BPER: Banca

PRESS RELEASE

CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2023

- **3Q23 NET PROFIT OF € 382.5 MLN AFTER PAYMENT OF € 125.8 MLN IN BANKING SYSTEM CHARGES**
- **9M23 CONSOLIDATED NET PROFIT OF € 1,087.1 MLN**
- **CORE REVENUES[1] OF € 3,862.9 MLN, +44.2% ON 9M22**
- **NET INTEREST INCOME ON THE INCREASE SINCE 9M22 TO € 2,381.5 MLN AND NET COMMISSION INCOME AT € 1,481.4 MLN, NOT LEAST THANKS TO THE POSITIVE RESULT OF NET ASSETS UNDER MANAGEMENT (€ +579 MLN YTD)**
- **IMPROVED OPERATIONAL EFFICIENCY, WITH COST INCOME RATIO[2] OF 49.6%, DOWN FROM 64.1% IN SEPTEMBER 2022**
- **CREDIT QUALITY CONFIRMED, WITH NPE RATIO OF 2.8% GROSS AND 1.2% NET (VS. 3.2% AND 1.4% AT END-2022)**
- **ANNUALISED DEFAULT RATE OF 0.8% DOWN FOR TWO CONSECUTIVE QUARTERS (1.0% IN MARCH AND 0.9% IN JUNE, RESPECTIVELY)**
- **HIGH NPE COVERAGE LEVELS CONFIRMED AT 57.3% VS. 57.1% AT END-2022**
- **ANNUALISED COST OF CREDIT OF 54 BPS DOWN FROM FULL-YEAR 2022 (64 BPS)**
- **THE SIGNIFICANT ORGANIC GENERATION OF CAPITAL FURTHER REINFORCES CAPITAL STRENGTH, WITH A PROFORMA CET1 RATIO[3] OF 14.9%**
- **STRONG FOCUS ON LIQUIDITY WITH LCR AT 159% AND NSFR AT 131%**

Modena – 8 November 2023. The Board of Directors of BPER Banca (the "**Bank**"), chaired by **Flavia Mazzarella**, has today examined and approved the Bank separate and Group consolidated results as at 30 September 2023.

Piero Luigi Montani, **Chief Executive Officer,** commented: *"The excellent results achieved in the first nine months of the year are a source of particular satisfaction and confirm the Bank's enduring capacity to generate revenues and ensure effective control of operating costs.*
Net profit for the period amounted to € 1,087.1 million as at 30 September. The Bank's performance remained solid in the third quarter of 2023, confirming the excellent results delivered in the first part of the year. The commercial and organisational strategy deployed during the reporting period has made it possible to deliver positive operating results: operating income of € 4,026.0 million reflects an excellent performance, up 43.1% on the first nine months of 2022, driven in particular by net interest income and a robust net commission performance.
Credit quality is reflective of still very low default rates, a low share of gross non-performing loans to total loans, with the NPE ratio settling at 2.8% gross (1.2% net) and a non-performing loan coverage of 57.3%. Capitalisation continues to prove very solid: the Bank's capital and liquidity profiles remain strong thanks to the organic generation of capital which drives the pro-forma[4] CET1 ratio to 14.9%. The same applies to the Bank's liquidity position, with regulatory ratios being broadly in excess of the minimum thresholds required.
Results delivered to date are in line with our positioning as a major Italian Bank, constantly listening to the needs of our customers and areas of operation, aiming to offer an increasingly sustainable and advanced response. A bank made of people sharing the same mission: support and connect people, businesses and communities to help them develop their ideas, protect them and shape a better future.
We are also working steadily on advancing the integration of ESG issues: our first funded emission reduction targets were published in August. In the awareness that decarbonisation continues to be a global challenge, we continue to promote a fair ecological transition together with our customers, as a contributor to the creation of a more sustainable, equitable and inclusive society, that is at the same time a driver of competitiveness.
Lastly, I would like to recall that the Bank has shown utmost attention and closeness to the areas hit by natural disasters, such as the flood in Tuscany over the last few days. We offered a concrete contribution to families and businesses that suffered damage and we hope that everyone can return to their normal lives as quickly as possible.
Mindful of the uncertainty of future macroeconomic developments, the trends observed so far in operations make us confident that we will be able to consolidate the levels of profitability achieved so far also in the last part of 2023".

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2023 KPI Guidance update

2023 GUIDANCE	
NET INTEREST INCOME	**> € 3.1 BN**
NET COMMISSION INCOME	**~ € 2.0 BN**
OPERATING COSTS[5]	**~ € 2.7 BN**
NEW HR MANOEUVRE (~ 1,000 VOLUNTARY EXITS)	**~ € 0.4 BN**
2023 ESTIMATED IMPACT OF CCNL RENEWAL	
COST OF CREDIT	**~ 50 bps**
PARENT COMPANY'S PROFIT FOR THE PERIOD[6]	**≥ € 1.1 BN**
COMMON EQUITY TIER 1 RATIO[7]	**> 14.2%**
DIVIDEND PER SHARE[8]	**≥ € 0.25**

Consolidated income statement: key figures

(The Banca Carige Group has been consolidated line by line in the BPER Group's income statement since the third quarter of 2022).

Net Interest Income stood at € 2,381.5 mln, up 88.9% on the first nine months of 2022, primarily on the back of a higher commercial spread stemming from a supportive interest rate environment, well managed deposit pass-through and the positive contribution from the investment portfolio. In the third quarter of 2023, this aggregate amounted to € 836.5 mln, up 2.2% q/q.

Net commission income in the first nine months of 2023 amounted to € 1,481.4 mln, up 4.5% on the same period last year. The trend is particularly reflective of the sizeable contribution from traditional banking fees (+4.9% y/y); likewise positive was the input of fees and commissions on indirect funding (+5.0% y/y) and bancassurance (+0.7% y/y). In the third quarter of 2023, this aggregate amounted to € 485.8 mln, down 0.8% q/q.

Dividends amounted to € 29.9 mln (up 56.0% y/y), of which € 11.1 mln from the stake held in the Bank of Italy. **Net income from financial activities** amounted to a positive € 95.6 mln.

As a result of the dynamics described above, **operating income** therefore totalled € 4,026.0 mln, up 43.1% with respect to the first nine months of 2022, driven by increased core revenues[9], amounting to € 3,862.9 mln (+44.2% y/y).

Operating costs amounted to € 1,995.5 mln as against € 1,802.5 mln for the same period last year. The trend in operating costs was particularly affected by the change in scope due to the acquisition of the Carige Group and the inflationary pressures on the economy. More specifically:

- **staff costs** totalled € 1,231.4 mln as compared to € 1,072.5 mln for the same period last year. The aggregate for the third quarter of 2023 amounted to € 382.3 mln, down 10.3% on 2Q23, benefitting from the usual seasonal holiday pattern of the quarter, resulting in a profit and loss upside of approximately € 37.5 mln;

- **other administrative expenses** amounted to € 590.1 mln as compared to € 575.3 mln for the same period last year. The increase reflects the ongoing inflationary dynamics, which particularly impacted energy consumption (€ 43.1 mln, up 12.3% y/y). The aggregate for the third quarter of 2023 settled at € 194.3 mln, down 3.0% q/q and broadly in line with the 1Q amount of € 195.4 mln;
- **net adjustments to property, plant, equipment and intangible assets** totalled € 174.1 mln vs. € 154.7 mln for the same period last year. In 3Q23, the aggregate amounted to € 59.0 mln, broadly in line with the two previous quarters, respectively totalling € 57.2 mln (1Q23) and € 57.9 mln (2Q23).

The **cost/income ratio**[10] is 49.6%, an improvement with respect to 64.1% as at 30 September 2022 and 65.5% for the full year in 2022.

The annualised **cost of credit** stands at 54 bps, down from 64 bps registered for the full year in 2022: this result is reflective of an annualised default rate that has been decreasing for two consecutive quarters from 1.0% in March through 0.9% in June to 0.8% as at 30 September 2023, with the loan book showing a low rate of net NPE inflows and high coverage levels. The Bank has kept its overlays essentially unchanged from the previous quarter at approximately € 323 mln, which considerably strengthens the Bank's ability to cope with macroeconomic shocks.

Contributions to the banking system funds amounted to € 175.2 mln as compared to € 169.0 mln for the same period last year. More specifically:

- € 49.5 mln (recognised in the first half of 2023) in contributions to the Single Resolution Fund ("SRF");
- € 125.8 mln (recognised in the third quarter of 2023) in estimated contributions to the Deposit Guarantee Scheme, in line with last year's amount of € 123.3 mln.

In the interests of clarity, please note that these contributions are shown in a separate line in the reclassified income statement, whereas they are included in item 190 b) "Other administrative expenses" in the Bank of Italy's schedule.

After deducting **income tax,** totalling € 347.4 mln, and **profit for the period pertaining to minority interests** amounting to € 22.7 mln, **profit for the period pertaining to the parent company** totalled € 1,087.1 mln.

Consolidated balance sheet: key figures

(The balance sheet accounts as at 30/06/2022 include Carige Group figures line by line, with the latter having become part of the BPER Banca Group's scope of consolidation). Moreover, two separate business units consisting of 8 bank branches owned by Banco di Sardegna and 40 branches owned by BPER Banca, stemming from the merger by absorption of Banca Carige and Banca del Monte di Lucca, were transferred to Banco di Desio e della Brianza s.p.a. on 20 February 2023. The volumes of these branches had already been classified as assets and liabilities held for disposal. Unless otherwise specified, percentage changes refer to figures being compared with data as at 31/12/2022).

Direct deposits from customers[11] increased to € 120.1 bn (+4.6% since the end of 2022). Among the main drivers was the good performance of term deposits (+ € 1.7 bn), bonds (+ € 3.8 bn) and certificates (+ € 0.9 bn) and the positive trend in repos (+ € 3.9 bn), all of which partially offset the € 6.2 bn decline in current accounts in the first nine months of 2023. A Senior Non-Preferred Bond issuance for an amount of € 500 mln with 6-year maturity and a call option after year 5, targeting institutional customers, was successfully placed under the Bank's Euro Medium-Term Notes (EMTN) Programme in September.

Direct deposits from customers totalled € 162.7 bn. The aggregate includes **assets under management** amounting to € 61.6 bn and up 1.6%, and **assets under custody** amounting to € 78.6 bn and up 0.4%.

Gross loans to customers amounted to € 86.7 bn (€ 88.9 bn gross), down 2.7% since 30 June 2023. The reduction in loans to businesses and households is primarily reflective of the slowdown in demand due to increased interest rates and the increased perception of uncertainty in the evolution of the macroeconomic scenario.

The conservative approach to non-performing loan management and the derisking actions implemented have enabled the Bank to achieve high asset quality standards: the share of gross non-performing loans to customers (**gross NPE ratio**) is 2.8%, down on end-2022 (3.2%), whereas the share of net non-performing loans to customers (**net NPE ratio**) is 1.2%, down on end-2022 (1.4%).

The coverage ratio for total non-performing loans rose to 57.3% from 57.1% at the end of 2022; similarly, performing loan coverage rose to 0.85% from 0.77% at the end of 2022 and Stage 2 loan coverage was 5.22%, up from 4.44% at the end of 2022.

Financial assets, amounting to € 30.0 bn, account for 20.9% of total assets. Within the aggregate, debt securities amount to € 28.1 bn (93.6% of the total portfolio) with duration of 1.8 years net of hedging and include € 14.9 bn worth of bonds issued by governments and other supranational public entities, including € 10.0 bn of Italian government bonds.

Total shareholders' equity amounts to € 9,054 mln, with minority interests accounting for € 189.8 mln. **Group consolidated shareholders' equity**, including net profit for the period, amounts to € 8,864 mln.

As regards the **liquidity position**, the Liquidity Coverage Ratio (LCR) as at 30 September 2023 is 159%, while the Net Stable Funding Ratio (NSFR) is 131%.

Group structure highlights as at 30 September 2023

The BPER Banca Group is present in twenty regions of Italy with a network of 1,759 bank branches.

The Group has 20,318 employees.

Capital Ratios

Reported below are the pro-forma capital ratios as at 30 September 2023:

- Pro-forma Common Equity Tier 1 (CET1) ratio[12] of 14.9% (12.0% as at 31 December 2022);
- Pro-forma Tier 1 ratio[13] of 15.2% (12.3% as at 31 December 2022);
- Pro-forma Total Capital Ratio[14] of 18.6% (15.6% as at 31 December 2022).

Outlook for operations

Euro area economic activity in the summer continued to grow at the same subdued pace it had started with in the last part of 2022, under the impact of tighter financing conditions and the effects of high inflation on households' purchasing power. The trend in consumer prices decreased to 4.3% in September, reflecting a decline across all commodity prices. In July and September, the Governing Council of the ECB raised its key interest rates by a total of 50 basis points. Borrowing costs for businesses and households in the euro area rose further, reflecting the impact of rising interest rates; the yields on ten-year government securities increased, as did the spreads between Italian and German government bonds. According to the ECB projections[15] published in September, GDP growth is expected to slow down to 0.7% in 2023, before recovering to 1.0% in 2024 and to 1.5% in 2025. Compared with the June 2023 projections, the outlook for GDP growth has been revised down by 0.2 percentage points for 2023, 0.5 percentage points for 2024 and 0.1 percentage points for 2025, reflecting markedly tighter financing conditions for households and businesses.

According to the Bank of Italy's assessments[16], after the slowdown in the second quarter, economic activity in Italy continued to be weak, both in manufacturing and services. The indicators confirm the weakness of domestic demand, which reflects tighter credit conditions, inflation-driven household income erosion and the loss of momentum in the labour market.

The net trade contribution was slightly negative due to weaker exports, reflecting lower global demand and almost flat imports.

In this scenario, the Bank's profitability will continue to be underpinned by net interest income, net commissions, and actions to offset the impact of inflationary dynamics on costs. Maintaining resilient coverage levels and a conservative provisioning approach will continue to be a key feature of credit quality. The solid capital position will continue to gain strength.

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In relation to the extraordinary tax on the increase in net interest income, as provided for by Legislative Decree No. 104/2023, converted with amendments into Law No. 136 of 9 October 2023, the Board of Directors of BPER Banca and, similarly, the Boards of Directors of the other banks of the Group, resolved today to preliminarily exercise the option under Article 26, paragraph 5-*bis* of the Decree and, therefore, to submit a proposal to the 2024 annual Shareholders' Meeting to book part of the 2023 profit, for a group-wide amount of € 315.4 mln, to a non-distributable reserve. Only in the event that this reserve is used for distribution to shareholders, will the extraordinary tax under article 26, plus interest per annum for an amount equal to the annual interest rate on deposits with the European Central Bank, become payable by the BPER Group.

In consideration of the above premises and technicalities of the tax, the results of the BPER Group as at 30 September 2023 were not affected by any charges. In application of its accounting policies, the BPER Group recognises this levy as being within the scope of IFRIC 21. Accordingly, the levy will be recognised in profit or loss if an 'obligating event' occurs that gives rise to a liability to pay. In this specific case, the obligating event is triggered not only by the achievement of Net Interest Income exceeding the minimum threshold set by the law, but also by the Bank's decision to either pay the levy or to set up a non-distributable reserve. Having BPER Banca elected this latter option on a preliminary basis, no allocation to Profit or Loss is required.

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With reference to the regulatory provisions that were introduced with the amendment to the Consolidated Law on Finance (Legislative Decree no. 25 of 15 February 2016), implementing European Directive 2013/50/EU (Transparency II) and subsequent Consob Resolution no. 19770 of 26 October 2016, it should be noted that BPER Banca voluntarily decided, as it did in the past, to publish the Group's consolidated interim report on operations as at 31 March and 30 September of each year.
The document will soon be available at the Bank's head office, on the websites of the Bank and of the Group (www.bper.it and istituzionale.bper.it), of Borsa Italiana S.p.A. and in the authorised storage system (www.1info.it).

As a complement to the information provided in this press release, attached please find the consolidated Balance Sheet and Income Statement (quarterly breakdown and reclassified) as at 30 September 2023, in addition to a summary of key financial indicators.

Modena, 8 November 2023

The Chief Executive Officer
Piero Luigi Montani

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The Manager responsible for preparing the Company's financial reports, Marco Bonfatti, declares, pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Law on Finance), that the accounting information contained in this press release corresponds to the underlying documentary evidence, books and accounting records.

Modena, 8 November 2023

The Manager responsible for preparing
the company's financial reports
Marco Bonfatti

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A conference call to illustrate the consolidated results of the BPER Banca Group as at 30 September 2023 will be held today at 6 p.m. (CET).
The conference call, in Italian with simultaneous translation into English, will be hosted by the Chief Executive Officer, Piero Luigi Montani.

To participate in the conference call, please register here for access details. Registration will add the event to your calendar.

As an alternative, please use the dial-in numbers below according to your location:

ITALY: **+39 02 8020911**
UK: **+44 1 212818004**
USA: **+1 718 7058796**

A set of slides to support the presentation will be made available on the Bank's website istituzionale.bper.it in the Investor Relations section, shortly before the start of the conference call.

Contacts:

Investor Relations
investor.relations@bper.it

The Manager responsible for preparing the company's financial reports
reporting.supervision@bper.it

External Relations
relest@bper.it

www.bper.it – istituzionale.bper.it

This press release is also available in the 1INFO storage system.

Notes

[1] Net interest income plus net commission income.
[2] The cost/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 schedules provided by the 8th update of Bank of Italy Circular no. 262, the cost/income ratio is 55.23% as at 30 September 2023 vs. 75.90% as at 30 September 2022.
[3] The pro-forma capital ratios were calculated by including profit for the period for the portion not allocated to dividends, thus simulating, in advance, the effects of the ECB's authorisation to include these profits in Own Funds pursuant to art. 26, para. 2 of the CRR. It should further be noted that the results of the BPER Group as at 30 September 2023 are not affected by any charges related to the "Extraordinary tax on the increase in net interest income", as provided for by Legislative Decree No. 104/2023, converted with amendments into Law No. 136 of 9 October 2023. In accordance with the provisions of the law, the Board of Directors of BPER Banca and, similarly, the Boards of Directors of the other banks of the Group, resolved today to preliminarily exercise the option under Article 26, paragraph 5-bis of the Decree and, therefore, to submit a proposal to the 2024 annual Shareholders' Meeting to book part of the 2023 profit, for a group-wide amount of € 315.4 mln, to a non-distributable reserve. Only in the event that this reserve is used for distribution to shareholders, will the extraordinary tax under the afore-mentioned article 26, plus interest per annum for an amount equal to the interest rate on deposits with the European Central Bank, become payable by the BPER Group.
[4] See Note 3.
[5] The operating cost guidance does not include € 0.4 bn in costs to be booked in total in the last quarter of the year for the New Early Retirement Scheme for approximately 1,000 early voluntary exits and the Renewal of the National Collective Labour Agreement ("CCNL") for the Financial Sector.
[6] Guidance on the Parent Company's profit for the period, *CET1* ("Common Equity Tier 1") ratio and DPS ("*Dividend per share*") includes approx. € 0.4 bn in costs to be booked in total in the last quarter of the year for the New Early Retirement Scheme for approximately 1,000 early voluntary exits and the Renewal of the National Collective Labour Agreement ("CCNL") for the Financial Sector.
[7] See Note 6.
[8] See Note 6.
[9] See Note 1.
[10] See Note 2.
[11] Includes due to customers, debt securities issued and financial liabilities measured at fair value.
[12] See Note 3.
[13] See Note 3.
[14] See Note 3.
[15] ECB – ECB staff macroeconomic projections for the euro area, September 2023.
[16] Bank of Italy, Economic Bulletin no. 4, 13 October 2023.

Reclassified financial statements as at 30 September 2023

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 have been reclassified as follows.

In the balance sheet:

- debt securities valued at amortised cost (caption 40 *"Financial assets measured at amortised cost"*) have been reclassified under 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";
- the caption "*Other assets"* includes captions 110 *"Tax assets",* 120 *"Non-current assets and disposal groups classified as held for sale"* and 130 "*Other assets*";
- the caption "*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*".

In the income statement:

- the caption *"Net commission income"* includes commission on placement of Certificates, allocated for accounting purposes to caption 110 *"Net income on other financial assets and liabilities measured at fair value through profit or loss"* of the accounting schedule (Euro 20.3 million at 30 September 2023 and Euro 14.7 million at 30 September 2022);
- the caption *"Net income from financial activities"* includes captions 80, 90, 100 and 110 of the accounting schedule, net of commission on placement of Certificates mentioned 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 204.6 million at 30 September 2023 and Euro 183.3 million at 30 September 2022);
- the caption *"Net adjustments to property, plant, equipment and intangible assets"* includes captions 210 and 220 of the accounting schedule;
- the caption *"Gains (Losses) on investments"* includes captions 250, 260, 270 and 280 of the accounting schedule;
- the caption *"Contributions to the DGS, SRF and IDPF-VS funds"* has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to have *"Other administrative expenses"* better reflect the trend in the Group's operating costs. In particular, at 30 September 2023, this caption represents the component allocated for accounting purposes to administrative expenses in relation to the 2023 contribution to the SRF (European Single Resolution Fund) estimated for an amount of Euro 49.5 million and to the DGS (Deposit Guarantee Fund) estimated for an amount of Euro 125.8 million that will be requested by the end of the reporting period.

Reclassified consolidated balance sheet as at 30 September 2023

(in thousands)

Assets	30.09.2023	31.12.2022	Change	% Change
Cash and cash equivalents	11,590,509	13,997,441	(2,406,932)	-17.20
Financial assets	30,013,308	30,665,767	(652,459)	-2.13
a) Financial assets held for trading	731,259	707,498	23,761	3.36
b) Financial assets designated at fair value	1,969	2,381	(412)	-17.30
c) Other financial assets mandatorily measured at fair value	757,887	742,099	15,788	2.13
d) Financial assets measured at fair value through other comprehensive income	7,152,656	7,962,910	(810,254)	-10.18
e) Debt securities measured at amortised cost	21,369,537	21,250,879	118,658	0.56
- banks	6,601,134	6,596,865	4,269	0.06
- customers	14,768,403	14,654,014	114,389	0.78
Loans	88,545,999	94,193,207	(5,647,208)	-6.00
a) Loans to banks	1,769,525	2,885,583	(1,116,058)	-38.68
b) Loans to customers	86,672,062	91,174,835	(4,502,773)	-4.94
c) Loans mandatorily measured at fair value	104,412	132,789	(28,377)	-21.37
Macrohedging activity	1,668,355	1,808,515	(140,160)	-7.75
Hedging derivatives	1,690,412	1,808,515	(118,103)	-6.53
Change in value of macro-hedged financial assets	(22,057)	-	(22,057)	n.s.
Equity investments	412,034	376,158	35,876	9.54
Property, plant and equipment	2,479,234	2,546,295	(67,061)	-2.63
Intangible assets	572,170	563,502	8,668	1.54
- of which: goodwill	197,624	204,392	(6,768)	-3.31
Other assets	8,175,211	8,151,909	23,302	0.29
Total assets	**143,456,820**	**152,302,794**	**(8,845,974)**	**-5.81**

(in thousands)

Liabilities and shareholders' equity	30.09.2023	31.12.2022	Change	% Change
Due to banks	9,040,536	22,000,489	(12,959,953)	-58.91
Direct deposits	120,127,436	114,831,032	5,296,404	4.61
a) Due to customers	107,693,964	107,414,943	279,021	0.26
b) Debt securities issued	10,666,782	6,536,891	4,129,891	63.18
c) Financial liabilities designated at fair value	1,766,690	879,198	887,492	100.94
Financial liabilities held for trading	425,494	471,598	(46,104)	-9.78
Macro-hedging activity	81,547	231,689	(150,142)	-64.80
a) Hedging derivatives	311,753	512,981	(201,228)	-39.23
b) Change in value of macro-hedged financial liabilities (+/-)	(230,206)	(281,292)	51,086	-18.16
Other liabilities	4,728,131	6,647,457	(1,919,326)	-28.87
Minority interests	189,751	180,356	9,395	5.21
Shareholders' equity pertaining to the Parent Company	8,863,925	7,940,173	923,752	11.63
a) Valuation reserves	86,319	60,681	25,638	42.25
b) Reserves	4,201,976	2,944,603	1,257,373	42.70
c) Equity instruments	150,000	150,000	-	-
d) Share premium reserve	1,236,528	1,237,276	(748)	-0.06
e) Share capital	2,104,316	2,104,316	-	-
f) Treasury shares	(2,284)	(5,678)	3,394	-59.77
g) Profit (Loss) for the period	1,087,070	1,448,975	(361,905)	-24.98
Total liabilities and shareholders' equity	**143,456,820**	**152,302,794**	**(8,845,974)**	**-5.81**

BPER:
Gruppo

Reclassified consolidated income statement as at 30 September 2023

(in thousands)

Captions		30.09.2023	30.09.2022	Change	% Change
10+20	Net interest income	2,381,517	1,260,430	1,121,087	88.94
40+50	Net commission income	1,481,386	1,418,014	63,372	4.47
70	Dividends	29,945	19,192	10,753	56.03
80+90+100 +110	Net income from financial activities	95,575	116,747	(21,172)	-18.13
230	Other operating expense/income	37,623	(329)	37,952	--
	Operating income	**4,026,046**	**2,814,054**	**1,211,992**	**43.07**
190 a)	Staff costs	(1,231,426)	(1,072,485)	(158,941)	14.82
190 b)	Other administrative expenses	(590,052)	(575,296)	(14,756)	2.56
210+220	Net adjustments to property, plant and equipment and intangible assets	(174,056)	(154,746)	(19,310)	12.48
	Operating costs	**(1,995,534)**	**(1,802,527)**	**(193,007)**	**10.71**
	Net operating income	**2,030,512**	**1,011,527**	**1,018,985**	**100.74**
130 a)	Net impairment losses to financial assets at amortised cost	(364,681)	(334,599)	(30,082)	8.99
	- loans to customers	*(353,802)*	*(308,884)*	*(44,918)*	*14.54*
	- other financial assets	*(10,879)*	*(25,715)*	*14,836*	*-57.69*
130 b)	Net impairment losses to financial assets at fair value	(319)	(246)	(73)	29.67
140	Gains (Losses) from contractual modifications without derecognition	3,320	(625)	3,945	-631.20
	Net impairment losses for credit risk	**(361,680)**	**(335,470)**	**(26,210)**	**7.81**
200	Net provisions for risks and charges	(69,479)	(52,824)	(16,655)	31.53
###	Contributions to SRF, DGS, IDPF - VS	(175,237)	(169,001)	(6,236)	3.69
250+260 +270+280	Gains (Losses) on investments	33,058	13,351	19,707	147.61
275	Gain on a bargain purchase	-	1,171,322	(1,171,322)	-100.00
290	**Profit (Loss) from current operations before tax**	**1,457,174**	**1,638,905**	**(181,731)**	**-11.09**
300	Income taxes on current operations for the period	(347,364)	(157,370)	(189,994)	120.73
330	**Profit (Loss) for the period**	**1,109,810**	**1,481,535**	**(371,725)**	**-25.09**
340	Profit (Loss) for the period pertaining to minority interests	(22,740)	(15,159)	(7,581)	50.01
350	**Profit (Loss) for the period pertaining to the Parent Company**	**1,087,070**	**1,466,376**	**(379,306)**	**-25.87**

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Reclassified consolidated income statement by quarter as at 30 September 2023

(in thousands)

Captions		1st quarter 2023	2nd quarter 2023	3rd quarter 2023	1st quarter 2022	2nd quarter 2022	3rd quarter 2022	4th quarter 2022
10+20	Net interest income	725,989	818,980	836,548	376,429	409,020	474,981	565,463
40+50	Net commission income	506,098	489,531	485,757	450,559	463,410	504,045	524,066
70	Dividends	2,223	22,912	4,810	286	15,597	3,309	2,932
80+90+ 100+110	Net income from financial activities	50,882	3,066	41,627	58,939	25,457	32,351	22,975
230	Other operating expense/income	33,220	(581)	4,984	(2,470)	(10,276)	12,417	328,861
	Operating income	**1,318,412**	**1,333,908**	**1,373,726**	**883,743**	**903,208**	**1,027,103**	**1,444,297**
190 a)	Staff costs	(423,227)	(425,947)	(382,252)	(352,154)	(359,388)	(360,943)	(609,801)
190 b)	Other administrative expenses	(195,402)	(200,345)	(194,305)	(160,690)	(181,965)	(232,641)	(302,512)
210+220	Net adjustments to property, plant and equipment and intangible assets	(57,161)	(57,856)	(59,039)	(45,584)	(48,498)	(60,664)	(72,926)
	Operating costs	**(675,790)**	**(684,148)**	**(635,596)**	**(558,428)**	**(589,851)**	**(654,248)**	**(985,239)**
	Net operating income	**642,622**	**649,760**	**738,130**	**325,315**	**313,357**	**372,855**	**459,058**
130 a)	Net impairment losses to financial assets at amortised cost	(142,411)	(126,919)	(95,351)	(111,925)	(103,692)	(118,982)	(271,460)
	- loans to customers	*(141,199)*	*(130,026)*	*(82,577)*	*(96,109)*	*(97,604)*	*(115,171)*	*(273,931)*
	- other financial assets	*(1,212)*	*3,107*	*(12,774)*	*(15,816)*	*(6,088)*	*(3,811)*	*2,471*
130 b)	Net impairment losses to financial assets at fair value	(31)	529	(817)	(16)	(230)	-	(196)
140	Gains (Losses) from contractual modifications without derecognition	1,905	991	424	(1,225)	27	573	486
	Net impairment losses for credit risk	**(140,537)**	**(125,399)**	**(95,744)**	**(113,166)**	**(103,895)**	**(118,409)**	**(271,170)**
200	Net provisions for risks and charges	(57,088)	(8,298)	(4,093)	(12,200)	(28,839)	(11,785)	(79,432)
###	Contributions to SRF, DGS, IDPF - VS	(69,530)	20,046	(125,753)	(45,666)	(55)	(123,280)	(3,422)
250+260 +270+280	Gains (Losses) on investments	12,124	(2,793)	23,727	4,026	2,988	6,337	(21,096)
275	Gain on a bargain purchase	-	-	-	-	1,188,433	(17,111)	(223,199)
290	**Profit (Loss) from current operations before tax**	**387,591**	**533,316**	**536,267**	**158,309**	**1,371,989**	**108,607**	**(139,261)**
300	Income taxes on current operations for the period	(88,249)	(113,147)	(145,968)	(39,579)	(95,745)	(22,046)	131,606
330	**Profit (Loss) for the period**	**299,342**	**420,169**	**390,299**	**118,730**	**1,276,244**	**86,561**	**(7,655)**
340	Profit (Loss) for the period pertaining to minority interests	(8,667)	(6,293)	(7,780)	(6,058)	(4,108)	(4,993)	(9,746)
350	**Profit (Loss) for the period pertaining to the Parent Company**	**290,675**	**413,876**	**382,519**	**112,672**	**1,272,136**	**81,568**	**(17,401)**

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Consolidated balance sheet as at 30 September 2023

(in thousands)

	Assets	30.09.2023	31.12.2022	Change	% Change
10.	Cash and cash equivalents	11,590,509	13,997,441	(2,406,932)	-17.20
20.	Financial assets measured at fair value through profit or loss	1,595,527	1,584,767	10,760	0.68
	a) financial assets held for trading	731,259	707,498	23,761	3.36
	b) financial assets designated at fair value	1,969	2,381	(412)	-17.30
	c) other financial assets mandatorily measured at fair value	862,299	874,888	(12,589)	-1.44
30.	Financial assets measured at fair value through other comprehensive income	7,152,656	7,962,910	(810,254)	-10.18
40.	Financial assets measured at amortised cost	109,811,124	115,311,297	(5,500,173)	-4.77
	a) loans to banks	8,370,659	9,482,448	(1,111,789)	-11.72
	b) loans to customers	101,440,465	105,828,849	(4,388,384)	-4.15
50.	Hedging derivatives	1,690,412	1,808,515	(118,103)	-6.53
60.	Change in value of macro-hedged financial assets (+/-)	(22,057)	-	(22,057)	n.s.
70.	Equity investments	412,034	376,158	35,876	9.54
90.	Property, plant and equipment	2,479,234	2,546,295	(67,061)	-2.63
100.	Intangible assets	572,170	563,502	8,668	1.54
	of which:	-			
	- goodwill	197,624	204,392	(6,768)	-3.31
110.	Tax assets	2,618,698	2,931,538	(312,840)	-10.67
	a) current	912,882	579,149	333,733	57.62
	b) deferred	1,705,816	2,352,389	(646,573)	-27.49
120.	Non-current assets and disposal groups classified as held for sale	23,892	1,192,429	(1,168,537)	-98.00
130.	Other assets	5,532,621	4,027,942	1,504,679	37.36
	Total assets	**143,456,820**	**152,302,794**	**(8,845,974)**	**-5.81**

(in thousands)

	Liabilities and shareholders' equity	30.09.2023	31.12.2022	Change	% Change
10.	Financial liabilities measured at amortised cost	127,401,282	135,952,323	(8,551,041)	-6.29
	a) due to banks	9,040,536	22,000,489	(12,959,953)	-58.91
	b) due to customers	107,693,964	107,414,943	279,021	0.26
	c) debt securities issued	10,666,782	6,536,891	4,129,891	63.18
20.	Financial liabilities held for trading	425,494	471,598	(46,104)	-9.78
30.	Financial liabilities designated at fair value	1,766,690	879,198	887,492	100.94
40.	Hedging derivatives	311,753	512,981	(201,228)	-39.23
50.	Change in value of macro-hedged financial liabilities (+/-)	(230,206)	(281,292)	51,086	-18.16
60.	Tax liabilities	73,226	71,562	1,664	2.33
	a) current	15,659	8,174	7,485	91.57
	b) deferred	57,567	63,388	(5,821)	-9.18
70.	Liabilities associated with assets classified as held for sale	-	1,430,197	(1,430,197)	-100.00
80.	Other liabilities	3,314,147	3,679,162	(365,015)	-9.92
90.	Employee termination indemnities	151,614	177,224	(25,610)	-14.45
100.	Provisions for risks and charges	1,189,144	1,289,312	(100,168)	-7.77
	a) commitments and guarantees granted	141,685	154,497	(12,812)	-8.29
	b) pension and similar obligations	109,666	115,987	(6,321)	-5.45
	c) other provisions for risks and charges	937,793	1,018,828	(81,035)	-7.95
120.	Valuation reserves	86,319	60,681	25,638	42.25
140.	Equity instruments	150,000	150,000	-	-
150.	Reserves	4,201,976	2,944,603	1,257,373	42.70
160.	Share premium reserve	1,236,528	1,237,276	(748)	-0.06
170.	Share capital	2,104,316	2,104,316	-	-
180.	Treasury shares (-)	(2,284)	(5,678)	3,394	-59.77
190.	Minority interests (+/-)	189,751	180,356	9,395	5.21
200.	Profit (Loss) for the period (+/-)	1,087,070	1,448,975	(361,905)	-24.98
	Total liabilities and shareholders' equity	**143,456,820**	**152,302,794**	**(8,845,974)**	**-5.81**

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Consolidated income statement as at 30 September 2023

(in thousands)

	Captions	30.09.2023	30.09.2022	Change	% Change
10.	Interest and similar income	3,465,644	1,514,772	1,950,872	128.79
	of which: interest income calculated using the effective interest method	3,337,799	1,467,167	1,870,632	127.50
20.	Interest and similar expense	(1,084,127)	(254,342)	(829,785)	326.25
30.	**Net interest income**	**2,381,517**	**1,260,430**	**1,121,087**	**88.94**
40.	Commission income	1,593,396	1,557,714	35,682	2.29
50.	Commission expense	(132,354)	(154,398)	22,044	-14.28
60.	**Net commission income**	**1,461,042**	**1,403,316**	**57,726**	**4.11**
70.	Dividends and similar income	29,945	19,192	10,753	56.03
80.	Net income from trading activities	45,700	45,166	534	1.18
90.	Net income from hedging activities	26,523	2,298	24,225	--
100.	Gains (Losses) on disposal or repurchase of:	53,935	64,325	(10,390)	-16.15
	a) financial assets measured at amortised cost	41,353	47,383	(6,030)	-12.73
	b) financial assets measured at fair value through other comprehensive income	12,580	3,965	8,615	217.28
	c) financial liabilities	2	12,977	(12,975)	-99.98
110.	Net income on other financial assets and liabilities measured at fair value through profit or loss	(10,239)	19,656	(29,895)	-152.09
	a) financial assets and liabilities designated at fair value	(28,284)	73,252	(101,536)	-138.61
	b) other financial assets mandatorily measured at fair value	18,045	(53,596)	71,641	-133.67
120.	**Net interest and other banking income**	**3,988,423**	**2,814,383**	**1,174,040**	**41.72**
130.	Net impairment losses for credit risk relating to:	(365,000)	(334,845)	(30,155)	9.01
	a) financial assets measured at amortised cost	(364,681)	(334,599)	(30,082)	8.99
	b) financial assets measured at fair value through other comprehensive income	(319)	(246)	(73)	29.67
140.	Gains (Losses) from contractual modifications without derecognition	3,320	(625)	3,945	-631.20
150.	**Net income from financial activities**	**3,626,743**	**2,478,913**	**1,147,830**	**46.30**
180.	**Net income from financial and insurance activities**	**3,626,743**	**2,478,913**	**1,147,830**	**46.30**
190.	Administrative expenses:	(2,201,352)	(2,111,680)	(89,672)	4.25
	a) staff costs	(1,231,426)	(1,072,485)	(158,941)	14.82
	b) other administrative expenses	(969,926)	(1,039,195)	69,269	-6.67
200.	Net provisions for risks and charges	(69,479)	(52,824)	(16,655)	31.53
	a) commitments and guarantees granted	12,262	(25,233)	37,495	-148.60
	b) other net provisions	(81,741)	(27,591)	(54,150)	196.26
210.	Net adjustments to property, plant and equipment	(116,596)	(105,737)	(10,859)	10.27
220.	Net adjustments to intangible assets	(57,460)	(49,009)	(8,451)	17.24
230.	Other operating expense/income	242,260	183,020	59,240	32.37
240.	**Operating costs**	**(2,202,627)**	**(2,136,230)**	**(66,397)**	**3.11**
250.	Gains (Losses) of equity investments	39,959	14,815	25,144	169.72
260.	Valuation differences on property, plant and equipment and intangible assets measured at fair value	(738)	(1,457)	719	-49.35
270.	Impairment losses on goodwill	(6,768)	-	(6,768)	n.s.
275.	Gain on a bargain purchase	-	1,171,322	(1,171,322)	-100.00
280.	Gains (Losses) on disposal of investments	605	(7)	612	--
290.	**Profit (Loss) from current operations before tax**	**1,457,174**	**1,527,356**	**(70,182)**	**-4.59**
300.	Income taxes on current operations for the period	(347,364)	(45,821)	(301,543)	658.09
310.	**Profit (Loss) from current operations after tax**	**1,109,810**	**1,481,535**	**(371,725)**	**-25.09**
330.	**Profit (Loss) for the period**	**1,109,810**	**1,481,535**	**(371,725)**	**-25.09**
340.	Profit (Loss) for the period pertaining to minority interests	(22,740)	(15,159)	(7,581)	50.01
350.	**Profit (Loss) for the period pertaining to the Parent Company**	**1,087,070**	**1,466,376**	**(379,306)**	**-25.87**

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Performance ratios[1]

Financial ratios	30.09.2023	2022 (*)
Structural ratios		
Net loans to customers/total assets	60.42%	59.86%
Net loans to customers/direct deposits from customers	72.15%	79.40%
Financial assets/total assets	20.92%	20.13%
Gross non-performing loans/gross loans to customers	2.85%	3.20%
Net non-performing loans/net loans to customers	1.25%	1.41%
Texas ratio[2]	25.47%	32.29%
Profitability ratios		
ROE[3]	20.37%	7.94%
ROTE[4]	20.55%	8.30%
ROA[5]	1.03%	0.35%
Cost to income ratio[6]	49.57%	64.05%
Cost of credit risk[7]	0.41%	0.34%
Prudential supervision ratios	**30.09.2023**	**2022 (*)**
Own Funds (Fully Phased) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	7,756,084	6,379,995
Own Funds	9,687,642	8,292,408
Risk-weighted assets (RWA)	51,984,439	52,989,278
Fully Phased capital ratios and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - pro-forma[8]	14.92%	12.04%
Tier 1 Ratio (T1 Ratio) - pro-forma[9]	15.21%	12.32%
Total Capital Ratio (TC Ratio) - pro-forma[10]	18.64%	15.65%
Liquidity Coverage Ratio (LCR)	158.9%	195.3%
Net Stable Funding Ratio (NSFR)	131.0%	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 income statement ratios have been calculated on figures at 30 September 2022 as per the Consolidated interim report on operations as at 30 September 2022.

[1] *The information provided is consistent with the ESMA document of 5 October 2015 "Guidelines on Alternative performance measures", aimed at promoting the usefulness and transparency of Alternative Performance Measures included in prospectuses or documents containing regulated information. To construct ratios, reference was made to the balance sheet and income statement captions of the reclassified statements providing an operational management view as per the present Press Release.*
[2] *The Texas ratio is calculated as total gross non-performing loans on net tangible equity (Group and minority interests) plus impairment provisions for non-performing loans.*
[3] *ROE is calculated as the ratio of annualised net profit for the period to the Group's average shareholders' equity not including net profit.*
[4] *ROTE is calculated as the ratio of annualised net profit for the period to the Group's average shareholders' equity (i) including net profit for the period, stripped of the portion allocated to dividends then annualised and (ii) excluding intangible assets and equity instruments.*
[5] *ROA is calculated as the ratio of annualised net profit for the period (including net profit for the period pertaining to minority interests) and total assets.*
[6] *The Cost to income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income); when calculated on the basis of the schedules provided by the 8th update of Bank of Italy Circular no. 262, the Cost to income ratio is 55.23% (75.90% at 30 September 2022 as per the Consolidated interim report on operations as at 30 September 2022).*
[7] *The Cost of credit risk is calculated as net impairment losses to loans to customers on net loans to customers at 30 September 2023.*
[8] *The pro-forma capital ratios have been calculated including the result for the period, net of the pro-quota dividends, thus simulating, in advance, the effects of the authorisation issued by the ECB for the inclusion of these profits in Own Funds pursuant to art. 26, para. 2 of the CRR.*
[9] *See previous note.*
[10] *See previous note.*