PRESS RELEASE

APPROVAL OF CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2020[1]

In Q3 Banca Carige accelerates on its path to profit recovery

- **SIGNS OF COMMERCIAL RECOVERY SOLIDIFY IN Q3**
  - **THE EUR 24.1 MLN LOSS UNDERLIES AN IMPROVEMENT IN THE AVERAGE MONTHLY TREND AS COMPARED TO THE FIRST 5 MONTHS OF ORDINARY ADMINISTRATION (EUR 97.8 MLN LOSS)**
  - **RECOVERY IN PROFITABILITY DRIVEN BY ACCELERATED REVENUE GROWTH: NET INTEREST INCOME AND FEE & COMMISSION INCOME RESPECTIVELY UP 39.6% AND 8.5% ON Q2**
  - **OPERATING EXPENSES, ON A STRUCTURAL DOWNTURN, INCLUDE COSTS INCURRED TO ADDRESS THE COVID-19 EMERGENCY**
  - **AFTER THE DERISKING EFFORT UNDERTAKEN, THE COST OF CREDIT REVERTS TO NORMAL LEVELS AND SETTLES AT A RATE OF 74 BPS ON AN ANNUALISED 8-MONTH BASIS (63 BPS WITH ANNUALISATION EXCLUDING PROVISIONS ALLOCATED FOR POTENTIAL IMPACTS FROM COVID-19)**
- **RISK PROFILE STILL AT BEST MARKET LEVELS FOR ITALY AND EUROPE, AND FURTHER IMPROVING**
  - **NPE RATIO: GROSS 5.3% AND NET 2.8%**
  - **ADDITIONAL NPE DISPOSALS UNDER CONSIDERATION, FOR AN AMOUNT OF APPROXIMATELY EUR 60 MLN (GROSS NPE PORTFOLIO AMOUNTS TO EUR 639 MLN; NET: EUR 324 MLN)**
  - **AVERAGE LOAN BOOK COVERAGE RISING TO 51.1% (INCLUDING WRITE OFFS)**
  - **RWAs DECLINING FURTHER TO EUR 9.9 BN**
  - **CET1r OF 12.2% AND TCr OF 14.4%, IN EXCESS OF MINIMUM REGULATORY REQUIREMENTS**

- **COMMERCIAL MOMENTUM ACCELERATING SINCE THE BEGINNING OF**

[1] See notes to the reclassified Income Statement at the end of this Press Release

THE YEAR:

- **OVERALL FUNDING FROM CUSTOMERS HELD WITH THE BRANCH NETWORK (EUR 26.7 BN AS AT 31 OCTOBER) UP 4.4% (5.5% NET OF MARKET EFFECT)**
- **NET PLACEMENT OF MUTUAL FUNDS IN THE 9-MONTH PERIOD UP 5.6%, A 5 TIMES HIGHER GROWTH RATE THAN SYSTEM PERFORMANCE (+1.07%) AND 4 TIMES HIGHER THAN THE AVERAGE PERFORMANCE OF THE INDUSTRY'S TOP FIVE PLAYERS (+1.55%)**
- **NEW COVID 19-RELATED LOANS TO CUSTOMERS OVER EUR 2 BN, 3 TIMES THE GROUP'S THEORETICALMARKET SHARE AT NATIONAL LEVEL AND ACCOUNTING FOR 36% OF TOTAL LOANS GRANTED BY LIGURIA'S BANKING SYSTEM**
- **COVID 19 LOANS WERE GRANTED TO APPROXIMATELY 29,000 BUSINESSES, HALF OF WHICH IN LIGURIA**

- **VERIFICATION OF STATUTORY REQUIREMENTS FOR DIRECTORSHIP OF MR. PAOLO RAVA'**

Genoa, 11 November 2020 – At its meeting today, the Board of Directors of Banca Carige approved the Group's consolidated results as at 30 September 2020 for the restored course of ordinary administration starting on 1 February 2020, and hence referring to an 8-month period.

In the third quarter, the Group posted a loss of EUR 24.1 mln, a significant improvement as compared to the first five months of ordinary administration (-EUR 97.8 mln). The result was driven by a strong increase in core revenues, with an acceleration on the path to profit recovery despite the persistence of a severe and worsening pandemic crisis. As was the case for the reporting period ended 30 June, this result was achieved with the Bank relying on its pre-existing organisation and IT infrastructures.

The average monthly loss for Q3 (two-thirds lower than the average monthly loss for the prior five-month period) basically brings the Bank in line with the monthly trend projected in the

2019-23 Strategic Plan, which had estimated a total loss of EUR 79.0 mln for 2020, prior to the unanticipated systemic impact of the pandemic.

The worsening of the health emergency over the last few weeks and increased new restrictions of movement, call for extreme caution on whether it will be possible to maintain a similar trend in the fourth quarter of 2020, which may well deviate significantly from Q3 figures. At the same time, IT investments and organisational restructuring, announced in October and planned for the first quarter of 2021, may by contrast contribute to a new, accelerated momentum in the recovery of profitability during the next financial year.

In addition to confirming the reversal of the trend in lending to and funding from customers with respect to prior years, the Bank is enhancing the traits of resilience to the external environment it had revealed in the first half of the year, confirming at the same time its industry-record commercial performance in loans granted for the Covid-19 crisis and wealth management solutions.

Tight control over credit risk is confirmed, with average loan portfolio coverage settling at 49.3% (51.1% including write-offs) and a gross and net NPE ratio of 5.3% and 2.8%, respectively; additional evidence lies in the quality of the loan portfolio, roughly 83%[2] of which is rated high (excellent, good, average), with a large part secured by mortgages (approximately 95%[2] for households and roughly 46%[2] for businesses).

Accordingly, the RWA level, measured with the standardised approach, has decreased to EUR 9.9 bn and capital ratios continue to be in excess of regulatory requirements: the phased-in CET1 ratio rose to 12.2% and the phased-in Total Capital ratio increased to 14.4%.

[2] As at 30 June 2020

Francesco Guido, Banca Carige's Chief Executive Officer, commented: *"In a condition of extreme difficulty deriving from the external context, the result of the third quarter confirms once again the great strength and value of the Women and Men across the organisation of Carige. It also testifies to the close bond between the Bank, its customers and its local areas of footprint. We are well aware of the responsibility we have in respecting our customers' trust by ensuring capacity and speed of service and making best-in-class know-how available. This is the direction we are heading with utmost determination."*

Funding, lending and balance-sheet aggregates

Overall funding was stable during the quarter, totalling EUR 38.5 bn (EUR 38.8 bn as at 30 June 2020), with a fractional decrease in direct deposits (EUR 15.9 bn from EUR 16.5 bn as at the end of June, as a consequence of the EUR 1 bn repayment of the government-backed bond issuance at maturity in July 2020) and a steady increase in indirect deposits (EUR 22.6 bn as compared to EUR 22.3 bn as at the end of June). **Direct funding from retail and corporate customers**, totalling EUR 12.8 bn (with respect to EUR 12.4 bn in June) is growing, driven by the good trend in current accounts and sight deposits. The recovery of market shares on deposits in Liguria was substantial, with a 1.04% increase despite the adverse environment. **Securities issued** were down to EUR 3.1 bn from EUR 4.1 bn as at the end of June due to the foregoing EUR 1.0 bn government-backed bond issuance coming to maturity. **Indirect funding** continued to perform positively, backed by the increase in Assets under Custody (EUR 11.6 bn from EUR 11.3 bn in June) and Assets under Management (EUR 11.1 bn as compared to EUR 10.9 bn in June).

Amounts due to banks, totalling EUR 3.9 bn, were up from June 2020, due to the last EUR 1.0 bn take-up of T-LTRO III, with ECB refinancing (T-LTRO III) thus totalling EUR 3.5 bn.

Gross loans to customers at amortised cost were down due to the closing of the Messina exposure derisking transaction and amounted to EUR 12.1 bn (compared to EUR 12.4 bn as at the end of June); net of value adjustments (by an amount of EUR 0.4 bn), gross loans to customers totalled EUR 11.7 bn (as compared to EUR 11.8 bn as at the end of June).

Credit quality[3]

Figures in EUR/mln

Loans to customers(1)	Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs
	30/09/2020						
Bad Loans	258.9	*2.1%*	183.3	75.6	*0.6%*	70.8%	72.7%
Unlikely to pay	350.6	*2.9%*	126.6	224.0	*1.9%*	36.1%	36.8%
Past Due	29.3	*0.2%*	5.3	24.0	*0.2%*	18.0%	18.1%
Non-performing loans	**638.7**	***5.3%***	**315.2**	**323.5**	***2.8%***	**49.3%**	**51.1%**
Performing Loans	11,505.5	*94.7%*	114.8	11,390.8	*97.2%*	1.0%	1.0%
Total	**12,144.3**	***100.0%***	**430.0**	**11,714.3**	***100.0%***	**3.5%**	**3.7%**

Figures in EUR/mln

Loans to customers(1)	Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs
	30/06/2020						
Bad Loans	253.9	*2.0%*	179.5	74.4	*0.6%*	70.7%	73.0%
Unlikely to pay	902.1	*7.2%*	350.5	551.6	*4.7%*	38.9%	39.3%
Past Due	65.2	*0.5%*	11.7	53.5	*0.5%*	18.0%	18.0%
Non-performing loans	**1,221.2**	***9.8%***	**541.7**	**679.5**	***5.8%***	**44.4%**	**45.6%**
Performing Loans	11,228.4	*90.2%*	105.4	11,122.9	*94.2%*	0.9%	0.9%
Total	**12,449.6**	***100.0%***	**647.2**	**11,802.4**	***100.0%***	**5.2%**	**5.4%**

Figures in EUR/mln

Loans to customers(1)	Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs
	31/01/2020						
Bad Loans	227.2	*1.7%*	158.9	68.3	*0.5%*	69.9%	72.8%
Unlikely to pay	879.4	*6.6%*	339.0	540.5	*4.2%*	38.5%	39.3%
Past Due	24.6	*0.2%*	4.4	20.1	*0.2%*	18.1%	18.3%
Non-performing loans	**1,131.2**	***8.5%***	**502.3**	**628.9**	***4.9%***	**44.4%**	**46.1%**
Performing Loans	12,208.3	*91.5%*	88.7	12,119.7	*95.1%*	0.7%	0.7%
Total	**13,339.5**	***100.0%***	**591.0**	**12,748.6**	***100.0%***	**4.4%**	**4.7%**

(1) Excluding debt securities at amortised cost

On balance sheet **gross non-performing loans** to customers at amortised cost amounted to EUR 0.6 bn (EUR 0.3 bn net of value adjustments), down compared to June 2020 (EUR 1.2 bn gross and EUR 0.7 bn net) as a consequence of the foregoing derisking transaction, with

[3] Figures as at 30 September 2020 commented in the paragraph are based on operational management data.

the non-performing share of the total loan portfolio further improving: gross NPE ratio at 5.3% (9.8% in June 2020) and net NPE ratio at 2.8% (5.8% in June). These ratios are set to improve further as a result of the disposal of EUR 100 mln in lease receivables to AMCO by the end of the first quarter of 2021 and the disposal of a EUR 60 mln additional target portfolio currently under consideration.

More specifically, gross bad loans amounted to EUR 258.9 mln, namely EUR 75.6 mln net of value adjustments, with 70.8% coverage (72.7% including write-offs); gross Unlikely-To-Pay exposures totalled EUR 350.6 mln (EUR 224.0 mln net), with 36.1% coverage (36.8% including write-offs), and gross Past Due exposures amounted to EUR 29.3 mln, with 18.0% coverage (18.1% including write-offs).

The Texas Ratio (total net NPEs over net tangible common equity, net of profit (loss) for the period) was further reduced to 20.8% (from 44.9% as at 30 June 2020).

Liquidity management and securities portfolio

The Group's liquidity position continues to be robust, with cash and unencumbered eligible assets totalling EUR 4.0 bn after repayment of the EUR 1.0 bn second government-backed senior bond issuance). The Liquidity Coverage Ratio (LCR) is 263% (197% at the end of June) and the Net Stable Funding Ratio (NSFR) is over 100%.

Net of the equity investment in the Bank of Italy, the securities portfolio amounted to EUR 2.5 bn, with government bonds accounting for 85.1% (EUR 2.1 bn) and a risk profile remaining more conservative than that of the Bank's peers in terms of both sizing (150.6% of own funds) and duration (0.8 years).

Own funds and capital ratios

As a result of the Bank’s ongoing focus on risk profile management, capital ratios improved compared to June 2020: phased-in CET1 ratio at 12.2%[4] and phased-in Total Capital ratio at 14.4%[4], with an RWA level of EUR 9.9 bn. The foregoing levels exceed both the minimum capital requirements set forth by art. 92 of Regulation (EU) No. 575/2013 (“CRR”) and the specific ratios required by the ECB (CET1r of 8.55%[5] and Overall Capital Requirement (OCR) of 13.25%).

The phased-in Leverage Ratio is 5.34% (fully loaded 4.15%).

Profit & Loss and Balance Sheet results[6]

Profit and loss and balance sheet results refer to the balances for the 8 months (February-September) included in the 2020 ordinary administration period; the figures for the previous 13 months (from 1 January 2019 to 31 January 2020) are instead reported in the Financial Statements for the period under Temporary Administration. This makes any like-for-like comparison with prior periods impossible.

[4] IFRS 9 fully loaded CET1 ratio: 9.7%; IFRS 9 fully loaded Total Capital Ratio: 11.9%.
[5] Reflecting the sum of a Pillar 1 minimum requirement (4.5%), 56.25% of the Pillar 2 Requirement (1.55%) and the Capital Conservation Buffer (2.50%).
[6] See notes to the reclassified Income Statement

Amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	3Q20	2Q20	Feb/Mar '20	8 months 2020
Net interest income	37.6	27.0	20.9	85.5
Net fee and commission income	51.6	47.5	34.7	133.7
Dividends and similar income	0.2	0.1	10.5	10.8
Net profit (loss) from core trading[(1)]	5.1	(1.2)	2.8	6.7
Other core operating income[(2)]	3.9	3.9	2.5	10.3
CORE OPERATING INCOME	**98.4**	**77.3**	**71.3**	**247.1**
Personnel expenses net of early-retirement costs[(3)]	(57.7)	(56.3)	(40.1)	(154.1)
Core net adjustments to/recoveries on property and equipment, and on intangible assets[(4)]	(8.4)	(8.4)	(5.7)	(22.5)
Core administrative expenses[(5)]	(33.4)	(31.4)	(18.7)	(83.5)
CORE OPERATING EXPENSES	**(99.4)**	**(96.1)**	**(64.5)**	**(260.1)**
GROSS OPERATING PROFIT	**(1.1)**	**(18.8)**	**6.8**	**(13.0)**
Net losses/recoveries on impairment of loans to banks and customers[(6)]	(4.0)	(12.0)	(42.6)	(58.6)
Profits (losses) on disposal or repurchase of loans[(7)]	0.7	-	-	0.7
Net losses/recoveries on impairment of other financial assets[(7)]	(0.0)	(0.1)	(0.0)	(0.2)
NET OPERATING PROFIT	**(4.4)**	**(30.9)**	**(35.8)**	**(71.1)**
Net profit (loss) from non-core trading[(8)]	1.6	1.5	6.2	9.2
Profits (losses) on equity investments and on disposal of investements[(9)]	3.9	7.8	(6.8)	4.9
Early retirement costs[(10)]	-	-	0.1	0.1
Strategic Plan charges relating to non-recurring items[(11)]	(0.0)	(0.2)	(0.0)	(0.2)
Non-core adjustments to/ recoveries on property and equipment and intangible assets	-	(4.8)	-	(4.8)
Net provisions for risks and charges	(5.5)	(6.3)	0.1	(11.7)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(11.1)	(2.7)	(8.5)	(22.4)
DTA fees	(3.5)	(3.5)	(2.3)	(9.3)
PROFIT (LOSS) BEFORE TAX	**(19.0)**	**(39.1)**	**(47.0)**	**(105.2)**
Taxes	(5.4)	(3.3)	(8.6)	(17.3)
Profit (loss) after tax from discontinued operations	-	-	0.0	0.0
NET PROFIT (LOSS) FOR THE PERIOD	**(24.4)**	**(42.5)**	**(55.6)**	**(122.5)**
Non-controlling interests	(0.3)	0.2	(0.5)	(0.6)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(24.1)**	**(42.7)**	**(55.1)**	**(121.9)**

(1) Includes Income Statement items 80, 90, 100(a) (for the component relating to securities only), 100(b), 100(c) and 110 (for the component relating to securities only) net of non-recurring items
(2) Income statement item 230 net of tax recoveries and other core operating income/expense
(3) Income Statement item 190(a) net of non-recurring items (early retirement costs, operational data)
(4) Income Statement items 210 and 220 net of non-recurring items
(5) Income Statement item 190(b) net of contributions and other banking system charges (SRF and DGS), DTA fees, tax recoveries and Business plan charges, associated with the one-off transactions carried out during the period (with the latter being operational data)
(6) Includes Income Statement item 130(a), item 110 (for loan component only) and item 140
(7) Income Statement items 130(b) and 130(d)) net of certain banking system charges (Voluntary scheme and Atlante Fund)
(8) Fair value adjustment of financial assets arising from securitisation and, for the 1Q20, from capital gains on disposal of HTC securities
(9) Income Statement items 250 and 280
(10) Operational data
(11) Non-core administrative expenses associated with non-recurring transactions carried out during the period (operational data)

See table and reclassification criteria on page 17 *et seq.* for notes

The first eight months of the restored course of ordinary administration (starting, as already mentioned, on 1 February 2020) closed with a **net loss** of EUR 121.9 mln (-EUR 24.1 mln in Q3).

More specifically, the **gross operating result** was a negative EUR 13.0 mln (with Q3 fractionally down by EUR 1.1 mln), determined as a difference between EUR 247.1 mln in **operating income** and EUR 260.1 mln in **operating expenses**. As part of operating income,

Net Interest Income totalled EUR 85.5 mln, with EUR 37.6 mln contributed in Q3, the best result since the first quarter of 2019, due primarily to growing volumes, better cost of funding and the positive interest input from T-LTRO III take-ups. The quarterly trend was up 39.6%. Net **fees and commissions**, amounting to EUR 133.7 mln, were up 8.5% (EUR 51.6 mln) in Q3 from Q2, as they were less penalised by the atypical situation caused by the Covid 19 pandemic lockdown in the first months from March to June. The contribution from core trading amounted to EUR 17.5 mln in the 8-month period (EUR 5.3 mln in the quarter), mainly on the back of EUR 10.8 mln worth of dividends almost entirely relating to the stake held in the Bank of Italy (now down to 3.43%). Trading (excluding its contribution to NII) totalled EUR 23.0 mln including the capital gain on the disposal of Italian government bonds recognised in the Held-To-Collect (HTC) portfolio, reclassified in non-core trading.

Operating expenses amounted to EUR 260.1 mln. **Personnel expenses** stood at 154.1 mln, of which EUR 57.7 mln in the third quarter, in line with prior periods and down significantly compared to the same period of last year (-10.2%).

Core administrative expenses stood at EUR 83.5 mln, of which EUR 33.4 mln in the third quarter, and were up compared to the previous quarter (+EUR 2.0 mln); the increase is essentially attributable to the recognition of EUR 2.7 mln one-off expenses due to the Covid 19-related public health emergency, which are partly offset by savings obtained with the ongoing, rigorous spending control policy.

Net losses on impairment of loans to banks and customers for the eight-month period totalled EUR 58.6 mln (o.w. EUR 57.7 mln to customers) and were weighed down by collective, incremental loan loss provisions due to the inclusion of downside scenarios in relation to the Covid-19 pandemic (EUR 25.0[7] mln).

The eight-month annualised cost of credit is 74 bps[8] (63 bps with annualisation excluding estimated higher provisions in relation to the Covid-19 pandemic).

Net operating income for the eight-month period is thus a negative EUR 71.1 mln (-EUR 4.4 mln in Q3).

Provisions for risks and charges, amounting to EUR 11.7 mln (EUR 5.5 mln in the quarter), were primarily attributable to potential charges relating to indemnities that the Group may be liable to pay for failure to meet contractual business targets, made even more challenging by the uncertainties due to the Covid-19 pandemic, indemnities on non-performing loans sold and costs relating to the planned closure of branches (EUR 1.7 mln).

Contributions and other banking system charges (to the SRF and DGS) and DTA fees in the 8-month period totalled EUR 31.6 mln (o.w. EUR 11.1 mln in contributions to the Interbank Deposit Protection Fund (FITD) recognised in the third quarter of 2020). **Profit (loss) before tax** for the period thus amounted to a negative EUR 105.2 mln. **Taxes** amounted to a negative EUR 17.3 mln due to the fact that the Bank, in continuity with prior quarters, decided not to recognise any new deferred tax assets (DTAs) based on future taxable profits; the negative impact of this approach on profit (loss) for the eight-month reporting period was approximately EUR 44 mln, with total EUR 404 mln DTAs not being recognised as at 30 September 2020.

[7] Operational estimate, net of upside from lower energy costs, business trips, etc.
[8] Operational estimate

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At its meeting today, the Board of Directors verified the fulfilment of the regulatory requirements for directorship of Mr. Paolo Ravà, who was co-opted to serve as a member of the Board of Directors in the meeting of 14 October 2020.

In this regard, the Board of Directors has ascertained the fulfilment of the requirements of integrity, professionalism and independence in compliance with the laws and regulations in force, as well as the non-existence of situations that fall within the scope of application of article 36 of Legislative Decree No. 201/2011 (the "interlocking prohibition").

With regard to the independence requirement, Director Ravà informed the Board of Directors that, following his appointment, a second-degree relative of his was appointed to serve as a member of the Board of Directors of certain Carige S.p.A.'s subsidiaries; such circumstance led to the loss of the Director's requirement of independence, in accordance with the provisions of Article 18, paragraph 4, of the Bank's Articles of Association in force and Article 147-*ter* of Legislative Decree No. 58/1998.

The Board of Directors has in any case acknowledged that, notwithstanding the above, a number of Directors well in excess of the minimum number set by the applicable legislation in force meet the requirement of independence.

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In relation to the request for information to be provided to the public pursuant to art. 114, paragraph 5 of the Consolidated Law on Finance, as contained in the Communication received from Consob on 15 March 2017, notice is hereby given that the 2019-2023 Strategic Plan approved by the Temporary Administrators on 26 July 2019 is confirmed in its strategic and industrial guidelines. The significant deviations from the forecasts for the reporting period are mainly due to the strong deterioration of the macroeconomic scenario, regulatory changes occurring as a result of the Covid-19 pandemic and the postponement of a number of transactions planned to be completed by the end of 2019, which were -or are being- finalised in 2020.

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Declaration of the Manager responsible for preparing the Company's financial reports pursuant to art. 154-bis, para. 2 of Legislative Decree No. 58/1998 (Consolidated Law on Finance)

Pursuant to Article 154-bis, paragraph 2, of the Italian Consolidated Law on Finance, the Manager responsible for preparing Banca Carige S.p.A.'s financial reports, Mr. Mauro Mangani, declares that the accounting information contained in this Press Release corresponds to the underlying documentary evidence, books and accounting records.

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For breakdown purposes, provided below are the consolidated Balance Sheet and Income Statement and the reclassified consolidated Income Statement.

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ANNEXES

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR/000)*

		Situation as at 30/09/2020	Situation as at 31/01/2020	Change Absolute
10.	CASH AND CASH EQUIVALENTS	274,810	256,660	18,150
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	165,034	157,473	7,561
20. a)	FINANCIAL ASSETS HELD FOR TRADING	1,861	1,715	146
20. c)	OTHER FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	163,173	155,758	7,415
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	1,945,553	783,696	1,161,857
40.	FINANCIAL ASSETS AT AMORTISED COST	17,131,015	18,551,726	(1,420,711)
40. a)	LOANS TO BANKS	4,649,940	4,544,378	105,562
40. b)	LOANS TO CUSTOMERS	12,481,075	14,007,348	(1,526,273)
50.	HEDGING DERIVATIVES	12,203	9,087	3,116
70.	EQUITY INVESTMENTS	103,821	98,153	5,668
90.	PROPERTY AND EQUIPMENT	865,566	883,261	(17,695)
100.	INTANGIBLE ASSETS	83,957	78,441	5,516
110.	TAX ASSETS	1,560,497	1,664,189	(103,692)
110. a)	CURRENT	654,761	587,960	66,801
110. b)	DEFERRED	905,736	1,076,229	(170,493)
130.	OTHER ASSETS	274,640	231,549	43,091
	TOTAL ASSETS	**22,417,096**	**22,714,235**	**(297,139)**

LIABILITIES AND SHAREHOLDERS' EQUITY *(EUR/000)*

		Situation as at 30/09/2020	Situation as at 31/01/2020	Change Absolute
10.	FINANCIAL LIABILITIES AT AMORTISED COST	19,824,917	20,072,079	(247,162)
10. a)	DUE TO BANKS	3,940,140	3,999,981	(59,841)
10. b)	DUE TO CUSTOMERS	12,821,592	11,819,364	1,002,228
10. c)	SECURITIES ISSUED	3,063,185	4,252,734	(1,189,549)
20.	FINANCIAL LIABILITIES HELD FOR TRADING	1,162	1,165	(3)
40.	HEDGING DERIVATIVES	265,455	266,295	(840)
60.	TAX LIABILITIES	36,987	10,762	26,225
60. a)	CURRENT	30,954	5,068	25,886
60. b)	DEFERRED	6,033	5,694	339
80.	OTHER LIABILITIES	493,079	430,598	62,481
90.	EMPLOYEE TERMINATION INDEMNITIES	40,731	42,796	(2,065)
100.	ALLOWANCES FOR RISKS AND CHARGES:	269,431	290,599	(21,168)
100. a)	COMMITMENTS AND GUARANTEES GIVEN	20,364	24,636	(4,272)
100. b)	POST-EMPLOYMENT BENEFITS	27,597	29,073	(1,476)
100. c)	OTHER ALLOWANCES FOR RISKS AND CHARGES	221,470	236,890	(15,420)
120.	VALUATION RESERVES	(84,722)	(91,146)	6,424
150.	RESERVES	(844,875)	24,257	(869,132)
160.	SHARE PREMIUM RESERVE	623,958	623,958	-
170.	SHARE CAPITAL	1,915,164	1,915,164	-
180.	TREASURY SHARES (-)	(15,572)	(15,572)	-
190.	NON-CONTROLLING INTERESTS (+/-)	13,259	13,057	202
200.	NET PROFIT (LOSS) FOR THE PERIOD (+/-)	(121,878)	(869,777)	747,899
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**22,417,096**	**22,714,235**	**(297,139)**

CONSOLIDATED INCOME STATEMENT

(EUR/000)

		Situation as at 01/02/2020 - 30/09/2020
10.	Interest and similar income	193,529
	o.w.: interest income calculated using the effective interest rate method	206,052
20.	Interest and similar expense	(108,015)
30.	**NET INTEREST INCOME**	**85,514**
40.	Fee and commission income	148,715
50.	Fee and commission expense	(14,978)
60.	**NET FEE AND COMMISSION INCOME**	**133,737**
70.	Dividends and similar income	10,794
80.	Net profit (loss) from trading	5,287
90.	Net profit (loss) from hedging	(791)
100.	Profits (losses) on disposal or repurchase of:	9,722
	a) financial assets at amortised cost	*6,469*
	b) financial assets at fair value through other comprehensive income	*3,178*
	c) financial liabilities	*75*
110.	Profits (losses) on financial assets/liabilities at fair value through profit or loss	3,166
	b) other financial assets mandatorily at fair value	*3,166*
120.	**NET INTEREST AND OTHER BANKING INCOME**	**247,429**
130.	Net losses/recoveries on impairment of:	(61,131)
	a) financial assets at amortised cost	*(60,974)*
	b) financial assets at fair value through other comprehensive income	*(157)*
140.	Gains (losses) due to contractual modifications not resulting in derecognition	1,621
150.	**NET INCOME FROM BANKING ACTIVITIES**	**187,919**
180.	**NET INCOME FROM BANKING AND INSURANCE ACTIVITIES**	**187,919**
190.	Administrative expenses	(295,175)
	a) personnel expenses	*(153,978)*
	b) other administrative expenses	*(141,197)*
200.	Net provisions for risks and charges	(11,679)
	a) commitments and guarantees given	*4,272*
	b) other net provisions	*(15,951)*
210.	Net adjustments to/recoveries on property and equipment	(19,579)
220.	Net adjustments to/recoveries on intangible assets	(7,713)
230.	Other operating income (expense)	36,192
240.	**OPERATING EXPENSES**	**(297,954)**
250.	Profits (losses) on equity investments	4,807
280.	Profits (losses) on disposal of investments	43
290.	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(105,185)**
300.	Taxes on income from continuing operations	(17,298)
310.	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(122,483)**
320.	Profit (loss) after tax from discontinued operations	1
330.	**NET PROFIT (LOSS) FOR THE PERIOD**	**(122,482)**
340.	Non-controlling interests	(604)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY**	**(121,878)**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	8 months 2020
Net interest income	85.5
Net fee and commission income	133.7
Dividends and similar income	10.8
Net profit (loss) from core trading (1)	6.7
Other core operating income (2)	10.3
CORE OPERATING INCOME	**247.1**
Personnel expenses net of early-retirement costs (3)	(154.1)
Core net adjustments to/recoveries on property and equipment, and on intangible assets (4)	(22.5)
Core administrative expenses (5)	(83.5)
CORE OPERATING EXPENSES	**(260.1)**
GROSS OPERATING PROFIT	**(13.0)**
Net losses/recoveries on impairment of loans to banks and customers (6)	(58.6)
Profits (losses) on disposal or repurchase of loans (7)	0.7
Net losses/recoveries on impairment of other financial assets (7)	(0.2)
NET OPERATING PROFIT	**(71.1)**
Net profit (loss) from non-core trading (8)	9.2
Profits (losses) on equity investments and on disposal of investements (9)	4.9
Early retirement costs (10)	0.1
Strategic Plan charges relating to non-recurring items (11)	(0.2)
Non-core adjustments to/ recoveries on property and equipment and intangible assets	(4.8)
Net provisions for risks and charges	(11.7)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(22.4)
DTA fees	(9.3)
PROFIT (LOSS) BEFORE TAX	**(105.2)**
Taxes	(17.3)
Profit (loss) after tax from discontinued operations	0.0
NET PROFIT (LOSS) FOR THE PERIOD	**(122.5)**
Non-controlling interests	(0.6)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(121.9)**

(1) Includes Income Statement items 80, 90, 100(a) (for the component relating to securities only), 100(b), 100(c) and 110 (for the component relating to securities only) net of non-recurring items

(2) Income statement item 230 net of tax recoveries and other core operating income/expense

(3) Income Statement item 190(a) net of non-recurring items (early retirement costs, operational data)

(4) Income Statement items 210 and 220 net of non-recurring items

(5) Income Statement item 190(b) net of contributions and other banking system charges (SRF and DGS), DTA fees, tax recoveries and Business plan charges, associated with the one-off transactions carried out during the period (with the latter being operational data)

(6) Includes Income Statement item 130(a), item 110 (for loan component only) and item 140

(7) Income Statement items 130(b) and 130(d)) net of certain banking system charges (Voluntary scheme and Atlante Fund)

(8) Fair value adjustment of financial assets arising from securitisation and, for the 1Q20, from capital gains on disposal of HTC securities

(9) Income Statement items 250 and 280

(10) Operational data

(11) Non-core administrative expenses associated with non-recurring transactions carried out during the period (operational data)

Income statement reclassification criteria

The Consolidated Income Statement was reclassified to enhance the understandability of the operating income, by segregating recurring and/or core business-related items (i.e. Operating Income or Operating Expenses, depending on their sign, with their difference corresponding to Gross Operating Profit) from non-recurring and non-core business components.
The identification of profit and loss items and their accounting treatment over time (based on both accounting and operational data) follows the criteria listed below:

- profit (loss) from disposal of all fixed assets (equity investments, property and equipment);
- profit and loss items associated with efficiency-raising, restructuring initiatives, etc. (e.g. charges for Redundancy Fund access, early-retirement/exit incentives /severance, gains/losses on disposal/repurchase of loans, charges linked to Business Plan adoption);
- profit and loss items not expected to recur (e.g. penalties, impairment of fixed assets, goodwill and other intangible assets, effects from regulatory and/or methodological changes, exceptional results)

- are considered ‘non recurring’;

- contributions and other banking system charges (contributions to the Resolution Fund and the Interbank Deposit Protection Fund, valuation of the stakes held in the Atlante Fund and the Voluntary Scheme of the Italian Interbank Deposit Protection Fund, and any other similar contributions that may become payable in the future, in addition to fees paid to continue deducting eligible deferred tax assets) are considered "non-core business related".

The application of the foregoing criteria specifically leads to the following reclassification of P&L items (where stated, the items correspond to the items of the Consolidated Income Statement prepared in accordance with the criteria set by the Bank of Italy’s latest update to Circular No. 262/2005). Compared to the previous format, changes have been made to the reclassified template; despite the substantial preservation of the previous criteria, some items have been modified, as illustrated below.

- “**Net Interest Income**" corresponds to item "30. Net Interest income";
- “**Net fee and commission income**" corresponds to item "60. Net fee and commission income";
- Dividends and similar income corresponds to item "70. Dividends and similar income"; in the previous format, this item was included among the components of the overall aggregate known as "Core trading " (see item below);
- The item "**Net profit (loss) from core trading**" (net of dividends and similar income, now recognised separately – see item above) includes items "80. Net profit (loss) from trading", "90. Net profit (loss) from hedging", "100a. Profits /losses on disposal or repurchase of financial assets at amortised cost" (for the securities component only), "100b. Profits (losses) on disposal or repurchase of financial assets at fair value through other comprehensive income", "100c. Profits (losses) on disposal or repurchase of financial liabilities" and "110. Profits (losses) on financial assets/liabilities at fair value through profit or loss (for the securities component only) of the Consolidated Income Statement net of non-recurring items, referred to under “Non-core trading”;
- “**Other core operating income/expenses**” (“Other operating income” in the previous version) corresponds to Item “230. Other operating expense/income", net of tax recovery included in “Core administrative expenses " and, unlike previously reported, net of other operating expense/income relating the one-off transactions set forth in the Strategic Plan (Other non-core operating expense/income), now included in the new Item "Strategic Plan charges relating to non-recurring items";
- “**Personnel expenses net of early-retirement costs**” (“Core personnel expenses” in the previous version) corresponds to Item “190a. Administrative expenses – personnel expenses” net of non-recurring items, consisting in charges for early-retirement / exit incentives and severance negotiations);
- "**Core net adjustments to/ recoveries on property and equipment, and on intangible assets**" includes items "210. Net adjustments to/recoveries on property and equipment" and "220. Net adjustments to/recoveries on intangible assets", net of non-recurring items, which are identified separately under item “Non-recurring adjustments to/recoveries on property and equipment and intangible assets” (see below);
- “**Core administrative expenses**” corresponds to Item “190b. Administrative expenses – other administrative expenses", net of:
  - Administrative expenses related to one-off transactions set forth in the Strategic Plan included in the new Item “Strategic Plan charges relating to non-recurring items” (“Non-core administrative expenses” in the previous version; see below);
  - contributions to the National/Single Resolution Fund (NRF/SRF) and the Deposit Guarantee Scheme (DGS/FITD) included in "Contributions and other banking system charges";
  - Deferred Tax Asset (DTA) fees convertible into tax credits;

  and include tax recovery under item "230. Other operating expense (income)";
- **“Net losses on impairment of loans to banks and customers”** includes Items "110. Profits (losses) on financial assets/liabilities at fair value through profit or loss" (for the loans component only), "130a. Net losses/recoveries on impairment of financial assets at amortised cost” and "140. Gains (losses) due to modifications not resulting in derecognition;

- “**Profits /losses on disposal or repurchase of financial assets at amortised cost**” corresponds to item “100a” for the loans component only;
- "**Net losses/recoveries on impairment of other financial assets**" includes items "130b. Net losses/recoveries on impairment of financial assets at fair value through other comprehensive income";
- "**Net profit (loss) from non-core trading**" ("Non-core trading " corresponds to Fair Value adjustments to financial assets arising from a securitisation transaction and a capital gain on the disposal of HTC securities;
- “**Profits (losses) on equity investments and disposal of investments**" includes items "250. Profits (losses) on equity investments" and "280. Profits (losses) on disposal of investments";
- "**Early retirement costs**" corresponds to charges for early-retirement / exit incentives and severance negotiations (operational data);
- "**Strategic Plan charges relating to non-recurring items**" includes the portion of Other administrative expenses ("Non-core administrative expenses " in the previous version), and the portion of Other expense/income relating to the one-off transactions scheduled in the Strategic Plan for the period;
- “**Non-core net adjustments to/recoveries on property and equipment and intangible assets**" corresponds to non-recurring items net of items “210. Net adjustments to/recoveries on property and equipment" and "220. Net adjustments to/recoveries on intangible assets";
- “**Net provisions for risks and charges**" corresponds to item "200. Net provisions for risks and charges";
- "**Contributions and other banking system charges**” consists in the contributions to the National/Single Resolution Fund (NRF/SRF) and the Deposit Guarantee Scheme (DGS/FITD);
- “**DTA Fees**” corresponds to Deferred Tax Asset (DTA) fees convertible into tax credits;
- “**Taxes**" now corresponds to item "300. Taxes on income from continuing operations";
- “**Profit (loss) after tax from discontinued operations**" corresponds to item "320. Profit (loss) after tax from discontinued operations";
- “**Non-controlling interests**" corresponds to item "340. Non-controlling interests";
- "**Net profit (loss) for the period attributable to the Parent Company**" corresponds to item "350. Net profit (loss) for the period attributable to the Parent Company".