Una storia di crescita, valori e cultura

(Co-operative Society by shares - founded in 1871
Head office and general management: I - 23100 Sondrio So - Piazza Garibaldi 16
Registered in the Register of Companies of Sondrio at no. 00053810149
Registered in the Register of Banks under no. 842.
Parent Bank of the Banca Popolare di Sondrio Banking Group, registered in the Register of Banking Groups under no. 5696.0
Registered in the Register of Cooperative Societies under no. A160536
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share Capital € 1,360,157,331 - Reserves € 1,253,388,214
(data approved by the Shareholders' Meeting of 11/5/2021

PRESS RELEASE

Board of Directors meeting of 9 November 2021:
approval of consolidated interim results as at 30 September 2021

Positive consolidated net result for the period of € 201.5 million (+212.6% y/y)

Strong growth in core banking business (+9.7% y/y), with net interest income up +7.8% and net fee and commission income up +12.7%.

High efficiency: cost-income at 53.4%.

Strong capital position: CET1 ratio phased-in at 16,53%[1]

Expected year-end ROE in the 8% area

*"The **excellent results for the first nine months** of 2021 that were approved today by the Board of Directors confirm the Banca Popolare di Sondrio Group's ability to generate significant and resilient income. We were able to successfully overcome the heavy economic fallout from the pandemic emergency and now we are contributing with conviction to the country's recovery phase, particularly in its most productive areas where we boast the most significant presence of our network. In the face of a very positive and higher than expected GDP trend, Popolare di Sondrio has further expanded its pool of loans to businesses and households with growth rates above those of the system. The strength of our network is reflected in the solid generation of revenues from our core banking business, which, together with the excellent contribution of financial activities, largely determines the very positive overall result achieved.*

I would like to emphasise that what has been achieved is the result of assiduous work aimed at building lasting relationships with our customers, inspired by the philosophy that has distinguished the Bank since its foundation 150 years ago.

*At the same time, in the current economic context that increasingly focuses attention on **environmental issues and digital innovation**, the Bank is identifying new opportunities for growth and support for its customers, both to facilitate the current recovery and to support the medium-term structural transition determined by the objectives of the Next Generation EU and the National Recovery and Resilience Plan. In particular, we are ready to do our part to encourage development paths linked to the evolution of agrifood supply*

chains, the 4.0 transition of industry, renewable energy and energy efficiency in public and private buildings. In this last area, thanks also to the experience we have gained so far on superbonus, ecobonus and other building bonuses, we have demonstrated our ability to stand out for our concreteness and speed in assisting clients.
*Never before have we been so firmly convinced that nothing restores more value to the history and experience of Banca Popolare di Sondrio than a renewed commitment to **sustainable banking**, capable of facing the challenges of the times even in the delicate phase of social and economic transformation, always with the aim of generating long-term wealth for all stakeholders."*

[Mario Alberto Pedranzini

CEO and General Manager of Banca Popolare di Sondrio]

The Board of Directors of Banca Popolare di Sondrio co-operative joint stock company, which met today under the chairmanship of Prof. Avv. Francesco Venosta, examined and approved the consolidated interim report as of September 30, 2021.
In 2021, the signs of recovery in the Italian economy have been gradually consolidating and, according to the most reliable macroeconomic forecasts, the annual GDP growth rate will exceed 6%. The latest surveys on the future expectations of businesses, especially in the manufacturing sector, confirm that the current phase of economic vitality is set to continue.

In this macroeconomic context, the Banca Popolare di Sondrio Group posted a net profit for the period of 201.5 million euro, confirming its commercial strength in the areas where it operates and a high level of management efficiency.
Below are some **considerations on the most important aspects**, 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**, € 201.5 million, reflects the strong increase in core business, which stands at € 649.2 million (+9.7% compared with 30 September 2020; net interest income: +7.8% and net commissions: +12.7%) and the positive contribution of financial activities (€ 100.7 million compared with € 4 million at 30 September 2020). The result includes adjustments to loans of € 91.2 million and significant charges for stabilisation of the banking system of € 34.7 million;

- **capital ratios** [1] remain at particularly high levels with a large margin compared to regulatory requirements. In the phased-in version, the CET1 Ratio stands at 16.53%, the Tier1 Ratio at 16.57% and the Total Capital Ratio at 18.33%;

- the important support provided to the real economy to counteract the negative effects of the pandemic crisis and encourage the relaunch of activities continued through **new loans to households and businesses** amounting to over € 3.3 billion (of which € 840 million with state guarantees). With regard to the moratoria applied under the "Cura Italia" decree and ABI agreements, as at 30 September 2021 there was still around € 1.1 billion of outstanding principal, compared with around € 4.2 billion as at 31 December 2020. The punctual resumption of payments on loans no longer under moratoria by the vast majority of customers results in a particularly low default rate, even compared with the average figure for the entire loan portfolio;

- the **incidence of gross impaired loans**, as summarised by the NPL ratio which stood at 6.99% from 7.45% at the end of 2020 and 9.03% at 30 September 2020, has dropped;

- the **credit coverage ratios**, inspired by a provisioning policy characterised by high values, are further increasing. The coverage ratio of total **non-performing loans** stood at 58.1% (from 52.4% at 31 December 2020), that of bad loans alone was 71.2% (from 67.9% at 31 December 2020), and that of unlikely to pay was 47.1% (from 39.8% at 31 December 2020). The coverage ratio for **performing loans** fell to 0.43% (from 0.62% as at 31 December 2020), mainly as a result of releases recorded in the first half of the year and the improvement in the macroeconomic environment;

- the **cost of risk** stood at 0.40%, down from 0.65% as at 30 September 2020. The figure takes into account the favourable update of the effects of the pandemic on asset quality, the expected impacts of the massive disposals under the NPL strategy and the regulatory framework;

- the **Texas ratio**, the ratio of total net impaired loans to tangible equity, decreased further to 29.8% from 36.8% at the end of December 2020;

- **direct customer deposits** amounted to € 37,415 million compared to € 35,559 million at the end of 2020 (+5.2%); **indirect deposits** amounted to € 39,099 million compared to € 34,797 million at the end of last year (+12.4%), of which over € 6,600 million related to assets under management (+11.4%). **Insurance premiums** totalled € 1,870 million, up from € 1,717 million at 31 December 2020 (+8.9%);

- **loans to customers** stood at € 30,602 million, up (+4.2%) from € 29,380 million at the end of 2020;

- **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 219% at the end of September;

- the contribution made to the Group's net result by **subsidiaries and associates** was positive and growing.

Accounting data (in millions of euros)

Income statement results	**30/09/2021**	**30/09/2020**	**Change**
Interest margin	390.4	362.2	+7.8%
Net fees and commissions income	258.9	229.6	+12.7%
Result on financial activities	100.7	4.0	n/a
Intermediation margin	754.6	600.0	+25.8%
Net adjustments to loans and fin. assets *	91.2	140.6	-35.1%
Operating costs *	402.7	384.4	+4.8%
Result before tax	286.2	93.4	+206.3%
Net result	201.5	64.4	+212.6%

* At 30 September 2021, € 19 million of releases on 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. Similarly, for the results as at 30 September 2020, € 6.7 million of net provisions were restated. For the comparison period, losses on disposal of € 45.1 million were reclassified under the aggregate return on financial assets, as well as € 2.7 million of charges, also related to the disposal transaction, under other operating income/costs, and shown under net impairment losses on loans.

Balance sheet results	**30/09/2021**	**31/12/2020**	**Change**
Direct customers deposits	37,415	35,559	+5.2%
Indirect customers deposits	39,099	34,797	+12.4%
Insurance deposits from customers	1,870	1,717	+8.9%
Total customer deposits	78,385	72,074	+8.8%
Loans to customers	30,602	29,380	+4.2%

Performance indicators	**30/09/2021**	**30/09/2020**
Cost-income ratio	53.4%	64.1%
Cost of risk	0.40%	0.65%
Gross NPL ratio	6.99%	9.03%
CET 1 ratio[1] – *phased in*	16.53%	16.34%
Total capital ratio[1] – *phased in*	18.33%	18.74%

1) Capital ratios are shown without taking into account the portion of the profit realised in the third quarter that can be allocated to self-financing. If included, the benefit would have been approximately 20 basis points.

The comments that follow refer to the data shown in the attached "Reclassified consolidated income statement summary".

The Group's economic performance

Consolidated net income was € 201.5 million at 30 September 2021, up from € 64.4 million in the same period of the previous year. This result comes from consolidated gross profit of € 286.2 million, after deducting minority interests of € 4.6 million and taxes of € 80.1 million, corresponding to a tax rate of 28%.

Net interest income amounted to € 390.4 million, an increase of 7.8% compared with 30 September 2020. In line with what was seen in the first half of the year, the contribution from the proprietary securities portfolio increased, thanks to its greater size, as did the contribution from funding obtained from refinancing operations with the ECB (TLTRO III). Margins from customers were substantially stable.

Net commissions from services amounted to € 258.9 million, up sharply (+12.7%) from € 229.6 million in the comparison period. The collection and payment services component benefited from the return of customer operations to pre-pandemic levels. Commissions from the placement of insurance and asset management products, as well as those relating to the management of current accounts and guarantees issued, also increased compared to the comparison period.

Dividends received amounted to € 4.7 million, compared with € 4.1 million at 30 September 2020. The **result from financial activities**, reflecting the favourable conditions on the financial markets, was a positive € 100.7 million, compared with € 4 million in the comparison period, which was particularly impacted by the pandemic crisis.

The **intermediation margin** therefore amounted to € 754.6 million from € 600 million in the comparison period (+25.8%).

Net adjustments amounted to € 91.2 million, compared with € 140.6 million in the comparison period (-35.1%). The result was affected by significant releases related to better-than-expected performance on loans subject to moratoria and guarantees.
For an easier understanding of the amount of net impairment losses, 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 € 104.8 million and consists almost entirely of adjustments relating to financial assets measured at amortised cost;
- Item 140, which includes gains/losses on contractual amendments without cancellations arising from changes in contractual cash flows, was negative for € 5.4 million during the period;
- The aggregate of the aforementioned items thus amounts to € 110.2 million; if we take into account the € 19 million release of net provisions for credit risk for commitments

and guarantees, initially included in the profit and loss account in net provisions for risks and charges, we arrive at the € 91.2 million of net value adjustments mentioned above.

The annualised ratio of net value adjustments (€ 91.2 million) to net loans to customers (€ 30,602 million), the so-called **cost of credit**, was therefore 0.40% compared with 0.65% as at 30 September 2020.

The **net result of financial management** stood at € 663.4 million, compared with € 459.4 million at 30 September 2020 (+44.4%).

Operating expenses increased (+4.8%) to € 402.7 million from € 384.4 million in the comparative period. The increase in this aggregate was mainly due to the rise in personnel expenses, resulting from the adjustment of salaries to the new National Collective Labour Agreement for the sector and the growth in the workforce, as well as higher administrative expenses, including increased charges for stabilising the banking system.
In terms of individual components, administrative expenses, normalised to exclude the provision for the employees' pension fund income, which is offset by an equal amount in other operating income/expenses, amounted to € 407.2 million, up from € 394.8 million in the comparative period (+3.1%).
Within this item, personnel expenses rose to € 191.6 million from € 184.3 million (+3.9%) in the comparative period, while other administrative expenses rose from € 210.5 million at 30 September 2020 to € 215.6 million at 30 September 2021 (+2.4%).
Net provisions for risks and charges, restated by allocating the amount of commitments for guarantees issued to value adjustments, amounted to € 1.5 million (compared with € 3 million in releases recorded at 30 September 2020).
Adjustments to property, plant and equipment and intangible assets amounted to € 39.3 million, slightly down from € 40 million in the same period of 2020 (-1.7%).
Other operating income and charges, for which the above-mentioned reclassifications were made, amounted to € 45.3 million, compared with € 47.5 million in the comparison period (-4.6%).

In light of the above, the **cost-income ratio**, calculated as the ratio of operating costs to intermediation margin, was 53.4% from 64.1% at 30 September 2020.

The **operating result** therefore amounted to € 260.6 million.

Gains/losses on equity investments and other investments showed a positive balance of € 25.6 million, up from € 18.4 million in the comparison period (+38.9%).

The **overall result before tax** therefore amounted to € 286.2 million, compared with € 93.4 million at 30 September 2020. Finally, after deducting **income taxes** of € 80.1 million and profit attributable to minority interests of € 4.6 million, the **net profit for the period** was € 201.5 million, compared with € 64.4 million in the comparison period.

Balance sheet aggregates

Compared to volumes at the end of 2020, **direct deposits** amounted to € 37,415 million (+5.2%), indirect deposits at market values stood at € 39,099 million (+12.4%), of which more than € 6,600 million related to assets under management, and insurance deposits at € 1,870 million (+8.9%). Total customer deposits therefore stood at € 78,385 million (+8.8%).

Net loans to customers, the sum of volumes measured at amortised cost and volumes measured at fair value with impact on the income statement, amounted to € 30,602 million, up from € 29,380 million at the end of 2020 (+4.2%).

Net impaired loans amounted to € 939 million, down from € 1,092 million as at 31 December 2020 (-14%). As a proportion of total net loans, they amounted to 3.07%, down further from 3.72% at the end of 2020. The coverage level, which was already particularly high in the past, further increased to 58.05% from 52.36% in the previous year. In this context, net bad loans amounted to € 319 million (-7.9%), accounting for 1.04% of total loans to customers compared to 1.18% at the end of 2020. The coverage ratio was 71.16% compared to 67.93% at the end of 2020. Taking into account the amounts passed through the profit and loss account in previous years, the coverage of these receivables was 86.48%.
Net unlikely to pay amounted to € 568 million (-18.3%), with a coverage ratio of 47.13% compared with 39.81% at the end of 2020. As a percentage of total loans, they fell to 1.85% compared to 2.36% at the end of 2020. Net impaired past due and/or in arrears loans amounted to € 53 million (+1.8%), with a coverage ratio of 11.70% compared to 13.91% at the end of 2020 and a ratio of 0.17% to total loans compared to 0.18% at the end of last year. The coverage level of performing loans decreased to 0.43% from 0.62% at the end of 2020, mainly as a result of releases recorded in the first half of the year and the improvement in the macroeconomic scenario.

Financial assets, consisting of own securities and derivatives, amounted to € 13,486 million, up (+ € 2,933 million; +27.8%) compared with the volumes recorded at the end of last year. The volume of the portfolio of financial assets measured at amortised cost increased from € 7,086 million at the end of 2020 to € 9,488 million at 30 September 2021 (+33.9%), with the proportion of total financial assets now around 70.4%. The size of the portfolio of financial assets at fair value with an impact on comprehensive income also rose sharply, from € 2,620 million at the end of 2020 to € 3,129 million in the current period (+19.4%). The portfolio of other financial assets mandatorily measured at fair value remained substantially stable, rising from € 656.3 million at 31 December 2020 to € 676.9 million at 30 September 2021 (+3.1%). The total volume of Italian government bonds stood at € 8,165 million, up (+39.4%) from € 5,857 million at the end of 2020. With reference to the latter aggregate, the volume of floating-rate and inflation-linked securities stood at € 5,746 million, up considerably from € 3,439 million at 31 December 2020 (+67%), with the aim of containing overall exposure to the risk of rising market rates.

The proportion of the portfolio allocated to ESG debt securities rose further to € 674 million.

Equity investments rise to € 328 million, from € 305 million at 31 December 2020 (+ 7.4%) mainly as a result of the increase in the valuation of equity of the investee companies.

The Group's exposure to the ECB under TLTRO III totalled € 8,874 million, up from € 8,068 million as at 31 December 2020.
In September, the bank participated in the ninth auction of the TLTRO-III series, repaying in advance the amount of € 3,700 million (€ 1,600 million with original maturity in December 2022; € 2,100 million with original maturity in March 2023) and replacing it with an equivalent draw with maturity in September 2024.

As of September 30, 2021, both short-term (LCR-Liquidity Coverage Ratio) and medium-long term (NSFR-Net Stable Funding Ratio) **liquidity ratios** are well above the minimum requirement for the current year (100%). In particular, the LCR value stood at 219%.

The Group can always rely on a substantial portfolio of **refinanceable assets** which, net of the haircuts applied, amount to € 16,910 million: of these, € 7,329 million (43%) are represented by unencumbered securities.

Consolidated own funds, including profit for the period, amounted to € 3,183 million at 30 September 2021, an increase of € 185 million compared to the value at the end of 2020.

Consolidated supervisory own funds[1] (phased-in) at 30 September 2021 amounted to € 3,384 million compared to the figure at 31 December 2020, equal to € 3,374 million (+0.3%).

The **capital ratios**[1] for regulatory purposes as at 30 September 2021, calculated on the basis of the supervisory own funds as described above were equal to:

- CET 1 ratio: 16.53% (phased-in), 16.44% (fully phased);
- Tier 1 ratio: 16.57% (phased-in), 16.48% (fully phased);
- Total Capital ratio: 18.33% (phased-in), 18.24% (fully phased).

The **Leverage Ratio** as at 30 September 2021 is equal, applying the transitional criteria in force for 2021 (phased in), to 5.73% and based on fully phased criteria to 5.24%.

The **staff** of the banking group consisted, as of 30 September 2021, of 3,383 resources. 145 new hires were made in 2021.

To date, the company’s **shareholder structure** has 156,870 members.

With regard to the outlook for our Group, it is believed that the conditions exist for achieving a further growth in results at the end of the year, with a target ROE of 8%.

The consolidated interim results’ report as at 30 September 2021 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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REINSTATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors, in today's meeting, also provided, pursuant to art. 37 of the Articles of Association, to the reinstatement of the Board itself by co-opting Dr. Pierluigi Molla, independent non-executive minority director. Dr. Molla was taken from the “List no. 2" presented for the appointment of five directors for the three-year period 2021 - 2023 at the Shareholders' Meeting of 11 May 2021, the same list from which as front-runner was drawn the p.ind. Luca Frigerio, whose forfeiture was pronounced by the Board of Directors at the meeting of 5 October last.
The Board, after preliminary investigation by the Appointments Committee, on the basis of the information provided by the interested party and the documentation available to the bank, therefore ascertained for the new Board Member the existence of the eligibility requirements and the independence requirement - provided, among other things, by art. 148 of Legislative Decree 58/98, TUF, and the Decree of the Ministry of Economy and Finance no. 169/2020.
The next shareholders' meeting, in accordance with the law and the Articles of Association, will be called to appoint a new Board Member who will take the place of the one that has ceased. It goes without saying that the Assembly will have the option to confirm the Board Member co-opted today.

PROCESS OF TRANSFORMATION INTO A JOINT-STOCK COMPANY

Finally, we inform you that, once the approval process by the Supervisory Authority of the **draft Statute** aimed at transforming the Bank into a joint stock company has been completed, the Board of Directors will call the Shareholders' Meeting which, as foreseen by current legislation, it is called to resolve by 31 December 2021.

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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.

Company contacts:

Investor Relations	*External relations*
Dr. Michele Minelli	Rag. Paolo Lorenzini
0342-528.**745**	0342-528.**212**
michele.minelli@popso.it	paolo.lorenzini@popso.it

Sondrio, 9 November 2021

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 reclassified consolidated income statement;
consolidated statement of comprehensive income.

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

1) Capital ratios are shown without taking into account the portion of the profit realised in the third quarter that can be allocated to self-financing. If included, the benefit would have been approximately 20 basis points.

RESULTS IN BRIEF

(in million of euro)			
Balance sheet	**30/09/2021**	**31/12/2020**	**Change %**
Loans to customers	30,602	29,380	4.16
Loans and receivables with customers measured at amortised cost	30,155	28,998	3.99
Loans and receivables with customers measured at fair value through profit or loss	446	382	16.90
Loans and receivables with banks	3,700	3,621	2.20
Financial assets that do not constitute loans	13,486	10,553	27.79
Equity investments	328	305	7.42
Total assets	53,334	49,808	7.08
Direct funding from customers	37,415	35,559	5.22
Indirect funding from customers	39,099	34,797	12.36
Direct funding from insurance premiums	1,870	1,717	8.92
Customer assets under administration	78,385	72,074	8.76
Other direct and indirect funding	19,104	16,368	16.71
Equity	3,183	2,998	6.19
Income statement	**30/09/2021**	**30/09/2020**	**Change %**
Net interest income	390	362	7.77
Total income	755	600	25.77
Profit from continuing operations	286	93	206.27
Profit (loss) for the period	201	64	212.60
Capital ratios	**30/09/2021**	**31/12/2020**	
CET1 Capital ratio (phased-in)	16.53%	16.32%	
Total Capital ratio (phased-in)	18.33%	18.55%	
Free capital	1,907	1,919	
Other information on the banking group	**30/09/2021**	**31/12/2020**	
Number of employees	3,383	3,325	
Number of branches	371	369	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	30/09/2021	31/12/2020
Equity/Direct funding from customers	8.51%	8.43%
Equity/Loans and receivables with customers	10.40%	10.20%
Equity/Financial assets	23.60%	28.40%
Equity/Total assets	5.97%	6.02%
Profitability indicators	**30/09/2021**	**30/09/2020**
Cost/Income ratio *	53.37%	64.07%
Net interest income/Total income *	51.73%	60.37%
Administrative expenses/Total income *	53.96%	65.81%
Net interest income/Total assets	0.73%	0.76%
Net financial income/Total assets *	1.24%	0.98%
Net profit for the year/Total assets	0.38%	0.14%
Asset quality indicators	**30/09/2021**	**31/12/2020**
Texas ratio	29.78%	36.78%
Net non-performing loans/Equity	10.01%	11.54%
Net non-performing loans/Loans and receivables with customers	1.04%	1.18%
Loans and receivables with customers/Direct funding from customers	81.79%	82.62%
Cost of credit *	0.40%	0.74%

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

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 30/09/2021

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(6.99%)**	**2,237,877**	**1,299,103**	**(3.07%)**	**938,774**	**58.05%**
of which Bad loans	(3.45%)	1,104,682	786,114	(1.04%)	318,568	71.16%
of which Unlikely to pay	(3.35%)	1,073,670	506,023	(1.85%)	567,647	47.13%
of which Past due	(0.19%)	59,525	6,966	(0.17%)	52,559	11.70%
Performing exposures	**(93.01%)**	**29,790,869**	**127,958**	**(96.93%)**	**29,662,911**	**0.43%**
Total loans to customers	**(100%)**	**32,028,746**	**1,427,061**	**(100%)**	**30,601,685**	**4.46%**

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES 31/12/2020

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(7.45%)**	**2,292,319**	**1,200,209**	**(3.72%)**	**1,092,110**	**52.36%**
of which Bad loans	(3.51%)	1,078,268	732,456	(1.18%)	345,812	67.93%
of which Unlikely to pay	(3.75%)	1,154,066	459,409	(2.36%)	694,657	39.81%
of which Past due	(0.2%)	59,984	8,343	(0.18%)	51,641	13.91%
Performing exposures	**(92.55%)**	**28,462,763**	**175,148**	**(96.28%)**	**28,287,615**	**0.62%**
Total loans to customers	**(100%)**	**30,755,082**	**1,375,357**	**(100%)**	**29,379,724**	**4.47%**

FINANCIAL ASSETS BY PORTFOLIO
30/09/2021

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	191,958	24,345	0
Other financial assets mandatorily measured at fair value	676,859	0	0
Financial assets valued at fair value through other comprehensive income	3,129,168	2,141,738	375,054
Financial assets measured at amortised cost	9,487,840	5,998,539	1,870,206
Total	**13,485,825**	**8,164,622**	**2,245,260**

FINANCIAL ASSETS BY PORTFOLIO
31/12/2020

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	190,545	25,440	0
Other financial assets mandatorily measured at fair value	656,257	0	0
Financial assets valued at fair value through other comprehensive income	2,619,939	1,471,428	479,828
Financial assets measured at amortised cost	7,086,361	4,360,417	1,687,063
Total	**10,553,102**	**5,857,285**	**2,166,891**

CAPITAL RATIOS
30/09/2021

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,383,934**	**3,366,383**
of which Common Equity Tier 1 capital (CET1)	3,051,706	3,034,155
of which Additional Tier 1 capital (AT1)	7,398	7,398
of which Tier 2 capital (T2)	324,830	324,830
RWA	**18,463,957**	**18,453,782**
CET 1 ratio	**16.53%**	**16.44%**
Tier 1 ratio	**16.57%**	**16.48%**
Total capital ratio	**18.33%**	**18.24%**
Leverage ratio	**5.73%**	**5.24%**

CAPITAL RATIOS
31/12/2020

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,373,534**	**3,350,598**
of which Common Equity Tier 1 capital (CET1)	2,967,432	2,944,495
of which Additional Tier 1 capital (AT1)	8,607	8,607
of which Tier 2 capital (T2)	397,495	397,495
RWA	**18,187,330**	**18,174,801**
CET 1 ratio	**16.32%**	**16.20%**
Tier 1 ratio	**16.36%**	**16.25%**
Total capital ratio	**18.55%**	**18.44%**
Leverage ratio	**6.34%**	**5.45%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS			30/09/2021		31/12/2020
10.	CASH AND CASH EQUIVALENTS		**4,470,274**		**5,066,606**
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**1,315,280**		**1,228,733**
	a) financial assets held for trading	191,958		190,545	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	1,123,322		1,038,188	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		**3,129,168**		**2,619,939**
40.	FINANCIAL ASSETS AT AMORTISED COST		**42,585,604**		**39,168,264**
	a) loans and receivables with banks	3,700,116		3,620,595	
	b) loans and receivables with customers	38,885,488		35,547,669	
50.	HEDGING DERIVATIVES		**-**		**-**
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		**-**		**-**
70.	EQUITY INVESTMENTS		**328,107**		**305,444**
80.	TECHNICAL RESERVES OF REINSURERS		**-**		**-**
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		**561,398**		**567,799**
100.	INTANGIBLE ASSETS		**30,561**		**28,328**
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		**346,673**		**423,785**
	a) current	10,817		46,596	
	b) deferred	335,856		377,189	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		**-**		**-**
130.	OTHER ASSETS		**567,179**		**398,699**
	TOTAL ASSETS		**53,334,244**		**49,807,597**

LIABILITY AND EQUITY			30/09/2021		31/12/2020
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**48,279,115**		**45,386,147**
	a) due to banks	10,864,021		9,826,687	
	b) due to customers	34,009,383		32,728,348	
	c) securities issued	3,405,711		2,831,112	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**41,228**		**33,816**
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		**-**		**-**
40.	HEDGING DERIVATIVES		**3,759**		**6,271**
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		**-**		**-**
60.	TAX LIABILITIES		**38,979**		**37,400**
	a) current	4,151		3,567	
	b) deferred	34,828		33,833	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		**-**		**-**
80.	OTHER LIABILITIES		**1,379,847**		**914,191**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**40,426**		**42,341**
100.	PROVISIONS FOR RISKS AND CHARGES:		**264,965**		**291,757**
	a) loans commitments and	39,293		58,520	
	b) pensions and similar	187,498		189,873	
	c) other provisions	38,174		43,364	
110.	TECHNICAL RESERVES		**-**		**-**
120.	VALUATION RESERVES		**30,409**		**27,840**
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		**-**		**-**
130.	REDEEMABLE SHARES		**-**		**-**
140.	EQUITY INSTRUMENTS		**-**		**-**
150.	RESERVES		**1,537,451**		**1,449,360**
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)**		**(25,388)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**102,887**		**98,103**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**201,472**		**106,597**
	TOTAL LIABILITIES AND EQUITY		**53,334,244**		**49,807,597**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			30/09/2021		30/09/2020
10.	INTEREST AND SIMILAR INCOME		473,500		438,913
	of which: interest calculated				
	using the effective interest method	467,091		432,930	
20.	INTEREST AND SIMILAR EXPENSE		(83,141)		(76,701)
30.	**NET INTEREST INCOME**		**390,359**		**362,212**
40.	FEE AND COMMISSION INCOME		271,687		241,976
50.	FEE AND COMMISSION EXPENSE		(12,803)		(12,350)
60.	**NET FEE AND COMMISSION INCOME**		**258,884**		**229,626**
70.	DIVIDENDS AND SIMILAR INCOME		4,658		4,108
80.	NET TRADING INCOME		44,109		(11,128)
90.	NET HEDGING INCOME		35		92
100.	NET GAINS FROM SALES OR REPURCHASES OF:		31,446		(22,430)
	a) financial assets at amortized cost	18,024		(33,980)	
	b) financial assets at fair value				
	through other comprehensive income	13,443		11,509	
	c) financial liabilities	(21)		41	
110.	NET GAINS ON FINANCIAL ASSETS		25,098		(7,616)
	AND LIABILITIES AT FAIR VALUE				
	THROUGH PROFIT OR LOSS				
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily				
	measured at fair value	25,098		(7,616)	
120.	**TOTAL INCOME**		**754,589**		**554,864**
130.	NET IMPAIRMENT LOSSES				
	FOR CREDIT RISK RELATING TO:		(104,847)		(80,341)
	a) financial assets at amortized cost	(105,534)		(79,326)	
	b) financial assets at fair value				
	through other comprehensive income	687		(1,015)	
140.	NET GAINS FORM CONTRACTUAL CHANGES				
	WITHOUT DERECOGNITION		(5,397)		(5,779)
150.	**NET FINANCIAL INCOME**		**644,345**		**468,744**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE				
	INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND**				
	INSURANCE INCOME		**644,345**		**468,744**
190.	ADMINISTRATIVE EXPENSES:		(415,556)		(394,834)
	a) personnel expenses	(199,963)		(184,338)	
	b) other administrative expenses	(215,593)		(210,496)	
200.	NET ACCRUALS TO PROVISIONS				
	FOR RISKS AND CHARGES		17,505		(3,682)
	a) commitments for guarantees given	19,008		(6,681)	
	b) other net provisions	(1,503)		2,999	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON		(27,758)		(28,371)
	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY				
220.	AMORTISATION AND NET IMPAIRMENT LOSSES		(11,562)		(11,641)
	ON INTANGIBLE ASSETS				
230.	OTHER NET OPERATING INCOME		53,648		44,817
240.	**OPERATING COSTS**		**(383,723)**		**(393,711)**
250.	SHARE OF PROFITS OF INVESTEES		25,623		18,923
260.	NET FAIR VALUE LOSSES ON PROPERTY,				
	EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(320)		(518)
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		279		9
290.	**PRE-TAX PROFIT FROM**				
	CONTINUING OPERATIONS		**286,204**		**93,447**
300.	TAXES ON INCOME FOR THE YEAR				
	FOR CONTINUING OPERATIONS		(80,083)		(25,881)
310.	**POST-TAX PROFIT FROM**				
	CONTINUING OPERATIONS		**206,121**		**67,566**
320.	POST-TAX PROFIT (LOSS) FROM				
	DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**206,121**		**67,566**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE				
	TO MINORITY INTERESTS		(4,649)		(3,116)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE**				
	TO THE OWNERS OF PARENT BANK		**201,472**		**64,450**
	EARNINGS (LOSS) PER SHARE		0.444		0.142
	DILUTED EARNINGS (LOSSES) PER SHARE		0.444		0.142

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	30/09/2021	30/09/2020	(+/-)	% change
Net interest income	390,359	362,212	28,147	7.77
Dividends and similar income	4,658	4,108	550	13.39
Net fee and commission income	258,884	229,626	29,258	12.74
Net gains on financial assets	100,688	4,023	96,665	2402.81
Total income	**754,589**	**599,969**	**154,620**	**25.77**
Net impairment losses [a]	-91,236	-140,557	49,321	-35.09
Net financial income	**663,353**	**459,412**	**203,941**	**44.39**
Personnel expenses [b]	-191,577	-184,338	-7,239	3.93
Other administrative expenses	-215,593	-210,496	-5,097	2.42
Other net operating income [b]	45,262	47,468	-2,206	-4.65
Net accruals to provisions for risks and charges [a]	-1,503	2,999	-4,502	-
Depreciation and amortisation on tangible and intangible assets	-39,320	-40,012	692	-1.73
Operating costs	**-402,731**	**-384,379**	**-18,352**	**4.77**
Operating result	**260,622**	**75,033**	**185,589**	**247.34**
Share of profits of investees and net gains on sales of investments	25,582	18,414	7,168	38.93
Pre-tax profit from continuing operations	**286,204**	**93,447**	**192,757**	**206.27**
Income taxes	-80,083	-25,881	-54,202	209.43
Net profit (loss) for the period	**206,121**	**67,566**	**138,555**	**205.07**
Net (profit) loss of the period attributable to minority interests	-4,649	-3,116	-1,533	49.20
Net profit (loss) for the period attributable to the owners of Parent	**201,472**	**64,450**	**137,022**	**212.60**

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 30/09/2021 have been subject to the following reclassifications:

[a] reclassified net reversals on provisions for credit risk for commitments and guarantees for 19.008 € million initially included in item net accruals to provisions for risks and charges [a) commitments for guarantees given] showing them among net impairment losses. The results at 30/09/2020 have been made consistent with those of 2021;

[b] a reclassification of personnel expenses and other operating income, netting them off against the proceeds of the retirement employees fund of 8.386 € million.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q3 - 2021	Q2 - 2021	Q1 - 2021	Q4 - 2020	Q3 - 2020
Net interest income	126.3	134.9	129.1	127.8	129.2
Dividends and similar income	0.5	3.4	0.8	0.3	1.2
Net fee and commission income	87.9	86.2	84.8	86.8	77.4
Net gains on financial assets	34.6	34.0	32.1	54.2	19.2
Total income	**249.2**	**258.5**	**246.9**	**269.1**	**226.9**
Net impairment losses [a]	-41.8	-20.6	-28.9	-76.6	-36.4
Net financial income	**207.5**	**237.9**	**218.0**	**192.5**	**190.5**
Personnel expenses [b]	-66.5	-61.4	-63.6	-62.7	-62.6
Other administrative expenses	-57.0	-79.1	-79.5	-68.4	-65.2
Other net operating income [b]	15.0	15.0	15.3	15.8	18.2
Net accruals to provisions for risks and charges [a]	-1.5	-0.7	0.7	-1.0	-0.1
Depreciation and amortisation on tangible and intangible assets	-13.6	-13.2	-12.5	-20.7	-13.8
Operating costs	**-123.7**	**-139.4**	**-139.6**	**-136.9**	**-123.5**
Operating result	**83.8**	**98.5**	**78.3**	**55.6**	**67.0**
Share of profits of investees and net gains on sales of investments	9.5	7.6	8.5	7.9	4.9
Pre-tax profit from continuing operations	**93.3**	**106.1**	**86.8**	**63.5**	**71.9**
Income taxes	-26.6	-27.2	-26.3	-21.3	-20.6
Net profit (loss) for the period	**66.7**	**78.9**	**60.5**	**42.2**	**51.3**
Net (profit) loss of the period attributable to minority interests	-2.0	-1.5	-1.2	0.0	-1.3
Net profit (loss) for the period attributable to the owners of Parent	**64.8**	**77.4**	**59.3**	**42.1**	**50.0**

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], [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	30/09/2021	30/09/2020
10.	**Profit (loss) for the period**	**206,121**	**67,566**
	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	(3,718)	67,258
70.	Defined-benefit plans	6,436	(1,666)
90.	Share of valuation reserves of equity investments valued at net equity	316	(32)
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
110.	Exchange differences	297	(581)
140.	Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income	(2,194)	4,706
160.	Share of valuation reserves of equity investments valued at net equity	1,568	(1,699)
170.	**Total other income items net of income taxes**	**2,705**	**67,986**
180.	**Comprehensive income (Item 10+170)**	**208,826**	**135,552**
190.	Consolidated comprehensive income attributable to minority interests	(4,784)	(3,122)
200.	**Consolidated comprehensive income attributable to the Parent Company**	**204,042**	**132,430**