Banca Popolare di Sondrio

PRESS RELEASE

<u>Preliminary consolidated results at 31 December 2021 approved</u>

Net profit more than doubled, the best in BPS history

(€ 268.6 million, +152% compared to the previous year; ROE 8.9%)

Strong support for local households and businesses

(disbursements of € 4.8 billion o/w around € 1 billion assisted by state guarantee)

Further improvement in asset quality

(net NPE ratio of 2.7%, compared to 3.7% a year earlier)

Strong capital position

(CET1 ratio phased-in at 15.8%)

Presentation of new business plan scheduled for end-March

"<u>The 2021 results</u>, approved today by the Board of Directors, mark a new important milestone for Banca Popolare di Sondrio, with a consolidated net profit of 268.6 million euro, <u>more than doubled compared to the previous year</u>.

In the year - I would like to remind you - of the 150th anniversary of its foundation, the bank is making the most of its growth path, which led to its recent transformation into a S.p.A. at the end of 2021. <u>Since joining the Single European Supervisory Mechanism in</u>

2014, we have achieved total net profits of over 1 billion euro with an average ROE of over 5%, demonstrating our ability to navigate safely in an extremely challenging environment characterised in the last two years by the well-known serious pandemic situation. We have faced the challenge of derisking, improving the quality of our assets as evidenced by a gross NPL ratio that has fallen from 14.2% to 5.8%; we have contributed to the numerous interventions to stabilise the banking system that have gradually become necessary, particularly in our country, with a total outlay of almost three hundred million euro. Above all, we have never failed to support the real economy, activating every measure to enable households and businesses in the areas where we operate to deal with the economic fallout of the pandemic, particularly in recent years," commented Mario Alberto Pedranzini, CEO and General Manager of Banca Popolare di Sondrio.

"The BPS Group today boasts a solid capital position and a business model that, as the results show, is particularly resilient and geared to generating value in a sustainable manner over the long term. In a phase of recovery for our country, such as the current one, the bank is doing its utmost to continue to be a reliable partner to ensure that public resources, first and foremost those pertaining to the PNRR, accelerate growth, restoring confidence and momentum to households and businesses, compatibly with the evolution of the macroeconomic framework, which is positive but not without uncertainties.

We are therefore concentrating on preparing the new Industrial Plan that we will present to the market at the end of March, in order to share with our shareholders the path we expect to follow in the years to come. I can state right now that the development strategies currently being finalised, in addition to being consistent with the values that have inspired us throughout our long history, will confirm our Group's ability to adequately repay the trust placed in us by depositors and investors over the next three years, with the aim of innovating, developing human resources and creating value for all stakeholders".

Sondrio, 8 February 2022 - The Board of Directors of Banca Popolare di Sondrio Spa which met today under the chairmanship of Prof. Avv. Francesco Venosta examined and approved the preliminary consolidated economic and financial data for fiscal year 2021.

Despite a context influenced by the repercussions of the pandemic still underway, in 2021 the Italian economy decidedly reversed course, recording an annual GDP growth rate above 6%. The strong recovery in both public and private investment highlights, in particular, the expectation of operators that the expansionary cycle will continue into the future.
Against the backdrop of these overall positive dynamics, the Banca Popolare di Sondrio Group was able to achieve important results on the income side that confirm the strength of its business model. Net profit for the period amounted to € 268.6 million, corresponding to a ROE of 8.9%.

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

- the **net result** for the period, € 268.6 million, reflects the strong increase in core business, which stood at € 886.6 million (+9.9% compared with 31 December 2020; net interest income: +7.9% and net commissions: +13%) and the positive contribution of financial activities (€ 139.9 million compared with € 58.3 million at 31 December 2020). The result includes adjustments to loans of € 134.4 million and significant charges for the stabilisation of the banking system of € 43.1 million;
- **capital ratios**[1] remain at particularly high levels with a large margin compared to regulatory requirements. In the phased-in version, the CET1 Ratio stands at 15.8%, the Tier1 Ratio at 15.8% and the Total Capital Ratio at 18.9%;
- the important support provided to the real economy to counter the negative effects of the pandemic crisis and to help relaunch activities continued through new **loans to households and businesses** amounting to around € 4.8 billion (of which around € 1 billion with state guarantees). With regard to the moratoria applied under the "Cura Italia" decree and ABI agreements, as at 31 December 2021 there were approximately € 71 million in outstanding principal, compared with approximately € 4.2 billion as at 31 December 2020. The punctual resumption of payments on loans no longer under moratorium by the vast majority of customers has resulted in a particularly low default rate (<1%), which demonstrates the quality of the Group's customer portfolio;
- the bank's attention to **social and environmental issues** was strong, with careful and personalised support for small entrepreneurs, ordinary citizens, medium and large enterprises, and also with the dissemination of culture, as in the case of the "DantedìValtellina" event. As regards attention to the environment, the bank has adopted a specific Environmental Policy and decided to join the CDP (Carbon Disclosure Project), responding to its Climate Change Questionnaire. As an issuer, the inaugural issue of a € 500 million senior preferred green bond was placed, the proceeds of which were entirely allocated to green projects, particularly in the field of energy efficiency in buildings and renewable energy;
- **operations in the area of the assignment of tax credits** (superbonus/earthquake bonus, ecobonus, other bonuses) increased significantly during the year, thanks to a specific operating model supported by an IT platform that has proved particularly popular with customers. The amount of tax credits acquired and already available in the bank's "tax drawer" is significant;
- a significant reduction in the **incidence of gross impaired loans**, as summarised by the NPL ratio, which stood at 5.8% from 7.5% at the end of 2020;
- **credit coverage ratios**, inspired by a prudent provisioning policy, are further increasing. The coverage ratio of total **non-performing loans** stands at 55.4% (from 52.4% at 31 December 2020), that of bad loans only stands at 73.9% (from 67.9% at 31 December 2020; 90.3% taking into account the amounts passed on to the profit and loss account in previous years), that of unlikely to pay stands at 45.2% (from 39.8% at 31 December 2020). The coverage ratio for **performing loans** fell to 0.39% (from 0.62% at 31 December 2020) as a result of the overall quality of the

loan portfolio, the significant presence of state guarantees and real estate guarantees, as well as of the aforementioned resumption of payments on exposures under moratoria for which specific provisions had been made - overlays - and the improvement in the macroeconomic framework used to determine collective provisions;

- the **cost of risk** was 0.43%, down from 0.74% at 31 December 2020. The figure takes into account on one hand the favourable update of the pandemic effects on asset quality and releases of provisions on positions previously covered by moratoria, and on the other hand the impact of the increased coverage adopted in view of the massive divestment carried out and the impact of the adoption of calendar provisioning in compliance with the regulatory framework;
- the **Texas ratio**, i.e. the ratio of total net impaired loans to tangible equity, decreased further to 25.8% from 36.8% at the end of December 2020;
- **direct customer deposits** amounted to € 39,304 million compared to € 35,559 million at the end of 2020 (+10.5%); **indirect deposits** amounted to € 40,982 million compared to € 34,797 million at the end of last year (+17.8%), of which over € 6,700 million related to assets under management (+13.9%). **Insurance premiums** totalled € 1,909 million, compared with € 1,717 million at 31 December 2020 (+11.2%);
- **loans to customers** stood at € 31,059 million, up (+5.7%) from € 29,380 million at the end of 2020;
- **liquidity indicators**, both short-term (Liquidity Coverage Ratio) and medium-term (Net Stable Funding Ratio), are well above the minimum regulatory requirements. In particular, the Liquidity Coverage Ratio stood at 164% at the end of December;
- **Subsidiaries and associates** made a very positive contribution to the Group's net result, amounting to over € 55 million.

Accounting data (in millions of euros)

Income statement results	**31/12/2021**	**31/12/2020**	**Change**
Interest margin	528.9	490.0	+7.9%
Net fees and commissions	357.7	316.4	+13%
Result of financial activity (*)	139.9	58.3	+140.2%
Operating income (*)	1,031.7	869.1	+18.7%
Net adjustments to loans and fin. assets(*)	134.4	217.2	-38.1%
Operating costs (*)	558.2	521.3	+7.1%
Result before taxes	374.5	156.9	+138.7%
Net result	268.6	106.6	+152.0%

(*) As at 31 December 2021, € 15.1 million of releases on net provisions for credit risk for commitments and guarantees, initially included in the income statement under net provisions for risks and charges, were reclassified as net value adjustments. Losses on disposal of € 2.7 million included in gains/losses on financial assets valued at amortised cost were reclassified, as well as € 1.5 million of charges, also related to the disposal transaction, included in other operating costs/income, and shown in the line item impairment losses on loans. The results at 31 December 2020 have been made consistent.

Balance sheet results	31/12/2021	31/12/2020	Change
Direct funding from customers	39,304	35,559	+10.5%
Indirect funding from customers	40,982	34,797	+17.8%
Insurance deposits from customers	1,909	1,717	+11.2%
Total funding from customers	82,195	72,074	+14%
Net loans to customers	31,059	29,380	+5.7%

Performance indicators	31/12/2021	31/12/2020
Cost-income ratio	54.1%	60.0%
Cost of risk	0.43%	0.74%
Gross NPL ratio	5.8%	7.5%
CET 1 ratio[1] – *phased in*	15.8%	16.3%
Total capital ratio[1] – *phased in*	18.9%	18.6%

1) Capital ratios are shown taking into account the portion of the year's profit that can be allocated to self-financing, it being understood that inclusion in own funds is subject to approval by the Supervisor.

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

The Group's economic performance

Consolidated net income at 31 December 2021 was € 268.6 million, up from € 106.6 million in the comparison period. This result came from consolidated gross profit of € 374.5 million, after deducting minority interests of € 6.4 million and taxes of € 99.5 million, giving a tax rate of 26.6%.

Net interest income amounted to € 528.9 million, an increase of 7.9% compared with 31 December 2020. In line with the first half of the year, the contribution from the Group's own securities portfolio increased, thanks to its greater size and the presence of inflation-linked securities, as well as the contribution from funding obtained through refinancing operations with the ECB (TLTRO III). Margins from customers were in line with the previous year.

Net fee and commission income from services amounted to € 357.7 million, up sharply (+13%) from € 316.4 million in the comparative period. Commissions from the placement of bancassurance and asset management products, as well as those relating to the management of current accounts and guarantees issued, performed particularly well compared to the comparison period. The contribution of the collection and payment services component was also significant, following the return of customer operations to pre-pandemic levels.

Dividends received amounted to € 5.2 million, compared with € 4.4 million at 31 December 2020. The **result from financial activities**, reflecting the favourable conditions in the financial markets, was a positive € 139.9 million, compared with € 58.3 million in the comparison period, which was particularly impacted by the pandemic crisis.

The **operating income** was € 1,031.7 million, up from € 869.1 million in the comparative period (+18.7%).

Net value adjustments amounted to € 134.4 million, compared with € 217.2 million in the comparison period (-38.1%).
For an easier understanding 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 € 139.2 million and consists almost entirely of adjustments relating to financial assets measured at amortised cost;
- item 140, which recognises gains/losses on contractual amendments without derecognition arising from changes to contractual cash flows, was negative by € 6.1 million during the period;
- the aggregate of the above items therefore amounts to € 145.3 million. If we take into account the € 15.1 million release of net provisions for credit risk for commitments and guarantees, initially included in the profit and loss account under net provisions for risks and charges, and the reclassification of losses on disposal for € 2.7 million included in the item gains (losses) on the sale or repurchase of financial assets valued at amortised cost, as well as € 1.5 million of charges also related to the sale transaction included in other operating income/costs, we arrive at the € 134.4 million of net value adjustments mentioned above.

The ratio of net value adjustments (€ 134.4 million) to net loans to customers (€ 31,059 million), known as the **cost of credit**, was therefore 0.43% compared with 0.74% as at 31 December 2020 due to the details described above.

Net income from financial management amounted to € 897.4 million, compared to the € 651.9 million of the previous year(+37.7%)

Operating expenses increased (+7.1%) to € 558.2 million from € 521.3 million in the comparative period. This aggregate was particularly affected by the following factors: the increase in personnel expenses, due to the adjustment of salaries to the new National Collective Labour Agreement for the sector and the growth in the workforce, higher administrative expenses, including increased charges for the stabilisation of the banking system and higher non-recurring provisions for risks and charges.

In terms of individual components, administrative expenses, normalised to exclude the provision for pension fund income, which is offset by an equal amount in other operating income/expenses, amounted to € 549.8 million, up from € 526.0 million in the comparative period (+4.5%).
Within this item, staff expenses rose to € 258.7 million from € 247.0 million (+4.7%) in the comparative period, while other administrative expenses rose from € 278.9 million at 31 December 2020 to € 291.1 million at 31 December 2021 (+4.4%).
Net provisions for risks and charges, restated by allocating the amount of commitments for guarantees issued to value adjustments, amounted to € 16 million (compared with the € 2 million in releases recorded at 31 December 2020).
Adjustments to property, plant and equipment and intangible assets amounted to € 54 million, down from € 60.7 million in 2020 (-10.9%).
Other operating income and charges, for which the above-mentioned reclassifications were made, amounted to € 61.6 million, compared with € 63.3 million in the comparison period (-2.6%).
In light of the above, the **cost-income ratio**, calculated as the ratio of operating costs to net interest and other banking income, was 54.1%, down from 60% at 31 December 2020.

The **result from operations** therefore reached € 339.1 million.

The item **gains/losses on equity investments and** other investments showed a positive balance of € 35.4 million, up from € 26.3 million in the comparative period (+34.4%).

The **overall pre-tax result** was € 374.5 million, compared with € 156.9 million as at 31 December 2020. After deducting **income taxes** of € 99.5 million and profit attributable to minority interests of € 6.4 million, **net profit for the period** was € 268.6 million, compared with € 106.6 million in the same period of 2020.

Balance sheet aggregates

Compared to volumes at the end of 2020: **direct deposits** amounted to € 39,304 million (+10.5%), **indirect deposits** at market values stood at € 40,982 million (+17.8%), of which more than € 6,700 million related to assets under management (+13.9**%); insurance deposits** amounted to € 1,909 million (+11.2%). Total customer deposits therefore stood at € 82,195 million (+14%).

Net loans to customers, the sum of those valued at amortised cost and those valued at fair value through profit or loss with an impact on the profit and losses, amounted to € 31,059 million, up from € 29,380 million at the end of 2020 (+5.7%).

Net impaired loans amounted to € 837 million, down from € 1,092 million as at 31 December 2020 (-23.4%). As a proportion of total net loans, they stood at 2.69%, down

from 3.72% at the end of 2020. The coverage level, which was already particularly high in the past, further increased to 55.39% from 52.36% in the previous year. In this context, net bad loans amounted to € 192 million (-44.4%), accounting for 0.62% of total loans to customers compared to 1.18% at the end of 2020. The coverage ratio was 73.90% compared to 67.93% at the end of 2020. Taking into account the amounts passed through the profit and loss account in previous years, the coverage of these loans was 90.29%.
Net unlikely to pay amounted to € 589 million (-15.2%), with a coverage ratio of 45.2% compared with 39.81% at the end of 2020. As a percentage of total loans, they fell to 1.90% compared to 2.36% at the end of 2020. Net impaired past due and/or in arrears loans amounted to € 55 million (+7.2%), with a coverage ratio of 14.25% compared to 13.91% at the end of 2020 and a ratio of 0.18% of total loans, in line with last year. The coverage of performing loans fell to 0.39% from 0.62% at the end of 2020 as a result of the overall quality of the loan portfolio, the significant presence of state guarantees and real estate guarantees, as well as the aforementioned resumption of payments on exposures previously under moratoria for which specific provisions had been made - overlay - and the improvement in the macroeconomic framework used to determine collective provisions.

Financial assets, consisting of own securities and derivatives, amounted to € 13,704 million, an increase (+ € 3,150 million; +29.9%) compared with the volumes recorded at the end of last year. More specifically: financial assets held for trading rose from € 190.5 million at the end of 2020 to € 204.3 million at the end of 2021; other financial assets mandatorily measured at fair value rose from € 656.3 million at 31 December 2020 to € 794.3 million at 31 December 2021 (+21%). Financial assets at fair value with an impact on comprehensive income increased from € 2,620 million at the end of 2020 to € 3,102 million in the current period (+18.4%) and the volume of financial assets measured at amortised cost rose from € 7,086 million at the end of 2020 to € 9,603 million at 31 December 2021 (+35.5%). The total volume of Italian government bonds stood at € 8,208 million, up (+40.1%) from € 5,857 million at the end of 2020. With reference to the latter aggregate, the volume of floating-rate and inflation-linked securities stood at € 5,766 million, up considerably from € 3,439 million at 31 December 2020 (+68%), with the aim of limiting overall exposure to the risk of a rise in market rates.
The portion of the portfolio allocated to ESG debt securities increased further to € 717 million.

Equity investments rose to € 339 million from € 305 million at 31 December 2020 (+11.1%), mainly as a result of the increase in the equity valuation of investee companies.

The Group's exposure to the ECB under TLTRO III totalled € 8,874 million, up from € 8,068 million as at 31 December 2020.
As at 31 December 2021, both the short-term (LCR-Liquidity Coverage Ratio) and medium/long-term (NSFR-Net Stable Funding Ratio) **liquidity indicators** were well above the minimum requirement for the current year (100%). In particular, the LCR stood at 164%. This value is not comparable with that recorded in the past as the bank

has recently adopted, in line with the Supervisor's requirements, a new method of allocating the cash surpluses deposited with the ECB, which have remained substantially stable.

The Group can always rely on a substantial portfolio of **refinancable assets** which, net of the haircuts applied, amounts to € 16,361 million: of this, € 6,706 million (41%) are represented by unencumbered securities.

Consolidated shareholders' equity, including profit for the period, amounted to € 3,270 million as at 31 December 2021, up € 273 million compared to the value at the end of 2020.

Consolidated regulatory capital[1] (phased-in) as at 31 December 2021 stood at € 3,785 million compared to the 31 December 2020 figure of € 3,374 million (+12.2%).

Capital ratios[1] for regulatory purposes as at 31 December 2021, calculated on the basis of regulatory capital as set out above, were as follows:
- -CET1 ratio: 15.8% (phased-in), 15.7% (fully phased);
- -Tier1 ratio: 15.8% (phased-in), 15.7% (fully phased);
- -Total Capital ratio: 18.9% (phased-in), 18.8% (fully phased).

The **Leverage Ratio** as at 31 December 2021, applying the transitional criteria in force for 2021 (phased in), was 5.84% and 5.25% (fully phased).

As at 31 December 2021, the Banking Group’s **staff** totalled 3,392 people. 203 new hires were made in 2021.

It should be noted that the verification activity by the statutory external auditing company EY S.p.A is still in progress.

The Financial Statements for 2021 will be reviewed and approved at the board meeting scheduled for the next 21 March.

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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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Note:

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

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

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

RESULTS IN BRIEF

(in million of euro)			
Balance sheet	**31/12/2021**	**31/12/2020**	**Change %**
Loans to customers	31,059	29,380	5.72
Loans and receivables with customers measured at amortised cost	30,625	28,998	5.61
Loans and receivables with customers measured at fair value through profit or loss	434	382	13.53
Loans and receivables with banks	3,276	3,349	-2.18
Financial assets that do not constitute loans	13,704	10,553	29.85
Equity investments	339	305	11.09
Total assets	55,016	49,808	10.46
Direct funding from customers	39,304	35,559	10.53
Indirect funding from customers	40,982	34,797	17.77
Direct funding from insurance premiums	1,909	1,717	11.19
Customer assets under administration	82,195	72,074	14.04
Other direct and indirect funding	19,760	16,368	20.72
Equity	3,270	2,998	9.10
Income statement	**31/12/2021**	**31/12/2020**	**Change %**
Net interest income	529	490	7.94
Total income	1,032	869	18.72
Profit from continuing operations	375	157	138.67
Profit (loss) for the period	269	107	152.01
Capital ratios	**31/12/2021**	**31/12/2020**	
CET1 Capital ratio (phased-in)	15.78%	16.32%	
Total Capital ratio (phased-in)	18.88%	18.55%	
Free capital	2,181	1,919	
Other information on the banking group	**31/12/2021**	**31/12/2020**	
Number of employees	3,392	3,325	
Number of branches	371	369	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/12/2021	31/12/2020
Equity/Direct funding from customers	8.32%	8.43%
Equity/Loans and receivables with customers	10.53%	10.20%
Equity/Financial assets	23.87%	28.40%
Equity/Total assets	5.94%	6.02%
Profitability indicators	**31/12/2021**	**31/12/2020**
Cost/Income ratio *	54.10%	59.99%
Net interest income/Total income *	51.27%	56.38%
Administrative expenses/Total income *	53.29%	60.52%
Net interest income/Total assets	0.96%	0.98%
Net financial income/Total assets *	1.63%	1.31%
Net profit for the year/Total assets	0.49%	0.21%
Asset quality indicators	**31/12/2021**	**31/12/2020**
Texas ratio	25.83%	36.78%
Net non-performing loans/Equity	5.88%	11.54%
Net non-performing loans/Loans and receivables with customers	0.62%	1.18%
Loans and receivables with customers/Direct funding from customers	79.02%	82.62%
Cost of credit *	0.43%	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 31/12/2021

(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%)**	**32,216,777**	**1,157,460**	**(100%)**	**31,059,318**	**3.59%**

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	(3.51%)	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	(0.2%)	59,984	8,343	(0.18%)	51,641	13.91%
Performing exposures	**(92.55%)**	**28,462,763**	**175,148**	**(96.28%)**	**28,287,615**	**0.62%**
Total loans to customers	**(100%)**	**30,755,082**	**1,375,357**	**(100%)**	**29,379,724**	**4.47%**

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**

FINANCIAL ASSETS BY PORTFOLIO
31/12/2020

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	190,545	25,440	0
Other financial assets mandatorily measured at fair value	656,257	0	0
Financial assets valued at fair value through other comprehensive income	2,619,939	1,471,428	479,828
Financial assets measured at amortised cost	7,086,361	4,360,417	1,687,063
Total	**10,553,102**	**5,857,285**	**2,166,891**

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%**

Capital ratios are shown taking into account the portion of net profit that can be allocated to self-financing, it being understood that inclusion in equity is subject to approval by the Supervisor.

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			31/12/2021		31/12/2020
10.	CASH AND CASH EQUIVALENTS		**5,652,733**		**5,337,880**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**1,432,185**		**1,228,733**
	a) financial assets held for trading	204,294		190,545	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	1,227,891		1,038,188	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**3,102,150**		**2,619,939**
40.	FINANCIAL ASSETS AT AMORTISED COST		**42,717,673**		**38,896,990**
	a) loans and receivables with banks	3,276,349		3,349,321	
	b) loans and receivables with customers	39,441,324		35,547,669	
50.	HEDGING DERIVATIVES		**-**		**-**
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		**-**		**-**
70.	EQUITY INVESTMENTS		**339,333**		**305,444**
80.	TECHNICAL RESERVES OF REINSURERS		**-**		**-**
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**579,446**		**567,799**
100.	INTANGIBLE ASSETS		**31,013**		**28,328**
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		**330,343**		**423,785**
	a) current	8,658		46,596	
	b) deferred	321,685		377,189	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		**-**		**-**
130.	OTHER ASSETS		**831,273**		**398,699**
	TOTAL ASSETS		**55,016,149**		**49,807,597**

As of 31/12/2020 Items 10 and 40 of the balance sheet assets have been restated following the 7th update of Circular 262 of 22 December 2005.

LIABILITY AND EQUITY			31/12/2021		31/12/2020
10.	FINANCIAL LIABILITIES AT AMORTISED COST		50,178,641		45,386,147
	a) due to banks	10,874,856		9,826,687	
	b) due to customers	35,603,482		32,728,348	
	c) securities issued	3,700,303		2,831,112	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		104,339		33,816
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		-		-
40.	HEDGING DERIVATIVES		2,446		6,271
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		-		-
60.	TAX LIABILITIES		39,872		37,400
	a) current	4,258		3,567	
	b) deferred	35,614		33,833	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-		-
80.	OTHER LIABILITIES		986,522		914,191
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		40,190		42,341
100.	PROVISIONS FOR RISKS AND CHARGES:		289,062		291,757
	a) loans commitments and	43,225		58,520	
	b) pensions and similar	191,565		189,873	
	c) other provisions	54,272		43,364	
110.	TECHNICAL RESERVES		-		-
120.	VALUATION RESERVES		32,437		27,840
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		-		-
130.	REDEEMABLE SHARES		-		-
140.	EQUITY INSTRUMENTS		-		-
150.	RESERVES		1,555,718		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 (-)		(25,457)		(25,388)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		104,583		98,103
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		268,634		106,597
	TOTAL LIABILITIES AND EQUITY		**55,016,149**		**49,807,597**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			31/12/2021		31/12/2020
10.	INTEREST AND SIMILAR INCOME		642,068		594,400
	of which: interest calculated using the effective interest method	633,565		586,396	
20.	INTEREST AND SIMILAR EXPENSE		(113,144)		(104,390)
30.	**NET INTEREST INCOME**		**528,924**		**490,010**
40.	FEE AND COMMISSION INCOME		374,802		333,497
50.	FEE AND COMMISSION EXPENSE		(17,148)		(17,081)
60.	**NET FEE AND COMMISSION INCOME**		**357,654**		**316,416**
70.	DIVIDENDS AND SIMILAR INCOME		5,208		4,375
80.	NET TRADING INCOME		63,650		12,473
90.	NET HEDGING INCOME		243		(35)
100.	NET GAINS FROM SALES OR REPURCHASES OF:		46,616		(717)
	a) financial assets at amortized cost	32,878		(25,591)	
	b) financial assets at fair value through other comprehensive income	13,756		24,812	
	c) financial liabilities	(18)		62	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		26,726		(2,845)
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	26,726		(2,845)	
120.	**TOTAL INCOME**		**1,029,021**		**819,677**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(139,186)		(142,247)
	a) financial assets at amortized cost	(140,195)		(141,391)	
	b) financial assets at fair value through other comprehensive income	1,009		(856)	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(6,099)		(6,415)
150.	**NET FINANCIAL INCOME**		**883,736**		**671,015**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**883,736**		**671,015**
190.	ADMINISTRATIVE EXPENSES:		(561,012)		(529,826)
	a) personnel expenses	(269,900)		(250,883)	
	b) other administrative expenses	(291,112)		(278,943)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(848)		(13,042)
	a) commitments for guarantees given	15,124		(15,078)	
	b) other net provisions	(15,972)		2,036	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(37,359)		(44,015)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(16,675)		(16,661)
230.	OTHER NET OPERATING INCOME		71,300		63,112
240.	**OPERATING COSTS**		**(544,594)**		**(540,432)**
250.	SHARE OF PROFITS OF INVESTEES		35,901		26,997
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(882)		(707)
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		384		54
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**374,545**		**156,927**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(99,525)		(47,184)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**275,020**		**109,743**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**275,020**		**109,743**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		(6,386)		(3,146)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**268,634**		**106,597**
	EARNINGS (LOSS) PER SHARE		0.593		0.235
	DILUTED EARNINGS (LOSSES) PER SHARE		0.593		0.235

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/12/2021	31/12/2020	(+/-)	% change
Net interest income	528,924	490,010	38,914	7.94
Dividends and similar income	5,208	4,375	833	19.04
Net fee and commission income	357,654	316,416	41,238	13.03
Net gains on financial assets [a]	139,937	58,270	81,667	140.15
Total income	**1,031,723**	**869,071**	**162,652**	**18.72**
Net impairment losses [a] [b] [c]	-134,372	-217,169	82,797	-38.13
Net financial income	**897,351**	**651,902**	**245,449**	**37.65**
Personnel expenses [d]	-258,701	-247,019	-11,682	4.73
Other administrative expenses	-291,112	-278,943	-12,169	4.36
Other net operating income [b] [d]	61,610	63,283	-1,673	-2.64
Net accruals to provisions for risks and charges [c]	-15,972	2,036	-18,008	-
Depreciation and amortisation on tangible and intangible assets	-54,034	-60,676	6,642	-10.95
Operating costs	**-558,209**	**-521,319**	**-36,890**	**7.08**
Operating result	**339,142**	**130,583**	**208,559**	**159.71**
Share of profits of investees and net gains on sales of investments	35,403	26,344	9,059	34.39
Pre-tax profit from continuing operations	**374,545**	**156,927**	**217,618**	**138.67**
Income taxes	-99,525	-47,184	-52,341	110.93
Net profit (loss) for the period	**275,020**	**109,743**	**165,277**	**150.60**
Net (profit) loss of the period attributable to minority interests	-6,386	-3,146	-3,240	102.99
Net profit (loss) for the period attributable to the owners of Parent	**268,634**	**106,597**	**162,037**	**152.01**

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 31/12/2021 have been subject to the following reclassifications:

[a] reclassified losses related to NPL disposals for 2.702 € million initially included in item gains/losses on financial assets valued at amortized cost showing them among net impairment losses;

[b] reclassified charges related to the disposals amounting to 1.509 € million initially included in item other net operating income showing them among net impairment losses;

[c] reclassified net reversals on provisions for credit risk for commitments and guarantees for 15.124 € million initially included in item net accruals to provisions for risks and charges [a) commitments for guarantees given] showing them among net impairment losses;

[d] a reclassification of personnel expenses and other operating income, netting them off against the proceeds of the retirement employees fund of 11.199 € million.

The results at 31/12/2020 have been made consistent with those of 2021.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q4 - 2021	Q3 - 2021	Q2 - 2021	Q1 - 2021	Q4 - 2020
Net interest income	138.6	126.3	134.9	129.1	127.8
Dividends and similar income	0.6	0.5	3.4	0.8	0.3
Net fee and commission income	98.8	87.9	86.2	84.8	86.8
Net gains on financial assets [a]	39.2	34.6	34.0	32.1	54.2
Total income	**277.1**	**249.2**	**258.5**	**246.9**	**269.1**
Net impairment losses [a] [b] [c]	-43.1	-41.8	-20.6	-28.9	-76.6
Net financial income	**234.0**	**207.5**	**237.9**	**218.0**	**192.5**
Personnel expenses [d]	-67.1	-66.5	-61.4	-63.6	-62.7
Other administrative expenses	-75.5	-57.0	-79.1	-79.5	-68.4
Other net operating income [b] [d]	16.3	15.0	15.0	15.3	15.8
Net accruals to provisions for risks and charges [c]	-14.5	-1.5	-0.7	0.7	-1.0
Depreciation and amortisation on tangible and intangible assets	-14.7	-13.6	-13.2	-12.5	-20.7
Operating costs	**-155.5**	**-123.7**	**-139.4**	**-139.6**	**-136.9**
Operating result	**78.5**	**83.8**	**98.5**	**78.3**	**55.6**
Share of profits of investees and net gains on sales of investments	9.8	9.5	7.6	8.5	7.9
Pre-tax profit from continuing operations	**88.3**	**93.3**	**106.1**	**86.8**	**63.5**
Income taxes	-19.4	-26.6	-27.2	-26.3	-21.3
Net profit (loss) for the period	**68.9**	**66.7**	**78.9**	**60.5**	**42.2**
Net (profit) loss of the period attributable to minority interests	-1.7	-2.0	-1.5	-1.2	0.0
Net profit (loss) for the period attributable to the owners of Parent	**67.2**	**64.8**	**77.4**	**59.3**	**42.1**

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], [c] and [d] 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		31/12/2021	31/12/2020
10.	**Profit (loss) for the period**	**275,020**	**109,743**
	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	506	30,366
50.	Property, equipment and investment property	9,818	-
70.	Defined-benefit plans	2,495	(7,358)
90.	Share of valuation reserves of equity investments valued at net equity	1,170	(44)
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
110.	Exchange differences	1,274	(584)
140.	Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income	(12,232)	12,856
160.	Share of valuation reserves of equity investments valued at net equity	1,661	(596)
170.	**Total other income items net of income taxes**	**4,692**	**34,640**
180.	**Comprehensive income (Item 10+170)**	**279,712**	**144,383**
190.	Consolidated comprehensive income attributable to minority interests	(6,481)	(3,062)
200.	**Consolidated comprehensive income attributable to the Parent Company**	**273,231**	**141,321**