

PART C – INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 - Interest – Items 10 and 20

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 2022	Total 2021
1. Financial assets at fair value through profit and loss:	18,550	4,626	142	23,318	30,307
1.1 Financial assets held for trading	14,066	417	142	14,625	22,706
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	4,484	4,209	-	8,693	7,601
2. Financial assets measured at fair value through other comprehensive income	139,830	-	X	139,830	145,395
3. Financial assets at amortised cost:	295,597	2,221,441	-	2,517,038	1,985,103
3.1 Loans to banks	15,715	164,152	X	179,867	38,923
3.2 Loans to customers	279,882	2,057,289	X	2,337,171	1,946,180
4. Hedging derivatives	X	X	(11,399)	(11,399)	(141,861)
5. Other assets	X	X	37,434	37,434	11,963
6. Financial liabilities	X	X	X	230,832	394,281
Total	453,977	2,226,067	26,177	2,937,053	2,425,188
of which: interest income on impaired financial assets	114	83,877	-	83,991	91,873
of which: interest income on finance leases	X	20,418	X	20,418	18,285

Item 1.1 “Financial assets held for trading – Other transactions” includes the spreads of the derivative contracts operationally connected with the financial liabilities issued by the Bank measured at fair value (FVO).

Item 4 “Hedging derivatives - Other transactions” includes the spreads accrued of the financial hedging derivative contracts for transactions on balance sheet assets.

Item 5 “Other assets - Other transactions” totalling 37.4 million includes 4.1 million in interest income on tax credits and 32.8 million for interest income relating to transactions linked to “Ecobonus” credits.

Item 6 “Financial liabilities” refers for 181.4 million to interest income on funding operations from ECB TLTRO III, down compared to 2021, following the rate hike decided by the ECB and the termination of favourable remuneration mechanisms in the fourth quarter of 2022; it should also be noted that, again in the last quarter of 2022, a partial early repayment of 12.5 billion was made.

For the accounting treatment relating to the recognition of interest pertaining to the year for this loan, refer to that illustrated in the paragraph “Other significant aspects relating to Group accounting policies” contained in Part A of the Notes.

Interest income on impaired assets is recorded according to the methods set out in IFRS 9. In particular, they include the effect attributable to the “time reversal” due to the recoveries from discounting non-performing loans.

1.2 Interest and similar income: other information

1.2.1 Interest income on financial assets in foreign currency

Items	2022	2021
Interest income on financial assets in foreign currency	130,219	58,097

1.3 Interest and similar expense: breakdown

Items/Technical forms	Payables	Securities	Other transactions	Total 2022	Total 2021
1. Financial liabilities at amortised cost	(240,377)	(253,621)		(493,998)	(332,485)
1.1 Due to central banks	-	X	X	-	-
1.2 Due to banks	(105,752)	X	X	(105,752)	(32,914)
1.3 Due to customers	(134,625)	X	X	(134,625)	(50,831)
1.4 Debt securities in issue	X	(253,621)	X	(253,621)	(248,740)
2. Financial liabilities held for trading	(21,246)	-	-	(21,246)	(11,405)
3. Financial liabilities designated at fair value	-	(138)	-	(138)	(2,922)
4. Other liabilities and provisions	X	X	(791)	(791)	(52)
5. Hedging derivatives	X	X	13,114	13,114	44,784
6. Financial assets	X	X	X	(92,528)	(106,968)
Total	(261,623)	(253,759)	12,323	(595,587)	(409,048)
of which: interest expense relating to lease payables	(7,011)	X	X	(7,011)	(7,473)

Item 5 "Hedging derivatives - Other transactions" include the spreads accrued of the financial hedging derivative contracts for transactions on balance sheet liabilities.

Item 6 "Financial assets - Other transactions" contains the negative interest income relating to repurchase agreements with commitment, securities lending, loans, current accounts and deposits with customers and banks.

1.4 Interest and similar expense: other information

1.4.1 Interest expense on financial liabilities in foreign currency

Items	2022	2021
Interest expense on financial liabilities in foreign currency	(11,175)	(10,994)

1.5 Hedging spreads

Items	2022	2021
A. Positive hedging spreads:	195,193	157,108
B. Negative hedging spreads:	(193,478)	(254,185)
C. Balance (A-B)	1,715	(97,077)

Section 2 - Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Service type/Amounts	Total 2022	Total 2021
a) Financial instruments	113,953	119,268
1. Placement of securities	19,801	16,252
1.1 With underwriting commitments and/or on the basis of an irrevocable commitment	3,373	11
1.2 Without irrevocable commitment	16,428	16,241
2. Receipt and transmission of orders and execution of orders for customers	60,727	66,063
2.1 Receipt and transmission of orders for one or more financial instruments	38,941	45,305
2.2 Execution of orders for customers	21,786	20,758
3. Other fees and commissions relating to activities associated with financial instruments	33,425	36,953
of which: own account trading	-	-
of which: individual portfolio management	26,213	30,915
b) Corporate Finance	13,763	9,469
1. Merger and acquisition advisory services	8,725	7,353
2. Treasury services	5,038	2,116
3. Other fees and commissions with corporate finance services	-	-
c) Investment advisory activities	1,075	855
d) Offsetting and settlement	-	-
e) Collective portfolio management	-	-
f) Custody and administration	11,067	13,793
1. Custodian bank	-	-
2. Other fees and commissions related to custody and administration activities	11,067	13,793
g) Central administrative services for collective portfolio management	-	-
h) Trust activities	2,013	2,053
i) Payment services	563,267	541,313
1. Current accounts	255,409	257,858
2. Credit cards	25,805	24,320
3. Debit cards and other payment cards	80,677	72,278
4. Bank transfers and other payment orders	193,889	177,815
5. Other fees and commissions relating to payment services	7,487	9,042
j) Distribution of third-party services	737,854	815,604
1. Collective portfolio management	499,750	592,224
2. Insurance products	116,836	137,196
3. Other products	121,268	86,184
of which: individual portfolio management	1,315	1,727
k) Structured finance	225	894
l) Servicing for securitisation transactions	-	-
m) Commitments to disburse funds	-	-
n) Financial guarantees given	82,210	81,081
of which: credit derivatives	-	-
o) Financing operations	159,317	138,157
of which: for factoring transactions	-	-
p) Foreign currency trading	3,573	3,796
q) Commodities	-	-
r) Other fee and commission income	310,072	292,318
of which: for management of multilateral trading facilities	-	-
of which: for management of organised trading facilities	-	-
Total	1,998,389	2,018,601

Sub-item r) "Other fee and commission income" includes fees for making funds available (Credit Availability Fee) of 241.4 million (248.4 million the previous year) and fee and commission income from securities lending of 10.5 million (9.6 million the previous year).

It should be specified that, in relation to Group operations, cash flows associated with fees recognised in the income statement for 2022 involve limited uncertainties, in that these are fees accrued, and largely collected, against the provision of financial services which are now complete. Operating receivables relative to services provided but not yet received are, in fact, of an insignificant amount, as illustrated in "Section 4 - Financial assets at amortised cost", in Part B of the Balance sheet assets in these Notes.

For certain revenues associated with the placement of single premium insurance policies, the risk of returning a portion of the commissions received to the insurance company against early termination of said policies by the customers is protected against through the allocation of adequate provisions, as illustrated in Section 10 – Provisions for risks and charges, in Part B - Liabilities of these Notes.

To that end, also note that adjustments in fees recognised in 2022, against services rendered in previous years amounted to a negative 5.4 million, equal to the difference between the verification of greater revenues (of 10.7 million) and lower revenues (16.1 million) mainly relating to the distribution of third-party services.

2.2 Fee and commission expense: breakdown

Services/Amounts	Total 2022	Total 2021
a) Financial instruments	(17,691)	(16,980)
of which: financial instrument trading	(9,054)	(10,069)
of which: placement of financial instruments	(8,635)	(6,911)
of which: individual portfolio management	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Offsetting and settlement	-	-
c) Collective portfolio management	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	(11,321)	(11,475)
e) Collection and payment services	(57,169)	(56,898)
of which: credit cards, debit cards and other payment cards	(46,924)	(48,288)
f) Servicing for securitisation transactions	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	(32,474)	(11,655)
of which: credit derivatives	-	-
i) Off-site offer of financial instruments, products and services	(6,093)	(6,688)
j) Foreign currency trading	(5)	(7)
k) Other fee and commission expense	(19,143)	(14,203)
Total	(143,896)	(117,906)

Line "h) Financial guarantees received" includes 25.0 million (4.2 million in 2021) for the purchase of credit risk protection by the Group as part of the existing synthetic securitisation transactions, as described in " A.2 Key financial statement items - 16 Other information - Synthetic securitisations "of the Notes to the financial statements.

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 2022		Total 2021	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	39,661	80	41,052	-
B. Other financial assets mandatorily measured at fair value	1,135	11,569	1,525	4,221
C. Financial assets measured at fair value through other comprehensive income	8,395	-	6,920	-
D. Interests in associates and joint ventures	-	-	-	-
Total	49,191	11,649	49,497	4,221

Section 4 - Net trading income – Item 80

4.1 Net trading income: breakdown

Transactions/Income components	Capital gains (A)	Trading income (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	51,892	208,391	(151,355)	(212,685)	(103,757)
1.1 Debt securities	2,635	178,140	(13,314)	(41,377)	126,084
1.2 Equity instruments	48,661	28,157	(137,101)	(170,245)	(230,528)
1.3 UCIT units	13	55	(874)	(871)	(1,677)
1.4 Loans	583	-	(66)	-	517
1.5 Other	-	2,039	-	(192)	1,847
2. Financial liabilities held for trading	132,628	26,973	(4,362)	(37,380)	117,859
2.1 Debt securities	-	-	-	-	-
2.2 Payables	177	16,989	(4,226)	(5,670)	7,270
2.3 Other	132,451	9,984	(136)	(31,710)	110,589
Financial assets and liabilities: exchange rate differences	X	X	X	X	(3,628)
3. Derivative instruments	4,422,341	4,432,218	(4,440,985)	(4,264,920)	163,631
3.1 Financial derivatives:	4,419,871	4,421,199	(4,440,796)	(4,252,412)	162,839
- On debt securities and interest rates	3,849,770	2,675,130	(3,630,171)	(2,661,548)	233,181
- On equity instruments and share indices	525,033	1,269,905	(764,882)	(1,117,227)	(87,171)
- On currencies and gold	X	X	X	X	14,977
- Other	45,068	476,164	(45,743)	(473,637)	1,852
3.2 Credit derivatives	2,470	11,019	(189)	(12,508)	792
of which: natural hedges connected with the fair value option	X	X	X	X	-
Total	4,606,861	4,667,582	(4,596,702)	(4,514,985)	174,105

It must be specified that, based on the provisions set out in the Bank of Italy Circular no. 262, the specification regarding "of which: natural hedges associated with the fair value option" refers to a specific type of hedge set out in IFRS 9. In that regard it is noted that there are no amounts to be reported, as Banco BPM Group opted to continue using the hedge accounting regime set out in IAS 39.

Section 5 - Fair value gains/losses on hedging derivatives - Item 90

5.1 Fair value gains/losses on hedging derivatives: breakdown

Income components/Amounts	Total 2022	Total 2021
A. Income relating to:		
A.1 Fair value hedging derivatives	2,607,763	498,034
A.2 Hedged financial assets (fair value)	814,200	385,890
A.3 Hedged financial liabilities (fair value)	1,405,836	213,797
A.4 Cash flow hedging derivatives	2,759	191
A.5 Assets and liabilities in foreign currency	-	1,861
Total gains on hedging derivatives (A)	4,830,558	1,099,773
B. Charges relating to:		
B.1 Fair value hedging derivatives	(1,394,188)	(216,431)
B.2 Hedged financial assets (fair value)	(3,369,914)	(860,865)
B.3 Hedged financial liabilities (fair value)	(65,054)	(22,661)
B.4 Cash flow hedging derivatives	-	-
B.5 Assets and liabilities in foreign currency	-	(664)
Total losses on hedging derivatives (B)	(4,829,156)	(1,100,621)
C. Fair value gains/losses on hedging derivatives (A - B)	1,402	(848)
of which: gains/losses of hedging on net positions	-	-

Section 6 - Gains (losses) on disposal/repurchase - Item 100

6.1 Gains (losses) on disposal/repurchase: breakdown

Items/Income components	Total 2022			Total 2021		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Financial assets at amortised cost	249,074	(310,022)	(60,948)	301,281	(446,543)	(145,262)
1.1 Loans to banks	127	(550)	(423)	-	-	-
1.2 Loans to customers	248,947	(309,472)	(60,525)	301,281	(446,543)	(145,262)
2. Financial assets measured at fair value through other comprehensive income	41,174	(142,810)	(101,636)	40,063	(23,807)	16,256
2.1 Debt securities	41,174	(142,810)	(101,636)	40,063	(23,807)	16,256
2.2 Loans	-	-	-	-	-	-
Total assets (A)	290,248	(452,832)	(162,584)	341,344	(470,350)	(129,006)
Financial liabilities at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities in issue	38	(3,381)	(3,343)	17,724	(17,798)	(74)
Total liabilities (B)	38	(3,381)	(3,343)	17,724	(17,798)	(74)

The result shown under item "1.2. Loans to customers" includes profits of 149.8 million deriving from the sale of securities classified in the portfolio of loans to customers, mainly represented by both Italian and foreign government securities, as well as the effect of early redemptions of HTC securities.

Excluding this component, the net loss of that item is 210.3 million, impacted for 176.5 million by the disposal of the "Argo" portfolio of bad and unlikely to pay loans.

For more details of the disposal of HTC securities and on the "Argo" disposal transaction, please see the section "Other significant aspects relating to Group accounting policies", found in Part A - Accounting Policies, Section A.1 - General Part of these Notes.

Losses on disposal of financial assets measured at fair value through other comprehensive income mainly refer to profits from sales of Italian and foreign government securities.

Section 7 - Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss – Item 110

7.1 Net change in value of other financial assets and liabilities measured at fair value through profit and loss: breakdown of financial assets and liabilities designated at fair value

Transactions/Income components	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-
1.2 Loans	-	-	-	-	-
2. Financial liabilities	168,933	1,214	-	(6,799)	163,348
2.1 Debt securities in issue	168,933	1,214	-	(6,799)	163,348
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange rate differences	X	X	X	X	-
Total	168,933	1,214	-	(6,799)	163,348

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit and loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income components	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	62,372	4,189	(226,929)	(21,394)	(181,762)
1.1 Debt securities	52	3,676	(10,019)	-	(6,291)
1.2 Equity instruments	8,811	-	(124,795)	(20,446)	(136,430)
1.3 UCIT units	47,365	180	(54,384)	(35)	(6,874)
1.4 Loans	6,144	333	(37,731)	(913)	(32,167)
2. Financial assets in foreign currency: exchange rate differences	X	X	X	X	9,268
Total	62,372	4,189	(226,929)	(21,394)	(172,494)

Section 8 - Net credit impairment losses/recoveries – Item 130

8.1 Net credit impairment losses relating to financial assets at amortised cost: breakdown

Transactions/Income components	Impairment losses (1)				Recoveries (2)				Total 2021	Total 2022	Total 2021	
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	Acquired or originated impaired				
			Write-offs	Other								Write-offs
A. Loans to banks	(1,532)	(161)	-	-	200	-	-	-	(1,493)	308		
- Loans	(569)	(65)	-	-	2	-	-	-	(632)	582		
- Debt securities	(963)	(96)	-	-	198	-	-	-	(861)	(274)		
B. Loans to customers	(42,625)	(31,744)	(60,145)	(786,685)	(26,683)	(35,563)	4,556	74,786	400,742	24,280	(479,081)	(630,305)
- Loans	(37,045)	(31,613)	(60,145)	(786,685)	(26,683)	(35,563)	4,277	74,743	400,742	24,280	(473,692)	(630,626)
- Debt securities	(5,580)	(131)	-	-	-	-	279	43	-	-	(5,389)	321
Total	(44,157)	(31,905)	(60,145)	(786,685)	(26,683)	(35,563)	4,756	74,786	400,742	24,280	(480,574)	(629,997)

8.1 a Net credit impairment losses relating to loans at amortised cost subject to Covid-19 support measures: breakdown

Transactions/Income components	Net impairment losses						Total 2021	Total 2022	Total 2021
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired					
				Write-offs	Other	Other			
1. Loans subject to forbearance measures compliant with GL	4	(104)	-	(138)	-	(35)	(273)	(1,143)	
2. Loans subject to current moratorium measures no longer compliant with GL and not assessed as forborne	-	(4)	-	-	-	(4)	(4)	(79,990)	
3. Loans subject to other forbearance measures	-	225	-	(7,732)	-	-	(7,507)	(2,629)	
4. New loans	(610)	(4,451)	-	(62,649)	-	-	(67,710)	(14,114)	
Total 2022	(606)	(4,334)	-	(70,519)	-	(35)	(75,494)	(97,876)	
Total 2021	4,097	(20,720)	-	(78,362)	-	(2,891)	(97,876)	-	

8.2.a Net credit impairment losses related to financial assets measured at fair value through other comprehensive income subject to Covid-19 support measures: breakdown

The Group has none of this type. Therefore, the related table is omitted.

Section 9 - Gains (losses) from contractual modification without derecognition - Item 140

9.1 Gains (losses) from contractual modification: breakdown

Items/Income components	Total 2022			Total 2021		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets at FV through other comprehensive income						
Contractual modification on Financial assets at FV through other comprehensive income	-	-	-	-	-	-
Financial assets at amortised cost						
Contractual modification on Financial assets at amortised cost	4,783	(3,070)	1,713	2,507	(11,028)	(8,521)
Total	4,783	(3,070)	1,713	2,507	(11,028)	(8,521)

The item, positive by 1.7 million, represents the net impact deriving from contractual modification during the year in relation to types of loans that did not entail total or partial derecognition of the previous credit exposure from the financial statements.

Section 10 - Net premiums - Item 160

10.1 Net premiums: breakdown

Premiums from insurance activities	Direct business	Indirect business	Total 2022
A. Life business			
A.1 Gross premiums written (+)	344,118	-	344,118
A.2 Reinsurance premiums ceded (-)	(3)	X	(3)
A.3 Total	344,115	-	344,115
B. Non-Life business			
B.1 Gross premiums written (+)	14,907	-	14,907
B.2 Reinsurance premiums ceded (-)	(1,383)	X	(1,383)
B.3 Change in the gross amount of the premium reserve (+/-)	2,489	-	2,489
B.4 Change in the reinsurers' share of the premium reserve (+/-)	(325)	-	(325)
B.5 Total	15,688	-	15,688
C. Total net premiums	359,803	-	359,803

Section 11 - Balance of other income and expenses from insurance activities - Item 170

11.1 Balance of other income and expenses from insurance activities: breakdown

Items	Total 2022
1. Net change in technical reserves	(62,355)
2. Claims paid during the year	(293,506)
3. Other income and expenses from insurance activities	(1,623)
Total	(357,484)

11.2 Breakdown of sub-item "Net change in technical reserves"

Net change in technical reserves	Total 2022
1. Life business	
A. Mathematical reserves	(52,878)
A.1 Gross annual amount	(51,934)
A.2 (-) Reinsurers' share	(944)
B. Other technical reserves	(9,499)
B.1 Gross annual amount	(9,499)
B.2 (-) Reinsurers' share	-
C. Technical reserves where the investment risk is borne by the policyholders	-
C.1 Gross annual amount	-
C.2 (-) Reinsurers' share	-
Total "life insurance reserves"	(62,377)
2. Non-Life business	
Changes in other non-life technical reserves other than claims reserves net of reinsurance	22

11.3 Breakdown of sub-item "Claims pertaining to the year"

Charges for claims	Total 2022
Life business: charges relating to claims, net of reinsurance	
A. Amounts paid	(295,262)
A.1 Gross annual amount	(296,003)
A.2 (-) Reinsurers' share	741
B. Change in reserve for amounts payable	6,141
B.1 Gross annual amount	6,004
B.2 (-) Reinsurers' share	137
Total life claims	(289,121)
Non-Life business: charges relating to claims, net of recoveries and reinsurance	
C. Amounts paid	(3,311)
C.1 Gross annual amount	(3,404)
C.2 (-) Reinsurers' share	93
D. Change in recoveries net of reinsurers' share	-
E. Changes in the claims reserve	(1,074)
E.1 Gross annual amount	(1,156)
E.2 (-) Reinsurers' share	82
Total non-life claims	(4,385)

11.4 Breakdown of sub-item “Other income and expenses from insurance activities”

11.4.1 Life business

	Total 2022
Life business	
A. Income	-
- Other technical income net of reinsurance	-
- Income and unrealised capital gains relating to investments for the benefit of policyholders who bear the risk	-
- Change in commissions and other acquisition costs to be amortised	-
- Commissions and profit sharing received from reinsurers	-
- Other income	-
B. Charges	(2,059)
- Other technical charges, net of reinsurance	(2,059)
- Charges and unrealised capital losses relating to investments for the benefit of policyholders who bear the risk	-
- Acquisition commissions	-
- Other acquisition costs	-
- Collection commissions	-
- Other charges	-
Total Life business (A - B)	(2,059)

11.4.2 Non-Life business

	Total 2022
Non-Life business	
A. Income	519
- Other technical income net of reinsurance	333
- Change in commissions and other acquisition costs to be amortised	-
- Commissions and profit sharing received from reinsurers	-
- Other income	186
B. Charges	(83)
- Other technical charges, net of reinsurance	(63)
- Acquisition commissions	-
- Other acquisition costs	-
- Collection commissions	-
- Other charges	(20)
Total Non-Life business (A - B)	436

Section 12 - Administrative expenses – Item 190

12.1 Personnel expenses: breakdown

Type of expense/Sector	Total 2022	Total 2021
1) Employees	(1,602,857)	(1,663,228)
a) wages and salaries	(1,128,760)	(1,164,009)
b) social security contributions	(294,578)	(307,291)
c) severance indemnities	(63,065)	(66,017)
d) pension expenses	(318)	(289)
e) provisions for employee severance pay	(6,184)	(2,141)
f) provisions for post-employment benefits and similar obligations:	(648)	(333)
- defined contribution	-	-
- defined benefit	(648)	(333)
g) payments to external supplementary pension funds:	(39,840)	(41,937)
- defined contribution	(39,840)	(41,937)
- defined benefit	-	-
h) costs deriving from share-based payment agreements	(8,851)	(7,782)
i) other employee benefits	(60,613)	(73,429)
2) Other personnel in service	(915)	(740)
3) Directors and statutory auditors	(5,830)	(6,754)
4) Retired personnel	(279)	(17)
Total	(1,609,881)	(1,670,739)

12.2 Average number of employees per category

	2022	2021
1) Employees	19,259	19,928
a) executives	285	312
b) total middle managers	7,650	7,954
<i>of which: 3rd and 4th level</i>	3,911	4,146
c) remaining employees	11,324	11,662
2) Other personnel	20	21
Average number of personnel	19,279	19,949

The average number of employees does not include directors and statutory auditors. In the case of employees, part-time is conventionally considered as 70%.

12.3 Defined benefit company pension funds: costs and revenues

	Total 2022	Total 2021
- Social security costs relative to current work provided	(183)	(371)
- Financial expense	(471)	36
- Expected return on plan assets	-	-
- Actuarial gains and losses	-	-
- Social security costs relative to past work provided	-	-
- Gains and losses from reductions or extinctions	6	2
Total	(648)	(333)

12.4 Other employee benefits

Other employee benefits, the costs of which are shown in table 12.1 above, under the item “i) other employee benefits”, amounted to 60.6 million (73.4 million in 2021).

This item mainly includes costs relating to the Group’s welfare system, such as - for example - the so-called “welfare” company bonus, luncheon vouchers and costs of managing company canteens, health and injury policies for the benefit of employees, study grants, contributions to corporate social clubs, loyalty bonuses, costs relating to professional training and refresher courses.

This item also includes the charge relating to the extraordinary welfare contribution recognised to employees in relation to the situation of high inflation and energy price increases and the positive impact deriving from the release of excess allocations made in previous years relating to the redundancy provision. The overall net effect was a positive 11.9 million.

12.5 Other administrative expenses: breakdown

Type of expense/Sector	Total 2022	Total 2021
a) Expenses relating to real estate	(85,453)	(66,155)
- condominium expenses	(8,855)	(6,930)
- maintenance of premises	(13,656)	(13,852)
- cleaning expenses	(13,208)	(12,930)
- electricity, water and heating	(49,734)	(32,443)
b) Indirect taxes and duties	(313,178)	(320,133)
c) Postal charges, telephone charges, printed materials and other office expenses	(21,076)	(22,773)
d) Maintenance and fees for furniture, machines and systems	(95,273)	(86,709)
- fees	(19,588)	(20,689)
- maintenance	(75,685)	(66,020)
e) Professional and advisory services	(79,856)	(67,478)
f) Fees for surveys and information	(8,824)	(8,651)
g) Security and armoured cars	(15,413)	(16,850)
h) Services from third parties	(221,627)	(221,588)
i) Advertising, entertainment and gratuities	(13,453)	(9,501)
l) Insurance premiums	(10,897)	(10,472)
m) Transport, hiring and travel	(5,699)	(6,210)
- hiring	(806)	(777)
- other expenses	(4,893)	(5,433)
n) Banking industry charges	(225,032)	(214,821)
- ordinary contribution to Resolution Funds	(110,477)	(87,787)
- additional contributions to Resolution Funds	-	(28,595)
- ordinary contribution to the Interbank Deposit Guarantee Fund	(114,555)	(98,439)
o) Other costs and sundry expenses	(52,980)	(49,493)
Total	(1,148,761)	(1,100,834)

The items “d) Maintenance and fees for furniture, machines and systems” and “m) Transport, hiring and travel – hiring” include the hiring of software, short-term or low value hiring of machinery and automobiles and support fees relating to hiring.

Contributions to deposit guarantee systems and resolution mechanisms

Following transposition into the national legislation of Directives 2014/49/EU (Deposit Guarantee Schemes Directive – “DGSD”) of 16 April 2014 and 2014/59/EU (Bank Recovery and Resolution Directive – “BRRD”) of 15 May 2014, starting from financial year 2015, credit institutions are obliged to provide the financial resources necessary for the financing of the Interbank Deposit Guarantee Fund and the National Resolution Fund (merged into the Single Resolution Fund starting from 2016), through payment of ex ante ordinary contributions to be paid annually, until a certain target level is reached. Where the available financial resources of the IDGF and/or the SRF

are insufficient to guarantee the protected reimbursement of depositors or to fund the resolution, respectively, it is set out that banks shall provide such funds via the payment of extraordinary contributions.

The contributions are recognised in the income statement item "190. b) Other administrative expenses" in application of IFRIC 21 interpretation "Levies", on the basis of which the liability relating to the payment of a levy arises at the time the "obligating event" occurs, namely at the time of the obligation to pay the annual fee. In the case in question, in accounting terms, the contributions are considered equivalent to a levy, and the time the "obligating event" occurs was identified in the first quarter for the SRF and in the third quarter for the IDGF.

The ordinary contribution to the Single Resolution Fund for 2022 amounted to 110.5 million (the contribution was 87.8 million in 2021). In that regard, it is noted that for 2022, as for the previous year, the Group did not avail of the option to fulfil the request by taking on an irrevocable payment commitment ("IPC - Irrevocable Payment Commitments").

The ordinary contribution to the Interbank Deposit Guarantee Fund, indicated in the income statement for 2022, amounted to 114.6 million (the contribution requested for 2021 was 98.4 million).

Note that in 2021, additional contributions of 28.6 million to cover the financial requirements connected with the resolution measures carried out prior to the launch of the Single Resolution Fund.

The above-indicated amounts are shown in the table above under sub-item "n) Banking industry charges".

Fee to guarantee the convertibility of DTAs - legislative changes to Decree Law no. 59/2016

Please note that Art. 11 of Italian Decree Law no. 59 of 3 May 2016, converted with amendments into Italian Law no. 119 of 30 June 2016, introduced an optional regime by virtue of which the guarantee on the convertibility into tax credits of deferred tax assets (DTAs) which meet the requirements laid out in Law no. 214 of 22 December 2011 is subject to the payment of a fee, due for the years starting from 31 December 2015 until 31 December 2029, to be determined on an annual basis.

On 21 February 2017, the law (Law no. 15 of 17 February 2017) converting the "Salva Risparmio" Decree Law was published in the Official Gazette. In detail, Art. 26-bis, paragraph 4 amended Art. 11 of Decree Law 59/2016, postponing the period for which the annual fee is due, which is now from 31 December 2016 until 31 December 2030.

Pursuant to these regulatory references, the exercise of this option, which was carried out in 2016 by both groups involved in the merger, is considered irrevocable.

In more detail, the annual fee to be paid to ensure the convertibility of the above-mentioned deferred tax assets into tax credits must be determined on an annual basis by applying the rate of 1.5% to a base obtained by adding the difference between the convertible deferred tax assets recognised in the financial statements for the previous year and the corresponding deferred tax assets recognised in the 2007 financial statements, to the amount of conversions of the same deferred tax assets carried out from 2008 until the previous year, and subtracting the taxes set forth in the Decree and paid with reference to the above-mentioned tax periods (base also referred to as "type 2 DTAs"). The fees are deductible for both IRES and IRAP purposes in the year in which they are paid.

In virtue of the cited regulatory provisions, in the income statement item in question ("190. b) Other administrative expenses"), the charges accruing during 2022 were added, which came to 27.7 million (26.6 million was indicated in the income statement in 2021).

Section 13 - Net provisions for risks and charges - Item 200

13.1 Net provisions for risks and charges relating to commitments to disburse funds and financial guarantees given: breakdown

	Allocations	Reallocations	Total 2022	Total 2021
Commitments to disburse funds and financial guarantees given	(17,807)	2,867	(14,940)	12,074

13.2 Net provisions for other commitments and guarantees given: breakdown

	Allocations	Reallocations	Total 2022	Total 2021
Other commitments and guarantees given	(11,579)	12,112	533	(17,328)

13.3 Net provisions for other risks and charges: breakdown

	Allocations	Reallocations of surpluses	Total 2022	Total 2021
Risks and charges for legal disputes	(24,542)	16,711	(7,831)	(7,019)
Other risks and charges	(44,050)	9,074	(34,976)	(13,766)
Total	(68,592)	25,785	(42,807)	(20,785)

Net provisions for other risks and charges amounted to 42.8 million and also include the estimated costs that are expected to be incurred for the rationalisation of the branch network for 8.5 million as well as the provisions relating to the estimated costs for certain contractual commitments for 18.3 million.

For more details on the allocations made, refer to the disclosure set out in "Section 10 - Provisions for risks and charges" – Item 100 of Part B – Liabilities of these Notes to the financial statements.

Section 14 - Depreciation and impairment losses on property, plant and equipment - Item 210

14.1 Depreciation and impairment losses on property, plant and equipment: breakdown

Assets/Income components	Depreciation (a)	Impairment losses (b)	Recoveries (c)	Net result (a + b - c)
A. Property, plant and equipment				
1 Used in operations	(180,771)	(2,322)	-	(183,093)
- Owned	(51,103)	-	-	(51,103)
- Rights of use acquired through leases	(129,668)	(2,322)	-	(131,990)
2 Held for investment purposes	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
3 Inventories	X	-	-	-
Total	(180,771)	(2,322)	-	(183,093)

Section 15 - Amortisation and impairment losses on intangible assets - Item 220

15.1 Amortisation and impairment losses on intangible assets: breakdown

Asset/Income components	Amortisation (a)	Impairment losses (b)	Recoveries (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(91,752)	(4,730)	-	(96,482)
A.1 Owned	(130,372)	(4,730)	-	(135,102)
- Internally generated	-	-	-	-
- Other	(130,372)	(4,730)	-	(135,102)
A.2 Rights of use acquired through leases	-	-	-	-
Total	(130,372)	(4,730)	-	(135,102)

Section 16 - Other operating expenses/income - Item 230

16.1 Other operating expenses: breakdown

	Total 2022	Total 2021
Expenses on leased assets	(14,343)	(26,173)
Other	(47,303)	(47,192)
Total	(61,646)	(73,365)

“Expenses on leased assets” relate to the costs incurred on assets used as collateral for non-performing exposures for the purchase and resale of assets under finance lease.

The item “Other” includes legal settlement charges exceeding the provisions allocated for 27.5 million (18.1 million in the previous year), operating losses relative to branch management (robbery, fraud, theft and other damages) for 4.2 million (7.2 million in 2021), as well as contingent liabilities and other contingencies.

16.2 Other operating income: breakdown

	Total 2022	Total 2021
Income on current accounts and loans	6,398	5,309
Tax recoveries	256,007	271,108
Expense recoveries	18,322	16,694
Rental income on real estate	36,878	33,885
Other	89,971	109,451
Total	407,576	436,447

The sub-item “Income on current accounts and loans” refers to the “commissione di istruttoria veloce” (fast track fee) introduced by Decree Law 201 of 6 December 2011, converted by Law 214/2011.

The sub-item “Other” includes sundry income for services rendered.

Section 17 - Gains (losses) of associates and joint ventures - Item 250

17.1 Gains (losses) of associates and joint ventures: breakdown

Income components/Sectors	Total 2022	Total 2021
1) Companies under joint control		
A. Income	-	-
1. Revaluations	-	-
2. Gains on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Losses on impairment	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net result	-	-
2) Companies subject to significant influence		
A. Income	159,925	232,068
1. Revaluations	159,925	232,021
2. Gains on disposal	-	47
3. Recoveries	-	-
4. Other income	-	-
B. Charges	(13,144)	(18,754)
1. Write-downs	(2,442)	(81)
2. Losses on impairment	-	(18,673)
3. Losses on disposal	(10,702)	-
4. Other charges	-	-
Net result	146,781	213,314
Total	146,781	213,314

The items Revaluations and Write-downs include gains and losses deriving from measurement of interests in companies subject to significant influence using the equity method. In particular, profits refer for 104.8 million to Agos Ducato, for 35.2 million to Anima Holding, for 6.4 million to Vera Assicurazioni, for 1.2 million to Banco BPM Vita (in relation to the share of profit for the first six months of 2022, prior to the acquisition of control), for 4.3 million to Alba Leasing, for 2.6 million to Gardant Liberty, for 1.9 million to Etica SGR, for 3.3 million to SelmaBipiemme. Losses refer to Vera Vita for 2.2 million and to Vorvel Sim for 0.2 million.

The loss on disposal refers to the economic effect of the remeasurement at fair value of the shareholding previously held in Banco BPM Vita.

Section 18 - Fair value gains (losses) on property, plant and equipment and intangible assets - Item 260

18.1 Fair value (or revalued value) gains (losses) or estimated realisable value gains (losses) on property, plant and equipment and intangible assets: breakdown

Asset/Income components	Revaluations (a)	Write-downs (b)	Exchange rate differences		Net result (a-b+c-d)
			Positive (c)	Negative (d)	
A. Property, plant and equipment	55,047	(163,394)	-	-	(108,347)
A.1 Used in operations:	717	(16,094)	-	-	(15,377)
- Owned	717	(16,094)	-	-	(15,377)
- Rights of use acquired through leases	-	-	-	-	-
A.2 Held for investment purposes:	54,330	(147,300)	-	-	(92,970)
- Owned	54,330	(147,300)	-	-	(92,970)
- Rights of use acquired through leases	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	-	-	-	-	-
B.1 Owned:	-	-	-	-	-
B.1.1 Internally generated	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
Total	55,047	(163,394)	-	-	(108,347)

This item, totalling a negative 108.3 million (the balance in the previous year was a negative 141.6 million), includes the results of the fair value measurement of “revalued property, plant and equipment used in operations” and “property, plant and equipment held for investment purposes”, represented by owned real estate assets and valuable works of art.

Section 19 - Value adjustments to goodwill - Item 270

19.1 - Value adjustments to goodwill: breakdown

The results of the impairment test on goodwill recorded in the financial statements led to the recognition of an impairment loss for the year of 8.1 million on the goodwill allocated to the Bancassurance CGU.

For a description of the methods used to perform impairment tests on goodwill, please see that indicated in “Section 10 - Intangible assets” in Part B of these Notes to the financial statements.

Section 20 - Gains (losses) on disposal of investments - Item 280

20.1 Gains (losses) on disposal of investments: breakdown

Income components/Sectors	Total 2022	Total 2021
A. Real estate	2,274	(723)
- Gains on disposal	6,453	585
- Losses on disposal	(4,179)	(1,308)
B. Other assets	(16)	581
- Gains on disposal	7	596
- Losses on disposal	(23)	(15)
Net result	2,258	(142)

Section 21 - Taxation charge related to profit or loss from continuing operations – Item 300

21.1 Taxation charge related to profit or loss from continuing operations: breakdown

Income components/Sectors	Total 2022	Total 2021
1. Current taxes (-)	(60,048)	(56,468)
2. Changes in current taxes for previous years (+/-)	3,693	(7,260)
3. Decreases in current taxes for the year (+)	78	108,218
3.bis Decreases in current taxes for the year due to tax credits pursuant to Italian Law no. 214/2011 (+)	8,175	36,654
4. Change in deferred tax assets (+/-)	(298,846)	(289,404)
5. Change in deferred tax liabilities (+/-)	25,749	123,305
6. Income taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(321,199)	(84,955)

21.2 Reconciliation between theoretical tax charge and actual tax charge

IRES	2022	2021
Profit (loss) before tax from continuing operations	1,023,002	653,739
Negative components of gross profit (loss) not definitively significant (+)	294,209	187,960
Non-deductible interest expense	771	391
Capital losses from disposal/valuation of interests in associates and joint ventures/OCI	123,595	69,598
Non-deductible taxes other than income taxes	2,176	15,438
Non-deductible loan losses	1,661	4,791
Administrative expenses with limited deductibility	3,545	4,184
Other non-deductible expenses	32,589	40,528
Goodwill impairment	8,132	
Losses of foreign companies	1,740	1,353
Consolidation effects of intragroup equity interests		
Allocations	3,934	21,877
Other	116,066	29,800
Positive components of gross profit (loss) not definitively significant (-)	(255,065)	(246,014)
Insignificant portion of capital gains from disposal/valuation of interests in associates and joint ventures/OCI	(5,566)	(6,570)
Insignificant portion of dividends before consolidation entries	(123,020)	(72,883)
Cancellation of intragroup dividends	125,530	73,435
Consolidation effects of intragroup equity interests	(251,478)	(235,715)
Other	(531)	(4,281)
Definitive increases not associated with gross profit (loss) elements (+)	26,415	-
Other	26,415	-
Definitive decreases not associated with gross profit (loss) elements (-)	(103,645)	(95,644)
Lump sum 10% IRAP deduction and cost of labour for employees IRAP deduction	(118)	(283)
Portion of ACE subsidisable income	(82,728)	(75,058)
Other	(20,799)	(20,303)
IRES calculation base, income statement	984,918	500,041
IRES nominal rate	24%	24%
Actual IRES	(236,380)	(120,010)
IRES tax rate	(23.11%)	(18.36%)

IRAP	2022	2021
Profit (loss) before tax from continuing operations	1,023,002	653,739
Negative components of gross profit (loss) not definitively significant (+)	436,690	393,762
Non-deductible interest expense	732	606
Non-deductible portion of amortisation/depreciation of assets used in operations	30,898	30,854
Other non-deductible administrative expenses	164,433	162,308
Personnel expenses net of deductions allowed (tax wedge reduction, disabled, etc.)	2,157	2,769
Other value adjustments pursuant to item 130 of the income statement	1,730	9,077
Net provisions for risks and charges	57,335	24,988
Other operating expenses	58,733	31,817
Losses on interests in associates and joint ventures	105,479	23,359
Goodwill impairment	8,132	-
Consolidation effects of intragroup equity interests	-	-
Other	7,061	107,984
Positive components of gross profit (loss) not definitively significant (-)	(297,639)	(261,862)
Gains on interests in associates and joint ventures	-	-
Insignificant portion of dividends before consolidation entries	(86,889)	(61,466)
Cancellation of intragroup dividends	125,530	73,435
Other operating income	(58,940)	(32,366)
Profits on disposal of insignificant investments	(2,977)	(960)
Consolidation effects of intragroup equity interests	(251,478)	(235,715)
Other	(22,885)	(4,790)
Definitive increases not associated with gross profit (loss) elements (+)	7,107	-
Adjustments to neutralise negative value of production	-	-
Other	7,107	-
Definitive decreases not associated with gross profit (loss) elements (-)	(20,184)	(24,243)
Other	(20,184)	(24,243)
IRAP calculation base, income statement	1,148,976	761,396
Nominal average weighted IRAP rate	5.54%	5.46%
Actual IRAP	(63,678)	(41,567)
IRAP tax rate	(6.22%)	(6.36%)
IRES and IRAP not accruing during the year and other taxes	2022	2021
Total impact	(21,141)	76,622
IRES - Current taxes and deferred tax assets and liabilities from previous years	3,251	12,175
IRES - Additional 3.5% rate	(33,394)	(19,483)
IRAP - Current taxes and deferred tax assets and liabilities from previous years	9,167	2,374
Realignment		81,709
Foreign taxes - other	(165)	(153)
IRES and IRAP tax rate not accruing during the year and other taxes	(2.07%)	11.72%
Total taxes on gross profit (loss)	2022	2021
Total IRES + IRAP + Other taxes	(321,199)	(84,955)
Total tax rate	(31.4%)	(13%)

It should be noted that the only taxes referring to countries other than Italy amount to 165 thousand euro (153 thousand euro for the year 2021), as indicated in the previous tables, and refer to taxes determined pursuant to

Swiss tax regulations by the subsidiaries Bipielle Bank (Suisse) S.A. in liquidation and Banca Aletti & C. (Suisse) S.A. based in Switzerland.

Section 22 - Profit (loss) after tax from discontinued operations - Item 320

22.1 Profit (loss) after tax from discontinued operations: breakdown

This item was blank for the current year and the previous year. Therefore, the related table is omitted.

22.2 Breakdown of taxation charge related to profit or loss from discontinued operations

This item was blank for the current year and the previous year. Therefore, the related table is omitted.

Section 23 - Profit (loss) for the year attributable to non-controlling interests - Item 340

23.1 Breakdown of item 340 "profit (loss) for the year attributable to non-controlling interests"

Company names	2022	2021
Interests in consolidated companies with significant non-controlling interests	-	-
Other interests	786	284
Total	786	284

The amount refers to the non-controlling share of profit (loss) of the subsidiary BRF Property.

Section 24 - Other information

There is no other significant information other than that already provided in the above sections.

Section 25 - Earnings per share

	31/12/2022		31/12/2021	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average of ordinary shares (number)	1,508,790,220	1,508,790,220	1,510,823,282	1,510,823,282
Attributable profit (loss) (thousands of euro)	699,589	699,589	567,068	567,068
EPS (euro)	0.464	0.464	0.375	0.375

25.1 Average number of ordinary shares with diluted capital

Note that as at 31 December 2022 the Basic EPS matched the Diluted EPS, as there were no financial instruments with potential dilution effects.

25.2 Other information

There is no other significant information other than that already provided in the above sections.