Banca Popolare di Sondrio

Co-operative Society by shares - founded in 1871
Head office and general management: I - 23100 Sondrio So - Piazza Garibaldi 16
Registered in the Register of Companies of Sondrio at no. 00053810149
Registered in the Register of Banks under no. 842.
Parent Bank of the Banca Popolare di Sondrio Banking Group, registered in the Register of Banking Groups under no. 5696.0
Registered in the Register of Cooperative Societies under no. A160536
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share Capital € 1,360,157,331 - Reserves € 983,893,092
(data approved by the Shareholders' Meeting of 27/4/2019)

PRESS RELEASE

Board of Directors meeting of 7 February 2020:

approval of the preliminary consolidated figures for 2019

Consolidated net profit of € 137.4 million, up 24%

CET1 Ratio *fully-phased* at 15.7%, Total Capital Ratio at 18.59%

Large buffers vs. SREP 2020 requirements

Texas ratio improved sharply to 54.71%

Further *de-risking* interventions envisaged

"With the fourth quarter of 2019 closed, we can confirm today that we have achieved positive results for the Group, which for the year reaches a profit of € 137.4 million. Good signs emerge regarding the structural stabilization of the quality of the assets and comforting indications arrive on the levels of capital solidity which give us ample margins on the SREP requirements for 2020. Compared to 2018, profits grow by 24% and derive exclusively from the ordinary activity. In addition, they take into account both the expected impacts of the previously announced sale of € 1 billion of bad loans, currently being completed, coherently with what already communicated on the 8th of August 2019, and those relating to further extraordinary interventions for around € 500 million which will be implemented between now and 2021. The disposal operations, together with the strenghtening of our internal workout unit, will lead the Group to more than halve the NPL ratio by 2022, with a target in the area of 6%. We are confident that the route traced can be followed effectively in the ways and in the times envisaged, further increasing our solidity, while preserving assets value. "

[Mario Alberto Pedranzini

CEO and General Manager of Banca Popolare di Sondrio]

The Board of Directors of Banca Popolare di Sondrio, a cooperative joint-stock company, today examined and approved the preliminary consolidated financial report for the year 2019.

In a weak macroeconomic context at the European level, which translated into a year of substantially no growth for Italy, Banca Popolare di Sondrio Group achieved a significant increase in profits compared to the comparative period, confirming the resilience of its business model and its ability to continuously generate value for its shareholders.

The work, already announced, aimed at finalizing the sale of non-performing loans for a target amount of about € 1 billion, gross of adjustments, through a guaranteed securitization with GACS, is nearing completion. Following this first sale, further extraordinary *de-risking* initiatives for approximately € 500 million will be implemented, together with an upgrade of the internal recovery process. The combined effect of these initiatives will reduce the Group's NPE ratio from the current 12.46% at the end of the period to around 6% by the end of 2022.

While expensing the aforementioned de-risking initiatives in the income statement of the year, according to the existing accounting principles, the Group achieved a satisfactory net result for the period of € 137.4 million, up 24% compared to 2018.
The capital position is further strengthened, with a CET1 Ratio fully-phased at 15.7% and a Total Capital Ratio at 18.59%, well above the regulatory requirements set out in the SREP 2020 letter.

Below are some **brief considerations on the most important aspects** as well as summary tables with the main aggregates of the income statement and balance sheet observed values for the period:

- **Net income** for the year is € 137.2 million, with an increase of 23.8% compared to the same period in 2018, mainly due to the following factors:
  - A better overall result for securities activities of € 117.1 million compared to 13.4 million euros last year;
  - Lower adjustments to loans and financial assets, down from € 240.2 million at 31 December 2018 to € 215.8 million in the reference period (-10,1%).
- The **capital ratios**, which do not include the profit share of the last quarter of 2019, are at the top of the banking sector. In the fully-phased version, the CET1 Ratio is 15.7%, the Tier 1 Ratio is 15.76%, while the Total Capital ratio is 18.59%, in the latter case benefiting from the placement with institutional investors of a subordinated Tier 2 loan for € 200 million occurred on 30 July 2019.

- **The new disbursements of loans to households and businesses** amounted to more than € 3.5 billion, a substantial increase compared to the same period of the previous year.
- The **stock of gross NPL** decreased to € 3,695 million; -11.4%; -€ 476 million) and their incidence on total gross customer loans declined as well (gross NPL ratio at 12.46% from 14.75% at the end of 2018).
- The **coverage ratios for non-performing loans** increased further, confirming their particularly high level, both in absolute and relative terms in comparison with the average figure for the System. C*overage* of total non-performing loans was 58.39% (from 55.64% as at 31 December 2018); coverage of positions classified as bad loans alone was 71.02% (from 69.36% as at 31 December 2018).
- The **cost of risk** was 0.78%, down from 0.93% at 31 December 2018.
- The **Texas ratio**, the ratio of total net impaired loans to tangible equity, fell further to 54.71% from 70.71% at the end of December 2018.
- **Direct customer deposits** amounted to € 32,622 million compared to € 31,063 million at the end of 2018 (+5.0%); indirect **deposits** amounted to € 33.764 million compared to € 30,182 million in the comparative period (+11.9%). Insurance premiums amounted to € 1,608 million compared to € 1,410 million at 31 December 2018 (+14.0%).
- **Loans to customers** amounted to € 27,387 million, an increase (+6.0%) compared to € 25,845 million at the end of 2018. Net increases in unsecured loans and other transactions (Euro 6,345 million; +23.1%; +1,189 million) and mortgage loans (Euro 10,657 million; +7.5%; +741 million) were particularly positive.
- Both short-term (*Liquidity Coverage Ratio*) and medium-term (*Net Stable Funding Ratio*) **liquidity indicators** are positioned at values of absolute tranquility, well above the minimum regulatory requirements.
- The contribution made to the Group's results by **subsidiaries and associated companies was** positive.

*Accounting data (in millions of euros)**

Income statement results	31/12/2019	31/12/2018	Change
Interest margin	460.4	508.1	-9.4%
Net fees and commissions income	322.3	315.7	+2.1%
Result on financial activities	117.1	13.4	+776.4%
Operating income	903.3	866.3	+4.3%
Net adjustments to loans and fin. assets	215.8	240.2	-10.1%
Operating costs	517.7	503.0	+2.9%
Profit before tax	194.7	142.7	+36.7%
Net income	137.4	110.8	+24.0%
Balance sheet results	**31/12/2019**	**31/12/2018**	**Change**
Direct customers deposits	32,622	31,063	+5.0%
Indirect customers deposits	33,764	30,182	+11.9%
Insurance deposits from customers	1,608	1,410	+14.0%
Total customer deposits	67,993	62,655	+8.5%
Loans to customers	27,387	25,845	+6.0%

* On 1 January 2019, the new accounting standard IFRS 16 came into force, replacing IAS 17 which regulated leasing. The Group availed itself of the option provided for by the principle of not restating comparative data. Therefore, data are not fully comparable, in particular, for administrative expenditure and value adjustments on tangible assets and interest payables.

The Group's economic performance

Consolidated **net income** at 31 December 2019 amounted to € 137.4 million, up 24% on the € 110.8 million of last year.

Net interest margin amounted to € 460.4 million, down 9.4% compared to 2018, mainly due to the fall in lending interest rates and charges resulting from the substantial liquidity surplus. Moreover, following the first application of IFRS 16, this aggregate also includes € 4 million of imputed passive interest for lease contracts.

Net fees and commissions income from services amounted to € 322.3 million, up 2.1% from € 315.7 million in the comparative period. The insurance products component was particularly positive, with an increase of more than 13% compared to last year.

Dividends received amounted to € 3.6 million, down from € 29.1 million in 2018, which included the relevant extraordinary dividend of NEXI S.p.a, equal to € 20.8 million.

The **overall result of activities in securities, exchange rates, derivatives and loans** (the sum of items 80, 90, 100 and 110 in the income statement) amounted to € 117.1 million, a significant increase (+776.4%) compared to € 13.4 million, recorded at 31 December 2018. This was due to the positive performance of the financial markets last year, and the excellent performance of core activities related to the assistance offered to companies by the international department.

As a result, **net interest and other banking income** was € 903.3 million, up 4.3% from € 866.3 million in the comparative period.

Net adjustments/write-backs for credit risk, item 130 of the income statement, amounted to € 212.5 million compared with € 237.3 million in the comparative period (-10.4%). The only component consisting of net adjustments for credit risk relating to financial assets measured at amortized cost, represented by exposures to customers and banks in the form of both loans and securities, amounted to € 214.1 million compared to € 241.3 million in 2018 (-11.3%). This aggregate includes the extraordinary expense incurred to align the value, in the financial statement, of the portfolio of non-performing loans to be sold in the future with the presumed sales prices. The net value adjustments for credit risk relating to financial assets measured at fair value through profit or loss recorded writebacks of € 1.5 million relating to the debt securities component.

Item 140 of the income statement, which records **gains/losses from contractual amendments not resulting in derecognition**, **deriving from changes made to contractual cash flows**, recorded losses of € 3.3 million compared to € 2.8 million, of a similar sign, recorded in the comparative period.
The ratio between net adjustments for credit risk relating to financial activities (measured at amortized cost), item 130a of the income statement, to net loans to customers, the so-called **cost of credit,** was therefore 0.78% compared to 0.93% at 31 December 2018.

Net financial income amounted to € 687.5 million, up 9.8% compared to € 626.1 million last year.

Operating costs amounted to € 517.7 million from € 503 million in the comparative period (+2.9%). This aggregate is affected by the substantial expenses expected for the stability of the banking system, amounting to € 30 million, up 11.2% compared to the reference period.
The ***cost-income ratio*** deacreased to 57.32% from 58.06% in 2018.
Analyzing the individual cost items, administrative expenses, for which a reclassification was made regarding the provision for the retirement fund income, amounted to € 517 million, down compared to € 520.3 million last year (-0.6%). Within the scope of this: personnel expenses rose to € 245.2 million from € 239 million (+2.6%), an increase partly due to the effects of the October 2018 contractual increase, while other administrative expenses fell from € 281.3 million at 31 December 2018 to € 271.8 million in the reporting period (-3.4%).
This decrease was also affected by the impact of the entry into force, since 1 January 2019, of the new IFRS 16 accounting standard, which is why the cost item is not fully comparable with the corresponding period of reference.
Net accruals to provisions for risks and charges amounted to € 9.4 million, compared to

€ 11 million in the comparative period.
Adjustments to tangible and intangible assets amounted to € 59 million, up significantly from € 35 million in 2018 (+68.7%). The increase is largely due to the effect of the entry into force of the new accounting standard IFRS 16, with the opposite logic to that set out above under other administrative expenses.
Other operating income and expenses, reclassified as mentioned above, amounted to € 67.7 million, up from € 63.3 million at 31 December 2018 (+7.0%).

The **operating profit** therefore rose to € 169.7 million (+37.9%).

Profits/losses on equity investments and other investments showed a positive balance of € 25.3 million, up from € 19.6 million in the comparative period (+29.1%).

The **overall pre-tax result** therefore amounted to € 194.7 million. (+36,5%).

Finally, after deduction of **income taxes** of € 55.5 million and minority interests of € 2 million, **net income for the period** was € 137.2 million, with a significant increase compared to the result for the comparison period (+23.8%).

<u>Balance sheet aggregates</u>

In comparison with the volumes at the end of 2018: **direct deposits amounted to** € 32,622 million (+5.0%), indirect deposits amounted to € 33,764 million (+11.9%), insurance deposits to € 1,608 million (+14.0%). Total customer deposits therefore came to € 67,993 million (+ 8.5%).

Net loans to customers, the sum of volumes measured at amortized cost and assets measured at fair value through profit or loss, amounted to € 27,387 million, up from € 25,845 million at the end of 2018 (+6.0%).

Non-performing loans amounted to € 1,538 million, down from € 1,851 million at 31 December 2018 (-16.9%). Their incidence on total net loans was 5.61%, down from 7.16% at the end of 2018. The level of coverage remained at 58.39%. In this context, net bad loans (“*Sofferenze*”) amounted to € 656 million (-13.7%), representing 2.40% of total loans to customers compared to 2.94% at the end of 2018. Their coverage ratio was 71.02% compared to 69.36% at the end of 2018. Taking into account the amounts reclassified to the income statement in previous years, the coverage of these receivables is 81.54%.
The net “unlikely to pay” amounted to € 825 million (-18.0%), with a coverage ratio of 39.58%. Their incidence on total loans fell to 3.01% compared to 3.89% at the end of 2018. Expired and/or overdue net impaired exposures amounted to € 57 million (-33.0%), with a coverage ratio of 14.23% and an incidence on total loans of 0.21%.

Financial assets, represented by proprietary securities and derivatives, amounted to € 9,723 million, down (-12.1%) if compared to the volumes recorded at the end of the previous year. The volume of the portfolio of financial assets valued at amortized cost increased further from €6,024 million at the end of 2018 to €6,517 million at the end of 2019 (+8.2%), accounting for more than 65% (67.0%) of total financial assets. On the other hand, the size of the portfolio, consisting of financial assets measured at fair value with an impact on overall profitability, decreased from € 4,424 million at the end of 2018 to € 2,591 million at the end of 2019 (-41.4%). This decrease reflects the lower exposure of the Group to Italian public debt. The total volume of Italian government bonds was indeed €5,951 million, a further decrease (-25.7%) compared to €8,014 million at the end of 2018.

Equity investments increased to € 295 million from € 221 million at 31 December 2018 (+33.3%). The increase is largely due to the acquisition of 15.69% of Arca Holding which, added to the previously held stake, led to a total of 36.83% of the company specializing in asset management.

As at 31 December 2019, both short-term (LCR-Liquidity Coverage Ratio) and medium/long-term (NSFR-Net Stable Funding Ratio) **liquidity indicators** were well above the minimum requirement for the current year (100%).

The Group can always rely on a substantial **portfolio of refinancable assets** which, net of the applied haircuts, amounted to € 11,061 million, more than half of which, € 7,287 million (66%), represented by unencumbered securities.

Consolidated **own equity**, including profit for the period, amounted to € 2,842 million at 31 December 2019, an increase of € 191 million compared to the value at the end of 2018.

Consolidated **regulatory own funds** stood at € 3,210 million at 31 December 2019, compared with € 2,981 million as at 31 December 2018 (+7.7%).

The **capital ratios** as at 31 December 2019, calculated on the basis of regulatory capital excluding the portion of profits for the period allocated to self-financing related to the last quarter of 2019, are equal to:

- CET 1 ratio: 15.73% (phased-in), 15.70% (fully phased);
- Tier 1 ratio: 15.78% (phased-in), 15.76% (fully phased);
- Total Capital ratio: 18.61% (phased-in), 18.59% (fully phased).

The **Leverage Ratio** at 31 December 2019 was 6.02%, applying the transitional criteria in force for 2019 (*phased in*), and 6.01%, under the *fully phased* regime.

As at 31 December 2019, the banking group had 3,299 employees. 239 new recruits were made in 2019.

To date, the company has 165,704 members.

COMPARISON DATA EXPOSURE

In the attached financial statements, the balance sheet and income statement figures of the comparative period, referring to 31/12/2018, have simply been restated. Therefore, the figures that include the effects deriving from the application of IFRS 16 are not comparable on a consistent basis with those of the reference period.

It should be noted that the auditing activity is still ongoing by the statutory auditing firm EY S.p.A..

The 2019 financial statements will be examined and approved at the Board of Directors scheduled at 16 March 2020.

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DECLARATION

The manager responsible for preparing the company's financial reports, Maurizio Bertoletti, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Signed:
Maurizio Bertoletti, manager responsible for preparing the company's financial reports.

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Sondrio, 7 February 2020

Attachments:
consolidated balance sheet and income statement formats;
reclassified consolidated income statement.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

	ASSETS		31/12/2019		31/12/2018
10.	CASH AND CASH EQUIVALENTS		1,826,427		1,577,163
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		905,705		858,069
	a) financial assets held for trading	214,466		251,044	
	b) financial assets designed at fair value	-		-	
	c) financial assets mandatorily at fair value through profit or loss	691,239		607,025	
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		2,591,229		4,423,618
40.	FINANCIAL ASSETS AT AMORTISED COST		34,200,066		32,873,554
	a) loans and receivables with banks	1,067,458		1,320,621	
	b) loans and receivables with customers	33,132,608		31,552,933	
50.	HEDGING DERIVATIVES		-		-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)		-		-
70.	EQUITY INVESTMENTS		294,609		220,957
80.	TECHNICAL RESERVES OF REINSURERS		-		-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		548,172		328,161
100.	INTANGIBLE ASSETS		31,186		33,259
	of which:				
	- goodwill	12,632		12,632	
110.	TAX ASSETS		419,295		465,040
	a) current	4,971		31,834	
	b) deferred	414,324		433,206	
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		-		-
130.	OTHER ASSETS		329,500		348,364
	TOTAL ASSETS		**41,146,189**		**41,128,185**

CHAIRMAN
Francesco Venosta

STATUTORY AUDITORS
Piergiuseppe Forni, Chairman
Laura Vitali - Luca Zoani

LIABILITY AND EQUITY			31/12/2019		31/12/2018
10.	FINANCIAL LIABILITIES AT AMORTISED COST		**36,949,458**		**37,228,347**
	a) due to banks	4,327,709		6,165,836	
	b) due to customers	29,816,997		28,630,307	
	c) securities issued	2,804,752		2,432,204	
20.	FINANCIAL LIABILITIES HELD FOR TRADING		**67,019**		**57,211**
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE		-		-
40.	HEDGING DERIVATIVES		**11,320**		**16,826**
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)		-		-
60.	TAX LIABILITIES		**46,050**		**29,767**
	a) current	16,843		4,252	
	b) deferred	29,207		25,515	
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-		-
80.	OTHER LIABILITIES		**821,434**		**760,091**
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS		**43,789**		**43,222**
100.	PROVISIONS FOR RISKS AND CHARGES:		**270,298**		**248,850**
	a) loans commitments and	43,411		46,163	
	b) pensions and similar	179,965		160,734	
	c) other provisions	46,922		41,953	
110.	TECHNICAL RESERVES		-		-
120.	VALUATION RESERVES		**(6,885)**		**(34,452)**
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS		-		-
130.	REDEEMABLE SHARES		-		-
140.	EQUITY INSTRUMENTS		-		-
150.	RESERVES		**1,297,432**		**1,160,683**
155.	OF WHICH INTERIM DIVIDENDS		-		-
160.	SHARE PREMIUM		**79,005**		**79,005**
170.	SHARE CAPITAL		**1,360,157**		**1,360,157**
180.	TREASURY SHARES (-)		**(25,374)**		**(25,375)**
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**95,051**		**93,049**
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)		**137,435**		**110,804**
	TOTAL LIABILITIES AND EQUITY		**41,146,189**		**41,128,185**

MANAGING DIRECTOR AND GENERAL MANAGER
Mario Alberto Pedranzini

MANAGER IN CHARGE
Maurizio Bertoletti

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS			31/12/2019		31/12/2018
10.	INTEREST AND SIMILAR INCOME		573,801		624,515
	of which: interest calculated using the effective interest method	565,590		618,122	
20.	INTEREST AND SIMILAR EXPENSE		(113,426)		(116,380)
30.	**NET INTEREST INCOME**		**460,375**		**508,135**
40.	FEE AND COMMISSION INCOME		343,620		336,146
50.	FEE AND COMMISSION EXPENSE		(21,343)		(20,485)
60.	**NET FEE AND COMMISSION INCOME**		**322,277**		**315,661**
70.	DIVIDENDS AND SIMILAR INCOME		3,554		29,097
80.	NET TRADING INCOME		69,248		19,826
90.	NET HEDGING INCOME		11		(95)
100.	NET GAINS FROM SALES OR REPURCHASES OF:		35,756		5,486
	a) financial assets at amortized cost	23,056		2,122	
	b) financial assets at fair value through other comprehensive income	12,286		3,381	
	c) financial liabilities	414		(17)	
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		12,072		(11,857)
	a) financial assets and liabilities designated at fair value	-		-	
	b) other financial assets mandatorily measured at fair value	12,072		(11,857)	
120.	**TOTAL INCOME**		**903,293**		**866,253**
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(212,537)		(237,313)
	a) financial assets at amortized cost	(214,073)		(241,283)	
	b) financial assets at fair value through other comprehensive income	1,536		3,970	
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(3,288)		(2,839)
150.	**NET FINANCIAL INCOME**		**687,468**		**626,101**
160.	NET INSURANCE PREMIUMS		-		-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-		-
180.	**NET FINANCIAL INCOME AND INSURANCE INCOME**		**687,468**		**626,101**
190.	ADMINISTRATIVE EXPENSES:		(525,460)		(521,858)
	a) personnel expenses	(253,689)		(240,542)	
	b) other administrative expenses	(271,771)		(281,316)	
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		(9,439)		(10,967)
	a) commitments for guarantees given	2,834		(11,926)	
	b) other net provisions	(12,273)		959	
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(41,104)		(17,715)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(17,916)		(17,274)
230.	OTHER NET OPERATING INCOME		76,194		64,839
240.	**OPERATING COSTS**		**(517,725)**		**(502,975)**
250.	SHARE OF PROFITS OF INVESTEES		25,529		19,903
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(290)		(368)
270.	GOODWILL IMPAIRMENT LOSSES		-		-
280.	NET GAINS ON SALES OF INVESTMENTS		14		26
290.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**		**194,996**		**142,687**
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(55,522)		(28,725)
310.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**		**139,474**		**113,962**
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-		-
330.	**NET PROFIT (LOSS) FOR THE PERIOD**		**139,474**		**113,962**
340.	NET PROFIT (LOSS) OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		(2,039)		(3,158)
350.	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK**		**137,435**		**110,804**
	EARNINGS PER SHARE		0.303		0.244
	DILUTED EARNINGS PER SHARE		0.303		0.244

CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/12/2019	31/12/2018	(+/-)	% change
Net interest income	460,375	508,135	-47,760	-9.40
Dividends and similar income	3,554	29,097	-25,543	-87.79
Net fee and commission income	322,277	315,661	6,616	2.10
Net gains on financial assets	117,087	13,360	103,727	776.40
Total income	**903,293**	**866,253**	**37,040**	**4.28**
Net impairment losses	-212,537	-237,313	24,776	-10.44
Net gains form contractual changes without derecognition	-3,288	-2,839	-449	15.82
Net financial income	**687,468**	**626,101**	**61,367**	**9.80**
Personnel expenses	-245,182	-238,966	-6,216	2.60
Other administrative expenses	-271,771	-281,316	9,545	-3.39
Other net operating income	67,687	63,263	4,424	6.99
Net accruals to provisions for risks and charges	-9,439	-10,967	1,528	-13.93
Depreciation and amortisation on tangible and intangible assets	-59,020	-34,989	-24,031	68.68
Operating costs	**-517,725**	**-502,975**	**-14,750**	**2.93**
Operating result	**169,743**	**123,126**	**46,617**	**37.86**
Share of profits of investees and net gains on sales of investments	25,253	19,561	5,692	29.10
Pre-tax profit from continuing operations	**194,996**	**142,687**	**52,309**	**36.66**
Income taxes	-55,522	-28,725	-26,797	93.29
Net profit (loss) for the period	**139,474**	**113,962**	**25,512**	**22.39**
Net profit (loss) of the period attributable to minority interests	-2,039	-3,158	1,119	-35.43
Net profit (loss) for the period attributable to the owners of Pare	**137,435**	**110,804**	**26,631**	**24.03**

Notes: The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement. Personnel expenses and other operating income have been reclassified, netting them off against the proceeds of the post-employment benefits fund of € 8.507 million.