Banca Popolare di Sondrio

Co-operative Society by shares - founded in 1871
Head office and general management: I - 23100 Sondrio So - Piazza Garibaldi 16
Registered in the Register of Companies of Sondrio at no. 00053810149
Registered in the Register of Banks under no. 842.
Parent Bank of the Banca Popolare di Sondrio Banking Group, registered in the Register of Banking Groups under no. 5696.0
Registered in the Register of Cooperative Societies under no. A160536
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share Capital € 1,360,157,331 - Reserves € 1,157,414,409
(data approved by the Shareholders' Meeting of 12/6/2020)

PRESS RELEASE

Board of Directors meeting of 10 May 2021:

approval of the consolidated interim results as at 31 March 2021

Consolidated net result for the period positive for € 59.3 million
Stong increase in core banking activity (+11.9% y/y)
New disbursements for around € 1.5 billion
Further strengthening of the capital position: CET1 Ratio *fully-phased* at 16.41%
ROE target for the year envisaged above 5%

"In the quarter in which the Bank celebrated its 150th anniversary, it is satisfying to have achieved extremely positive results, summarised in a net profit of € 59.3 million. We had solid confirmation of our core banking business, with the continuation of the favourable trend in net interest income and commissions, and benefited from the positive trends observed in the financial markets. Having started the year on the right foot makes us confident and ready to seize the opportunities of economic recovery which, after months of uncertainty, seem to be finally strengthening in Europe as well, especially thanks to the arrival of substantial public stimuli and the progress of vaccination campaigns.

We sense in our Members and in the companies in the areas where we operate, particularly those that have been most penalised by the pandemic over the last year, a great desire to roll up their sleeves and get back to work, hoping to be able to return to *normality. For our part, we will endeavour to do our utmost to accompany our clients in this recovery phase, convinced that the substantial resources put in place with the implementation of the National Recovery and Resilience Plan on various fronts, including that of ecological transition, can be a fundamental driver for the sustainable growth of our country's economy. As proof of this, we are at the forefront in supporting families and businesses in the use of the Superbonus linked to the green upgrading of buildings, distinguishing ourselves on the market for our promptness and availability to customers. Lastly, I would like to point out that the bank's capital solidity, which is already at the top of the system in Italy and Europe, has been further strengthened, allowing us to face future challenges with optimism."*

[Mario Alberto Pedranzini

CEO and General Manager of Banca Popolare di Sondrio]

The Board of Directors of Banca Popolare di Sondrio, co-operative joint stock company, met today under the chairmanship of Prof. Francesco Venosta to examine and approve the consolidated interim report as of March 31, 2021.

During the first few months of 2021, the pandemic continued to heavily influence social and economic dynamics at a global level. In Italy, the figures relating to the spread of the contagion remained high and did not allow the authorities to remove the strong restrictions applied to mobility and social interactions. As a result, domestic demand remained very weak and, by significantly affecting the tertiary sector, ended up by triggering, once again, recessionary dynamics. According to preliminary estimates released by ISTAT, GDP in the first three months of this year will contract by 0.4%, compared to the last quarter of 2020. In this particularly challenging context, the Banca Popolare di Sondrio Group confirmed the resilience of its business model, achieving a consolidated net profit for the period of € 59.3 million.

Below are some **brief considerations on the most important aspects** as well as summary tables with the main aggregates of the income statement, of balance sheet and of key performance indicators observed for the period:

- The **net result for the period**, equal to € 59.3 million, reflects the strong increase in the core business (interest margin and commissions) which stood at € 213.9 million (+ 11.9% compared to 31 March 2020) and the positive contribution of financial activities (€ 32.9 million compared to € 58.4 million with a negative sign as at 31 March 2020). The result incorporates loan loss provisions of € 28.9 million and significant charges for the stabilization of the banking system of € 20 million. In light of the results achieved, the target ROE for the year is expected to exceed 5%.

- The **capital ratios**, in further increase, are at the top of the banking sector also in the fully-phased version. The CET1 Ratio stands at 16.41%, the Tier 1 Ratio is equal to 16.45%, while the Total Capital ratio reaches 18.54%.
- The important support provided to the real economy to counter the negative effects deriving from the pandemic crisis is confirmed with **new disbursements of loans to households and businesses** equal to approximately € 1.5 billion (over half a billion more than in the 1st quarter of 2020). On the loan moratorium front, approximately € 2.6 billion of residual debt in principal remains outstanding at 31 March 2021 compared to approximately € 4.6 billion at 31 December 2020.
- The **stock of gross impaired loans**, which also incorporates the effect of the new definition of default, decreased to € 2,286 million (-0.3%); their incidence on total gross customer loans declined too (gross NPL ratio at 7.37% from 7.45% at the end of 2020).
- **Credit coverage rates**, already at particularly high levels, are further improving. The coverage of total **non-performing loans** stands at 53% (from 52.4% as of 31 December 2020), that referring only to positions classified as bad loans stands at 68.3% (from 67.9% as of 31 December 2020) , that relating to unlikely to pay stood at 41.1% (from 39.8% as at 31 December 2020) while that of **performing credit** remained at 0.69%.
- The **cost of risk** stood at 0.39% compared to 0.95% as of March 31, 2020 which reflected a prudential adjustment of the assessments of non-performing loans to take into account the sharp worsening of the macroeconomic situation following the spread of the Coronavirus health emergency .
- The **Texas ratio**, the ratio between total net impaired loans and tangible equity, is further reduced, reaching 35.6% from 36.8% at the end of December 2020.
- **Direct customer deposits** amounted to € 35,521 million compared to € 35,559 million at the end of 2020 (-0.1%); the **indirect** one stands at € 36,223 million compared to the € 34,797 million of last year (+ 4.1%), of which € 6,229 million (+ 4.4%) relating to managed savings. **Insurance premiums** amounted to € 1,760 million compared to € 1,717 million at 31 December 2020 (+ 2.5%).
- **Loans to customers** amounted to 29,600 million euros, an increase (+ 0.8%) compared to 29,380 million euros at the end of 2020.
- The **liquidity indicators**, both short-term (Liquidity Coverage Ratio) and medium-term (Net Stable Funding Ratio) are positioned at values of absolute tranquility, well above the minimum regulatory requirements. In particular, the Liquidity Coverage Ratio stood at 293% at the end of March.
- The contribution made to the Group result by the **subsidiaries and associates** was positive.

Accounting data (in millions of euros)

Income statement results	**31/03/2021**	**31/03/2020**	**Change**
Interest margin	129.1	112.2	+15.1%
Net fees and commissions income	84.8	78.9	+7.4%
Result on financial activities	32.1	-59.1	n/a
Operating income	246.9	132.7	+86.0%
Net adjustments to loans and fin. assets	28.9	65.3	-55.8%
Operating costs	139.6	138.1	+1.1%
Result before tax	86.8	-64.5	n/a
Net result	59.3	-46.5	n/a

(*) € 7.7 million of releases of net provisions for credit risk for commitments and guarantees, initially included in the income statement in the net provisions for risks and charges, were restated, posting them under net value adjustments. Similarly, the data as at 31/03/2020 has been made homogeneous.

Balance sheet results	**31/03/2021**	**31/12/2020**	**Change**
Direct customers deposits	35,521	35,559	-0.1%
Indirect customers deposits	36,223	34,797	+4.1%
Insurance deposits from customers	1,760	1,717	+2.5%
Total customer deposits	73,503	72,074	+2.0%
Loans to customers	29,600	29,380	+0.8%

Key performance indicators	**31/03/2021**	**31/03/2020**
Cost-income ratio	56.6%	104.1%
Cost of credit risk	0.39%	0.95%
Gross NPL ratio	7.37%	12.30%
CET 1 ratio – *phased in*	16.57%	15.28%
Total capital ratio – *phased in*	18.70%	18.01%

The comments that follow refer to the data shown in the attached "Reclassified consolidated income statement summary".

<u>The Group's economic performance</u>

Consolidated net profit as at 31 March 2021 was € 59.3 million compared to the negative € 46.5 million in the comparative period. This result derives from a consolidated gross profit of € 86.8 million, to which the minority interest share of € 1.2 million and taxes of € 26.3 million must be deducted, i.e. a tax rate of 30.3%.

The **interest margin** stood at € 129.1 million, an increase of 15.1% compared to March 31, 2020, reflecting a substantial stability in terms of margins referred to customers and the benefits deriving from the funding obtained with the refinancing operations at the ECB (TLTRO III).

Net commissions from services amounted to € 84.8 million, a marked increase (+ 7.4%) compared to the € 78.9 million in the comparative period. In particular, the greater contribution deriving from collection and payment services and the placement of insurance and asset management products stands out.
Dividends received amount to € 0.8 million, substantially stable compared to the reference period. The **result of financial activities**, which reflects the good performance of the financial markets, was positive for € 32.1 million compared to the negative 59.1 million euros recorded in the comparative period, a value which was largely influenced by the start of the pandemic crisis.

The **intermediation margin** was therefore equal to € 246.9 million from the € 132.7 million of the comparative period (+ 86%).

Net value adjustments amounted to € 28.9 million compared to € 65.3 million in the comparative period (-55.8%). This item includes, following the aforementioned reclassification, € 7.7 million of releases on net provisions for credit risk for commitments and guarantees, included in the income statement in the net provisions for risks and charges.
Regardless of this reclassification, item 130 of the income statement, which relates to exposures to customers and banks in the form of both loans and securities, amounts to € 35 million and consists entirely of adjustments relating to financial assets measured at amortized cost. .
Item 140, which records the profits/losses from contractual changes without cancellations deriving from the changes made to the contractual cash flows, in the reference period was negative for € 1.6 million compared to € 5.3 million at March 31, 2020.

The ratio between net adjustments (€ 28.9 million) and net loans to customers (€ 29,600 million) annualized, the so-called **cost of credit**, is therefore equal to 0.39% compared to 0.95% as of March 31, 2020 .

The **net result of financial management** amounted to € 218 million, compared with the € 67.4 million of the comparative period.

Operating costs increased slightly (+ 1.1%) and amounted to € 139.6 million compared to € 138.1 million in the comparative period. The Group's particular attention to contain this trend is therefore confirmed. The aggregate also includes the significant provisions regarding the expected charges for the stability of the banking system.

As for the individual components, the administrative expenses, normalized with the exclusion of the provision for the income from the pension fund which have a counterpart for the same amount in the other operating expenses/ income, amounted to € 143.1 million, an increase compared to 141 million euros in the comparison period (+ 1.5%).
In the context: the component of personnel expenses rose to € 63.6 million from € 62.8 million (+1.4%) in the comparative period, that relating to other administrative expenses increased from 78, 2 million euros as of March 31, 2020 to 79.5 million euros as of March 31, 2021 (+ 1.6%). This latter aggregate also includes the provisions related to the contributions paid to the National Resolution Fund and the FITD for a total of 20 million euros (+4 million euros compared to 31 March 2020).
The item net provisions for risks and charges, restated by allocating the amount of commitments for guarantees given among the value adjustments, showed recoveries for € 0.7 million on the provision for legal disputes, compared to provisions for € 0.6 million of the comparison period.
Adjustments on tangible and intangible assets amounted to € 12.5 million, slightly down on the € 12.8 million in the same period of 2020 (-1.7%).
The other operating expenses and income, for which the aforementioned reclassifications were made, amounted to € 15.3 million compared to the € 16.2 million of the comparative period (-5.6%).
In light of the above, the **cost-income ratio**, calculated as the ratio between operating costs and the intermediation margin, is equal to 56.56% from 104.09% as of March 31, 2020

The **result from operations** therefore came to € 78.3 million

The **item gains / losses on equity investments and other investments** showed a positive balance of € 8.5 million, an increase compared to the € 6.2 million of the comparative period (+ 36.8%).

The **overall result before taxes** therefore amounted to € 86.8 million, compared with the negative € 64.5 million of March 31, 2020. Finally, **income taxes**, equal to € 26.3 million, as well as the he profit attributable to non-controlling interests equal to 1.2 million euros, a **net profit for the period** of 59.3 million euros is achieved, which compares with the 46.5 million euros of losses in the comparative period.

Balance sheet aggregates

In comparison with the volumes at the end of 2020: **direct deposits** amounted to € 35,521 million (-0.1%), indirect deposits stood, at market values, at € 36,223 million (+ 4.1%), of which € € 6,229 million relating to assets under management (+ 4.4%); the insurance deposits amounts to € 1,760 million (+ 2.5%). Total customer deposits therefore stand at € 73,503 million (+ 2%).

Net loans to customers, the sum of the volumes measured at amortized cost and the assets measured at fair value with impact on the income statement, amount to € 29,600 million, an increase compared to the € 29,380 million at the end of 2020 (+ 0.8%) .

Net impaired loans amounted to € 1,074 million, a decrease compared to € 1,092 million at 31 December 2020 (-1.7%). The incidence of the same on total net loans is equal to 3.63%, a decrease compared to 3.72% at the end of 2020. The level of coverage, previously at particularly high values, further increases, positioning itself at 53.03 % from 52.36% of last year. In this context, bad loans amounted to € 343 million (-0.9%) with an incidence on total loans to customers of 1.16% compared to 1.18% at the end of 202o, with a coverage of 68.32% compared to 67.93% at the end of 2020. Taking into account the amounts passed to the income statement in previous years, the coverage of these receivables stands at 85.34%.

Net unlikely to pay amounts to € 666 million (-4.1%), with a coverage ratio of 41.06% compared to 39.81% at the end of 2020. The incidence of these on total loans drops to 2.25% compared to 2.36% at the end of 2020. Net past due and/or overdue impaired exposures amounted to € 64 million (+ 24.8%) with a coverage ratio of 12.13% compared to 13.91% at the end of 2020 and an incidence on total loans equal to 0.22% compared to 0.18% of last year. The level of coverage of performing loans was instead confirmed at 0.69%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 11,492 million, an increase (+939 million; + 8.9%) in comparison with the volumes recorded at the end of the previous year. The volume of the portfolio of financial assets valued at amortized cost increased from € 7,086 million at the end of 2020 to € 7,460 million at March 31, 2021 (+ 5.3%) with an incidence on total financial assets now equal to approximately 64.9%. The size of the portfolio consisting of financial assets valued at fair value with an impact on overall profitability has also grown strongly, increasing from € 2,620 million at the end of 2020 to € 3,145 million in the current period (+20%). The portfolio of other financial assets mandatorily measured at fair value was substantially stable, going from € 656.3 million in the previous year to € 658.2 million in the reference period (+0.3%). The total volume of Italian government bonds instead amounted to 6,367 million euros, up (+ 8.7%) compared to the 5,857 million euros at the end of 2020.

Equity investments rise to € 319 million, from € 305 million at 31 December 2020 (+ 4.3%).

Following the participation in the seventh TLTRO III refinancing auction on 18 March 2021, **the exposure of the Group to the ECB**, entirely attributable to such transactions, amounts to € 8,874 million, compared to € 8,068 million as of December 31, 2020.

At March 31, 2021, both short-term (LCR-Liquidity Coverage Ratio) and medium-long term (NSFR-Net Stable Funding Ratio) **liquidity ratios** are well above the minimum requirement for the current year (100%). In particular, the LCR value stood at 293%.

The Group can always rely on a substantial portfolio of refinanceable assets which, net of the haircuts applied, amount to € 14,240 million: of these, € 4,724 million (33%) are represented by unencumbered securities.

Consolidated own funds, including profit for the period, amounted to € 3,050 million at 31 March 2021, an increase of € 53 million compared to the value at the end of 2020.

Consolidated supervisory own funds as at 31 March 2021 amounted to € 3,322 million compared to the figure as at 31 December 2020, equal to € 3,374 million (-1.5%).

The **capital ratios** for regulatory purposes as at 31 March 2021, calculated on the basis of the supervisory own funds as described above, were equal to:

- CET 1 ratio: 16.57% (phased-in), 16.41% (fully phased);
- Tier 1 ratio: 16.61% (phased-in), 16.45% (fully phased);
- Total Capital ratio: 18.70% (phased-in), 18.54% (fully phased).

The **Leverage Ratio** as at 31 March 2021 is equal, applying the transitional criteria in force for 2021 (phased in), to 6.04% and, according to the criteria envisaged when fully phased, to 5.25%.

The **staff** of the banking group consisted, as of March 31, 2021, of 3,343 resources. 46 new hires made in 2021.

To date, the company’s **shareholder structure** has 159,998 members.

With regard to the foreseeable evolution of operations for our Group, in the rest of the current year it is believed that the conditions exist to achieve higher levels of profitability compared to those of the previous year, with an estimated target ROE greater than 5%, in line with the Industrial plan.

The consolidated interim management report as of March 31, 2021 will be published, on a voluntary basis, on the company website “https://istituzionale.popso.it/en" and deposited on the authorized storage mechanism eMarket Storage "www.emarketstorage.com" and at the headquarters of the bank

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DECLARATION

The manager responsible for preparing the company's financial reports, Maurizio Bertoletti, 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 documented results, books and accounting records.

Signed:
Maurizio Bertoletti, manager responsible for preparing the company's financial reports.

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Sondrio, 10 May 2021

Attachments:
summary of the main consolidated results;
main consolidated financial statements indicators;
consolidated aggregates and credit quality indicators;
consolidated aggregates and capital adequacy indicators;
consolidated balance sheet and income statement formats.
reclassified consolidated income statement.

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

RESULTS IN BRIEF

(in million of euro)			
Balance sheet	**31/03/2021**	**31/12/2020**	**Change %**
Loans to customers	29,600	29,380	0.75
Loans and receivables with customers measured at amortised cost	29,203	28,998	0.71
Loans and receivables with customers measured at fair value through profit or loss	397	382	4.05
Loans and receivables with banks	3,304	3,621	-8.76
Financial assets that do not constitute loans	11,492	10,553	8.90
Equity investments	319	305	4.29
Total assets	51,120	49,808	2.64
Direct funding from customers	35,521	35,559	-0.11
Indirect funding from customers	36,223	34,797	4.10
Direct funding from insurance premiums	1,760	1,717	2.47
Customer assets under administration	73,503	72,074	1.98
Other direct and indirect funding	17,846	16,368	9.03
Equity	3,050	2,998	1.76
Income statement	**31/03/2021**	**31/03/2020**	**Change %**
Net interest income	129	112	15.12
Total income	247	133	86.02
Profit from continuing operations	87	-65	-
Profit (loss) for the period	59	-47	-
Capital ratios	**31/03/2021**	**31/12/2020**	
CET1 Capital ratio (phased-in)	16.57%	16.32%	
Total Capital ratio (phased-in)	18.70%	18.55%	
Free capital	1,901	1,919	
Other information on the banking group	**31/03/2021**	**31/12/2020**	
Number of employees	3,343	3,325	
Number of branches	369	369	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/03/2021	31/12/2020
Equity/Direct funding from customers	8.59%	8.43%
Equity/Loans and receivables with customers	10.30%	10.20%
Equity/Financial assets	26.54%	28.40%
Equity/Total assets	5.97%	6.02%
Profitability indicators	**31/03/2021**	**31/03/2020**
Cost/Income ratio *	56.56%	104.09%
Net interest income/Total income	52.31%	84.53%
Administrative expenses/Total income *	57.97%	106.26%
Net interest income/Total assets	0.25%	0.27%
Net financial income/Total assets *	0.43%	0.15%
Asset quality indicators	**31/03/2021**	**31/12/2020**
Texas ratio	35.56%	36.78%
Net non-performing loans/Equity	11.24%	11.54%
Net non-performing loans/Loans and receivables with customers	1.16%	1.18%
Loans and receivables with customers/Direct funding from customers	83.33%	82.62%
Cost of credit *	0.39%	0.74%

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

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/03/2021

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(7.37%)**	**2,285,852**	**1,212,258**	**(3.63%)**	**1,073,594**	**53.03%**
of which Bad loans	(3.49%)	1,081,799	739,074	(1.16%)	342,725	68.32%
of which Unlikely to pay	(3.65%)	1,130,713	464,285	(2.25%)	666,428	41.06%
of which Past due	(0.24%)	73,340	8,899	(0.22%)	64,441	12.13%
Performing exposures	**(92.63%)**	**28,723,690**	**196,821**	**(96.37%)**	**28,526,869**	**0.69%**
Total loans to customers	**(100%)**	**31,009,542**	**1,409,079**	**(100%)**	**29,600,463**	**4.54%**

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/12/2020

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(7.45%)**	**2,292,319**	**1,200,209**	**(3.72%)**	**1,092,110**	**52.36%**
of which Bad loans	(3.5%)	1,078,268	732,456	(1.18%)	345,812	67.93%
of which Unlikely to pay	(3.75%)	1,154,066	459,409	(2.36%)	694,657	39.81%
of which Past due	(0.19%)	59,984	8,343	(0.18%)	51,641	13.91%
Performing exposures	**(92.55%)**	**28,483,492**	**195,877**	**(96.28%)**	**28,287,615**	**0.69%**
Total loans to customers	**(100%)**	**30,775,811**	**1,396,086**	**(100%)**	**29,379,724**	**4.54%**

CAPITAL RATIOS
31/03/2021

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,322,293**	**3,291,901**
of which Common Equity Tier 1 capital (CET1)	2,942,749	2,912,357
of which Additional Tier 1 capital (AT1)	7,609	7,609
of which Tier 2 capital (T2)	371,935	371,935
RWA	**17,763,117**	**17,751,558**
CET 1 ratio	**16.57%**	**16.41%**
Tier 1 ratio	**16.61%**	**16.45%**
Total capital ratio	**18.70%**	**18.54%**
Leverage ratio	**6.04%**	**5.25%**

CAPITAL RATIOS
31/12/2020

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,373,534**	**3,350,598**
of which Common Equity Tier 1 capital (CET1)	2,967,432	2,944,495
of which Additional Tier 1 capital (AT1)	8,607	8,607
of which Tier 2 capital (T2)	397,495	397,495
RWA	**18,187,330**	**18,174,801**
CET 1 ratio	**16.32%**	**16.20%**
Tier 1 ratio	**16.36%**	**16.25%**
Total capital ratio	**18.55%**	**18.44%**
Leverage ratio	**6.34%**	**5.45%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS			31/03/2021		31/12/2020
10.	CASH AND CASH EQUIVALENTS		5,641,041		5,066,606
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,284,320		1,228,733
	a) financial assets held for trading	228,683		190,545	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	1,055,637		1,038,188	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		3,145,039		2,619,939
40.	FINANCIAL ASSETS AT AMORTISED COST		39,349,116		39,168,264
	a) loans and receivables with banks	3,303,606		3,620,595	
	b) loans and receivables with customers	36,045,510		35,547,669	
50.	HEDGING DERIVATIVES		-		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		-		-
70.	EQUITY INVESTMENTS		318,540		305,444
80.	TECHNICAL RESERVES OF REINSURERS		-		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		572,604		567,799
100.	INTANGIBLE ASSETS		31,468		28,328
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		398,925		423,785
	a) current	32,897		46,596	
	b) deferred	366,028		377,189	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		5,513		-
130.	OTHER ASSETS		373,896		398,699
	TOTAL ASSETS		**51,120,462**		**49,807,597**

LIABILITY AND EQUITY			31/03/2021		31/12/2020
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**46,315,592**		**45,386,147**
	a) due to banks	10,794,802		9,826,687	
	b) due to customers	32,633,460		32,728,348	
	c) securities issued	2,887,330		2,831,112	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**27,816**		**33,816**
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		**-**		**-**
40.	HEDGING DERIVATIVES		**5,307**		**6,271**
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		**-**		**-**
60.	TAX LIABILITIES		**33,842**		**37,400**
	a) current	2,219		3,567	
	b) deferred	31,623		33,833	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		**-**		**-**
80.	OTHER LIABILITIES		**1,261,879**		**914,191**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**42,415**		**42,341**
100.	PROVISIONS FOR RISKS AND CHARGES:		**284,041**		**291,757**
	a) loans commitments and	50,856		58,520	
	b) pensions and similar	192,517		189,873	
	c) other provisions	40,668		43,364	
110.	TECHNICAL RESERVES		**-**		**-**
120.	VALUATION RESERVES		**24,379**		**27,840**
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		**-**		**-**
130.	REDEEMABLE SHARES		**-**		**-**
140.	EQUITY INSTRUMENTS		**-**		**-**
150.	RESERVES		**1,552,841**		**1,449,360**
155.	OF WHICH INTERIM DIVIDENDS		**-**		**-**
160.	SHARE PREMIUM		**79,005**		**79,005**
170.	SHARE CAPITAL		**1,360,157**		**1,360,157**
180.	TREASURY SHARES (-)		**(25,426)**		**(25,388)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**99,355**		**98,103**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**59,259**		**106,597**
	TOTAL LIABILITIES AND EQUITY		**51,120,462**		**49,807,597**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			31/03/2021		31/03/2020
10.	INTEREST AND SIMILAR INCOME		156,193		137,874
	of which: interest calculated using the effective interest method	154,083		136,042	
20.	INTEREST AND SIMILAR EXPENSE		(27,055)		(25,700)
30.	**NET INTEREST INCOME**		**129,138**		**112,174**
40.	FEE AND COMMISSION INCOME		89,199		83,615
50.	FEE AND COMMISSION EXPENSE		(4,411)		(4,689)
60.	**NET FEE AND COMMISSION INCOME**		**84,788**		**78,926**
70.	DIVIDENDS AND SIMILAR INCOME		794		732
80.	NET TRADING INCOME		18,090		(44,733)
90.	NET HEDGING INCOME		31		(51)
100.	NET GAINS FROM SALES OR REPURCHASES OF:		10,911		2,126
	a) financial assets at amortized cost	3,862		176	
	b) financial assets at fair value through other comprehensive income	7,075		1,959	
	c) financial liabilities	(26)		(9)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		3,098		(16,476)
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	3,098		(16,476)	
120.	**TOTAL INCOME**		**246,850**		**132,698**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(34,976)		(64,383)
	a) financial assets at amortized cost	(34,953)		(59,879)	
	b) financial assets at fair value through other comprehensive income	(23)		(4,504)	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(1,581)		(5,306)
150.	**NET FINANCIAL INCOME**		**210,293**		**63,009**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**210,293**		**63,009**
190.	ADMINISTRATIVE EXPENSES:		(146,789)		(141,005)
	a) personnel expenses	(67,329)		(62,775)	
	b) other administrative expenses	(79,460)		(78,230)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		8,384		3,830
	a) commitments for guarantees given	7,666		4,390	
	b) other net provisions	718		(560)	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(9,154)		(9,319)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(3,377)		(3,431)
230.	OTHER NET OPERATING INCOME		18,973		16,191
240.	**OPERATING COSTS**		**(131,963)**		**(133,734)**
250.	SHARE OF PROFITS OF INVESTEES		8,463		6,200
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		-		-
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		19		-
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**86,812**		**(64,525)**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(26,333)		19,161
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**60,479**		**(45,364)**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**60,479**		**(45,364)**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		(1,220)		(1,148)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**59,259**		**(46,512)**
	EARNINGS (LOSS) PER SHARE		0.131		(0.103)
	DILUTED EARNINGS (LOSSES) PER SHARE		0.131		(0.103)

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/03/2021	31/03/2020	(+/-)	% change
Net interest income	129,138	112,174	16,964	15.12
Dividends and similar income	794	732	62	8.47
Net fee and commission income	84,788	78,926	5,862	7.43
Net gains on financial assets	32,130	-59,134	91,264	-
Total income	**246,850**	**132,698**	**114,152**	**86.02**
Net impairment losses [a]	-28,891	-65,299	36,408	-55.76
Net financial income	**217,959**	**67,399**	**150,560**	**223.39**
Personnel expenses [b]	-63,643	-62,775	-868	1.38
Other administrative expenses	-79,460	-78,230	-1,230	1.57
Other net operating income [b]	15,287	16,191	-904	-5.59
Net accruals to provisions for risks and charges [a]	718	-560	1,278	-
Depreciation and amortisation on tangible and intangible assets	-12,531	-12,750	219	-1.72
Operating costs	**-139,629**	**-138,124**	**-1,505**	**1.09**
Operating result	**78,330**	**-70,725**	**149,055**	**-**
Share of profits of investees and net gains on sales of investments	8,482	6,200	2,282	36.81
Pre-tax profit from continuing operations	**86,812**	**-64,525**	**151,337**	**-**
Income taxes	-26,333	19,161	-45,494	-
Net profit (loss) for the period	**60,479**	**-45,364**	**105,843**	**-**
Net (profit) loss of the period attributable to minority interests	-1,220	-1,148	-72	6.27
Net profit (loss) for the period attributable to the owners of Parent	**59,259**	**-46,512**	**105,771**	**-**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 and 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 31/03/2021 have been subject to the following reclassifications:

[a] reclassified net reversals on provisions for credit risk for commitments and guarantees for 7.666 € million initially included in item net accruals to provisions for risks and charges [a) commitments for guarantees given] showing them among net impairment losses. The results at 31/03/2020 have been made consistent with those of 2021;

[b] a reclassification of personnel expenses and other operating income, netting them off against the proceeds of the retirement employees fund of 3.686 € million.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q1 - 2021	Q4 - 2020	Q3 - 2020	Q2 - 2020	Q1 - 2020
Net interest income	129.1	127.8	129.2	120.9	112.2
Dividends and similar income	0.8	0.3	1.2	2.2	0.7
Net fee and commission income	84.8	86.8	77.4	73.3	78.9
Net gains on financial assets	32.1	54.2	19.2	44.0	-59.1
Total income	**246.9**	**269.1**	**226.9**	**240.4**	**132.7**
Net impairment losses [a]	-28.9	-76.6	-36.4	-38.9	-65.3
Net financial income	**218.0**	**192.5**	**190.5**	**201.5**	**67.4**
Personnel expenses [b]	-63.6	-62.7	-62.6	-59.0	-62.8
Other administrative expenses	-79.5	-68.4	-65.2	-67.1	-78.2
Other net operating income [b]	15.3	15.8	18.2	13.1	16.2
Net accruals to provisions for risks and charges [a]	0.7	-1.0	-0.1	3.6	-0.6
Depreciation and amortisation on tangible and intangible assets	-12.5	-20.7	-13.8	-13.4	-12.8
Operating costs	**-139.6**	**-136.9**	**-123.5**	**-122.8**	**-138.1**
Operating result	**78.3**	**55.6**	**67.0**	**78.7**	**-70.7**
Share of profits of investees and net gains on sales of investments	8.5	7.9	4.9	7.3	6.2
Pre-tax profit from continuing operations	**86.8**	**63.5**	**71.9**	**86.1**	**-64.5**
Income taxes	-26.3	-21.3	-20.6	-24.4	19.2
Net profit (loss) for the period	**60.5**	**42.2**	**51.3**	**61.6**	**-45.4**
Net (profit) loss of the period attributable to minority interests	-1.2	0.0	-1.3	-0.7	-1.1
Net profit (loss) for the period attributable to the owners of Parent	**59.3**	**42.1**	**50.0**	**60.9**	**-46.5**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 and 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] 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	31/03/2021	31/03/2020
10.	**Profit (loss) for the period**	**60,479**	**(45,364)**
	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	(253)	(8,472)
70.	Defined-benefit plans	606	(585)
90.	Share of valuation reserves of equity investments valued at net equity	307	(19)
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
110.	Exchange differences	107	(367)
140.	Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income	(5,617)	(34,729)
160.	Share of valuation reserves of equity investments valued at net equity	1,421	(4,592)
170.	**Total other income items net of income taxes**	**(3,429)**	**(48,764)**
180.	**Comprehensive income (Item 10+170)**	**57,050**	**(94,128)**
190.	Consolidated comprehensive income attributable to minority interests	(1,252)	(1,148)
200.	**Consolidated comprehensive income attributable to the Parent Company**	**55,798**	**(95,277)**