.a.	Genoa	Genoa	1	8,326,160	BPER Banca	100.000	
7. Sardaleasing s.p.a.	Milan	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 voting rights at the Ordinary Shareholders' Meeting; (2) Availability of voting rights at Ordinary Shareholders' Meeting, distinguishing between actual and potential.

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	Italiana Valorizzazioni Immobiliari	100.000	
3. Italiana Valorizzazioni Immobiliari s.r.l.	Milan	Milan	1	2,000,000	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	Carige 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.

3.2. Significant assessments and assumptions made when determining the scope of consolidation

As regards the companies included in the scope of consolidation, no facts or circumstances emerged during the reporting period, as envisaged in IFRS 10, that might change the assessments made regarding the possession of control, joint control or significant influence.

3.3. Significant restrictions

Among the Banks and Companies included in the BPER Banca Group's scope of consolidation, there are no significant restrictions as foreseen by IFRS 12 § 13.

3.4. Other information

Line-by-line consolidation is based on the financial statements prepared and approved by the individual subsidiaries as at 31 March 2023. These financial statements have been prepared in accordance with IAS/IFRS by the individual banks and financial companies subject to Bank of Italy supervision. All the other Italian Group companies and BPER Bank Luxembourg s.a. included in the scope of consolidation normally prepare their financial statements under Italian accounting standards. These companies therefore prepared separate accounting schedules and data under the international accounting standards (the "Consolidation Reporting Package") used for consolidation purposes.
The value of Group subsidiaries carried at equity was measured on the basis of their accounting data prepared in application of IAS/IFRS and approved at 31 March 2023.
For the other equity investments consolidated at equity, reference is made to latest available accounting information in accordance with IAS 28.

4. Events after the reporting period

The Consolidated interim report on operations as at 31 March 2023 was approved on 9 May 2023 by BPER Banca's Board of Directors, which authorised its publication.
Information about the events that took place after the above reporting date is presented and described in the section of the Group interim report on operations entitled "Significant events and strategic transactions". These events did not affect this Report pursuant to IAS 10.

5. Other information

5.1 Risks, uncertainties and impacts from: remaining restrictions linked to the Covid-19 pandemic, Russia-Ukraine war, climate risk, macroeconomic context

The general and sectoral macroeconomic framework is still affected by significant uncertainty brought about by the evolution of the Covid-19 pandemic and the remaining containment measures (hoped to be in its final phase), as well as by the Russia-Ukraine conflict and consequent international sanctions, and the awareness acquired at international level of climate risk and the associated measures to tackle it. It is, moreover, affected by a rapid rise in inflation (driven by the "cost of energy") and the sudden rise in market interest rates. 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 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 had already implemented the various instructions issued by the Italian government (including the suspension of loan instalment payments - the "Covid-19 moratoria"), affirming its commitment to supporting business and retail customers, not least with its own dedicated initiatives, while at the same time identifying the best methods of recognition and presentation of these measures in the financial statements, in accordance with its 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 these financial statements for the reporting period, disclosure is given below 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 31 March 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 interim report on operations as at 31 March 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.

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, initially drafted by the provider used by BPER Banca and adequately reprocessed by the Market Study and Research unit of 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 adopted for the period ending 31 December 2022), leading to the absence of impact of the remaining “best” scenario - probability of occurrence equal to 0% (same approach as adopted for the period ending 31 December 2022);
- the application of a prudential correction factor to the ECL, downstream of the model's results, which pays special attention to the “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 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[34] («Current Policy» scenario). This scenario is 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 “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. These initiatives made it possible to maintain the increase in ECL substantially stable with respect to the financial statements data as at 31 December 2022.

[34] 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.

Criteria for recognition in the financial statements

The updates in relation to the integration of the accounting treatment of the tax credits acquired are provided below, also making provision for the IFRS9 Hold To Collect & Sell business model.

For the other 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.

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:

- IAS 20 "Accounting for government grants and disclosure of government assistance";
- IAS 12 "Income Taxes";
- IAS 38 "Intangible Assets";
- IFRS 9 "Financial Instruments".

The choice made by the BPER Banca Group is to refer by analogy to the indications of IFRS 9[35], 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, for example when acquired in excess of tax capacity;
- even if 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

[35] 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.

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 interest rates to the extent in which they are reflected in the definition of purchase prices. Also in this case, profitability is recorded according to the effective interest rate method in the income statement, under the item net interest income.
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, 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. Considering the operations arranged by the BPER Banca Group, it is believed that said situation is unlikely given that, with reference to the HTC business model, the balance acquired is consistent with the Group's overall tax capacity (constantly monitored); with reference to the HTC&S business model, in respect of the credits acquired, binding assignment agreements for the purchaser are gradually stipulated with counterparties identified from the Group's corporate customers.
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.
The treatment described is consistent with paragraph B5.4.6 of IFRS 9[36], which requires the entity to review its cash flow estimates periodically and adjust the gross carrying amount of the financial asset to reflect the actual and restated cash flows. This accounting treatment also makes it possible to allocate income (in the form of interest income) on an accrual basis during the life of the tax credit, as well as to recognise any losses from the transaction immediately.

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 s.p.a. and Arca Holding s.p.a. 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.

[36] If the entity revises its payment or collection estimates (excluding modifications in accordance with paragraph B5.4.3 of IFRS9 and changes in ECL estimates), the entity has to adjust the gross carrying amount of the financial asset or the amortised cost of the financial liability (or group of financial instruments) to reflect the actual and restated estimated contractual cash flows. The entity recalculates the gross carrying amount of the financial asset or the amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate (or at the adjusted effective interest rate for the credit for non-performing financial assets purchased or originated) or, where applicable, at the revised effective interest rate calculated in accordance with paragraph B6.5.10 of IFRS9. The adjustment is recognised as income or expense in profit or loss for the year.

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

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Information on the consolidated balance sheet

Assets

Financial assets measured at fair value through profit or loss

Caption 20

2.1 Financial assets held for trading: breakdown by product

Description/Amounts	Total 31.03.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	49,979	4,038	11	49,365	5,205	10
1.1 Structured securities	22,162	1,430	-	22,440	1,427	-
1.2 Other debt securities	27,817	2,608	11	26,925	3,778	10
2. Equity instruments	60,134	2,371	23	56,742	2,830	23
3. UCITS units	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	110,113	6,409	34	106,107	8,035	33
B. Derivative instruments						
1. Financial derivatives	-	592,274	7,084	-	585,631	7,692
1.1 trading	-	592,274	7,084	-	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)	-	592,274	7,084	-	585,631	7,692
Total (A+B)	110,113	598,683	7,118	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

2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

Description/Amounts	Total 31.03.2023	Total 31.12.2022
A. Cash assets		
1. Debt securities	54,028	54,580
a) Central Banks	-	-
b) Public Administrations	10,022	8,300
c) Banks	8,985	11,334
d) Other financial companies	33,218	34,040
of which: Insurance companies	5,107	5,098
e) Non-financial companies	1,803	906
2. Equity instruments	62,528	59,595
a) Banks	9,124	9,361
b) Other financial companies	6,892	7,839
of which: Insurance companies	2,389	2,432
c) Non financial companies	46,512	42,395
d) Other issuers	-	-
3. UCITS units	-	-
4. Loans	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	116,556	114,175
B. Derivative instruments		
a) Central counterparties	-	-
b) Other	599,358	593,323
Total (B)	599,358	593,323
Total (A+B)	715,914	707,498

2.3 Financial assets designed at fair value: breakdown by product

Description/Amounts	Total 31.03.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1.Debt securities	-	1,930	461	-	1,920	461
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	1,930	461	-	1,920	461
2. Loans	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	-	1,930	461	-	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

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

Description/Amounts	Total 31.03.2023	Total 31.12.2022
1. Debt securities	2,391	2,381
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	1,930	1,920
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	461	461
2. Loans	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	2,391	2,381

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

Description/Amounts	Total 31.03.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	1,419	73,935	-	1,436	70,585
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	1,419	73,935	-	1,436	70,585
2. Equity instruments	2,060	297	19,512	1,613	297	18,235
3. UCITS units	287,283	-	374,604	294,846	-	355,087
4. Loans	-	65,804	88,068	-	44,860	87,929
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	65,804	88,068	-	44,860	87,929
Total	289,343	67,520	556,119	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

2.6 Other financial assets mandatorily measured at fair value: breakdown by borrowers/issuer

	Total 31.03.2023	Total 31.12.2022
1. Equity instruments	**21,869**	**20,145**
of which: banks	297	297
of which: other financial companies	10,671	9,178
of which: non-financial companies	10,901	10,670
2. Debt securities	**75,354**	**72,021**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	74,946	71,593
of which: Insurance companies	-	-
e) Non-financial companies	408	428
3. UCITS units	**661,887**	**649,933**
4. Loans	**153,872**	**132,789**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	84,410	83,878
of which: Insurance companies	27,070	26,747
e) Non-financial companies	69,111	48,583
f) Households	351	328
Total	912,982	874,888

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 31.03.2023			Total 31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**6,633,583**	**467,823**	**-**	**6,890,765**	**527,575**	**656**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	6,633,583	467,823	-	6,890,765	527,575	656
2. Equity instruments	**2,510**	**2,433**	**539,904**	**1,658**	**2,237**	**540,019**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	6,636,093	470,256	539,904	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

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by borrowers/issuers

Description/Amounts	Total 31.03.2023	Total 31.12.2022
1. Debt securities	7,101,406	7,418,996
a) Central Banks	-	-
b) Public Administrations	2,620,053	2,749,991
c) Banks	2,684,384	2,877,384
d) Other financial companies	922,924	937,866
of which: Insurance companies	45,787	45,121
e) Non-financial companies	874,045	853,755
2. Equity instruments	544,847	543,914
a) Banks	256,479	256,172
b) Other issuers:	288,368	287,742
- other financial companies	244,356	236,714
of which: Insurance companies	201,148	201,148
- non financial companies	43,933	50,951
- other	79	77
3. Loans	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: Insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	7,646,253	7,962,910

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

		Gross value					Total impairment provisions				Overall partial write-offs (*)
		Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
Debt securities		7,036,359	-	68,632	-	-	3,295	290	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	31.03.2023	7,036,359	-	68,632	-	-	3,295	290	-	-	-
Total	31.12.2022	7,362,398	-	60,152	-	-	3,356	198	-	-	-

(*) Amount to be shown for information purposes

For the approach used in the presentation of the gross value and total impairment provisions of impaired financial assets, reference should be made to Part A of the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022.

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 31.03.2023						Total 31.12.2022					
	Book Value			Fair value			Book Value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	L1	L2	L3
A.Loans to Central Banks	**1,066,544**	**-**	**-**	**-**	**-**	**1,066,544**	**1,347,747**	**-**	**-**	**-**	**-**	**1,347,747**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	1,066,544	-	-	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	**8,070,453**	**-**	**-**	**6,264,097**	**228,196**	**1,281,966**	**8,134,701**	**-**	**-**	**6,030,453**	**234,895**	**1,537,836**
1. Loans	1,281,966	-	-	-	-	1,281,966	1,537,836	-	-	-	-	1,537,836
1.1. Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	102,259	-	-	X	X	X	234,376	-	-	X	X	X
1.3. Other loans	1,179,707	-	-	X	X	X	1,303,460	-	-	X	X	X
- Repurchase agreements	298,720	-	-	X	X	X	358,702	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	880,987	-	-	X	X	X	944,758	-	-	X	X	X
2. Debt securities	6,788,487	-	-	6,264,097	228,196	-	6,596,865	-	-	6,030,453	234,895	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	6,788,487	-	-	6,264,097	228,196	-	6,596,865	-	-	6,030,453	234,895	-
Total	**9,136,997**	**-**	**-**	**6,264,097**	**228,196**	**2,348,510**	**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 31.03.2023						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	87,881,763	809,860	709,321	-	-	89,111,938	89,558,304	779,822	836,709	-	-	92,954,208
1.1. Current accounts	5,550,690	53,368	74,612	X	X	X	5,333,127	58,564	91,088	X	X	X
1.2. Repurchase agreements	903,554	-	-	X	X	X	-	4,254	-	X	X	X
1.3. Mortgage loans	61,240,316	523,813	549,655	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	4,591,803	36,847	11,309	X	X	X	4,598,696	35,683	12,693	X	X	X
1.5. Finance leases	2,953,629	103,806	21,154	X	X	X	3,011,379	102,127	23,945	X	X	X
1.6. Factoring	1,537,327	13,195	-	X	X	X	1,896,399	17,821	-	X	X	X
1.7. Other loans	11,104,444	78,831	52,591	X	X	X	12,893,032	78,871	64,722	X	X	X
2. Debt securities	14,824,940	-	-	12,749,104	226,339	971,111	14,654,014	-	-	12,382,622	143,881	1,013,311
2.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other debt securities	14,824,940	-	-	12,749,104	226,339	971,111	14,654,014	-	-	12,382,622	143,881	1,013,311
Total	102,706,703	809,860	709,321	12,749,104	226,339	90,083,049	104,212,318	779,822	836,709	12,382,622	143,881	93,967,519

The sub-item "Other loans", limited to the performing component (inclusive of Stage 1 and 2 equal to Euro 11,104 million, as well as the portion of POCI assets classified in Stage 2, equal to Euro 8.7 million), is composed as follows: Euro 5,933 million of bullet loans (-14.84%), Euro 2,881 million of advances on invoices subject to collection (-8.71%), Euro 1,392 million of import/export advances, (-2.25%), Euro 46 million of credit assignment (-6.12%) and Euro 861 million of other miscellaneous entries (-34.02%).

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

4.3 Financial assets measured at amortised cost: breakdown by borrowers/issuers of loans to customers

Type of transaction/Amounts	Total 31.03.2023			Total 31.12.2022		
	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Stage 1 and 2	Stage 3	Purchased or originated credit impaired
1. Debt securities	14,824,940	-	-	14,654,014	-	-
a) Public Administration	12,537,960	-	-	12,298,897	-	-
b) Other financial companies	1,794,546	-	-	1,869,109	-	-
of which: Insurance companies	27,778	-	-	27,372	-	-
c) Non financial companies	492,434	-	-	486,008	-	-
2. Loans:	87,881,763	809,860	709,321	89,558,304	779,822	836,709
a) Public Administration	2,764,524	5,473	-	2,663,371	5,455	75
b) Other financial companies	4,875,071	36,278	2,366	5,171,598	11,409	28,373
of which: Insurance companies	45,400	-	-	89,053	-	-
c) Non financial companies	39,879,701	475,074	444,861	40,872,272	509,642	529,412
d) Households	40,362,467	293,035	262,094	40,851,063	253,316	278,849
Total	102,706,703	809,860	709,321	104,212,318	779,822	836,709

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

		Gross value					Total impairment provisions				Overall partial write-offs (*)
		Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
Debt securities		21,500,085	-	124,203	-	-	7,533	3,328	-	-	-
Loans		80,982,999	-	9,917,046	2,047,657	1,331,359	209,721	460,051	1,237,797	622,038	66,537
Total	31.03.2023	102,483,084	-	10,041,249	2,047,657	1,331,359	217,254	463,379	1,237,797	622,038	66,537
Total	31.12.2022	103,739,050	-	10,669,209	1,950,023	1,393,536	227,029	486,464	1,170,201	556,827	68,495

(*) Amount to be shown for information purposes

For the approach used in the presentation of the gross value and total impairment provisions of impaired financial assets, reference should be made to Part A of the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022.
Note that default interest is only recorded at the time of actual collection.

The loans that constitute new liquidity granted through public guarantee mechanisms issued in response to the Covid-19 pandemic are reported below

Gross value				Overall impairment provisions			
Stage 1	Stage 2	Stage 3	Credit-impaired purchased or originated	Stage 1	Stage 2	Stage 3	Credit-impaired purchased or originated
6,032,639	1,464,573	114,174	21,839	5,454	12,744	11,665	1,600

Hedging derivatives

Caption 50

5.1 Hedging derivatives: breakdown by type of hedge and hierarchy level

	FV 31.03.2023			NV	FV 31.12.2022			NV
	L1	L2	L3	31.03.2023	L1	L2	L3	31.12.2022
A. Financial derivatives								
1. Fair Value	-	1,688,263	-	11,776,504	-	1,808,515	-	11,976,493
2. Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	-	1,688,263	-	11,776,504	-	1,808,515	-	11,976,493

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

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

Transactions/Type of hedge	Fair Value							Cash flows		Foreign investments
	Specific						General	Specific	General	
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	159,849	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	1,527,887	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	1,687,736	-	-	-	-	-	-	-	-	-
1. Financial Liabilities	527	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	527	-	-	-	-	-	-	-	-	-
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Intangible assets

Caption 100

10.1 Intangible assets: breakdown by asset type

Description/Amounts	Total 31.03.2023		Total 31.12.2022	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X	204,392	X	204,392
A.1.1 pertaining to group	X	204,392	X	204,392
A.1.2 pertaining to minority interests	X	-	X	-
A.2 Other intangible assets	355,159	-	359,110	-
of which Software	319,547	-	321,678	-
A.2.1 Assets measured at cost	355,159	-	359,110	-
a) intangible assets generated internally	-	-	-	-
b) other assets	355,159	-	359,110	-
A.2.2 Assets measured at fair value	-	-	-	-
a) intangible assets generated internally	-	-	-	-
b) other assets	-	-	-	-
Total	355,159	204,392	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).

Goodwill	31.03.2023	31.12.2022
Banks/Other companies	204,392	204,392
- Banco di Sardegna s.p.a.	*27,606*	*27,606*
- BPER Factor s.p.a.	*6,768*	*6,768*
- Arca Holding s.p.a.	*170,018*	*170,018*
Total	204,392	204,392

Information on goodwill

For the accounting treatment of business combinations, accounting standard IFRS 3 requires the recognition of any identifiable intangible assets and goodwill arising from the business combination; goodwill, in particular, is measured as the difference between the consideration paid and (i) the fair value of the assets and liabilities of the acquired company at the transaction date, (ii) any specific intangible assets identified and (iii) any contingent liabilities recognised.
Under IAS 36, intangible assets with an indefinite useful life and goodwill should be tested for impairment ("impairment test") at least once a year and, in any case, whenever there are signs that could indicate that there has been an impairment loss.
Annual impairment testing is carried out at the time the year-end Consolidated Financial Statements are being prepared, whereas when interim reports are being prepared, a check has to be performed to see if there are any signs of impairment; in this case, if the check has a positive outcome, an impairment test is carried out.
As a first step, impairment testing requires identification of the Cash Generating Units (CGUs) that will benefit from the goodwill deriving from the business combination and allocation of that goodwill to them. A CGU is the smallest group of assets that generates cash inflows in an autonomous manner. An impairment test 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 selling costs and its value in use. Any adjustments are recorded in the income statement.

As regards the goodwill recognised in the Consolidated interim report on operations, no elements (or trigger events) emerged in the first quarter as such to require the impairment test to be updated with respect to the one carried out at the closure of the

Consolidated annual report as at 31 December 2022.
The following was identified during the first quarter of 2023:

- despite the crises that hit certain US and European banks in the final part of the 1st quarter of 2023, a generalised increase in equity market indexes has been recorded since the start of the year. More specifically, an analysis of the sectoral equity market indexes (relating to financial institutions), shows an increase in those relating to European markets and, on the contrary, a decrease in the US banking index, where the S&P500 Banks lost -13%. This trend highlights a more secure European banking environment, where the more stringent regulations ensure greater stability and a better capacity to deal with any liquidity crises;
- as at 31 March 2023, the price of the BPER Banca share stood at Euro 2.27, marking an increase of +18% compared to the price at the end of 2022 (Euro 1.92), a better performance than the Italian banking sector index, FTSE IT Banks (+15%). Financial analysts indicate a *current target price* for the share of around Euro 3.20, placing it both above the average from the start of the year (Euro 2.42), and above the highest share price recorded on 8 March 2023 (Euro 2.83);
- the yield on Italy's 10-year BTP recorded a slightly decreasing trend in the first 3 months of 2023, moving from 4.70% on 30 December 2022 to 4.10% as at 31 March 2023, marking a decrease of -61 basis points, following the period of growth that had prevailed throughout 2022. The average value of the 10Y BTP yield in the 1st quarter of 2023 is 4.21%. A similar trend also characterised the yield on the Government bonds of other European countries, including the German 10-year BUND. As a result of this, the 10Y BTP-10Y BUND spread as at 31 March 2023 stood at +179 basis points, an improvement compared to the figure at the start of the year, which sat at +214 basis points;
- the estimated cost of equity as at 31 March 2023 was 10.99%, +97 basis points compared to the figure recorded as at 31 December 2022. The trend was primarily affected by the growth in the risk free rate following the increase in the benchmark on which it is estimated (the average yield on BTP10Y). The cost of equity as at 31 March 2023 was below the maximum k_e levels identified during the impairment test as at 31 December 2022 for the individual CGUs to which goodwill is allocated, or that rate for which the value in use of the CGU is equal to its book value, without prejudice to all other valuation parameters.

In light of the information provided in the previous paragraphs, the Group did not deem it necessary to perform a full impairment test update when the consolidated interim report on operations as at 31 March 2023 was prepared.

Liabilities

Financial liabilities measured at amortised cost

Caption 10

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

Type of transaction/Amounts	Total 31.03.2023				Total 31.12.2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Due to Central Banks	**15,200,105**	X	X	X	**15,970,641**	X	X	X
2. Due to banks	**7,129,734**	X	X	X	**6,029,848**	X	X	X
2.1 Current accounts and demand deposits	555,245	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	4,794,096	X	X	X	3,974,943	X	X	X
2.3.1 Repurchase agreements	4,436,779	X	X	X	3,614,886	X	X	X
2.3.2 Other	357,317	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	16,402	X	X	X	16,702	X	X	X
2.6 Other payables	1,762,954	X	X	X	1,631,290	X	X	X
Total	22,329,839	-	-	22,329,839	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 31.03.2023				Total 31.12.2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	97,128,427	X	X	X	102,489,461	X	X	X
2. Time deposits	2,141,265	X	X	X	1,221,563	X	X	X
3. Loans	4,104,161	X	X	X	1,879,072	X	X	X
3.1 Repurchase agreements	2,148,783	X	X	X	-	X	X	X
3.2 Other	1,955,378	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	332,057	X	X	X	352,422	X	X	X
6. Other payables	1,253,365	X	X	X	1,472,425	X	X	X
Total	104,959,275	-	-	104,959,275	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 31.03.2023				Total 31.12.2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	6,975,941	4,940,852	1,787,674	-	6,307,775	4,395,269	1,623,291	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	6,975,941	4,940,852	1,787,674	-	6,307,775	4,395,269	1,623,291	-
2. other securities	268,773	-	-	268,773	229,116	-	-	229,116
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	268,773	-	-	268,773	229,116	-	-	229,116
Total	7,244,714	4,940,852	1,787,674	268,773	6,536,891	4,395,269	1,623,291	229,116

“Bonds” include Euro 1,648.6 million of subordinated debt, none of which are convertible into shares.
In the "Level 3" column of point 2.2, the fair value is assumed to be the same as the book value as these are short-term transactions. An explanation of the fair value hierarchy used for classification has been given in Part A.4 of the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022.

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

Financial liabilities held for trading

Caption 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transaction/Amounts	Total 31.03.2023					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	10,191	-	-	-	-	47	-	46	-	46
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Other securities	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	10,191	-	-	-	-	47	-	46	-	46
B. Derivative instruments										
1. Financial derivatives	X	989	426,168	9,153	X	X	65	459,451	12,033	X
1.1 Trading	X	989	426,168	9,153	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	989	426,168	9,153	X	X	65	459,454	12,033	X
Total (A+B)	X	989	426,168	9,153	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: NV = 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.

Financial liabilities designated at fair value

Caption 30

3.1 Financial liabilities designated at fair value: breakdown by product

Type of transaction/Amounts	Total 31.03.2023					Total 31.12.2022				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-	-	-	-	-	-	-
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which: - commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
2. Due to customers	-	-	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which: - commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees granted	-	X	X	X	X	X	X	X	X	X
3. Debt securities	1,360,138	-	1,277,088	-	3,887,322	879,198	-	879,198	-	4,173,865
3.1 Structured	1,360,138	-	1,277,088	-	X	879,198	-	879,198	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	1,360,138	-	1,277,088	-	3,887,322	879,198	-	879,198	-	4,173,865

The item includes certificates with unconditionally protected capital (structured debt securities). Classification into this category derives primarily from the reconciliation of these liabilities to the portfolios managed by Capital Market, which, according to the Group's policies, are measured at fair value considering the objectives pursued and reported performance. In addition, this classification makes it possible to pursue a "natural hedge" of derivatives entered into in order to "balance" the risks assumed with derivatives embedded in issued liabilities (derivatives that were classified as "trading" when recognised).
The increase recorded in the 1st quarter is due to the issuing of 4 new certificates, for a total nominal value of Euro 389.7 million.

Key: NV = 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.

Hedging derivatives

Caption 40

4.1 Hedging derivatives: breakdown by type of hedge and hierarchy levels

	Fair value 31.03.2023			NV	Fair value 31.12.2022			NV
	L1	L2	L3	31.03.2023	L1	L2	L3	31.12.2022
A. Financial derivatives	-	387,334	-	5,229,083	-	512,981	-	5,526,745
1) Fair value	-	382,684	-	5,174,637	-	507,974	-	5,472,299
2) Cash flows	-	4,650	-	54,446	-	5,007	-	54,446
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	387,334	-	5,229,083	-	512,981	-	5,526,745

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: NV = Notional Value; L1=Level1; L2=Level2; L3=Level3

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

Transactions/Type of hedge	Fair Value							Cash flows		Foreign investments
	Specific						General	Specific	General	
	debt securities and interest rates	equity instruments and stock indexes	currencies and gold	credit	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	7,361	2,309	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	61,411	X	-	-	X	X	X	4,650	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	68,772	2,309	-	-	-	-	-	4,650	-	-
1. Financial Liabilities	56,271	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	255,332	X	-	X
Total liabilities	56,271	-	-	-	-	-	255,332	-	-	-
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Change in value of macro-hedged financial liabilities

Caption 50

5.1 Change in value of hedged financial liabilities

Change in value of hedged financial liabilities / Group components	31.03.2023	31.12.2022
1. Positive adjustment of financial liabilities	-	-
2. Negative adjustment of financial liabilities	(255,051)	(281,292)
Total	(255,051)	(281,292)

The balance of the item represents the valuation effect as at 31 March 2023 of the liability items (modelled direct funding, qualifying as “Sight Entries”) identified as subject to macro hedging of interest rate risk, as part of the macro-hedge accounting strategy qualified by the Group.

Information on the consolidated income statement

Interest

Captions 10 and 20

1.1 Interest and similar income: breakdown

Captions/Technical forms	Debt securities	Loans	Other transactions	Total 31.03.2023	Total 31.03.2022
1. Financial assets measured at fair value through profit or loss:	**1,164**	**321**	**138**	**1,623**	**1,530**
1.1 Financial assets held for trading	400	-	-	400	351
1.2 Financial assets designated at fair value	17	-	-	17	868
1.3 Other financial assets mandatorily measured at fair value	747	321	138	1,206	311
2. Financial assets measured at fair value through other comprehensive income	**30,126**	**-**	**X**	**30,126**	**7,971**
3. Financial assets measured at amortised cost:	**56,060**	**868,809**	**X**	**924,869**	**392,210**
3.1 Loans to banks	15,347	112,853	X	128,200	6,629
3.2 Loans to customers	40,713	755,956	X	796,669	385,581
4. Hedging derivatives	**X**	**X**	**58,551**	**58,551**	**(12,607)**
5. Other assets	**X**	**X**	**37,090**	**37,090**	**1,497**
6. Financial Liabilities	**X**	**X**	**X**	**495**	**48,243**
Total	**87,350**	**869,130**	**95,779**	**1,052,754**	**438,844**
of which: interest income on impaired financial assets	-	29,807	-	29,807	19,683
of which: interest income on finance leases	X	36,445	X	36,445	13,820

1.3 Interest and similar expense: breakdown

Captions/Technical forms	Loans	Debt securities	Other transactions	Total 31.03.2023	Total 31.03.2022
1. Financial liabilities measured at amortised cost	246,886	52,483	X	299,369	49,623
1.1 Due to central banks	80,218	X	X	80,218	-
1.2 Due to banks	56,946	X	X	56,946	4,320
1.3 Due to customers	109,722	X	X	109,722	20,566
1.4 Debt securities issued	X	52,483	X	52,483	24,737
2. Financial liabilities held for trading	1	-	-	1	480
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	194	194	160
5. Hedging derivatives	X	X	26,892	26,892	(4,533)
6. Financial assets	X	X	X	309	16,685
Total	**246,887**	**52,483**	**27,086**	**326,765**	**62,415**
of which: interest expense on lease liabilities	2,017	X	X	2,017	1,108

Commissions

Captions 40 and 50

2.1 Commission income: breakdown

Type of service/Amounts	Total 31.03.2023	Total 31.03.2022
a) Financial instruments	79,369	73,697
1. Placement of securities	60,071	57,194
1.1 Through underwriting and/or on a firm commitment basis	1,977	-
1.2 Without a firm commitment basis	58,094	57,194
2. Reception and transmission of orders and execution of orders on behalf of customers	7,428	5,395
2.1 Reception and transmission of orders for one or more financial instruments	7,428	5,395
2.2. Execution of orders on behalf of customers	-	-
3. Other commission income related to activities connected to financial instruments	11,870	11,108
of which: dealing on own account	526	136
of which: individual portfolio management	11,223	10,972
b) Corporate Finance	1,666	1,331
1. Mergers and acquisitions advisory	308	237
2. Treasury services	-	-
3. Other commission income related to corporate finance services	1,358	1,094
c) Investment advice	546	489
d) Clearing and settlement	-	-
e) Collective portfolio management	93,043	99,942
f) Custody and administration	9,013	9,837
1. Depositary bank	-	-
2. Other commission income related to custody and administration services	9,013	9,837
g) Central administrative services for collective portfolio management	-	-
h) Fiduciary services	-	-
i) Payment services	185,209	156,812
1. Current accounts	101,209	82,198
2. Credit cards	16,681	14,042
3. Debit cards and other payment cards	20,958	23,626
4. Bank transfers and other payment orders	31,740	22,954
5. Other commission income related to payment services	14,621	13,992
j) Distribution of third-party services	61,648	57,548
1. Collective portfolio management	260	274
2. Insurance products	55,842	47,210
3. Other products	5,546	10,064
of which: individual portfolio management	1,828	2,479
k) Structured finance	9,127	3,910
l) Securitisation servicing	41	47
m) Commitments to disburse funds	-	-
n) Financial guarantees granted	11,914	10,908
of which: credit derivatives	-	-
o) Financing transactions	66,353	58,465
of which: factoring transactions	4,470	3,704
p) Currency dealing	4,186	3,202
q) Commodities	-	-
r) Other commission income	18,071	17,508
of which: management of multilateral trading facilities	-	-
of which: management of organised trading facilities	-	-
Total	**540,186**	**493,696**

With respect to the qualitative information on the types of revenue from relations with customers falling within the scope regulated by IFRS 15, please refer to the content of Part L of the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022.

2.2 Commission expense: breakdown

Type of services/Amounts	Total 31.03.2023	Total 31.03.2022
a) Financial instruments	584	630
of which: trading in financial instruments	575	569
of which: placement of financial instruments	93	30
of which: individual portfolio management	9	31
- Own portfolios	9	31
- Third party portfolios	-	-
b) Clearing and settlement	-	-
c) Collective portfolio management	24,311	34,421
1. Own portfolios	24,311	34,421
2. Third party portfolios	-	-
d) Custody and administration	1,486	1,208
e) Collection and payment services	8,663	9,308
of which: credit cards, debit cards and other payment cards	6,744	7,490
f) Securitisation servicing	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	621	589
of which: credit derivatives	-	-
i) “Out-of-branch” offer of financial instruments, products and services	1,662	1,941
j) Currency dealing	-	-
k) Other commission expense	5,870	4,493
Total	**43,197**	**52,590**

Dividends and similar income

Caption 70

3.1 Dividends and similar income: breakdown

Captions/Income	Total 31.03.2023		Total 31.03.2022	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	195	-	153	-
B. Other financial assets mandatorily measured at fair value	-	1,987	-	126
C. Financial assets measured at fair value through other comprehensive income	41	-	7	-
D. Equity investments	-	-	-	-
Total	**236**	**1,987**	**160**	**126**

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	8,221	1,837	(2,045)	(270)	7,743
1.1 Debt securities	837	897	(1,262)	(250)	222
1.2 Equity instruments	7,384	940	(783)	(20)	7,521
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	1,343
4. Derivative instruments	156,682	84,719	(142,217)	(68,839)	37,055
4.1 Financial derivatives:	156,682	83,983	(142,217)	(68,365)	36,793
- on debt securities and interest rates	65,840	73,490	(72,023)	(64,230)	3,077
- on equities and stock indexes	89,382	9,707	(68,779)	(3,740)	26,570
- on currency and gold	X	X	X	X	6,710
- other	1,460	786	(1,415)	(395)	436
4.2 Credit derivatives	-	736	-	(474)	262
of which: natural hedges connected with the fair value option	X	X	X	X	-
Total	164,903	86,556	(144,262)	(69,109)	46,141

The caption includes capital gains from valuation relating to the operational hedging of Certificates, for a total of Euro 36.2 million.

Net income from hedging activities

Caption 90

5.1 Net income from hedging activities: breakdown

Income items/Amounts	Total 31.03.2023	Total 31.03.2022
A. Income from:		
A.1 Fair value hedging derivatives	43,692	613,827
A.2 Hedged financial assets (fair value)	156,545	687
A.3 Hedged financial liabilities (fair value)	19	116,836
A.4 Cash-flow hedging derivatives	19	95
A.5 Foreign currency assets and liabilities	-	-
Total income from hedging activity (A)	200,275	731,445
B. Charges from:		
B.1 Fair value hedges	161,311	118,156
B.2 Hedged financial assets (fair value)	6,848	614,076
B.3 Hedged financial liabilities (fair value)	34,628	46
B.4 Cash-flow hedging derivatives	30	94
B.5 Foreign currency assets and liabilities	-	-
Total charges from hedging activity (B)	202,817	732,372
C. Net income from hedging activities (A-B)	(2,542)	(927)
of which: result of hedging on net positions	-	-

Gains (Losses) on disposal or repurchase

Caption 100

6.1 Gains (Losses) on disposal or repurchase: breakdown

Captions/Income items	Total 31.03.2023			Total 31.03.2022		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Financial assets measured at amortised cost	16,206	(907)	15,299	8,809	(5,177)	3,632
1.1 Loans to banks	269	-	269	-	-	-
1.2 Loans to customers	15,937	(907)	15,030	8,809	(5,177)	3,632
2. Financial assets measured at fair value through other comprehensive income	11,629	-	11,629	1,774	(10)	1,764
2.1 Debt securities	11,629	-	11,629	1,774	(10)	1,764
2.2 Loans	-	-	-	-	-	-
Total assets (A)	27,835	(907)	26,928	10,583	(5,187)	5,396
Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities issued	-	-	-	223	(23)	200
Total liabilities (B)	-	-	-	223	(23)	200

The net result relating to “Financial assets” mainly includes the gains realised on the disposal of debt securities classified in the HTC and HTC&S portfolios.

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

Caption 110

7.1 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown on financial assets and liabilities designated at fair value

Transactions/Income items	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net Result [(A+B) - (C+D)]
1. Financial assets	717	-	(499)	-	218
1.1 Debt securities	717	-	(499)	-	218
1.2 Loans	-	-	-	-	-
2. Financial Liabilities	18,048	7	(32,972)	(14,577)	(29,494)
2.1 Debt securities issued	18,048	7	(32,972)	(14,577)	(29,494)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: exchange differences	X	X	X	X	-
Total	18,765	7	(33,471)	(14,577)	(29,276)

The results shown on Debt securities issued 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 the 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	23,350	1,899	(5,605)	(380)	19,264
1.1 Debt securities	5,575	1,268	(530)	(2)	6,311
1.2 Equity instruments	1,488	-	-	(203)	1,285
1.3 UCITS units	16,134	631	(5,030)	(175)	11,560
1.4 Loans	153	-	(45)	-	108
2. Foreign currency financial assets: exchange differences	X	X	X	X	(524)
Total	23,350	1,899	(5,605)	(380)	18,740

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	31.03.2023	31.03.2022
			Write-offs	Other	Write-offs	Other						
A. Loans to banks	(361)	(2,661)	-	-	-	-	530	-	-	-	(2,492)	(15,812)
- Loans	(155)	(2,661)	-	-	-	-	460	-	-	-	(2,356)	(15,669)
- Debt securities	(206)	-	-	-	-	-	70	-	-	-	(136)	(143)
B. Loans to customers	(5,392)	(447)	(2,957)	(240,458)	(12,289)	(72,680)	14,657	25,598	61,354	92,695	(139,919)	(96,113)
- Loans	(5,367)	(447)	(2,957)	(240,458)	(12,289)	(72,680)	14,500	24,450	61,354	92,695	(141,199)	(96,109)
- Debt securities	(25)	-	-	-	-	-	157	1,148	-	-	1,280	(4)
Total	(5,753)	(3,108)	(2,957)	(240,458)	(12,289)	(72,680)	15,187	25,598	61,354	92,695	(142,411)	(111,925)

8.2 Net impairment losses for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Income items	Impairment losses (1)						Write - backs (2)				Total 31.03.2023	Total 31.03.2022
	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	(30)	(92)	-	-	-	-	91	-	-	-	(31)	(16)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(30)	(92)	-	-	-	-	91	-	-	-	(31)	(16)

Administrative expenses

Caption 190

12.1 Staff costs: breakdown

Type of costs/Amounts	Total 31.03.2023	Total 31.03.2022
1) Employees	408,877	343,715
a) wages and salaries	293,667	249,000
b) social security charges	76,338	65,396
c) termination indemnities	15,221	13,175
d) Pension expenses	164	144
e) provision for employee termination indemnities	1,616	251
f) provision for pension and similar commitments:	881	273
- defined contribution plan	-	-
- defined benefit plans	881	273
g) payments to external supplementary pension funds:	9,301	7,392
- defined contribution plan	9,301	7,392
- defined benefit plans	-	-
h) costs from share based payments	1,780	(181)
i) other personnel benefits	9,909	8,265
2) Other not-retired employees	11,549	6,066
3) Directors and Statutory Auditors	2,590	2,356
4) Retired employees	211	17
Total	423,227	352,154

12.2 Average number of employees by category

	31.03.2023	31.03.2022
Employees:	19,373	17,040
a) Managers	349	312
b) Middle managers	6,882	6,197
c) Other employees	12,142	10,531
Other employees	767	487

12.2.1 Number of employees by category: banking group

	31.03.2023	31.03.2022
Employees:	20,557	18,120
a) Managers	356	313
b) Total 3rd and 4th level middle managers	2,668	2,452
c) Total 1st and 2nd level middle managers	4,501	4,034
d) Other employees	13,032	11,321
Other employees	742	496

The number of employees does not include staff on leave.

12.5 Other administrative expenses: breakdown

Captions	31.03.2023	31.03.2022
Indirect taxes and duties	**77,842**	**65,341**
Stamp duty	65,018	55,712
Other indirect taxes with right of recourse	3,064	3,847
Municipal property tax	5,496	3,894
Other	4,264	1,888
Other costs	**254,470**	**199,921**
Maintenance and repairs	24,252	19,308
Rental expense	6,954	6,703
Post office, telephone and telegraph	8,098	7,175
Data transmission fees and use of databases	23,629	22,048
Advertising	4,950	3,442
Consulting and other professional services	38,559	27,455
Lease of IT hardware and software	13,672	17,859
Insurance	6,518	4,608
Cleaning of office premises	2,204	2,782
Printing and stationery	1,921	2,344
Energy and fuel	18,314	10,871
Transport	4,076	2,772
Staff training and expense refunds	5,948	2,035
Information and surveys	4,020	3,745
Security	3,042	2,825
Administrative services	4,534	6,453
Use of external data gathering and processing services	3,830	3,440
Membership fees	1,826	1,860
Condominium expenses	2,686	1,491
Contribution to SRF, DGS, IDPF-VS	69,530	45,666
Sundry other	5,907	5,039
Total	**332,312**	**265,262**

The caption "Contribution to SRF, DGS, IDPF-VS" includes an estimate of the ordinary 2022 contribution to the SRF (European Single Resolution Fund).

Net adjustments to property, plant and equipment

Caption 210

14.1 Net adjustments to property, plant and equipment: breakdown

Asset/Income items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, plant and equipment				
1. Used in operations	(38,503)	(1,038)	-	(39,541)
- Owned	(18,433)	-	-	(18,433)
- Rights of use acquired through leases	(20,070)	(1,038)	-	(21,108)
2. Held for investment	(1)	-	-	(1)
- Owned	(1)	-	-	(1)
- Rights of use acquired through leases	-	-	-	-
3. Inventories	X	-	-	-
Total	(38,504)	(1,038)	-	(39,542)

The caption “Impairment losses" for an amount of Euro 1 million refers to rights of use acquired through leases following the early closure of certain branches.

Net adjustments to intangible assets

Caption 220

15.1 Net adjustments to intangible assets: breakdown

Asset/Income items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(15,358)	-	-	(15,358)
A.1 Owned	(17,619)	-	-	(17,619)
- Generated internally by the company	-	-	-	-
- Other	(17,619)	-	-	(17,619)
A.2 Rights of use acquired through leases	-	-	-	-
Total	(17,619)	-	-	(17,619)

Other operating expense (income)

Caption 230

16.1 Other operating expense: breakdown

Description/Amounts	31.03.2023	31.03.2022
Loss from loss data collection	4,794	4,751
Amortisation of leasehold improvement expenditure	1,144	1,202
Other expense	21,958	16,389
Total	27,896	22,342

16.2 Other operating income: breakdown

Description/Amounts	31.03.2023	31.03.2022
Rental income	3,296	2,165
Recovery of taxes	67,380	58,906
Income from Loss data collection	14,442	3,738
Fast-track facility fee	2,520	9,591
Other income	40,858	4,378
Total	128,496	78,778

Information on risks and related hedging policies

Risks faced by the Banking Group

It should be noted that, in compliance with the prudential regulations intended to strengthen the ability of banks to absorb shocks deriving from economic and financial tensions, the BPER Banca Group monitors capital adequacy, the exposure to risks and the general characteristics of the related management and control systems, in order to facilitate market discipline.
The document "Public Disclosure - Pillar 3" as at 31 March 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 (own funds, capital requirements, financial leverage and liquidity coverage ratio) of the BPER Banca Group as required by art. 447 of Regulation (EU) 575/2013, as later amended.

The disclosure as at 31 March 2023 is published on the same date as or as soon as possible after the Consolidated report on operations as at 31 March 2023 is published on the Parent Company's website https://istituzionale.bper.it.

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		193,926	874,750	111,971	1,087,605	111,094,629	113,362,881
2. Financial assets measured at fair value through other comprehensive income		-	-	-	-	7,101,406	7,101,406
3. Financial assets designated at fair value		-	-	-	-	2,391	2,391
4. Other financial assets mandatorily measured at fair value		-	-	-	-	229,226	229,226
5. Financial assets held for sale		-	-	-	-	-	-
Total	31.03.2023	193,926	874,750	111,971	1,087,605	118,427,652	120,695,904
Total	31.12.2022	220,917	963,920	109,936	1,142,869	121,660,507	124,098,149

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	Total partial write-off	Gross exposure	Overall impairment provisions	Net exposure	
1. Financial assets measured at amortised cost	3,022,050	1,841,403	1,180,647	66,537	112,881,299	699,065	112,182,234	113,362,881
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	7,104,991	3,585	7,101,406	7,101,406
3. Financial assets designated at fair value	-	-	-	-	X	X	2,391	2,391
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	229,226	229,226
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.03.2023	**3,022,050**	**1,841,403**	**1,180,647**	**66,537**	**119,986,290**	**702,650**	**119,515,257**	**120,695,904**
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	-	1,228	652,158
2. Hedging derivatives	-	-	1,688,263
Total 31.03.2023	**-**	**1,228**	**2,340,421**
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

At the end of 2022, the Italian economy visibly slowed, breaking the phase of expansion that had characterised the first part of the same year. During the first quarter of 2023, the estimates point to a slight recovery, thanks to the decline in energy prices and better supply conditions in the production chains; industrial production performed positively and service sector companies are also expected to see a recovery.
However, household spending remains weak due to the reduction in purchasing power, already weighed down by the sharp rises recorded in 2022.
Consumer inflation, after having peaked in the autumn of 2022, gradually fell, reaching 8.2%[37] in March 2023, due to the significant decrease in the energy component, while the core component shows no signs of dropping. In fact, food prices are rising, to which the increases in production costs of previous months are still being passed on. 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 trend in employment is also positive in the first two months of 2023.
Based on the trend in fundamentals and the characteristics of the macroeconomic context, growth of 0.6% in GDP is forecast for 2023, while 2024 can expect a more robust recovery, with an expected increase of 1.2% in GDP[38].

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 more restrictive supply conditions have also led to a 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 affected by the economic consequences of the Covid-19 pandemic and most exposed to the effects of the Russia-Ukraine war, and by 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.).

[37] Harmonised index of consumer prices, percentage change over the corresponding period
[38] Bank of Italy, Macroeconomic projections for the Italian economy, January 2022

Quantitative information

A. Credit quality

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

Type of exposure /amount	Gross exposure					Total impairment provisions					Net Exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
A.1. ON DEMAND	15,400,545	15,400,491	54	-	-	4,962	4,962	-	-	-	15,395,583	-
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	15,400,545	15,400,491	54	X	-	4,962	4,962	-	X	-	15,395,583	-
A.2 OTHER	11,859,700	11,798,560	50,224	-	-	27,403	5,084	22,319	-	-	11,832,297	-
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	20,015	70	19,945	X	-	19,605	-	19,605	X	-	410	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	11,839,685	11,798,490	30,279	X	-	7,798	5,084	2,714	X	-	11,831,887	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	27,260,245	27,199,051	50,278	-	-	32,365	10,046	22,319	-	-	27,227,880	-
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	4,222,044	1,854,006	96,455	X	-	8,052	227	7,825	X	-	4,213,992	-
TOTAL (B)	4,222,044	1,854,006	96,455	-	-	8,052	227	7,825	-	-	4,213,992	-
TOTAL (A+B)	31,482,289	29,053,057	146,733	-	-	40,417	10,273	30,144	-	-	31,441,872	-

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

Type of exposure /amount	Gross exposure					Total impairment provisions					Net Exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
a) Bad loans	988,676	X	-	783,512	205,164	794,750	X	-	634,400	160,350	193,926	66,537
- of which: forborne exposures	*141,140*	*X*	-	*109,832*	*31,308*	*101,744*	*X*	-	*81,358*	*20,386*	*39,396*	*2,868*
b) Unlikely to pay loans	1,872,054	X	-	1,113,677	758,377	997,304	X	-	557,622	439,682	874,750	-
- of which: forborne exposures	*950,893*	*X*	-	*467,968*	*482,926*	*519,802*	*X*	-	*236,710*	*283,092*	*431,091*	-
c) Non-performing past due exposures	161,320	X	-	150,468	10,852	49,349	X	-	45,775	3,574	111,971	-
- of which: forborne exposures	*38*	*X*	-	*38*	-	*4*	*X*	-	*4*	-	*34*	-
d) Performing past due exposures	1,130,298	552,453	562,587	X	15,258	43,103	3,159	39,021	X	923	1,087,195	-
- of which: forborne exposures	*91,280*	-	*87,449*	*X*	*3,831*	*7,349*	-	*7,141*	*X*	*208*	*83,931*	-
e) Other performing exposures	107,281,937	97,261,305	9,530,161	X	341,706	632,144	212,307	402,328	X	17,509	106,649,793	-
- of which: forborne exposures	*1,566,914*	*6,541*	*1,417,435*	*X*	*142,938*	*96,902*	-	*88,166*	*X*	*8,736*	*1,470,012*	-
TOTAL (A)	111,434,285	97,813,758	10,092,748	2,047,657	1,331,357	2,516,650	215,466	441,349	1,237,797	622,038	108,917,635	66,537
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non performing	374,031	X	-	374,031	-	66,467	X	-	66,467	-	307,564	-
b) Performing	36,697,802	33,691,653	2,949,469	X	-	81,994	66,824	15,170	X	-	36,615,808	-
TOTAL (B)	37,071,833	33,691,653	2,949,469	374,031	-	148,461	66,824	15,170	66,467	-	36,923,372	-
TOTAL (A+B)	148,506,118	131,505,411	13,042,217	2,421,688	1,331,357	2,665,111	282,290	456,519	1,304,264	622,038	145,841,007	66,537

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					Net exposure
		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	
A. Bad loans	297	-	-	242	55	297	-	-	242	55	-
B. Unlikely to pay loans	104,563	-	-	92,728	11,835	11,974	-	-	10,733	1,241	92,589
C. Non-performing past due exposures	21,893	-	-	21,204	689	712	-	-	690	22	21,181
D. Performing loans	85,354	23,063	61,876	-	415	1,128	64	1,055	-	9	84,226
E. Other performing loans	7,421,118	6,009,576	1,402,697	-	8,845	17,352	5,390	11,689	-	273	7,403,766
TOTAL (A+B+C+D+E)	7,633,225	6,032,639	1,464,573	114,174	21,839	31,463	5,454	12,744	11,665	1,600	7,601,762

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

Reasons/Category	Bad loans	Unlikely to pay loans	Non-performing past due exposures
A. Opening balance (gross amount)	961,093	1,886,020	160,217
- of which: sold but not derecognised	-	-	-
B. Increases	77,763	353,033	70,419
B.1 inflows from performing exposures	3,156	174,904	59,094
B.2 inflows from purchased or originated impaired financial assets	-	-	-
B.3 transfers from other non-performing exposures	61,068	33,486	427
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	13,539	144,643	10,898
C. Decreases	50,180	366,999	69,316
C.1 outflows to performing exposures	7	59,236	17,645
C.2 write-offs	9,085	23,752	101
C.3 recoveries	26,431	138,087	15,065
C.4 sales proceeds	4,043	34,801	-
C.5 losses on disposals	-	-	-
C.6 transfers to other non-performing exposures	711	58,030	36,240
C.7 contractual modifications without derecognition	-	-	-
C.8 other decreases	9,903	53,093	265
D. Closing balance (gross amounts)	988,676	1,872,054	161,320
- of which: sold but not derecognised	-	-	-

A.1.9 Prudential Consolidation - On-balance sheet non-performing credit exposures to customers: changes 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 in total impairment provisions	740,176	-	922,100	-	50,281	-
- of which: sold but not derecognised	-	-	-	-	-	-
B. Increases	97,276	-	288,237	-	19,122	-
B.1 impairment losses on purchased or originated impaired financial assets	-	X	-	X	-	X
B. 2 other value adjustments	67,674	-	244,287	-	18,327	-
B.3 losses on disposals	-	-	-	-	-	-
B.4 transfers from other non performing exposure	28,214	-	9,556	-	324	-
B.5 contractual modifications without derecognition	-	-	-	-	-	-
B.6 other increases	1,388	-	34,394	-	471	-
C. Decreases	42,702	-	213,033	-	20,054	-
C.1 write-backs from assessments	6,825	-	99,253	-	7,110	-
C.2 write-backs from recoveries	12,446	-	26,980	-	1,885	-
C.3 gains on disposal	14	-	150	-	-	-
C.4 write-offs	9,085	-	23,752	-	101	-
C.5 transfers to other categories of non performing exposures	466	-	27,142	-	10,486	-
C.6 contractual modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	13,866	-	35,756	-	472	-
D. Closing balance: total impairment provisions	794,750	-	997,304	-	49,349	-
- of which: sold but not derecognised	-	-	-	-	-	-

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Information on consolidated shareholders' equity

Consolidated shareholders' equity

Qualitative Information

Equity management and its continuous monitoring in terms of size and quality compared with the risks assumed is an activity that the BPER Banca Group carries on constantly to ensure an adequate level of capitalisation in compliance with the prudential rules.
As Parent Company, BPER Banca performs the role of coordination and guidance of Group Banks and Companies, coordinating the management of capital in each Legal Entity and providing appropriate guidelines.
By means of active capital management, a suitable combination of different capitalisation instruments and continuous monitoring, the Parent Company has managed to combine projects for capital growth and optimisation that have enabled the Group to maintain one of the strongest capital profiles among Italian banking groups.
The size of the 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	2,895,766	-	-	(767,023)	2,128,743
2. Share premium reserve	1,568,585	-	-	(329,133)	1,239,452
3. Reserves	5,639,500	-	-	(1,093,475)	4,546,025
4. Equity instruments	150,000	-	-	-	150,000
5. (Treasury shares)	(5,436)	-	-	-	(5,436)
6. Valuation reserves:	75,382	-	-	13,596	88,978
- Equity instruments designated at fair value through other comprehensive income	149,991	-	-	(851)	149,140
- Hedge of equity instruments measured at fair value through other comprehensive income	(2,174)	-	-	815	(1,359)
- Financial assets (no equity instruments) measured at fair value through other comprehensive income	(217,086)	-	-	3,008	(214,078)
- Property, plant and equipment	98,318	-	-	-	98,318
- Intangible assets	-	-	-	-	-
- Foreign investment hedges	-	-	-	-	-
- Cash flow hedges	2,571	-	-	-	2,571
- 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)	2,498	-	-	-	2,498
- Actuarial gains (losses) on defined benefit plans	(138,347)	-	-	-	(138,347)
- Share of the valuation reserves of equity investments carried at equity	-	-	-	10,624	10,624
- 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 group and minority interests	270,895	-	-	28,447	299,342
Total	**10,594,692**	**-**	**-**	**(2,147,588)**	**8,447,104**

Own funds and capital adequacy ratios

The disclosures about own funds and capital adequacy are provided in the document entitled “Public Disclosure as at 31 March 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.
This document is published on the same date as - or as soon as possible after- the Consolidated interim report on operations as at 31 March 2023 on the website of the Parent Company https://istituzionale.bper.it.

Attachments

Contents

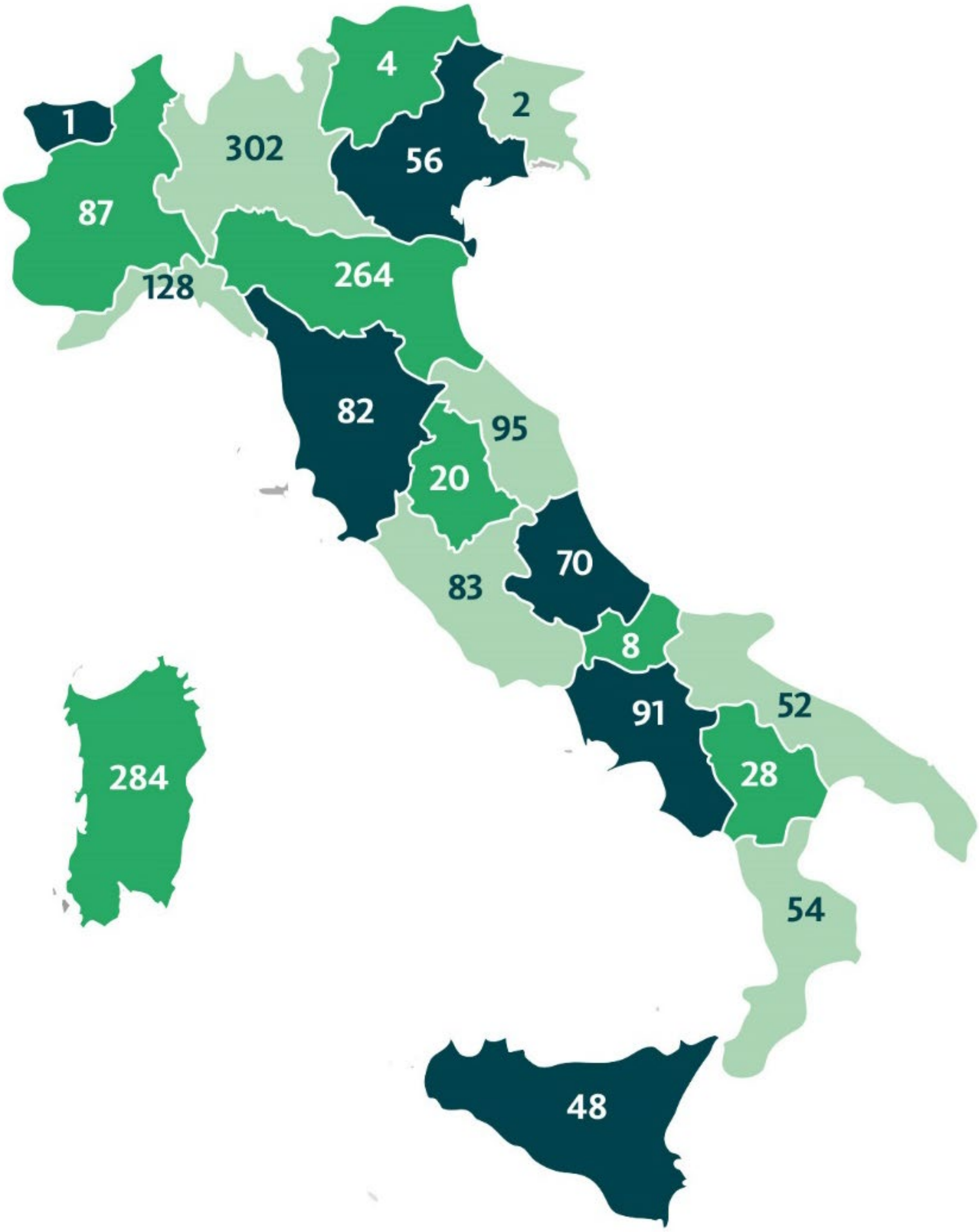
Attachments

Geographical organisation of the Group

Details	BPER Banca	Banco di Sardegna	Banca Cesare Ponti	31.03.2023	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
Triest	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	31.03.2023	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 31.03.2023	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 period					(154)

Total Branches of the Group



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

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

The Manager responsible for preparing the company's financial reports Marco Bonfatti, certifies, pursuant to para. 2 of art. 154-bis of Decree 58/1998 (Consolidated Financial Law) that the accounting information contained in this Consolidated interim report on operations as at 31 March 2023, agrees with the underlying accounting entries, records and documentation.

Modena, 9 May 2023

Signed by
Marco Bonfatti

The Manager responsible for preparing the
company's financial reports