Banca Popolare di Sondrio

CDA APPROVES RESULTS AS OF SEPTEMBER 30, 2022

Net income of € 151.3 million due to excellent performance of core business
(€ 753.6 million; +16.1% y/y)

Double-digit growth in net interest income
(€ 477.3 million; +22.3% y/y)

Net commissions up
(€ 276.4 million; +6.8% y/y)

Continued strong focus on the real economy with new disbursements to households and businesses amounting to more than 4 billion euros

Cost of credit risk under control equal to 42 basis points

CET1 ratio at 15.4%[1] and Total Capital ratio at 18%[1]

Expected year-end ROE in the 7% area

"The bank's performance remained solid in the third quarter of 2022, consolidating the excellent results achieved in the first part of the year. In fact, as of September 30, Group profit stood at € 151.3 million.
I would like to emphasize the very significant growth - over 20% - recorded by net interest income in the year-on-year comparison. This component benefits from the new market environment, characterized by rising rates, and reflects in our case the growth in loans to customers, confirming the vocation of Banca Popolare di Sondrio, which has always been committed to the economic development of the territories in which the bank

operates," said ***Mario Alberto Pedranzini, Chief Executive Officer of Banca Popolare di Sondrio****.*
"We are now confronted with a worsening macroeconomic picture due to geopolitical tensions related to the war in Ukraine and inflationary pressures slowing business consumption and investment. We have taken this into account, acting prudently on the cost of credit. Asset quality, however, shows no significant signs of deterioration for the time being: despite a historic shock on the energy price front, the economic framework of the areas of the country where we are present is once again showing extraordinary resilience and adaptability. The bank will continue to play its part alongside businesses and households, backed by excellent capitalization.
As much as the current environment invites caution, the operational trends observed so far make us confident about achieving positive results in the latter part of 2022 as well".

Sondrio, **Nov. 8,** ***2022*** - The Board of Directors of Banca Popolare di Sondrio, which met today under the chairmanship of Prof. Avv. Francesco Venosta, reviewed and approved the consolidated interim management report as of Sept. 30, 2022.

The expansionary phase of the Italian economy continued into the third quarter of 2022, demonstrating the ability of the country-system to withstand the impact of the sharp increase in energy prices that continues to negatively affect business and household activity. According to the latest estimates released by ISTAT, the acquired growth rate in the first nine months of the year stood at 3.9 percent. Against this macroeconomic backdrop, the Banca Popolare di Sondrio Group achieved a net profit for the period of € 151.3 million, confirming its commercial strength in the areas where it operates and a high level of management efficiency.

Below are some **details of the most important economic and financial indicators**:

- **Net income for the period,** a positive € 151.3 million, reflects the strong increase in income from **core banking activities** to € 753.6 million (+16.1% compared to September 30, 2021; net **interest income** +22.3% and **net commissions** +6.8%). It also incorporates significant charges for the stabilization of the Banking System of € 43 million, further increasing compared to the comparison period;
- **capital ratios**[1] stand at particularly high levels. In the *phased-in* version, the CET1 ratio and Tier1 ratio stand at 15.4%, while the total capital ratio is 18%. In the fully loaded version, the ratios are 15.3 percent and 17.9 percent, respectively;
- the bank distinguished itself in supporting the real economy of the territories it oversees with new loan **disbursements to households and businesses** amounting to more than € 4 billion, up from more than € 3.3 billion in the comparison period, which also included "Covid disbursements" with a state guarantee of about € 840 million;
- of significance is **the activity of acquiring tax credits** (superbonus/earthquake bonus, ecobonus, other bonuses), which has reached a stock of more than 1.6 billion euros, destined to increase considerably due to the transactions currently being investigated; the contribution to the income statement has quantified, as of

September 30, 2022, more than 26 million euros. This activity, conducted by the bank with rigorous file verification, has also enabled the expansion of the customer base;

- in further reduction in the **incidence of gross impaired loans,** as summarized by the NPL ratio, which stood at 5.2 percent from 5.8 percent at the end of 2021;
- **coverage ratios of impaired loans** remain particularly high and among the highest at the System level . Compared to December 31, 2021, the ***coverage ratio* of total non performing loans** stands at 59.6 percent from 55.4 percent, that referring only to positions classified as bad loans stands at 79 percent from 73.9 percent, reaching 92.1 percent with the inclusion of amounts passed through the income statement in previous years on positions already in non-performing status for which accounting evidence is maintained, against a prospect of eventual recoveries. The coverage level of unlikey to pay stands at 47.5 percent from 45.2 percent. The coverage rate for **performing loans** is about 0.4 percent;
- the **cost of risk** is in the area of 42 basis points in line with the actual value in the comparison period. This indicator also reflects additional extraordinary and prudential provisions related to the conflict between Russia and Ukraine, without prejudice to the Group's very limited direct exposure to the geographic area involved, as well as those for portfolio exposures to companies operating in energy-intensive sectors. Asset quality remains very good as attested by the limited migration from performing to impaired positions, summarized by the default rate that has remained below 1 percent;
- the **Texas** ratio, the ratio of total net impaired loans to tangible shareholders' equity, decreased further to 21.7 percent from 25.8 percent at the end of December 2021;
- **Direct customer deposits** amounted to € 39,958 million, up from € 39,304 million at the end of 2021 (+1.7 percent);
- **Indirect deposits** amounted to € 36,953 million down from € 40,982 million at the end of 2021 (-9.8%) mainly due to the negative performance of the equity and bond markets so far. Assets under administration amounted to € 30,690 million compared to € 34,185 million as of December 31, 2021 (-10.2%). Assets under management stood at € 6,263 million compared to € 6,796 million at the end of 2021 (-7.8%) also impacted by the negative market effect, only partly offset by positive net inflows of more than € 360 million;
- **insurance inflows** amounted to € 1,935 million compared to € 1,909 million as of Dec. 31, 2021 (+1.3 percent) with net inflows of about € 70 million;
- **Loans to customers** stood at € 32,749 million, a significant increase (+5.4%) from € 31,059 million 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;
- the contribution made to the Group's net income by **subsidiaries and affiliates** is confirmed to be positive overall, although lower than in the comparison period.

Accounting data (in millions of euros)

Income results	**30/09/2022**	**30/09/2021**	**Change**
Profit (loss) from core activities	753.6	649.2	+16.1%
of which interest margin	477.3	390.4	+22.3%
of which net commissions	276.4	258.9	+6.8%
Result of financial activity	51.5	80.2	-35.8%
Result of other financial assets at FVTPL	-74.2	25.1	-
Intermediation margin	730.9	754.6	-3.1%
Net value adjustments (*)	103.9	91.2	+13.9%
Operating costs (*) (**)	381.0	368.0	+3.5%
System charges (**)	43.0	34.7	+24.0%
Profit before tax	217.6	286.2	-24.0%
Net income	151.3	201.5	-24.9%

The result of financial activity is the sum of items 70 - 80 - 90 - 100 in the income statement.
The result of other financial assets measured at FVTPL consists of item 110b in the income statement.

(*) As of September 30, 2022, € 22.1 million of net credit risk provisions for commitments and guarantees, which were initially included in net provisions for risks and charges in the income statement, were restated by showing them as net value adjustments. Losses on disposal of € 2.8 million included in gains/losses on financial assets measured at amortized cost were also reclassified. The results as of September 30, 2021 have been made consistent.
(**) System charges were separated from operating costs.

Balance sheet results	**30/09/2022**	**31/12/2021**	**Change**
Direct customer deposits	39,958	39,304	+1.7%
Indirect customer deposits	36,953	40,982	-9.8%
Assets under custody	30,690	34,185	-10.2%
Assets under management	6,263	6,796	-7.8%
Insurance collection from customers	1,935	1,909	+1.3%
Total customer deposits	78,845	82,195	-4.1%
Net loans to customers	32,749	31,059	+5.4%

Performance indicators	**30/09/2022**	**31/12/2021**
Cost-income ratio	52.1%	49.9%
Cost of credit risk	0.42%	0.43%
Gross NPL ratio	5.2%	5.8%
CET 1 ratio - *phased in*[1]	15.4%	15.8%
Total Capital ratio - *phased in*[1]	18.0%	18.9%

The comments below refer to the figures shown in the attached "Summary of Reclassified Consolidated Income Statement."

The economic performance of the Group

Consolidated **net income** as of September 30, 2022 was € 151.3 million compared to € 201.5 million in the comparison period. This result comes from a consolidated gross profit of € 217.6 million, from which taxes of € 66.3 million, corresponding to a tax rate of 30.5 percent, must be deducted.

Net interest income stood at € 477.3 million, up 22.3 percent from September 30, 2021. As for the component relating to customer business, the figure reflects a positive volume effect from the significant expansion of loans. Further increase in the margin from the acquisition of tax credits, amounting to approximately € 26.2 million in the first nine months of 2022. Substantial was the contribution from the securities portfolio, which resulted in a total of about € 83 million, among which the coupon flow obtained from *inflation-linked* securities stands out. Finally, the benefit from the TLTRO III loan outstanding with the ECB on which a negative rate of 0.8 percent was applied on average, which generated revenues of approximately € 53 million, remains positive.

Net commissions from services amounted to € 276.4 million, showing a good increase (+6.8%) compared to € 258.9 million in the comparison period. On the rise was the contribution from the placement of asset management products despite the difficult market environment, as well as that associated with the bancassurance segment. Also good was the performance of commissions related to loans, collection and payment services and current account maintenance and management.

The **result of financial activities** was a positive € 51.5 million, compared with € 80.2 million in the comparison period. **Dividends** received amounted to € 6.1 million, in comparison with € 4.7 million as of September 30, 2021. **Income from trading activities** amounted to € 4.5 million compared with € 44.1 million in the first nine months of 2021. **Gains on sale or repurchase** amounted to € 40.9 million compared to € 31.4 million in September 2021.

The **result of other financial assets measured at fair value** (item 110b), as a consequence of the sharp rise in market rates, was negative by € 74.2 million compared to the positive contribution of € 25.1 million in the comparison period. In this area, capital losses on loans to customers measured at fair value amounted to € 15.2 million compared to the € 7 million of capital gains reported as of September 30, 2021. Other components, mainly related to units in bond funds (OICRs), generated capital losses of € 59 million compared with capital gains of € 18.1 million realized in the first nine months of 2021.

Intermediation margin therefore amounted to € 730.9 million from € 754.6 million in the comparison period (-3.1%). Net of the aforementioned component referring to other financial assets measured at fair value, the aggregate would have stood at € 805.1 million, an increase of more than 10%.

Net valuation adjustments stood at € 103.9 million compared to € 91.2 million in the comparison period (+13.9%). The aggregate includes extraordinary and prudential provisions related to the conflict between Russia and Ukraine, notwithstanding the Group's very limited direct exposure to the geographic area involved, as well as those related to the segments of the loan portfolio most exposed to the rising price of energy prices. Also relevant to the item are releases of part of the prudential provisions previously set aside with reference to the economic effects of the pandemic.
For an easier key to interpret the amount of net value adjustments, the following should be noted:

- item 130 of the income statement, which relates to exposures to customers and banks in the form of both loans and securities, amounts to € 88.2 million and consists almost entirely of adjustments related to financial assets measured at amortized cost;
- Item 140, which recognizes gains/losses from contractual changes without cancellations, resulting from changes in contractual cash flows, was positive by € 3.6 million in the reporting period;
- the aggregate of the above items thus adds up to € 84.6 million. If we take into account the € 22.1 million of net provisions for credit risk for commitments and guarantees, initially included in the income statement in net provisions for risks and charges, and the reclassification of profits from the sale of receivables for € 2.8 million included in the item profits (losses) from the sale or repurchase of financial assets valued at amortized cost we arrive at the € 103.9 million of net value adjustments mentioned above.

As a result, the ratio of net adjustments (€ 103.9 million) to net loans to customers (€ 32,749 million), so-called **cost of credit**, was 0.42 percent compared to 0.40 percent for the comparison period.

Net income from financial operations stood at € 627.1 million, comparing with € 663.4 million in the comparison period (-5.5%).

Operating expenses were up (+3.5%) and amounted to € 381 million compared to € 368 million in the comparison period. The trend in this aggregate is particularly affected by the increase in personnel costs, which also reflects further growth in the bank's staff, as well as other administrative expenses.
As for the individual components, administrative expenses totaled € 390.8 million, up from € 372.4 million in the comparison period (+4.9 percent).
Within: the component of personnel expenses rose to € 200 million from € 191.6 million in the comparison period (+4.4%), that of other administrative expenses increased from € 180.9 million as of September 30, 2021 to € 190.7 million as of September 30, 2022 (+5.5%).
The item net provisions for risks and charges shows provisions of € 7.7 million, which compares with the € 1.5 million reported in the first nine months of 2021.

Adjustments to tangible and intangible assets amounted to € 44.3 million, up from € 39.3 million as of September 30, 2021 (+12.7%).
Other operating income and expenses, for which the above-mentioned reclassifications were made, were positive and amounted to € 61.8 million compared to € 45.3 million in the comparison period (+36.6%).
In light of the above, the ***cost-income ratio***, calculated as the ratio of operating expenses to net income, was 52.1 percent from 48.8 percent as of September 30, 2021.

As a result, **operating income** stood at € 246.1 million compared to € 295.4 million in the first nine months of 2021.

Charges for stabilization of the banking system totaled € 43 million, up from € 34.7 million in the comparison period (+24%).

Gains/losses on equity investments and other investments showed a positive balance of € 14.6 million compared to € 25.6 million in the comparison period.

Total income before taxes thus marked € 217.6 million, comparing with € 286.2 million as of September 30, 2021. Finally, after deducting **income taxes of** € 66.3 million, we arrive at a **net income for the period of** € 151.3 million, which compares with € 201.5 million for the same period in 2021.

<u>Balance sheet aggregates</u>

In comparison with volumes at the end of 2021, **direct deposits** mark € 39,958 million (+1.7%), a strong recovery from the low reached on March 31, 2022 (+6%). **Indirect deposits**, affected by negative market dynamics, stood at € 36,953 million compared to € 40,982 million at the end of 2021 (-9.8%). Assets under custody stood at € 30,690 million compared to € 34,186 million as of December 31, 2021 (-10.2%). Assets under management amounted to € 6,263 million compared to € 6,796 million in the comparison period (-7.8%); over € 360 million in positive net inflows able to offset, in part, the negative market effect. **Insurance collection** add up to € 1,935 million (+1.3%).
Total customer deposits thus stand at € 78,845 million (-4.1%).
Net loans to customers, the sum of those measured at amortized cost and those measured at fair value with impact on the income statement, amounted to € 32,749 million, up from € 31,059 million at the end of 2021 (+5.4%).

Net impaired loans amount to € 712 million, down from € 837 million as of December 31, 2021 (-14.9%). They accounted for 2.2% of total net loans, down further from 2.7% at the end of 2021. Coverage levels remain particularly high; that referring to total impaired positions stands at 59.6% from 55.4% at the end of 2021. In this context, net **bad loans** marked € 158 million (-17.8%), accounting for 0.5% of total loans to customers, down from the figure at the end of 2021. The coverage ratio of these was 79% compared to 73.9% at the end of 2021; taking into account the amounts passed through the income statement in previous years on positions already at non-performing

status for which accounting evidence is maintained, against a prospect of eventual recoveries, the coverage for these loans stood at 92.1%.
Net **unlikely to pay** amounted to € 496 million (-15.8%), with the coverage ratio rising to 47.5% from 45.2% at the end of 2021. The ratio of these to total loans falls to 1.5 percent compared to 1.9 percent at the end of 2021. Net **impaired exposures past due and/or in arrears** amount to € 58 million (+4.7%), with a coverage ratio that stands at 7.3% compared to 14.3% at the end of 2021 and an incidence on total loans of 0.2%, in line with that of last year. The coverage ratio of performing loans stands at about 0.4%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 13,535 million, down by € 169 million (-1.2%) when compared with the actual volumes at the end of last year. More in detail: **financial assets held for trading** fall from € 204.3 million at the end of 2021 to € 189 million at September 2022 (-7.5%); **other financial assets compulsorily measured at *fair value***, fall from € 794.3 million as of December 31, 2021 to € 739.5 million as of September 30, 2022 (-6.9%); **financial assets measured at *fair value* with impact on comprehensive income** decreased from € 3.102 million at the end of 2021 to € 2,574 million in the current period (-17%), and the volume of **financial assets measured at amortized cost** rises from € 9,603 million at the end of 2021 to € 10,033 million as of September 30, 2022 (+4.5%). On the other hand, the total volume of Italian government bonds stood at € 7,801 million, down (-5%) from € 8,208 million at the end of 2021, with an incidence on the total portfolio in the range of 55%. With reference to the latter aggregate, the volume of floating-rate and inflation-linked securities stood at around € 6.3 billion, up considerably from around € 5.8 billion as of December 31, 2021 (+9.3%).
Further increasing was the portion of the portfolio allocated to **ESG debt securities**, which reached 823 million euros.

Equity investments amounted to € 334 million, down from € 339 million at the end of 2021.

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

As of September 30, 2022, both short-term (LCR-Liquidity Coverage Ratio) and medium-to-long-term (NSFR-Net Stable Funding Ratio) **liquidity indicators** were well above the minimum requirement for the current fiscal year (100%). Specifically, the Liquidity Coverage Ratio stands at 142% at the end of September 2022.

The Group can always rely on a substantial **portfolio of refinancable assets,** which, net of applied haircuts, amounts to € 15,840 million: of these, € 5,829 million (37%) are unencumbered securities.

Consolidated shareholders' equity, including net income for the period, as of September 30, 2022 amounted to € 3,321 million, up € 50 million from the value at the end of 2021.

Consolidated (phased-in) **regulatory capital**[1] as of September 30, 2022 stood at € 3,728 million compared to the December 31, 2021 figure of € 3,785 million (-1.5%).

The **capital ratios**[1] for regulatory purposes as of September 30, 2022, calculated on the basis of regulatory capital as shown above, were equal to:

- CET1 ratio: 15.4% (phased-in), 15.3% (fully phased);
- Tier1 ratio: 15.4% (phased-in), 15.3% (fully phased);
- Total Capital ratio: 18% (phased-in), 17.9% (fully phased).

The **Leverage Ratio** as of September 30, 2022 is, applying the transitional criteria in effect for 2022 (*phased in*), 5.15% and, depending on the criteria envisaged when *fully phased*, 5.12%.

As of September 30, 2022, the banking group's **staff** consisted of 3,440 resources. **New hires** made in 2022 total 185.

As for the **foreseeable development of operations**, the macroeconomic environment remains strongly conditioned by the ongoing conflict in Ukraine, uncertainties regarding energy supplies, commodity prices and inflation, which has reached very high levels. Partly as a result of this, growth dynamics are expected to weaken in the months ahead. In this context, our Group, thanks to its capital strength and resilience, should reasonably not only consolidate but also improve the results achieved so far with a target ROE, expected by year-end, in the area of 7%.

The consolidated interim report as of September 30, 2022 will be published on the corporate website "https://istituzionale.popso.it/it" and deposited on the authorized eMarket Storage mechanism "www.emarketstorage.com" and at the bank's headquarters.

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REINSTATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors, in relation to the resignation of director Dr. Prof. Adriano Propersi, of which notice had been given at the time, in today's meeting identified, in application of Article 25 of the bylaws, Dr. Attilio Piero Ferrari as the new director. In fact, the aforementioned article of the bylaws stipulates that the new director is to be chosen, where possible, from among the non-elected members of the list to which the outgoing director belonged, and Dr. Ferrari was the only non-elected member of "List

No. 1" - presented at the Shareholders' Meeting of May 11, 2021 for the election of five directors for the three-year period 2021/2023 - to which Dr. Prof. Propersi belonged.
Pursuant to current regulations, the Administration then ascertained that Dr. Ferrari met the eligibility requirements and therefore is able to proceed, having acquired the required authorization from the Supervisory Authorities, to finalize the appointment by co-optation of the new director.

STATEMENT

The manager in charge of preparing corporate accounting documents, Dr. 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 documentary results, books and accounting records.
Signed:
Maurizio Bertoletti, corporate accounting manager.

Attachments:

Summary of key consolidated results;
Key consolidated financial statement indicators;
aggregates and consolidated credit quality indicators;
Financial assets by portfolio of ownership;
Consolidated aggregates and capital adequacy indicators;
Consolidated balance sheets and income statements;
summary statement of reclassified consolidated income statement;
statement of quarterly development of the reclassified consolidated income statement;
consolidated statement of comprehensive income

Notes:

1) Capital ratios are shown taking into account the portion of the profit for the period that can be allocated to self-financing, the inclusion of which in own funds is subject to approval by the Supervisor

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

RESULTS IN BRIEF

(in million of euro)			
Balance sheet	**30/09/2022**	**31/12/2021**	**Change %**
Loans to customers	32,749	31,059	5.44
Loans and receivables with customers measured at amortised cost	32,342	30,625	5.61
Loans and receivables with customers measured at fair value through profit or loss	407	434	-6.22
Loans and receivables with banks	1,607	3,276	-50.96
Financial assets that do not constitute loans	13,535	13,704	-1.23
Equity investments	334	339	-1.62
Total assets	56,469	55,016	2.64
Direct funding from customers	39,958	39,304	1.66
Indirect funding from customers	36,953	40,982	-9.83
Direct funding from insurance premiums	1,935	1,909	1.32
Customer assets under administration	78,845	82,195	-4.07
Other direct and indirect funding	19,862	19,760	0.52
Equity	3,321	3,270	1.53
Income statement	**30/09/2022**	**30/09/2021**	**Change %**
Net interest income	477	390	22.26
Total income	731	755	-3.13
Profit from continuing operations	218	286	-23.97
Profit (loss) for the period	151	201	-24.91
Capital ratios	**30/09/2022**	**31/12/2021**	
CET1 Capital ratio (phased-in)	15.35%	15.78%	
Total Capital ratio (phased-in)	17.99%	18.88%	
Free capital	2,069	2,181	
Other information on the banking group	**30/09/2022**	**31/12/2021**	
Number of employees	3,440	3,392	
Number of branches	371	370	

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	**30/09/2022**	**31/12/2021**
Equity/Direct funding from customers	8.31%	8.32%
Equity/Loans and receivables with customers	10.14%	10.53%
Equity/Financial assets	24.53%	23.87%
Equity/Total assets	5.88%	5.94%
Profitability indicators	**30/09/2022**	**30/09/2021**
Cost/Income ratio *	52.12%	48.77%
Net interest income/Total income *	65.29%	51.73%
Administrative expenses/Total income *	53.46%	49.36%
Net interest income/Total assets	0.85%	0.73%
Net financial income/Total assets *	1.11%	1.24%
Net profit for the year/Total assets	0.27%	0.38%
Asset quality indicators	**30/09/2022**	**31/12/2021**
Texas ratio	21.68%	25.83%
Net non-performing loans/Equity	4.76%	5.88%
Net non-performing loans/Loans and receivables with customers	0.48%	0.62%
Loans and receivables with customers/Direct funding from customers	81.96%	79.02%
Cost of credit *	0.42%	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 30/09/2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	**(5.19%)**	**1,760,395**	**1,048,348**	**(2.17%)**	**712,047**	**59.55%**
of which Bad loans	(2.22%)	753,149	595,162	(0.48%)	157,987	79.02%
of which Unlikely to pay	(2.78%)	944,748	448,625	(1.51%)	496,123	47.49%
of which Past due	(0.18%)	62,498	4,561	(0.18%)	57,937	7.30%
Performing exposures	**(94.81%)**	**32,165,958**	**129,202**	**(97.83%)**	**32,036,756**	**0.40%**
Total loans to customers	**(100%)**	**33,926,353**	**1,177,550**	**(100%)**	**32,748,803**	**3.47%**

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**	**3.47%**

FINANCIAL ASSETS BY PORTFOLIO
30/09/2022

(in thousands of euro)	Total	of which italian government securities	of which foreign government securities
Financial assets held for trading	189,031	0	0
Other financial assets mandatorily measured at fair value	739,523	0	0
Financial assets valued at fair value through other comprehensive income	2,573,865	1,699,063	343,363
Financial assets measured at amortised cost	10,032,531	6,101,819	2,136,604
Total	**13,534,950**	**7,800,882**	**2,479,967**

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
30/09/2022

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	**3,727,758**	**3,711,630**
of which Common Equity Tier 1 capital (CET1)	3,182,253	3,166,125
of which Additional Tier 1 capital (AT1)	0	0
of which Tier 2 capital (T2)	545,505	545,505
RWA	**20,726,040**	**20,717,686**
CET 1 ratio	**15.35%**	**15.28%**
Tier 1 ratio	**15.35%**	**15.28%**
Total capital ratio	**17.99%**	**17.92%**
Leverage ratio	**5.15%**	**5.12%**

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			30/09/2022		31/12/2021
10.	CASH AND CASH EQUIVALENTS		6,394,688		5,652,733
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,335,556		1,432,185
	a) financial assets held for trading	189,031		204,294	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	1,146,525		1,227,891	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		2,573,865		3,102,150
40.	FINANCIAL ASSETS AT AMORTISED COST		43,125,763		42,717,673
	a) loans and receivables with banks	1,606,846		3,276,349	
	b) loans and receivables with customers	41,518,917		39,441,324	
50.	HEDGING DERIVATIVES		9		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		277		-
70.	EQUITY INVESTMENTS		333,826		339,333
80.	TECHNICAL RESERVES OF REINSURERS		-		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		656,307		579,446
100.	INTANGIBLE ASSETS		36,792		31,013
	of which:				
	- goodwill	18,001		12,632	
110.	TAX ASSETS		345,749		330,343
	a) current	3,172		8,658	
	b) deferred	342,577		321,685	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		-		-
130.	OTHER ASSETS		1,666,378		831,273
	TOTAL ASSETS		**56,469,210**		**55,016,149**

LIABILITY AND EQUITY			30/09/2022		31/12/2021
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**51,057,277**		**50,178,641**
	a) due to banks	11,099,553		10,874,856	
	b) due to customers	36,429,388		35,603,482	
	c) securities issued	3,528,336		3,700,303	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**209,232**		**104,339**
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		**-**		**-**
40.	HEDGING DERIVATIVES		**529**		**2,446**
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		**-**		**-**
60.	TAX LIABILITIES		**45,467**		**39,872**
	a) current	17,577		4,258	
	b) deferred	27,890		35,614	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		**-**		**-**
80.	OTHER LIABILITIES		**1,515,640**		**986,522**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**34,484**		**40,190**
100.	PROVISIONS FOR RISKS AND CHARGES:		**285,954**		**289,062**
	a) loans commitments and	65,357		43,225	
	b) pensions and similar	164,703		191,565	
	c) other provisions	55,894		54,272	
110.	TECHNICAL RESERVES		**-**		**-**
120.	VALUATION RESERVES		**(46,738)**		**32,437**
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		**-**		**-**
130.	REDEEMABLE SHARES		**-**		**-**
140.	EQUITY INSTRUMENTS		**-**		**-**
150.	RESERVES		**1,802,328**		**1,555,718**
155.	OF WHICH INTERIM DIVIDENDS		**-**		**-**
160.	SHARE PREMIUM		**78,978**		**79,005**
170.	SHARE CAPITAL		**1,360,157**		**1,360,157**
180.	TREASURY SHARES (-)		**(25,388)**		**(25,457)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**4**		**104,583**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**151,286**		**268,634**
	TOTAL LIABILITIES AND EQUITY		**56,469,210**		**55,016,149**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			30/09/2022		30/09/2021
10.	INTEREST AND SIMILAR INCOME		565,944		473,500
	of which: interest calculated using the effective interest method	559,099		467,091	
20.	INTEREST AND SIMILAR EXPENSE		(88,692)		(83,141)
30.	**NET INTEREST INCOME**		**477,252**		**390,359**
40.	FEE AND COMMISSION INCOME		290,769		271,687
50.	FEE AND COMMISSION EXPENSE		(14,410)		(12,803)
60.	**NET FEE AND COMMISSION INCOME**		**276,359**		**258,884**
70.	DIVIDENDS AND SIMILAR INCOME		6,099		4,658
80.	NET TRADING INCOME		4,517		44,109
90.	NET HEDGING INCOME		(4)		35
100.	NET GAINS FROM SALES OR REPURCHASES OF:		43,716		31,446
	a) financial assets at amortized cost	32,261		18,024	
	b) financial assets at fair value through other comprehensive income	11,452		13,443	
	c) financial liabilities	3		(21)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(74,151)		25,098
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	(74,151)		25,098	
120.	**TOTAL INCOME**		**733,788**		**754,589**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(88,210)		(104,847)
	a) financial assets at amortized cost	(88,543)		(105,534)	
	b) financial assets at fair value through other comprehensive income	333		687	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		3,589		(5,397)
150.	**NET FINANCIAL INCOME**		**649,167**		**644,345**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**649,167**		**644,345**
190.	ADMINISTRATIVE EXPENSES:		(434,790)		(415,556)
	a) personnel expenses	(201,031)		(199,963)	
	b) other administrative expenses	(233,759)		(215,593)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(29,850)		17,505
	a) commitments for guarantees given	(22,107)		19,008	
	b) other net provisions	(7,743)		(1,503)	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(33,068)		(27,758)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(11,232)		(11,562)
230.	OTHER NET OPERATING INCOME		62,818		53,648
240.	**OPERATING COSTS**		**(446,122)**		**(383,723)**
250.	SHARE OF PROFITS OF INVESTEES		16,053		25,623
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(1,614)		(320)
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		130		279
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**217,614**		**286,204**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(66,328)		(80,083)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**151,286**		**206,121**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**151,286**		**206,121**
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		-		(4,649)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**151,286**		**201,472**
	EARNINGS (LOSS) PER SHARE		0.334		0.444
	DILUTED EARNINGS (LOSSES) PER SHARE		0.334		0.444

RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	30/09/2022	30/09/2021	(+/-)	% change
Net interest income	477,252	390,359	86,893	22.26
Dividends and similar income	6,099	4,658	1,441	30.94
Net fee and commission income	276,359	258,884	17,475	6.75
Net gains on financial assets [d]	45,382	75,590	-30,208	-39.96
Result of other financial assets at FVTPL	-74,151	25,098	-99,249	-
of which Loans	-15,168	7,002	-22,170	-
of which Other	-58,983	18,096	-77,079	-
Total income	**730,941**	**754,589**	**-23,648**	**-3.13**
Net impairment losses [a] [d]	-103,881	-91,236	-12,645	13.86
Net financial income	**627,060**	**663,353**	**-36,293**	**-5.47**
Personnel expenses [b]	-200,050	-191,577	-8,473	4.42
Other administrative expenses [c]	-190,715	-180,850	-9,865	5.45
Other net operating income [b]	61,837	45,262	16,575	36.62
Net accruals to provisions for risks and charges [a]	-7,743	-1,503	-6,240	415.17
Depreciation and amortisation on tangible and intangible assets	-44,300	-39,320	-4,980	12.67
Operating costs	**-380,971**	**-367,988**	**-12,983**	**3.53**
Operating result	**246,089**	**295,365**	**-49,276**	**-16.68**
Charges for the stabilization of the banking System [c]	-43,044	-34,743	-8,301	23.89
Share of profits of investees and net gains on sales of investments	14,569	25,582	-11,013	-43.05
Pre-tax profit from continuing operations	**217,614**	**286,204**	**-68,590**	**-23.97**
Income taxes	-66,328	-80,083	13,755	-17.18
Net profit (loss) for the period	**151,286**	**206,121**	**-54,835**	**-26.60**
Net (profit) loss of the period attributable to minority interests	0	-4,649	4,649	-
Net profit (loss) for the period attributable to the owners of Parent	**151,286**	**201,472**	**-50,186**	**-24.91**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 in the income statement.
The result of other financial assets at FVTPL consists of item 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 30/09/2022 have been subject to the following reclassifications:

[a] reclassified net provisions for credit risk for commitments and guarantees issued for 22.107 € 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] reclassified personnel expenses and other operating income by netting them off against the proceeds of the retirement employees fund for 0.981 € million;

[c] charges for the stabilization of the banking Systems were separated from other administrative expenses;

[d] reclassified gains related to NPL disposals for 2.847 € million initially included in item gains/losses on financial assets valued at amortized cost showing them among net impairment losses.

The results at 30/09/2021 have been made consistent with those of 2022.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q3 - 2022	Q2 - 2022	Q1 - 2022	Q4 - 2021	Q3 - 2021
Net interest income	156.9	164.1	156.2	138.6	126.3
Dividends and similar income	0.4	5.4	0.2	0.6	0.5
Net fee and commission income	91.8	93.1	91.5	98.8	87.9
Net gains on financial assets [d]	4.0	24.3	17.1	37.6	21.8
Result of other financial assets at FVTPL	-6.6	-34.0	-33.6	1.6	12.7
of which Loans	2.1	-4.3	-13.0	-2.8	7.3
of which Other	-8.6	-29.7	-20.6	4.4	5.4
Total income	**246.7**	**252.9**	**231.4**	**277.1**	**249.2**
Net impairment losses [a] [d]	-60.5	-16.1	-27.3	-43.1	-41.8
Net financial income	**186.2**	**236.8**	**204.1**	**234.0**	**207.5**
Personnel expenses [b]	-69.3	-64.2	-66.5	-67.1	-66.5
Other administrative expenses [c]	-60.1	-68.2	-62.5	-67.2	-57.0
Other net operating income [b]	22.9	22.1	16.9	16.3	15.0
Net accruals to provisions for risks and charges [a]	-1.5	-6.7	0.4	-14.5	-1.5
Depreciation and amortisation on tangible and intangible assets	-16.8	-15.5	-12.0	-14.7	-13.6
Operating costs	**-124.8**	**-132.5**	**-123.7**	**-147.1**	**-123.7**
Operating result	**61.4**	**104.2**	**80.4**	**86.9**	**83.8**
Charges for the stabilization of the banking System [c]	-3.0	-10.0	-30.0	-8.4	0.0
Share of profits of investees and net gains on sales of investments	5.3	2.6	6.7	9.8	9.5
Pre-tax profit from continuing operations	**63.7**	**96.8**	**57.1**	**88.3**	**93.3**
Income taxes	-17.5	-32.0	-16.8	-19.4	-26.6
Net profit (loss) for the period	**46.2**	**64.8**	**40.3**	**68.9**	**66.7**
Net (profit) loss of the period attributable to minority interests	0.0	0.0	0.0	-1.7	-2.0
Net profit (loss) for the period attributable to the owners of Parent	**46.2**	**64.8**	**40.3**	**67.2**	**64.8**

Notes:
The result of financial activities is made up of the sum of items 80-90-100 in the income statement.
The result of other financial assets at FVTPL consists of item 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], [c] and [d] 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		30/09/2022	30/09/2021
10.	**Profit (loss) for the period**	**151,286**	**206,121**
	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	(1,342)	(3,718)
70.	Defined-benefit plans	22,533	6,436
90.	Share of valuation reserves of equity investments valued at net equity	47	316
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
110.	Exchange differences	(474)	297
140.	Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income	(92,554)	(2,194)
160.	Share of valuation reserves of equity investments valued at net equity	(7,224)	1,568
170.	**Total other income items net of income taxes**	**(79,014)**	**2,705**
180.	**Comprehensive income (Item 10+170)**	**72,272**	**208,826**
190.	Consolidated comprehensive income attributable to minority interests	161	4,784
200.	**Consolidated comprehensive income attributable to the Parent Company**	**72,111**	**204,042**