Banca Popolare di Sondrio

Co-operative Society by shares - founded in 1871
Head office and general management: I - 23100 Sondrio So - Piazza Garibaldi 16
Registered in the Register of Companies of Sondrio at no. 00053810149
Registered in the Register of Banks under no. 842.
Parent Bank of the Banca Popolare di Sondrio Banking Group, registered in the Register of Banking Groups under no. 5696.0
Registered in the Register of Cooperative Societies under no. A160536
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share Capital € 1,360,157,331 - Reserves € 1,157,414,409
(data approved by the Shareholders' Meeting of 12/6/2020)

PRESS RELEASE

Board of Directors meeting of 7 August 2020:

approval of the consolidated half-year financial report as at 30 June 2020.

Positive consolidated net result for the period of € 14.4 million

Absence of extraordinary items, costs related to the stabilisation of the banking system equal to € 25.2 million.

Growth of core banking activities

Considerable support to households and businesses with new loans for more than € 2.3 billion

CET1 Ratio *fully-phased* at 15.59%, Total Capital Ratio at 18.13%

Liquidity indicators (LCR and NSFR) well above the regulatory requirements

25.3% reduction of gross non performing exposures, with gross NPL ratio at 9.17%

"It remains to be understood whether the most acute phase of the pandemic crisis due to COVID-19 is definitely behind us, giving space - in Italy and in the world - to a desirable normalization on the health front, an indispensable prerequisite for a lasting recovery on the macroeconomic front. For our part, we close the first half of 2020 with positive results, despite the important derisking activity and the reduced operation due to the prolonged lockdown phase, during which we have always provided services to customers in full compliance with health protocols. The online offer was accompanied with that at the counter, smart working with traditional physical presence. In other words, being able to

leverage on top-notch human capital and always available to take care of customer needs, we showed ourselves ready. In particular, the request for support from businesses and families, also on the basis of the numerous measures launched by the Authorities to encourage the granting of moratoriums and the disbursement of new loans, has been high and remains so and has been adequately addressed from the bank, as demonstrated by the over 40 thousand practices worked in total.

In this difficult context, the profitability of the core banking business has fully held and indeed we record an increase in the interest margin, showing a remarkable resilience of our business model.

With the implementation of the plan aimed at improving the quality of assets, the planned sale of 1 billion euro of bad loans took place, the effects of which are reflected in the gross NPL ratio which went from 13.65% in June 2019 to the current 9.17%. We have accelerated the execution of the preparatory work for a similar operation for a value of approximately € 400 million which we plan to complete within the year. The Group's financial solidity, reinforced with the aforementioned derisking operations, allows us to face with reasonable serenity the current crisis with adequate tools to support the needs of companies in relaunching their activities. For now, on the basis of the good things done among the thousand difficulties of the half-year just ended, we can look to the rest of the year with a little more confidence and with the exception of events that are currently not foreseeable a further improvement of the positive results achieved so far is within our reach."

[Mario Alberto Pedranzini
CEO and General Manager of Banca Popolare di Sondrio]

The Board of Directors of Banca Popolare di Sondrio, chaired by Prof. Avv. Francesco Venosta, has today examined and approved the consolidated half-year financial report as at 30 June 2020.

The effects of the COVID-19 pandemic, which had begun to spread in the first quarter of the current year, in the following months intensified and extended to all economic sectors. The necessary measures to restrict social and economic activities introduced by the government and local administrations to limit the infection also had inevitable negative consequences on the economic system. The Group was therefore called upon to deal with difficult and unprecedented situations but nevertheless managed to ensure significant support for families and businesses, activating a series of interventions for the benefit of customers, both in compliance with government measures introduced mainly by the Cura Italia Decree and by the Liquidity Decree, and in adherence to initiatives promoted by ABI at the banking system level, and finally on a voluntary basis for the benefit of certain categories of subjects and contractual relationships.
In a context which still remains characterized by strong elements of weakness on the macroeconomic front but which as regards the financial markets has seen a tangible improvement since April, the Banca Popolare di Sondrio Group achieved a positive consolidated net result of € 14.4 million.

During today's meeting, the Board of Directors also took note of the ECB's recommendation of 28 July 2020 extending until 1 January 2021 the deadline for suspension of dividend payments, previously set by the Supervisory Authority at 1 October 2020.

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

• The **net result** for the period, at 30 June 2020, was positive for € 14.4 million, down 69.3% compared to € 47 million in the comparative period, mainly considering a negative overall result of the activity in securities of € 15.2 million which contrasts with a positive figure of € 43.3 million in the reference period, while overall the profitability of the core business (net interest income and net fee and commission income) has increased.

• **Capital ratios** remain at the top of the banking sector. In the fully-phased version, the CET1 Ratio stands at 15.59%, the Tier 1 Ratio is equal to 15.64%, while the Total Capital ratio reaches 18.13%.

• **New loans to households and businesses** amounted to over € 2.3 billion, confirming the important support provided to the real economy during the current crisis.

• The **stock of gross impaired loans** fell sharply (to € 2,788 million; -25.3%; - € 944 million) as well as their incidence on total gross customer loans (gross NPL ratio of 9.17% from 12.58% at the end of 2019).

• **The coverage ratios of impaired credit**, despite the physiological drop due to the sale transaction finalized in the half year, are confirmed at particularly high levels, both in absolute and relative terms in comparison with the average at the System level. The coverage of total non-performing loans is 54.29% (from 57.83% on 31 December 2019);

that referring only to positions classified as bad loans stands at 68.75% (from 70.5% at 31 December 2019).

• The **cost of risk**, calculated by reclassifying the impacts of the sale to item 130a of the income statement, stands at 0.63%, down from 0.78% at 31 December 2019.

• The **Texas ratio**, the ratio between total net impaired loans and tangible equity, further decreased to 45.15% from 56% at the end of December 2019.

• **Direct customer deposits** amounted to € 31,789 million compared to € 32,622 million at the end of 2019 (-2.6%) and € 31,617 million at 30 June 2019 (+ 0.5%); the indirect one stands at € 34,619 million compared to the € 33,764 million of the comparison period (+ 2.5%) and € 32,051 million at June 30, 2019 (+ 8%). Insurance deposits amounted to € 1,672 million compared to € 1,608 million at December 31, 2019 (+ 4%) and € 1,487 million at June 30, 2019 (+ 12.4%).

• **Loans to customers** amounted to 28,727 million euros, an increase (+ 4.9%) compared to 27,387 million euros at the end of 2019. In the context, the net increases attributable to the unsecured loans and other items (at € 8,017 million; + 26.3%; +1,672 million euros) and mortgages (at 10,961 million euros; + 2.8%; +303 million euros) were particularly positive.

• The **liquidity indicators**, both short (Liquidity Coverage Ratio) and medium term (Net Stable Funding Ratio) are positioned on values of absolute tranquility, well above the minimum regulatory requirements.

• The contribution made to the Group result by the **subsidiaries and associates** was positive.

Accounting data (in millions of euros)

Income statement results	**30/06/2020**	**30/06/2019**	**Change**
Interest margin	233.1	230.1	+1.3%
Net fees and commissions income	152.2	152.6	-0.2%
Result on financial activities *	-15.2	43.3	n/a
Operating income *	373.0	429.1	-13.1%
Net adjustments to loans and fin. assets *	-95.2	105.7	-9.9%
Profits/losses from contractual changes without cancellation of the related receivables	-5.4	-1.5	+268.6%
Operating costs *	-264.5	-263.4	+0.4%
Result before tax	21.5	68.3	-68.5%
Net result	14.4	47.0	-69.3%

* With regard to the results at 30/06/2020, losses on disposals of € 45.1 million have been reclassified in the income statement under the item "Gains/losses on disposal or repurchase of financial assets valued at amortised cost" (included in the table above under "Net adjustments to loans and financial assets"), as

well as € 2.7 million of charges still connected with the disposal operation and included in other operating income/expenses, and shown in the line "Net adjustments to loans and financial assets".

Balance sheet results	30/06/2020	31/12/2019	Change
Direct customers deposits	31,789	32,622	-2.6%
Indirect customers deposits	34,619	33,764	+2.5%
Insurance deposits from customers	1,672	1,608	+4.0%
Total customer deposits	68,080	67,993	+0.1%
Loans to customers	28,727	27,387	+4.9%

The Group's economic performance

Consolidated net profit at 30 June 2020 amounted to € 14.4 million, down by 69.3% compared to the € 47 million of the first six months of 2019.

The **interest margin** stood at € 233.1 million, an increase of 1.3% compared to June 30, 2019, mainly due to a reduction in the costs associated with substantial excess deposits and a positive volume effect deriving from the significant growth of new disbursements.

Net commissions from services amounted to € 152.2 million, substantially stable (-0.2%) compared to € 152.6 million in the reference period. Compared to 30 June 2019, the component relating to the reception and transmission of orders was particularly positive (+ 55.2%, + € 2.5 million).

Dividends collected amounted to € 3 million, substantially stable compared to the € 3.2 million of 30 June 2019.

The **result of the financial activity** was negative for € 15.2 million, in contrast to the positive 43.3 million euros recorded in the comparison period.

The **intermediation margin** was therefore equal to € 373 million from the € 429.1 million of the comparative period (-13.1%)).

Net adjustments to loans and financial assets amounted to € 95.2 million compared to € 105.7 million in the comparative period (-9.9%). This item includes, following reclassification as already mentioned above, the amount of € 45.1 million relating to losses for the sale as part of the Diana transaction as well as € 2.7 million of charges always related to the same sale transaction.
Without taking into account the reclassifications for the Diana sale, item 130 of the income statement, which concerns exposures to customers and banks in the form of both loans and securities, amounted to € 47.4 million compared to € 105.7 million and it consists of € 42.1 million of adjustments relating to financial assets measured at amortized cost while the component of net value adjustments for credit risk relating to

financial assets measured at fair value with impact on overall profitability recorded provisions for € 5.3 million on debt securities, compared to write-backs of € 1 million in the comparative year.
Item 140, which recognizes the profits/losses from contractual changes without cancellations deriving from the changes made to the contractual cash flows, in the reference period was negative for € 5.4 million compared to € 1.5 million in the comparative half year.

The ratio between net adjustments on loans to customers (reclassified item 130 a in the income statement) and net loans to customers, the so-called **cost of credit**, is therefore equal to 0.63% compared to 0.80% at 30 June 2019.

Net income from financial management amounted to € 272.5 million, down by 15.4% compared with the € 322 million of the previous year.

Operating costs amounted to € 264.5 million and are up compared to the € 263.4 million of the reference period (+ 0.4%). This aggregate includes the charges envisaged for the stability of the banking system.

As for the individual components, the administrative expenses, normalized with the exclusion of the provision for the income from the pension fund which have a counterpart for the same amount in the other operating expenses/income, amounted to € 267.1 million, down compared to the € 269.6 million in the comparison period (-0.9%).
The personnel expenses component rose from € 120.6 million to € 121.7 million (+ 0.9%), while other administrative expenses fell from € 148.9 million at the 30 June 2019 to 145.3 million euros in the reference period (-2.4%). The aforementioned aggregate also includes provisions related to contributions to be paid to the National Resolution Fund and the FITD of € 25.2 million.
The item net provisions for risks and charges showed provisions for € 0.5 million, compared to € 0.7 million in the reference period.
The adjustments on tangible and intangible assets amounted to € 26.2 million, substantially stable compared to the € 26.3 million of the same period in 2019 (-0.3%).
The other operating expenses and income, for which reclassifications have been made as shown in the above table, amounted to € 29.3 million, compared to 33.1 million euros recorded in the reference period (-11.5%).

in light of the aforementioned reclassifications, the aggregate of operating costs amounted to € 264.5 million (+0.4%) with an incidence on the intermediation margin **(cost-income ratio)**, equal to 70.9% from 61.39% as at 30 June 2019.

The **operating profit** therefore was € 8 million (-86.4%).

Profits/losses on equity investments and other investments showed a positive balance of € 13.5 million, up from € 9.7 million in the comparative period (+39.8%).

The **overall pre-tax result** therefore showed a profit of € 21.5 million (-68.5%).

Finally, after deducting **income taxes** of € 5.3 million, as well as minority interests of € 1.8 million, the **net income of the period** was € 14.4 million (-69.3% compared to the reference period.

Balance sheet aggregates

In comparison with the volumes at the end of 2019: **direct deposits amounted to** € 31,789 million (-2.6%), indirect deposits amounted to € 34,619 million (+2.5%), insurance deposits to € 1,672 million (+4%). Total customer deposits therefore came to € 68,080 million (+0.1%).

Net loans to customers, the sum of volumes measured at amortized cost and assets measured at fair value through profit or loss, amounted to € 28,727 million, up from € 27,387 million at the end of 2019 (+4.9%).

Net non-performing loans amounted to € 1,274 million, down from € 1,574 million at 31 December 2019 (-19%). Their incidence on total net loans was 4.44%, down from 5.75% at the end of 2019. The level of coverage remained at a particularly high level equal to 54.29%. In this context, net bad loans (“*Sofferenze*”) amounted to € 439 million (-34.3%), representing 1.53% of total loans to customers compared to 2.44% at the end of 2019. Their coverage ratio was 68.75% compared to 70.5% at the end of 2019. Taking into account the amounts reclassified to the income statement in previous years, the coverage of these receivables is 83.46%.
The net “unlikely to pay” amounted to € 769 million (-9.5%), with a coverage ratio of 41.12%. Their incidence on total loans fell to 2.68% compared to 3.10% at the end of 2019. Expired and/or overdue net impaired exposures amounted to € 66 million (+17.1%), with a coverage ratio of 13.84% and an incidence on total loans of 0.23%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 10,174 million, increasing (+ 452 million; +4.6%) if compared to the volumes recorded at the end of the previous year. The amount of the portfolio of financial assets valued at amortized cost increased further from € 6,517 million at the end of 2019 to € 7,275 million at 30 June 2020 (+11.6%), accounting for around 72% of total financial assets. On the other hand, the size of the portfolio, consisting of financial assets measured at fair value with an impact on overall profitability, decreased from € 2,591 million at the end of 2019 to € 2,284 million at 30 June 2020 (-11.8%). The total volume of Italian government bonds was indeed € 6,020 million, slightly increasing (+1.2%) compared to €5,951 million at the end of 2019.

Equity investments decreased to € 291 million from € 295 million at 31 December 2019 (-1.3%).

As at 30 June 2020, both 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 refinanceable assets** which, net of the applied haircuts, amounted to € 14,254 million, of which € 5,538 million (39%), represented by unencumbered securities.

Consolidated **own equity**, including profit for the period amounted to € 2,853 million at 30 June 2020, an increase of € 12 million compared to the value at the end of 2019.

Consolidated **regulatory own funds** stood at € 3,225 million at 30 June 2020, compared with € 3,260 million recalculated as at 31 December 2019 (-1.1%).

The **capital ratios** as at 30 June 2020 are equal to:
- CET 1 ratio: 15.69% (phased-in), 15.59% (fully phased);
- Tier 1 ratio: 15.73% (phased-in), 15.64% (fully phased);
- Total Capital ratio: 18.23% (phased-in), 18.13% (fully phased).

The **Leverage Ratio** at 30 June 2020 was 5.5%, applying the transitional criteria in force for 2019 (*phased in*), and 5.46%, under the *fully phased* regime.

As at 30 June 2020, the banking group had 3,286 **employees**. 53 new recruits were made in 2020.

To date, the company's **shareholder structure** has 163,558 members.

As for the foreseeable evolution of operations, for our Group, in the second half of the year, the conditions are deemed to exist for an improvement in the results achieved so far, subject to the occurrence of further shocks not incorporated in the current consensus macroeconomic forecasts.

The consolidated interim report as at 30 June 2020 will be published on the company website "www.popso.it" and deposited on the authorized storage mechanism eMarket Storage "www.emarketstorage.com" and at the bank's head office.

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DECLARATION

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

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

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Sondrio, 7 August 2020

Attachments:
summary of the main consolidated results;
main consolidated financial statements indicators;
consolidated aggregates and credit quality indicators;
consolidated aggregates and capital adequacy indicators;
consolidated balance sheet and income statement formats.
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.

RESULTS IN BRIEF

(in million of euro)			
Balance sheet	**30/06/2020**	**31/12/2019**	**Change %**
Loans to customers	28,726	27,387	4.89
Loans and receivables with customers measured at amortised cost	28,358	27,096	4.66
Loans and receivables with customers measured at fair value through profit or loss	368	291	26.26
Loans and receivables with banks	3,167	1,067	196.69
Financial assets that do not constitute loans	10,174	9,723	4.65
Equity investments	291	295	-1.23
Total assets	46,157	41,146	12.18
Direct funding from customers	31,789	32,622	-2.55
Indirect funding from customers	34,619	33,764	2.53
Direct funding from insurance premiums	1,672	1,608	4.02
Customer assets under administration	68,080	67,993	0.13
Other direct and indirect funding	15,445	10,068	53.40
Equity	2,853	2,842	0.41
Income statement	**30/06/2020**	**30/06/2019**	**Change %**
Net interest income	233	230	1.30
Total income *	373	429	-13.06
Profit from continuing operations	22	68	-68.46
Profit (loss) for the period	14	47	-69.35
Capital ratios	**30/06/2020**	**31/12/2019**	
CET1 Capital ratio	15.69%	15.75%	
Total Capital ratio	18.23%	18.64%	
Free capital	1,809	1,832	
Other information on the banking group	**30/06/2020**	**31/12/2019**	
Number of employees	3,286	3,299	
Number of branches	366	365	

(Total income has been shown as in the reclassified summary income statement)*

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	30/06/2020	31/12/2019
Equity/Direct funding from customers	8.98%	8.71%
Equity/Loans and receivables with customers	9.93%	10.38%
Equity/Financial assets	28.04%	29.23%
Equity/Total assets	6.18%	6.91%
Profitability indicators	**30/06/2020**	**31/12/2019**
Cost/Income ratio *	70.90%	57.32%
Net interest income/Total income *	62.47%	50.97%
Administrative expenses/Total income *	71.59%	58.17%
	30/06/2020	**30/06/2019**
Net interest income/Total assets	0.50%	1.12%
Net financial income/Total assets *	0.59%	1.67%
Asset quality indicators	**30/06/2020**	**31/12/2019**
Texas ratio	45.15%	56.00%
Net non-performing loans/Equity	15.38%	23.51%
Net non-performing loans/Loans and receivables with customers	1.53%	2.44%
Loans and receivables with customers/Direct funding from customers	90.36%	83.95%
Cost of credit *	0.63%	0.78%

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

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 30/06/2020

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(9.17%)**	**2,787,573**	**1,513,300**	**(4.44%)**	**1,274,273**	**54.29%**
of which Bad loans	(4.62%)	1,404,632	965,669	(1.53%)	438,963	68.75%
of which Unlikely to pay	(4.3%)	1,305,805	536,954	(2.68%)	768,851	41.12%
of which Past due	(0.25%)	77,136	10,677	(0.23%)	66,459	13.84%
Performing exposures	**(90.83%)**	**27,597,945**	**145,621**	**(95.56%)**	**27,452,324**	**0.53%**
Total loans to customers	**(100%)**	**30,385,518**	**1,658,921**	**(100%)**	**28,726,597**	**5.46%**

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/12/2019

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(12.58%)**	**3,732,063**	**2,158,087**	**(5.75%)**	**1,573,976**	**57.83%**
of which Bad loans	(7.63%)	2,264,503	1,596,444	(2.44%)	668,059	70.50%
of which Unlikely to pay	(4.72%)	1,401,400	552,225	(3.1%)	849,175	39.41%
of which Past due	(0.22%)	66,160	9,417	(0.21%)	56,742	14.23%
Performing exposures	**(87.42%)**	**25,937,252**	**123,831**	**(94.25%)**	**25,813,421**	**0.48%**
Total loans to customers	**(100%)**	**29,669,315**	**2,281,918**	**(100%)**	**27,387,397**	**7.69%**

CAPITAL RATIOS
30/06/2020

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,224,705**	**3,206,491**
of which Common Equity Tier 1 capital (CET1)	2,775,212	2,756,998
of which Additional Tier 1 capital (AT1)	7,588	7,588
of which Tier 2 capital (T2)	441,905	441,905
RWA	**17,693,199**	**17,681,687**
CET 1 ratio	**15.69%**	**15.59%**
Tier 1 ratio	**15.73%**	**15.64%**
Total capital ratio	**18.23%**	**18.13%**
Leverage ratio	**5.50%**	**5.46%**

CAPITAL RATIOS
31/12/2019

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,260,436**	**3,256,064**
of which Common Equity Tier 1 capital (CET1)	2,762,877	2,758,505
of which Additional Tier 1 capital (AT1)	9,191	9,191
of which Tier 2 capital (T2)	488,368	488,368
RWA	**17,224,426**	**17,223,800**
CET 1 ratio	**16.04%**	**16.02%**
Tier 1 ratio	**16.09%**	**16.07%**
Total capital ratio	**18.93%**	**18.90%**
Leverage ratio	**6.13%**	**6.12%**

(Own funds recalculated on the basis of the decision, recommended by the European Central Bank, to suspend or cancel the payment of dividends)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS			30/06/2020		31/12/2019
10.	CASH AND CASH EQUIVALENTS		**3,070,346**		**1,826,427**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**983,719**		**905,705**
	a) financial assets held for trading	224,439		214,466	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	759,280		691,239	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**2,284,371**		**2,591,229**
40.	FINANCIAL ASSETS AT AMORTISED COST		**38,202,971**		**34,200,066**
	a) loans and receivables with banks	3,167,338		1,067,458	
	b) loans and receivables with customers	35,035,633		33,132,608	
50.	HEDGING DERIVATIVES		-		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		-		-
70.	EQUITY INVESTMENTS		**290,835**		**294,609**
80.	TECHNICAL RESERVES OF REINSURERS		-		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**534,616**		**548,172**
100.	INTANGIBLE ASSETS		**31,326**		**31,186**
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		**437,106**		**419,295**
	a) current	20,706		4,971	
	b) deferred	416,400		414,324	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		-		-
130.	OTHER ASSETS		**322,012**		**329,500**
	TOTAL ASSETS		**46,157,302**		**41,146,189**

CHAIRMAN
Francesco Venosta

STATUTORY AUDITORS
Piergiuseppe Forni, Chairman
Laura Vitali - Luca Zoani

	LIABILITY AND EQUITY		30/06/2020		31/12/2019
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**41,542,843**		**36,949,458**
	a) due to banks	9,753,899		4,327,709	
	b) due to customers	28,959,989		29,816,997	
	c) securities issued	2,828,955		2,804,752	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**57,785**		**67,019**
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		**-**		**-**
40.	HEDGING DERIVATIVES		**8,720**		**11,320**
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		**-**		**-**
60.	TAX LIABILITIES		**28,251**		**46,050**
	a) current	2,973		16,843	
	b) deferred	25,278		29,207	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		**-**		**-**
80.	OTHER LIABILITIES		**1,255,087**		**821,434**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**42,585**		**43,789**
100.	PROVISIONS FOR RISKS AND CHARGES:		**271,794**		**270,298**
	a) loans commitments and	47,012		43,411	
	b) pensions and similar	178,704		179,965	
	c) other provisions	46,078		46,922	
110.	TECHNICAL RESERVES		**-**		**-**
120.	VALUATION RESERVES		**(18,878)**		**(6,885)**
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		**-**		**-**
130.	REDEEMABLE SHARES		**-**		**-**
140.	EQUITY INSTRUMENTS		**-**		**-**
150.	RESERVES		**1,444,031**		**1,297,442**
155.	OF WHICH INTERIM DIVIDENDS		**-**		**-**
160.	SHARE PREMIUM		**79,005**		**79,005**
170.	SHARE CAPITAL		**1,360,157**		**1,360,157**
180.	TREASURY SHARES (-)		**(25,373)**		**(25,374)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**96,886**		**95,041**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**14,409**		**137,435**
	TOTAL LIABILITIES AND EQUITY		**46,157,302**		**41,146,189**

MANAGING DIRECTOR AND GENERAL MANAGER
Mario Alberto Pedranzini

MANAGER IN CHARGE
Maurizio Bertoletti

CONSOLIDATED INCOME STATEMENT
(in thousands of euro)

ITEMS			30/06/2020		30/06/2019
10.	INTEREST AND SIMILAR INCOME		282,617		291,021
	of which: interest calculated using the effective interest method	279,002		287,870	
20.	INTEREST AND SIMILAR EXPENSE		(49,559)		(60,958)
30.	**NET INTEREST INCOME**		**233,058**		**230,063**
40.	FEE AND COMMISSION INCOME		160,535		163,451
50.	FEE AND COMMISSION EXPENSE		(8,340)		(10,882)
60.	**NET FEE AND COMMISSION INCOME**		**152,195**		**152,569**
70.	DIVIDENDS AND SIMILAR INCOME		2,950		3,168
80.	NET TRADING INCOME		(18,663)		32,756
90.	NET HEDGING INCOME		(4)		8
100.	NET GAINS FROM SALES OR REPURCHASES OF:		(33,286)		5,729
	a) financial assets at amortized cost	(40,402)		2,603	
	b) financial assets at fair value through other comprehensive income	7,112		2,823	
	c) financial liabilities	4		303	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(8,307)		4,806
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	(8,307)		4,806	
120.	**TOTAL INCOME**		**327,943**		**429,099**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(47,437)		(105,660)
	a) financial assets at amortized cost	(42,142)		(106,691)	
	b) financial assets at fair value through other comprehensive income	(5,295)		1,031	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(5,389)		(1,462)
150.	**NET FINANCIAL INCOME**		**275,117**		**321,977**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**275,117**		**321,977**
190.	ADMINISTRATIVE EXPENSES:		(267,057)		(274,303)
	a) personnel expenses	(121,743)		(125,379)	
	b) other administrative expenses	(145,314)		(148,924)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(507)		(680)
	a) commitments for guarantees given	(3,587)		6,113	
	b) other net provisions	3,080		(6,793)	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(18,792)		(19,039)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(7,405)		(7,234)
230.	OTHER NET OPERATING INCOME		26,634		37,851
240.	**OPERATING COSTS**		**(267,127)**		**(263,405)**
250.	SHARE OF PROFITS OF INVESTEES		13,960		9,541
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(518)		133
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		100		13
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**21,532**		**68,259**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(5,284)		(20,822)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**16,248**		**47,437**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**16,248**		**47,437**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		(1,839)		(430)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**14,409**		**47,007**
	EARNINGS (LOSS) PER SHARE		0.032		0.104
	DILUTED EARNINGS (LOSSES) PER SHARE		0.032		0.104

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	30/06/2020	30/06/2019	(+/-)	% change
Net interest income	233,058	230,063	2,995	1.30
Dividends and similar income	2,950	3,168	-218	-6.88
Net fee and commission income	152,195	152,569	-374	-0.25
Net gains on financial assets	-15,155	43,299	-58,454	-
Total income	**373,048**	**429,099**	**-56,051**	**-13.06**
Net impairment losses	-95,193	-105,660	10,467	-9.91
Net gains form contractual changes without derecognition	-5,389	-1,462	-3,927	268.60
Net financial income	**272,466**	**321,977**	**-49,511**	**-15.38**
Personnel expenses	-121,743	-120,634	-1,109	0.92
Other administrative expenses	-145,314	-148,924	3,610	-2.42
Other net operating income	29,285	33,106	-3,821	-11.54
Net accruals to provisions for risks and charges	-507	-680	173	-25.44
Depreciation and amortisation on tangible and intangible assets	-26,197	-26,273	76	-0.29
Operating costs	**-264,476**	**-263,405**	**-1,071**	**0.41**
Operating result	**7,990**	**58,572**	**-50,582**	**-86.36**
Share of profits of investees and net gains on sales of investments	13,542	9,687	3,855	39.80
Pre-tax profit from continuing operations	**21,532**	**68,259**	**-46,727**	**-68.46**
Income taxes	-5,284	-20,822	15,538	-74.62
Net profit (loss) for the period	**16,248**	**47,437**	**-31,189**	**-65.75**
Net (profit) loss of the period attributable to minority interests	-1,839	-430	-1,409	327.67
Net profit (loss) for the period attributable to the owners of Paren	**14,409**	**47,007**	**-32,598**	**-69.35**

Notes: The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement, reclassified with regard to the results as at 30/06/2020 of disposal losses for € 45.105 million included in the income statement under the item net gains/losses from sales or repurchases of financial assets at amortised cost and shown on the item net impairment losses. In the last aggregate has been reclassified also € 2.651 million of charges still connected with the disposal transaction and included in the item other operating income/expenses.
In order to standardize the scope of comparison, for the results as at 30/06/2019 the personnel expenses and other operating income have been reclassified, netting them off against the proceeds of the retirement employees fund of € 4.745 million.