



Banca Popolare di Sondrio

Società cooperativa per azioni – founded in 1871
Head office: Piazza Garibaldi 16, 23100 Sondrio, Italy
Sondrio Companies Register no. 00053810149.
Official List of Banks no. 842.
Parent Company of the Banca Popolare di Sondrio Group - Official List of Banking Groups no. 5696.0.
Official List of Cooperative Banks no. A160536.
Member of the Interbank Deposits Protection Fund
Fiscal code and VAT number: 00053810149
Share capital: € 1,360,157,331 - Reserves: € 1,034,954,284
(figures approved at the shareholders' meeting held on 28/4/2018)

Press release

**Board of Directors' meeting of 22 March 2019:
approval of the 2018 separate and consolidated financial statements;
proposed dividend of € 0.05 per share;
notice of calling to the Shareholders' Meeting.**

Positive results support the growth process.

The Board of Directors of Banca Popolare di Sondrio today examined and approved the consolidated and separate financial statements for 2018, expressing their appreciation for the results achieved. The preliminary consolidated balance sheet and income statement, approved on 11 February 2019 and published on the same date with a press release, to which reference is made, have not been subject to any changes.

In a complex and volatile economic and financial context that is difficult to read, the Group reaffirmed its peculiar qualities of operating capacity, profitability, solidity and prudence through the growth and diversification of loans. The profitability, supported by abundant liquidity and adequate capital, has allowed to increase the self-financing and, therefore, to improve the capital ratios. The volumes of NPEs have diminished, albeit in limited manner given the absence of sales to third parties. There was a significant increase in coverage levels which, as far as bad loans are concerned, are close to 70%.

CONSOLIDATED FINANCIAL STATEMENTS
of the Banca Popolare di Sondrio Banking Group for 2018

- Today, an amending and supplementary agreement between BPS, Fondazione CR Cento and the Holding CR CENTO S.p.A. to finalise the acquisition by BPS on the controlling interest of the share capital of Cassa di Risparmio di Cento S.p.A. has been signed.
- Agreement for the acquisition of 70.77% of Farbanca S.p.A. for a maximum amount of € 30 million, signed on 7 March.
- The consolidated profit of € 110.8 million, even if down on last year, shows the Group's resilience and its ongoing capacity to produce value over time and self-finance its growth. The result, which is significantly affected by the negative performance of financial markets, and is, among other things, positively influenced by NEXI spa's extraordinary dividend of € 20.8 million, was penalised by € 32.2 million from contributions towards stabilising the banking system.
- Return on equity (ROE) comes to 4.4%.
- As regards capital adequacy, the CET1 ratio (phased in) comes to 12.03%, up 43 basis points compared with 11.60% in 2017. The weighting of assets is done according to the standardised approach.
- Short and medium-term liquidity indicators are at levels well above 100%.
- The result of the core banking activity, the sum of net interest income (+3.7%) and net fee and commission income from services (+3.5%), increased by 3.6%.
- The net profit from securities, given the adverse market condition, showed a substantial decrease (-91.7%) compared with 2017. It is, in fact, well known the increase in the perception of sovereign risk by national and international investors.
- Traditional proximity to customers and reference communities: households and businesses were able to take advantage of new finance for more than € 2,500 million.
- Direct deposits amount to € 31,063 million, compared with € 31,634 million in the comparative period (-1.8%); indirect deposits have seen a slight increase (+0.2%) to € 30,182 million compared with € 30,119 million in the comparative period.
- Direct funding from insurance premiums comes to € 1,410 million, an increase of 5.6% compared with the previous year's volumes.

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- Gross impaired loans have decreased by € 53 million. Gross and net NPL ratios stand at 14.75% and 7.16% respectively, compared with 15.08% and 7.93% at the end of 2017.
 - Adjustments for credit risk amount to € 237.3 million compared with € 267.5 million in 2017. The cost of credit is 0.93% versus 0.90% in 2017. It has also taken into account the observations made by the ECB inspection team during the on-site inspection activities (Credit File Review) on the corporate and SMEs Corporate portfolios, representative, at the end of June 2018, reference date of the verification, of 48% of the loans to customers.
 - The coverage ratio for bad loans comes to 69.36%, while for impaired loans, taken as a whole, it stands at 55.64%.
 - The Texas Ratio, which is the ratio between total net impaired loans and tangible equity, has improved yet again, from 77.99% to 70.71%.
 - The phased in Leverage Ratio is positioned at 5.85%.
 - The net liquidity position at 3 months comes to € 9,595 million at 31 December 2018.
 - The staff, who are the company's main asset, number 3,254, thanks to 206 new hires with an average age of 28 years.

SEPARATE FINANCIAL STATEMENTS
of the parent company, Banca Popolare di Sondrio S.C.p.A, for 2018

- Profit of € 83,623 million, the result of ordinary operations alone, with a reduction of 29.4% compared with the previous year.
- Direct deposits amount to € 28,290 million (-2.6%).
- Net loans to customers total € 21,484 million (-1.2%).
- Assets under management amount to € 4,982 million.
- Net fee and commission income from services has increased by 5%.
- The cost of credit falls from 1.07% to 1.06%.
- The cost-income ratio stands at 55.73%, from 47.51%.
- The level of coverage of non-performing loans, calculated on the total of non-performing loans, increased from 51.18% to 55.76%, while on bad loans positions it rose from 65.67% to 68.95%.

The comparative income statement figures at 31/12/2017 are shown without any adjustments to the balances resulting from application of the accounting standards in force at the time. In other words, they cannot be compared on a like-for-like basis with the figures at 31/12/2018, which reflect the application of the accounting principle IFRS 9 introduced from 1 January 2018.

The comparative balance sheet figures at 31/12/2017, on the other hand, have been restated by incorporating the adjustments made by applying the accounting principle IFRS 9 introduced from 1 January 2018.

Separate figures (in millions of euro)

	Financial year 2018	Financial year 2017	Change
Net interest income	437.3	425.7	+2.7%
Net fee and commission income	275.8	262.7	+5.0%
Overall result from securities trading	-4.2	137.4	n/a
Total income	754.3	844.5	-10.7%
Writedowns of loans and financial assets	222.8	267.8	-16.8%
Operating costs	420.4	401.2	+4.8%
Profit before tax	108.8	174.9	-37.8%
Profit	83.6	118.4	-29.4%

	31 December 2018	1 January 2018	Change
Direct funding from customers	28,290	29,029	-2.5%
Indirect funding from customers	28,619	28,550	+0.2%
Insurance deposits from customers	1,410	1,336	+5.6%
Total funding from customers	58,320	58,915	-1.0%
Loans to customers	21,484	21,752	-1.2%

The **profit** at 31 December 2018 amounts to € 83.6 million, down by 29.4% compared with € 118.4 million in 2017, which was affected by a particularly favourable trend in financial markets.

Direct deposits total € 28,290 million, -2.5% on 31 December 2017. **Indirect funding** at market values, stands at € 28,619 million, +0.2% on 31 December 2017, while **direct funding from insurance premiums** amounts to € 1,410 million, +5.6% on 31 December 2017. **Total funding from customers** therefore comes to € 58,320 million, -1% on 31 December 2017.

Loans to customers, consisting of loans to customers measured at amortised cost and those at fair value through profit or loss, total € 21,484 million, down 1.2%

in comparison with loans to customers at the end of 2017, written down by € 67 million on the first time adoption of IFRS 9 and equal to € 21,752 million.

Net **impaired loans** amount to € 1,788 million, down 9.34%, and represent 8.32% of total loans compared with 9.07% at the beginning of 2018, with a coverage of 55.76% compared with 52.00% at the beginning of 2018. Within impaired loans, net **bad loans** amount to € 760 million, +1.9%; their incidence on total loans to customers comes to 3.54% compared with 3.43% at the beginning of 2018. The coverage of bad loans comes to 68.95% compared with 67.13% at the beginning of 2018. **Unlikely to pay loans** amount to € 969 million (-14.9%), with an increase in coverage from 34.61% at the beginning of 2018 to 36.28% and an incidence on total loans of 4.51%. **Past due exposures and/or impaired overdrawn accounts, always net of impairment**, amount to € 59 million, down 32.4%, with a coverage ratio of 19.48% and an incidence on total loans of 0.28%.

The decline, even though limited, of non performing loans with the increase in coverage levels, the latter being in a position of pre-eminence in the Italian banking system, testify to the Group's historical prudence in credit management.

Financial assets, represented by own securities and derivatives, amount to € 11,109 million, -6.5% on 1 January 2018. The portfolio of financial assets measured at amortised cost (+42.1%) has increased significantly year on year; the portfolio of financial assets measured at fair value through other comprehensive income, on the other hand, has decreased (-35.8%).

Equity investments amount to € 562 million, an increase of 10.9% compared with 31 December 2017.

With regard to the components of the income statement, compared with the results at 31 December 2017, **net interest income** came to € 437.3 million, +2.7% on last year's € 425.7 million.

Net fee and commission income from services has been showing a positive trend, coming in at € 275.8 million, +5%, thanks in particular to the positive trend in fees and commissions on the sale of asset management and insurance products, as well as those related to current account management and collection and payment services.

The **dividends** collected amount to € 45.4 million, a significant increase from € 18.6 million in 2017, thanks above all to an extraordinary dividend of € 20.8 million.

The **net profit from securities, foreign exchange, derivatives and loans measured at fair value** (the sum of income statement line items 80, 100 and 110) was negative for € 4.2 million, compared with a positive figure of € 137.4 million in the comparative period. In addition to discounting the negative effects of the higher volatility on financial markets during the 2018, this trend was also

affected by the fact that there were no longer the significant gains realised last year on the disposal of securities.

This aggregate also includes the expense of € 5.3 million deriving from the full allocation to the income statement of the contribution paid to the Interbank Deposit Protection Fund (IDPF) Voluntary Scheme for the subscription of the subordinated security issued by Banca Carige SpA.

Total income has fallen as a result to € 754.3 million, down 10.7% compared with 2017.

Net adjustments for credit risk, income statement line item 130, amount to € 222.8 million, down by 16.8% compared with € 267.8 million in 2017, which is affected, as already mentioned, by the application rules following the introduction of the new accounting principle of the IFRS 9. The component consisting of net adjustments for credit risk relating to financial assets measured at amortised cost, represented by exposures to customers and banks in the form of loans and securities, amounts to € 226.8 million compared with € 232 million the previous year. Despite the limited improvement in the macroeconomic context that occurred in the first part of 2018, the difficulties of leading operators in the construction and public works sector had a negative impact.

Net adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income include write-backs of € 4 million on fixed-yield securities.

Income statement line item 140, which is used for the recognition of gains/losses on contractual amendments not resulting in derecognition, arising from changes to contractual cash flows, reported a loss of € 2.8 million.

The ratio between net adjustments for credit risk relating to financial assets measured at amortised cost, item 130a of the income statement, and net loans to customers, the so-called cost of credit, stands at 1.06%.

Net financial income comes to € 528.7 million, -8.3%.

Operating costs amount to € 420.4 million, +4.8%, an increase largely attributable to the increase in net provisions for risks and charges, an aggregate in which, following the application of the new account principle IFRS 9, adjustments to loan guarantees, previously recorded in adjustments to loans, which in 2018 came to € 10.8 million.

The ratio of operating costs/total income, known as the "cost/income ratio", is 55.73% compared with 47.51% at the end of 2017, reflecting both the increase in costs and the reduction in total income.

Analysing each cost item, after reclassifying the deferral of income earned by the fund for post-employment benefits, administrative expenses were 1.8% higher at € 437.3 million; personnel expenses have risen to € 182.9 million, +1.4%. Other administrative expenses have also risen slightly from € 249.2 million to € 254.4 million, +2.1%. The result was affected by the € 26.9 million of contributions to

the National Resolution Fund and the Interbank Deposit Protection Fund. Net accruals to provisions for risks and charges came to € 9 million, compared with € 2.2 million in the comparative period. Adjustments to tangible and intangible assets amounting to € 28.7 million are substantially stable compared with the previous year. Other operating income/expense, subject to reclassification as mentioned above, amounted to € 54.6 million, -7.8%.

The **operating profit** therefore came to € 108.3 million, -38.3%.

Profit before income taxes therefore came to € 108.8 million, -37.8%.

Deducting **income taxes** of € 25.1 million, -55.5%, leads to a **profit for the year** of € 83.6 million, -29.4%.

The **effective tax rate**, i.e. the ratio between income taxes and the profit from continuing operations, is 23.1% compared with 32.3% in the comparative period. It reflects the smaller incidence of income subject to full taxation.

Individual own funds, including the profit for the year, at 31 December 2018 amounted to € 2,367 million with a decrease of € 11 million compared with the figure at 31 December 2017, already adjusted downwards on FTA of IFRS 9 and amounting to € 2,378 million.

Consolidated own funds for supervisory purposes at 31 December 2018, taking into account the portion of profit for the period allocated to self-financing, amounted to € 2,981 million compared with € 3,106 million at 31 December 2017.

Consolidated capital ratios at 31 December 2018, calculated on the basis of the own funds for supervisory purposes as described above, fully satisfy the minimum levels set by the Supervisory Authority for the Banca Popolare di Sondrio Banking Group. The CET1 Ratio, the Tier1 Ratio and the Total Capital Ratio (phased-in) come to 12.03%, 12.07% and 13.61%, respectively.

These coefficients still reflect the use of standard credit risk weighting methods. A further appreciation of the prudential capital ratios is expected following the adoption of the advanced AIRB models, for which the Bank is waiting to receive authorisation from the Supervisory Authority.

The **workforce of the Banking Group** rose to 3,254 from 3,196 at the end of 2017, plus the 3 people who work for Pirovano Stelvio Spa.

The **shareholder base** currently amounts to 169,507 members.

BPS announces that today it has been signed with the Cassa di Risparmio di Cento Foundation ("**Foundation**") and the Holding CR Cento S.p.A. ("**Holding**"), a wholly-owned subsidiary of the Foundation, an amending and supplementary agreement (the "**Amending Agreement**") of certain provisions contained in the

framework agreement (the "**Framework Agreement**") signed on 30 October 2018 in relation to the acquisition (the "**Acquisition**" or "**Transaction**") by BPS of the controlling interest in the share capital of Cassa di Risparmio di Cento SpA ("**CRC**"), described in the press releases of BPS of 25 March 2018 and 30 October 2018.

Based on the Amending Agreement, taking into account the provisions of art. 30, second paragraph, of the Banking Act, the parties, in order to proceed with the Acquisition, overcoming what was previously agreed, have modified the settlement methods of the consideration for the CRC shares object of the Acquisition by BPS, without substantially changing the overall economic terms of the Transaction.

In particular, pursuant to the Amending Agreement, the new fee structure for the Acquisition of the n. 7,624,467 CRC ordinary shares (representing 51% of CRC's share capital) is structured as follows:

- (a) n. 1,092,473 CRC ordinary shares, representing 7.30% of CRC's capital, will be sold by the Holding (for n. 500,000) and by the Foundation (for n. 592.437) to BPS against payment in cash of a total consideration of approximately 6.9 million euros;
- (b) n. 3,265,997 CRC ordinary shares, representing 21.85% of CRC's capital, will be transferred from the Foundation to BPS through exchange with BPS shares. Specifically, CRC shares will be the object of a contribution in kind made by the Foundation to pay up the n. 4,572,396 BPS shares (representing 1% of the share capital of BPS) resulting from the capital increase of BPS, reserved for the Foundation through exclusion of the option right pursuant to art. 2441 cod. Civ., based on the exchange ratio agreed between the parties for the purpose of the Transaction, equal to 1.4 newly issued BPS shares for each CRC share, assuming a conventional value per BPS share equal to EUR 3.41 and a value conventional CRC share for Euro 4.774;
- (c) n. 3,265,997 CRC ordinary shares, representing 21.85% of CRC's capital, will be purchased by BPS against the issue by BPS, with the exclusion of the option right pursuant to art. 2441 cod. civ., of a convertible bond, which can be convertible and / or converted, for a total nominal amount of 15.6 million euros.

The methods of payment of the consideration sub lett. (b) and (c) above will be the subject of a proposal to the next Extraordinary Shareholders' Meeting of BPS, which will be asked to confer a new delegation, after revocation of the previous delegation conferred on 28 April 2018, pursuant to, respectively, art. 2443 cod. civ. for the issue of BPS shares resulting from the capital increase of BPS, reserved for the Foundation, and art. 2420-ter cod. civ. for the issue of bonds to be

converted into ordinary BPS shares, with the exclusion of the option right and reserved in favor of the Foundation.

In relation to the conversion bonds, it is specified that, pursuant to the Amending Agreement, the maximum amount of the bond loan whose issue it is proposed to delegate to the Board of Directors will be 15.6 million Euros, with a duration of 36 months, extendable under certain conditions, with a gross fixed annual interest rate of 2.25%, and with a maximum number of BPS shares to be issued as a result of the capital increase of BPS to exclusive service of the conversion (to be carried out in accordance with article 30, second paragraph, of the Banking Act) equal to n. 4,572,396 BPS ordinary shares with a conversion price equal to Euro 3.41 per share, without prejudice to the faculty of the Board of Directors of BPS to fix any other terms and conditions of the aforementioned bond issue.

The delegation, if conferred by the shareholders' meeting, will be exercised subject to the issue of legal authorisations by the competent Supervisory Authorities.

In order to guarantee correct information to the market, it is specified that the Illustrative Reports relating to the proposed resolutions regarding the methods of payment sub lett. (b) and (c) above will be made available to the public according to the terms and methods established by law.

On 7 March a contract was signed for the purchase of 70.77% of **Farbanca S.p.A.** for a maximum of € 30 million.

Farbanca was founded in 1997 by an association of pharmacists with the aim of providing its affiliates with specialised services dedicated to the pharmaceutical and healthcare sectors.

From a strategic point of view, the transaction is an opportunity to develop an integrated platform, dedicated to particular customer segments, able to offer collection and payment services and loans, as well as asset management and insurance products.

With regard to the outlook for operations, most forecasts see a distinct slow-down in the global economic cycle: in Europe, Italy's situation appears to be more negative as economic stagnation is expected to follow the current technical recession. Reasons of a general nature, from the deceleration of Chinese growth to the persistence of problems in international trade due to the threatened reintroduction of duties, without forgetting the uncertainties related to the process that could end the UK membership in the EU (Brexit), and also at the national level the persistence of a high public debt and the problems linked to the low productivity of our industrial System, suggest that the road to growth will become more fraught in the months ahead.

According to its recent declarations, the European Central Bank will continue to maintain an accommodating attitude, i.e. keeping interest rate movements under

tight control.

As for our Bank, despite the presence of an economic backdrop complex and not without risks, it is believed that the company's profitability can still improve, thanks to both the increase of commission and fees and the managerial action aimed at, among other things, increasing volumes and unitary margins.

Proposed gross dividend per share - Banca Popolare di Sondrio S.C.p.A.

The Board of Directors has decided to propose to the Shareholders' Meeting the distribution of a gross dividend per share of € 0.050 compared with the € 0.070 paid in respect of 2017. Payment of the dividend will commence on 22 May 2019 in compliance with current regulations, bearing in mind that the stock will go ex-coupon (no. 41) on 20 May 20. The profit proposed for distribution amounts in total to € 22.67 million. The dividend is subject to the taxation set by current legislation; in particular, dividends paid to individuals are subject to a 26% withholding tax. For the rest of the profit, the proposal is to allocate € 60.85 million to reserves and € 0.1 million to the charity fund.

Calling of the Shareholders' Meeting of Banca Popolare di Sondrio S.C.p.A.

The Shareholders' Meeting of Banca Popolare di Sondrio S.C.p.A. is scheduled at first calling on 26 April 2019, at 10.00 am, at the registered office in Piazza Garibaldi 16, Sondrio, and at second calling on Saturday 27 April 2019, at 10.30 am, at the "Pentagono" multipurpose centre in via Manzoni 22, Bormio (So).

The notice of calling will be sent out as required by law.

PRESENTATION OF COMPARATIVE FIGURES

In the enclosed accounting schedules, the comparative figures in the balance sheet and income statement of financial year as at 31 December 2017 have been simply restated using the financial statements required by the fifth update of Bank of Italy Circular 262, without making any changes to the figures calculated in accordance with the accounting standards in force at the time.

It follows that the balance sheet and income statement figures of the financial statements as at 31 December 2017, which do not include the effects deriving from FTA of IFRS 9, are not directly comparable on a like-for-like basis with those of the financial statements as at 31 December 2018.

DECLARATION

The Manager responsible for preparing the company's accounting documents, Maurizio Bertoletti, certifies pursuant to art. 154 bis, para. 2, of the Consolidated Finance Law, that the accounting information contained in this press release agrees with the underlying documents, registers and accounting entries.

Signed: The Manager responsible for preparing the company's accounting documents

Company contacts:

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Sondrio, 22 March 2019

Appendices:

Consolidated and separate balance sheet and income statement;
Reclassified consolidated and separate income statements.

This translation of the original Italian press release is provided for convenience only. In case of discrepancy, the Italian version prevails.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of euro)

Assets			31/12/2018	31/12/2017
IFRS 9	IAS 39			
10.	10.	Cash and cash equivalents	1,577,163	699,379
20.		Financial assets at fair value through profit or loss	858,069	
20a)	20.	Financial assets held for trading	251,044	372,590
20b)	30.	Financial assets designed at fair value	-	-
20c)		Financial assets mandatorily at fair value through profit or loss	607,025	
	20.	Financial assets at fair value through profit or loss		62,463
	30.	Financial assets designed at fair value		281,140
	40.	Available-for-sale financial assets		40,600
	50.	Held-to-maturity investments		6,005
	70.	Loans and receivables with customers		132,532
30.		Financial assets at fair value through other comprehensive income	4,423,618	
	20.	Financial assets at fair value through profit or loss		256,358
	40.	Available-for-sale financial assets		6,630,613
40.		Financial assets at amortised cost	32,873,554	
40a)	60.	a) Loans and receivables with banks	1,320,621	1,920,320
	50.	Held-to-maturity investments		6,856
40b)	70.	b) Loans and receivables with customers	31,552,933	25,623,303
	40.	Available-for-sale financial assets		116,824
	50.	Held-to-maturity investments		4,119,711
50.	80.	Hedging derivatives	-	-
70.	100.	Equity investments	220,957	217,634
90.	120.	Property, equipment and investment property	328,161	327,490
100.	130.	Intangible assets	33,259	23,720
		of which:		
		- goodwill	12,632	7,847
110.	140.	Tax assets	465,040	435,064
	110a)	140a) current	31,834	49,618
	110b)	140b) deferred	433,206	385,446
130.	160.	Other assets	348,364	352,052
Total assets			41,128,185	41,624,654

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of euro)

Liability and Equity			31/12/2018	31/12/2017
IFRS 9	IAS 39			
10.		Financial liabilities at amortised cost	37,228,347	
10a)	10.	Due to banks	6,165,836	6,204,835
10b)	20.	Due to customers	28,630,307	28,800,925
10c)	30.	Securities issued	2,432,204	2,833,359
20.	40.	Financial liabilities held for trading	57,211	31,259
30.	50.	Financial liabilities designated at fair value	-	-
40.	60.	Hedging derivatives	16,826	22,468
60.	80.	Tax liabilities	29,767	38,855
60a)	80a)	current	4,252	2,705
60b)	80b)	deferred	25,515	36,150
80.	100.	Other liabilities	760,091	643,520
90.	110.	Post-employment benefits	43,222	45,591
100.		Provisions for risks and charges:	248,850	
100a)		Commitments and financial guarantees given	46,163	
	100.	Other liabilities		30,152
	120.	Provisions for risks and charges		204,277
100b)	120a)	Pensions and similar obligations	160,734	160,799
100c)	120b)	Other provisions	41,953	43,478
120.	140.	Valuation reserves	(34,452)	28,478
150.	170.	Reserves	1,160,683	1,077,440
160.	180.	Share premium	79,005	79,005
170.	190.	Share capital	1,360,157	1,360,157
180.	200.	Treasury shares (-)	(25,375)	(25,370)
190.	210.	Equity attributable to minority interests	93,049	90,593
200.	220.	Profit for the period	110,804	159,210
Total liabilities and equity			41,128,185	41,624,654

CONSOLIDATED INCOME STATEMENT
(in thousands of euro)

Items		31/12/2018	31/12/2017	
IFRS 9	IAS 39			
10.	10.	Interest and similar income	624,515	631,639
20.	20.	Interest and similar expense	(116,380)	(141,717)
30.	30.	Net interest income	508,135	489,922
40.	40.	Fee and commission income	336,146	324,053
50.	50.	Fee and commission expense	(20,485)	(18,973)
60.	60.	Net fee and commission income	315,661	305,080
70.	70.	Dividends and similar income	29,097	5,533
80.	80.	Net trading income	19,826	60,429
90.	90.	Net hedging income	(95)	(115)
100.	100.	Net gains from sales or repurchases of:	5,486	95,244
	a)	Financial assets at amortized cost	2,122	
	a)	Loans and receivables		-
	b)	Financial assets at fair value through other comprehensive income	3,381	
	b)	Available-for-sale financial assets		94,795
	c)	financial liabilities	(17)	
	d)	financial liabilities		449
110.	110.	Net gains on financial assets and liabilities at fair value through profit or loss	(11,857)	5,761
	a)	Financial assets and liabilities designed at fair value	-	5,761
	b)	Other financial assets mandatorily at fair value	(11,857)	
120.	120.	Total income	866,253	961,854
130.	130.	Net impairment losses on:	(237,313)	(267,533)
	a)	financial assets at amortized cost	(241,283)	(231,732)
	b)	financial assets at fair value through other comprehensive income	3,970	(35,801)
140.		Net gains from contractual changes without derecognition	(2,839)	
150.	140.	Net financial income	626,101	694,321
160.	150.	Net insurance premiums	-	-
170.	160.	Other net insurance income (expense)	-	-
180.	170.	Net financial income and insurance income	626,101	694,321
190.	180.	Administrative expenses:	(521,858)	(522,300)
	a)	personnel expenses	(240,542)	(245,170)
	b)	other administrative expenses	(281,316)	(277,130)
200.	190.	Net accruals to provisions for risks and charges	(10,967)	(14,52)
	a)	commitments for guarantees given	(11,926)	(6,796)
	b)	other net provisions	959	5,344
210.	200.	Depreciation and net impairment losses on property, equipment and investment property	(17,715)	(18,945)
220.	210.	Amortisation and net impairment losses on intangible assets	(17,274)	(17,269)
230.	220.	Other net operating income	64,839	72,276
240.	230.	Operating costs	(502,975)	(487,690)
250.	240.	Share of profits of investees	19,903	26,517
260.	250.	Net fair value losses on property, equipment and intangible assets measured at fair value	(368)	515
270.	260.	Goodwill impairment losses	-	-
280.	270.	Net gains on sales of investments	26	17
290.	280.	Pre-tax profit from continuing operations	142,687	233,680
300.	290.	Income taxes	(28,725)	(68,496)
310.	300.	Post-tax profit from continuing operations	113,962	165,184
320.	310.	Post-tax profit (loss) from discontinued operations	-	-
330.	320.	Net profit (loss) for the period	113,962	165,184
340.	330.	Net profit (loss) of the period attributable to minority interests	(3,158)	(5,974)
350.	340.	Net profit (loss) for the period attributable to the owners of Parent bank	110,804	159,210

CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/12/2018	31/12/2017	(+/-)	% change
Net interest income	508.135	489.922	18.213	3,72
Dividends and similar income	29.097	5.533	23.564	-
Net fee and commission income	315.661	305.080	10.581	3,47
Net gains on financial assets	13.360	161.319	-147.959	-91,72
Total income	866.253	961.854	-95.601	-9,94
Net impairment losses	-237.313	-267.533	30.220	-11,30
Net gains form contractual changes without derecognition	-2.839	-	-	-
Net financial income	626.101	694.321	-68.220	-9,83
Personnel expenses	-238.966	-236.214	-2.752	1,17
Other administrative expenses	-281.316	-277.130	-4.186	1,51
Other net operating income	63.263	63.320	-57	-0,09
Net accruals to provisions for risks and charges	-10.967	-1.452	-9.515	-
Depreciation and amortisation on tangible and intangible assets	-34.989	-36.214	1.225	-3,38
Operating costs	-502.975	-487.690	-15.285	3,13
Operating result	123.126	206.631	-83.505	-40,41
Share of profits of investees and net gains on sales of investments	19.561	27.049	-7.488	-27,68
Pre-tax profit from continuing operations	142.687	233.680	-90.993	-38,94
Income taxes	-28.725	-68.496	39.771	-58,06
Net profit (loss) for the period	113.962	165.184	-51.222	-31,01
Net profit (loss) of the period attributable to minority interests	-3.158	-5.974	2.816	-47,14
Net profit (loss) for the period attributable to the owners of Parent bank	110.804	159.210	-48.406	-30,40

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 € 1,576 million.

SEPARATE FINANCIAL STATEMENT

(euro)

Assets			31/12/2018	31/12/2017
IFRS 9	IAS 39			
10.	10.	Cash and cash equivalents	969,358,505	112,049,023
20.		Financial assets at fair value through profit or loss	902,816,282	-
20a)	20.	Financial assets held for trading	263,767,542	327,458,084
20c)		Financial assets mandatorily at fair value through profit or loss	639,048,740	-
	20.	Financial assets at fair value through profit or loss	-	24,104,531
	30.	Financial assets designed at fair value	-	351,053,774
	40.	Available-for-sale financial assets	-	40,599,496
	50.	Held-to-maturity investments	-	6,005,196
	70.	Loans and receivables with customers	-	132,532,389
30.		Financial assets at fair value through other comprehensive	4,423,027,149	-
	20.	Financial assets at fair value through profit or loss	-	256,357,703
	40.	Available-for-sale financial assets	-	6,630,084,374
40.		Financial assets at amortised cost	29,409,225,554	-
40a)	60.	a) Loans and receivables with banks	2,217,280,673	2,815,465,621
	50.	Held-to-maturity investments	-	6,855,926
40b)	70.	b) Loans and receivables with customers	27,191,944,881	21,686,496,069
	40.	Available-for-sale financial assets	-	116,824,176
	50.	Held-to-maturity investments	-	4,119,710,562
70.	100.	Equity investments	562,154,499	506,727,965
80.	110.	Property, equipment and investment property	186,740,161	184,145,045
90.	120.	Intangible assets	14,762,412	14,396,056
100.	130.	Tax assets	414,827,084	385,613,399
100a)	130a)	current	26,977,883	41,717,531
100b)	130b)	deferred	387,849,201	343,895,868
120.	150.	Other assets	283,741,717	305,819,797
Total assets			37,166,653,363	38,022,299,186

SEPARATE FINANCIAL STATEMENT

(euro)

Liability and Equity		31/12/2018	31/12/2017
IFRS 9	IAS 39		
10.	Financial liabilities at amortised cost	33,770,793,630	-
10a)	10. Due to banks	5,480,393,123	5,635,658,170
10b)	20. Due to customers	25,877,854,869	26,244,477,812
10c)	30. Securities issued	2,412,545,638	2,784,807,929
20.	40. Financial liabilities held for trading	42,532,267	51,079,682
60.	80. Tax liabilities	15,058,256	27,779,910
	b) deferred	15,058,256	27,779,910
80.	100. Other liabilities	710,725,874	599,522,297
90.	110. Post-employment benefits	40,637,713	42,848,291
100.	Provisions for risks and charges:	220,085,911	-
100a)	Commitments and financial guarantees given	45,018,292	-
	100. Other liabilities	-	29,699,468
	120. Provisions for risks and charges	-	179,477,008
100b)	120a) Pensions and similar obligations	139,028,680	141,658,773
100c)	120b) Other provisions	36,038,939	37,818,235
110.	130. Valuation reserves	(16,195,773)	38,642,710
140.	160. Reserves	885,551,458	856,064,897
150.	170. Share premium	79,005,128	79,005,128
160.	180. Share capital	1,360,157,331	1,360,157,331
170.	190. Treasury shares (-)	(25,321,549)	(25,321,549)
180.	200. Profit for the period	83,623,117	118,400,102
Total liabilities and equity		37,166,653,363	38,022,299,186

SEPARATE INCOME STATEMENT

(euro)

Items			31/12/2018	31/12/2017
IFRS 9	IAS 39			
10.	10.	Interest and similar income	534,125,726	547,390,208
20.	20.	Interest and similar expense	(96,813,061)	(121,713,804)
30.	30.	Net interest income	437,312,665	425,676,404
40.	40.	Fee and commission income	291,056,086	277,187,608
50.	50.	Fee and commission expense	(15,223,850)	(14,453,872)
60.	60.	Net fee and commission income	275,832,236	262,733,736
70.	70.	Dividends and similar income	45,365,465	18,623,815
80.	80.	Net trading income	2,430,035	37,930,083
100.	100.	Net gains from sales or repurchases of:	5,486,518	95,243,843
100 a)	a)	Financial assets at amortized cost	2,122,269	-
	a)	Loans and receivables	-	(102)
	b)	Financial assets at fair value through other comprehensive income	3,381,111	-
	b)	Available-for-sale financial assets	-	94,795,083
	c)	financial liabilities	(16,862)	-
	d)	financial liabilities	-	448,862
110.	110.	Net gains on financial assets and liabilities at fair value through profit or loss	(12,097,686)	4,247,438
	a)	Financial assets and liabilities designed at fair value	-	4,247,438
	b)	Other financial assets mandatorily at fair value	(12,097,686)	-
120.	120.	Total income	754,329,233	844,455,319
130.	130.	Net impairment losses on:	(222,795,628)	(267,784,980)
	a)	financial assets at amortized cost	(226,766,003)	(231,983,535)
	b)	financial assets at fair value through other comprehensive income	3,970,375	(35,801,445)
140.		Net gains from contractual changes without derecognition	(2,838,879)	-
150.	140.	Net financial income	528,694,726	576,670,339
160.	150.	Administrative expenses:	(438,884,829)	(438,614,938)
	a)	personnel expenses	(184,445,102)	(189,379,026)
	b)	other administrative expenses	(254,439,727)	(249,235,912)
170.	160.	Net accruals to provisions for risks and charges	(8,964,783)	(2,217,925)
	a)	commitments for guarantees given	(10,811,263)	(7,164,234)
	b)	other net provisions	1,846,480	4,946,309
180.	170.	Depreciation and net impairment losses on property, equipment and investment property	(13,982,158)	(14,362,189)
190.	180.	Amortisation and net impairment losses on intangible assets	(14,680,285)	(14,118,928)
200.	190.	Other net operating income	56,159,483	68,152,303
210.	200.	Operating costs	(420,352,572)	(401,161,677)
220.	210.	Share of profits of investees	402,849	(622,325)
250.	240.	Net gains on sales of investments	212,12	12,354
260.	250.	Pre-tax profit from continuing operations	108,766,215	174,898,691
270.	260.	Income taxes	(25,143,098)	(56,498,589)
280.	270.	Post-tax profit from continuing operations	83,623,117	118,400,102
300.	290.	Net profit (loss) for the period	83,623,117	118,400,102

INDIVIDUAL SUMMARY INCOME STATEMENT

(in thousands of euro)	31/12/2018	31/12/2017	(+/-)	% change
Net interest income	437.313	425.676	11.637	2,73
Dividends and similar income	45.365	18.624	26.741	-
Net fee and commission income	275.832	262.734	13.098	4,99
Net gains on financial assets	-4.181	137.421	-141.602	-
Total income	754.329	844.455	-90.126	-10,67
Net impairment losses	-222.796	-267.785	44.989	-16,80
Net gains form contractual changes without derecognition	-2.839	-	-	-
Net financial income	528.694	576.670	-47.976	-8,32
Personnel expenses	-182.869	-180.423	-2.446	1,36
Other administrative expenses	-254.440	-249.236	-5.204	2,09
Other net operating income	54.583	59.197	-4.614	-7,79
Net accruals to provisions for risks and charges	-8.965	-2.218	-6.747	-
Depreciation and amortisation on tangible and intangible assets	-28.661	-28.481	-180	0,63
Operating costs	-420.352	-401.161	-19.191	4,78
Operating result	108.342	175.509	-67.167	-38,27
Share of profits of investees and net gains on sales of investments	424	-610	1.034	-
Pre-tax profit from continuing operations	108.766	174.899	-66.133	-37,81
Income taxes	-25.143	-56.499	31.356	-55,50
Net profit (loss) for the period	83.623	118.400	-34.777	-29,37

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 € 1,576 million.