Banca Popolare di Sondrio

BOARD OF DIRECTORS APPROVES RESULTS AS OF 31 MARCH 2023

NET PROFIT MORE THAN DOUBLED TO € 94.4 MILLION - ROE AT 11.1%

STRONG GROWTH IN CORE BANKING BUSINESS
(€ 288.5 million; +16.5% y/y)

REMARKABLE GROWTH IN NET INTEREST INCOME
(€ 192 million; +23% y/y)

NET COMMISSIONS UP
(€ 96.5 million; +5.5% y/y)

TANGIBLE SUPPORT FOR FAMILIES AND BUSINESSES
(over € 1.2 billion new disbursements)

HIGH OPERATIONAL EFFICIENCY, COST/INCOME RATIO AT 40.9%

CET1 RATIO AT 15.3%[1] AND TOTAL CAPITAL RATIO AT 17.8%[1]

SOLID LIQUIDITY POSITION: LCR AT 155%

MARIO ALBERTO PEDRANZINI CONFIRMED AS CHIEF EXECUTIVE OFFICER FOR THE THREE-YEAR PERIOD 2023-2025

ROE TARGET 2023 > 9% ALIGNED TO THE 2025 TARGET OF "NEXT STEP 2022-2025" BUSINESS PLAN

"The results of the first quarter of this year are a source of particular satisfaction for Banca Popolare di Sondrio Group. We record a net profit of over € 94 million, more than doubled compared to last year's reference period.
This confirms the tangible value of our business model: we are a "bank that does banking", able to seize the opportunities offered by a context in continuous and rapid evolution", said ***Mario Alberto Pedranzini, CEO and General Manager of Banca Popolare di Sondrio****. "We accompany our corporate clients, first and foremost, in the territories where we are present and we are at their side to foster their growth paths, in international markets as well. We support families and look after their savings, returning their trust. We carefully manage credit, monitoring the cost of risk and keeping under control the repercussions on the system of the growing increase in rates.*
The bank's Annual General Meeting held a few days ago showed the shareholders' clear support for the work of the Board of Directors. I gladly accept the challenge of a new three-year term as Chief Executive Officer, proud of a team that is committed to producing important and sustainable results over time".

Sondrio, 9 May 2023 - The Board of Directors, which met today, examined and approved the consolidated interim report as at 31 March 2023. The Board also confirmed Mr. Mario Alberto Pedranzini as Chief Executive Officer for the three-year period 2023- 2025 and Mr. Lino Enrico Stoppani as Vice Chairman, after the Shareholders' Meeting of last 29 April renewed five directors. The renewed Executive Committee is made up as follows: Stoppani Dr. Lino Enrico - Deputy Chairman, Pedranzini Cav. uff. rag. Dr. Mario Alberto - CEO, Ferrari Dr. Attilio Piero - Senior Director, Falck Dr. Ing. Federico, Credaro Loretta.

For Italy, the macroeconomic context at the start of the year confirmed the growth of production activities and national income, although it continued to be affected by strong inflationary pressures and geopolitical uncertainties linked to the ongoing Russian-Ukrainian conflict. In such a scenario, the Banca Popolare di Sondrio Group proved to be well equipped to adequately seize development opportunities, recording a net profit of 94.4 million euro.

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

- the **net result for the period**, positive at € 94.4 million, reflects the strong increase in income from **core banking activities** to € 288.5 million (+16.5% compared to 31 March 2022; net **interest income** +23% and **net commissions** +5.5%). It also incorporates a positive contribution from financial activities of € 30.5 million (+75%) and includes significant charges for the stabilisation of the banking system of € 35 million, a further increase on the comparative period (€ 30 million as at 31 March 2022);
- **Capital ratios**[1] remain at particularly high levels. In the *phased-in* version, the CET1 ratio and Tier1 ratio stand at 15.3%, while the Total Capital ratio is 17.8%. In the *fully loaded version,* the ratios stand at 15.2% and 17.8% respectively;

- the acquisition of **tax credits** (superbonus/earthquake bonus, ecobonus, other bonuses), which reached a stock of more than € 2.1 billion, and which is destined to increase further due to the transactions currently being investigated, is of significance;
- strengthened the bank's **sustainability path** with the integration of **ESG factors** within the Business Plan. The ongoing commitment was recently recognised by the independent agency Standard Ethics, which raised the outlook from 'stable' to 'positive' and confirmed the corporate rating (EE) and long-term rating (EE+). The Group recently published its first Report according to the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and defined a first set of ESG targets, with a focus on reducing CO2 emissions;
- the gross **impaired loans ratio,** as summarised by the gross NPL ratio, stood at 4.3% (compared to 5.7% in March 2022). Net of the very high coverage, the incidence of impaired exposures stood at 1.8% compared to 2.5% in March 2022;
- **the coverage ratios for impaired loans** increased further. Compared to 31 December 2022, the ***coverage ratio*** **of total non-performing loans** rose to 60.4% from 58.3%, the coverage *ratio* referring only to bad loans stood at 81.5% from 76.5%, reaching 93.8% with the inclusion of amounts passed on to the income statement in previous years on positions already classified as bad loans for which accounting evidence is maintained, against a prospect of eventual recoveries. The coverage level of unlikely to pay remained stable at 51.2%. The coverage ratio for **performing loans** increased to 0.50% from 0.45% at the end of 2022;
- the **cost of risk** stood at 49 basis points, broadly in line with the 51 basis points in December 2022. This indicator also incorporates provisions related to portfolio exposures to companies operating in energy-intensive sectors as well as those related to ESG risk factors. Asset quality remains under control with a default rate at the parent company level of just over 1%, stable compared to the end of 2022;
- the **Texas** ratio, the ratio of total net impaired loans to tangible equity, decreased further to 16.6% from 18.2% at the end of December 2022;
- **direct customer deposits** amounted to € 39,045 million, down from € 41,771 million at the end of 2022 (-6.5%). The volume of retail funding was substantially stable, with a re-composition between side deposits, term deposits and bonds; outflows relating to major depositors and welfare and private pension schemes were marginal. Excluding from the aggregate the component of repos booked with central counterparties, the change since the beginning of the year would be reduced to -4.5%;
- **indirect deposits** amounted to € 41,612 million, up from € 39,059 million at the end of 2022 (+6.5%), also benefiting from the positive financial market performance recorded in the first quarter of the year. Assets under administration totalled € 34,974 million, up from € 32,672 million as at 31 December 2022 (+7%). Assets under management amounted to € 6,638 million compared to € 6,386 million at the end of 2022 (+3.9%) and, in addition to the aforementioned favourable market dynamics, incorporated positive net inflows of over € 100 million;

- **insurance deposits** amounted to € 1,988 million, compared to € 1,958 million as at 31 December 2022 (+1.5%), with net inflows of around € 19 million;
- **loans to customers** stood at € 32,836 million, essentially stable (-0.6%) compared to € 33,020 million at the end of 2022. Disbursements in the period amounted to around € 1.2 billion compared to € 1.4 billion in the reference period (of which more than € 100 million were backed by state guarantees);
- **liquidity indicators**, both short-term (*Liquidity Coverage Ratio*) and medium-term (*Net Stable Funding Ratio*), are well above the minimum regulatory requirements;
- the contribution made to the Group's net result by **subsidiaries and associates** remained positive.

Accounting data (in millions of euro)

Income results	**31/03/2023**	**31/03/2022**	**Change**
Result from core banking activities	288.5	247.7	+16.5%
of which interest margin	192.0	156.2	+23.0%
of which net commissions	96.5	91.5	+5.5%
Result from financial activities	30.5	17.3	+75.8%
Result of other fin. activities at FVTPL	12.7	-33.6	n.s.
Intermediation margin	331.7	231.4	+43.3%
Net value adjustments (*)	39.8	27.3	+45.8%
Operating costs (*) (**)	135.7	123.7	+9.8%
System charges (**)	35.0	30.0	+16.7%
Profit before tax	134.1	57.1	+134.9%
Net result	94.4	40.3	+134.3%

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.

(*) As at 31 March 2023, € 6.8 million of net provisions for credit risk for commitments and guarantees, initially included in net provisions for risks and charges in the income statement, were reclassified to net value adjustments. Losses on disposals amounting to € 0.1 million were also reclassified under gains/losses on financial assets measured at amortised cost. The results as at 31 March 2022 have been made consistent.
(**) System charges were separated from operating costs.

Balance sheet aggregates	31/03/2023	31/12/2022	Change
Direct customer deposits	39,045	41,771	-6.5%
Indirect customer deposits	41,612	39,059	+6.5%
Inflows from assets under administration	34,974	32,672	+7.0%
Assets under management	6,638	6,386	+3.9%
Insurance premiums from customers	1,988	1,958	+1.5%
Total customer deposits	82,645	82,787	-0.2%
Net loans to customers	32,836	33,020	-0.6%

Performance Indicators	31/03/2023	31/12/2022
Cost-income ratio	40.9%	49.1%
Cost of credit risk	0.49%	0.51%
Gross NPL ratio	4.3%	4.3%
CET 1 ratio - *phased in*[1]	15.3%	15.4%
Total Capital ratio - *phased in*[1]	17.8%	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 31 March 2023 amounted to € 94.4 million, compared to € 40.3 million in the reference period. This result stems from a consolidated gross profit of € 134.1 million, from which taxes of € 39.7 million must be deducted, corresponding to a tax rate of 29.6%.

Net interest income amounted to € 192 million, an increase of 23% compared to 31 March 2022. As regards the component relating to business with customers, in addition to the positive trend in the average lending balance, there was also the benefit from the widening of the commercial spread. The contribution from the securities portfolio was substantial, with coupon flows more than doubling compared to the reference period, despite the lower contribution from *inflation-linked* securities. Negative margins, calculated as the cost of funding net of the remuneration of excess liquidity, deriving from the TLTRO III financing in place with the ECB amounted to around € 28 million, compared with the positive contribution of around € 18 million in the first quarter of 2022. Not considering the above-mentioned component, the interest margin would have increased annually by 58.9%.

Net commissions from services amounted to € 96.5 million, showing a good increase (+5.5%) compared to € 91.5 million in the first quarter of 2022. Income from loans, collection and payment services, current account management and administration, bancassurance and, in general, the International Service's operations increased.

The **result from financial activities** was a positive € 30.5 million, compared to € 17.3 million in the reference period. **Dividends** received amounted to € 0.7 million, up from € 0.2 million as at 31 March 2022. The **result from trading activities** amounted to € 28.6 million, compared to € 2.3 million in the reference period. **Gains on disposal or repurchase** amounted to € 1 million, compared to € 14.8 million in March 2022.

The **result from other financial assets measured at fair value** (item 110b) turned positive by € 12.7 million compared to the negative contribution of € 33.6 million in the first quarter of 2022. In this respect, capital gains on loans to customers measured at fair value amounted to € 2.9 million, compared to the € 13 million capital loss posted as at 31 March 2022. Other items, mainly related to fixed-income mutual funds and SICAV, generated mark to market gains of € 9.8 million compared to losses of € 20.6 million in the first three months of 2022.

Intermediation margin therefore amounted to € 331.7 million from € 231.4 million in the reference period (+43.3%).

Net value adjustments amounted to € 39.8 million, compared to € 27.3 million in the comparison period (+45.8%). The aggregate includes provisions related to portfolio exposures to companies operating in energy-intensive sectors as well as those related to ESG risk factors, with particular reference to climate transition risks.

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 € 35.5 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 €2.6 million in the reporting period;
- the aggregate of the aforementioned items thus amounts to € 32.9 million. If we take into account the € 6.8 million of net provisions for credit risk for commitments and guarantees and the reclassification of losses from the sale of receivables for € 0.1 million now included in the item Gains (losses) from the sale or repurchase of financial assets measured at amortised cost, we obtain € 39.8 million of net valuation adjustments mentioned above.

The ratio of net value adjustments (€ 39.8 million) to net loans to customers (€ 32,836 million), the so-called **cost of credit**, was therefore 0.49%, compared to 0.51% as at 31 December 2022.

The **net result from financial operations amounted** to € 291.9 million, compared to € 204.1 million in the comparison period (+43%).

Operating expenses increased (+9.8%) to € 135.7 million from € 123.7 million in the comparison period. The performance of this aggregate was affected, in particular, by the increase in personnel expenses, which also reflected the further growth in the workforce, as well as other administrative expenses, in a context marked by inflationary pressures.
Regarding the individual components, administrative expenses amounted to € 136.9 million, up from € 129 million in the comparison period (+6.2%).
Within this, personnel expenses rose to € 69 million from € 66.5 million in the reference period (+3.7%), other administrative expenses rose from € 62.5 million as at 31 March 2022 to € 68 million as at 31 March 2023 (+8.8%).
Net provisions for risks and charges showed provisions of € 5.4 million compared to releases of € 0.4 million in the first quarter of 2022.
Adjustments to tangible and intangible assets amounted to € 15.4 million, up from € 12 million as at 31 March 2022 (+28.7%).
Other operating income and expenses were positive, amounting to € 22 million, compared to € 16.9 million in the comparison period (+30.2%).
In light of the above, the ***cost-income ratio***, calculated as the ratio of operating expenses to intermediation margin, was 40.9% from 49.1% as of 31 December 2022.

The **operating result** therefore amounted to € 156.1 million, compared to € 80.4 million in March 2022.

Charges for stabilising the banking system amounted to € 35 million, up from € 30 million in the comparison period (+16.7%).

Gains/losses on participations and other investments showed a positive balance of € 13 million, compared to € 6.7 million in the comparison period.

The **total pre-tax result** therefore amounted to € 134.1 million, compared to € 57.1 million as at 31 March 2022. Finally, after deducting **income tax of** € 39.7 million, we arrive at a **net profit for the period of** € 94.4 million, which compares with € 40.3 million in 2022.

Balance sheet aggregates

Compared to volumes at the end of 2022, **direct funding amounted to** € 39,045 million (-6.5%). The volume of retail funding was substantially stable, with a re-composition between side deposits, term deposits and bonds; outflows relating to main depositors and welfare and private pension schemes were marginal. Excluding from the aggregate the repos booked with central counterparties, the change since the beginning of the year would have been -4.5%.
Indirect deposits, influenced by positive market trends, stood at € 41,612 million compared with € 39,059 million at the end of 2022 (+6.5%). Assets under administration, € 34,974 million, compared with € 32,672 million as at 31 December 2022 (+7%). Assets

under management, € 6,638 million compared to € 6,386 million in the comparative period (+3.9%), benefited from more than € 100 million of positive net inflows, as well as the favourable market effect. **Insurance deposits** totalled € 1,988 million (+1.5%) with net inflows of € 19 million. **Total** customer deposits therefore stood at € 82,645 million (-0.2%).

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 € 32,836 million, down slightly from € 33,020 million at the end of 2022 (-0.6%).
Net impaired loans totalled € 576 million, down from € 609 million as at 31 December 2022 (-5.4%). As a percentage of total net loans, they stood at 1.8%, in line with the end of 2022. Coverage levels remained particularly high, with coverage for total impaired positions standing at 60.4% from 58.3% at the end of 2022. In this context, net **bad loans** came to € 96 million (-21%), accounting for 0.3% of total loans to customers, down from the figure at the end of 2022. The coverage ratio was 81.5% compared to 76.5% at the end of 2022; taking into account the amounts transferred to the income statement in previous years on positions already classified as non-performing for which accounting evidence is maintained, against a prospect of eventual recoveries, the coverage for these loans stood at 93.8%.
Net **unlikely to pay** amounted to € 429 million (-0.1%), with a stable coverage ratio, compared to the end of 2022, of 51.2%. The ratio of these to total loans remains at 1.3%.
Net **impaired exposures past due and/or in arrears** amounted to € 50 million (-12%), with a coverage ratio of 8.1% compared to 7.8% at the end of 2022 and a ratio to total loans of 0.2%, in line with last year. The coverage ratio for performing loans stood at 0.50%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 14,452 million, an increase of € 784 million (+5.7%) compared to the volumes recorded at the end of the previous year. In more detail: **financial assets held for trading** fell from € 179.7 million at the end of 2022 to € 147.9 million at December 2022 (-17.7%); **other financial assets mandatorily measured at *fair value*** fell from € 686.8 million at 31 December 2022 to € 524.8 million at 31 December 2022 (-23.6%); **financial assets measured at *fair value* with an impact on comprehensive income** rose from € 2.556 million at the end of 2022 to € 3,383 million in the current period (+32.4%) and the volume of **financial assets measured at amortised cost** rose from € 10,245 million at the end of 2022 to € 10,396 million at 31 March 2023 (+1.5%). The total volume of Italian government bonds instead stood at € 7,431 million, down (-4.7%) 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 € 6.1 billion, down from around € 6.3 billion at 31 December 2022 (-2.9%).
The share of the portfolio allocated to **ESG debt securities** rose further to € 1,101 million.

Equity investments amounted to € 350 million, up from € 323 million at the end of 2022.

The Group's exposure to the ECB totalled €8,874 million and related solely to **TLTRO III** operations, with the balance unchanged from 31 December 2022.

As at 31 March 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%). In particular, the Liquidity Coverage Ratio stood at 155% from 149% in the first quarter of 2022.

The Group can always rely on a substantial **portfolio of refinanciable assets** which, net of applied haircuts, amounts to € 17,347 million: of these, € 5,599 million (32%) are unencumbered assets.

Consolidated equity, including profit for the period, amounted to € 3,500 million as at 31 March 2023, an increase of € 113 million over the figure at the end of 2022.

Consolidated (phased-in) **regulatory capital**[1] as at 31 March 2023 stood at € 3,751 million compared to the 31 December 2022 figure of € 3,779 million (-0.7%).

The **capital ratios**[1] for regulatory purposes as at 31 March 2023, calculated on the basis of the regulatory capital, as presented above without including the profit for the period, were equal to:

- CET1 ratio: 15.3% (phased-in), 15.2% (fully phased);
- Tier1 ratio: 15.3% (phased-in), 15.2% (fully phased);
- Total Capital ratio: 17.8% (phased-in), 17.8% (fully phased).

The **Leverage Ratio** as at 31 March 2023 was, applying the transitional criteria in force for 2022 (*phased-in*), 5.12% and, depending on the criteria envisaged when *fully phased*, 5.09%.

As at 31 March 2023, the banking group had 3,470 employees, an increase of 14 resources.

As for the **foreseeable evolution of operations**, in a macroeconomic context full of the known complexities, which will have to be managed with extreme care, it is reasonable to believe that our Group can continue on its growth path, anticipating, as far as possible, the achievement of the targets set by the "Next Step" 2022-2025 Business Plan approved in June last year.

The consolidated interim report as at 31 March 2023 will be published, on a voluntary basis, 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 head office.

DECLARATION

Pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, the manager responsible 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.

Notes:

1) The inclusion of the profit for the period, net of the portion allocated to dividends, would, subject to the Supervisor's approval, have resulted in a benefit of approximately 25 basis points.

The conference call to illustrate the consolidated results of the Banca Popolare di Sondrio Group as at 31 March 2023 will be held today at 4pm. 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/bpds230509.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.

Company contacts:

Investor Relations	External Relations
Michele Minelli	*Paolo Lorenzini*
0342-528.745	*0342-528.212*
michele.minelli@popso.it	*paolo.lorenzini@popso.it*

Image Building

Cristina Fossati,

Anna Pirtali

02-890.11.300

popso@imagebuilding.it

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

RESULTS IN BRIEF

(in million of euro)			
Balance sheet	**31/03/2023**	**31/12/2022**	**Change %**
Loans to customers	32,836	33,020	-0.56
Loans and receivables with customers measured at amortised cost	32,461	32,633	-0.53
Loans and receivables with customers measured at fair value through profit or loss	375	387	-2.98
Loans and receivables with banks	1,850	1,865	-0.81
Financial assets that do not constitute loans	14,452	13,667	5.74
Equity investments	350	323	8.49
Total assets	57,668	57,854	-0.32
Direct funding from customers	39,045	41,771	-6.53
Indirect funding from customers	41,612	39,059	6.54
Direct funding from insurance premiums	1,988	1,958	1.52
Customer assets under administration	82,645	82,787	-0.17
Other direct and indirect funding	22,316	20,177	10.60
Equity	3,500	3,387	3.33
Income statement	**31/03/2023**	**31/12/2022**	**Change %**
Net interest income	192	156	22.96
Total income	332	231	43.34
Profit from continuing operations	156	80	94.10
Profit (loss) for the period	94	40	134.26
Capital ratios	**31/03/2023**	**31/12/2022**	
CET1 Capital ratio (phased-in)	15.27%	15.39%	
Total Capital ratio (phased-in)	17.84%	17.95%	
Free capital	2,069	2,095	
Other information on the banking group	**31/03/2023**	**31/12/2022**	
Number of employees	3,470	3,456	
Number of branches	373	373	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/03/2023	31/12/2022
Equity/Direct funding from customers	8.96%	8.11%
Equity/Loans and receivables with customers	10.66%	10.26%
Equity/Financial assets	24.22%	24.78%
Equity/Total assets	6.07%	5.86%
Profitability indicators	**31/03/2023**	**31/03/2022**
Cost/Income ratio *	40.92%	53.44%
Net interest income/Total income *	57.90%	67.50%
Administrative expenses/Total income *	41.28%	55.74%
Net interest income/Total assets	0.33%	0.27%
Net financial income/Total assets *	0.51%	0.35%
Net profit for the year/Total assets	0.16%	0.07%
Asset quality indicators	**31/03/2023**	**31/12/2022**
Texas ratio	16.62%	18.16%
Net non-performing loans/Equity	2.75%	3.60%
Net non-performing loans/Loans and receivables with customers	0.29%	0.37%
Loans and receivables with customers/Direct funding from customers	84.10%	79.05%
Cost of credit *	0.49%	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 31/03/2023

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(4,29%)**	**1,453,641**	**878,051**	**(1,75%)**	**575,590**	**60.40%**
of which Bad loans	(1,53%)	519,228	423,014	(0,29%)	96,214	81.47%
of which Unlikely to pay	(2,6%)	880,040	450,617	(1,31%)	429,423	51.20%
of which Past due	(0,16%)	54,373	4,420	(0,15%)	49,953	8.13%
Performing exposures	**(95,71%)**	**32,423,109**	**162,267**	**(98,25%)**	**32,260,842**	**0.50%**
Total loans to customers	**(100%)**	**33,876,750**	**1,040,318**	**(100%)**	**32,836,432**	**3.07%**

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/12/2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(4,29%)**	**1,460,176**	**851,581**	**(1,84%)**	**608,596**	**58.32%**
of which Bad loans	(1,52%)	517,931	396,094	(0,37%)	121,837	76.48%
of which Unlikely to pay	(2,59%)	880,694	450,688	(1,3%)	430,006	51.17%
of which Past due	(0,18%)	61,551	4,798	(0,17%)	56,753	7.80%
Performing exposures	**(95,71%)**	**32,557,337**	**145,754**	**(98,16%)**	**32,411,583**	**0.45%**
Total loans to customers	**(100%)**	**34,017,513**	**997,335**	**(100%)**	**33,020,179**	**2.93%**

FINANCIAL ASSETS BY PORTFOLIO
31/03/2023

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	147,904	0	0
Other financial assets mandatorily measured at fair value	524,776	0	0
Financial assets valued at fair value through other comprehensive income	3,382,543	1,823,733	993,096
Financial assets measured at amortised cost	10,396,469	5,607,426	2,732,612
Total	**14,451,692**	**7,431,159**	**3,725,708**

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
31/03/2023

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,751,453**	**3,736,672**
of which Common Equity Tier 1 capital (CET1)	3,211,457	3,196,676
of which Additional Tier 1 capital (AT1)	0	0
of which Tier 2 capital (T2)	539,996	539,996
RWA	**21,031,972**	**21,028,929**
CET 1 ratio	**15.27%**	**15.20%**
Tier 1 ratio	**15.27%**	**15.20%**
Total capital ratio	**17.84%**	**17.77%**
Leverage ratio	**5.12%**	**5.09%**

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			31/03/2023		31/12/2022
10.	CASH AND CASH EQUIVALENTS		**6,066,123**		**6,990,689**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**1,048,162**		**1,254,070**
	a) financial assets held for trading	147,904		179,665	
	c) financial assets mandatorily at fair value through profit or loss	900,258		1,074,405	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**3,382,543**		**2,555,705**
40.	FINANCIAL ASSETS AT AMORTISED COST		**43,681,300**		**43,870,637**
	a) loans and receivables with banks	1,850,097		1,865,249	
	b) loans and receivables with customers	41,831,203		42,005,388	
50.	HEDGING DERIVATIVES		**451**		**248**
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		**(29)**		**(198)**
70.	EQUITY INVESTMENTS		**350,008**		**322,632**
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**662,849**		**650,908**
100.	INTANGIBLE ASSETS		**37,055**		**36,669**
	of which:				
	- goodwill	16,997		16,997	
110.	TAX ASSETS		**313,856**		**342,647**
	a) current	2,007		17,654	
	b) deferred	311,849		324,993	
130.	OTHER ASSETS		**2,125,654**		**1,830,354**
	TOTAL ASSETS		**57,667,972**		**57,854,361**

LIABILITY AND EQUITY			31/03/2023		31/12/2022
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**52,029,571**		**53,152,710**
	a) due to banks	12,984,562		11,381,703	
	b) due to customers	35,081,178		38,122,246	
	c) securities issued	3,963,831		3,648,761	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**59,870**		**115,871**
40.	HEDGING DERIVATIVES		**324**		**227**
60.	TAX LIABILITIES		**44,034**		**32,359**
	a) current	13,749		3,160	
	b) deferred	30,285		29,199	
80.	OTHER LIABILITIES		**1,685,365**		**834,629**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**35,442**		**35,597**
100.	PROVISIONS FOR RISKS AND CHARGES:		**313,079**		**295,528**
	a) loans commitments and	70,037		63,204	
	b) pensions and similar	169,904		167,827	
	c) other provisions	73,138		64,497	
120.	VALUATION RESERVES		**(42,647)**		**(68,086)**
150.	RESERVES		**2,034,796**		**1,790,468**
160.	SHARE PREMIUM		**78,978**		**78,978**
170.	SHARE CAPITAL		**1,360,157**		**1,360,157**
180.	TREASURY SHARES (-)		**(25,408)**		**(25,402)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**4**		**4**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**94,407**		**251,321**
	TOTAL LIABILITIES AND EQUITY		**57,667,972**		**57,854,361**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS		31/03/2023		31/03/2022	
10.	INTEREST AND SIMILAR INCOME		360,383		185,047
	of which: interest calculated using the effective interest method	356,759		182,187	
20.	INTEREST AND SIMILAR EXPENSE		(168,336)		(28,857)
30.	**NET INTEREST INCOME**		**192,047**		**156,190**
40.	FEE AND COMMISSION INCOME		102,232		95,919
50.	FEE AND COMMISSION EXPENSE		(5,750)		(4,457)
60.	**NET FEE AND COMMISSION INCOME**		**96,482**		**91,462**
70.	DIVIDENDS AND SIMILAR INCOME		663		238
80.	NET TRADING INCOME		28,612		2,310
90.	NET HEDGING INCOME		196		(61)
100.	NET GAINS FROM SALES OR REPURCHASES OF:		909		14,844
	a) financial assets at amortized cost	1,488		8,814	
	b) financial assets at fair value through other comprehensive income	(664)		6,030	
	c) financial liabilities	85		-	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		12,677		(33,586)
	b) other financial assets mandatorily measured at fair value	12,677		(33,586)	
120.	**TOTAL INCOME**		**331,586**		**231,397**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(35,474)		(23,381)
	a) financial assets at amortized cost	(35,032)		(23,269)	
	b) financial assets at fair value through other comprehensive income	(442)		(112)	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		2,585		(1,217)
150.	**NET FINANCIAL INCOME**		**298,697**		**206,799**
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**298,697**		**206,799**
190.	ADMINISTRATIVE EXPENSES:		(174,562)		(159,067)
	a) personnel expenses	(71,584)		(66,565)	
	b) other administrative expenses	(102,978)		(92,502)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(12,219)		(2,299)
	a) commitments for guarantees given	(6,836)		(2,704)	
	b) other net provisions	(5,383)		405	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(11,900)		(8,843)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(3,511)		(3,132)
230.	OTHER NET OPERATING INCOME		24,630		16,985
240.	**OPERATING COSTS**		**(177,562)**		**(156,356)**
250.	SHARE OF PROFITS OF INVESTEES		12,970		6,572
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		16		88
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**134,121**		**57,103**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(39,714)		(16,803)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**94,407**		**40,300**
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**94,407**		**40,300**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		-		-
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**94,407**		**40,300**
	EARNINGS (LOSS) PER SHARE		0.208		0.089
	DILUTED EARNINGS (LOSSES) PER SHARE		0.208		0.089

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/03/2023	31/03/2022	(+/-)	% change
Net interest income	192,047	156,190	35,857	22.96
Dividends and similar income	663	238	425	178.57
Net fee and commission income	96,482	91,462	5,020	5.49
Net gains on financial assets [a]	29,811	17,093	12,718	74.40
Result of other financial assets at FVTPL [b]	12,677	-33,586	46,263	-
of which Loans	2,918	-12,965	15,883	-
of which Other	9,759	-20,621	30,380	-
Total income	**331,680**	**231,397**	**100,283**	**43.34**
Net impairment losses [c]	-39,819	-27,302	-12,517	45.85
Net financial income	**291,861**	**204,095**	**87,766**	**43.00**
Personnel expenses [d]	-68,954	-66,477	-2,477	3.73
Other administrative expenses [e]	-67,973	-62,502	-5,471	8.75
Other net operating income [d]	22,000	16,897	5,103	30.20
Net accruals to provisions for risks and charges [f]	-5,383	405	-5,788	n.s.
Depreciation and amortisation on tangible and intangible assets	-15,411	-11,975	-3,436	28.69
Operating costs	**-135,721**	**-123,652**	**-12,069**	**9.76**
Operating result	**156,140**	**80,443**	**75,697**	**94.10**
Charges for the stabilization of the banking System [e]	-35,005	-30,000	-5,005	16.68
Share of profits of investees and net gains on sales of investments	12,986	6,660	6,326	94.98
Pre-tax profit from continuing operations	**134,121**	**57,103**	**77,018**	**134.88**
Income taxes	-39,714	-16,803	-22,911	136.35
Net profit (loss) for the period	**94,407**	**40,300**	**54,107**	**134.26**
Net (profit) loss of the period attributable to minority interests	0	0	0	-
Net profit (loss) for the period attributable to the owners of Parent bank	**94,407**	**40,300**	**54,107**	**134.26**

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 0,094 € 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 2,630 € 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.
The results at 31/03/2022 have been made consistent with those of 2023.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q1 - 2023	Q4 - 2022	Q3 - 2022	Q2 - 2022	Q1 - 2022
Net interest income	192.0	203.8	156.9	164.1	156.2
Dividends and similar income	0.7	0.4	0.4	5.4	0.2
Net fee and commission income	96.5	104.2	91.8	93.1	91.5
Net gains on financial assets [a]	29.8	24.2	4.0	24.3	17.1
Result of other financial assets at FVTPL [b]	12.7	6.6	-6.6	-34.0	-33.6
of which Loans	2.9	4.7	2.1	-4.3	-13.0
of which Other	9.8	1.9	-8.6	-29.7	-20.6
Total income	**331.7**	**339.2**	**246.7**	**252.9**	**231.4**
Net impairment losses [c]	-39.8	-65.9	-60.5	-16.1	-27.3
Net financial income	**291.9**	**273.3**	**186.2**	**236.8**	**204.1**
Personnel expenses [d]	-69.0	-69.1	-69.3	-64.2	-66.5
Other administrative expenses [e]	-68.0	-71.3	-60.1	-68.2	-62.5
Other net operating income [d]	22.0	20.4	22.9	22.1	16.9
Net accruals to provisions for risks and charges [f]	-5.4	-6.5	-1.5	-6.7	0.4
Depreciation and amortisation on tangible and intangible assets	-15.4	-18.2	-16.8	-15.5	-12.0
Operating costs	**-135.7**	**-144.8**	**-124.8**	**-132.5**	**-123.7**
Operating result	**156.1**	**128.5**	**61.4**	**104.2**	**80.4**
Charges for the stabilization of the banking System [e]	-35.0	-2.9	-3.0	-10.0	-30.0
Share of profits of investees and net gains on sales of investments	13.0	10.6	5.3	2.6	6.7
Pre-tax profit from continuing operations	**134.1**	**136.3**	**63.7**	**96.8**	**57.1**
Income taxes	-39.7	-36.2	-17.5	-32.0	-16.8
Net profit (loss) for the period	**94.4**	**100.0**	**46.2**	**64.8**	**40.3**
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 bank	**94.4**	**100.0**	**46.2**	**64.8**	**40.3**

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.