Banca Popolare di Sondrio

BOARD OF DIRECTORS APPROVES PRELIMINARY RESULTS AS OF DECEMBER 31, 2022

NET INCOME € 251.3 MILLION - ROE AT 8%

STRONG GROWTH IN CORE BANKING BUSINESS
(€ 1,062 million; +19.7% y/y)

RECORD GROWTH IN NET INTEREST INCOME
(€ 681 million; +28.8% y/y)

NET COMMISSIONS UP
(€ 381 million; +6.4% y/y)

TANGIBLE SUPPORT FOR FAMILIES AND BUSINESSES
(new disbursements over € 5.5 billion)

HIGH OPERATING EFFICIENCY, COST/INCOME RATIO OF 49.1%

CET1 RATIO AT 15.4%[1] AND TOTAL CAPITAL RATIO AT 18.0%[1]

MREL RATIO AT 28.6%

PAYOUT RATIO CONFIRMED AT 50%

ROE ENVISAGED FOR 2023 CONFIRMS BUSINESS PLAN'S TARGET

"In the last quarter of 2022 we achieved excellent results, thanks to a further acceleration in net interest income and the continuation of the positive trend in commissions, particularly those that reflect our activity in supporting the internationalisation of companies. This confirms our solid business positioning and allows us to close the year with a net profit of € 251 million, in line with the objectives of the "Next Step" Business Plan presented last June, and, in particular, with the ROE target of 8%" said ***Mario Alberto Pedranzini, CEO and General Manager of Banca Popolare di Sondrio****.*
"The income statement results are complemented by excellent levels of capitalization, and the significant growth - over 6% - in deposits and loans, confirming the sustainability of our business model, which has always been able to adapt readily to the challenges that the market environment - now articulated and complex - requires us to face.
The dedication of our staff, a factor that has always distinguished us, and our attention to the needs of family and business will continue to be the key ingredients of our unique way of banking.
Aware of the difficulties of a challenging environment - Russian-Ukrainian war conflict, cost of energy, inflation - we register with watchful optimism the gradual improvement in the forecasts of major macroeconomic institutions.
We therefore face 2023 with confidence, convinced that we will be able to consolidate the levels of profitability achieved so far, to the benefit of all stakeholders. Anticipating the growth trajectory assumed only a few months ago is our goal for the current year."

Sondrio, **February 7,** ***2023*** - The Board of Directors of Banca Popolare di Sondrio, which met today under the chairmanship of Prof. Avv. Francesco Venosta, examined and approved the preliminary consolidated results for fiscal year 2022, which closed with a net profit of 251.3 million euros. It also confirmed, as envisaged in the Business Plan, the payout ratio of 50%, corresponding to a dividend payout of approximately €127 million, i.e. a yield, calculated on the average share price in the twelve months of 2022, of 7.8%.

The solid results approved today confirm the ability of the Banca Popolare di Sondrio Group to successfully meet the challenges of a macroeconomic and geopolitical environment characterized by many adverse factors and high uncertainty. Thanks to the diversified offerings, the quality of products and services, the commercial penetration capacity in the areas in which the bank operates, and the high level of management efficiency, the Group can count on a solid foundation to achieve month after month the development goals outlined in the 2022-2025 "Next Step" Business Plan.

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

- **Net income for the period,** a positive € 251.3 million, reflects the strong increase in income from **core banking activities** to € 1,062 million (+19.7% compared to December 31, 2021; net **interest income** +28.8% and **net commissions** +6.4%). It also incorporates significant charges for the stabilization of the Banking System of € 45.9 million, further increasing compared to the comparison period;

- **capital ratios**[1] stand at particularly high levels. In the *phased-in* version, the CET1 ratio and Tier1 ratio stand at 15.4%, while the total capital ratio stands at 18%. In the *fully loaded version,* the ratios mark 15.3% and 17.9%, respectively;
- the bank distinguished itself in supporting the real economy of the territories it oversees with new **loan** disbursements **to households and businesses** of more than € 5.5 billion, up from more than € 4.8 billion in the comparison period, which also included about € 1 billion in "Covid disbursements" with a state guarantee;
- of significance is **the activity of acquiring tax credits** (superbonus/earthquake bonus, ecobonus, other bonuses), which has reached a stock of more than 1.8 billion euros, destined to increase considerably due to the transactions currently being investigated; the contribution to the income statement has totalled, as of December 31, 2022, about 40 million euros. This activity, conducted by the bank with rigorous file verification, has made its contribution to the government's revitalization initiative, while also enabling the expansion of the customer base;
- increasing attention to sustainability issues as evidenced by the adoption of the **ESG credit policy** that integrates environmental, social and governance factors into the credit granting and monitoring process. Specifically, the Bank has developed "**Next - sustainable credit products**," a package of loans designed to assist individuals, professionals and businesses investing to reduce their "carbon footprint" through, for example, the installation of systems for the production of energy from renewable sources, the purchase of environmentally friendly means of transport or the efficiency of buildings and production processes;
- in further reduction in the **incidence of gross impaired loans,** as summarized by the NPL ratio, which stood at 4.3% from 5.8% at the end of 2021, thanks also to the sale of bad loans finalized on December 29, 2022;
- **coverage ratios of impaired loans** are at particularly high levels. Compared to December 31, 2021, the ***coverage ratio*** **of total non-performing loans** stands at 58.3% from 55.4%, the coverage ***ratio*** referring only to positions classified as bad loans stands at 76.5% from 73.9%, reaching 93% with the inclusion of amounts passed through the income statement in previous years on positions already on bad loans status for which accounting evidence is maintained, against a prospect of eventual recoveries. The coverage level of unlikely to pay stands at 51.2% from 45.2%. The coverage rate for **performing loans** is 0.45%;
- the **cost of risk** stands at 51 basis points up from 43 basis points in the comparison period. This indicator also incorporates additional extraordinary and prudential provisions related to the consequences of the Russian-Ukrainian conflict, without prejudice to the Group's limited exposure to the geographic area involved, as well as those for portfolio exposures to companies operating in energy-intensive sectors. Asset quality remains under control if we consider that the default rate, increasing slightly in the latter part of the year, is just above 1%;
- the **Texas** ratio, the ratio of total net impaired loans to tangible shareholders' equity, declined further to 18.2% from 25.8% at the end of December 2021;

- **direct customer deposits** of € 41,771 million, up from € 39,304 million at the end of 2021 (+6.3%) with increased use of the term deposit technical form, mainly for institutional customers;
- **Indirect deposits** amounting to € 39,059 million, down from € 40,982 million at the end of 2021 (-4.7%), were mainly affected by the negative performance of stock and bond markets recorded in 2022. Assets under administration figure at € 32,672 million compared to € 34,186 million as of Dec. 31, 2021 (-4.4%). Assets under management, € 6,386 million compared to € 6,796 million at the end of 2021 (-6%), are also impacted by the negative market effect, only partly offset by positive net inflows of more than € 480 million;
- **insurance deposits** amounted to € 1,958 million compared to € 1,909 million as of Dec. 31, 2021 (+2.5%) with net inflows of about € 90 million;
- **Loans to customers** reached € 33,020 million, a significant +6.3% compared to € 31,059 million at the end of 2021. Growth in medium-long term loans and factoring stands out;
- **liquidity indicators**, both short-term (*Liquidity Coverage Ratio*) and medium-term (*Net Stable Funding Ratio*), are well above the minimum regulatory requirements;
- the contribution made to the Group's net income by **subsidiaries and affiliates** is confirmed as positive.

Accounting data (in millions of euros)

Income results	**31/12/2022**	**31/12/2021**	**Change**
Profit (loss) from core activities	1.061,7	886,6	+19,7%
of which interest margin	681,1	528,9	+28,8%
of which net commissions	380,6	357,7	+6,4%
Result of financial activity	76	118,4	-35,8%
Result of other financial assets at FVTPL	-67,6	26,7	-
Intermediation margin	1.070,1	1.031,7	+3,7%
Net value adjustments (*)	169,8	134,4	+26,3%
Operating costs (*) (**)	525,8	515,1	+2,1%
System charges (**)	45,9	43,1	+6,5%
Profit before tax	353,9	374,5	-5,5%
Net income	251,3	268,6	-6,4%

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

(*) As of December 31, 2022, € 19.9 million of net provisions for credit risk for commitments and guarantees, initially included in net provisions for risks and charges in the income statement, was restated and shown under net value adjustments. Losses on disposal of € 0.5 million included in gains/losses on financial assets measured at amortized cost were also reclassified. The results as of December 31, 2021 have been made consistent.
(**) System charges were separated from operating costs.

Balance sheet results	31/12/2022	31/12/2021	Change
Direct customer deposits	41.771	39.304	+6,3%
Indirect customer deposits	39.059	40.982	-4,7%
Assets under custody	32.672	34.185	-4,4%
Assets under management	6.386	6.796	-6,0%
Insurance collection from customers	1.958	1.909	+2,5%
Total customer deposits	82.787	82.195	+0,7%
Net loans to customers	33.020	31.059	+6,3%

Performance indicators	31/12/2022	31/12/2021
Cost-income ratio	49,1%	49,9%
Cost of credit risk	0,51%	0,43%
Gross NPL ratio	4,3%	5,8%
CET 1 ratio - *phased in*[1]	15,4%	15,8%
Total Capital ratio - *phased in*[1]	18%	18,9%

The comments below refer to the figures shown in the attached "Summary of Reclassified Consolidated Income Statement."

<u>The economic performance of the Group</u>

Consolidated **net income** as of December 31, 2022 was € 251.3 million compared to € 268.6 million in the comparison period. This result comes from a consolidated gross profit of € 353.9 million, from which taxes of € 102.6 million should be deducted, corresponding to a tax rate of 29%.

Net interest income stood at € 681.1 million, up 28.8% from December 31, 2021. As for the component related to customer business, it first and foremost reflects the positive volume effect from the significant expansion of loans as well as the benefit from the widening of the commercial spread. Further increasing is the margin from the acquisition of tax credits, amounting to approximately € 40 million in 2022. Substantial contribution from the securities portfolio, with a coupon flow more than doubled compared to the comparison period, thanks to the strong exposure in floating-rate and inflation-linked securities. Finally, the benefit from the TLTRO III loan outstanding with the ECB, on which a negative average rate of 0.4% was applied, which generated revenues of about € 35 million, remains positive.

Net commissions from services amounted to € 380.6 million, showing a good increase (+6.4%) compared to € 357.7 million in the comparison period. Income from all major business segments grew. Prominent in particular were those associated with placement, collection and payment services, loans, guarantees issued, and the maintenance and management of current accounts. Also positive, despite unfavourable market trends, were revenues associated with the placement of asset management and bancassurance products.

The **result of financial activities** was a positive € 76 million, compared to € 118.4 million in the comparison period. **Dividends** received amounted to € 6.5 million, improving from € 5.2 million as of December 31, 2021. **Trading income** amounted to € 28.4 million compared to € 63.7 million in the comparison period. **Gains on sale or repurchase**, which amounted to € 41.3 million, compared with € 49.3 million in December 2021.

The **result of other financial assets measured at fair value** (item 110b), as a result of the sharp rise in market rates, was negative by € 67.6 million compared to the positive contribution of € 26.7 million in the comparison period. In this area, mark to market losses on loans to customers measured at fair value amounted to € 10.5 million compared to the € 4.2 million of capital gains reported as of December 31, 2021. Other components, mainly related to units in bond funds (OICRs), generated mark to market losses of € 57.1 million compared with capital gains of € 22.5 million realized in the first twelve months of 2021.

The **intermediation margin** thus amounted to € 1,070 million from € 1,032 million in the comparison period (+3.7%). Net of the aforementioned component referring to other financial assets measured at fair value, the aggregate would have stood at € 1,138 million, an increase of more than 13%.

Net valuation adjustments stood at € 169.8 million compared to € 134.4 million in the comparison period (+26.3%). The aggregate includes extraordinary and prudential provisions related to the conflict between Russia and Ukraine, notwithstanding the Group's very limited direct exposure to the geographic area involved, as well as those related to the segments of the lending portfolio most exposed to the rising price of energy commodities.
For an easier key to interpret the amount of net value adjustments, the following should be noted:

- item 130 of the income statement, which relates to exposures to customers and banks in the form of both loans and securities, amounts to € 152.9 million and consists almost entirely of adjustments related to financial assets measured at amortized cost;
- Item 140, which recognizes gains/losses from contractual changes without cancellations, resulting from changes in contractual cash flows, was positive by € 3.6 million in the reporting period;
- the aggregate of the above items thus adds up to € 149.3 million. If we take into account the € 19.9 million of net provisions for credit risk for commitments and guarantees, initially included in the income statement in net provisions for risks and charges, and the reclassification of losses on the sale of receivables of € 0.5 million now included in the item gains (losses) on the sale or repurchase of

financial assets measured at amortized cost, we obtain € 169.8 million of net impairment adjustments mentioned above.

As a result, the ratio of net adjustments (€169.8 million) to net loans to customers (€33,020 million), the so-called **cost of credit**, was 0.51% compared to 0.43% in 2021.

Net income from financial operations stood at € 900.3 million, comparing with € 897.4 million in the comparison period (+0.3%).

Operating expenses were up (+2.1%) and amounted to € 525.8 million compared to € 515.1 million in the comparison period. The performance of this aggregate is affected, in particular, by the increase in personnel costs, which also reflects further growth in the workforce, as well as other administrative expenses, in an environment marked by inflationary pressures.
As for the individual components, administrative expenses totalled € 531.2 million, up from € 506.7 million in the comparison period (+4.8%).
Within: the personnel expenses component increased to € 269.1 million from € 258.7 million in the comparison period (+4%), the other administrative expenses component increased from € 248 million as of December 31, 2021 to € 262 million as of December 31, 2022 (+5.6%).
Net provisions for risks and charges show provisions of € 14.3 million compared with € 16 million in the comparison period.
Adjustments to tangible and intangible assets amounted to € 62.5 million, up from € 54 million as of December 31, 2021 (+15.6%).
Other operating income and expenses, for which the above-mentioned reclassifications were made, were positive and amounted to € 82.2 million compared to € 61.6 million in the comparison period (+33.4%).
In light of the above, the ***cost-income ratio***, calculated as the ratio of operating expenses to intermediation margin, is 49.1% from 49.9% as of December 31, 2021.

As a result, **operating income** stood at € 374.6 million compared to € 382.2 million in 2021.

Charges for stabilization of the banking system totalled € 45.9 million, up from € 43.1 million in the comparison period (+6.5%).

Gains/losses on equity investments and other investments showed a positive balance of € 25.2 million compared to € 35.4 million in the comparison period.

Total income before taxes thus marked € 353.9 million, compared to € 374.5 million as of December 31, 2021. Finally, after deducting **income taxes of** € 102.6 million, we arrive at a **net income for the period of** € 251.3 million, which compares with € 268.6 million in 2021.

Balance sheet aggregates

In comparison with volumes at the end of 2021, **direct deposits** mark € 41,771 million (+6.3%). **Indirect deposits**, affected by negative market dynamics, stand at € 39,059 million compared to € 40,982 million at the end of 2021 (-4.7%). Assets under custody, € 32,672 million compares with € 34,186 million as of December 31, 2021 (-4.4%). Assets under management, € 6,386 million compared to € 6,796 million in the comparison period (-6.0%), benefited from € 486 million of positive net inflows able to partially offset the negative market effect. **Insurance deposits** add up to € 1,958 million (+2.5%) with net flows of € 90 million. **Total** customer deposits thus stand at € 82,787 million (+0.7%).

Net loans to customers, the sum of those measured at amortized cost and those measured at fair value with impact on the income statement, amounted to € 33,020 million, up from € 31,059 million at the end of 2021 (+6.3%).

Net impaired loans amount to € 609 million, down from € 837 million as of December 31, 2021 (-27.3%). They account for 1.8% of total net loans, down further from 2.7% at the end of 2021. Coverage levels remain particularly high; that referring to total impaired positions stands at 58.3% from 55.4% at the end of 2021. In this context, net **bad loans** marked € 122 million (-36.6%), accounting for 0.4% of total loans to customers, down from the figure at the end of 2021. The coverage ratio of these was 76.5% compared to 73.9% at the end of 2021; taking into account the amounts passed through the income statement in previous years on positions already classified as bad loans for which accounting evidence is maintained, against a prospect of eventual recoveries, the coverage for these loans stood at 93%.

Net **unlikely to pay** amounted to € 430 million (-27%), with the coverage ratio rising to 51.2% from 45.2% at the end of 2021. Their ratio to total loans falls to 1.3% compared to 1.9% at the end of 2021. Net **impaired exposures past due and/or in arrears** amount to € 57 million (+2.5%), with a coverage ratio that stands at 7.8% compared to 14.3% at the end of 2021 and an incidence on total loans of 0.2%, in line with that of last year. The coverage ratio of performing loans stands at 0.45%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 13,667 million, down € 36 million (-0.3%) when compared with the actual volumes at the end of last year. More in detail: **financial assets held for trading fall** from € 204.3 million at the end of 2021 to € 179.7 million at December 2022 (-12.1%); **other financial assets mandatorily measured at *fair value***, fall from € 794.3 million as of December 31, 2021 to € 686.8 million as of December 31, 2022 (-13.5%); **financial assets measured at *fair value* with impact on comprehensive income** stood at € 2,556 million in the current period compared to € 3,102 million at the end of 2021 (-17.6%), and the volume of **financial assets measured at amortized cost** rises from € 9,603 million at the end of 2021 to € 10,245 million as of December 31, 2022 (+6.7%). On the other hand, the total volume of Italian government bonds stood at € 7,800 million, down (-5%) from € 8,208 million at the end of 2021, with an incidence on the total portfolio in the range of 55%.

With reference to the latter aggregate, the volume of floating-rate and inflation-indexed securities stood at around € 6.3 billion, up considerably from around € 5.8 billion as of December 31, 2021 (+9.1%).
Further increasing the portion of the portfolio allocated to **ESG debt securities**, which reached 842 million euros.

Equity investments amounted to € 323 million, down from € 339 million at the end of 2021.

The Group's exposure to the ECB totals € 8,874 million and refers only to **TLTRO III** operations, with the balance unchanged from December 31, 2021.

As of December 31, 2022, the **liquidity indicators**, both short-term (LCR-Liquidity Coverage Ratio) and medium-to-long-term (NSFR-Net Stable Funding Ratio), were well above the minimum requirement for the current fiscal year (100%). Specifically, the Liquidity Coverage Ratio stands at 161% at the end of 2022.

The Group can always rely on a substantial **portfolio of refinancible assets,** which, net of applied haircuts, amounts to € 16,321 million: of these, € 5,252 million (32%) are unencumbered securities.

Consolidated shareholders' equity, including net income for the period, as of December 31, 2022 amounted to € 3,387 million, an increase of € 117 million over the value at the end of 2021.

Regulatory capital[1] consolidated (phased-in) as of December 31, 2022 stood at € 3,779 million compared to the December 31, 2021 figure of € 3,785 million (-0.1%).

Capital ratios[1] for regulatory purposes as of December 31, 2022, calculated on the basis of regulatory capital as shown above, were equal to:

- CET1 ratio: 15.4% (phased-in), 15.3% (fully phased);
- Tier1 ratio: 15.4% (phased-in), 15.3% (fully phased);
- Total Capital ratio: 18% (phased-in), 17.9% (fully phased).

The **Leverage Ratio** as of December 31, 2022 is, applying the transitional criteria in effect for 2022 (*phased in*), 5.15% and, depending on the criteria envisaged when *fully phased in*, 5.12%.

As of December 31, 2022, the banking group's **staff** consisted of 3,456 employees, with an increase of 64 resources.

It should be noted that an audit by the independent auditing firm EY S.p.A. is still in progress.

The 2022 annual report will be reviewed and approved at the Board meeting set for March 17.

STATEMENT

The manager in charge of preparing corporate accounting documents, Dr. 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 documentary results, books and accounting records.
Signed:
Maurizio Bertoletti, corporate accounting manager.

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On 6 February 2023, the Bank of Italy notified the bank of the new decision of the Single Resolution Committee on the Minimum Requirement for Own Funds and Eligible Liabilities (MREL).
As of 1 January 2024, BPS will have to comply on a consolidated basis with an MREL-TREA requirement, excluding the combined buffer requirement component, of 22.98% of risk-weighted assets and an MREL-LRE requirement of 5.90% of leverage exposure. From 1 January 2022, BPS is required to comply on a consolidated basis with an intermediate MREL-TREA requirement, excluding the combined buffer requirement component, of 22.82% and an intermediate MREL-LRE requirement of 5.90% of the leverage exposure. No additional subordination requirements were assigned.
Based on the preliminary data as of 31 December 2022 as set out above, the Banca Popolare di Sondrio Group has ratios well above the above thresholds: the MREL-TREA is equal to 28.56%, while the MREL-LRE is equal to 9.55%.

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The conference call to explain the preliminary consolidated results of the Banca Popolare di Sondrio Group as of December 31, 2022 will be held at 4 p.m. today. The numbers to access the conference are as follows:

- from Italy: +39 02 802 09 11
- from the United Kingdom: +44 1 212818004
- From the United States (local international number): +1 718 7058796
- From the United States (toll-free number): 1 855 2656958

The presentation will be conducted in Italian, with simultaneous translation into English.
Link to live audio webcast:
https://87399.choruscall.eu/links/bpds230207.html
Presentation materials will be available for download in the Investor Relations/Financial Presentations section of our website https://istituzionale.popso.it/en shortly before the start of the event.

Attachments:

Summary of key consolidated results;
Key consolidated financial statement indicators;
aggregates and consolidated credit quality indicators;
Financial assets by portfolio of ownership;
Consolidated aggregates and capital adequacy indicators;
Consolidated balance sheets and income statements;
summary statement of reclassified consolidated income statement;
statement of quarterly development of the reclassified consolidated income statement.

Notes:

1) Capital ratios are shown taking into account the portion of the profit for the period that can be allocated to self-financing, the inclusion of which in own funds 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	**31/12/2022**	**31/12/2021**	**Change %**
Loans to customers	33,020	31,059	6.31
Loans and receivables with customers measured at amortised cost	32,633	30,625	6.56
Loans and receivables with customers measured at fair value through profit or loss	387	434	-10.83
Loans and receivables with banks	1,865	3,276	-43.07
Financial assets that do not constitute loans	13,667	13,704	-0.26
Equity investments	323	339	-4.92
Total assets	57,854	55,016	5.16
Direct funding from customers	41,771	39,304	6.28
Indirect funding from customers	39,059	40,982	-4.69
Direct funding from insurance premiums	1,958	1,909	2.54
Customer assets under administration	82,787	82,195	0.72
Other direct and indirect funding	20,177	19,760	2.11
Equity	3,387	3,270	3.58
Income statement	**31/12/2022**	**31/12/2021**	**Change %**
Net interest income	681	529	28.76
Total income	1,070	1,032	3.72
Profit from continuing operations	354	375	-5.51
Profit (loss) for the period	251	269	-6.44
Capital ratios	**31/12/2022**	**31/12/2021**	
CET1 Capital ratio (phased-in)	15.39%	15.78%	
Total Capital ratio (phased-in)	17.95%	18.88%	
Free capital	2,095	2,181	
Other information on the banking group	**31/12/2022**	**31/12/2021**	
Number of employees	3,456	3,392	
Number of branches	372	370	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/12/2022	31/12/2021
Equity/Direct funding from customers	8.11%	8.32%
Equity/Loans and receivables with customers	10.26%	10.53%
Equity/Financial assets	24.78%	23.87%
Equity/Total assets	5.86%	5.94%
Profitability indicators	**31/12/2022**	**31/12/2021**
Cost/Income ratio *	49.13%	49.93%
Net interest income/Total income *	63.65%	51.27%
Administrative expenses/Total income *	49.64%	49.11%
Net interest income/Total assets	1.18%	0.96%
Net financial income/Total assets *	1.56%	1.63%
Net profit for the year/Total assets	0.43%	0.49%
Asset quality indicators	**31/12/2022**	**31/12/2021**
Texas ratio	18.16%	25.83%
Net non-performing loans/Equity	3.60%	5.88%
Net non-performing loans/Loans and receivables with customers	0.37%	0.62%
Loans and receivables with customers/Direct funding from customers	79.05%	79.02%
Cost of credit *	0.51%	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 31/12/2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(4.29%)**	**1,460,176**	**851,581**	**(1.84%)**	**608,596**	**58.32%**
of which Bad loans	(1.52%)	517,931	396,094	(0.37%)	121,837	76.48%
of which Unlikely to pay	(2.59%)	880,694	450,688	(1.3%)	430,006	51.17%
of which Past due	(0.18%)	61,551	4,798	(0.17%)	56,753	7.80%
Performing exposures	**(95.71%)**	**32,557,337**	**145,754**	**(98.16%)**	**32,411,583**	**0.45%**
Total loans to customers	**(100%)**	**34,017,513**	**997,335**	**(100%)**	**33,020,179**	**2.93%**

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
31/12/2022

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	179,665	0	0
Other financial assets mandatorily measured at fair value	686,768	0	0
Financial assets valued at fair value through other comprehensive income	2,555,705	1,696,969	338,768
Financial assets measured at amortised cost	10,245,242	6,102,697	2,329,482
Total	**13,667,380**	**7,799,666**	**2,668,250**

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
31/12/2022

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,779,302**	**3,759,569**
of which Common Equity Tier 1 capital (CET1)	3,239,887	3,220,153
of which Additional Tier 1 capital (AT1)	0	0
of which Tier 2 capital (T2)	539,416	539,416
RWA	**21,049,013**	**21,046,458**
CET 1 ratio	**15.39%**	**15.30%**
Tier 1 ratio	**15.39%**	**15.30%**
Total capital ratio	**17.95%**	**17.86%**
Leverage ratio	**5.15%**	**5.12%**

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			31/12/2022		31/12/2021
10.	CASH AND CASH EQUIVALENTS		**6,990,689**		**5,652,733**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**1,254,070**		**1,432,185**
	a) financial assets held for trading	179,665		204,294	
	c) financial assets mandatorily at fair value through profit or loss	1,074,405		1,227,891	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**2,555,705**		**3,102,150**
40.	FINANCIAL ASSETS AT AMORTISED COST		**43,870,637**		**42,717,673**
	a) loans and receivables with banks	1,865,249		3,276,349	
	b) loans and receivables with customers	42,005,388		39,441,324	
50.	HEDGING DERIVATIVES		**248**		**-**
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		**(198)**		**-**
70.	EQUITY INVESTMENTS		**322,632**		**339,333**
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**650,908**		**579,446**
100.	INTANGIBLE ASSETS		**36,669**		**31,013**
	of which:				
	- goodwill	16,997		12,632	
110.	TAX ASSETS		**342,647**		**330,343**
	a) current	17,654		8,658	
	b) deferred	324,993		321,685	
130.	OTHER ASSETS		**1,830,354**		**831,273**
	TOTAL ASSETS		**57,854,361**		**55,016,149**

LIABILITY AND EQUITY			31/12/2022		31/12/2021
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**53,152,710**		**50,178,641**
	a) due to banks	11,381,703		10,874,856	
	b) due to customers	38,122,246		35,603,482	
	c) securities issued	3,648,761		3,700,303	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**115,871**		**104,339**
40.	HEDGING DERIVATIVES		**227**		**2,446**
60.	TAX LIABILITIES		**32,359**		**39,872**
	a) current	3,160		4,258	
	b) deferred	29,199		35,614	
80.	OTHER LIABILITIES		**834,629**		**986,522**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**35,597**		**40,190**
100.	PROVISIONS FOR RISKS AND CHARGES:		**295,528**		**289,062**
	a) loans commitments and	63,204		43,225	
	b) pensions and similar	167,827		191,565	
	c) other provisions	64,497		54,272	
120.	VALUATION RESERVES		**(68,086)**		**32,437**
150.	RESERVES		**1,790,468**		**1,555,718**
160.	SHARE PREMIUM		**78,978**		**79,005**
170.	SHARE CAPITAL		**1,360,157**		**1,360,157**
180.	TREASURY SHARES (-)		**(25,402)**		**(25,457)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**4**		**104,583**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**251,321**		**268,634**
	TOTAL LIABILITIES AND EQUITY		**57,854,361**		**55,016,149**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			31/12/2022		31/12/2021
10.	INTEREST AND SIMILAR INCOME		834,558		642,068
	of which: interest calculated using the effective interest method	824,601		633,565	
20.	INTEREST AND SIMILAR EXPENSE		(153,491)		(113,144)
30.	**NET INTEREST INCOME**		**681,067**		**528,924**
40.	FEE AND COMMISSION INCOME		401,174		374,802
50.	FEE AND COMMISSION EXPENSE		(20,584)		(17,148)
60.	**NET FEE AND COMMISSION INCOME**		**380,590**		**357,654**
70.	DIVIDENDS AND SIMILAR INCOME		6,464		5,208
80.	NET TRADING INCOME		28,404		63,650
90.	NET HEDGING INCOME		(181)		243
100.	NET GAINS FROM SALES OR REPURCHASES OF:		40,825		46,616
	a) financial assets at amortized cost	28,972		32,878	
	b) financial assets at fair value through other comprehensive income	11,848		13,756	
	c) financial liabilities	5		(18)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(67,588)		26,726
	b) other financial assets mandatorily measured at fair value	(67,588)		26,726	
120.	**TOTAL INCOME**		**1,069,581**		**1,029,021**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(152,865)		(139,186)
	a) financial assets at amortized cost	(152,505)		(140,195)	
	b) financial assets at fair value through other comprehensive income	(360)		1,009	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		3,565		(6,099)
150.	**NET FINANCIAL INCOME**		**920,281**		**883,736**
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**920,281**		**883,736**
190.	ADMINISTRATIVE EXPENSES:		(580,243)		(561,012)
	a) personnel expenses	(272,331)		(269,900)	
	b) other administrative expenses	(307,912)		(291,112)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(34,225)		(848)
	a) commitments for guarantees given	(19,937)		15,124	
	b) other net provisions	(14,288)		(15,972)	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(45,268)		(37,359)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(17,212)		(16,675)
230.	OTHER NET OPERATING INCOME		85,379		71,300
240.	**OPERATING COSTS**		**(591,569)**		**(544,594)**
250.	SHARE OF PROFITS OF INVESTEES		27,768		35,901
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(2,762)		(882)
280.	NET GAINS ON SALES OF INVESTMENTS		172		384
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**353,890**		**374,545**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(102,569)		(99,525)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**251,321**		**275,020**
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**251,321**		**275,020**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		-		(6,386)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**251,321**		**268,634**
	EARNINGS (LOSS) PER SHARE		0.554		0.593
	DILUTED EARNINGS (LOSSES) PER SHARE		0.554		0.593

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/12/2022	31/12/2021	(+/-)	% change
Net interest income	681,067	528,924	152,143	28.76
Dividends and similar income	6,464	5,208	1,256	24.12
Net fee and commission income	380,590	357,654	22,936	6.41
Net gains on financial assets [d]	69,565	113,211	-43,646	-38.55
Result of other financial assets at FVTPL	-67,588	26,726	-94,314	-
of which Loans	-10,460	4,198	-14,659	-
of which Other	-57,128	22,528	-79,655	-
Total income	**1,070,098**	**1,031,723**	**38,375**	**3.72**
Net impairment losses [a] [d]	-169,754	-134,372	-35,382	26.33
Net financial income	**900,344**	**897,351**	**2,993**	**0.33**
Personnel expenses [b]	-269,146	-258,701	-10,445	4.04
Other administrative expenses [c]	-262,003	-248,007	-13,996	5.64
Other net operating income [b]	82,194	61,610	20,584	33.41
Net accruals to provisions for risks and charges [a]	-14,288	-15,972	1,684	-10.54
Depreciation and amortisation on tangible and intangible assets	-62,480	-54,034	-8,446	15.63
Operating costs	**-525,723**	**-515,104**	**-10,619**	**2.06**
Operating result	**374,621**	**382,247**	**-7,626**	**-2.00**
Charges for the stabilization of the banking System [c]	-45,909	-43,105	-2,804	6.51
Share of profits of investees and net gains on sales of investments	25,178	35,403	-10,225	-28.88
Pre-tax profit from continuing operations	**353,890**	**374,545**	**-20,655**	**-5.51**
Income taxes	-102,569	-99,525	-3,044	3.06
Net profit (loss) for the period	**251,321**	**275,020**	**-23,699**	**-8.62**
Net (profit) loss of the period attributable to minority interests	0	-6,386	6,386	-
Net profit (loss) for the period attributable to the owners of Parent	**251,321**	**268,634**	**-17,313**	**-6.44**

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 31/12/2022 have been subject to the following reclassifications:

[a] reclassified net provisions for credit risk for commitments and guarantees issued for 19.937 € 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 3.185 € million;

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

[d] reclassified losses related to NPL disposals for 0.517 € million initially included in item gains/losses on financial assets valued at amortized cost showing them among net impairment losses.

The results at 31/12/2021 have been made consistent with those of 2022.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q4 - 2022	Q3 - 2022	Q2 - 2022	Q1 - 2022	Q4 - 2021
Net interest income	203.8	156.9	164.1	156.2	138.6
Dividends and similar income	0.4	0.4	5.4	0.2	0.6
Net fee and commission income	104.2	91.8	93.1	91.5	98.8
Net gains on financial assets [d]	24.2	4.0	24.3	17.1	37.6
Result of other financial assets at FVTPL	6.6	-6.6	-34.0	-33.6	1.6
of which Loans	4.7	2.1	-4.3	-13.0	-2.8
of which Other	1.9	-8.6	-29.7	-20.6	4.4
Total income	**339.2**	**246.7**	**252.9**	**231.4**	**277.1**
Net impairment losses [a] [d]	-65.9	-60.5	-16.1	-27.3	-43.1
Net financial income	**273.3**	**186.2**	**236.8**	**204.1**	**234.0**
Personnel expenses [b]	-69.1	-69.3	-64.2	-66.5	-67.1
Other administrative expenses [c]	-71.3	-60.1	-68.2	-62.5	-67.2
Other net operating income [b]	20.4	22.9	22.1	16.9	16.3
Net accruals to provisions for risks and charges [a]	-6.5	-1.5	-6.7	0.4	-14.5
Depreciation and amortisation on tangible and intangible assets	-18.2	-16.8	-15.5	-12.0	-14.7
Operating costs	**-144.8**	**-124.8**	**-132.5**	**-123.7**	**-147.1**
Operating result	**128.5**	**61.4**	**104.2**	**80.4**	**86.9**
Charges for the stabilization of the banking System [c]	-2.9	-3.0	-10.0	-30.0	-8.4
Share of profits of investees and net gains on sales of investments	10.6	5.3	2.6	6.7	9.8
Pre-tax profit from continuing operations	**136.3**	**63.7**	**96.8**	**57.1**	**88.3**
Income taxes	-36.2	-17.5	-32.0	-16.8	-19.4
Net profit (loss) for the period	**100.0**	**46.2**	**64.8**	**40.3**	**68.9**
Net (profit) loss of the period attributable to minority interests	0.0	0.0	0.0	0.0	-1.7
Net profit (loss) for the period attributable to the owners of Parent	**100.0**	**46.2**	**64.8**	**40.3**	**67.2**

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], [c] and [d] The amounts are shown in accordance with the reclassifications shown in the reclassified consolidated summary of income statement.