



Banca Popolare di Sondrio

BOARD OF DIRECTORS APPROVES RESULTS AS AT 30 SEPTEMBER 2023

RECORD NET PROFIT AT € 348.6 MILLION
(+130.4% y/y)

ROE AT 14.1%

CET1 RATIO AT 16.3%¹ AND TOTAL CAPITAL RATIO AT 18.8%¹

POSITIVE DYNAMICS IN CORE BANKING BUSINESS
(€ 958.5 million; +27.2% y/y)

SUSTAINED GROWTH IN NET INTEREST INCOME
(€ 668.4 million; +40.1% y/y)

NET COMMISSIONS UP
(€ 290.1 million; +5% y/y)

TANGIBLE SUPPORT FOR FAMILIES AND BUSINESSES
(€ 3.4 billion of new disbursements)

OPERATIONAL EFFICIENCY AT THE TOP OF THE SYSTEM
(Cost/Income ratio at 40.3%)

LIQUIDITY POSITION FURTHER STRENGTHENED:
LCR 187%; NSFR 128%; FREE REFINANCEABLE ASSETS AT € 8.4 BILLION

EXPECTED YEAR-END ROE IN THE 14% AREA

*"In the first nine months of the year, we were able to achieve extremely positive results, with a Group net profit in excess of € 348 million. We are **"a bank that does banking"**, close to our customers, with a business model that has been strengthened over the years and which allows us to successfully navigate in the current interest rate environment, offering diversified and quality services that satisfy our customers, both families and businesses, in order to face the different phases of the economic cycle, always with a view to growth, but with solid fundamentals. The growth trend in commissions reflects the strength in our offer to businesses, while we are improving - thanks to our partnerships with Unipol and Arca - the distribution of insurance and asset management products for private customers", said **Mario Alberto Pedranzini, CEO and General Manager of Banca Popolare di Sondrio**. "We can count on particularly robust levels of capital and liquidity, which are matched by an asset quality that remains high. The absence, for the time being, of any particular signs of deterioration, nevertheless requires us to monitor lending performance from a forward-looking perspective, also considering possible scenario worsening. The data we report on credit quality confirm the resilience of the economic fabric in which we are embedded, which benefits from the investments made in product and process innovation and which, also with the support of our services, has developed foreign markets."*

Sondrio, 7 November 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 consolidated interim report as at 30 September 2023.

During the course of the year, the Italian economy lost momentum, conditioned by the same negative factors - above all high inflation and strong geopolitical tensions - that are also affecting the main European states. The outlook remains uncertain, but at the moment the consensus forecasts of the most important research centres continue to espouse the "soft landing" thesis for our economy, with growth rates that both this year and in 2024 should remain in the 0.7% - 0.8% area.

Despite the complexities of the macroeconomic environment, the Banca Popolare di Sondrio Group's commercial and organisational efforts enabled it to post excellent financial results, with a record net profit of € 348.6 million in the first nine months of 2023, up 130.4% compared to last year.

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

- the **net result for the period**, equal to € 348.6 million, reflects the strong increase in income from **ordinary banking activities**, which amounted to € 958.5 million (+27.2% compared to 30 September 2022; **net interest margin** +40.1% and **net commissions** +5%). This figure also benefited from the positive contribution of **financial assets** of € 84.2 million, while it was affected by an increase in **operating expenses** to € 421.8 million (the cost-income ratio, however, showed a further improvement to 40.3%) and the substantial stability of **net adjustments**, which amounted to € 100.1 million (-3.6%). **Charges for stabilising the banking system** amounted to € 40.8 million;
- **capital ratios** remain at high levels, with a significant buffer against regulatory requirements. In the phased-in version, the CET1 ratio and Tier1 ratio stand at 16.3%, while the Total Capital ratio is 18.8%. In the fully loaded version, the ratios stand at 16.2% and 18.7%, respectively. These ratios are shown taking into account the portion of profit for the period that can be allocated to self-financing, the inclusion of which in own funds is subject to approval by the Supervisor;
- as part of the Bank's effort to promote initiatives consistent with a sustainable and environmentally conscious economic development model, a € 500 million **Senior Preferred Bond in green format** was issued in September, replicating a similar transaction carried out in July 2021;
- the **gross impaired loans incidence**, as summarised by the gross NPL ratio, remained stable at 4.3%. Taking into account the significant level of provisions, the ratio of net impaired exposures stood at 1.7%. The Bank's commitment to the derisking process remains strong, with the aim of achieving the Plan's 2025 targets as of this year;
- the **coverage ratios for impaired loans** increased further, confirming their position among the highest in the sample of Italian banks subject to ECB supervision. Compared to 31 December 2022, the **coverage ratio of total non-performing loans** rose to 61.9% from 58.3%, while that referring only to **positions classified as bad loans** stood at 84.9% from 76.5%. The coverage ratio for **unlikely-to-pay** remained stable at 51% while the coverage ratio for **performing loans** increased to 0.54% from 0.45%;
- the **cost of risk** stands at 41 basis points. The indicator also includes managerial overlays, which include ESG risk components, now totalling about € 120 million. The **default rate** as at 30 September 2023 remains low at below 1%;
- the **Texas ratio**, the ratio of total net impaired loans to tangible equity, decreased further to 15.2% from 18.2% at the end of December 2022;
- **direct customer deposits** amounted to € 39,647 million, (-5.1% compared to the end of 2022; +1.4% compared to the end of June) and continued to be affected in particular by the contraction in on-demand deposits, which, however, with reference to the retail component, were fully repositioned on other technical forms (bonds and time deposits) offered by the bank. Excluding funding from institutional investors and Repos with a central counterparty, total direct deposits² nevertheless

showed a slight increase since the beginning of the year (+0.6%) and a positive trend recorded in the third quarter compared to the figure at the end of June (+0.9%), due largely to the significant growth in term-deposits;

- **indirect deposits**, at € 42,766 million, increased from € 39,059 million at the end of 2022 (+9.5%), confirming the values reached at the end of the half-year, which also reflected the particularly positive performance of the financial markets. Assets under administration totalled € 35,943 million, compared with € 32,672 million at 31 December 2022 (+10%). Assets under management, in a negative market environment in terms of net inflows, highlight the bank's focus on allocating its customers' savings. In fact, the bank, in addition to the aforementioned favourable market dynamics, incorporates positive net inflows, resulting in assets under management of € 6,823 million compared to € 6,386 million at the end of 2022 (+6.8%);
- **insurance deposits** amounted to € 2,040 million compared to € 1,958 million as at 31 December 2022 (+4.2%), with net inflows also positive;
- **loans to customers** amounted to € 32,676 million, down (-1.0%) from € 33,020 million at the end of 2022. Disbursements for the period amounted to around € 3.4 billion, in line with targets;
- **liquidity indicators**, both short-term (Liquidity Coverage Ratio) and medium-term (Net Stable Funding Ratio), were well above the minimum regulatory requirements. The Liquidity Coverage Ratio stood at 187% (up from 169% at 30/06/2023), even against the repayment of a significant tranche (€ 4.4 billion) of TLTRO funding in June, the Net Stable Funding Ratio stood at 128%;
- the contribution made to the Group's net result by **subsidiaries and associates** remained positive. Of particular note are the economic results achieved by BPS SUISSE and Factorit, which totalled € 45.4 million compared to € 27.6 million in the comparative period (+64.4%).

Income results (million euro)	30/09/2023	30/09/2022	Change
Result from core banking activities	958.5	753.6	+27.2%
of which interest margin	668.4	477.3	+40.1%
of which net commissions	290.1	276.4	+5.0%
Result from financial activities	84.2	51.5	+63.7%
Result of other fin. activities at FVTPL	2.8	-74.2	n.s.
Intermediation margin	1,045.6	730.9	+43.0%
Net value adjustments (*)	100.1	103.9	-3.6%
Operating costs (*) (**)	421.8	381.0	+10.7%
System charges (**)	40.8	43.0	-5.1%
Profit before tax	507.0	217.6	+133.0%

Net result	348.6	151.3	+130.4%
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The result from financial activities is the sum of items 70 - 80 - 90 - 100 in the income statement.

The result of other financial assets measured at FVTPL is comprised in item 110b of the income statement.

(*) Net valuation adjustments consist of the sum of items 130 - 140 - 200 a) of the income statement including losses on disposal in the amount of € 1.134 million. The results as at 30 September 2022 are reported consistently.

(**) Charges for stabilising the banking system have been separated from other administrative expenses and shown separately.

Balance sheet results (million euro)	30/09/2023	31/12/2022	Change
Direct customer deposits	39,647	41,771	-5.1%
Indirect customer deposits	42,766	39,059	+9.5%
Assets under administration	35,943	32,672	+10.0%
Assets asset management	6,823	6,386	+6.8%
Insurance deposits from customers	2,040	1,958	+4.2%
Total customer deposits	84,453	82,787	+2.0%
Net loans to customers	32,676	33,020	-1.0%

Performance Indicators	30/09/2023	31/12/2022
Cost-income ratio	40.3%	49.1%
Cost of credit risk	0.41%	0.51%
Gross NPL ratio	4.3%	4.3%
CET 1 ratio - <i>phased in</i> ¹	16.3%	15.4%
Total Capital ratio - <i>phased in</i> ¹	18.8%	18%

The following comments refer to the data presented in the attached "Summary of Reclassified Consolidated Income Statement".

The Group's Economic Performance

Consolidated **net profit** as at 30 September 2023 amounted to € 348.6 million, compared to € 151.3 million in the comparison period. This result stems from a consolidated gross profit of € 507 million, from which taxes of € 158.4 million must be deducted, corresponding to a tax rate of 31.2%.

Net interest income amounted to € 668.4 million, an increase of 40.1% compared to 30 September 2022. As regards the commercial spread, the favourable trend continued in the wake of the significant rise in market interest rates. The coupon flow from the proprietary portfolio also improved significantly, also thanks to the high incidence of floating-rate securities, which further benefited from the increase in the rates to which they are indexed. These elements more than offset the negative margins of the interbank channel, largely due to the cost of the refinancing operations in place with the ECB.

Net fee and commission income from services amounted to € 290.1 million, showing a good increase (+5%) compared to € 276.4 million in the reference period. Continuing the trend observed in the first six months of the year, this reflects the growth in income from loans, current account management, guarantees issued, collection and payment services, securities business with customers, foreign operations and insurance business.

The **result from financial activities** was a positive € 84.2 million, compared to € 51.5 million in the comparison period. **Dividends** received amounted to € 4.6 million, down from € 6.1 million on 30 September 2022. The **result from trading activities** amounted to € 76.3 million, compared to € 4.5 million in the comparison period. **Gains on disposal or repurchase** amounted to € 3.3 million, compared to € 40.9 million in September 2022.

The **result from other financial assets measured at fair value** (item 110b) was positive by € 2.8 million compared to the negative contribution of € 74.2 million in the comparison period. In this respect, the contribution made by loans to customers was marginally positive (€ 0.4 million) and compares with the € 15.2 million of impairment losses recognised as at 30 September 2022. Other components, mainly related to fixed-income funds (UCITS) whose stock has been significantly reduced since the last quarter of 2022, generated capital gains of € 2.4 million compared to mark-to-market losses of € 59 million in the first nine months of 2022.

Intermediation margin therefore amounted to € 1,045.6 million from € 730.9 million in the comparison period (+43%).

Net value adjustments stood at € 100.1 million, compared to € 103.9 million in the comparison period (-3.6%). The aggregate also includes the increase in managerial overlays, which also include ESG risk components, now totalling about € 120 million, substantially in line with the figure at the end of June.

For an easier reading of the amount of net value adjustments, the following is noted:

- item 130 of the profit and loss account, which relates to exposures to customers and banks in the form of both loans and securities, amounts to € 93.5 million and consists almost entirely of adjustments relating to financial assets measured at amortised cost;
- item 140, which shows gains/losses from contractual changes without cancellations, resulting from changes in contractual cash flows, was positive by € 6.2 million in the reporting period;
- the aggregate of the aforementioned items thus amounts to € 87.3 million. If we take into account the € 13.9 million net provisions relating to credit risk for commitments and guarantees and the € 1.1 million gain on the sale of receivables, we obtain € 100.1 million in net value adjustments.

The ratio of net value adjustments (€ 100.1 million) to net loans to customers (€ 32,676 million), the so-called **cost of credit**, was therefore 0.41%, compared to 0.51% at the end of December 2022.

The **net result from financial operations** amounted to € 945.5 million, compared to € 627.1 million in the reference period (+50.8%).

Operating expenses increased (+10.7%) to € 421.8 million from € 381 million in the comparison period. Other administrative expenses amounted to € 204.1 million, compared to € 190.7 million in the comparison period (+7.0%), mainly due to ongoing inflationary pressures. Staff expenses amounted to € 216.0 million from € 200.0 million in the comparison period (+8.0%), reflecting both further growth in the workforce and the recognition of estimated charges relating to the future contractual renewal of the banking sector currently under negotiation. Overall administrative expenses therefore amounted to € 420.1 million, up from € 390.8 million (+7.5%) in the comparison period. Net provisions for risks and charges showed provisions of € 19.0 million, compared to € 7.7 million in the comparison period.

Adjustments to tangible and intangible assets amounted to € 49.7 million, up from € 44.3 million as at 30 September 2022 (+12.1%).

Other operating expenses and income were positive at € 66.9 million, compared to € 61.8 million in the comparison period (+8.3%).

In light of the above, the **cost-income ratio**, calculated as the ratio of operating expenses to intermediation margin, was 40.3% from 49.1% as of 31 December 2022.

The **operating result** therefore amounted to € 523.7 million, compared to € 246.1 million in September 2022 (+112.8%).

Charges for stabilising the banking system amounted to € 40.8 million, compared to € 43 million in the comparison period (-5.1%).

Gains/losses on equity investments and other investments showed a positive balance of € 24.2 million, compared to € 14.6 million in the reference period, mainly driven by the positive contribution of Arca Fondi SGR S.p.A. and Arca Vita S.p.A.

The **total pre-tax result** therefore amounted to € 507 million, compared to € 217.6 million on 30 September 2022. Finally, after deducting **income tax of € 158.4 million**, this resulted in a **net profit for the period** of € 348.6 million, compared to € 151.3 million on 30 September 2022.

In relation to the provisions of Decree Law No. 104 of 10 August 2023, converted with amendments by Law No. 136 of 9 October 2023, it should be noted that the bank's Board of Directors has approved the proposal to provide as of now to submit to the shareholders' meeting that will be called to approve the 2023 financial statements the allocation to a non-distributable reserve of a portion of profit estimated at approximately € 107 million, equal to two and a half times the extraordinary tax calculated on the basis of the provisions of the aforementioned decree.

Balance sheet aggregates

Direct funding from customers amounted to € 39,647 million, (-5.1% compared to the end of 2022; +1.4% compared to the end of June) and continued to be affected in particular by the contraction of on-demand deposits, which, however, with reference to the retail component, was totally repositioned on other technical forms (bonds and time deposits) offered by the bank. Excluding deposits from institutional investors and Repos with a central counterparty, total direct deposits nevertheless showed a slight increase since the beginning of the year² (+0.6%) and a positive trend in the third quarter compared to the figure at the end of June (+0.9%), due largely to the significant growth in term-deposits.

Indirect deposits, also benefiting from the positive performance of the financial markets, stood at € 42,766 million compared to € 39,059 million at the end of 2022 (+9.5%). Assets under administration totalled € 35,943 million, compared with € 32,672 million as at 31 December 2022 (+10%). Assets under management amounted to € 6,823 million compared to € 6,386 million in the reference period (+6.8%), including both the favourable market effect and the positive net inflows realised. **Insurance deposits** totalled € 2,040 million from € 1,958 million in the comparison period (+4.2%), with positive net inflows. **Total customer deposits** therefore stood at € 84,453 million from € 82,787 million at the end of 2022 (+2.0%).

Net loans to customers, the sum of those measured at amortised cost and those measured at fair value with impact on the income statement, amounted to € 32,676 million, a slight decrease from € 33,020 million at the end of 2022 (-1%), mainly driven by seasonality factors related to factoring.

Net impaired loans totalled € 549 million, down from € 609 million as at 31 December 2022 (-9.9%). As a percentage of total net loans, they amounted to 1.7%, in line with the figure at the end of 2022. Coverage levels remained particularly high; that referring to total impaired positions stood at 61.9% from 58.3% at the end of 2022.

In this context, **net bad loans** amounted to €80 million (-34.2%), accounting for 0.2% of total loans to customers, further down from 0.4% at the end of 2022. The coverage ratio was 84.9% compared to 76.5% for the comparison period.

Net unlikely-to-pay amounted to € 411 million compared to € 430 million as at 31 December 2022 (-4.5%), with a substantially stable coverage ratio of 51%. As a percentage of total loans, they stood at 1.3%, in line with the December 2022 figure.

Net impaired exposures past due and/or in arrears amounted to € 58 million from € 57 million at the end of 2022 (+2%), with a coverage ratio of 17.8% compared to 7.8% at the end of 2022 and a ratio of 0.2% to total loans, in line with last year. The coverage ratio for performing loans increased to 0.54% from 0.45%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 13,845 million, an increase of € 178 million (+1.3%) compared to the volumes recorded at the end of last year. In more detail: **financial assets held for trading** rose from € 179.7 million at the end of 2022 to € 210.5 million at September 2023 (+17.1%); **other financial assets mandatorily measured at fair value** fell from € 686.8 million at 31 December

2022 to € 208.3 million at 30 September 2023 (-69.7%); **financial assets measured at fair value with an impact on comprehensive income** rose from € 2.556 million at the end of 2022 to € 3,087 million in the current period (+20.8%), while the volume of **financial assets measured at amortised cost** rose from € 10,245 million at the end of 2022 to € 10,340 million at 30 September 2023 (+0.9%). The total volume of Italian government bonds stood at € 6,979 million, down (-10.5%) from € 7,800 million at the end of 2022. With reference to the latter aggregate, the volume of floating-rate and inflation-indexed securities stood at around € 5.1 billion, down from around € 6.3 billion at 31 December 2022 (-19%).

The share of the portfolio allocated to **ESG debt securities** increased further to € 1,495 million².

Equity investments amounted to € 364 million, up from € 323 million at the end of 2022 due to the equity valuation of investee companies.

The Group's exposure to the ECB amounted to € 4,506 million and related solely to **TLTRO III** operations, which decreased, following the repayment of € 4,368 million on 28 June 2023, compared to 31 December 2022 when it amounted to € 8,874 million.

At 30 September 2023, the **liquidity indicators**, both short-term (LCR-Liquidity Coverage Ratio) and medium/long-term (NSFR-Net Stable Funding Ratio), were well above the minimum requirement for the current financial year (100%). Specifically, the Liquidity Coverage Ratio stood at 187% from 142% in September 2022, even against the repayment of the TLTRO funding tranche that expired in June (€ 4.4 billion). The Net Stable Funding Ratio stood at 128%.

The Group can always rely on a substantial **portfolio of refinancable assets**, which, net of haircuts applied, amounted to €17,263 million compared to €17,437 million at 30 June 2023. This aggregate also includes ECB-eligible securities amounting to around €1 billion resulting from the self-securitisation of loans to small and medium-sized enterprises finalised in June. **Unencumbered assets** amounted to € 8,447 million, down from € 9,301 million on 30/06/2023. The counterbalancing capacity, which includes the available daily liquidity balance, remained substantially stable at € 12 billion.

Consolidated shareholders' equity, including profit for the period, amounted to € 3,655 million as at 30 September 2023, up € 267 million on the figure at the end of 2022 (+7.9%).

Consolidated (phased-in) **regulatory capital**¹ as at 30 September 2023 stood at € 3,951 million, up from the 31 December 2022 figure of € 3,779 million (+4.5%).

The **capital ratios**¹ for regulatory purposes as at 30 September 2023, calculated on the basis of regulatory capital, were equal to:

- CET1 ratio: 16.3% (phased-in), 16.2% (fully phased-in);
- Tier1 ratio: 16.3% (phased-in), 16.2% (fully phased-in);
- Total Capital ratio: 18.8% (phased-in), 18.7% (fully phased-in).

The **Leverage Ratio** as at 30 September 2023 was 5.68% under the current transitional (phased-in) criteria and 5.64% under the fully phased-in criteria.

The **MREL Ratio** maintained a significant excess over the regulatory requirement, standing at 31.8% from 28.6% at the end of 2022, also thanks to the Senior Preferred bond issue of € 500 million finalised in September.

As of 30 September 2023, the Banking Group's headcount consisted of 3,539 employees, an increase of 83 resources compared to the situation at the end of 2022.

As for the **outlook for operations**, the macroeconomic scenario continues to be strongly conditioned by international tensions linked to the continuing war in Ukraine and more recently by the ongoing escalation of the unresolved Israeli-Palestinian conflict. In the Eurozone, the overall inflationary drive, also as a result of the strong monetary tightening imposed by the European Central Bank, is decreasing, with positive effects on the evolution of real incomes, which have suffered greatly in recent months. Against the backdrop of these dynamics, our Group, thanks to the expansion of revenues from its core banking business, to cost containment and to a credit risk under control, should consolidate the results achieved so far with a target ROE for the end of the year in the 14% area.

The Consolidated Interim Report as at 30 September 2023 will be published on the corporate website "<https://istituzionale.popso.it/en>" and deposited on the authorised eMarket Storage mechanism "<https://www.emarketstorage.it/en>" and at the bank's registered office.

DECLARATION

Pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, the manager in charge for preparing the company's financial reports, Mr. Maurizio Bertoletti, declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Signed:

Maurizio Bertoletti, manager in charge of preparing corporate accounting documents.

Annexes:

summary of the main consolidated results;
key consolidated balance sheet indicators;
aggregates and consolidated credit quality indicators;
financial assets by portfolio
consolidated aggregates and capital adequacy indicators;
consolidated balance sheet and income statement;
reclassified consolidated income statement summary;
statement of quarterly development of the reclassified consolidated profit and loss account.

The conference call to illustrate the consolidated results of the Banca Popolare di Sondrio Group as at 30 September 2023 will be held today at 4pm (CET). 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 USA (international local number): +1 718 7058796
- from the United States (toll-free): 1 855 2656958

The presentation will take place in Italian, with simultaneous translation into English.
Link to live audio webcast:

<https://87399.choruscall.eu/links/bpds231107.html>

The presentation material 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.

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 part of the Supervisor.
- 2) Management information.

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



RESULTS IN BRIEF

(in million of euro)

Balance sheet	30/09/2023	31/12/2022	Change %
Loans to customers	32,676	33,020	-1.04
Loans and receivables with customers measured at amortised cost	32,345	32,632	-0.88
Loans and receivables with customers measured at fair value through profit or loss	331	388	-14.75
Loans and receivables with banks	2,080	1,865	11.52
Financial assets that do not constitute loans	13,845	13,667	1.30
Equity investments	364	323	12.69
Total assets	54,788	57,854	-5.30
Direct funding from customers	39,647	41,771	-5.09
Indirect funding from customers	42,766	39,059	9.49
Direct funding from insurance premiums	2,040	1,958	4.21
Customer assets under administration	84,453	82,787	2.01
Other direct and indirect funding	19,314	20,177	-4.28
Equity	3,655	3,387	7.89
Income statement	30/09/2023	30/09/2022	Var. %
Net interest income	668	477	40.06
Total income	1,046	731	43.05
Profit from continuing operations	507	218	132.97
Profit (loss) for the period	349	151	130.42
Capital ratios	30/09/2023	31/12/2022	
CET1 Capital ratio (phased-in)	16.27%	15.39%	
Total Capital ratio (phased-in)	18.84%	17.95%	
Free capital	2,273	2,095	
Other information on the banking group	30/09/2023	31/12/2022	
Number of employees	3,539	3,456	
Number of branches	373	373	



ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	30/09/2023	31/12/2022
Equity/Direct funding from customers	9.22%	8.11%
Equity/Loans and receivables with customers	11.18%	10.26%
Equity/Financial assets	26.40%	24.78%
Equity/Total assets	6.67%	5.86%
Profitability indicators	30/09/2023	30/09/2022
Cost/Income ratio *	40.34%	52.12%
Net interest income/Total income *	63.93%	65.29%
Administrative expenses/Total income *	40.18%	53.46%
Net interest income/Total assets	1.22%	0.85%
Net financial income/Total assets *	1.73%	1.11%
Net profit for the year/Total assets	0.64%	0.27%
Asset quality indicators	30/09/2023	31/12/2022
Texas ratio	15.16%	18.16%
Net non-performing loans/Equity	2.19%	3.60%
Net non-performing loans/Loans and receivables with customers	0.25%	0.37%
Loans and receivables with customers/Direct funding from customers	82.42%	79.05%
Cost of credit *	0.41%	0.51%

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



LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES
30/09/2023

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(4.27%)	1,440,662	892,066	(1.68%)	548,596	61.92%
of which Bad loans	(1.58%)	531,734	451,545	(0.25%)	80,189	84.92%
of which Unlikely to pay	(2.49%)	838,522	427,977	(1.26%)	410,545	51.04%
of which Past due	(0.21%)	70,406	12,544	(0.18%)	57,862	17.82%
Performing exposures	(95.73%)	32,301,519	173,642	(98.32%)	32,127,877	0.54%
Total loans to customers	(100%)	33,742,181	1,065,708	(100%)	32,676,473	3.16%

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	851,580	(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	997,334	(100%)	33,020,179	2.93%



FINANCIAL ASSETS BY PORTFOLIO
30/09/2023

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	210,451	10,041	0
Other financial assets mandatorily measured at fair value	208,250	0	0
Financial assets valued at fair value through other comprehensive income	3,087,080	1,464,596	1,015,663
Financial assets measured at amortised cost	10,339,643	5,504,668	2,766,562
Total	13,845,424	6,979,305	3,782,225

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



CAPITAL RATIOS

30/09/2023

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	3,950,672	3,928,966
of which Common Equity Tier 1 capital (CET1)	3,410,749	3,389,043
of which Additional Tier 1 capital (AT1)	0	0
of which Tier 2 capital (T2)	539,923	539,923
RWA	20,969,426	20,965,952
CET 1 ratio	16.27%	16.16%
Tier 1 ratio	16.27%	16.16%
Total capital ratio	18.84%	18.74%
Leverage ratio	5.68%	5.64%

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%



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS		30/09/2023	31/12/2022
10.	CASH AND CASH EQUIVALENTS	3,653,546	6,990,689
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	749,477	1,254,070
	a) financial assets held for trading	210,451	179,665
	c) financial assets mandatorily at fair value through profit or loss	539,026	1,074,405
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	3,087,080	2,555,705
40.	FINANCIAL ASSETS AT AMORTISED COST	43,665,341	43,870,637
	a) loans and receivables with banks	2,080,045	1,865,249
	b) loans and receivables with customers	41,585,296	42,005,388
50.	HEDGING DERIVATIVES	1,395	248
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)	(1,371)	(198)
70.	EQUITY INVESTMENTS	363,559	322,632
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	679,075	650,908
100.	INTANGIBLE ASSETS	37,283	36,669
	of which:		
	- goodwill	16,997	16,997
110.	TAX ASSETS	286,357	342,647
	a) current	1,750	17,654
	b) deferred	284,607	324,993
130.	OTHER ASSETS	2,266,362	1,830,354
TOTAL ASSETS		54,788,104	57,854,361



LIABILITY AND EQUITY		30/09/2023	31/12/2022
10.	FINANCIAL LIABILITIES AT AMORTISED COST	49,625,771	53,152,710
	a) due to banks	9,979,085	11,381,703
	b) due to customers	35,660,842	38,122,246
	c) securities issued	3,985,844	3,648,761
20.	FINANCIAL LIABILITIES HELD FOR TRADING	28,979	115,871
40.	HEDGING DERIVATIVES	33	227
60.	TAX LIABILITIES	102,858	32,359
	a) current	78,010	3,160
	b) deferred	24,848	29,199
80.	OTHER LIABILITIES	1,011,852	834,629
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS	33,613	35,597
100.	PROVISIONS FOR RISKS AND CHARGES:	330,304	295,528
	a) loans commitments and	77,137	63,204
	b) pensions and similar	167,368	167,827
	c) other provisions	85,799	64,497
120.	VALUATION RESERVES	(37,088)	(68,086)
150.	RESERVES	1,929,454	1,790,468
160.	SHARE PREMIUM	78,949	78,978
170.	SHARE CAPITAL	1,360,157	1,360,157
180.	TREASURY SHARES (-)	(25,381)	(25,402)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	14	4
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)	348,589	251,321
TOTAL LIABILITIES AND EQUITY		54,788,104	57,854,361



CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS		30/09/2023	30/09/2022
10.	INTEREST AND SIMILAR INCOME	1,286,976	565,944
	of which: interest calculated		
	using the effective interest method	1,274,539	559,099
20.	INTEREST AND SIMILAR EXPENSE	(618,534)	(88,692)
30.	NET INTEREST INCOME	668,442	477,252
40.	FEE AND COMMISSION INCOME	306,103	290,769
50.	FEE AND COMMISSION EXPENSE	(16,009)	(14,410)
60.	NET FEE AND COMMISSION INCOME	290,094	276,359
70.	DIVIDENDS AND SIMILAR INCOME	4,579	6,099
80.	NET TRADING INCOME	76,335	4,517
90.	NET HEDGING INCOME	(12)	(4)
100.	NET GAINS FROM SALES OR REPURCHASES OF:	4,481	43,716
	a) financial assets at amortized cost	4,617	32,261
	b) financial assets at fair value	(222)	11,452
	through other comprehensive income		
	c) financial liabilities	86	3
110.	NET GAINS ON FINANCIAL ASSETS		
	AND LIABILITIES AT FAIR VALUE	2,802	(74,151)
	THROUGH PROFIT OR LOSS		
	b) other financial assets mandatorily		
	measured at fair value	2,802	(74,151)
120.	TOTAL INCOME	1,046,721	733,788
130.	NET IMPAIRMENT LOSSES	(93,510)	(88,210)
	FOR CREDIT RISK RELATING TO:		
	a) financial assets at amortized cost	(93,323)	(88,543)
	b) financial assets at fair value	(187)	333
	through other comprehensive income		
140.	NET GAINS FORM CONTRACTUAL CHANGES	6,185	3,589
	WITHOUT DERECOGNITION		
150.	NET FINANCIAL INCOME	959,396	649,167
180.	NET FINANCIAL INCOME AND	959,396	649,167
	INSURANCE INCOME		
190.	ADMINISTRATIVE EXPENSES:	(465,569)	(434,790)
	a) personnel expenses	(220,611)	(201,031)
	b) other administrative expenses	(244,958)	(233,759)
200.	NET ACCRUALS TO PROVISIONS	(32,945)	(29,850)
	FOR RISKS AND CHARGES		
	a) commitments for guarantees given	(13,916)	(22,107)
	b) other net provisions	(19,029)	(7,743)
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON	(37,196)	(33,068)
	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		
220.	AMORTISATION AND NET IMPAIRMENT LOSSES	(12,458)	(11,232)
	ON INTANGIBLE ASSETS		
230.	OTHER NET OPERATING INCOME	71,570	62,818
240.	OPERATING COSTS	(476,598)	(446,122)
250.	SHARE OF PROFITS OF INVESTEEES	25,288	16,053
260.	NET FAIR VALUE LOSSES ON PROPERTY,	(1,490)	(1,614)
	EQUIPMENT AND INTANGIBLE ASSETS MEASURED		
280.	NET GAINS ON SALES OF INVESTMENTS	387	130
290.	PRE-TAX PROFIT FROM	506,983	217,614
	CONTINUING OPERATIONS		
300.	TAXES ON INCOME FOR THE YEAR	(158,394)	(66,328)
	FOR CONTINUING OPERATIONS		
310.	POST-TAX PROFIT FROM	348,589	151,286
	CONTINUING OPERATIONS		
330.	NET PROFIT (LOSS) FOR THE PERIOD	348,589	151,286
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE	-	-
	TO MINORITY INTERESTS		
350.	NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	348,589	151,286
	TO THE OWNERS OF PARENT BANK		
	EARNINGS (LOSS) PER SHARE	0.769	0.334
	DILUTED EARNINGS (LOSSES) PER SHARE	0.769	0.334



RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	30/09/2023	30/09/2022	(+/-)	% change
Net interest income	668,442	477,252	191,190	40.06
Dividends and similar income	4,579	6,099	-1,520	-24.92
Net fee and commission income	290,094	276,359	13,735	4.97
Net gains on financial assets [a]	79,670	45,382	34,288	75.55
Result of other financial assets at FVTPL [b]	2,802	-74,151	76,953	n.s.
of which Loans	387	-15,168	15,555	n.s.
of which Other	2,415	-58,983	61,398	n.s.
Total income	1,045,587	730,941	314,646	43.05
Net impairment losses [c]	-100,107	-103,881	3,774	-3.63
Net financial income	945,480	627,060	318,420	50.78
Personnel expenses [d]	-215,989	-200,050	-15,939	7.97
Other administrative expenses [e]	-204,101	-190,715	-13,386	7.02
Other net operating income [d]	66,948	61,837	5,111	8.27
Net accruals to provisions for risks and charges [f]	-19,029	-7,743	-11,286	145.76
Depreciation and amortisation on tangible and intangible assets	-49,654	-44,300	-5,354	12.09
Operating costs	-421,825	-380,971	-40,854	10.72
Operating result	523,655	246,089	277,566	112.79
Charges for the stabilization of the banking System [e]	-40,857	-43,044	2,187	-5.08
Share of profits of investees and net gains on sales of investments	24,185	14,569	9,616	n.s.
Pre-tax profit from continuing operations	506,983	217,614	289,369	132.97
Income taxes	-158,394	-66,328	-92,066	n.s.
Net profit (loss) for the period	348,589	151,286	197,303	130.42
Net (profit) loss of the period attributable to minority interests	0	0	0	n.s.
Net profit (loss) for the period attributable to the owners of Parent	348,589	151,286	197,303	130.42

Notes:

[a] The result of financial activities is made up of the sum of items 80-90-100 in the income statement.

[b] The result of other financial assets at FVTPL consists of item 110 in the income statement.

[c] Net impairment losses is made up of the sum of items 130 - 140 - 200 a) in the income statement. Reclassified losses related to NPL disposals for 1,134 € million initially included in item gains/losses on financial assets valued at amortized cost showing them among net impairment losses.

[d] Reclassified personnel expenses and other operating income by netting them off against the proceeds of the retirement employees fund for 4,622 € million;

[e] Charges for the stabilization of the banking Systems were separated from other administrative expenses;

[f] Net accruals to provisions for risks and charges consists of item 200 b) in the income statement.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q3 - 2023	Q2 - 2023	Q1 - 2023	Q4 - 2022	Q3 - 2022
Net interest income	241.1	235.3	192.0	203.8	156.9
Dividends and similar income	2.3	1.6	0.7	0.4	0.4
Net fee and commission income	95.6	98.1	96.5	104.2	91.8
Net gains on financial assets [a]	21.6	28.3	29.8	24.2	3.6
Result of other financial assets at FVTPL [b]	-1.1	-8.8	12.7	6.6	-6.6
of which Loans	-0.7	-1.8	2.9	4.7	2.1
of which Other	-0.4	-7.0	9.8	1.9	-8.6
Total income	359.4	354.5	331.7	339.2	246.2
Net impairment losses [c]	-21.2	-39.1	-39.8	-65.9	-60.1
Net financial income	338.2	315.4	291.9	273.3	186.2
Personnel expenses [d]	-74.1	-72.9	-69.0	-69.1	-69.3
Other administrative expenses [e]	-66.9	-69.2	-68.0	-71.3	-60.1
Other net operating income [d]	22.1	22.9	22.0	20.4	22.9
Net accruals to provisions for risks and charges [f]	-6.5	-7.2	-5.4	-6.5	-1.5
Depreciation and amortisation on tangible and intangible assets	-17.7	-16.5	-15.4	-18.2	-16.8
Operating costs	-143.2	-142.9	-135.7	-144.8	-124.8
Operating result	195.1	172.5	156.1	128.5	61.4
Charges for the stabilization of the banking System [e]	0.0	-5.9	-35.0	-2.9	-3.0
Share of profits of investees and net gains on sales of investments	10.0	1.2	13.0	10.6	5.3
Pre-tax profit from continuing operations	205.1	167.8	134.1	136.3	63.7
Income taxes	-63.6	-55.1	-39.7	-36.2	-17.5
Net profit (loss) for the period	141.5	112.7	94.4	100.0	46.2
Net (profit) loss of the period attributable to minority interests	0.0	0.0	0.0	0.0	0.0
Net profit (loss) for the period attributable to the owners of Parent	141.5	112.7	94.4	100.0	46.2

Notes:

[a] The result of financial activities is made up of the sum of items 80-90-100 in the income statement.

[b] The result of other financial assets at FVTPL consists of item 110 in the income statement.

[c] Net impairment losses is made up of the sum of items 130 - 140 - 200 a) in the income statement.

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