Banca Popolare di Sondrio

<u>*BOARD OF DIRECTORS APPROVES THE RESULTS AS AT 31 MARCH 2022*</u>

Net profit € 40.3 million, with good performance from core banking activities and higher impact from System charges y/y

Net interest income up y/y to € 156.2 million (+20.8%)

Net fee and commission income of € 91.5 million (+7.9% y/y)

Low cost of risk of 35 basis points

Solid Capital position (CET1 ratio phased-in at 15.3%[1]; well above Srep requirement of 8.56%) and Liquidity (Liquidity Coverage ratio at 149%)

Confirmation of prof. avv. Francesco Venosta as Chairman of the Board of Directors for the three-year period 2022-24

Presentation of the new business plan scheduled for June

"Following the indications that emerged from the recent Shareholders' Meeting, the Board of Directors today confirmed prof. avv. Francesco Venosta as Chairman of the Bank for the three-year period 2022-24. Under his leadership, I am certain that the Bank will be able to continue effectively along its path of growth and evolution.

The arrival of the newly elected Board members, who join a team of Directors that is now well established, lays the best possible foundations for completing the strategic

reflection that will lead us to approve the Industrial Plan in June, identifying areas for strengthening and developing our structure and our ways of serving customers.
This reflection, which is open to the requests of our Shareholders who attended the Shareholders' Meeting in such large numbers, is based on our historical approach to banking, which has always seen the relationship with our customers and local areas as the greatest element of value and a guide to the future", stated ***Mario Alberto Pedranzini, Chief Executive Officer and General Manager of Banca Popolare di Sondrio****.*
"The results for the first quarter of the year confirm our resilience in the face of rapidly changing external scenarios. Profitability from core banking activities shows a very positive trend, with growth in both net interest income and commissions. Charges for stabilising the banking system remained significant, up 50%. The cost of risk remains contained and under control, despite having incorporated prudent provisions to take into account the effects of the Russian-Ukrainian conflict. Thanks to the strength of our capital position and the ample liquidity available, we are confident that we can adequately address the complexities of the current phase, supporting our private and corporate clients and respecting the interests of all stakeholders."

Sondrio, 10 May 2022 – The Board of Directors, which met today, examined and approved the consolidated interim financial statements as at 31 March 2022. The Board also confirmed prof. avv. Francesco Venosta as Chairman for the three-year period 2022-2024, after the Shareholders' Meeting of 30 April last renewed the appointment of five directors.
The renewed Executive Committee is composed as follows:
Stoppani dott. Lino Enrico – Vicepresidente
Pedranzini cav.uff. rag. dott. Mario Alberto – Consigliere delegato
Falck dott.ing. Federico – consigliere anziano
Credaro Loretta
Rainoldi dott.ssa Annalisa.

Against the backdrop of increasingly complex dynamics, with the weakening of economic growth mainly due to the uncertainties related to the duration and intensity of the war in Ukraine and the strong inflationary pressure generated by the explosion of energy costs, the Banca Popolare di Sondrio Group has demonstrated the soundness of its business model, recording a net profit of 40.3 million euro in the first quarter.

Below are some **considerations on the most important indicators**, summary tables containing the main income statement and balance sheet aggregates as well as some performance indicators for the period:

- the **net result for the period**, equal to € 40.3 million, benefited from the strong increase in income from core banking business, which amounted to € 247.7 million (+15.7% compared with 31 March 2021; net interest income +20.8% and net commissions +7.9%). It also reflects significant charges for the stabilisation of the banking system of € 30 million, a sharp increase on the comparison period, and a negative result from financial activities of € -16.5 million;
- **capital ratios** remained particularly high and well above regulatory requirements. In the phased-in version, the CET1 Ratio and Tier1 Ratio stood at 15.3%, while the Total Capital Ratio was 18.1%. These figures do not include the profit for the period.
- **new loans to hoeseholds and businesses** amounted to around € 1,4 billion, highlighting the traditional support to the real economy of the territories in which the bank operates;
- **tax credits acquired** (superbonus/earthquake bonus, ecobonus, other bonuses) and already available in the bank's tax capacity has further increased from around €500 million at the end of 2021 to over €900 million as at 31 March 2022. This activity, undertaken by the bank in a manner that is particularly appreciated by the market, has also enabled it to acquire numerous new customers;
- in further reduction the **incidence of gross impaired loans**, as summarised by the NPL ratio, which stood at 5.7% from 5.8% at the end of 2021;
- **credit coverage ratios** are further increasing. The coverage ratio of **total non-performing loans** stood at 56.8% (from 55.4% at 31 December 2021), the coverage ratio of bad loans alone stood at 74.8% from 73.9% at 31 December 2021; 90.32% taking into account the amounts recognised in the income statement in previous years on positions already classified as bad loans for which accounting evidence is maintained, against a prospect of possible recoveries; the coverage ratio for unlikely to pay stood at 46.2% (from 45.2% at 31 December 2021). The **coverage ratio for performing loans** was substantially stable at 0.40% (from 0.39% at 31 December 2021);
- the **cost of risk** stands at 0.35% and incorporates prudential provisions to take into account the effects of the outbreak of the Russian-Ukrainian conflict on the one hand, and on the other the releases made on positions no longer covered by a moratorium, whose riskiness is proving to be lower than initially estimated. With regard to the impact of the Russian-Ukrainian conflict, internal analysis activities showed a very limited direct credit exposure and modest effects on indirect exposures relating to customers operating in sectors more directly affected by the crisis.
- the **Texas ratio**, i.e. the ratio of total net impaired loans to tangible equity, fell further to 24.3% from 25.8% at the end of December 2021;

- **direct deposits** from customers amounted to € 37,694 million compared to € 39,304 million at the end of 2021 (-4.1%);
- **indirect deposits**, affected by negative market trends, amounted to € 39,769 million compared with € 40,982 million at the end of 2021 (-3%). Assets under administration amounted to € 33,048 million, compared with € 34,186 million at 31 December 2021 (-3.3%). Assets under management, on the other hand, totalled € 6,721 million, compared with € 6,796 million in the comparison period (-1.1%), generating net inflows of over € 270 million;
- **insurance premiums** amounted € 1,948 milion compared with € 1,909 million as at 31 December 2021 (+2%);
- **loans to customers** stood at € 31,473 milion, increasing (+1,3%) from € 31,059 at the end of 2021;
- **liquidity indicators**, both short-term (Liquidity Coverage Ratio) and medium-term (Net Stable Funding Ratio), are well above the minimum regulatory requirements. In particular, the Liquidity Coverage Ratio stood at 149% at the end of March;
- the contribution made to the Group's net result by **subsidiaries and associates** was positive, amounting to over € 10 million.

Accounting data (in millions of euros)

Income statement results	**31/03/2022**	**31/03/2021**	**Change**
Interest margin	156.2	129.3	+20.8%
Net fees and commissions	91.5	84.8	+7.9%
Result of financial activity	-16.5	32.1	-
Operating income	231.4	247	-6.3%
Net adjustments to loans and fin. assets(*)	27.3	28.9	-5.5%
Operating costs (*)	153.7	139.8	+9.9%
Result before taxes	57.1	86.8	-34.2%
Net result	40.3	59.3	-32%

(*) As at 31 March 2022, € 2.7 million of net provisions for credit risk for commitments and guarantees, initially included in the income statement in net provisions for risks and charges, were restated and shown under net value adjustments. The results as at 31 March 2021 have been restated on a consistent basis.

Balance sheet results	31/03/2022	31/12/2021	Change
Direct funding from customers	37,694	39,304	-4.1%
Indirect funding from customers	39,769	40,982	-3%
Assets under custody	33,048	34,186	-3.3%
Assets under management	6,721	6,796	-1.1%
Insurance deposits from customers	1,948	1,909	+2%
Total funding from customers	79,411	82,195	-3.4%
Net loans to customers	31,473	31,059	+1.3%

Key oerformance indicators	31/03/2022	31/12/2021
Cost-income ratio	66.4%	54.1%
Cost of risk	0.35%	0.43%
Gross NPL ratio	5.7%	5.8%
CET 1 ratio1 – phased in[1]	15.3%	15.8%
Total capital ratio1 – phased in[1]	18.1%	18.9%

1) The inclusion of the profit for the period, net of dividends, would, subject to the Supervisor's approval, have resulted in a benefit of approximately 15 basis points.

The following comments refer to the data presented in the attached "Summary of the reclassified consolidated income statement".

The Group's economic performance

Consolidated net income at 31 March 2022 was € 40.3 million, compared to € 59.3 million in the same period of the previous year. This result comes from a consolidated gross profit of € 57.1 million, after deducting taxes of € 16.8 million, corresponding to a tax rate of 29.4%.

Net interest income amounted to € 156.2 million, an increase of 20.8% compared with 31 March 2021. The contribution from the proprietary securities portfolio was particularly strong, thanks to the significant presence of inflation-linked securities, whose coupon flow made it possible to benefit from the sharp rise in the inflation rate. The benefit from funding obtained through refinancing operations with the ECB (TLTRO III) remains high. Margins from customers also increased, including the contribution, amounting to about € 5.5 million, deriving from the significant acquisition of tax credits.

Net fee and commission income from services amounted to € 91.5 million, up sharply (+7.9%) from € 84.8 million in the comparative period. The main contributions came from the placement of asset management products, which grew by more than 10% in the period, and from commissions on collection and payment services.

Dividends collected amounted to € 0.2 million, compared with € 0.8 million at 31 March 2021. The **result from financial activities** was equal to € -16.5 million, compared to € 32.1 million in the comparison period, which was characterised by a particularly positive trend in financial markets. This result was mainly due to the capital losses recorded on the portfolio that is compulsorily valued at fair value and, marginally, on the equity portfolio. Including the above-mentioned significant contribution of the coupon flow, overall the proprietary portfolio made a positive contribution to the profit and loss result.

The **operating income** amounted to € 231.4 million from € 247 million in the comparison period (-6.3%).

Net value adjustments amounted to € 27.3 million compared with € 28.9 million in the comparison period (-5.5%).
For an easier understanding of the amount of net adjustments, please note the following:

- item 130 of the income statement, which relates to exposures to customers and banks in the form of both loans and securities, amounts to € 23.4 million and consists almost entirely of adjustments relating to financial assets measured at amortised cost;
- item 140, which recognises gains/losses on contractual amendments without derecognition arising from changes to contractual cash flows, was negative by € 1.2 million during the period under review;
- The aggregate of the above items therefore amounts to € 24.6 million. If we take into account the € 2.7 million of net provisions for credit risk for commitments and guarantees, which were initially included in the profit and loss account under net provisions for risks and charges, we arrive at the € 27.3 million of net value adjustments mentioned above.

The ratio of net value adjustments (€ 27.3 million) to net loans to customers (€ 31,473 million), i.e. the **cost of risk**, was therefore 0.35% compared with 0.43% as at 31 December 2021 as a result of the above.

Net income from financial management amounted to € 204.1 million, compared to the € 218.1 million of the previous year (-6.4%).

Operating expenses increased (+9.9%) to € 153.7 million from € 139.8 million in the comparative period. The performance of this aggregate was influenced in particular by: the increase in personnel costs, which also reflects the further growth in the workforce, as well as higher administrative expenses, including higher charges for stabilising the banking system, which amounted to € 30 million compared to € 20 million in the comparison period.
With regard to the individual components, administrative expenses, normalised to exclude the provision for pension fund income, which is offset by an equal amount in other operating income/expenses, amounted to € 159 million, up from € 143.1 million

in the comparison period (+11.1%).
Within this item, staff expenses rose to € 66.5 million from € 63.6 million (+4.5%) in the comparative period, while other administrative expenses rose from € 79.5 million at 31 March 2021 to € 92.5 million at 31 March 2022 (+16.4%).
Net provisions for risks and charges, restated by allocating the amount of commitments for guarantees issued to value adjustments, showed releases of € 0.4 million (compared with € 0.7 million in releases recorded at 31 March 2021).
Adjustments to property, plant and equipment and intangible assets amounted to € 12 million, down from € 12.5 million in 2021 (-4.4%).
Other operating income and expenses, for which the above-mentioned reclassifications were made, were positive and amounted to € 16.9 million compared to € 15.2 million in the comparison period (+11.4%).
In light of the above, the **cost-income ratio**, calculated as the ratio of operating costs to net interest and other banking income, was 66.4%, up from 54.1% at 31 December 2021.

The **result from operations** therefore reached € 50.4 million.

The item **gains/losses on equity investments and** other investments showed a positive balance of € 6.7 million, down from € 8.5 million in the comparison period.

The **overall pre-tax result** amounted to € 57.1 million, compared to € 86.8 million at 31 March 2021. Lastly, after deducting **income taxes** of € 16.8 million, the **net profit** for the period was € 40.3 million, compared with € 59.3 million in the same period of 2021.

Balance sheet aggregates

Compared to volumes at the end of 2021: **direct deposits** amounted to € 37,694 million (-4.1%). **Indirect deposits**, influenced by the negative market performance, stood at € 39,769 million compared with € 40,982 million at the end of 2021 (-3%). Assets under administration amounted to € 33,048 million, compared with € 34,186 million at 31 December 2021 (-3.3%). Assets under management amounted to € 6,721 million, compared with € 6,796 million of the comparison period (-1.1%), generating net inflows of over € 270 million. **Insurance premiums** totalled € 1,948 million (+2%). **Total customer deposits** therefore stood at € 79,411 million (-3.4%).

Net loans to customers, the sum of those measured at amortised cost and those measured at fair value through profit or loss, amounted to € 31,473 million, up from € 31,059 million at the end of 2021 (+1.3%).

Net impaired loans amounted to €799 million, down from €837 million at 31 December 2021 (-4.5%). As a proportion of total net loans, it was 2.54%, down from 2.69% at the end of 2021. The coverage level, which was already particularly high in the past, further increased to 56.80% from 55.39% in the previous year. In this context, net bad loans amounted to € 192 million (-0.3%), accounting for 0.61% of total loans to customers, essentially unchanged from the end of 2021. The coverage ratio was 74.77% compared

to 73.90% at the end of 2021, while taking into account the amounts transferred to the p&l in previous years on positions already classified as non-performing loans - for which accounting evidence is maintained against a prospect of possible recoveries - the coverage for these loans stood at 90.32%.
Net unlikely to pay amounted to € 553 million (-6.2%), with a coverage ratio of 46.2% compared with 45.2% at the end of 2021. As a percentage of total loans, they fell to 1.76% compared to 1.90% at the end of 2021. Net impaired past due and/or in arrears loans amounted to € 55 million (-0.6%), with a coverage ratio of 13.84% compared to 14.25% at the end of 2021 and an incidence of 0.17% of total loans, in line with the previous year. The coverage level of performing loans is essentially unchanged at 0.40% from 0.39% at the end of 2021.

Financial assets, represented by own securities and derivatives, amounted to € 14,001 million, an increase of € 297 million (+2.2%) compared with the volumes recorded at the end of last year. In more detail: financial assets held for trading rose from € 204.3 million at the end of 2021 to € 234.9 million at March 2022; other financial assets mandatorily measured at fair value fell from € 794.3 million at 31 December 2021 to € 781.9 million at 31 March 2022 (-1.6%); financial assets measured at fair value with an impact on comprehensive income decreased from € 3,102 million at the end of 2021 to € 2,847 million in the current period (-8.2%) and the volume of financial assets measured at amortised cost rose from € 9,603 million at the end of 2021 to € 10,137 million at 31 March 2022 (+5.6%). The total volume of Italian government bonds stood at € 8,518 million, up 3.8% from € 8,208 million at the end of 2021. In this latter aggregate, the volume of floating-rate and inflation-linked securities stood at € 7,116 million, up considerably from € 5,766 million at 31 December 2021 (+23.4%), with the aim of containing overall exposure to the risk of rising market rates.
The portion of the portfolio allocated to ESG debt securities also increased, reaching € 745 million.

Equity investments rose to € 345 million from € 339 million at 31 December 2021 (+1.7%).

The Group's exposure to the ECB under TLTRO III totalled € 8,874 million, unchanged from 31 December 2021.

As at 31 December 2021, both the short-term (LCR-Liquidity Coverage Ratio) and medium/long-term (NSFR-Net Stable Funding Ratio) **liquidity indicators** were well above the minimum requirement for the current year (100%). In particular, the LCR stood at the end of March 2022 at 149%.

The Group can always rely on a substantial portfolio of **refinanceable assets** which, net of the haircuts applied, amounts to € 16,430 million: of this, € 6,423 million (39%) are represented by unencumbered securities.

Consolidated shareholders' equity, including profit for the period, at 31 March 2022 amounted to € 3,319 million, an increase of € 48 million compared to the value at the end of 2021.

Consolidated regulatory capital (phased-in) at 31 March 2022 amounted to € 3,656 million compared to € 3,785 million at 31 December 2021 (-3.4%).

Capital ratios for regulatory purposes as at 31 March 2022, calculated on the basis of regulatory capital, as set out above without including the profit for the period, were as follows:
CET1 ratio: 15.3% (phased-in), 15.2% (fully phased);
Tier1 ratio: 15.3% (phased-in), 15.2% (fully phased);
Total Capital ratio: 18.1% (phased-in), 18% (fully phased).
The aforementioned values are affected by a negative effect deriving from the completion of the full acquisition of Factorit S.p.A. and the reduction of the valuation reserves for securities measured at fair value with an impact on overall profitability, in the region of 20 basis points in terms of CET1 ratio.
The inclusion of the profit for the period, net of the portion allocable to dividends, would have entailed a benefit of about 15 basis points.

The **Leverage Ratio** as at 31 March 2022 is, applying the transitional criteria in force for 2022 (phased in), 5.53% and, depending on the criteria envisaged when fully phased in, 5.21%.

As at 31 March 2022, The Banking Group's **staff** totalled 3,393 resources. 51 new hires in 2022.

With regard to the **outlook for operations**, the persistent uncertainties on the evolution of the macroeconomic framework suggest a high level of volatility on the financial markets and great prudence in the investment choices of companies and in the propensity to consume of households. The Group's activity is affected by these factors, although the structure of the balance sheet shows resilience. It is therefore believed that, thanks to the positive dynamics of the core business and the continuous commitment to improving operating efficiency, positive results can be achieved that will confirm the Group's ability to generate value and remunerate capital, while maintaining a distinctive equity position.

The Board of Directors, following the announcement made on 21 March, noting the consolidation of the current macroeconomic context, despite the continuing geopolitical crisis, decided to **present the new industrial plan** in June.

1) The inclusion of the profit for the period, net of dividends, would, subject to the Supervisor's approval, have resulted in a benefit of approximately 15 basis points.

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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.

Attachments:
summary of the main consolidated results;
main consolidated financial statements indicators;
consolidated aggregates and credit quality indicators;
financial assets by portfolio;
consolidated aggregates and capital adequacy indicators;
consolidated balance sheet and income statement formats.
reclassified consolidated income statement.
quarterly evolution of the reclassified consolidated income statement;
consolidated comprehensive income statement.

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

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RESULTS IN BRIEF

(in million of euro)

Balance sheet	31/03/2022	31/12/2021	Change %
Loans to customers	31,473	31,059	1.33
Loans and receivables with customers measured at amortised cost	31,057	30,625	1.41
Loans and receivables with customers measured at fair value through profit or loss	415	434	-4.36
Loans and receivables with banks	3,469	3,276	5.88
Financial assets that do not constitute loans	14,001	13,704	2.17
Equity investments	345	339	1.72
Total assets	53,738	55,016	-2.32
Direct funding from customers	37,694	39,304	-4.10
Indirect funding from customers	39,769	40,982	-2.96
Direct funding from insurance premiums	1,948	1,909	2.04
Customer assets under administration	79,411	82,195	-3.39
Other direct and indirect funding	19,627	19,760	-0.67
Equity	3,319	3,270	1.48
Income statement	**31/03/2022**	**31/03/2021**	**Change %**
Net interest income	156	129	20.83
Total income	231	247	-6.31
Profit from continuing operations	57	87	-34.22
Profit (loss) for the period	40	59	-31.99
Capital ratios	**31/03/2022**	**31/12/2021**	
CET1 Capital ratio (phased-in)	15.32%	15.78%	
Total Capital ratio (phased-in)	18.08%	18.88%	
Free capital	2,038	2,181	
Other information on the banking group	**31/03/2022**	**31/12/2021**	
Number of employees	3,393	3,392	
Number of branches	370	370	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/03/2022	31/12/2021
Equity/Direct funding from customers	8.80%	8.32%
Equity/Loans and receivables with customers	10.54%	10.53%
Equity/Financial assets	23.70%	23.87%
Equity/Total assets	6.18%	5.94%
Profitability indicators	**31/03/2022**	**31/03/2021**
Cost/Income ratio *	66.40%	56.58%
Net interest income/Total income *	67.50%	52.34%
Administrative expenses/Total income *	68.70%	57.94%
Net interest income/Total assets	0.29%	0.25%
Net financial income/Total assets *	0.38%	0.43%
Net profit for the year/Total assets	0.07%	0.12%
Asset quality indicators	**31/03/2022**	**31/12/2021**
Texas ratio	24.32%	25.83%
Net non-performing loans/Equity	5.78%	5.88%
Net non-performing loans/Loans and receivables with customers	0.61%	0.62%
Loans and receivables with customers/Direct funding from customers	83.50%	79.02%
Cost of credit *	0.35%	0.43%

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

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/03/2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(5.67%)**	**1,850,789**	**1,051,334**	**(2.54%)**	**799,455**	**56.80%**
of which Bad loans	(2.33%)	759,949	568,218	(0.61%)	191,731	74.77%
of which Unlikely to pay	(3.15%)	1,026,995	474,277	(1.76%)	552,718	46.18%
of which Past due	(0.2%)	63,845	8,839	(0.17%)	55,006	13.84%
Performing exposures	**(94.33%)**	**30,796,830**	**123,758**	**(97.46%)**	**30,673,072**	**0.40%**
Total loans to customers	**(100%)**	**32,647,619**	**1,175,092**	**(100%)**	**31,472,527**	**3.60%**

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/12/2021

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(5.82%)**	**1,875,969**	**1,039,163**	**(2.69%)**	**836,806**	**55.39%**
of which Bad loans	(2.29%)	736,657	544,367	(0.62%)	192,290	73.90%
of which Unlikely to pay	(3.34%)	1,074,758	485,596	(1.9%)	589,162	45.18%
of which Past due	(0.2%)	64,554	9,200	(0.18%)	55,354	14.25%
Performing exposures	**(94.18%)**	**30,340,809**	**118,297**	**(97.31%)**	**30,222,512**	**0.39%**
Total loans to customers	**(100%)**	**32,216,778**	**1,157,460**	**(100%)**	**31,059,318**	**3.59%**

FINANCIAL ASSETS BY PORTFOLIO
31/03/2022

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	234,938	8,954	0
Other financial assets mandatorily measured at fair value	781,861	0	0
Financial assets valued at fair value through other comprehensive income	2,846,759	1,905,232	361,630
Financial assets measured at amortised cost	10,137,412	6,604,314	1,836,372
Total	**14,000,970**	**8,518,500**	**2,198,002**

FINANCIAL ASSETS BY PORTFOLIO
31/12/2021

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	204,294	24,255	0
Other financial assets mandatorily measured at fair value	794,286	0	0
Financial assets valued at fair value through other comprehensive income	3,102,150	2,133,242	372,902
Financial assets measured at amortised cost	9,602,860	6,050,682	1,867,113
Total	**13,703,590**	**8,208,179**	**2,240,015**

CAPITAL RATIOS
31/03/2022

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,656,357**	**3,634,526**
of which Common Equity Tier 1 capital (CET1)	3,099,270	3,077,438
of which Additional Tier 1 capital (AT1)	0	0
of which Tier 2 capital (T2)	557,087	557,087
RWA	**20,225,923**	**20,218,485**
CET 1 ratio	**15.32%**	**15.22%**
Tier 1 ratio	**15.32%**	**15.22%**
Total capital ratio	**18.08%**	**17.98%**
Leverage ratio	**5.53%**	**5.21%**

CAPITAL RATIOS
31/12/2021

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,784,789**	**3,760,409**
of which Common Equity Tier 1 capital (CET1)	3,163,255	3,138,875
of which Additional Tier 1 capital (AT1)	10,301	10,301
of which Tier 2 capital (T2)	611,232	611,232
RWA	**20,042,635**	**20,035,857**
CET 1 ratio	**15.78%**	**15.67%**
Tier 1 ratio	**15.83%**	**15.72%**
Total capital ratio	**18.88%**	**18.77%**
Leverage ratio	**5.84%**	**5.25%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS			31/03/2022		31/12/2021
10.	CASH AND CASH EQUIVALENTS		3,174,567		5,652,733
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,431,896		1,432,185
	a) financial assets held for trading	234,938		204,294	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	1,196,958		1,227,891	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		2,846,759		3,102,150
40.	FINANCIAL ASSETS AT AMORTISED COST		43,852,168		42,717,673
	a) loans and receivables with banks	3,468,970		3,276,349	
	b) loans and receivables with customers	40,383,198		39,441,324	
50.	HEDGING DERIVATIVES		-		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		-		-
70.	EQUITY INVESTMENTS		345,160		339,333
80.	TECHNICAL RESERVES OF REINSURERS		-		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		574,841		579,446
100.	INTANGIBLE ASSETS		31,492		31,013
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		329,602		330,343
	a) current	1,510		8,658	
	b) deferred	328,092		321,685	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		-		-
130.	OTHER ASSETS		1,151,823		831,273
	TOTAL ASSETS		**53,738,308**		**55,016,149**

LIABILITY AND EQUITY			31/03/2022		31/12/2021
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**48,477,736**		**50,178,641**
	a) due to banks	10,783,865		10,874,856	
	b) due to customers	34,269,190		35,603,482	
	c) securities issued	3,424,681		3,700,303	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**110,369**		**104,339**
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		**-**		**-**
40.	HEDGING DERIVATIVES		**2,084**		**2,446**
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		**-**		**-**
60.	TAX LIABILITIES		**41,726**		**39,872**
	a) current	9,981		4,258	
	b) deferred	31,745		35,614	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		**-**		**-**
80.	OTHER LIABILITIES		**1,453,459**		**986,522**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**40,319**		**40,190**
100.	PROVISIONS FOR RISKS AND CHARGES:		**293,842**		**289,062**
	a) loans commitments and	45,929		43,225	
	b) pensions and similar	191,502		191,565	
	c) other provisions	56,411		54,272	
110.	TECHNICAL RESERVES		**-**		**-**
120.	VALUATION RESERVES		**6,520**		**32,437**
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		**-**		**-**
130.	REDEEMABLE SHARES		**-**		**-**
140.	EQUITY INSTRUMENTS		**-**		**-**
150.	RESERVES		**1,858,243**		**1,555,718**
155.	OF WHICH INTERIM DIVIDENDS		**-**		**-**
160.	SHARE PREMIUM		**79,005**		**79,005**
170.	SHARE CAPITAL		**1,360,157**		**1,360,157**
180.	TREASURY SHARES (-)		**(25,456)**		**(25,457)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**4**		**104,583**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**40,300**		**268,634**
	TOTAL LIABILITIES AND EQUITY		**53,738,308**		**55,016,149**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			31/03/2022		31/03/2021
10.	INTEREST AND SIMILAR INCOME		185,047		156,316
	of which: interest calculated using the effective interest method	182,187		154,206	
20.	INTEREST AND SIMILAR EXPENSE		(28,857)		(27,055)
30.	**NET INTEREST INCOME**		**156,190**		**129,261**
40.	FEE AND COMMISSION INCOME		95,919		89,199
50.	FEE AND COMMISSION EXPENSE		(4,457)		(4,411)
60.	**NET FEE AND COMMISSION INCOME**		**91,462**		**84,788**
70.	DIVIDENDS AND SIMILAR INCOME		238		794
80.	NET TRADING INCOME		2,310		18,090
90.	NET HEDGING INCOME		(61)		31
100.	NET GAINS FROM SALES OR REPURCHASES OF:		14,844		10,911
	a) financial assets at amortized cost	8,814		3,862	
	b) financial assets at fair value through other comprehensive income	6,030		7,075	
	c) financial liabilities	-		(26)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(33,586)		3,098
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	(33,586)		3,098	
120.	**TOTAL INCOME**		**231,397**		**246,973**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(23,381)		(34,976)
	a) financial assets at amortized cost	(23,269)		(34,953)	
	b) financial assets at fair value through other comprehensive income	(112)		(23)	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(1,217)		(1,581)
150.	**NET FINANCIAL INCOME**		**206,799**		**210,416**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**206,799**		**210,416**
190.	ADMINISTRATIVE EXPENSES:		(159,067)		(146,789)
	a) personnel expenses	(66,565)		(67,329)	
	b) other administrative expenses	(92,502)		(79,460)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(2,299)		8,384
	a) commitments for guarantees given	(2,704)		7,666	
	b) other net provisions	405		718	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(8,843)		(9,154)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(3,132)		(3,377)
230.	OTHER NET OPERATING INCOME		16,985		18,850
240.	**OPERATING COSTS**		**(156,356)**		**(132,086)**
250.	SHARE OF PROFITS OF INVESTEES		6,572		8,463
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		-		-
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		88		19
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**57,103**		**86,812**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(16,803)		(26,333)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**40,300**		**60,479**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**40,300**		**60,479**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		-		(1,220)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**40,300**		**59,259**
	EARNINGS (LOSS) PER SHARE		0.089		0.131
	DILUTED EARNINGS (LOSSES) PER SHARE		0.089		0.131

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/03/2022	31/03/2021	(+/-)	% change
Net interest income	156,190	129,261	26,929	20.83
Dividends and similar income	238	794	-556	-70.03
Net fee and commission income	91,462	84,788	6,674	7.87
Net gains on financial assets	-16,493	32,130	-48,623	-
Total income	**231,397**	**246,973**	**-15,576**	**-6.31**
Net impairment losses [a]	-27,302	-28,891	1,589	-5.50
Net financial income	**204,095**	**218,082**	**-13,987**	**-6.41**
Personnel expenses [b]	-66,477	-63,643	-2,834	4.45
Other administrative expenses	-92,502	-79,460	-13,042	16.41
Other net operating income [b]	16,897	15,164	1,733	11.43
Net accruals to provisions for risks and charges [a]	405	718	-313	-43.59
Depreciation and amortisation on tangible and intangible assets	-11,975	-12,531	556	-4.44
Operating costs	**-153,652**	**-139,752**	**-13,900**	**9.95**
Operating result	**50,443**	**78,330**	**-27,887**	**-35.60**
Share of profits of investees and net gains on sales of investments	6,660	8,482	-1,822	-21.48
Pre-tax profit from continuing operations	**57,103**	**86,812**	**-29,709**	**-34.22**
Income taxes	-16,803	-26,333	9,530	-36.19
Net profit (loss) for the period	**40,300**	**60,479**	**-20,179**	**-33.37**
Net (profit) loss of the period attributable to minority interests	0	-1,220	1,220	-
Net profit (loss) for the period attributable to the owners of Parent	**40,300**	**59,259**	**-18,959**	**-31.99**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement.
Net impairment losses is made up of the sum of items 130 and 140 in the income statement.

The results at 31/03/2022 have been subject to the following reclassifications:

[a] reclassified net provisions for credit risk for commitments and guarantees issued for 2.704 € million initially included in item net accruals to provisions for risks and charges [a) commitments for guarantees given] showing them among net impairment losses;

[b] a reclassification of personnel expenses and other operating income, netting them off against the proceeds of the retirement employees fund of 0.088 € million.

The results at 31/03/2021 have been made consistent with those of 2022.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q1 - 2022	Q4 - 2021	Q3 - 2021	Q2 - 2021	Q1 - 2021
Net interest income	156.2	138.6	126.3	134.8	129.3
Dividends and similar income	0.2	0.6	0.5	3.4	0.8
Net fee and commission income	91.5	98.8	87.9	86.2	84.8
Net gains on financial assets	-16.5	39.2	34.6	34.0	32.1
Total income	**231.4**	**277.1**	**249.2**	**258.4**	**247.0**
Net impairment losses [a]	-27.3	-43.1	-41.8	-20.6	-28.9
Net financial income	**204.1**	**234.0**	**207.5**	**237.8**	**218.1**
Personnel expenses [b]	-66.5	-67.1	-66.5	-61.4	-63.6
Other administrative expenses	-92.5	-75.5	-57.0	-79.1	-79.5
Other net operating income [b]	16.9	16.3	15.0	15.1	15.2
Net accruals to provisions for risks and charges [a]	0.4	-14.5	-1.5	-0.7	0.7
Depreciation and amortisation on tangible and intangible assets	-12.0	-14.7	-13.6	-13.2	-12.5
Operating costs	**-153.7**	**-155.5**	**-123.7**	**-139.3**	**-139.8**
Operating result	**50.4**	**78.5**	**83.8**	**98.5**	**78.3**
Share of profits of investees and net gains on sales of investments	6.7	9.8	9.5	7.6	8.5
Pre-tax profit from continuing operations	**57.1**	**88.3**	**93.3**	**106.1**	**86.8**
Income taxes	-16.8	-19.4	-26.6	-27.2	-26.3
Net profit (loss) for the period	**40.3**	**68.9**	**66.7**	**78.9**	**60.5**
Net (profit) loss of the period attributable to minority interests	0.0	-1.7	-2.0	-1.5	-1.2
Net profit (loss) for the period attributable to the owners of Parent	**40.3**	**67.2**	**64.8**	**77.4**	**59.3**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement.
Net impairment losses is made up of the sum of items 130 and 140 in the income statement.
[a] and [b] The amounts are shown in accordance with the reclassifications shown in the reclassified consolidated summary of income statement.

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(in thousands of euro)

	ITEMS	31/03/2022	31/03/2021
10.	**Profit (loss) for the period**	**40,300**	**60,479**
	Other income items net of income taxes that will not be reclassified to profit or loss		
20.	Variable-yield securities measured at fair value through other comprehensive income	(2,176)	(253)
70.	Defined-benefit plans	(175)	606
90.	Share of valuation reserves of equity investments valued at net equity	21	307
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
110.	Exchange differences	(1,068)	107
140.	Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income	(21,814)	(5,617)
160.	Share of valuation reserves of equity investments valued at net equity	(544)	1,421
170.	**Total other income items net of income taxes**	**(25,756)**	**(3,429)**
180.	**Comprehensive income (Item 10+170)**	**14,544**	**57,050**
190.	Consolidated comprehensive income attributable to minority interests	161	1,252
200.	**Consolidated comprehensive income attributable to the Parent Company**	**14,383**	**55,798**