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 € 983,893,092
(data approved by the Shareholders' Meeting of 27/4/2019)

PRESS RELEASE

Board of Directors meeting of 12 May 2020:

approval of the consolidated interim results as at 31 March 2020

Resilience of core banking activity

Tangible support to households and businesses: new disbursements in the quarter for more than € 900 million

Solid capital position: CET1 Ratio *fully-phased* at 15.25%, Total Capital Ratio at 17.98%

Robust liquidity position: € 6.5 billion buffer of unencumbered refinanceable securities

Derisking also by means of disposals confirmed

Consolidated net result for the period negative for € 46.5 million, affected by the negative performance of the financial markets and by prudential provisions for credit risk due to the Covid-19 effect

“The spread of Coronavirus has led to an unusual situation in terms of complexity and impact on the economy. In this emergency context, we have been able to continue to guarantee essential services thanks to the usual dedication of our collaborators. Now we are above all committed to translating into reality the provisions of the regulations passed by the Government in support of businesses and families and we are adequately strengthening the structures responsible for lending. It comforts us that with the gradual easing of social and economic restrictions, Italy has entered the so-called phase 2. Epidemiological situation allowing, we hope that the economy, even with the indispensable help put in place by the government, will be able to restart in a reasonable time.
The results for the first quarter of 2020 confirm our Bank's position of extraordinary capital solidity and this guarantees wide operating margins in the aforementioned hypothesis of progressive economic improvement and also in terms of resilience between now and 2021.

Our ability to generate income in more traditional businesses is confirmed as well, although the result for period is penalized due to the negative performance recorded by the financial markets and the extraordinary prudential provisions on the credit risk front to take into account the deterioration of the macroeconomic environment. It is on the basis of these considerations - and therefore of our long-term solidity - that we can today confirm the forthcoming completion of the massive disposal of bad debts, for approximately € 1 billion, which will be followed during the year by a similar operation for a value equal to about € 400 million. These extraordinary derisking initiatives will allow us to face the new challenges posed by the trend of the economy with renewed agility.

Finally, I would like to spend a word of particular attention for the next Members' Meeting to be held on June 12th: for us it is a source of enormous displeasure to be unable to meet, as usual, our Members at the most attended moment of the social life of the Bank. However, we are preparing alternative measures so that participation, even if not in physical form, can be as broad as possible and thus represent a renewed tangible sign of the peculiarity of our bank, an expression of the community in which it operates, even and even more in this difficult phase″

[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 interim results as at 31 of March 2020.

The sharp deterioration of the macroeconomic context caused by the spread of the Covid-19 pandemic and the consequent strong measures to restrict social and economic activities adopted by the authorities led to the need to make prudential adjustments to the qualitative and quantitative factors to be included in the scenarios forecasts used to quantify prospective credit risk. This also affects the valuation of receivables with reference, in particular, to impaired loans, penalized by the blockage of the activities of the Justice and therefore of the related judicial execution procedures and by the uncertainties that afflict the real estate market with negative effects on the recovery value in the event of property-backed loans.

The factors mentioned above forced the valuations of impaired loans to be adjusted by making further adjustments that improve the coverage ratios but weigh on the income statement.

More generally, the bank has undertaken a series of activities on the operational front to respond to the problems that emerged with reference to the pandemic, coordinating them with the creation of a special crisis committee.

In addition to the implementation of the necessary measures to continue providing all banking services, guaranteeing at the same time the protection of the health of customers, employees and suppliers, the bank promptly took action to implement the measures to support the economy envisaged by government decrees and ABI protocols. The bank has been active for weeks for the granting of ex-law moratoriums (e.g. Cura Italia), ABI moratoriums and voluntary moratoriums. Two other types of "public"

moratoriums for "private" customers have recently been introduced: family suspension moratorium - Consap solidarity fund and family moratorium ABI-Covid19. The section relating to new loans pursuant to the “Liquidity” Decree (art. 13) is active on the bank's website, with forms for requesting customers; the branches received operating instructions relating to the granting of all loans with MCC guarantee. In addition to the loans guaranteed by the Central Guarantee Fund, loans have been activated for agricultural businesses guaranteed by ISMEA and loans guaranteed 100% by Confidi (in turn guaranteed 100% by MCC or ISMEA). The agreement with SACE is being activated together with the processes and related roles involved for the disbursement of the loans partially guaranteed by it are being defined.
In this very challenging context, also characterized by a strongly adverse trend of the financial markets which, starting from the second half of February, had a serious impact on the income statement, the Banca Popolare di Sondrio Group posted a negative consolidated net result for the period of € 46,5 million.

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:

- **Net result** as at 31 of March 2020 was negative for € 46.5 million, compared to the net profit of € 34.9 million in the same period in 2019, mainly due to the following factors:
  - A worse overall result for securities activities which was negative for € 59.1 million compared to € 30.5 million of last year;
  - higher adjustments to loans and financial assets, up from € 44 million as at 31 March 2019 to € 69.7 million in the reference period (+58.5%).
- The **capital ratios**, remain at the top of the banking sector. In the fully-phased version, the CET1 Ratio is 15.25%, the Tier 1 Ratio is 15.30%, while the Total Capital ratio is 17.98%.
- **The new disbursements of loans to households and businesses** amounted to more than € 900 million, confirming the usual support given to the real economy.
- The **stock of gross NPL** decreased to € 3,683 million (-1.3%; -€ 49 million) and their incidence on total gross customer loans declined as well (gross NPL ratio at 12.3% from 12.58% at the end of 2019).
- The **coverage ratios for non-performing loans** increased further, confirming their particularly high level, both in absolute and relative terms in comparison with the average figure for the System. C*overage* of total non-performing loans was 59.72% (from 57.83% as at 31 December 2019); coverage of positions classified as bad loans alone was 72.15% (from 70.5% at 31 December 2019).
- The **cost of risk** was 0.87%, slightly up from 0.78% at 31 December 2019.

- The **Texas ratio**, the ratio of total net impaired loans to tangible equity, fell further to 54.45% from 56% at the end of December 2019.
- **Direct customer deposits** amounted to € 31,787 million compared to € 32,622 million at the end of 2019 (-2.6%) and to the € 30,496 at 31 of March 2019 (+4.23%); indirect **deposits** amounted to € 30,240 million compared to € 33,764 million in the comparative period (-10.4%). Insurance premiums amounted to € 1,604 million compared to € 1,608 at 31 December 2019 (-0.2%) and to € 1,447 at 31 March 2019 (+ 10,85%).
- **Loans to customers** amounted to € 27,619 million, an increase (+0.8%) compared to € 27,387 million at the end of 2019. Net increases in unsecured loans and other transactions (Euro 6,665 million; +5%; + € 320 million) and mortgage loans (Euro 10,832 million; +1.6%; + € 174 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 safeness, well above the minimum regulatory requirements.
- The contribution made to the Group's results by **subsidiaries and associated companies was** positive.

Accounting data (in millions of euros)

Income statement results	**31/03/2020**	**31/03/2019**	**Change**
Interest margin	112,2	120,2	-6.7%
Net fees and commissions income	78,9	75,5	+4.5%
Result on financial activities	-59,1	30,5	-
Operating income	132,7	226,8	-41.5%
Net adjustments to loans and fin. assets	69,7	44,0	+58.5%
Operating costs	133,7	136,4	-1.9%
Result before tax	-64,5	50,5	-
Net result	-46,5	34,9	-

Balance sheet results	**31/03/2020**	**31/12/2019**	**Change**
Direct customers deposits	31.787	32.622	-2,6%
Indirect customers deposits	30.240	33.764	-10,4%
Insurance deposits from customers	1.604	1.608	-0,2%
Total customer deposits	63.632	67.993	-6,4%
Loans to customers	27.619	27.387	+0,8%

<u>The Group's economic performance</u>

Consolidated **net result** at 31 March was negative for € 46.5 million, compared to € 34.9 of profit achieved in the same period of last year.

Net interest margin amounted to € 112.2 million, down 6.7% compared to the 31 of March 2019, mainly due to the fall in lending interest rates, not sufficiently offset by the higher efficiency achieved on the liabilities side.

Net fees and commissions income from services amounted to € 78.9 million, up 4.5% from € 75.5 million in the comparative period. Compared to the same period of last year, the collection and payment services component (+3.04%, € 0.6 million) and the brokerage fees (+50.86%, € 1.1 million) were particularly positive.

Dividends received amounted to € 0.7 million, substantially stable with respect to the € 0.6 million at 31 March 2019.

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) was negative for € 59.1 million, in contrast to the positive result of € 30.5 million achieved in the comparison period. This decrease was largely due to the negative performance of the financial markets starting from the second half of February which led to the recognition of significant mark to market losses in the proprietary portfolio.

As a result, **net interest and other banking income** was € 132.7 million, down 41.5% from € 226.8 million in the comparative period.

Net adjustments/write-backs for credit risk, item 130 of the income statement, amounted to € 64.4 million compared with € 43.3 million in the comparative period (+48.8%). The only component consisting of net adjustments for credit risk relating to financial assets measured at amortized cost, represented by exposures to customers and banks in the form of both loans and securities, amounted to € 59.9 million compared to € 44.2 million at 31 of March 2019 (+35.4%). This aggregate is affected by the negative scenarios expected at the macroeconomic level and therefore reflects the necessity to consider the effects of COVID-19 with regard to the valuation of loans, especially the impaired ones. The net value adjustments for credit risk relating to financial assets measured at fair value through profit or loss recorded write-downs of € 4.5 million relating to the debt securities component, in contrast to the write- backs of € 1 million at 31 of March 2019.
Item 140 of the income statement, which records **gains/losses from contractual amendments not resulting in derecognition**, **deriving from changes made to contractual cash flows**, recorded losses of € 5.3 million compared to € 0.7 million, of a similar sign, recorded in the comparative 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 0.87% compared to 0.68% at 31 March 2019.

Net financial income amounted to € 63 million, down 65.5% compared to € 182.8 million of the same period in 2019.

Operating costs amounted to € 133.7 million, down from € 136.4 million in the comparative period (-1.9%). This aggregate is affected by the substantial expenses expected for the stability of the banking system, amounting to € 16 million.
For the aforementioned reasons the ***cost-income ratio*** reached 100.8% from 60.14% at 31 of March 2019.
Analyzing the individual cost items, administrative expenses, normalized with the exclusion of the provisions of the proceeds of employees' retirement fund which have a balancing entry of equal amount in other operating income/expense, amounted to € 141 million, slightly up from € 138.8 million of the comparison period (+1.6%). Within the scope of this: personnel expenses rose to € 62.8 million from € 60.8 million (+3.3%), while other administrative expenses remain nearly stable at € 78.2 million from € 78 million amounted at 31 December 2019 (+0.3%). This aggregate also includes provisions for contributions to the National Resolution Fund and the FITD equal to € 16 million.
Net accruals to provisions for risks and charges showed release for € 3.8 million, compared with provisions for € 1.2 million in the comparative period.
Adjustments to tangible and intangible assets amounted to € 12.8 million, up slightly from € 12.4 million of 31 March 2019 (+2.8%).
Other operating income and expenses amounted to € 16.2 million, confirming the level achieved in the comparative period (+0.8%).

The **operating profit** therefore was negative for € 70.7 million.

Profits/losses on equity investments and other investments showed a positive balance of € 6.2 million, up from € 4.1 million in the comparative period (+52.4%).

The **overall pre-tax result** therefore showed a loss of € 64.5 million.

Item **income taxes** is positive for € 19.2 million, essentially because of the accounted DTA. Minority interests amounted to € 2 million. **Net income for the period** was then negative for € 46.5 million compared with a positive result of € 34.9 million for the comparison period.

Balance sheet aggregates

In comparison with the volumes at the end of 2019: **direct deposits amounted to** € 31,787 million (-2.6%), indirect deposits amounted to € 30,240 million (-10.4%), insurance deposits to € 1,604 million (-0.2%). Total customer deposits therefore came to € 63,632 million (-6.4%).

Net loans to customers, the sum of volumes measured at amortized cost and assets measured at fair value through profit or loss, amounted to € 27,619 million, up from € 27,387 million at the end of 2019 (+0.8%).

Non-performing loans amounted to € 1,484 million, down from € 1,574 million at 31 December 2019 (-5.7%). Their incidence on total net loans was 5.37%, down from 5.75% at the end of 2019. The level of coverage remained at a particularly high level equal to

59.72%. In this context, net bad loans ("*Sofferenze*") amounted to € 637 million (-4.6%), representing 2.31% of total loans to customers compared to 2.44% at the end of 2019. Their coverage ratio was 72.15% 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 82.18%.
The net "unlikely to pay" amounted to € 795 million (-6.4%), with a coverage ratio of 40.42%. Their incidence on total loans fell to 2.88% compared to 3.10% at the end of 2019. Expired and/or overdue net impaired exposures amounted to € 51 million (-9.4%), with a coverage ratio of 15.55% and an incidence on total loans of 0.19%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 9,356 million, down (-3.8%) 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 €6,529 million at 31 March 2020 (+0.2%), accounting for 70% 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 € 2,225 million at 31 March 2020 (-14.1%). This decrease reflects the lower exposure of the Group to Italian public debt. The total volume of Italian government bonds was indeed €5,733 million, a further decrease (-3.7%) compared to €5,951 million at the end of 2019.

Equity investments increased to € 298 million from € 295 million at 31 December 2019 (+1.3%).

As at 31 March 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 € 11,287 million, more than half of which, € 6,483 million (57%), represented by unencumbered securities.

Consolidated **own equity**, including the negative result for the period, amounted to € 2,757 million at 31 March 2020, a decrease of € 85 million compared to the value at the end of 2019.

Consolidated **regulatory own funds** stood at € 3,128 million at 31 March 2020, compared with € 3,260 million recalculated as at 31 December 2019 (-4.1%).

The **capital ratios** as at 31 March 2020 are equal to:
- CET 1 ratio: 15.28% (phased-in), 15.25% (fully phased);
- Tier 1 ratio: 15.33% (phased-in), 15.30% (fully phased);
- Total Capital ratio: 18.01% (phased-in), 17.98% (fully phased).

The **Leverage Ratio** at 31 March 2020 was 5.82%, applying the transitional criteria in force for 2019 (*phased in*), and 5.81%, under the *fully phased* regime.

As at 31 March 2020, the banking group had 3,287 employees. 30 new recruits were made in 2020.

To date, the company’s **shareholder structure** has 164,567 members.

As for the foreseeable evolution, the macroeconomic context, even with all the uncertainties related to factors that are currently not foreseeable, allows us to detect the concrete possibility of a marked recession, with a particularly substantial reduction in Italian GDP. The aforementioned uncertainties are also linked to the objective difficulty of estimating the duration and intensity of the ongoing COVID-19 outbreak. For our Group, the performance of the year cannot be free from these elements and also from their effects on the financial markets.

The consolidated interim financial report as at 31 March 2020 will be published, on a voluntary basis, on the corporate website "www.popso.it" and deposited on the authorized storage mechanism eMarket Storage "www.emarketstorage.com" and at the headquarters of the bank.

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It should be noted that, in compliance with what the ECB represented with its communication of 27 March 2020, the Board of Directors proposes to the shareholders' meeting of 11/12 June 2020 that the entire profit for the year 2019 is allocated to reserves.

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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, 12 May 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	**31/03/2020**	**31/12/2019**	**Change %**
Loans to customers	27,619	27,387	0.84
Loans and receivables with customers measured at amortised cost	27,285	27,096	0.70
Loans and receivables with customers measured at fair value through profit or loss	334	291	14.60
Loans and receivables with banks	1,167	1,067	9.33
Financial assets that do not constitute loans	9,356	9,723	-3.77
Equity investments	298	295	1.27
Total assets	41,683	41,146	1.30
Direct funding from customers	31,787	32,622	-2.56
Indirect funding from customers	30,240	33,764	-10.44
Direct funding from insurance premiums	1,604	1,608	-0.21
Customer assets under administration	63,632	67,993	-6.41
Other direct and indirect funding	11,063	10,068	9.87
Equity	2,757	2,842	-2.99
Income statement	**31/03/2020**	**31/03/2019**	**Change %**
Net interest income	112	120	-6.68
Total income	133	227	-41.48
Profit from continuing operations	-71	46	-
Profit (loss) for the period	-47	35	-
Capital ratios	**31/03/2020**	**31/12/2019**	
CET1 Capital ratio	15.28%	15.75%	
Total Capital ratio	18.01%	18.64%	
Free capital	1,738	1,832	
Other information on the banking group	**31/03/2020**	**31/12/2019**	
Number of employees	3,287	3,299	
Number of branches	366	365	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/03/2020	31/12/2019
Equity/Direct funding from customers	8.67%	8.71%
Equity/Loans and receivables with customers	9.98%	10.38%
Equity/Financial assets	29.46%	29.23%
Equity/Total assets	6.61%	6.91%
Profitability indicators	**31/03/2020**	**31/12/2019**
Cost/Income ratio	100.78%	57.32%
Net interest income/Total income	84.53%	50.97%
Administrative expenses/Total income	106.26%	58.17%
	31/03/2020	**31/03/2019**
Net interest income/Total assets	0.27%	0.29%
Net financial income/Total assets	0.15%	0.45%
Asset quality indicators	**31/03/2020**	**31/12/2019**
Texas ratio	54.45%	56.00%
Net non-performing loans/Equity	23.12%	23.51%
Net non-performing loans/Loans and receivables with customers	2.31%	2.44%
Loans and receivables with customers/Direct funding from customers	86.89%	83.95%
Cost of credit	0.87%	0.78%

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/03/2020

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(12.3%)**	**3,683,190**	**2,199,515**	**(5.37%)**	**1,483,675**	**59.72%**
of which Bad loans	(7.64%)	2,287,800	1,650,607	(2.31%)	637,192	72.15%
of which Unlikely to pay	(4.46%)	1,334,543	539,449	(2.88%)	795,094	40.42%
of which Past due	(0.2%)	60,848	9,459	(0.19%)	51,389	15.55%
Performing exposures	**(87.7%)**	**26,264,886**	**129,995**	**(94.63%)**	**26,134,892**	**0.49%**
Total loans to customers	**(100%)**	**29,948,076**	**2,329,510**	**(100%)**	**27,618,567**	**7.78%**

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
31/03/2020

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,127,525**	**3,122,416**
of which Common Equity Tier 1 capital (CET1)	2,654,331	2,649,222
of which Additional Tier 1 capital (AT1)	7,923	7,923
of which Tier 2 capital (T2)	465,271	465,271
RWA	**17,370,266**	**17,366,324**
CET 1 ratio	**15.28%**	**15.25%**
Tier 1 ratio	**15.33%**	**15.30%**
Total capital ratio	**18.01%**	**17.98%**
Leverage ratio	**5.82%**	**5.81%**

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		31/03/2020		31/12/2019
10.	CASH AND CASH EQUIVALENTS		**2,409,229**		**1,826,427**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**935,924**		**905,705**
	a) financial assets held for trading	220,346		214,466	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	715,578		691,239	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**2,224,633**		**2,591,229**
40.	FINANCIAL ASSETS AT AMORTISED COST		**34,503,237**		**34,200,066**
	a) loans and receivables with banks	1,167,051		1,067,458	
	b) loans and receivables with customers	33,336,186		33,132,608	
50.	HEDGING DERIVATIVES		**-**		**-**
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		**-**		**-**
70.	EQUITY INVESTMENTS		**298,351**		**294,609**
80.	TECHNICAL RESERVES OF REINSURERS		**-**		**-**
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**541,318**		**548,172**
100.	INTANGIBLE ASSETS		**31,934**		**31,186**
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		**454,315**		**419,295**
	a) current	4,416		4,971	
	b) deferred	449,899		414,324	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		**-**		**-**
130.	OTHER ASSETS		**283,849**		**329,500**
	TOTAL ASSETS		**41,682,790**		**41,146,189**

CHAIRMAN
Francesco Venosta

STATUTORY AUDITORS
Piergiuseppe Forni, Chairman
Laura Vitali - Luca Zoani

LIABILITY AND EQUITY			31/03/2020		31/12/2019
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**37,371,066**		**36,949,458**
	a) due to banks	5,583,995		4,327,709	
	b) due to customers	28,992,937		29,816,997	
	c) securities issued	2,794,134		2,804,752	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**108,810**		**67,019**
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		-		-
40.	HEDGING DERIVATIVES		**10,489**		**11,320**
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		-		-
60.	TAX LIABILITIES		**39,109**		**46,050**
	a) current	15,850		16,843	
	b) deferred	23,259		29,207	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-		-
80.	OTHER LIABILITIES		**991,907**		**821,434**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**43,479**		**43,789**
100.	PROVISIONS FOR RISKS AND CHARGES:		**265,125**		**270,298**
	a) loans commitments and	39,042		43,411	
	b) pensions and similar	175,046		179,965	
	c) other provisions	51,037		46,922	
110.	TECHNICAL RESERVES		-		-
120.	VALUATION RESERVES		**(55,649)**		**(6,885)**
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		-		-
130.	REDEEMABLE SHARES		-		-
140.	EQUITY INSTRUMENTS		-		-
150.	RESERVES		**1,444,979**		**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 (-)		**(25,364)**		**(25,374)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**96,189**		**95,041**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**(46,512)**		**137,435**
	TOTAL LIABILITIES AND EQUITY		**41,682,790**		**41,146,189**

MANAGING DIRECTOR AND GENERAL MANAGER
Mario Alberto Pedranzini

MANAGER IN CHARGE
Maurizio Bertoletti

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			31/03/2020		31/03/2019
10.	INTEREST AND SIMILAR INCOME		137,874		148,698
	of which: interest calculated using the effective interest method	136,042		146,840	
20.	INTEREST AND SIMILAR EXPENSE		(25,700)		(28,498)
30.	**NET INTEREST INCOME**		**112,174**		**120,200**
40.	FEE AND COMMISSION INCOME		83,615		80,491
50.	FEE AND COMMISSION EXPENSE		(4,689)		(4,963)
60.	**NET FEE AND COMMISSION INCOME**		**78,926**		**75,528**
70.	DIVIDENDS AND SIMILAR INCOME		732		561
80.	NET TRADING INCOME		(44,733)		21,004
90.	NET HEDGING INCOME		(51)		-
100.	NET GAINS FROM SALES OR REPURCHASES OF:		2,126		2,783
	a) financial assets at amortized cost	176		357	
	b) financial assets at fair value through other comprehensive income	1,959		2,132	
	c) financial liabilities	(9)		294	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(16,476)		6,687
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	(16,476)		6,687	
120.	**TOTAL INCOME**		**132,698**		**226,763**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(64,383)		(43,259)
	a) financial assets at amortized cost	(59,879)		(44,234)	
	b) financial assets at fair value through other comprehensive income	(4,504)		975	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(5,306)		(695)
150.	**NET FINANCIAL INCOME**		**63,009**		**182,809**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**63,009**		**182,809**
190.	ADMINISTRATIVE EXPENSES:		(141,005)		(141,872)
	a) personnel expenses	(62,775)		(63,849)	
	b) other administrative expenses	(78,230)		(78,023)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		3,830		(1,220)
	a) commitments for guarantees given	4,390		3,308	
	b) other net provisions	(560)		(4,528)	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(9,319)		(9,388)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(3,431)		(3,017)
230.	OTHER NET OPERATING INCOME		16,191		19,124
240.	**OPERATING COSTS**		**(133,734)**		**(136,373)**
250.	SHARE OF PROFITS OF INVESTEES		6,200		4,067
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		-		-
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		-		-
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**(64,525)**		**50,503**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		19,161		(15,419)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**(45,364)**		**35,084**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**(45,364)**		**35,084**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		(1,148)		(183)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**(46,512)**		**34,901**
	EARNINGS (LOSS) PER SHARE		(0.103)		0.077
	DILUTED EARNINGS (LOSSES) PER SHARE		(0.103)		0.077

CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/03/2020	31/03/2019	(+/-)	% change
Net interest income	112,174	120,200	-8,026	-6.68
Dividends and similar income	732	561	171	30.48
Net fee and commission income	78,926	75,528	3,398	4.50
Net gains on financial assets	-59,134	30,474	-89,608	-
Total income	**132,698**	**226,763**	**-94,065**	**-41.48**
Net impairment losses	-64,383	-43,259	-21,124	48.83
Net gains form contractual changes without derecognition	-5,306	-695	-4,611	663.45
Net financial income	**63,009**	**182,809**	**-119,800**	**-65.53**
Personnel expenses	-62,775	-60,785	-1,990	3.27
Other administrative expenses	-78,230	-78,023	-207	0.27
Other net operating income	16,191	16,060	131	0.81
Net accruals to provisions for risks and charges	3,830	-1,220	5,050	-
Depreciation and amortisation on tangible and intangible assets	-12,750	-12,405	-345	2.78
Operating costs	**-133,734**	**-136,373**	**2,639**	**-1.94**
Operating result	**-70,725**	**46,436**	**-117,161**	**-**
Share of profits of investees and net gains on sales of investments	6,200	4,067	2,133	52.45
Pre-tax profit from continuing operations	**-64,525**	**50,503**	**-115,028**	**-**
Income taxes	19,161	-15,419	34,580	-
Net profit (loss) for the period	**-45,364**	**35,084**	**-80,448**	**-**
Net (profit) loss of the period attributable to minority interests	-1,148	-183	-965	527.32
Net profit (loss) for the period attributable to the owners of Parent	**-46,512**	**34,901**	**-81,413**	**-**

Notes: The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement. In order to standardize the scope of comparison, for the results as at 31/03/2019 the personnel expenses and other operating income have been reclassified, netting them off against the proceeds of the post-employment benefits fund of € 3.064 million.