Banca Popolare di Sondrio

BOARD OF DIRECTORS APPROVES RESULTS AS AT 30 JUNE 2022

Net profit equal to € 105.1 million thanks to the excellent performance of the core business (€ 504.8 million; +16% y/y)

Double-digit growth in net interest income (€ 320.3 million; +21.3% y/y)

Net commissions up (€ 184.5 million; +7.9% y/y)

New lending to households and businesses of over € 3.1 billion

Net impaired loans amount to € 761 million, in further reduction (-25.3% y/y)
Cost of credit risk equal to 26 bp

CET1 ratio at 15.2%[1] and Total capital ratio at 17.9%[1]

"A little over a month after the presentation of the "Next Step" Business Plan, we share today with our Shareholders and our community of stakeholders the good results of the first half of 2022. After the transformation into a joint stock company at the end of last year, I am pleased to be able to comment on this important performance, in full continuity with what has been done in 150 years of activity as a cooperative society." said **Mario Alberto Pedranzini**, **Chief Executive Officer and General Manager** of **Banca Popolare di Sondrio**.

"We recorded a net profit of around € 105 million thanks mainly to the strong growth in core banking business, which exceeded half a billion euros, once again highlighting our nature as a 'banca che fa banca' effectively and efficiently.

The economic scenario in which we operate, albeit with the well-known complexities, remains positive and this was also reflected in the low cost of risk levels in this half-yearly report. We are aware of the challenges ahead, but we will continue to work alongside *and support our customers, on the strength of our capital position and our 'unique way of banking'.*

We reaffirm our commitment to sustainability and environmental protection by consistently guiding our lending to customers as well as their financial investments. Standard Ethics further improved our long-term sustainability rating from 'EE' to 'EE+'. Last but not least, the European Bank for Reconstruction and Development awarded us the 'Green Deal of the Year' for our growing commitment to facilitating the transition to a green economy in developing countries".

Sondrio,* August 5, *2022 - The Board of Directors of Banca Popolare di Sondrio, which met today under the chairmanship of Prof. Avv. Francesco Venosta, examined and approved the consolidated half-yearly financial report as of June 30, 2022.

In a macroeconomic context in which Italy's gross domestic product is continuing to grow, albeit at a slower pace than expected at the beginning of the year, the Banca Popolare di Sondrio Group, thanks to its diversified and innovative business model with its customers at the center, confirms its ability to achieve solid profitability, reporting a half-yearly net profit of 105.1 million euro.

Below are some **details of the most significant economic and financial indicators**:

- the **net result for the period,** equal to € 105.1 million, reflects the strong increase in income from **core banking activities**, which comes in at € 504.8 million (+16% compared with June 30, 2021; net **interest income** +21.3% and **net commissions** +7.9%). It also incorporates significant charges for the stabilisation of the Banking System of € 40 million, a further increase on the comparative period;
- the **capital ratios**[1] are at particularly high levels. In the *phased-in* version, the CET1 Ratio and Tier1 Ratio are 15.2%, while the Total Capital Ratio is 17.9%. In the fully loaded version, the ratios are respectively 15.1% and 17.8%;
- new **loans** disbursed **to households and businesses** totalled over € 3.1 billion, up from over € 2.5 billion in the comparative period, confirming the Bank's role as a reliable partner in **supporting the real economy in the areas it serves**;
- the amount of **tax credits acquired** (superbonus/earthquake bonus, ecobonus, other bonuses) has further increased from around € 500 million at the end of 2021 to over € 1,300 million as at 30 June 2022. This activity, carried out by the bank with a rigorous verification of the files, has also allowed the expansion of the customer base;
- a further reduction in the **ratio of gross impaired loans,** as summarised by the NPL ratio which stood at 5.2% from 5.8% at the end of 2021;
- **the coverage ratios for impaired loans** remain particularly high and among the highest at System level. Compared to 31 December 2021, the ***coverage ratio* for total non-performing loans** stands at 57.8% from 55.4%, the coverage *ratio for* positions classified as bad loans stands at 75.2% from 73.9%, reaching 90.4% with the inclusion of amounts passed through the income statement in previous years on

positions already classified as bad loans for which accounting evidence is maintained, against the prospect of possible recoveries. The coverage level for unlikely to pay stands at 47,2% from 45,2%. The coverage ratio for **performing loans** has fallen slightly to around 0.4%;

- the **cost of risk** stood at 30 basis points, not far from the values recorded both in the comparison period and in the first quarter of the current year. This confirms the good quality of assets, also thanks to derisking action carried out in recent years, which will continue in the future. The contained migration from performing to impaired positions, as summarised by the default rate which fell below 1%, is also worthy of note;
- the **Texas ratio**, the ratio of total net impaired loans to tangible equity, decreased further to 23.4% from 25.8% at the end of December 2021;
- **direct funding from customers** amounted to € 38,215 million, down from € 39,304 million at the end of 2021 (-2.8%), but up compared to 31 March 2022 (+1.4%);
- **indirect deposits**, influenced by the negative performance of equity and bond markets, amounted to € 37,398 million compared with € 40,982 million at the end of 2021 (-8.7%). Assets under administration stood at € 31,033 million compared with € 34,186 million at 31 December 2021 (-9.2%). Assets under management amounted to € 6,365 million compared with € 6,796 million in the comparison period (-6.3%) due to a negative market effect only partly offset by positive net inflows of over € 300 million;
- **insurance deposits** amounted to € 1,946 million compared to € 1,909 million at 31 December 2021 (+1.9%) with net inflows of over € 70 million;
- **loans to customers** amount to € 33,271 million, up significantly (+7.1%) from € 31,059 million at the end of 2021. All the main technical forms, both short-term and medium/long-term, are growing, with a particularly significant performance in factoring;
- the **liquidity indicators**, both short term (*Liquidity Coverage Ratio*) and medium term (*Net Stable Funding Ratio*), are well above the minimum regulatory requirements;
- on the whole, the contribution made to the Group's net result by **subsidiaries and associates was** positive.

Accounting data (in millions of euro)

Income results	**30/06/2022**	**30/06/2021**	**Change**
Result from core banking activities	504.8	435.0	+16.0%
of which interest margin	320.3	264.0	+21.3%
of which net commissions	184.5	171.0	+7.9%
Result of financial activities	47.0	58.0	-18.8%
Result of other financial activities at FVTPL	-67.6	12.4	-

Intermediation margin	484.3	505.3	-4.2%
Net value adjustments (*)	43.4	49.5	-12.3%
Operating costs (*) (**)	256.2	244.3	+4.9%
System charges (**)	40.0	34.7	+15.3%
Profit before tax	153.9	192.9	-20.2%
Net result	105.1	136.7	-23.1%

The result of financial activities is the sum of items 70 - 80 - 90 - 100 of the income statement.
The result of other financial assets measured at FVTPL comprises item 110b in the income statement.

(*) As of June 30, 2022, € 11.6 million of net credit risk provisions for commitments and guarantees, initially included in net provisions for risks and charges in the income statement, were restated by showing them under net impairment losses. The results as at 30 June 2021 have been made consistent.
(**) System charges have been separated from operating costs.

Balance sheet results	**30/06/2022**	**31/12/2021**	**Change**
Direct funding from customers	38,215	39,304	-2.8%
Indirect deposits from customers	37,398	40,982	-8.7%
Assets under custody	31,033	34,186	-9.2%
Assets under management	6,365	6,796	-6.3%
Insurance deposits from customers	1,946	1,909	+1.9%
Total funding from customers	77,558	82,195	-5.6%
Net loans to customers	33,271	31,059	+7.1%

Performance indicators	**30/06/2022**	**31/12/2021**
Cost-income ratio	52.9%	49.9%
Cost of credit	0.26%	0.43%
Gross NPL ratio	5.2%	5.8%
CET 1 ratio - *phased in*[1]	15.2%	15.8%
Total capital ratio - *phased in*[1]	17.9%	18.9%

The following comments refer to the figures shown in the attached "Summary of reclassified consolidated income statement".

The Group's economic performance

Consolidated **net income** at 30 June 2022 amounted to € 105.1 million, in reduction from € 136.7 million in the comparative period. This result came from consolidated gross income of € 153.9 million, after deducting taxes of € 48.8 million, corresponding to a tax rate of 31.7%.

Net interest income amounted to € 320.3 million, up 21.3% compared with 30 June 2021. As regards the more "commercial" component, relating to business with customers, the figure benefits from a positive volume effect deriving from the significant expansion in lending. The spread, although still down marginally compared to the reference period, suggests a possible reversal of the trend already in the coming quarters. There was a further increase in the margin from the acquisition of tax receivables, which amounted to around € 14 million in the first half of the year. The contribution from the securities portfolio was substantial, totalling around € 60 million, including the coupon flow from *inflation-linked* securities. Lastly, the benefit from the TLTRO III loan with the ECB, on which a -1% rate was applied thanks to the bank's compliance with the benchmark assigned by the Supervisory Authority in terms of lending to the real economy, remains high.

Net commissions from services amounted to € 184.5 million, up 7.9% from € 171 million in the comparative period. Of particular note was the positive performance of the placement of asset management products, whose contribution grew by 7.9% in the period, as well as that related to loans and collection and payment services, which increased by 13.2% and 5.1% respectively.

The **result from financial activities**, the sum of items 70, 80, 90, 100, was a positive € 47 million, compared with € 58 million in the comparative period. **Dividends** received amounted to € 5.7 million, compared with € 4.2 million at 30 June 2021. The **result from trading activities amounted to €** 2.7 million, compared with € 31.3 million in the first half of 2021. The **net result from hedging activities was a** negative € 0.1 million compared with the positive contribution of € 0.1 million in the comparison period. **Gains on disposal or repurchase amounted to €** 38.8 million compared with € 22.4 million in June 2021.

The **result from other financial assets at fair value** (item 110b), mainly due to the sharp rise in market rates, was a negative € 67.6 million compared with a positive contribution of € 12.4 million in the comparative period. In this area, losses on loans to customers measured at fair value amounted to € 17.2 million compared with € 0.3 million, of the same sign, at 30 June 2021. Other items, mainly related to fund units (OICR), generated mark to market losses of € 50.3 million compared with capital gains of € 12.7 million in the first half of 2021.

The **intermediation margin** therefore amounted to € 484.3 million, down 4.2% from € 505.3 million in the comparative period. Net of the aforementioned component relating to other financial assets at fair value, the aggregate would have increased by 11.9%.

Net adjustments amounted to € 43.4 million compared with € 49.5 million in the comparative period (-12.3%). The aggregate includes extraordinary provisions connected with the conflict between Russia and Ukraine, without prejudice to the Group's very limited exposure to the geographical area involved. The item also includes the release of part of the prudential provisions previously made in relation to the economic effects of the pandemic.

For an easier interpretation of the amount of net value adjustments, please note the following:

- item 130 of the income statement, which relates to exposures to customers and banks in the form of both loans and securities, amounts to € 31 million and consists almost entirely of adjustments relating to financial assets measured at amortised cost;
- item 140, which includes gains/losses from contractual modifications without cancellations, deriving from changes in contractual cash flows, was negative for € 0.8 million in the period;
- the aggregate of the above items therefore totals € 31.8 million. If we take into account the € 11.6 million of net provisions for credit risk for commitments and guarantees, initially included in the income statement under net provisions for risks and charges, we arrive at the € 43.4 million of net value adjustments mentioned above.

The ratio of net adjustments (€ 43.4 million) to net loans to customers (€ 33,271 million), known as the **cost of credit**, was therefore 0.26% compared with 0.32% in the comparative period.

The **net financial management result was** € 440.9 million, compared with € 455.9 million in the comparative period (-3.3%).

Operating expenses have risen (+4.9%) to € 256.2 million, up from € 244.3 million in the comparative period. This aggregate was affected in particular by the increase in payroll costs, which also reflects further growth in the staff, and other administrative expenses. As regards the individual components, administrative expenses amounted to € 261.4 million, up from € 248.9 million in the comparative period (+5%).
Within this context: personnel expenses rose to € 130.7 million from € 125 million in the comparative period (+4.5%), other administrative expenses rose from € 123.8 million at 30 June 2021 to € 130.7 million at 30 June 2022 (+5.5%).
The item Net provisions for risks and charges shows provisions of € 6.2 million which compares with a value of essentially zero in the first half of 2021.
Adjustments to property, plant and equipment and intangible assets amounted to € 27.5 million, up from € 25.7 million at 30 June 2021 (+7%).
Other operating income and charges, for which the above-mentioned reclassifications have been made, were positive and amounted to € 38.9 million compared with € 30.3 million in the comparative period (+28.7%).
In light of the above, the ***cost-income ratio***, calculated as the ratio of operating expenses to the **intermediation margin**, was 52.9% from 48.3% at 30 June 2021.

The **operating result was** therefore € 184.7 million compared with € 211.6 million in the first half of 2021.

Charges for stabilising the banking system amounted to € 40 million, up from € 34.7 million in the comparative period (+15.3%).

The item "**Gains/losses on equity investments and other investments"** showed a positive balance of € 9.2 million compared to € 16.1 million in the comparison period.

The **overall result before tax** was € 153.9 million, compared to € 192.9 million at 30 June 2021. Lastly, after deducting **income taxes of** € 48.8 million, we arrive at a **net profit for the period of** € 105.1 million, which compares with € 136.7 million in the same period of 2021.

Balance sheet aggregates

Compared to the volumes at the end of 2021, **direct deposits are €** 38,215 million (-2.8%), recovering compared to 31 March 2022 (+1.4%). **Indirect deposits**, affected by negative market trends, amount to € 37,398 million compared to € 40,982 million at the end of 2021 (-8.7%). Assets under administration amounted to € 31,033 million compared with € 34,186 million at 31 December 2021 (-9.2%). Assets under management amounted to € 6,365 million compared with € 6,796 million in the comparison period (-6.3%), with net inflows of over € 300 million. **Insurance deposits** totalled € 1,946 million (+1.9%). **Total funding** from customers therefore amounted to € 77,558 million (-5.6%).

Net loans to customers, the sum of those measured at amortised cost and those measured at fair value through profit or loss, amounted to € 33,271 million, up from € 31,059 million at the end of 2021 (+7.1%).

Net impaired loans amounted to € 761 million, down from € 837 million at 31 December 2021 (-9.1%). As a percentage of total net loans, they amount to 2.3%, down further from 2.7% at the end of 2021. Coverage levels remained particularly high; coverage for total impaired positions stood at 57.8% from 55.4% at the end of 2021. In this context, **net bad loans amount** to € 190 million (-1.1%), accounting for 0.6% of total loans to customers, in line with the figure at the end of 2021. The coverage ratio was 75.2%, compared with 73.9% at the end of 2021; taking into account the amounts transferred to the income statement in previous years on positions already classified as bad loans for which accounting evidence is maintained, against a prospect of possible recoveries, the coverage for these loans stood at 90.4%.
Net **unlikely to pay** amounted to € 512 million (-13.2%), with a coverage ratio of 47.2% compared to 45.2% at the end of 2021. As a percentage of total loans, they fell to 1.5% compared to 1.9% at the end of 2021. Net **impaired exposures past due and/or in arrears** amount to € 59 million (+6.8%), with a coverage ratio of 10.6% compared with 14.3% at the end of 2021 and a ratio of 0.2% to total loans, in line with last year. The coverage of performing loans, which has decreased slightly, stands at around 0.4%.

Financial assets, represented by own securities and derivatives, amount to € 13,276 million, down by € 428 million (-3.1%) compared with the volumes at the end of last year. More in detail: **financial assets held for trading** rise from € 204.3 million at the end of 2021 to € 209.7 million at June 2022 (+2.6%); **other financial assets measured at *fair value***, fell from € 794.3 million at 31 December 2021 to € 730.2 million at 30 June 2022

(-8.1%); **financial assets measured at *fair value* with an impact on comprehensive income** fell from € 3,102 million at the end of 2021 to € 2,630 million in the current period (-15.2%) and the volume of **financial assets measured at amortised cost** rose from € 9,603 million at the end of 2021 to € 9,706 million at 30 June 2022 (+1.1%). On the other hand, the total volume of Italian government securities stood at € 7,932 million, down (-3.4%) from € 8,208 million at the end of 2021. With reference to the latter aggregate, the volume of floating-rate and inflation-linked securities came to around € 6.5 billion, up considerably from around € 5.8 billion at 31 December 2021 (+12.5%).
The portion of the portfolio allocated to **ESG debt securities** increased further to 744 million euros.

Equity investments remain stable at the end of 2021 at € 339 million.

The Group's exposure to the ECB under TLTRO III totalled € 8,874 million, unchanged from 31 December 2021.

As at 30th June 2022, both the short-term (LCR-Liquidity Coverage Ratio) and the medium-to-long term (NSFR-Net Stable Funding Ratio) **liquidity ratios** were well above the minimum requirement for the current year (100%). In particular, the Liquidity Coverage Ratio stood at 137% at the end of June 2022.

The Group can always rely on a substantial **portfolio of assets eligible for refinancing** which, net of haircuts applied, amounts to € 15,885 million: of these, € 5,906 million (37%) are represented by unencumbered securities.
Consolidated equity, including profit for the period, amounted to € 3,294 million at 30 June 2022, an increase of € 24 million compared to the figure at the end of 2021.

Consolidated (phased-in) **regulatory capital**[1] at 30 June 2022 stood at € 3,722 million compared to the 31 December 2021 figure of € 3,785 million (-1.7%).

The **capital ratios**[1] for regulatory purposes at 30 June 2022, calculated on the basis of regulatory capital as set out above, were equal to:

- CET1 ratio: 15.2% (phased-in), 15.1% (fully phased-in);
- Tier1 ratio: 15.2% (phased-in), 15.1% (fully phased-in);
- Total Capital ratio: 17.9% (phased-in), 17.8% (fully phased-in).

The **Leverage Ratio** as at 30 June 2022 was, applying the transitional criteria in force for 2022 (*phased in*), 5.29% and, depending on the criteria envisaged when *fully phased in*, 5.27%.

As at 30 June 2022, the Banking Group's **staff** consisted of 3,408 resources. **New hires made in 2022 amount to 118**.

With regard to the **outlook for operations**, the general macroeconomic environment will continue to be critical due to the effects of the ongoing conflict in Ukraine, the

uncertainties surrounding energy supplies and raw material prices, as well as the strong inflationary pressures, not to mention the new variants of Covid-19. The financial markets, whose performance in the first part of the year was predominantly negative, are likely to remain volatile.
In this context, the Group, thanks to its solid capital base and the resilience of its business model shown so far, should reasonably continue to achieve positive results, at least in line with the performance in the first half of the year.

The consolidated interim financial report for the six months ended 30 June 2022 will be published on the Company's website "https://istituzionale.popso.it/en" and deposited on the authorised eMarket Storage mechanism "www.emarketstorage.com" and at the Bank's head office.

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DECLARATION

The manager responsible for preparing the company's financial reports, Maurizio Bertoletti, hereby declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.
Signed:
Maurizio Bertoletti, manager responsible for preparing the company's financial reports.

Attachments:

summary of the main consolidated results;
key consolidated financial statement indicators;
aggregates and consolidated credit quality indicators;
financial assets by portfolio;
consolidated aggregates and capital adequacy indicators;
consolidated balance sheet and income statement;
summary reclassified consolidated income statement;
quarterly statement of changes in the reclassified consolidated income statement;
consolidated statement of comprehensive income.

Note:

1) Capital ratios are shown taking into account the portion of profit for the period that can be allocated to self-financing, the inclusion of which in equity is subject to approval by the Supervisor.

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The English translation is provided only for the benefit of the reader and in the case of discrepancies the Italian version shall prevail.

RESULTS IN BRIEF

(in million of euro)			
Balance sheet	**30/06/2022**	**31/12/2021**	**Change %**
Loans to customers	33,271	31,059	7.12
Loans and receivables with customers measured at amortised cost	32,870	30,625	7.33
Loans and receivables with customers measured at fair value through profit or loss	401	434	-7.50
Loans and receivables with banks	3,398	3,276	3.71
Financial assets that do not constitute loans	13,276	13,704	-3.12
Equity investments	339	339	-0.14
Total assets	54,661	55,016	-0.65
Direct funding from customers	38,215	39,304	-2.77
Indirect funding from customers	37,398	40,982	-8.75
Direct funding from insurance premiums	1,946	1,909	1.90
Customer assets under administration	77,558	82,195	-5.64
Other direct and indirect funding	19,274	19,760	-2.46
Equity	3,294	3,270	0.71
Income statement	**30/06/2022**	**30/06/2021**	**Change %**
Net interest income	320	264	21.31
Total income	484	505	-4.17
Profit from continuing operations	154	193	-20.23
Profit (loss) for the period	105	137	-23.14
Capital ratios	**30/06/2022**	**31/12/2021**	
CET1 Capital ratio (phased-in)	15.18%	15.78%	
Total Capital ratio (phased-in)	17.85%	18.88%	
Free capital	2,054	2,181	
Other information on the banking group	**30/06/2022**	**31/12/2021**	
Number of employees	3,408	3,392	
Number of branches	370	370	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	30/06/2022	31/12/2021
Equity/Direct funding from customers	8.62%	8.32%
Equity/Loans and receivables with customers	9.90%	10.53%
Equity/Financial assets	24.81%	23.87%
Equity/Total assets	6.03%	5.94%
Profitability indicators	**30/06/2022**	**30/06/2021**
Cost/Income ratio *	52.90%	48.35%
Net interest income/Total income	66.14%	52.25%
Administrative expenses/Total income *	53.97%	49.25%
Net interest income/Total assets	0.59%	0.50%
Net financial income/Total assets *	0.81%	0.86%
Net profit for the year/Total assets	0.19%	0.26%
Asset quality indicators	**30/06/2022**	**31/12/2021**
Texas ratio	23.37%	25.83%
Net non-performing loans/Equity	5.77%	5.88%
Net non-performing loans/Loans and receivables with customers	0.57%	0.62%
Loans and receivables with customers/Direct funding from customers	87.06%	79.02%
Cost of credit *	0.26%	0.43%

** Ratios have been calculated using the values as shown in the reclassified summary income statement*

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 30/06/2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(5.24%)**	**1,803,110**	**1,042,330**	**(2.29%)**	**760,780**	**57.81%**
of which Bad loans	(2.23%)	767,904	577,793	(0.57%)	190,111	75.24%
of which Unlikely to pay	(2.81%)	969,108	457,540	(1.54%)	511,568	47.21%
of which Past due	(0.19%)	66,098	6,997	(0.18%)	59,101	10.59%
Performing exposures	**(94.76%)**	**32,626,802**	**116,476**	**(97.71%)**	**32,510,326**	**0.36%**
Total loans to customers	**(100%)**	**34,429,912**	**1,158,807**	**(100%)**	**33,271,106**	**3.37%**

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/12/2021

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(5.82%)**	**1,875,969**	**1,039,163**	**(2.69%)**	**836,806**	**55.39%**
of which Bad loans	(2.29%)	736,657	544,367	(0.62%)	192,290	73.90%
of which Unlikely to pay	(3.34%)	1,074,758	485,596	(1.9%)	589,162	45.18%
of which Past due	(0.2%)	64,554	9,200	(0.18%)	55,354	14.25%
Performing exposures	**(94.18%)**	**30,340,809**	**118,297**	**(97.31%)**	**30,222,512**	**0.39%**
Total loans to customers	**(100%)**	**32,216,778**	**1,157,460**	**(100%)**	**31,059,318**	**3.59%**

FINANCIAL ASSETS BY PORTFOLIO
30/06/2022

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	209,742	8,874	0
Other financial assets mandatorily measured at fair value	730,232	0	0
Financial assets valued at fair value through other comprehensive income	2,629,791	1,695,340	352,307
Financial assets measured at amortised cost	9,705,966	6,228,202	1,796,910
Total	**13,275,731**	**7,932,416**	**2,149,217**

FINANCIAL ASSETS BY PORTFOLIO
31/12/2021

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	204,294	24,255	0
Other financial assets mandatorily measured at fair value	794,286	0	0
Financial assets valued at fair value through other comprehensive income	3,102,150	2,133,242	372,902
Financial assets measured at amortised cost	9,602,860	6,050,682	1,867,113
Total	**13,703,590**	**8,208,179**	**2,240,015**

CAPITAL RATIOS
30/06/2022

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,722,275**	**3,708,724**
of which Common Equity Tier 1 capital (CET1)	3,164,186	3,150,635
of which Additional Tier 1 capital (AT1)	0	0
of which Tier 2 capital (T2)	558,089	558,089
RWA	**20,849,491**	**20,842,406**
CET 1 ratio	**15.18%**	**15.12%**
Tier 1 ratio	**15.18%**	**15.12%**
Total capital ratio	**17.85%**	**17.79%**
Leverage ratio	**5.29%**	**5.27%**

CAPITAL RATIOS
31/12/2021

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,784,789**	**3,760,409**
of which Common Equity Tier 1 capital (CET1)	3,163,255	3,138,875
of which Additional Tier 1 capital (AT1)	10,301	10,301
of which Tier 2 capital (T2)	611,232	611,232
RWA	**20,042,635**	**20,035,857**
CET 1 ratio	**15.78%**	**15.67%**
Tier 1 ratio	**15.83%**	**15.72%**
Total capital ratio	**18.88%**	**18.77%**
Leverage ratio	**5.84%**	**5.25%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS			30/06/2022		31/12/2021
10.	CASH AND CASH EQUIVALENTS		**2,746,974**		**5,652,733**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**1,341,434**		**1,432,185**
	a) financial assets held for trading	209,742		204,294	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	1,131,692		1,227,891	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**2,629,791**		**3,102,150**
40.	FINANCIAL ASSETS AT AMORTISED COST		**45,178,710**		**42,717,673**
	a) loans and receivables with banks	3,397,986		3,276,349	
	b) loans and receivables with customers	41,780,724		39,441,324	
50.	HEDGING DERIVATIVES		**-**		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		**-**		-
70.	EQUITY INVESTMENTS		**338,868**		**339,333**
80.	TECHNICAL RESERVES OF REINSURERS		**-**		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**639,434**		**579,446**
100.	INTANGIBLE ASSETS		**37,636**		**31,013**
	of which:				
	- goodwill	18,001		12,632	
110.	TAX ASSETS		**336,818**		**330,343**
	a) current	3,184		8,658	
	b) deferred	333,634		321,685	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		**-**		-
130.	OTHER ASSETS		**1,410,853**		**831,273**
	TOTAL ASSETS		**54,660,518**		**55,016,149**

	LIABILITY AND EQUITY		30/06/2022		31/12/2021
10.	FINANCIAL LIABILITIES AT AMORTISED COST		48,925,373		50,178,641
	a) due to banks	10,710,309		10,874,856	
	b) due to customers	34,678,739		35,603,482	
	c) securities issued	3,536,325		3,700,303	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		163,608		104,339
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		-		-
40.	HEDGING DERIVATIVES		816		2,446
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		-		-
60.	TAX LIABILITIES		31,749		39,872
	a) current	4,202		4,258	
	b) deferred	27,547		35,614	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-		-
80.	OTHER LIABILITIES		1,941,392		986,522
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		33,916		40,190
100.	PROVISIONS FOR RISKS AND CHARGES:		270,104		289,062
	a) loans commitments and	54,835		43,225	
	b) pensions and similar	164,185		191,565	
	c) other provisions	51,084		54,272	
110.	TECHNICAL RESERVES		-		-
120.	VALUATION RESERVES		(17,034)		32,437
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		-		-
130.	REDEEMABLE SHARES		-		-
140.	EQUITY INSTRUMENTS		-		-
150.	RESERVES		1,791,778		1,555,718
155.	OF WHICH INTERIM DIVIDENDS		-		-
160.	SHARE PREMIUM		78,978		79,005
170.	SHARE CAPITAL		1,360,157		1,360,157
180.	TREASURY SHARES (-)		(25,384)		(25,457)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		4		104,583
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		105,061		268,634
	TOTAL LIABILITIES AND EQUITY		**54,660,518**		**55,016,149**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			30/06/2022		30/06/2021
10.	INTEREST AND SIMILAR INCOME		375,593		318,101
	of which: interest calculated using the effective interest method	371,096		313,846	
20.	INTEREST AND SIMILAR EXPENSE		(55,284)		(54,064)
30.	**NET INTEREST INCOME**		**320,309**		**264,037**
40.	FEE AND COMMISSION INCOME		193,454		179,695
50.	FEE AND COMMISSION EXPENSE		(8,935)		(8,714)
60.	**NET FEE AND COMMISSION INCOME**		**184,519**		**170,981**
70.	DIVIDENDS AND SIMILAR INCOME		5,686		4,206
80.	NET TRADING INCOME		2,726		31,299
90.	NET HEDGING INCOME		(134)		79
100.	NET GAINS FROM SALES OR REPURCHASES OF:		38,761		22,375
	a) financial assets at amortized cost	27,746		13,242	
	b) financial assets at fair value through other comprehensive income	11,013		9,154	
	c) financial liabilities	2		(21)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(67,585)		12,372
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	(67,585)		12,372	
120.	**TOTAL INCOME**		**484,282**		**505,349**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(31,018)		(64,847)
	a) financial assets at amortized cost	(31,444)		(65,513)	
	b) financial assets at fair value through other comprehensive income	426		666	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(760)		(2,987)
150.	**NET FINANCIAL INCOME**		**452,504**		**437,515**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**452,504**		**437,515**
190.	ADMINISTRATIVE EXPENSES:		(301,916)		(290,257)
	a) personnel expenses	(131,220)		(131,693)	
	b) other administrative expenses	(170,696)		(158,564)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(17,868)		18,392
	a) commitments for guarantees given	(11,620)		18,361	
	b) other net provisions	(6,248)		31	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(20,556)		(18,382)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(6,966)		(7,343)
230.	OTHER NET OPERATING INCOME		39,446		36,904
240.	**OPERATING COSTS**		**(307,860)**		**(260,686)**
250.	SHARE OF PROFITS OF INVESTEES		8,897		16,230
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(1,430)		(320)
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		1,771		168
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**153,882**		**192,907**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(48,821)		(53,527)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**105,061**		**139,380**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**105,061**		**139,380**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		-		(2,691)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**105,061**		**136,689**
	EARNINGS (LOSS) PER SHARE		0.232		0.301
	DILUTED EARNINGS (LOSSES) PER SHARE		0.232		0.301

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	30/06/2022	30/06/2021	(+/-)	% change
Net interest income	320,309	264,037	56,272	21.31
Dividends and similar income	5,686	4,206	1,480	35.19
Net fee and commission income	184,519	170,981	13,538	7.92
Net gains on financial assets	41,353	53,753	-12,400	-23.07
Result of other financial assets at FVTPL	-67,585	12,372	-79,957	-
of which Loans	-17,244	-327	-16,917	5177.41
of which Other	-50,341	12,699	-63,040	-
Total income	**484,282**	**505,349**	**-21,067**	**-4.17**
Net impairment losses [a]	-43,398	-49,473	6,075	-12.28
Net financial income	**440,884**	**455,876**	**-14,992**	**-3.29**
Personnel expenses [b]	-130,724	-125,042	-5,682	4.54
Other administrative expenses [c]	-130,656	-123,833	-6,823	5.51
Other net operating income [b]	38,950	30,253	8,697	28.75
Net accruals to provisions for risks and charges [a]	-6,248	31	-6,279	-
Depreciation and amortisation on tangible and intangible assets	-27,522	-25,725	-1,797	6.99
Operating costs	**-256,200**	**-244,316**	**-11,884**	**4.86**
Operating result	**184,684**	**211,560**	**-26,876**	**-12.70**
Charges for the stabilization of the banking System [c]	-40,040	-34,731	-5,309	15.29
Share of profits of investees and net gains on sales of investments	9,238	16,078	-6,840	-42.54
Pre-tax profit from continuing operations	**153,882**	**192,907**	**-39,025**	**-20.23**
Income taxes	-48,821	-53,527	4,706	-8.79
Net profit (loss) for the period	**105,061**	**139,380**	**-34,319**	**-24.62**
Net (profit) loss of the period attributable to minority interests	0	-2,691	2,691	-
Net profit (loss) for the period attributable to the owners of Parent	**105,061**	**136,689**	**-31,628**	**-23.14**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 in the income statement.
The result of other financial assets at FVTPL consists of item 110 in the income statement.
Net impairment losses is made up of the sum of items 130 and 140 in the income statement.

The results at 30/06/2022 have been subject to the following reclassifications:

[a] reclassified net provisions for credit risk for commitments and guarantees issued for 11.620 € million initially included in item net accruals to provisions for risks and charges [a) commitments for guarantees given] showing them among net impairment losses;

[b] reclassified personnel expenses and other operating income by netting them off against the proceeds of the retirement employees fund for 0.496 € million;

[c] charges for the stabilization of the banking Systems were separated from other administrative expenses.

The results at 30/06/2021 have been made consistent with those of 2022.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q2 - 2022	Q1 - 2022	Q4 - 2021	Q3 - 2021	Q2 - 2021
Net interest income	164.1	156.2	138.6	126.3	134.8
Dividends and similar income	5.4	0.2	0.6	0.5	3.4
Net fee and commission income	93.1	91.5	98.8	87.9	86.2
Net gains on financial assets	24.3	17.1	37.6	21.8	24.7
Result of other financial assets at FVTPL	-34.0	-33.6	1.6	12.7	9.3
of which Loans	-4.3	-13.0	-2.8	7.3	3.6
of which Other	-29.7	-20.6	4.4	5.4	5.6
Total income	**252.9**	**231.4**	**277.1**	**249.2**	**258.4**
Net impairment losses [a]	-16.1	-27.3	-43.1	-41.8	-20.6
Net financial income	**236.8**	**204.1**	**234.0**	**207.5**	**237.8**
Personnel expenses [b]	-64.2	-66.5	-67.1	-66.5	-61.4
Other administrative expenses [c]	-68.2	-62.5	-67.2	-57.0	-64.4
Other net operating income [b]	22.1	16.9	16.3	15.0	15.1
Net accruals to provisions for risks and charges [a]	-6.7	0.4	-14.5	-1.5	-0.7
Depreciation and amortisation on tangible and intangible assets	-15.5	-12.0	-14.7	-13.6	-13.2
Operating costs	**-132.5**	**-123.7**	**-147.1**	**-123.7**	**-124.6**
Operating result	**104.2**	**80.4**	**86.9**	**83.8**	**113.2**
Charges for the stabilization of the banking System [c]	-10.0	-30.0	-8.4	0.0	-14.7
Share of profits of investees and net gains on sales of investments	2.6	6.7	9.8	9.5	7.6
Pre-tax profit from continuing operations	**96.8**	**57.1**	**88.3**	**93.3**	**106.1**
Income taxes	-32.0	-16.8	-19.4	-26.6	-27.2
Net profit (loss) for the period	**64.8**	**40.3**	**68.9**	**66.7**	**78.9**
Net (profit) loss of the period attributable to minority interests	0.0	0.0	-1.7	-2.0	-1.5
Net profit (loss) for the period attributable to the owners of Parent	**64.8**	**40.3**	**67.2**	**64.8**	**77.4**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 in the income statement.
The result of other financial assets at FVTPL consists of item 110 in the income statement.
Net impairment losses is made up of the sum of items 130 and 140 in the income statement.
[a], [b] and [c] The amounts are shown in accordance with the reclassifications shown in the reclassified consolidated summary of income statement.

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(in thousands of euro)

	ITEMS	30/06/2022	30/06/2021
10.	**Profit (loss) for the period**	**105,061**	**139,380**
	Other income items net of income taxes that will not be reclassified to profit or loss		
20.	Variable-yield securities measured at fair value through other comprehensive income	(1,565)	6,348
70.	Defined-benefit plans	23,288	6,784
90.	Share of valuation reserves of equity investments valued at net equity	26	306
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
110.	Exchange differences	(728)	137
140.	Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income	(67,815)	(6,594)
160.	Share of valuation reserves of equity investments valued at net equity	(2,516)	1,616
170.	**Total other income items net of income taxes**	**(49,310)**	**8,597**
180.	**Comprehensive income (Item 10+170)**	**55,751**	**147,977**
190.	Consolidated comprehensive income attributable to minority interests	161	(2,806)
200.	**Consolidated comprehensive income attributable to the Parent Company**	**55,590**	**145,171**