PRESS RELEASE

BANCA CARIGE'S BOARD OF DIRECTORS APPROVES THE GROUPS' CONSOLIDATED RESULTS AS AT 30 JUNE 2021[1]

Relaunch continues successfully
with the acceleration of the commercial returns in the second quarter

- **FIRST POSITIVE EFFECTS ON PROFITABILITY OF THE COMMERCIAL RELAUNCH MEASURES IMPLEMENTED: THE ECONOMIC PERFORMANCE IN THE SECOND QUARTER OF 2021 SHOWS A MARKED RECOVERY OF PROFITABILITY: -EUR 10.1 MLN VS -EUR 39.7 OF THE FIRST QUARTER OF 2021 AND -EUR 42.7 OF THE SECOND QUARTER OF 2020**
- **LOSS ALMOST HALVED: -EUR 49.9 MLN IN THE FIRST HALF OF 2021 VS. -EUR 97.8 MLN REGISTERED IN THE FIRST 5 MONTHS OF 2020 (ORDINARY ADMINISTRATION PERIOD FEBRUARY-JUNE)**
- **ROBUST GROWTH OF TOP-LINE REVENUES (NII + NET FEE AND COMMISSION INCOME): +16.7% IN THE FIRST HALF COMPARED TO THE SAME PERIOD OF 2020[1] (NET OF A ONE-OFF COMPONENTS[2], GROSS OF WHICH THE GROWTH WOULD BE 20.1%)**
  - **NET INTEREST INCOME +30.1%**
  - **NET FEE AND COMMISSION INCOME +8.9% NET OF ONE-OFFS**
- **THE STRUCTURAL COST REDUCTION AND THE CAREFUL MANAGEMENT OF CREDIT RISK CONTINUES**
  - **PERSONNEL EXPENSES DOWN BY 6.2% IN THE FIRST HALF COMPARED TO THE SAME PERIOD OF 2020[1] AND UNCHANGED BETWEEN THE FIRST AND SECOND SEMESTER OF 2021 (-0.6%)**
  - **ADMINISTRATIVE EXPENSES UP IN THE FIRST HALF COMPARED TO THE SAME PERIOD OF 2020[1] (+4.2%) BUT SUBSTANTIALLY DOWN COMPARED TO THE FIRST QUARTER OF 2021 (-3.9%)**

[1] With the month of January 2020 being included in the Financial Statements for the period under Temporary Administration, the results for the first half of 2021 are not comparable with those of the first half of 2020. For the same reason, the results for the first quarter of 2021 cannot be compared with those of the first quarter of 2020. Any comparison with the first half of 2020 - if commented on - is the result of a half- yearly pro-rata recalculation of the first five months (February/June) of the 2020 ordinary course of administration. The comment on the items in the income statement is based on the attached reclassified Income Statement.
[2] Non-recurring positive effect totalling net EUR 5.2 mln in the six-month period mainly due to the recognition of (non-life and life) *assurbanca* commissions referring to placements made by the Group in previous periods.

    - **ANNUALISED COST OF CREDIT AT 54 BPS**
- **THE GRADUAL IMPLEMENTATION OF THE NEW SERVICE MODEL ALLOWED THE GROWTH IN SALES AND DISTRIBUTION[3] IN THE SIX-MONTH PERIOD:**
    - **SHORT-TERM FUNDING FROM CUSTOMERS (RETAIL) AT EUR 12.2[3] BN (+EUR0.7 BN; +5.7% IN THE SIX-MONTH PERIOD AND +EUR 1.2 BN; +10.5% Y/Y).**
    - **DIRECT FUNDING FROM CUSTOMERS (RETAIL) AT EUR 13.2 BN[3] (+EUR 0.4 BN; +2.7% IN THE SIX-MONTH PERIOD; +EUR 0.8 BN; +5.8% Y/Y).**
    - **ASSETS UNDER MANAGEMENT AT EUR 11.8 BN[3] (+EUR 0.4 BN; +3.2% IN THE SIX-MONTH PERIOD; +EUR 0.9 BN; +8.1% Y/Y).**
    - **CONFIRMED TWICE THE AVERAGE PERFORMANCE OF THE MARKET IN INVESTMENT FUNDS AND PORTFOLIO MANAGEMENT IN THE FIRST HALF OF 2021 (+6.9% THE GROUP'S NET FUNDING SINCE THE BEGINNING OF THE YEAR VS AN AVERAGE+2.9% FOR THE MARKET[4])**
    - **LOANS TO CUSTOMERS (RETAIL) AT EUR 11.8[3] BN (+EUR 0.3 BN; +2.4% IN THE SIX-MONTH PERIOD; +EUR 0.4 BN; +3.5% Y/Y).**
    - **PERSONAL LOANS[3] PERFORMANCE TWICE THE AVERAGE PERFORMANCE OF THE MARKET IN THE FIRST HALF OF 2021[5] (+61.2% VS AN AVERAGE +31.0% FOR THE MARKET)**
- **NON-PERFORMING LOANS TO CUSTOMERS, NET OF PROVISIONS, FURTHER DOWN TO EUR 303.6 MLN AND STEADY ASSET QUALITY CONFIRMED AT BEST MARKET LEVELS:**
    - **NPE RATIO: GROSS 4.9%, 2.5% NET, UNCHANGED SINCE MARCH 2021 (BANKING SYSTEM AVERAGE: 5.5% AND 2.8%, RESPECTIVELY[6])**
    - **AVERAGE NON-PERFORMING LOAN PORTFOLIO COVERAGE RISEN TO 51.2% (52.6% INCLUDING WRITE-OFFS) VS. MARCH AVERAGE OF 49.6%**
    - **PERFORMING LOAN BOOK COVERAGE OF 0.9% (1.0% NET OF REPOS), CONFIRMED FAR BEYOND BANKING SYSTEM AVERAGE[6]**
- **THE BOARD OF STATUTORY AUDITORS VERIFIED THE REQUIREMENTS OF THE MEMBERS APPOINTED BY THE SHAREHOLDERS' MEETING OF 28 JULY**

Genoa, *05 August 2021* – At its meeting today, Banca Carige's Board of Directors has approved the Group's consolidated results as at 30 June 2021. The first half, especially in the second part, begins to incorporate the first tangible effects of the new service model and related technological investments, gradually being finalised.

Francesco Guido, Chief Executive Officer of Banca Carige, comments on the first half results: ***"Carige keeps its tight control on the quality of credit assets and continues its march***

[3] Operational data
[4] Source: Assogestioni
[5] Source: internal processing of Assofin data
[6] Source: Press releases and presentations published for the period ended 31 March 2021(Intesa, Unicredit, Banco BPM, MPS, BPER, Credem, BP Sondrio and Creval; Financial Statements as at 31 December 2020 for Credit Agricole Italia).

towards recovering profitability, which will become more significant over the coming quarters in parallel with the completion of the various activities defined in the plan. The positive developments are the result of the force of its Staff and the trust confirmed by hundreds of thousands of households and enterprises. I want to express my most sincere thanks to all of them.”

Confirming the evidence of an accelerating commercial momentum following the positive results of the previous quarters, especially in funding and lending volumes, a robust growth trend was achieved in the core components of top-line revenues (net interest income and net fee and commission income) both compared to the first half of 2020[1] (+16.7% the aggregate in six months) and to the first quarter of 2021[1] (+8.9% the performance in the second quarter), without taking into account a non-recurring component accounted in the quarter, mainly due to commissions recognised by Amissima in relation to placements of *bancassurance* products.

The growth was particularly significant for the net interest income (EUR 74.7 mln in six months): +30.1% compared to the first half of 2020[1] and +11.1% compared to the first quarter of 2021; net fee and commission income (EUR 112.6 mln), considered net of the aforementioned one-off (EUR 107.4 mln), also show an interesting acceleration: +8.9%[1] and +5.8%, respectively, in the half-yearly and quarterly comparisons.

At the same time, the structural decrease in costs continues through the reduction in personnel expenses (EUR 108.5 mln; -6.2% Y/Y[1], -0.6% compared to the first quarter of 2021) and the control of other core administrative expenses (EUR 62.7 mln; +4.2% Y/Y[1], which is affected by the aforesaid investments related to the implementation of the new service model, -3.9% compared to the first quarter of 2021).

The cost of risk of loans to customers in the half-year period (54 bps annualised) reflects a credit quality that remains at the highest in the industry with a gross and net NPE ratio at 4.9% and 2.5%, respectively; the net non-performing loan portfolio decreased to EUR 303.6 mln.

The decisive win-back action allowed the Group to regain essential market shares, especially in loans to SMEs: the disbursement of EUR 2.8 bn in State-guaranteed loans - equal to three times Carige’s market share - represented an opportunity for the Bank to take concrete steps to support households and enterprises, and for the enterprises a chance to reduce the cost of funding sources. The retail loan portfolio (EUR 11.8 bn) is still excellent in quality, with collateralised loans equal to 62% of the aggregate, while State guarantees back around 42% of the remaining 38% portfolio; the moratoria outstanding as at 30 June 2021 granted to support households and enterprises dropped to EUR 1.1 bn (EUR 0.8 bn expired) without evidence of particular difficulties; 97% of performing exposures with expired moratoria are regularly being repaid; 79% of the regularly repaid performing exposures with expired moratoria are of mortgage nature, and 81% of the exposures in arrears with expired moratoria are related to relations of mortgage nature.

The effectiveness of the commercial action led to positive half-year results from the balance sheet aggregates viewpoint, with direct funding from retail customers totalling EUR 13.2 bn, overall growing both in the six-month period (+2.7%) and in the year (+5.8%), with the short-term component up by EUR 0.7 bn (+5.7%) compared to December 2020 and by EUR 1.2 bn (+10.5%) compared to June 2020.

The growth is also confirmed in indirect funding (+0.4% in six months and +3.0% in the year), with assets under management growing to EUR 11.8 bn, up by 3.2% in the half and 8.1% in the year. The growth in portfolio management was very strong, reaching EUR 532.5 mln at the end of June, up by 16.5% compared to the end of December 2020 and by 82.6% compared to the end of June 2020.

The growth in loans to retail customers also continues (to EUR 11.8 bn; +2.4% in the half and +3.5% in the year) both on loans to households (EUR 5.2 bn; +4.3% in the half and +5.3% in the year) and on loans to businesses (EUR 4.1 bn; +8.3% in the half and +44.7% in the year). Personal loans also grew strongly compared to the industry, with twice the average performance of the market[5] in the first six months of the year, compared to the same period in 2020 (+61.2% vs. +31.0%).

The confirmation of the trend in volumes and the top-line sharp rise recorded in the second quarter of 2021 corroborate the effectiveness of the commercial drive and of the several restructuring initiatives of the service model implemented so far, which will be able to unfold their full potential on the Group’s future profitability. Expectations are, in fact, that the assimilation of the gradual release of the new service model, the repricing of some asset items and the relaunch of synergies with business partners will continue to contribute to revenue generation in the quarters to come.

The level of RWAs measured under the standardised approach totalled EUR 9.3 bn[7], with capital ratios in excess of regulatory requirements: phased-in CET1 ratio at 11.4%[7] and phased-in Total Capital ratio at 13.7%[7].

In this half, as it already did as from the financial statements 2018, the Bank, while keeping a conservative approach, decided not to recognise new DTAs (deferred tax assets) based on future profitability and not related to temporary differences (specifically tax losses associated with negative results for the period); but, unlike in the past, taking into account the results of the probability test, DTAs resulting from the reversal of previously recorded DTAs (e.g., related to the use of provisions) to a higher tax loss were recognised; the negative economic effect on the first half resulting from not recording DTAs amounted to approximately EUR 14 mln, for an off-balance sheet DTAs totalling approximately EUR 505 mln. As at 30 June 2021, the amount of DTAs recognised in the financial statements totalled EUR 780 mln.

Outlook on operations

The Bank's and Group's management is carried out within both current and forward-looking solvency framework that was restored following the capital strengthening of December 2019 and the ordinariness regained after the appointment of the governing bodies by the Shareholders' Meeting representing the new corporate governance held on 31 January 2020 at the end of the Temporary Administration lasting from the beginning of January 2019 to the end of January 2020.

Since the beginning of their office, the current Directors, following the principles of sound and prudent business management, have taken steps towards the normalisation of the Group's activities and its commercial relaunch aiming at a business combination to be executed by the controlling shareholder FITD (Interbank Deposit Protection Fund).

In view of the uncertainties inherent in the recovery of commercial activities after the difficulties experienced by the Group in previous years and worsened by the economic and

[7] Operational estimate, pending official supervisory reporting.

financial impacts of the Covid-19 pandemic, during the first quarter of 2021, an update of the annual targets of the Strategic Plan (previously resolved upon by the Temporary Administrators in July 2019) was prepared. This update was prepared assuming a stand-alone scenario over the entire Strategic Plan period (2023), despite the fact that, at the time, the purchase option held by CCB (Cassa Centrale Banca) to buy FITD's controlling interest was still valid – which was then renounced in March.

In the aforesaid target update resulting from the 2020 financial year trend and considering the economic repercussions of the pandemic, the Bank estimated a one-year delay in achieving the targets set before the health emergency.

As a result of the trend in the first six months of the year (loss of EUR 49.9 mln recorded at the end of the first half against the estimated result for 2021 totalling - EUR 84 mln), the 2021 target cannot be duly confirmed. However, it is expected that the exit from the Covid-19 pandemic scenario as of the 2022 financial year and the effect boost of the actions already planned and implemented and/or the timely start of any new action supporting the Plan can recover the profit margin portion expected but not achieved in 2021 as of 2022, thus allowing the Directors to confirm the 2022 and 2023 strategic guidelines and targets (including the expectation that the consolidated gross profit will turn into positive at the end of 2022 and that the Group will achieve a positive consolidated net profit in 2023).

Despite the significant uncertainties and the risks identified (including legal and tax risks), and prudently relying on a scope of the analysis consistent with a stand-alone scenario extending beyond 2021 (which, if certain circumstances occurred, would require to proceed with a capital strengthening transaction and would confirm the uncertainties on the recovery time of the tax assets), the Directors believe that the Group has a reasonable expectation of continuing their going concern for the foreseeable future and of continuously complying with the SREP minimum prudential requirements for own funds and liquidity over the next 12 months. The expectation takes into account the provisions contained in the ECB's Communication of 28 July 2020, which allows to temporarily operate below capital requirements using the Pillar 2 Guidance and the Capital Conservation Buffer, as well as the confirmation of the “continued, full and convinced commitment to support Banca Carige and to continue its process of turnaround, commercial development, efficiency-raising and capital optimisation of the Bank" as publicly declared on 28 July 2021 by FITD; the current controlling shareholder, who started the process of selecting a partner for the Group's business combination and the disposal of its stake in the Bank's share capital.

Funding, lending and balance-sheet aggregates

The **overall funding** totalled EUR 38.3 bn (-1.2% in six months due to the redemption at maturity of EUR 1.0 bn of covered bonds between January and February; +1.1% compared to the end of March) with **direct deposits** amounting to EUR 15.4 bn (-3.6% in six months due to the aforementioned maturities of the wholesale sector; +1.8% compared to the end of March). Good performance for **direct funding from retail and corporate customers**, which totals EUR 13.2 bn (+2.7% in six months), supported in particular by the dynamics of the short-term component (+5.7% in six months, totalling EUR 12.2 bn), on the back of the aforesaid revived sales momentum. **Securities issued** amount to EUR 2.1 bn, down by 31.1% (-EUR 1.0 bn) in six months, due to the aforementioned maturities in the wholesale sector. Marginal growth for **indirect deposits** totalling EUR 22.9 bn (+0.4% in six months), specifically thanks to the performance of the assets under management totalling EUR 11.8 bn (+3.2% in the half-year period) supported by the growth in the areas of portfolio management (+16.5% in six months) and of mutual funds and open-end collective investment schemes (+8.0%); assets under custody amounted to EUR 11.1 bn (-2.4% in the reference period).

Amounts due to banks stood at EUR 3.8 bn, stable as compared to 31 December 2020; the overall amount of refinancing operations with the ECB (T-LTRO III) totalled EUR 3.5 bn.

Gross loans to customers totalled EUR 12.6 bn, up by 0.6% compared to the end of December 2020 (+2.2% net of repurchase agreements), specifically thanks to the performance of the medium/long term component (+2.9% in six months, to EUR 11.0 bn); net of provisions (equal to EUR 0.4 bn), their total amount was EUR 12.1 bn net (+0.8% in six months; +2.5% net of repurchase agreements).

Credit Quality

On balance sheet **gross non-performing loans** to customers at amortised cost amounted to EUR 0.6 bn (EUR 0.3 bn net of provisions), slightly down[8] compared to December 2020 (-1.6%), confirming stability in the quality of loans despite the context caused by the continuing pandemic.

The excellent levels of NPEs out of the total loan portfolio were confirmed during the half: gross NPE ratio at 4.9% (5.1% in December 2020) and net NPE ratio stable at 2.5%. More specifically, gross bad loans amounted to EUR 243.9 mln (EUR 83.1 mln net of provisions), with 66.0% coverage (67.9% including write-offs); gross Unlikely-To-Pay exposures totalled EUR 344.5 mln (EUR 193.2 mln net), with coverage rising to 43.9% (44.5% including write-offs); gross Past Due exposures amounted to EUR 33.3 mln (EUR 27.3 net), with coverage stable at 18.1%. Performing portfolio coverage is likewise stable at 0.9% (1.0% excluding repos - assets).

[8] Including as a result of the disposal of non-performing leases to AMCO for an amount of EUR 67 mln carried out in March 2021

Figures in EUR/mln

Loans to customers[1]	30/06/2021 Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs[2]
Bad Loans	243.9	*1.9%*	160.9	83.1	*0.7%*	66.0%	67.9%
Unlikely to pay	344.5	*2.7%*	151.3	193.2	*1.6%*	43.9%	44.5%
Past Due	33.3	*0.3%*	6.0	27.3	*0.2%*	18.1%	18.1%
Non-performing loans	**621.8**	***4.9%***	**318.2**	**303.6**	***2.5%***	**51.2%**	**52.6%**
Performing Loans	11,946.0	*95.1%*	112.5	11,833.5	*97.5%*	0.9%	0.9%
Total	**12,567.8**	***100.0%***	**430.7**	**12,137.1**	***100.0%***	**3.4%**	**3.6%**

Figures in EUR/mln

Loans to customers[1]	31/03/2021 Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs
Bad Loans	240.5	*1.9%*	160.6	79.9	*0.7%*	66.8%	68.7%
Unlikely to pay	327.9	*2.6%*	135.1	192.8	*1.6%*	41.2%	41.9%
Past Due	44.5	*0.4%*	8.0	36.5	*0.3%*	18.0%	18.0%
Non-performing loans	**612.9**	***4.9%***	**303.7**	**309.2**	***2.5%***	**49.6%**	**51.1%**
Performing Loans	11,985.5	*95.1%*	122.6	11,862.9	*97.5%*	1.0%	1.0%
Total	**12,598.4**	***100.0%***	**426.4**	**12,172.0**	***100.0%***	**3.4%**	**3.5%**

Figures in EUR/mln

Loans to customers[1]	31/12/2020 Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs
Bad Loans	277.8	*2.2%*	194.5	83.4	*0.7%*	70.0%	71.6%
Unlikely to pay	329.9	*2.6%*	132.0	197.9	*1.6%*	40.0%	40.7%
Past Due	24.3	*0.2%*	4.4	19.9	*0.2%*	18.0%	18.1%
Non-performing loans	**632.0**	***5.1%***	**330.8**	**301.2**	***2.5%***	**52.3%**	**53.8%**
Performing Loans	11,859.9	*94.9%*	124.9	11,735.0	*97.5%*	1.1%	1.1%
Total	**12,491.9**	***100.0%***	**455.7**	**12,036.2**	***100.0%***	**3.6%**	**3.8%**

(1) Excluding debt securities at amortised cost
(2) Write-offs as at March 2021

The Texas Ratio (total net NPEs over net tangible common equity, net of profit (loss) for the period) was 24.0% (from 24.5% as at the end of March 2021).

Liquidity management and securities portfolio

The Group's liquidity position continues to be robust, with cash and unencumbered eligible assets (Counterbalancing Capacity) totalling EUR 3.3 bn, up from EUR 2.9 bn of March 2021, thanks to the ESG "PMI100" securitisation completed at the end of June 2021. The Liquidity Coverage Ratio (LCR) is 192% (172% as at the end of December 2020) and the Net Stable Funding Ratio (NSFR) is estimated at over 110%, both higher than regulatory prudential requirements.

Net of the stake in the Bank of Italy, the securities portfolio was stable at EUR 2.5 bn, with 86.2% (EUR 2.1 bn) accounted for by government bonds and a duration of 0.4 years (0.6 in March 2021).

Own funds and capital ratios[9]

As at 30 June 2021, capital ratios were still in excess of specific regulatory requirements: Phased-in CET1 ratio at 11.4%[10] (vs. requirement of 8.55%[11]) and phased-in Total Capital Ratio at 13.7%[10] (vs. requirement of 13.25%), with an RWA level of EUR 9.3 bn.

The phased-in Leverage Ratio is estimated at 4.7% (fully loaded 3.9%).

Profit &Loss results[12]

The first half of 2021 closed with a net loss of EUR 49.9 mln, compared to -EUR 97.8 mln of February-June 2020, and -EUR 39.7 mln in the first quarter of 2021.

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[9] Operational estimate, pending official supervisory reporting

[10] IFRS 9 fully-loaded CET1 ratio estimated at 9.5%; IFRS 9 fully-loaded Total Capital Ratio estimated at 11.8%.

[11] Reflecting the sum of the Pillar 1 minimum requirement (4.5%), 56.25% of the Pillar 2 Requirement (1.55%) and the Capital Conservation Buffer (2.50%).

[12] Commentary on the reclassified Income Statement With the month of January 2020 being included in the Financial Statements for the period under Temporary Administration, the results for the first half of 2021 are not comparable with those of the first half of 2020. The comment on the items in the Income Statement is based on the attached Reclassified Income Statement

Amounts in EUR/mln

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	2Q21	1Q21	4Q20	3Q20	2Q20	Feb/Mar '20
Net interest income	39.3	35.4	38.1	37.6	27.0	20.9
Net fee and commission income	61.4	51.2	53.0	51.6	47.5	34.7
Dividends and similar income	1.6	10.4	0.0	0.2	0.1	10.5
Net profit (loss) from core trading(1)	2.1	1.4	(0.2)	5.1	(1.2)	2.8
Other core operating income/expense(2)	1.5	(0.9)	1.6	3.9	3.9	2.5
OPERATING INCOME	**105.9**	**97.6**	**92.6**	**98.4**	**77.3**	**71.3**
Personnel expenses net of early-retirement costs(3)	(54.1)	(54.4)	(60.6)	(57.7)	(56.3)	(40.1)
Recurring net adjustments to/recoveries on property and equipment, and intangible assets(4)	(9.9)	(9.3)	(10.9)	(8.4)	(8.4)	(5.7)
Recurring administrative expenses(5)	(30.7)	(32.0)	(38.8)	(33.4)	(31.4)	(18.7)
OPERATING EXPENSE	**(94.7)**	**(95.7)**	**(110.2)**	**(99.4)**	**(96.1)**	**(64.5)**
GROSS OPERATING PROFIT (LOSS)	**11.2**	**1.8**	**(17.6)**	**(1.1)**	**(18.8)**	**6.8**
Net losses/recoveries on impairment of loans to banks and customers(6)	(18.3)	(25.2)	(26.6)	(4.0)	(12.0)	(42.6)
Profits (losses) on disposal or repurchase of financial assets at amortised cost(7)	0.6	0.2	0.1	0.7	-	-
Net losses/recoveries on impairment of other financial assets(8)	(0.1)	0.0	(0.0)	(0.0)	(0.1)	(0.0)
NET OPERATING PROFIT (LOSS)	**(6.5)**	**(23.2)**	**(44.2)**	**(4.4)**	**(30.9)**	**(35.8)**
Net profit (loss) from non-core trading(9)	1.5	0.6	10.7	1.6	1.5	6.2
Other non-core operating income/expense(10)	-	(1.4)	23.0	-	-	-
Profits (losses) on equity investments and disposal of investements(11)	3.5	3.4	(0.1)	3.9	7.8	(6.8)
Early retirement costs(12)	-	-	(2.9)	-	-	0.1
Strategic Plan charges relating to non-recurring items(13)	(0.1)	(0.1)	1.0	(0.0)	(0.2)	(0.0)
Non-recurring net adjustments to/ recoveries on property and equipment and intangible assets	-	-	(14.3)	-	(4.8)	-
Net provisions for risks and charges(14)	(2.8)	(1.6)	(21.9)	(5.5)	(6.3)	0.1
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(3.4)	(10.3)	(3.7)	(11.1)	(2.7)	(8.5)
DTA fees	(3.5)	(3.5)	(3.5)	(3.5)	(3.5)	(2.3)
PROFIT (LOSS) BEFORE TAX	**(11.2)**	**(36.0)**	**(55.9)**	**(19.0)**	**(39.1)**	**(47.0)**
Taxes	1.3	(4.2)	(74.3)	(5.4)	(3.3)	(8.6)
Profit (loss) after tax from discontinued operations	-	-	(0.0)	-	-	0.0
NET PROFIT (LOSS) FOR THE PERIOD	**(9.9)**	**(40.2)**	**(130.2)**	**(24.4)**	**(42.5)**	**(55.6)**
Non-controlling interests	0.2	(0.5)	(0.4)	(0.3)	0.2	(0.5)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(10.1)**	**(39.7)**	**(129.8)**	**(24.1)**	**(42.7)**	**(55.1)**

See table and reclassification criteria on page 19 et seq. for notes.

In detail, **gross operating profit** for the first half of the current financial year was positive totalling EUR 13.0 mln (confirming the operating income growth trend observed in the second half of 2020 and in the first quarter of 2021) - of which EUR 11.2 mln in the second quarter of 2021 - and is determined as a difference between **operating income** totalling EUR 203.5 mln (of which EUR 105.9 mln in 2Q2021) and **operating expense** totalling EUR 190.4 mln (of which EUR 94.7 million in the second quarter). Among revenues that begin to reflect the development of profitability resulting from growing volumes, **net interest income** totalled EUR 74.7 mln (of which EUR 39.3 mln in the second quarter of 2021) and **net fee and commission income** totalled EUR 112.6 mln (EUR 107.4 mln net of the aforementioned one-off) of which EUR 61.4 mln (EUR 55.2 mln net of the aforementioned one-off) in the second quarter of 2021. Core trading contribution in the 6-month period amounted to EUR 15.5 mln, including EUR 12.0 mln worth of dividends almost entirely relating to the stake held in the Bank of Italy (now down to 3.07%).

Operating expenses totalled to EUR 190.4 mln (of which EUR 94.7 mln in the second quarter of 2021), and among them, **personnel expenses** amounted to EUR 108.5 million (of which EUR 54.1 mln in the second quarter of 2021), recording a net decrease of 330 units in the half-year period due to 368 terminations and 38 new hires in the period (3,287 the new total resources as at 30 June 2021).

Recurring administrative expenses totalled EUR 62.7 mln (of which EUR 30.7 mln during the second quarter of 2021) and recurring **net core adjustments to property and equipment and intangible assets** amounted to EUR 19.2 mln.

Net impairment losses on loans to banks and customers amounted to EUR 43.5 mln (EUR 54.6 mln in the period February-June 2020). Under the pandemic-related macroeconomic scenarios estimated upon closing on December 2020, impairments include the unceasing effects of the pandemic on the non-performing portfolio and on the counterparties with extended moratoria. Annualised cost of credit[13] for the six months is 54 bps[14].

Net operating income was negative by EUR 29.7 mln (-EUR 66.7 mln in the period February/June 2020).

Net provisions for risks and charges amounted to EUR 4.4 mln, whereas **contributions and other banking system charges** (to the SRF and DGS) and DTA fees totalled EUR 20.6 mln (o.w. EUR 13.6 mln in contributions to the National/Single Resolution Fund). **Profit (loss) before tax for the period** thus amounted to a negative EUR 47.2 mln (-EUR 86.2 mln in the period February/June 2020). The item **taxes** was negative by EUR 2.9 mln, decreasing of EUR 1.3 mln in the second quarter of 2021 due to the recognition of deferred tax assets ("DTAs") on tax losses arising from the reversal of other DTAs previously recognised.

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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

[13] For the component relating to impairment losses on loans to customers
[14] Operational estimate

approved by the Temporary Administrators on 26 July 2019 is confirmed, which continued to constitute the basis to include the impacts of the pandemic scenario, as was approved by Banca Carige's Board of Directors on 23 February 2021. Due to the economic repercussions of the pandemic, the original targets are expected to be obtained later than planned, with a foreseeable return to net profit as of 2023; with reference to the reporting period, the most significant negative deviations from forecasts concern revenue items and the recognition of non-recurring charges.

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Banca CARIGE S.p.A. hereby announces that, at its meeting of 4 August 2021, the Board of Statutory Auditors has ascertained that the requirements and eligibility criteria established by law in force are met by Ms Biancamaria Raganelli, Standing Auditor, Ms Maddalena Rabitti and Mr Diego Agostino Rigon, Alternate Auditors, who were appointed by the Shareholders' Meeting of 28 July 2021.

The Board of Statutory Auditors' assessments were carried out and based on the documents submitted and the declarations made by the persons concerned, as well as according to the information available to the Bank, from which no evidence arose on any credit, commercial or professional relation between the aforesaid persons and the Bank.

Specifically, the above-mentioned members met the independence requirements pursuant to the Italian Legislative Decree No. 58/1998 (Consolidated Law on Finance), the Decree of the Italian Ministry of Economy and Finance No. 169/2020 of 23 November 2020 and the Corporate Governance Code of listed companies by Borsa Italiana, having the independence of judgement required by Article 15 of the Italian Ministerial Decree No. 169/2020.

Furthermore, the Board of Statutory Auditors has positively ascertained the adequacy of the composition of the Control Body resulting from the appointments resolved upon by the Shareholders' Meeting of 28 July 2021.

Likewise, the Board of Statutory Auditors also verified that Ms Biancamaria Raganelli, the Standing Auditor, was not involved in situations falling within the scope of Art. 36 of the

Italian Law Decree No. 201 of 6 December 2011, converted with amendments by the Italian Law No. 214 of 22 December 2011, concerning the rules on interlocking prohibition.

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The Consolidated Financial Report at 30 June 2021, inclusive of the Independent Auditors' Report, will be available at the Bank's registered office, on the corporate website www.gruppocarige.it (under Investor Relations – Financial Statements) and on authorised storage portal eMarket Storage (www.emarketstorage.com) and by all other means allowed by applicable regulations in force.

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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.

*****

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		Change	
		30/06/2021	31/12/2020	Absolute	%
10.	CASH AND CASH EQUIVALENTS	259,952	267,695	(7,743)	(2.9)
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	163,682	168,601	(4,919)	(2.9)
20. a)	FINANCIAL ASSETS HELD FOR TRADING	1,275	1,728	(453)	(26.2)
20. c)	OTHER FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	162,407	166,873	(4,466)	(2.7)
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2,355,024	2,608,558	(253,534)	(9.7)
40.	FINANCIAL ASSETS AT AMORTISED COST	16,088,923	16,323,653	(234,730)	(1.4)
40. a)	LOANS TO BANKS	3,642,966	3,959,143	(316,177)	(8.0)
40. b)	LOANS TO CUSTOMERS	12,445,957	12,364,510	81,447	0.7
50.	HEDGING DERIVATIVES	5,922	9,355	(3,433)	(36.7)
70.	EQUITY INVESTMENTS	99,703	94,257	5,446	5.8
90.	PROPERTY AND EQUIPMENT	840,903	850,624	(9,721)	(1.1)
100.	INTANGIBLE ASSETS	89,546	85,594	3,952	4.6
110.	TAX ASSETS	1,361,613	1,413,628	(52,015)	(3.7)
110. a)	CURRENT	581,019	586,154	(5,135)	(0.9)
110. b)	DEFERRED	780,594	827,474	(46,880)	(5.7)
130.	OTHER ASSETS	283,675	208,271	75,404	36.2
	TOTAL ASSETS	**21,548,943**	**22,030,236**	**(481,293)**	**(2.2)**

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

		Situation as at		Change	
		30/06/2021	31/12/2020	Absolute	%
10.	FINANCIAL LIABILITIES AT AMORTISED COST	19,157,338	19,771,001	(613,663)	(3.1)
10. a)	DUE TO BANKS	3,805,896	3,843,524	(37,628)	(1.0)
10. b)	DUE TO CUSTOMERS	13,211,224	12,819,390	391,834	3.1
10. c)	SECURITIES ISSUED	2,140,218	3,108,087	(967,869)	(31.1)
20.	FINANCIAL LIABILITIES HELD FOR TRADING	724	1,056	(332)	(31.4)
40.	HEDGING DERIVATIVES	247,390	247,079	311	0.1
60.	TAX LIABILITIES	25,587	10,229	15,358	…
60. a)	CURRENT	19,693	3,025	16,668	…
60. b)	DEFERRED	5,894	7,204	(1,310)	(18.2)
80.	OTHER LIABILITIES	517,356	326,496	190,860	58.5
90.	EMPLOYEE TERMINATION INDEMNITIES	30,600	38,245	(7,645)	(20.0)
100.	ALLOWANCES FOR RISKS AND CHARGES:	255,030	276,223	(21,193)	(7.7)
100. a)	COMMITMENTS AND GUARANTEES GIVEN	18,163	18,831	(668)	(3.5)
100. b)	POST-EMPLOYMENT BENEFITS	24,736	26,523	(1,787)	(6.7)
100. c)	OTHER ALLOWANCES FOR RISKS AND CHARGES	212,131	230,869	(18,738)	(8.1)
120.	VALUATION RESERVES	(74,887)	(79,996)	5,109	(6.4)
150.	RESERVES	98,997	(844,873)	943,870	…
160.	SHARE PREMIUM RESERVE	-	623,922	(623,922)	(100.0)
170.	SHARE CAPITAL	1,343,571	1,915,164	(571,593)	(29.8)
180.	TREASURY SHARES (-)	(15,536)	(15,536)	-	-
190.	NON-CONTROLLING INTERESTS (+/-)	12,632	12,867	(235)	(1.8)
200.	NET PROFIT (LOSS) FOR THE PERIOD (+/-)	(49,859)	(251,641)	201,782	(80.2)
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**21,548,943**	**22,030,236**	**(481,293)**	**(2.2)**

CONSOLIDATED INCOME STATEMENT

(EUR/000)

	Situation as at		Change
	1H2021	01/02/2020 - 30/06/2020	Absolute
10. Interest and similar income	136,626	119,755	16,871
o.w.: interest income calculated using the effective interest rate method	146,381	126,942	19,439
20. Interest and similar expense	(61,886)	(71,889)	10,003
30. NET INTEREST INCOME	**74,740**	**47,866**	**26,874**
40. Fee and commission income	123,022	92,293	30,729
50. Fee and commission expense	(10,380)	(10,109)	(271)
60. NET FEE AND COMMISSION INCOME	**112,642**	**82,184**	**30,458**
70. Dividends and similar income	11,968	10,580	1,388
80. Net profit (loss) from trading	37	2,731	(2,694)
90. Net profit (loss) from hedging	(47)	(630)	583
100. Profits (losses) on disposal or repurchase of:	3,718	5,581	(1,863)
a) financial assets at amortised cost	*775*	*5,506*	*(4,731)*
b) financial assets at fair value through other comprehensive income	*2,994*	*-*	*2,994*
c) financial liabilities	*(51)*	*75*	*(126)*
110. Profits (losses) on financial assets/liabilities at fair value through profit or loss	137	(83)	220
b) other financial assets mandatorily at fair value	*137*	*(83)*	*220*
120. NET INTEREST AND OTHER BANKING INCOME	**203,195**	**148,229**	**54,966**
130. Net losses/recoveries on impairment of:	(40,756)	(53,442)	12,686
a) financial assets at amortised cost	*(40,720)*	*(53,319)*	*12,599*
b) financial assets at fair value through other comprehensive income	*(36)*	*(123)*	*87*
140. Gains (losses) due to contractual modifications not resulting in derecognition	(159)	379	(538)
150. NET INCOME FROM BANKING ACTIVITIES	**162,280**	**95,166**	**67,114**
180. NET INCOME FROM BANKING AND INSURANCE ACTIVITIES	**162,280**	**95,166**	**67,114**
190. Administrative expenses	(212,006)	(179,375)	(32,631)
a) personnel expenses	*(108,541)*	*(96,313)*	*(12,228)*
b) other administrative expenses	*(103,465)*	*(83,062)*	*(20,403)*
200. Net provisions for risks and charges	(4,361)	(6,200)	1,839
a) commitments and guarantees given	*887*	*1,942*	*(1,055)*
b) other net provisions	*(5,248)*	*(8,142)*	*2,894*
210. Net adjustments to/recoveries on property and equipment	(10,889)	(14,047)	3,158
220. Net adjustments to/recoveries on intangible assets	(8,340)	(4,821)	(3,519)
230. Other operating income (expense)	19,242	22,177	(2,935)
240. OPERATING EXPENSES	**(216,354)**	**(182,266)**	**(34,088)**
250. Profits (losses) on equity investments	5,455	898	4,557
280. Profits (losses) on disposal of investments	1,436	51	1,385
290. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(47,183)**	**(86,151)**	**38,968**
300. Taxes on income from continuing operations	(2,916)	(11,935)	9,019
310. PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**(50,099)**	**(98,086)**	**47,987**
320. Profit (loss) after tax from discontinued operations	-	1	(1)
330. NET PROFIT (LOSS) FOR THE PERIOD	**(50,099)**	**(98,085)**	**47,986**
340. Non-controlling interests	(240)	(315)	75
350. NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(49,859)**	**(97,770)**	**47,911**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Amounts in EUR/mln

			Change	
RECLASSIFIED INCOME STATEMENT	6M 2021	5M 2020	absolute	%
Net interest income	74.7	47.9	26.9	56.1
Net fee and commission income	112.6	82.2	30.5	37.1
Dividends and similar income	12.0	10.6	1.4	13.1
Net profit (loss) from core trading activities(1)	3.5	1.6	1.9	...
Other core operating income/expense(2)	0.6	6.4	(5.8)	(90.6)
OPERATING INCOME	**203.5**	**148.7**	**54.8**	**36.9**
Personnel expenses net of early retirement costs(3)	(108.5)	(96.4)	(12.1)	12.5
Net adjustments to/recoveries on core property and equipment, and on intangible assets(4)	(19.2)	(14.0)	(5.2)	36.9
Core administrative expenses(5)	(62.7)	(50.1)	(12.5)	25.0
OPERATING EXPENSE	**(190.4)**	**(160.6)**	**(29.8)**	**18.6**
GROSS OPERATING PROFIT	**13.0**	**(12.0)**	**25.0**	**...**
Net losses/recoveries on impairment of loans to banks and customers(6)	(43.5)	(54.6)	11.2	(20.4)
Profits (losses) on disposal or repurchase of financial assets at amortised cost(7)	0.8	-	0.8	...
Net losses/recoveries on impairment of other financial assets(8)	(0.0)	(0.1)	0.1	(70.7)
NET OPERATING PROFIT	**(29.7)**	**(66.7)**	**37.0**	**(55.5)**
Net profit (loss) from non-core trading(9)	2.1	7.7	(5.5)	(72.5)
Other non-core operating income/expense(10)	(1.4)	-	(1.4)	...
Profits (losses) on equity investments and on disposal of investements(11)	6.9	0.9	5.9	...
Early retirement costs(12)	-	0.1	(0.1)	(100.0)
Strategic plan charges relating to non-recurring items(13)	(0.2)	(0.2)	0.0	(9.7)
Non-recurring net adjustments to/recoveries on property and equipment, and on intangible assets	-	(4.8)	4.8	(100.0)
Net provisions for risks and charges(14)	(4.4)	(6.2)	1.8	(29.7)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(13.6)	(11.2)	(2.4)	21.1
DTA fees	(7.0)	(5.8)	(1.3)	22.2
PROFIT (LOSS) BEFORE TAX	**(47.2)**	**(86.2)**	**39.0**	**(45.2)**
Taxes	(2.9)	(11.9)	9.0	(75.6)
Profit (loss) after tax from discontinued operations	-	0.0	(0.0)	(100.0)
NET PROFIT (LOSS) FOR THE PERIOD	**(50.1)**	**(98.1)**	**48.0**	**(48.9)**
Non-controlling interests	(0.2)	(0.3)	0.1	(23.8)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(49.9)**	**(97.8)**	**47.9**	**(49.0)**

(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-core items

(2) Income statement item 230 net of tax recoveries and other non-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 item 100(a) (for the loans component only), net of the component now now recognised under Non-core operating income/expense

(8) Income Statement items 130(b)

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

(10) Income Statement item 230 for the part of non-core operating income/expense. In the fourth quarter of 2020, the item also came to include the profits on disposal of financial assets at amortised cost, for the performing loans component only (recognised under item 100a in the Consolidated Income Statement)

(11) Income Statement items 250 and 280

(12) Operational data

(13) Non-recurring expenses, in connection with one-off transactions carried out during the period (operational data)

(14) Income Statement item 200, stripped of Strategic Plan charges relating to non-recurring items

QUARTERLY TREND
RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Amounts in EUR/mln

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	2Q21	1Q21	4Q20	3Q20	2Q20	Feb/Mar '20
Net interest income	39.3	35.4	38.1	37.6	27.0	20.9
Net fee and commission income	61.4	51.2	53.0	51.6	47.5	34.7
Dividends and similar income	1.6	10.4	0.0	0.2	0.1	10.5
Net profit (loss) from core trading(1)	2.1	1.4	(0.2)	5.1	(1.2)	2.8
Other core operating income/expense(2)	1.5	(0.9)	1.6	3.9	3.9	2.5
OPERATING INCOME	**105.9**	**97.6**	**92.6**	**98.4**	**77.3**	**71.3**
Personnel expenses net of early-retirement costs(3)	(54.1)	(54.4)	(60.6)	(57.7)	(56.3)	(40.1)
Recurring net adjustments to/recoveries on property and equipment, and intangible assets(4)	(9.9)	(9.3)	(10.9)	(8.4)	(8.4)	(5.7)
Recurring administrative expenses(5)	(30.7)	(32.0)	(38.8)	(33.4)	(31.4)	(18.7)
OPERATING EXPENSE	**(94.7)**	**(95.7)**	**(110.2)**	**(99.4)**	**(96.1)**	**(64.5)**
GROSS OPERATING PROFIT (LOSS)	**11.2**	**1.8**	**(17.6)**	**(1.1)**	**(18.8)**	**6.8**
Net losses/recoveries on impairment of loans to banks and customers(6)	(18.3)	(25.2)	(26.6)	(4.0)	(12.0)	(42.6)
Profits (losses) on disposal or repurchase of financial assets at amortised cost(7)	0.6	0.2	0.1	0.7	-	-
Net losses/recoveries on impairment of other financial assets(8)	(0.1)	0.0	(0.0)	(0.0)	(0.1)	(0.0)
NET OPERATING PROFIT (LOSS)	**(6.5)**	**(23.2)**	**(44.2)**	**(4.4)**	**(30.9)**	**(35.8)**
Net profit (loss) from non-core trading(9)	1.5	0.6	10.7	1.6	1.5	6.2
Other non-core operating income/expense(10)	-	(1.4)	23.0	-	-	-
Profits (losses) on equity investments and disposal of investements(11)	3.5	3.4	(0.1)	3.9	7.8	(6.8)
Early retirement costs(12)	-	-	(2.9)	-	-	0.1
Strategic Plan charges relating to non-recurring items(13)	(0.1)	(0.1)	1.0	(0.0)	(0.2)	(0.0)
Non-recurring net adjustments to/ recoveries on property and equipment and intangible assets	-	-	(14.3)	-	(4.8)	-
Net provisions for risks and charges(14)	(2.8)	(1.6)	(21.9)	(5.5)	(6.3)	0.1
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(3.4)	(10.3)	(3.7)	(11.1)	(2.7)	(8.5)
DTA fees	(3.5)	(3.5)	(3.5)	(3.5)	(3.5)	(2.3)
PROFIT (LOSS) BEFORE TAX	**(11.2)**	**(36.0)**	**(55.9)**	**(19.0)**	**(39.1)**	**(47.0)**
Taxes	1.3	(4.2)	(74.3)	(5.4)	(3.3)	(8.6)
Profit (loss) after tax from discontinued operations	-	-	(0.0)	-	-	0.0
NET PROFIT (LOSS) FOR THE PERIOD	**(9.9)**	**(40.2)**	**(130.2)**	**(24.4)**	**(42.5)**	**(55.6)**
Non-controlling interests	0.2	(0.5)	(0.4)	(0.3)	0.2	(0.5)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(10.1)**	**(39.7)**	**(129.8)**	**(24.1)**	**(42.7)**	**(55.1)**

(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-core items

(2) Income statement item 230 net of tax recoveries and other non-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 item 100(a) (for the loans component only), net of the component now now recognised under Non-core operating income/expense

(8) Income Statement items 130(b)

(9) Fair value adjustment of financial assets arising from securitisation and from capital gains on disposal of HTC securities

(10) Income Statement item 230 for the part of non-core operating income/expense. In the fourth quarter of 2020, the item also came to include the profits on disposal of financial assets at amortised cost, for the performing loans component only (recognised under item 100a in the Consolidated Income Statement)

(11) Income Statement items 250 and 280

(12) Operational data

(13) Non-recurring expenses, in connection with one-off transactions carried out during the period (operational data)

(14) Income Statement item 200, stripped of Strategic Plan charges relating to non-recurring items

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 (Operating Expenses or Operating Income, depending on their sign, with their difference corresponding to Gross Operating Profit/Loss) 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:

- are considered 'non-recurring';
  - 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 Strategic 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)

- 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".

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). Although criteria previously adopted have substantially remained unaltered, some items have been modified compared to the wording used until the reporting of results as at 30 September 2020 (see list 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";
- The item "**Net profit (loss) from core trading**" 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-core items, referred to under "Non-core trading";
- "**Other core operating income (expense)**" corresponds to item "230. Other operating income (expense)", net of tax recovery included in "Recurring administrative expenses" and, unlike previously reported, net of other operating income (expense) relating to non-recurring items (see below);
- "**Personnel expenses net of early-retirement costs**" corresponds to Item "190a. Administrative expenses – personnel expenses" net of non-recurring items, consisting in costs for early-retirement / exit incentives and severance negotiations);
- "**Recurring net adjustments to/recoveries on property and equipment, and 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);
- "**Recurring 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" (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/recoveries 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 contractual modifications not resulting in derecognition;
- "**Profits /losses on disposal or repurchase of financial assets at amortised cost"** " corresponds to same-heading item "100a" for the loans component only, net of the capital gain earned in the fourth quarter of 2020 from the disposal of performing loans measured at amortised cost, which is included in the new item "Other non-core operating income (expense)" (see below);

- "**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**" corresponds to Fair Value adjustments to financial assets arising from securitisation transactions and a capital gain on the disposal of HTC securities;
- "**Other non-core operating income (expense)**", introduced in 2020, corresponds to the remaining portion of Other operating income (expense) (Income Statement item 230) not included in other items, and to the profits on disposal of financial assets at amortised cost for the performing loans component only (recognised under item 100a in the Consolidated Income Statement);
- "**Profits (losses) on equity investments and disposal of investments**" includes items "250. Profits (losses) on equity investments" and "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 expenses relating to the one-off transactions envisaged in the Strategic Plan that are recognised under other items of the Income Statement (operational data);
- "**Non-recurring 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", stripped of Strategic Plan charges relating to non-recurring items;
- "**Contributions and other banking system charges**" consists in contributions to the National/Single Resolution Fund (NRF/SRF) and the Deposit Guarantee Scheme (DGS/FITD);
- "**DTA Fees**" corresponds to fees on Deferred Tax Assets (DTAs) convertible into tax credits;
- "**Taxes**" corresponds to item "300. Taxes on income from continuing operations";
- Il “**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".