Banca Popolare di Sondrio

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

PRESS RELEASE

Board of Directors meeting of 8th August 2019:

approval of the consolidated half-year financial report as at 30 June 2019

CET1 RATIO fully-phased at 15.47%, at the top of the European banking sector.

Sale of one billion NPLs deliberated.

The half-year positive net result already incorporates the economic effects of the NPLs sale.

Growth acceleration and derisking now possible, with no extraordinary costs for shareholders.

"Today, Banca Popolare di Sondrio shows a stronger capital position than ever and with it, is among the best in Europe, with a fully-phased CET1 capital at 15.5% and Total Capital at around 18.5% following the recent Tier 2 bond issuance.

This allows us to significantly accelerate the derisking process through the sale of impaired loans for approximately € 1,000 million – already approved and expensed in the half-year report discussed today – without significant future effects on the main P&L and B/S indicators, and through a renewed focus on the portion of impaired loans that remains, with the aim of cutting the current gross NPL level, bringing the ratio at around 8% by 2022.

The strengthened capital position will also allow us from now on to concentrate ourselves on growth with the aim of positively impacting the development of revenues and improve the return on capital, for the benefit of our shareholders.

In fact, we believe that the opportunities and conditions are present to accelerate the evolution of the bank's business model through greater diversification of the revenue base, the expansion of the customer base and the defense of the cost-income ratio, which is traditionally among the best in the banking sector. We can therefore focus, through targeted investments – both tactical and structural – on the consolidation of our position in the market and on the exploration of innovative ways in order to enter new sectors with reduced capital absorption and high-value added."

[Mario Alberto Pedranzini

CEO and General Manager of Banca Popolare di Sondrio]

Today, the Board of Directors of Banca Popolare di Sondrio, a cooperative joint-stock company, examined and approved the consolidated half-year financial report as at 30 June 2019.

In an economic and geopolitical context which remains complex and multifaceted, Banca Popolare di Sondrio has maintained a good profitability, while simultaneously succeeding at implementing a series of incisive actions aimed at strengthening the banks financial solidity and at allowing a significant acceleration of the derisking process. On the funding front, the successful retail and institutional issuances allowed the bank to reach the expected targets, even in terms of MREL.

In particular:

- As communicated on May 28th, the Bank received from the European Central Bank the approval for the use of the internal rating system (Advanced Internal Rating-Based) for the measurement of the capital requirements against the credit risk of corporate and retail portfolios of the Parent Company. The validation results in a significant benefit in terms of available capital. The CET1 ratio rises from 12.06% on March 31st 2019 to 15.50% (+344 basis points). Thanks to the meaningful capital endowment, the Group now ranks among the top domestic and European competitors.
- As communicated on July 22nd 2019, the Bank increased, through its own funds, its shareholding in Arca Holding, now reaching 36.83% of the share capital.
- The improvement in market conditions also made the Bank's funding *via* institutional investors possible: on the 23rd of July, the placement of a subordinated Tier 2 loan - with a nominal value of € 200 million - was successfully completed with more than 70 institutional Italian and foreign investors. The issuance strengthens the Bank's capital position further (pro-forma Total Capital ratio at 18.5% from the current 17.30%) and completes also for the next year the funding requirement for instruments of this kind in terms of MREL.
- The sale of a portfolio of non-performing loans classified as bad loans has also been approved today, for an amount of approximately € 1,000 million (gross book value). This operation is part of an overall strategy to manage and recover impaired positions and runs in parallel to the improvements of the internal workout pursued so far by the bank's structures. The half-year results already incorporate, due to greater credit provisions, the charge deriving from the alignment of the value of the selected assets to the presumed sale prices. This impact, amounting to around € 45 million (gross of fiscal impacts), is overall contained and confirms the prudential provisioning policy historically adopted by the bank.

Below, some brief considerations regarding the most important aspects that emerged during the semester; furthermore, the main aggregate income statement and balance sheet values of the period have been summarized in tables:

- The consolidated net income, which is equal to € 47 million (-36.6%) and which includes only ordinary activities and therefore excludes extraordinary positive components, is significantly affected by contributions aimed at stabilizing the banking system (equal to gross € 27.8 million in the semester) as well as by the extraordinary impacts attributable to the future sale of non-performing positions of gross € 45 million. Adjusted for these values, the net result for the period would have amounted to around € 96 million.

- Regarding capital levels, when considering phased-in values, the CET1 Ratio, the Tier 1 Ratio and the Total Capital Ratio are 15.50%, 15.56% and 17,30 respectively, while they are 15.47%, 15.53% and 17.27% respectively, when considering fully-phased values.
- The stock of gross NPLs has decreased since the beginning of the year (to € 3,933 million; -5.7%; -238 € million), as has their incidence on total gross customer loans (gross NPL ratio at 13.65 % from 14.75%)
- The coverage ratios for non-performing loans increased further, remaining at particularly high levels, both in absolute and relative terms compared to the market averages. The coverage of total non-performing loans stands at 54.22% (from 53.59% at March 31st 2019); the coverage regarding only positions classified as bad loans stands at 68.44% (from 67.44% at March 31st 2019).
- The cost of risk stands at 0.80%; net of the extraordinary provisions that were made in preparation for the aforementioned sale of non-performing loans, it would have been equal to around 50 basis points.
- The Texas ratio, the ratio between the total net impaired loans and the tangible equity, is further reduced, reaching 66.97% (from 70.37% at the end of March 2019).
- Direct customer deposits amounted to € 31,617 million, compared to € 31,063 million at the end of 2018 (+ 1.8%); the indirect deposits amounted to € 32,051 million compared to € 30,182 million at the end of 2018 (+ 6.2%). Insurance premiums amounted to € 1,487 million, compared to € 1,410 million on December 31st 2018 (+ 5.5%).
- Loans to customers amounted to € 26,563 million, up (+ 2.8%) compared to € 25,845 million at the end of 2018. Within this context, net increases attributable to mortgage loans were particularly positive (to 10,256 million euros; + 3.4%; +340 € million) and factoring (to 2,286 million euros; + 6%; +130 € million).
- Both short-term liquidity (Liquidity Coverage Ratio) and medium-term liquidity indicators (Net Stable Funding Ratio) stand at very comfortable levels, well above the minimum regulatory requirements.
- The contribution made by the subsidiaries to the Group result is positive, in particular with reference to Banca Popolare di Sondrio SUISSE (SA) and to Banca della Nuova Terra SpA which, since June 24th, also incorporates PrestiNuova SpA.

Accounting data (in millions of euros)

Income Statement results	**30/06/2019**	**30/06/2018**	**Variazione**
Interest Margin	230,1	249,7	-7,9%
Net Commissions	152,6	153,4	-0,5%
Overall result on securities	43,3	26,9	+60,8%
Operating income	429,1	433,2	-1,0%
Provisions on loans and fin. assets	107,1	86,3	+24,2%
Operating costs	263,4	255	+3,3%
Profit before tax	68,3	101,8	-33,0%
Net Income	47,0	74,2	-36,6%

Balance Sheet results	**30/06/2019**	**31/12/2018**	**Variazione**
Direct customer deposits	31.617	31.063	+1,8%
Indirect customer deposits	32.051	30.182	+6,2%
Insurance deposits from customers	1.487	1.410	+5,5%
Total customer deposits	65.155	62.655	+4,0%
Loans to customers	26.563	25.845	+2,8%

<u>The economic performance of the Group</u>

Consolidated net income at 30 June 2019 amounted to € 47 million, down 36.6% compared to € 74.2 million in the first six months of 2018.

The interest margin amounted to € 230.1 million, down by 7.9% compared to the first six months of 2018.

Net commissions from services amounted to € 152.6 million, remaining substantially unchanged (-0.5%) compared to the € 153.4 million of the first half of 2018.

The amount of dividends received was stable at € 3.2 million.

The overall result of the activities in securities, exchange rates, derivatives and loans (given by the sum of the items 80, 90, 100 and 110 of the income statement) amounted to € 43.3 million, a notable increase (+ 60.8%) compared to the 26.9 million euro reported at 30 June 2018. This is due to the positive performance of the financial markets that characterized the first half of the current year.

As a result of this, the operating income fell to € 429.1 million from € 433.2 million in the comparison period (-1.0%).

Net adjustments for credit risk, item 130 of the income statement, amounted to € 105.7 million compared to € 85.5 million in the comparative period (+ 23.5%). The portion of net value adjustments for credit risk relating to financial activities valued at amortized cost, represented by exposures to customers and banks in the form of both loans and securities, amounted to € 106.7 million compared to € 88,3 million in the first six months of 2018 (+

20.8%). This aggregate includes the extraordinary expense (€ 45 million gross) to align the values of the portfolio of non-performing loans subject to future sale with the presumed sales prices. The net value adjustments component for credit risk relating to financial activities valued at fair value with impact on the overall profitability recorded a profit of € 1 million relating to the debt securities component.

Item 140 of the income statement, which records the gains/losses on contractual amendments not resulting in derecognition, deriving from the changes made to the contractual cash flows, recorded losses of € 1.5 million compared to the 0.7 million euro of losses recorded in the comparison period.

The ratio between net adjustments for credit risk relating to financial assets (measured at amortized cost), item 130a of the income statement, and net loans to customers (so-called cost of credit) is therefore equal to 0.80% with respect to 0, 68% of June 30, 2018.

The net financial income decreased to € 322 million compared to € 347 million in the first half of 2018.

Operating costs amounted to € 263.4 million compared to € 255 million in the comparative period (+ 3.3%). This aggregate suffers, to an even greater extent than that recorded in the first six months of 2018, the substantial charges to ensure the stability of the banking system of € 27.8 million compared to € 24.9 million in the comparative period.

The ratio between operating costs and operating income, the so-called «cost-income ratio», has risen to 61.39% from 58.87% on June 30th 2018.

Analyzing the individual cost items, the administrative expenses (for which a reclassification was made regarding the allocation of the proceeds from the retirement fund) amounted to € 269.6 million, remaining substantially unchanged compared to the € 269, 2 million in the comparative period (+ 0.1%). In this context: the personnel expenses rose to € 120.6 million from € 117.4 million (+ 2.7%), while other administrative expenses decreased from € 151.8 million in the first half-year 2018 to 148.9 million euros in the reference period (-1.9%).

This contraction mainly reflects the impact of the entry into force of the new accounting standard IFRS 16 on January 1st 2019.

The item net accruals to provisions for risks and charges showed provisions of € 0.7 million, compared to € 0.6 million in the comparative period.

Adjustments to tangible and intangible assets amounted to € 26.3 million, a significant increase compared to the € 15.4 million of the first half of 2018 (+ 70.4%). The increase is largely attributable to the effect of the entry into force of the new accounting standard IFRS 16, with an opposing trend to that described above regarding other administrative expenses.

Other operating income/expenses (subject to reclassification as mentioned above) amounted to € 33.1 million, showing an increase compared to € 30.3 million in the first half of 2018 (+ 9.4%).

Total operating income was therefore € 58.6 million (-36.3%).

The profits / losses on equity investments and other investments showed a positive balance of € 9.7 million, a decrease compared to € 9.9 million in the comparative period (-1.9%).

The overall pre-tax result therefore amounted to € 68.3 million (-33%).

Finally, after deducting income taxes of € 20.8 million, as well as minority interests of € 0.4 million, the net income of the period was € 47 million (- 36,6% compared to the reference period).

Balance sheet aggregates

In comparison to the volumes at the end of 2018: direct deposits are € 31,617 million (+ 1.8%), indirect deposits at market values amount to € 32,051 million (+ 6.2%), and insurance premiums amount to € 1,487 million (+ 5.5%). Therefore, total customer deposits amounted to € 65,155 million (+ 4.0%).

Net loans to customers, the sum of volumes valued at amortized cost and assets measured at fair value through profit or loss, amounted to € 26,563 million, up by € 25,845 million compared to the end of 2018 (+ 2.8%).

Net impaired loans amounted to € 1,800 million, a decrease compared to € 1,851 million at December 31, 2018 (-2.7%). The incidence of these on the total net loans is equal to 6.78% (a decrease compared to 7.16% at the end of 2018). The level of coverage remains at particularly consistent values (54.22%). In this context, net non-performing loans amounted to € 722 million (- 5.1%) with an incidence on total loans to customers of 2.72% compared to 2.94% at the end of 2018. The coverage ratio was equal to at 68.44% compared to 69.36% at the end of 2018. Taking into account the amounts transferred to the income statement in previous years, the coverage of these receivables stands at 79.55%.

The net “unlikely to pay” amount to 988 million euros (-1.8%) with a coverage ratio of 36.05%. The incidence of these on total loans drops to 3.72% compared to 3.89% at the end of 2018. Expired and / or overdue net impaired exposures amount to € 91 million (+ 7.5%) with a degree of coverage amounting to 10.52% and an incidence on total loans of 0.34%.

Financial assets, represented by owned securities and derivatives, amounted to € 10,064 million, down 9.0% compared to the volumes recorded at the end of the previous year. The volume of the portfolio of financial assets valued at amortized cost increased further from 6,024 million euros at the end of 2018 to 6,400 million euros at 30 June 2019 (+ 6.2%) with an impact on total financial assets of more than 60 % (63.6%). On the other hand, the amount of the portfolio consisting of financial assets designated at fair value with an impact on the overall profitability decreased reaching € 3,085m at the end of June 2019 (from € 4,424m at the end of 2018, -30.3%). This decrease reflects the lower exposure of the Group towards Italian public debt. The total volume of Italian government securities in fact reached 6,625 million euros, a further contraction (-17.3%) compared to the 8,014 million euros of the end of 2018.

Equity investments increased to € 228 million from € 221 million at December 31, 2018 (+ 3.2%).

As at 30 June 2019, short-term liquidity indicators (LCR-Liquidity Coverage Ratio) and medium-long term indicators (NSFR-Net Stable Funding Ratio) both stood at values 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 € 11.209 million, more than half of which (6.090 million (54%) to be exact), was represented by unencumbered securities.

Consolidated own funds, including profits for the period, amounted to € 2,721 million at June 30, 2019, an increase of € 70 million compared to the value at the end of 2018.

Consolidated own funds at 30 June 2019 amounted to € 2,898 million compared to € 2,981 million at 12/31/2018 (-2.8%).

The capital ratios as at 30 June 2019, calculated on the basis of the regulatory own funds as described above, benefit significantly from the approval of the use of the rating system (AIRB) received by the European Central Bank.

The CET1 Ratio, the Tier 1 Ratio and the Total Capital Ratio are equal to 15.50%, 15.56% and 17.30% respectively under the Phased in regime, while they are equal to 15.47%, 15.53% and 17.27% under the Fully-Phased regime.

The Leverage Ratio at 30 June 2019 is equal to 5.63%, applying the transitory criteria in force for 2019 (phased in), and equal to 5.62% applying fully phased.

At 30 June 2019, the banking group employed 3,262. Furthermore, 91 people were hired over the course of the first six months of 2019.

The shareholders' base currently consists of 169,113 members.

FINANCIAL STATEMENTS OF THE COMPARISON PERIODS

In the attached accounting schedules, the balance sheet figures of the comparative period (referring to 12/31/2018) and the income statements figures of the comparative period (referring to 06/30/2018) have been restated. Therefore, both the balance sheet figures as at 31 December 2018 and the income statement figures as at 30 June 2018, which do not include the effects deriving from the application of IFRS 16, are not comparable on a homogeneous basis with those of the reference period.

The consolidated interim report as at 30 June 2019 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 in charge of preparing the corporate accounting documents, Mr. Maurizio Bertoletti, declares, pursuant to paragraph 2 of Article 154 bis of the "Testo Unico della Finanza", that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Signed:

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

Company contacts:

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Sondrio, 8th of August 2019

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

	ASSETS		30/06/2019		31/12/2018
10.	CASH AND CASH EQUIVALENTS		2,852,465		1,577,163
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		828,320		858,069
	a) financial assets held for trading	196,510		251,044	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	631,810		607,025	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		3,084,906		4,423,618
40.	FINANCIAL ASSETS AT AMORTISED COST		33,747,360		32,873,554
	a) loans and receivables with banks	1,410,407		1,320,621	
	b) loans and receivables with customers	32,336,953		31,552,933	
50.	HEDGING DERIVATIVES		-		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		-		-
70.	EQUITY INVESTMENTS		227,977		220,957
80.	TECHNICAL RESERVES OF REINSURERS		-		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		561,203		328,161
100.	INTANGIBLE ASSETS		32,825		33,259
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		442,034		465,040
	a) current	35,782		31,834	
	b) deferred	406,252		433,206	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		-		-
130.	OTHER ASSETS		322,772		348,364
	TOTAL ASSETS		**42,099,862**		**41,128,185**

CHAIRMAN
Francesco Venosta

STATUTORY AUDITORS
Piergiuseppe Forni, Chairman
Laura Vitali - Luca Zoani

LIABILITY AND EQUITY			30/06/2019		31/12/2018
10.	FINANCIAL LIABILITIES AT AMORTISED COST		37,974,863		37,228,347
	a) due to banks	6,358,117		6,165,836	
	b) due to customers	28,459,294		28,630,307	
	c) securities issued	3,157,452		2,432,204	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		64,972		57,211
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		-		-
40.	HEDGING DERIVATIVES		15,457		16,826
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		-		-
60.	TAX LIABILITIES		30,368		29,767
	a) current	2,415		4,252	
	b) deferred	27,953		25,515	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-		-
80.	OTHER LIABILITIES		900,554		760,091
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		44,556		43,222
100.	PROVISIONS FOR RISKS AND CHARGES:		254,484		248,850
	a) loans commitments and	40,054		46,163	
	b) pensions and similar	178,455		160,734	
	c) other provisions	35,975		41,953	
110.	TECHNICAL RESERVES		-		-
120.	VALUATION RESERVES		(37,756)		(34,452)
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		-		-
130.	REDEEMABLE SHARES		-		-
140.	EQUITY INSTRUMENTS		-		-
150.	RESERVES		1,298,125		1,160,683
155.	OF WHICH INTERIM DIVIDENDS		-		-
160.	SHARE PREMIUM		79,005		79,005
170.	SHARE CAPITAL		1,360,157		1,360,157
180.	TREASURY SHARES (-)		(25,370)		(25,375)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		93,440		93,049
200.	PROFIT FOR THE PERIOD		47,007		110,804
	TOTAL LIABILITIES AND EQUITY		**42,099,862**		**41,128,185**

MANAGING DIRECTOR AND GENERAL MANAGER
Mario Alberto Pedranzini

MANAGER IN CHARGE
Maurizio Bertoletti

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			30/06/2019		30/06/2018
10.	INTEREST AND SIMILAR INCOME		291,021		308,765
	of which: interest calculated using the effective interest method	287,870		306,108	
20.	INTEREST AND SIMILAR EXPENSE		(60,958)		(59,063)
30.	**NET INTEREST INCOME**		**230,063**		**249,702**
40.	FEE AND COMMISSION INCOME		163,451		163,294
50.	FEE AND COMMISSION EXPENSE		(10,882)		(9,901)
60.	**NET FEE AND COMMISSION INCOME**		**152,569**		**153,393**
70.	DIVIDENDS AND SIMILAR INCOME		3,168		3,195
80.	NET TRADING INCOME		32,756		17,282
90.	NET HEDGING INCOME		8		77
100.	NET GAINS FROM SALES OR REPURCHASES OF:		5,729		12,338
	a) financial assets at amortized cost	2,603		2,240	
	b) financial assets at fair value through other comprehensive income	2,823		10,234	
	c) financial liabilities	303		(136)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		4,806		(2,768)
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	4,806		(2,768)	
120.	**TOTAL INCOME**		**429,099**		**433,219**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(105,660)		(85,533)
	a) financial assets at amortized cost	(106,691)		(88,310)	
	b) financial assets at fair value through other comprehensive income	1,031		2,777	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(1,462)		(724)
150.	**NET FINANCIAL INCOME**		**321,977**		**346,962**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**321,977**		**346,962**
190.	ADMINISTRATIVE EXPENSES:		(274,303)		(271,334)
	a) personnel expenses	(125,379)		(119,559)	
	b) other administrative expenses	(148,924)		(151,775)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(680)		(634)
	a) commitments for guarantees given	6,113		(21)	
	b) other net provisions	(6,793)		(613)	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(19,039)		(8,517)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(7,234)		(6,906)
230.	OTHER NET OPERATING INCOME		37,851		32,369
240.	**OPERATING COSTS**		**(263,405)**		**(255,022)**
250.	SHARE OF PROFITS OF INVESTEES		9,541		10,217
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		133		(352)
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		13		11
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**68,259**		**101,816**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(20,822)		(25,390)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**47,437**		**76,426**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**47,437**		**76,426**
340.	NET PROFIT (LOSS) OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		**(430)**		**(2,272)**
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**47,007**		**74,154**
	EARNINGS PER SHARE		0.104		0.164
	DILUTED EARNINGS PER SHARE		0.104		0.164

CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	30/06/2019	30/06/2018	(+/-)	% change
Net interest income	230,063	249,702	-19,639	-7.86
Dividends and similar income	3,168	3,195	-27	-0.85
Net fee and commission income	152,569	153,393	-824	-0.54
Net gains on financial assets	43,299	26,929	16,370	60.79
Total income	**429,099**	**433,219**	**-4,120**	**-0.95**
Net impairment losses	-105,660	-85,533	-20,127	23.53
Net gains form contractual changes without derecognition	-1,462	-724	-738	101.93
Net financial income	**321,977**	**346,962**	**-24,985**	**-7.20**
Personnel expenses	-120,634	-117,444	-3,190	2.72
Other administrative expenses	-148,924	-151,775	2,851	-1.88
Other net operating income	33,106	30,254	2,852	9.43
Net accruals to provisions for risks and charges	-680	-634	-46	7.26
Depreciation and amortisation on tangible and intangible assets	-26,273	-15,423	-10,850	70.35
Operating costs	**-263,405**	**-255,022**	**-8,383**	**3.29**
Operating result	**58,572**	**91,940**	**-33,368**	**-36.29**
Share of profits of investees and net gains on sales of investments	9,687	9,876	-189	-1.91
Pre-tax profit from continuing operations	**68,259**	**101,816**	**-33,557**	**-32.96**
Income taxes	-20,822	-25,390	4,568	-17.99
Net profit (loss) for the period	**47,437**	**76,426**	**-28,989**	**-37.93**
Net profit (loss) of the period attributable to minority interests	-430	-2,272	1,842	-81.07
Net profit (loss) for the period attributable to the owners of Pare	**47,007**	**74,154**	**-27,147**	**-36.61**

Notes: The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement. Personnel expenses and other operating income have been reclassified, netting them off against the proceeds of the post-employment benefits fund of € 4.745 million.