

PART I – SEGMENT REPORTING

According to IFRS 8, companies must provide information enabling users of financial statements to assess the nature and the effects on the financial statements of their business activities and the economic contexts in which they operate.

Therefore, it is necessary to highlight the contribution of the various operating segments to the formation of the Group's income.

The identification of the "operating segments" of this Section is consistent with the procedures adopted by Company Management to make operating decisions and is based on internal reporting, used for allocating resources to the various segments and analysing their performance. In that view, also to improve the representation of the Group's profitability, operating segments that are below the quantitative thresholds put forward in paragraph 13 of IFRS 8 are also highlighted.

For 2021, the operating segments taken as a reference to provide the disclosure in question are as follows:

- Retail;
- Corporate;
- Institutional;
- Private;
- Investment Banking;
- Strategic Partnerships;
- Leases;
- Corporate Centre.

The identification of Leases as an operating segment lies in the need to provide separate evidence of a run-off activity, attributable to the management of previous lease transactions of the former Banca Italease (today incorporated into Banco BPM) and the subsidiary Release¹.

It should also be noted that the Investment Banking operating segment also encompasses the contribution of the subsidiary Oaklins Italy S.r.l., acquired by Banca Akros in May 2021.

For a description of the configuration of said operating segments, refer to the disclosure set out in the Section "Results by business segment" of the Report on operations of the Group.

The tables below provide the detailed income statement and balance sheet figures by segment as at 31 December 2021, compared with the corresponding figures for the previous year, as published in the 2020 Annual Report.

¹ Incorporated into the Parent Company on 21 February 2022, with accounting and tax effect from 1 January 2022.

Segment results - income statement figures

2021	Total	Retail	Corporate	Institutional	Private	Investment Banking	Strategic Partnerships	Leases	Corporate Centre
Net interest income	2,041,628	1,041,503	472,599	51,219	(2,557)	53,830	(4,919)	22,228	407,725
Gains (losses) on interests in associates and joint ventures carried at equity	231,940	-	-	-	-	-	229,608	-	2,332
Financial margin	2,273,568	1,041,503	472,599	51,219	(2,557)	53,830	224,689	22,228	410,057
Net fee and commission income	1,911,203	1,475,885	243,007	42,585	100,394	43,424	-	(362)	6,270
Other net operating income	75,280	5,167	61	3,504	5	1,126	-	(15,985)	81,402
Net financial result	250,695	4,010	22,373	(420)	(283)	13,414	-	-	211,601
Other operating income	2,237,178	1,485,062	265,441	45,669	100,116	57,964	-	(16,347)	299,273
Operating income	4,510,746	2,526,565	738,040	96,888	97,559	111,794	224,689	5,881	709,330
Personnel expenses	(1,667,799)	(1,069,629)	(76,023)	(12,972)	(55,953)	(33,528)	(1,935)	(5,975)	(411,784)
Other administrative expenses	(601,151)	(722,089)	(118,711)	(28,186)	(15,909)	(58,038)	(521)	(24,762)	367,065
Net value adjustments to property, plant and equipment and intangible assets	(246,825)	(110,248)	(4,629)	(749)	(3,423)	(356)	(190)	(1,080)	(126,150)
Operating expenses	(2,515,775)	(1,901,966)	(199,363)	(41,907)	(75,285)	(91,922)	(2,646)	(31,817)	(170,869)
Profit (loss) from operations	1,994,971	624,599	538,677	54,981	22,274	19,872	222,043	(25,936)	538,461
Net adjustments to loans to customers	(887,199)	(438,667)	(390,234)	(8,054)	(265)	(55)	-	(39,892)	(10,032)
Fair value gains (losses) on property, plant and equipment	(141,633)	-	-	-	-	-	-	(99,858)	(41,775)
Net adjustments to securities and other financial assets	(328)	-	-	-	-	17	-	-	(345)
Net provisions for risks and charges	(26,039)	(14,978)	(5,242)	(149)	(204)	490	-	739	(6,695)
Gains (losses) on interests in associates and joint ventures and other investments	(18,768)	-	-	-	-	-	(18,673)	85	(180)
Profit (loss) before tax from continuing operations	921,004	170,954	143,201	46,778	21,805	20,324	203,370	(164,862)	479,434
Taxation charge related to profit or loss from continuing operations	(253,828)	(61,690)	(48,316)	(15,439)	(7,327)	(5,834)	2,487	38,209	(155,918)
Profit (loss) after tax from continuing operations	667,176	109,264	94,885	31,339	14,478	14,490	205,857	(126,653)	323,516
Charges related to the banking system, net of taxes	(144,995)	(92,946)	(11,159)	(10,726)	(772)	(3,836)	-	-	(25,556)
Impact of the realignment of tax values to book values	81,709	29,967	1,850	842	242	-	-	-	48,808
Change in own credit risk on Certificates issued by the Group, net of taxes	4,354	-	-	-	-	-	-	-	4,354
Purchase Price Allocation net of taxes (*)	(39,460)	(28,107)	167	(38)	(2,680)	-	-	671	(9,473)
Profit (loss) for the year attributable to non-controlling interests	284	-	-	-	-	-	-	-	284
Parent Company's profit (loss) for the year	569,068	18,178	85,743	21,417	11,268	10,654	205,857	(125,982)	341,933

2020	Total	Retail	Corporate	Institutional	Private	Investment Banking	Strategic Partnerships	Leases	Corporate Centre
Net interest income	1,982,561	937,279	455,230	57,223	1,272	73,213	(8,801)	24,358	442,877
Gains (losses) on interests in associates and joint ventures carried at equity	130,799	-	-	-	-	-	129,385	-	1,414
Financial margin	2,113,360	937,279	455,230	57,223	1,272	73,213	120,584	24,358	444,201
Net fee and commission income	1,663,810	1,293,613	214,835	39,526	89,708	41,651	-	(979)	(14,544)
Other net operating income	56,005	9,237	101	3,057	7	253	-	(1,945)	45,295
Net financial result	318,642	14,094	22,874	126	(75)	10,327	11,671	-	259,625
Other operating income	2,038,457	1,316,944	237,810	42,709	89,640	52,231	11,671	(2,924)	290,376
Operating income	4,151,817	2,254,223	693,040	99,932	90,912	125,444	132,255	21,434	734,577
Personnel expenses	(1,581,141)	(1,012,069)	(71,015)	(8,499)	(52,422)	(25,293)	(1,853)	(6,467)	(403,523)
Other administrative expenses	(593,812)	(703,243)	(80,797)	(28,423)	(20,112)	(58,953)	(713)	(26,583)	325,012
Net value adjustments to property, plant and equipment and intangible assets	(255,114)	(128,654)	(4,895)	(879)	(604)	(345)	-	-	(119,737)
Operating expenses	(2,430,067)	(1,843,966)	(156,707)	(37,801)	(73,138)	(84,591)	(2,566)	(33,050)	(198,248)
Profit (loss) from operations	1,721,750	410,257	536,333	62,131	17,774	40,853	129,689	(11,616)	536,329
Net adjustments to loans to customers	(1,336,807)	(690,545)	(497,972)	(24,015)	81	3	-	(106,248)	(18,111)
Fair value gains (losses) on property, plant and equipment	(36,721)	-	-	-	-	-	-	(13,008)	(23,713)
Net adjustments to securities and other financial assets	(1,030)	-	-	-	-	78	-	-	(1,108)
Net provisions for risks and charges	(42,294)	(7,465)	(10,886)	(400)	16	286	(26,000)	(409)	2,564
Gains (losses) on disposal of interests in associates and joint ventures and other investments	1,190	-	-	-	-	-	-	1,340	(150)
Profit (loss) before tax from continuing operations	306,088	(287,753)	27,475	37,716	17,871	41,220	103,689	(129,941)	495,811
Taxation charge related to profit or loss from continuing operations	(13,518)	79,132	(7,555)	(10,372)	(4,914)	(13,495)	10,409	34,540	(101,263)
Profit (loss) after tax from continuing operations	292,570	(208,621)	19,920	27,344	12,957	27,725	114,098	(95,401)	394,548
Charges related to company restructuring, net of taxes	(187,030)	(123,265)	(8,649)	(1,035)	(4,676)	(602)	(226)	(585)	(47,992)
Charges related to the banking system, net of taxes	(138,901)	(89,604)	(9,346)	(9,180)	(1,369)	(2,911)	-	-	(26,491)
Impact of the realignment of tax values to book values	128,324	128,324	-	-	-	-	-	-	-
Goodwill impairment	(25,100)	-	-	-	-	-	-	-	(25,100)
Change in own credit risk on Certificates issued by the Group, net of taxes	(11,739)	-	-	-	-	-	-	-	(11,739)
Purchase Price Allocation net of taxes (*)	(41,492)	(26,186)	98	(22)	(2,887)	-	-	686	(13,181)
Profit (loss) for the year attributable to non-controlling interests	4,248	-	-	-	-	-	-	4,674	(426)
Parent Company's profit (loss) for the year	20,880	(319,352)	2,023	17,107	4,025	24,212	113,872	(90,626)	269,619

The following tables show the details of fee and commission income of 2021 and the previous year disaggregated by type of service provided and defined with an operating outlook, and by IFRS 8 operating segment, in line with the disclosure requirements introduced by IFRS 15.

2021 Service type/Amounts	Group	Retail	Corporate	Institutional	Private	Investment Banking	Strategic Partnerships	Leases	Corporate Centre
SAVINGS PRODUCTS	779,857	660,149	1,095	5,516	102,564	-	-	-	10,533
of which:									
<i>Indirect upfront - Network</i>	281,186	270,981	87	1,447	8,671	-	-	-	-
Administered	8,588	8,398	30	40	120	-	-	-	-
Portfolio management and funds	232,919	224,510	56	1,260	7,093	-	-	-	-
Life	39,679	38,073	1	147	1,458	-	-	-	-
<i>Indirect running - Network</i>	474,667	389,168	1,008	4,069	93,893	-	-	-	(13,171)
Administered	48,549	52,751	256	1,483	7,230	-	-	-	(13,171)
Portfolio management and funds	381,540	298,551	702	2,390	79,897	-	-	-	-
Life	44,878	37,866	50	196	6,766	-	-	-	-
<i>Indirect non-Commercial Network</i>	23,704	-	-	-	-	-	-	-	23,704
Investment Banking	70,295	-	-	-	-	70,295	-	-	-
Insurance protection	49,512	49,242	20	36	75	-	-	-	139
Other fees and commissions	1,129,445	832,686	255,811	38,708	1,645	-	-	9	586
Fee and commission income	2,029,109	1,542,077	256,926	44,260	104,284	70,295	-	9	11,258
Fee and commission expense	(117,906)	(66,192)	(13,919)	(1,675)	(3,890)	(26,871)	-	(371)	(4,988)
Net fee and commission income	1,911,203	1,475,885	243,007	42,585	100,394	43,424	-	(362)	6,270

2020 Service type/Amounts	Total	Retail	Corporate	Institutional	Private	Investment Banking	Strategic Partnerships	Leases	Corporate Centre
Savings products	653,387	560,207	924	4,732	91,175	-	-	-	(3,651)
of which:									
<i>Indirect upfront - Network</i>	223,579	213,390	97	986	9,106	-	-	-	-
Administered	38,672	37,285	23	93	1,271	-	-	-	-
Portfolio management and funds	153,022	145,379	73	815	6,755	-	-	-	-
Life	31,885	30,726	1	78	1,080	-	-	-	-
<i>Indirect running - Network</i>	421,222	346,817	827	3,746	82,069	-	-	-	(12,237)
Administered	50,696	52,970	211	1,609	8,143	-	-	-	(12,237)
Portfolio management and funds	328,088	257,858	554	1,960	67,716	-	-	-	-
Life	42,438	35,989	62	177	6,210	-	-	-	-
<i>Indirect non-Commercial Network</i>	8,586	-	-	-	-	-	-	-	8,586
Investment Banking	73,730	-	-	-	-	83,013	-	-	(9,283)
Insurance protection	38,173	37,925	25	22	60	-	-	-	141
Other fees and commissions	1,019,341	749,822	219,251	35,030	2,395	-	-	11	12,832
Fee and commission income	1,784,631	1,347,954	220,200	39,784	93,630	83,013	-	11	39
Fee and commission expense	(120,821)	(54,341)	(5,365)	(258)	(3,922)	(41,362)	-	(990)	(14,582)
Net fee and commission income	1,663,810	1,293,613	214,835	39,526	89,708	41,651	-	(979)	(14,544)

The following tables provide the details of the item "Other fees and commissions" for 2021 and for the previous year, broken down by the type of service provided:

Other fees and commissions 2021	Group	Retail	Corporate	Institutional	Private	Investment Banking	Strategic Partnerships	Leases	Corporate Centre
Keeping and management of current accounts, Credit Availability Fee (CDC)	508,842	438,145	56,806	12,631	1,140	-	-	-	120
of which:									
Credit Availability Fee (CDC)	248,409	201,803	42,321	3,965	269	-	-	-	51
Keeping and management of current accounts	260,433	236,342	14,485	8,666	871	-	-	-	69
Commission on loans (including consumer credit) and unsecured loans Italy	218,406	70,531	133,407	8,599	76	-	-	-	5,793
of which:									
Commission on loans	132,607	17,855	107,243	7,143	7	-	-	-	359
Commission on unsecured loans	43,647	17,970	26,164	1,453	58	-	-	-	(1,998)
Consumer Credit	42,152	34,706	-	3	11	-	-	-	7,432
Abroad (including unsecured loans)	77,805	31,552	40,905	507	193	-	-	-	4,648
Collection and payment services, e-money	322,506	294,734	24,923	17,202	1,321	-	-	-	(15,674)
of which:									
Collection and payment services	167,853	134,717	18,640	12,163	684	-	-	-	1,649
E-money	154,653	160,017	6,283	5,039	637	-	-	-	(17,323)
Other services	1,886	(2,276)	(230)	(231)	(1,085)	-	-	9	5,699
of which:									
Commercial refunds	(5,108)	(3,056)	(493)	(236)	(1,085)	-	-	-	(238)
Other	6,994	780	263	5	-	-	-	9	5,937
Total other fees and commissions	1,129,445	832,686	255,811	38,708	1,645	-	-	9	586

Other fees and commissions 2020	Group	Retail	Corporate	Institutional	Private	Investment Banking	Strategic Partnerships	Leases	Corporate Centre
Keeping and management of current accounts, Credit Availability Fee (CDC)	466,001	399,419	55,235	10,525	1,120				(298)
of which:									
Credit Availability Fee (CDC)	264,865	214,557	45,897	4,023	299				89
Keeping and management of current accounts	201,136	184,862	9,338	6,502	821				(387)
Commission on loans (including consumer credit) and unsecured loans Italy	190,339	63,499	107,747	7,848	89				11,156
of which:									
Commission on loans	110,200	19,640	83,700	6,522	(5)				343
Commission on unsecured loans	43,645	17,092	24,047	1,323	83				1,100
Consumer Credit	36,494	26,767		3	11				9,713
Abroad (including unsecured loans)	60,100	23,330	30,907	607	155				5,101
Collection and payment services, e-money	296,511	263,083	25,269	16,046	1,026				(8,913)
of which:									
Collection and payment services	160,109	126,143	19,219	12,204	551				1,992
E-money	136,402	136,940	6,050	3,842	475				(10,905)
Other services	6,390	491	93	4	5			11	5,786
Total other fees and commissions	1,019,341	749,822	219,251	35,030	2,395	-	-	11	12,832

Segment results - balance sheet figures

	Total	Retail	Corporate	Institutional	Private	Investment Banking	Strategic Partnerships	Leases	Corporate Centre
31/12/2021									
Loans to customers:	127,674,398	61,625,508	30,171,846	6,488,818	428,751	1,963,699	-	1,367,926	25,627,850
• loans to customers	107,085,822	61,625,508	29,936,846	6,488,818	428,751	1,963,699	-	1,367,926	5,274,274
• debt securities	20,588,576	-	235,000	-	-	-	-	-	20,353,576
31/12/2020									
Loans to customers:	129,827,109	58,679,546	31,109,162	6,498,443	335,172	695,414	-	1,639,209	30,870,163
• loans to customers	107,018,483	58,679,546	30,952,448	6,498,443	335,172	694,825	-	1,639,209	8,218,840
• debt securities	22,808,626	-	156,714	-	-	589	-	-	22,651,323
31/12/2021									
Direct funding	120,213,016	81,426,305	10,125,501	10,915,228	2,771,365	956,547	-	4,507	14,013,563
31/12/2020									
Direct funding	116,936,669	76,407,106	11,471,081	9,945,329	2,796,089	980,502	-	6,669	15,329,893
31/12/2021									
Interests in associates and joint ventures	1,794,116	-	-	-	-	-	1,775,259	-	18,857
31/12/2020									
Interests in associates and joint ventures	1,664,772	-	-	-	-	-	1,647,043	-	17,729

Note that most of the activities and operating income are achieved in Italy, confirming the deep roots throughout the country, considered to be the main area of action of the Group. The weight of activities and operating income achieved abroad is significantly lower than the threshold of 5%.