Banca Popolare di Sondrio

Società cooperativa per azioni - fondata nel 1871
Sede sociale e direzione generale: I - 23100 Sondrio So - Piazza Garibaldi 16
Iscritta al Registro delle Imprese di Sondrio al n. 00053810149
Iscritta all'Albo delle Banche al n. 842
Capogruppo del Gruppo bancario Banca Popolare di Sondrio, iscritto all'Albo dei Gruppi bancari al n. 5696.0
Iscritta all'Albo delle Società Cooperative al n. A160536
Aderente al Fondo Interbancario di Tutela dei Depositi
Codice fiscale e Partita IVA: 00053810149
Capitale Sociale € 1.360.157.331 - Riserve € 983.893.092
(dati approvati dall'Assemblea dei soci del 27/4/2019)

Press release

Board of Directors meeting 8th of November 2019:

approval of the consolidated interim report as at 30 September 2019

Net income for the period was € 123.2 million, up 57.1%.

ROE at 6.1%

CET1 RATIO *Fully-phased* at 15.9%, Total Capital Ratio at 18.7%

New loans to households and businesses amounting to over € 2.6 billion

Work is well underway on the sale of € 1 billion of NPL

"The excellent results for the quarter, which reflect in particular the structural decline in the cost of credit and the positive performance of the financial markets, allow us to further improve our capital strength and earnings prospects. Having acknowledged the non-authorization from ECB to the acquisition of Cassa di Risparmio di Cento, we remain focused on strengthening the Group's competitive position and implementing the de-risking process, to the benefit of our customers and shareholders".

[Mario Alberto Pedranzini

CEO and General Manager of Banca Popolare di Sondrio]

The Board of Directors of Banca Popolare di Sondrio, a co-operative joint-stock company, today examined and approved the consolidated interim report as at 30 September 2019.

In a macroeconomic context that continues to be challenging for the Italian banking system and which saw very weak average growth in lending during the quarter and a progressive compression of interest margin, Banca Popolare di Sondrio Group achieved significant growth in profits compared to the comparative period, confirming the soundness of its *business* model and its ability to continuously generate value for shareholders, with a ROE which reached 6.1%.

During the last quarter the bank continued working on the sale of non-performing loans for a target amount of approximately €1 billion, gross of adjustments, through a securitization guaranteed by GACS, which is expected to be completed in the early months of 2020. To this end, Banca IMI e Societé Generale were engaged as *co-arrangers* of the operation and Prelios Credit Servicing (Prelios Group) was engaged as master *servicer*. This sale, together with the optimisation of internal processes for the management of non-performing loans, contributes to the successful implementation of the overall ***de-risking*** strategy previously approved by the Board of Directors.

Below are some **brief considerations on the most important aspects** as well as summary tables with the main aggregate income statement and balance sheet observed values of the period:

- **Net income** for the period is € 123.2 million, an increase of 57.1% over the same period of 2018, mainly due to:
  - A better overall result for securities activities of € 101.8 million compared to € 16.6 million in the first nine months of 2018.
  - Lower adjustments to loans and financial assets, down from € 148.6 million at 30 September 2018 to € 129.5 million in the period (-12.9%).

- The **capital ratios**, including the portion of income for the period, are at the top of the banking sector. In the fully-phased version, the CET1 Ratio is 15.89%, the Tier 1 Ratio is 15.94%, while the Total Capital Ratio reaches 18.69%, in the latter case benefiting from the placement with institutional investors of a subordinated Tier 2 loan for € 200 million, occurred on the 30th of July 2019.

- **The new disbursements of loans to households and businesses** amounted to more than € 2.6 billion, a substantial increase compared to the same period of the previous year.
- The **stock of NPLs** has decreased since the beginning of the year (to € 3,874 million; -7.1%; € -297 million) as has their incidence on total gross customer loans (gross NPL ratio at 13.03% from 13.65% at 30 June 2019).
- The **coverage ratios for non-performing loans** increased further, confirming their particularly high levels, both in absolute and relative terms in comparison with the average figure for the System. *Coverage* of total non-performing loans was at 55.51% (from 54.22% at 30 June 2019); coverage of positions classified as bad loans alone was at 68.77% (from 68.44% at 30 June 2019).

- The **cost of risk** was 0.63%, down compared to 0.80% at 30 June 2019. Excluding the expected impact of the sale of NPLs currently being finalised, this indicator would amount to approximately 40 basis points.
- The **Texas ratio**, the ratio of total net impaired loans to tangible equity, fell further to 61.44% from 66.97% at the end of June 2019.
- **Direct customer deposits** amounted to € 32,402 million compared to € 31,063 million at the end of 2018 (+4.3%); indirect **customer deposits** amounted to € 32,983 million compared to € 30,182 million in the comparison period (+9.3%). Insurance premiums amounted to € 1,527 million compared to € 1,410 million at 31 December 2018 (+8.3%).
- **Loans to customers** amounted to € 27,455 million, an increase (+6.2%) compared with € 25,845 million at the end of 2018. Net increases in unsecured loans and other transactions (€6,223 million; +20.7%; + €1,067 million) and mortgage loans (€10,469 million; +5.6%; + €553 million) were particularly positive.
- Both short-term (*Liquidity Coverage Ratio*) and medium-term (*Net Stable Funding Ratio*) **liquidity indicators** are positioned at values of absolute tranquility, well above the minimum regulatory requirements.
- The contribution made to the Group's result by **subsidiaries and associates** was positive, particularly with regard to Banca Popolare di Sondrio SUISSE (SA) and Banca della Nuova Terra S.p.A.

*Accounting data (in € million)**

Income statement results	**30/09/2019**	**30/09/2018**	**Variation**
Interest margin	340.6	371.5	-8.3%
Net fee and commission income	230.0	228.0	+0.9%
Result on financial activities	101.8	16.6	+512.5%
Operating income	675.8	620.2	+9.0%
Net adjustments to loans and fin. assets	129.5	148.6	-12.9%
Operating costs	385.8	378.4	+2.0%
Profit before tax	181.9	107.6	+69.0%
Net income	123.2	78.4	+57.1%

Balance sheet results	**30/09/2019**	**31/12/2018**	**Variation**
Direct customer deposits	32,402	31,063	+4.3%
Indirect customer deposits	32,983	30,182	+9.3%
Insurance deposits from customers	1,527	1,410	+8.3%
Total customer deposits	66,913	62,655	+6.8%
Loans to customers	27,455	25,845	+6.2%

* On January 1st, 2019, the new accounting standard IFRS 16 came into force, replacing IAS 17 that regulated leasing. The Group has availed itself of the option provided for by the principle of not restating comparative data. Therefore, the data are not fully comparable, in particular, for administrative expenditure and value adjustments on tangible assets and interest payable.

The Group's economic performance

Consolidated **net income** at 30 September 2019 amounted to € 123.2 million, an increase of 57.1% on the € 78.4 million of the first nine months of 2018.

Net interest margin was € 340.6 million, down 8.3% compared to the first nine months of 2018 due mainly to the fall in lending rates and the charges related to the large liquidity surplus. Moreover, following the first application of the new accounting standard IFRS 16, € 3 million of passive interests for leasing contracts fall within this aggregate.

Net fee and commissions income from services amounted to € 230 million, an increase of 0.9% on the 228 million of the same period of the previous year. The insurance products component was particularly positive, with an increase of more than 15% compared to the first nine months of 2018.

Dividends received amount to € 3.3 million, down from € 4 million at 30 September 2018.

The **overall result of activities in securities, exchange rates, derivatives and loans** (the sum of items 80, 90, 100 and 110 in the income statement) amounted to € 101.8 million, a significant increase (+512.5%) compared to the € 16.6 million recorded at 30 September 2018. This was due to the positive performance of the financial markets in the first nine months of the current year and to the excellent performance of the core activities related to the assistance offered to companies by the international department.

As a result of the above, **the operating income** amounted to €675.8 million, up 9.0% on the €620.2 million of the same period of the previous year.

Net adjustments/write-backs for credit risk, item 130 of the income statement, amounted to € 127.3 million compared to € 148 million in the comparative period (-14%). The component consisting of net value adjustments for credit risk relating to financial assets measured at amortised cost, represented by exposures to customers and banks in the form of both loans and securities, amounted on its own to € 128.8 million compared to € 151.9 million in the first nine months of 2018 (-15.2%). This aggregate includes the extraordinary expense incurred to align the value of the portfolio of non-performing loans to be sold with the presumed sales prices. The net value adjustments for credit risk relating to financial assets at fair value through profit or loss recorded writebacks of €1.5 million relating to the debt securities component.

Item 140 of the income statement, which records the **gains/losses on contractual amendments not resulting in derecognition**, **deriving from the changes made to contractual cash flows**, recorded losses of € 2.2 million compared to € 0.7 million, of a similar sign, recorded in the comparison period.
The ratio between net adjustments for credit risk relating to financial activities (measured at amortized cost), item 130a of the income statement, to net loans to customers, the so-called **cost of credit**, was therefore 0.63% compared to 0.80% at 30 June 2019.
Net financial income amounted to € 546.3 million, an increase of 15.9% compared to € 471.5 million in the first nine months of 2018.

Operating costs amounted to € 385.8 million from € 378.4 million in the comparative period (+2.0%). This aggregate is affected by the substantial expenses expected for the stability of the banking system, amounting to € 27.8 million, up 7.3%, compared to the reference period.
The ***cost-income ratio*** reached 57.09% from 61.01% at 30 September 2018.
Analysing the individual cost items, administrative expenses, for which a reclassification was made regarding the provision for the retirement fund income, amounted to € 387.9 million, down compared to € 391.7 million in the first nine months of 2018 (-1.0%). Within the scope of this, personnel expenses rose to € 182.2 million from € 176.8 million (+3.1%), an increase partly due to the effects of the contractual increase of October 2018 becoming fully operational, while other administrative expenses fell from € 215 million at 30 September 2018 to € 205.7 million in the period under review (-4.3%).
This decrease also reflects the impact of the entry into force, on 1 January 2019, of the new accounting standard IFRS 16, which is why the cost item is not fully comparable with the corresponding period of reference.
The item net accruals to provisions for risks and charges showed provisions of € 6 million, compared to € 8 million in the comparison period.
Adjustments to tangible and intangible assets amounted to € 41.2 million, a significant increase compared to the € 24.1 million of the first nine months of 2018 (+71%). The increase is largely due to the effect of the entry into force of the new accounting standard IFRS 16, with the opposite logic to that set out above under other administrative expenses.
Other operating income/expenses, reclassified as mentioned above, amounted to € 49.3 million, up from € 45.5 million at 30 September 2018 (+8.4%).

The **operating profit** therefore rose to € 160.5 million (+72.2%).

Profit/losses on equity investments and other investments showed a positive balance of € 21.4 million, up from € 14.4 million in the comparative period (+48.1%).

The **overall pre-tax result** was therefore € 181.9 million (+69%).

Finally, after deducting **income taxes** of € 57.2 million and minority interests of € 1.4 million, **net income for the period** was € 123.2 million, up sharply on the result for the comparison period (+57.1%).

<u>Balance sheet aggregates</u>

Compared to volumes at the end of 2018: **direct deposits** amounted to € 32,402 million (+4.3%), indirect deposits amounted to € 32,983 million (+9.3%) at market values, insurance deposits amounted to € 1,527 million (+8.3%). Total inflows from customers therefore came to € 66,913 million (+6.8%).

Net loans to customers, the sum of volumes measured at amortised cost and assets measured at fair value through profit or loss, amounted to € 27,455 million, up from € 25,845 million at the end of 2018 (+6.2%).

Non-performing loans amounted to €1,724 million, down from € 1,851 million at 31 December 2018 (-6.9%). They accounted for 6.28% of total net loans, down from 7.16% at the end of 2018. The level of coverage remained particularly high at 55.51%. In this context, net bad loans ("*Sofferenze*") amounted to € 725 million (-4.6%), representing 2.64% of total loans to customers compared to 2.94% at the end of 2018. Their coverage ratio was 68.77% compared to 69.36% at the end of 2018. Taking into account the amounts that have been reclassified to the income statement in previous years, the coverage of these receivables is 79.64%.
The net "unlikely to pay" amounted to € 922 million (-8.3%), with a coverage ratio of 37.10%. The incidence of these on total loans fell to 3.36% compared to 3.89% at the end of 2018. Expired and / or overdue net impaired exposures amount to € 76 million (-10.2%) with a coverage ratio of 11.06% and a ratio to total loans of 0.28%.

Financial assets, represented by securities and derivatives, amounted to € 9,953 million, down (-10%) compared to the volumes recorded at the end of the previous year. The volume of the portfolio of financial assets valued at amortised cost increased further from € 6,024 million at the end of 2018 to € 6,457 million at 30 September 2019 (+7.2%), with an incidence on total financial assets of more than 60% (64.9%). On the other hand, the size of the portfolio consisting of financial assets at fair value with an impact on the overall profitability decreased from €4,424 million at the end of 2018 to €2,886 million at the end of September 2019 (-34.8%). This decrease reflects the Group's lower exposure to the Italian public debt. The total volume of Italian government bonds stood at € 6,382 million, a further contraction (-20.4%) compared to € 8,014 million at the end of 2018.

Equity investments increased to € 288 million from € 221 million at 31 December 2018 (+30.5%). The increase is largely due to the acquisition of 15.69% of Arca Holding which, added to the previously held stake, led to the total holding of 36.83% of the company specialising in asset management.

As at 30th September 2019, both the 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%).

The Group can always rely on a substantial **portfolio of unencumbered assets** which, net of applied haircuts, amounted to € 11,549 million, more than half of which, € 6,410 million (56%), represented by free securities.

Consolidated **own funds**, including profit for the period, at 30 September 2019 amounted to € 2,837 million, an increase of € 186 million compared to the value at the end of 2018.

Consolidated **regulatory own funds** stood at € 3,120 million at 30 September 2019, up from € 2,981 million at 31 December 2018 (+4.7%).

The **capital ratios** as at 30th September 2019, calculated on the basis of the regulatory own funds, including the portion of profits destined for self-financing, are equal to:
- CET 1 ratio: 15,92% (phased-in), 15,89% (fully phased);
- Tier 1 ratio: 15,97% (phased-in), 15,94% (fully phased);
- Total Capital ratio: 18,72% (phased-in), 18,69% (fully phased).

Starting from 30th of June 2019, they have benefited from the approval of the internal rating system (AIRB) and already incorporate the charge expected from the *derisking* operation deriving from the alignment of receivables to the presumed sale price, which was expensed in the cost of credit in last half year's report. It should be noted that the balance sheet and income statement as at 30th September 2019 were neither subject to a limited audit nor to a profit check for the inclusion of profit in CET1 capital; as a result, net of the portion of profit for the third quarter that can be allocated to self-financing, the CET1 Ratio, the Tier1 Ratio and the Total Capital Ratio for regulatory purposes are (under a *phased in* regime) at 15,55%, 15,60% and 18,35% respectively.

The **leverage ratio** at 30 September 2019, applying the transitional criteria in force for 2019 (*phased in*), is equal to 5.57% and, under the *fully phased* regime, to 5.56%.

As at 30 September 2019, the banking group had 3,305 employees. 168 new hires made in the first nine months of 2019.

To date, the company has 166,418 **co-operative members**.

With regards to the possible future outlook, it is considered reasonable to assume that in the course of the current year, with a relaxed climate on the financial markets, the Group will be able to record income in line with the trend recorded so far in the year.

<u>COMPARATIVE DATA EXPOSURE</u>

In the attached financial statements, the balance sheet figures for the comparison period, referring to 31/12/2018, and the income statement figures referring to 30/09/2018 have simply been restated. Therefore, both the balance sheet figures as at 31 December 2018 and the income statement figures as at 30 September 2018, which do not include the effects deriving from the application of IFRS 16, are not comparable on a like-for-like basis with those for the period in question.

The consolidated interim report as at 30 September 2019 will be published on a voluntary basis on the company's website "www.popso.it" and deposited on the eMarket Storage "www.emarketstorage.com" authorised storage mechanism and at the bank's head office.

****

DECLARATION

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

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

Investor Relations	External relations
Dr. Michele Minelli	Rag. Paolo Lorenzini
0342-528.**865**	0342-528.**212**
michele.minelli@popso.it	paolo.lorenzini@popso.it

Sondrio, 8th of November 2019

Attachments:
consolidated balance sheet and income statement;
summary statement of reclassified consolidated income statement.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

	ASSETS		30/09/2019		31/12/2018
10.	CASH AND CASH EQUIVALENTS		**3,797,209**		**1,577,163**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**894,990**		**858,069**
	a) financial assets held for trading	217,563		251,044	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	677,427		607,025	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**2,885,797**		**4,423,618**
40.	FINANCIAL ASSETS AT AMORTISED COST		**34,476,014**		**32,873,554**
	a) loans and receivables with banks	1,264,237		1,320,621	
	b) loans and receivables with customers	33,211,777		31,552,933	
50.	HEDGING DERIVATIVES		-		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		-		-
70.	EQUITY INVESTMENTS		**288,337**		**220,957**
80.	TECHNICAL RESERVES OF REINSURERS		-		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**558,590**		**328,161**
100.	INTANGIBLE ASSETS		**31,336**		**33,259**
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		**400,776**		**465,040**
	a) current	23,380		31,834	
	b) deferred	377,396		433,206	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		-		-
130.	OTHER ASSETS		**299,426**		**348,364**
	TOTAL ASSETS		**43,632,475**		**41,128,185**

CHAIRMAN
Francesco Venosta

STATUTORY AUDITORS
Piergiuseppe Forni, Chairman
Laura Vitali - Luca Zoani

LIABILITY AND EQUITY			30/09/2019		31/12/2018
10.	FINANCIAL LIABILITIES AT AMORTISED COST		38,702,854		37,228,347
	a) due to banks	6,300,484		6,165,836	
	b) due to customers	29,572,425		28,630,307	
	c) securities issued	2,829,945		2,432,204	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		82,254		57,211
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		-		-
40.	HEDGING DERIVATIVES		14,296		16,826
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		-		-
60.	TAX LIABILITIES		37,994		29,767
	a) current	3,009		4,252	
	b) deferred	34,985		25,515	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-		-
80.	OTHER LIABILITIES		1,555,241		760,091
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		44,787		43,222
100.	PROVISIONS FOR RISKS AND CHARGES:		263,558		248,850
	a) loans commitments and	45,127		46,163	
	b) pensions and similar	180,523		160,734	
	c) other provisions	37,908		41,953	
110.	TECHNICAL RESERVES		-		-
120.	VALUATION RESERVES		1,447		(34,452)
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		-		-
130.	REDEEMABLE SHARES		-		-
140.	EQUITY INSTRUMENTS		-		-
150.	RESERVES		1,298,545		1,160,683
155.	OF WHICH INTERIM DIVIDENDS		-		-
160.	SHARE PREMIUM		79,005		79,005
170.	SHARE CAPITAL		1,360,157		1,360,157
180.	TREASURY SHARES (-)		(25,364)		(25,375)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		94,458		93,049
200.	PROFIT FOR THE PERIOD		123,243		110,804
	TOTAL LIABILITIES AND EQUITY		**43,632,475**		**41,128,185**

MANAGING DIRECTOR AND GENERAL MANAGER
Mario Alberto Pedranzini

MANAGER IN CHARGE
Maurizio Bertoletti

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS		30/09/2019		30/09/2018	
10.	INTEREST AND SIMILAR INCOME		434,288		458,199
	of which: interest calculated using the effective interest method	429,170		453,928	
20.	INTEREST AND SIMILAR EXPENSE		(93,723)		(86,656)
30.	**NET INTEREST INCOME**		**340,565**		**371,543**
40.	FEE AND COMMISSION INCOME		246,114		243,004
50.	FEE AND COMMISSION EXPENSE		(16,080)		(14,987)
60.	**NET FEE AND COMMISSION INCOME**		**230,034**		**228,017**
70.	DIVIDENDS AND SIMILAR INCOME		3,339		3,992
80.	NET TRADING INCOME		53,869		21,749
90.	NET HEDGING INCOME		43		(5)
100.	NET GAINS FROM SALES OR REPURCHASES OF:		27,967		8,048
	a) financial assets at amortized cost	19,575		2,240	
	b) financial assets at fair value through other comprehensive income	8,015		5,849	
	c) financial liabilities	377		(41)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		19,965		(13,164)
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	19,965		(13,164)	
120.	**TOTAL INCOME**		**675,782**		**620,180**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(127,260)		(147,951)
	a) financial assets at amortized cost	(128,758)		(151,867)	
	b) financial assets at fair value through other comprehensive income	1,498		3,916	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(2,219)		(684)
150.	**NET FINANCIAL INCOME**		**546,303**		**471,545**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**546,303**		**471,545**
190.	ADMINISTRATIVE EXPENSES:		(394,481)		(394,953)
	a) personnel expenses	(188,813)		(179,998)	
	b) other administrative expenses	(205,668)		(214,955)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(6,034)		(7,992)
	a) commitments for guarantees given	1,147		(8,652)	
	b) other net provisions	(7,181)		660	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(28,819)		(12,957)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(12,425)		(11,164)
230.	OTHER NET OPERATING INCOME		55,932		48,707
240.	**OPERATING COSTS**		**(385,827)**		**(378,359)**
250.	SHARE OF PROFITS OF INVESTEES		21,245		14,787
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		133		(352)
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		15		9
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**181,869**		**107,630**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(57,178)		(26,670)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**124,691**		**80,960**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**124,691**		**80,960**
340.	NET PROFIT (LOSS) OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		**(1,448)**		**(2,526)**
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**123,243**		**78,434**
	EARNINGS PER SHARE		0.272		0.173
	DILUTED EARNINGS PER SHARE		0.272		0.173

CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	30/09/2019	30/09/2018	(+/-)	% change
Net interest income	340,565	371,543	-30,978	-8.34
Dividends and similar income	3,339	3,992	-653	-16.36
Net fee and commission income	230,034	228,017	2,017	0.88
Net gains on financial assets	101,844	16,628	85,216	512.48
Total income	**675,782**	**620,180**	**55,602**	**8.97**
Net impairment losses	-127,260	-147,951	20,691	-13.99
Net gains form contractual changes without derecognition	-2,219	-684	-1,535	224.42
Net financial income	**546,303**	**471,545**	**74,758**	**15.85**
Personnel expenses	-182,199	-176,778	-5,421	3.07
Other administrative expenses	-205,668	-214,955	9,287	-4.32
Other net operating income	49,318	45,487	3,831	8.42
Net accruals to provisions for risks and charges	-6,034	-7,992	1,958	-24.50
Depreciation and amortisation on tangible and intangible assets	-41,244	-24,121	-17,123	70.99
Operating costs	**-385,827**	**-378,359**	**-7,468**	**1.97**
Operating result	**160,476**	**93,186**	**67,290**	**72.21**
Share of profits of investees and net gains on sales of investments	21,393	14,444	6,949	48.11
Pre-tax profit from continuing operations	**181,869**	**107,630**	**74,239**	**68.98**
Income taxes	-57,178	-26,670	-30,508	114.39
Net profit (loss) for the period	**124,691**	**80,960**	**43,731**	**54.02**
Net profit (loss) of the period attributable to minority interests	-1,448	-2,526	1,078	-42.68
Net profit (loss) for the period attributable to the owners of Pare	**123,243**	**78,434**	**44,809**	**57.13**

Notes: The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement. Personnel expenses and other operating income have been reclassified, netting them off against the proceeds of the post-employment benefits fund of € 6.614 million.