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**Banca Popolare
di Sondrio**

FONDATA NEL 1871

IL GRUPPO BANCARIO AL CENTRO DELLE ALPI

FY 2023

Consolidated Preliminary Results Presentation

February 6th, 2024





- 1 BUSINESS AND FINANCIAL HIGHLIGHTS**
- 2 FY 2023 FINANCIAL RESULTS**
- 3 CEO'S FINAL REMARKS**
- 4 ANNEXES**



① BUSINESS AND FINANCIAL HIGHLIGHTS

FY 2023: EXCELLENT RESULTS ACROSS EVERY METRIC



NET RESULT

461.2 €M

(+83.5% YoY)

ROE

13.8%

(from 8% in FY 2022)

COST-INCOME

39.6%

(from 49.1% in FY 2022)

NET NPL RATIO

1.6%

(from 1.8% in FY 2022)

CET1 RATIO

15.4%

*(large buffer over 8.57%
2024 SREP requirement)*

LCR

188%

(from 161% in FY 2022)

FY 2023 MAIN TAKEAWAYS



FY 2023 KEY FIGURES

- NET RESULT EQUAL TO 461 €M (+83.5% Y/Y) - ROE EQUAL TO 13.8%
- DPS OF 0.56 € - UPWARD REVISION OF DIVIDEND PAYOUT TO 55% VS 50% ENVISAGED BY BUSINESS PLAN
- CORE REVENUE UP 26% Y/Y: 937 €M OF NII UP (+38% Y/Y); 403 €M OF NET FEES & COMMISSIONS UP (+6% Y/Y)
- LENDING STOCK GROWTH 4.4% Y/Y;
4.8 €BN OF NEW DISBURSEMENTS TO THE REAL ECONOMY



SOUND ASSET QUALITY

- ASSET QUALITY UNDER CONTROL, WITH DEFAULT RATIO AT 1.1%
- GROSS AND NET NPE RATIO AT 3.7% AND 1.6% RESPECTIVELY
- NPE COVERAGE AT 57.3%
- ANNUALISED COST OF RISK AT 0.65% (INCLUDING OVERLAYS NOW EQUAL TO AROUND 200 €M)



STRONG FUNDING AND LIQUIDITY PROFILE

- REGULATORY LIQUIDITY INDICATORS COMFORTABLY ABOVE REQUIREMENTS (LCR AT 188% AND NSFR AT 126%)
- “CORE” CUSTOMER FUNDING UP 1.9% Y/Y
- UNENCUMBERED ECB REFINANCEABLE ASSETS AROUND 7.3 €BN
- 2023 MEDIUM-LONG TERM FUNDING PLAN FULLY EXECUTED



ESG ACHIEVEMENTS

- PARTNERSHIP WITH THE UNITED NATIONS ENVIRONMENT PROGRAM (UNEP FI); MEMBERSHIP IN THE NET-ZERO BANKING ALLIANCE (NZBA) AND PRICIPLES FOR RESPONSIBLE BANKING (PRB)
- NEW GREEN BOND ISSUANCE
- NEW ESG BOND FRAMEWORK



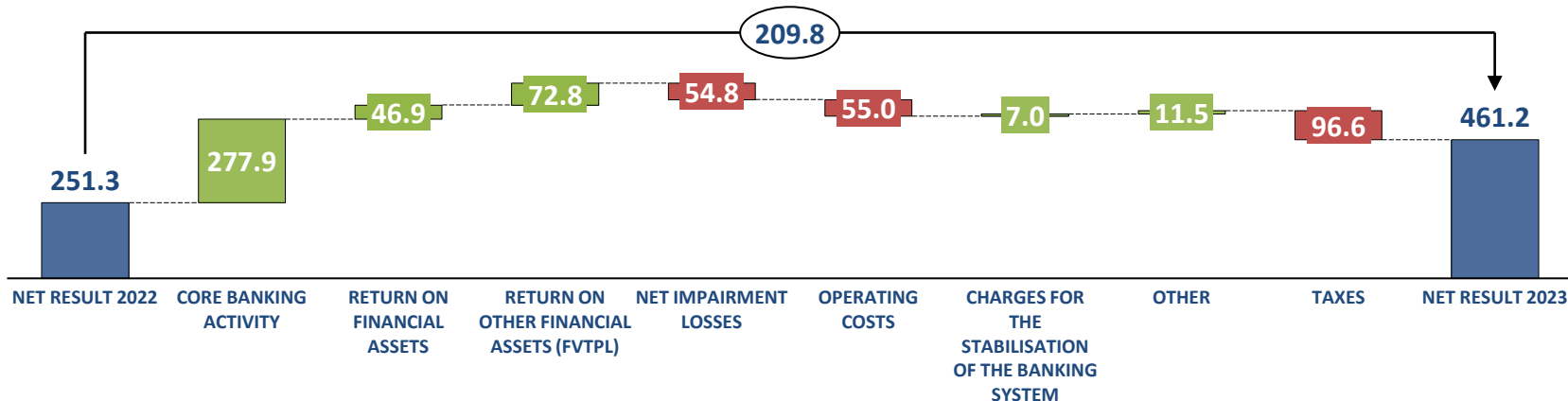
② FY 2023 FINANCIAL RESULTS

- P&L ANALYSIS
- FUNDING STRUCTURE
- CUSTOMER LOANS AND ASSET QUALITY
- FINANCIAL PORTFOLIO
- INDIRECT FUNDING
- CAPITAL EVOLUTION AND POSITION

STRONG INCREASE OF NII BOOSTS THE BOTTOM LINE



INCOME STATEMENT [1] € M	2022	2023	YoY	
	ACTUAL	ACTUAL	Δ € M	Δ%
CORE BANKING ACTIVITY	1,061.7	1,339.5	277.9	26.2%
ow Net interest income	681.1	937.0	255.9	37.6%
ow Net fee and commission income	380.6	402.6	22.0	5.8%
RETURN ON FINANCIAL ASSETS	76.0	123.0	46.9	61.7%
RETURN ON OTHER FINANCIAL ASSETS (FVTPL)	-67.6	5.2	72.8	-
TOTAL INCOME	1,070.1	1,467.7	397.6	37.2%
NET IMPAIRMENT LOSSES	-169.8	-224.5	-54.8	32.3%
OPERATING COSTS	-525.7	-580.7	-55.0	10.5%
CHARGES FOR THE STABILISATION OF THE BANKING SYSTEM	-45.9	-38.9	7.0	-15.3%
GROSS RESULT	353.9	660.3	306.4	86.6%
NET RESULT	251.3	461.2	209.8	83.5%



- ✓ CORE BANKING ACTIVITY +277.9 €M (+26.2% YoY) DRIVEN BY NII GROWTH (+37.6% YoY) AND SOLID FEES GROWTH (+5.8% YoY)
- ✓ TOTAL RETURN ON FINANCIAL ASSETS +46.9 €M YoY (+61.7%)
- ✓ TOTAL INCOME 2.5x OPERATING COSTS

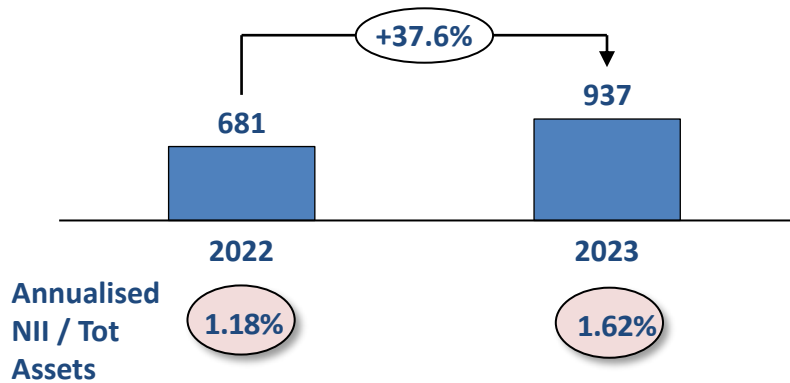
[1] Reclassified data, please see page 36 for details.

VERY POSITIVE NII EVOLUTION THROUGHOUT THE YEAR...

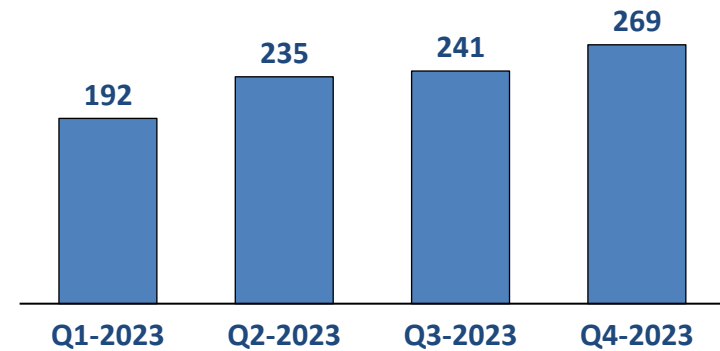


NET INTEREST INCOME EVOLUTION (€M)

Yearly Evolution

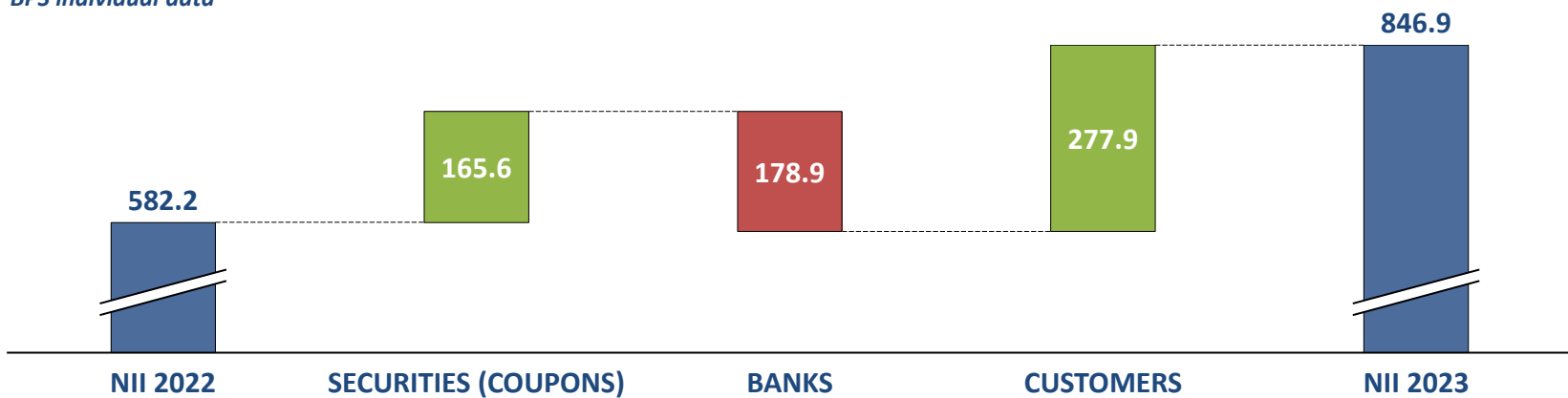


Quarterly Evolution



NII'S MOVING PARTS (€M)

BPS individual data



...LEVERAGING THE ACTIVITY WITH CUSTOMERS

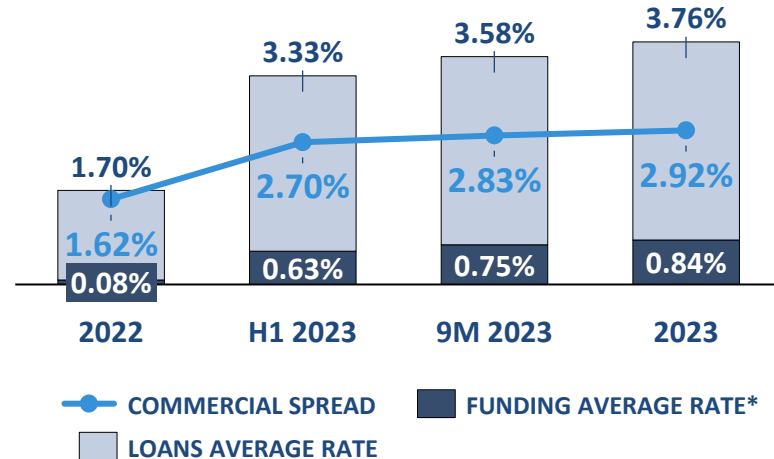


Management data

FY 2023 NII'S DRIVERS

- ✓ COMMERCIAL SPREAD OPENS UP FROM 1.62% AS OF 31 DECEMBER 2022 TO 2.92% AS OF 31 DECEMBER 2023 TOGETHER WITH A POSITIVE LOANS' AVERAGE VOLUME EFFECT
- ✓ FY 2023 OBSERVED DEPOSIT BETA AROUND 28%¹
- ✓ COUPON FLOWS OF PROPRIETARY PORTFOLIO MORE THAN DOUBLED (311 €M FROM 145 €M IN FY 2022)¹
- ✓ NET NEGATIVE IMPACT FOR ABOUT 128 €M OF INTERBANK FUNDING (vs +51 €M FY 2022) MAINLY REFERRED TO TLTRO III COMPONENT¹

COMMERCIAL SPREAD EVOLUTION



*Funding from institutional clients and private pension schemes is not considered.

2024 NII GUIDANCE

- ✓ EXPECTED 2024 NII SUBSTANTIALLY IN LINE WITH 2023 (ASSUMING ECB RATE CUTS STARTING IN H2 2024)
- ✓ 2024 NII SENSITIVITY = -6% EVERY 50 BP MONETARY POLICY'S RATE CUT IN ADDITION vs CURRENT ASSUMPTIONS

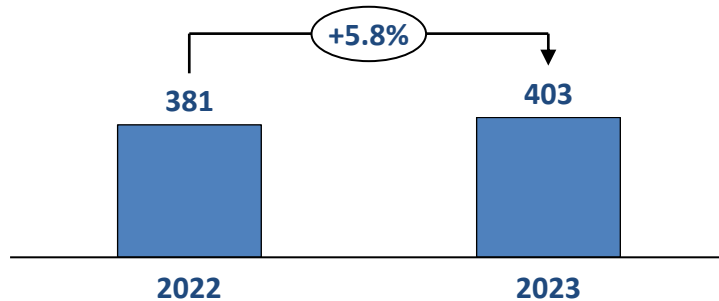
(1) BPS individual data as at 31/12/2023

REMARKABLE GROWTH OF NET FEES AND COMMISSIONS

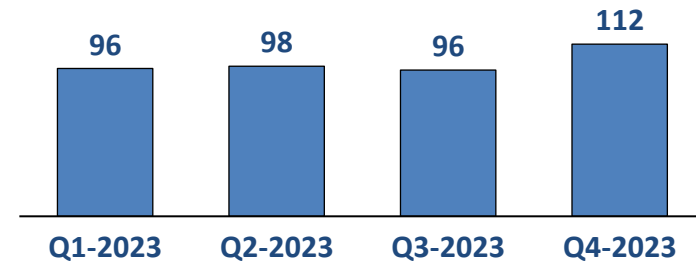


NET FEES (€M)

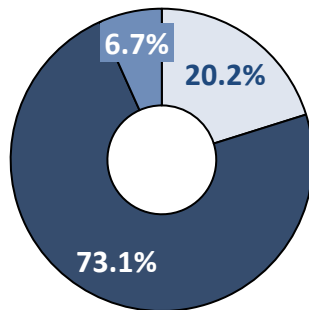
Yearly Evolution



Quarterly Evolution



2023 BREAKDOWN



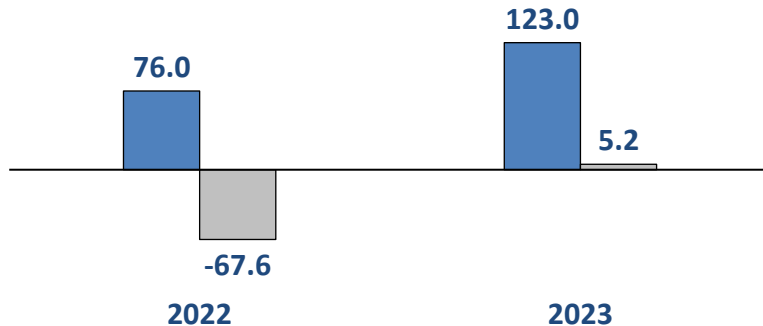
- ✓ STRONG INCREASE OF COMMISSIONS ACROSS EVERY BUSINESS AREA DESPITE THE CHALLENGING ENVIRONMENT
- ✓ REMARKABLE CONTRIBUTION FROM FEES RELATED TO:
 - ASSETS UNDER CUSTODY (+20.9%)
 - CUSTOMER LOANS (+9.1%)
 - BANCASSURANCE (+5.6%)

SOLID FINANCIAL ASSETS PERFORMANCE



BREAKDOWN OF RETURN ON FINANCIAL ASSETS (€M)

Yearly Evolution



- ✓ SIGNIFICANT GROWTH OF RETURN ON FINANCIAL ASSETS (123 €M vs 76 €M FY 2022)
- ✓ POSITIVE FVTPL MARK TO MARKET GAINS (+5 €M vs -67.6 €M FY 2022) THANKS TO THE POSITIVE CONTRIBUTION FROM FUNDS MANAGED BY THIRD PARTYS (WITH A REMAINING STOCK OF JUST 160 €M)

■ RETURN ON FINANCIAL ASSETS ■ NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

DETAILS OF FINANCIAL ASSETS PERFORMANCE

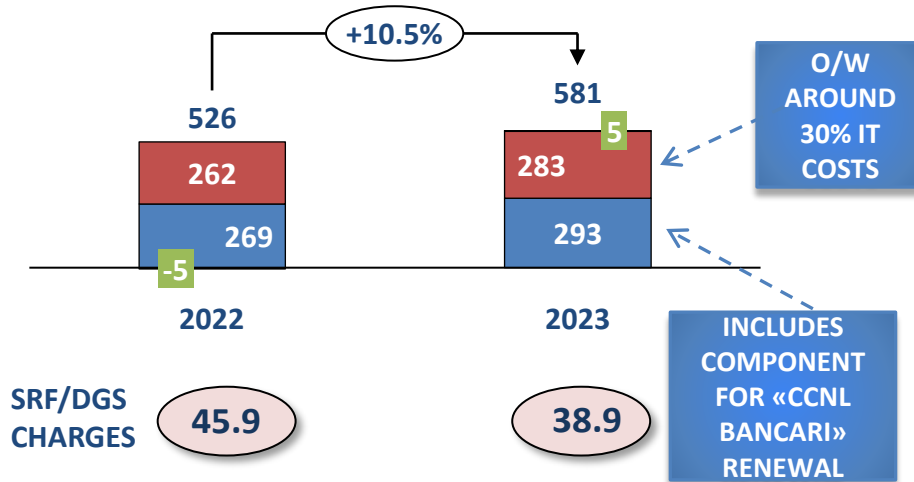
	2022	2023	YoY		Q3-2023	Q4-2023	QoQ	
			Δ € M	Δ%			Δ € M	Δ%
DIVIDENDS AND SIMILAR INCOME	6.5	7.7	1.2	18.4%	2.3	3.1	0.8	35.3%
NET TRADING INCOME	28.4	113.0	84.6	297.8%	21.4	36.6	15.2	71.2%
NET HEDGING INCOME	-0.2	-0.1	0.1	-58.0%	0.0	-0.1	-0.1	-
NET GAINS FROM SALES OR REPURCHASES	41.3	2.4	-38.9	-94.2%	0.1	-0.9	-1.1	-
RETURN ON FINANCIAL ASSETS	76.0	123.0	46.9	61.7%	23.8	38.7	14.9	62.5%
NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL	-67.6	5.2	72.8	-	-1.1	2.4	3.5	-
O/W LOANS	-10.5	-0.7	9.8	-93.5%	-0.7	-1.1	-0.4	53.8%
O/W OTHER (MAINLY FUNDS AND SICAV)	-57.1	5.9	63.0	-	-0.4	3.5	3.9	-
TOTAL	8.4	128.2	119.7	-	22.7	41.1	18.4	80.8%

BETTER COST-INCOME RATIO IN A STILL INFLATIONARY ENVIRONMENT...

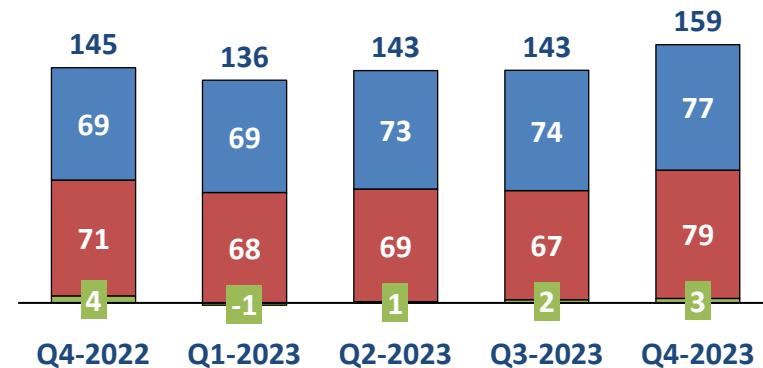


OPERATING COSTS¹ (€M)

Yearly Evolution

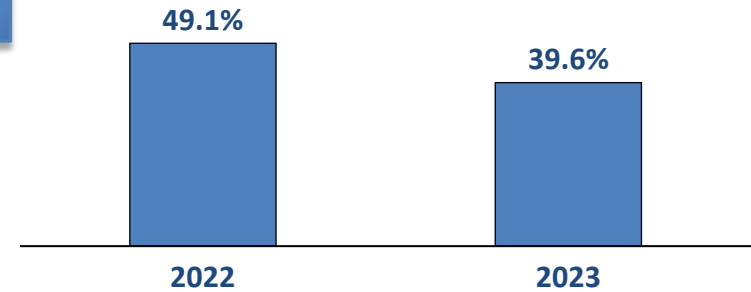


Quarterly Evolution

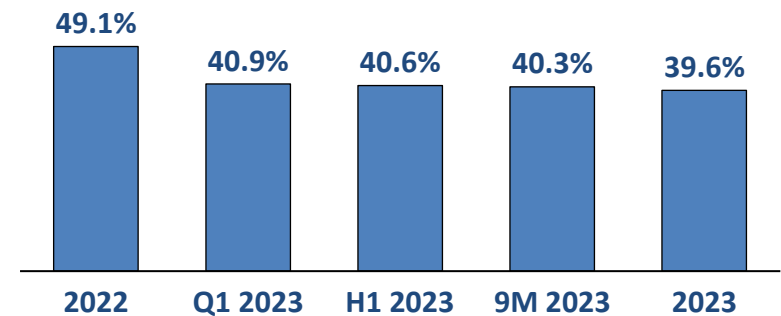


COST / INCOME RATIO (%)

Yearly Evolution



C/I Evolution



■ PERSONNEL EXPENSES
 ■ OTHER ADMINISTRATIVE EXPENSES
 ■ OTHER

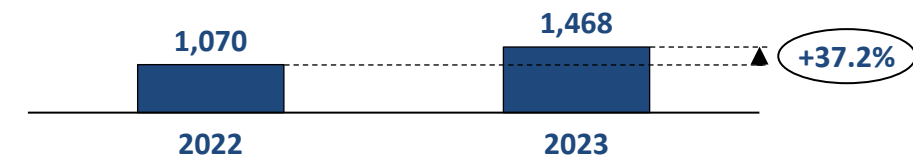
(1) Operating costs are considered net of System charges.

...ON THE BACK OF A STRONG OPERATING PERFORMANCE



GROSS INCOME (€M)

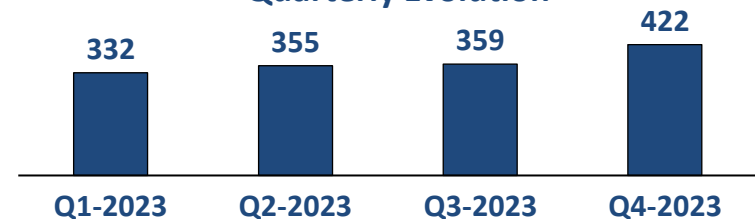
Yearly Evolution



Core Business⁽¹⁾ contribution



Quarterly Evolution

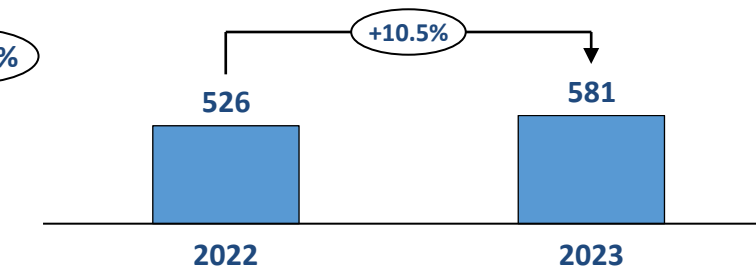


Core Business⁽¹⁾ contribution

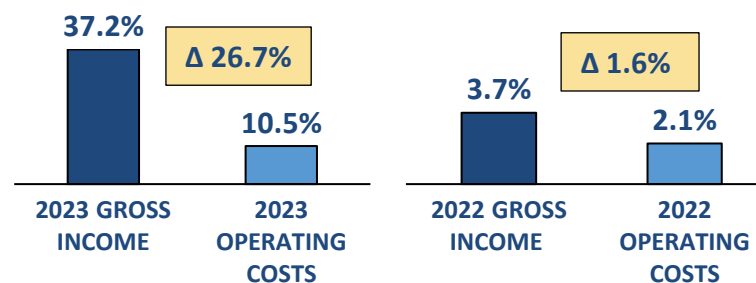


OPERATING COSTS (€M)

Yearly Evolution

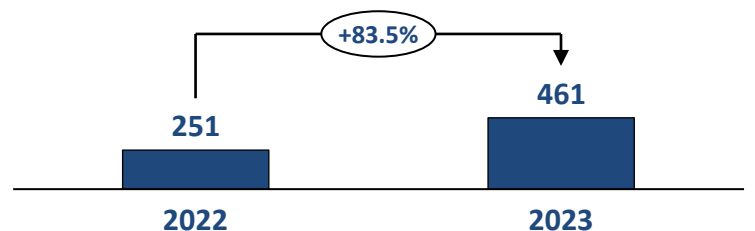


POSITIVE JAWS EVOLUTION (Δ% Y/Y)

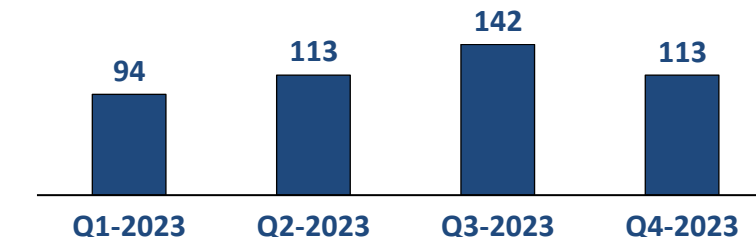


NET RESULT (€M)

Yearly Evolution



Quarterly Evolution



(1) Core business = NII+ NF&C

A DIVERSIFIED FUNDING STRUCTURE...



TOTAL FUNDING (€BN)

"CORE" DIRECT CUSTOMER FUNDING¹ (€BN)

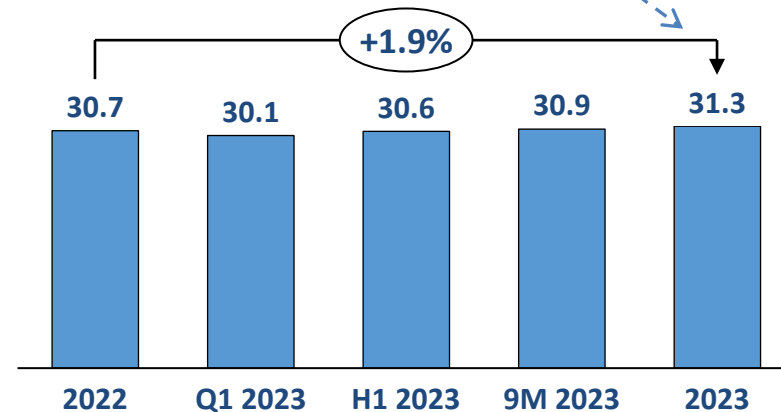
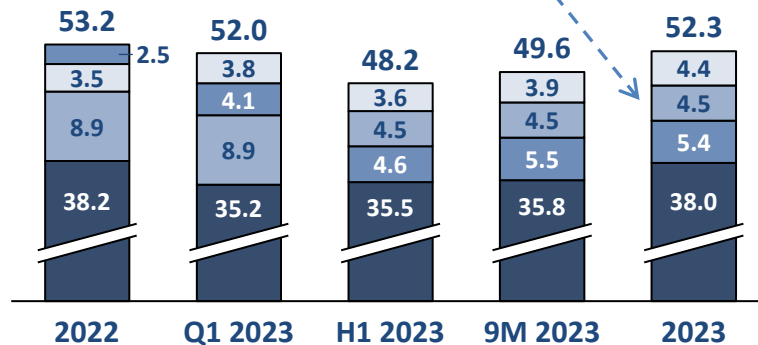
BONDS
 FUNDING FROM BANKS
 FUNDING FROM ECB
 FUNDING FROM CUSTOMERS

TLTRO III COMING DUE IN 2024:

806 €M (27/03/2024)

3.7 €BN (25/09/2024)

SOLID DEPOSITS BASE THANKS TO LONG-TERM RELATIONSHIPS WITH CUSTOMERS



✓ "CORE" DIRECT CUSTOMER FUNDING¹ EQUAL TO 31,275 €M SLIGHTLY UP COMPARED TO 30,704 €M AS OF 31/12/2022 (+1.9%); Q4 2023 vs Q3 2023 SHOWS A POSITIVE TREND (+1.2%), MAINLY THANKS TO A STRONG GROWTH OF TERM-DEPOSITS AND BONDS

✓ 2023 MEDIUM-LONG TERM FUNDING PLAN FULLY EXECUTED:

- 470 €M SENIOR PREFERRED BOND ISSUED WITH RETAIL INVESTORS;
- 150 €M PRIVATE PLACEMENT TO CASSA DEPOSITI E PRESTITI;
- 1 €BN PLACED WITH INSTITUTIONAL INVESTORS (O/W 500 €M GREEN SENIOR PREFERRED; 500 €M COVERED BOND)

(1) Net of repos and funding from institutional counterparties (management data).

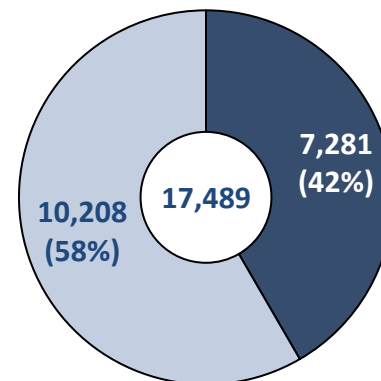
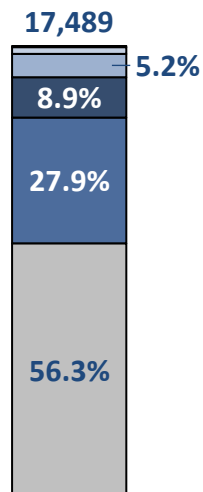
...WITH LIQUIDITY POSITION FURTHER STRENGTHENED



STOCK OF ELIGIBLE ASSETS (€M)

ELIGIBLE ASSETS AVAILABILITY (€M)

BPS individual management data

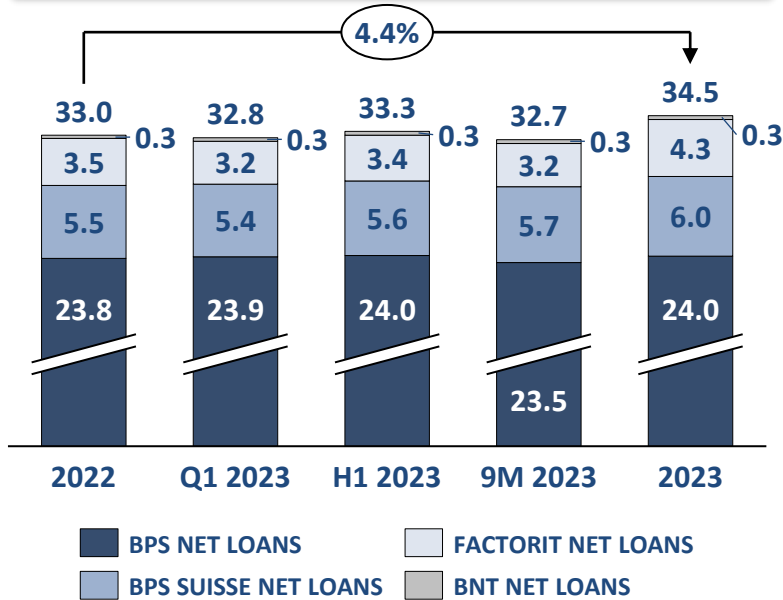


- ✓ THE LIQUIDITY INDICATORS REMAIN SIGNIFICANTLY ABOVE REGULATORY REQUIREMENTS (LCR AT 188% AND NSFR AT 126%) IN SPITE OF HALVING TLTRO III EXPOSURE AFTER THE OVER 4.3 €BN REPAYMENT AT THE END OF JUNE
- ✓ SUBSTANTIAL EXCESS LIQUIDITY AT ECB (4.5 €BN)
- ✓ AMPLE STOCK OF UNENCUMBERED ELIGIBLE ASSETS (7.3 €BN)
- ✓ RELEVANT COUNTERBALANCING CAPACITY (11.8 €BN)

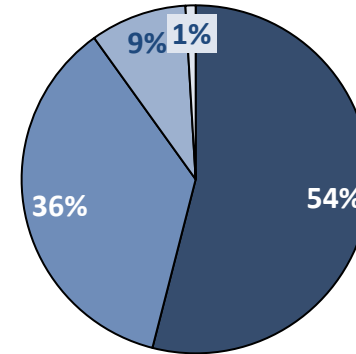
GROWTH OF LENDING ACTIVITY...



NET CUSTOMER LOANS (€BN)

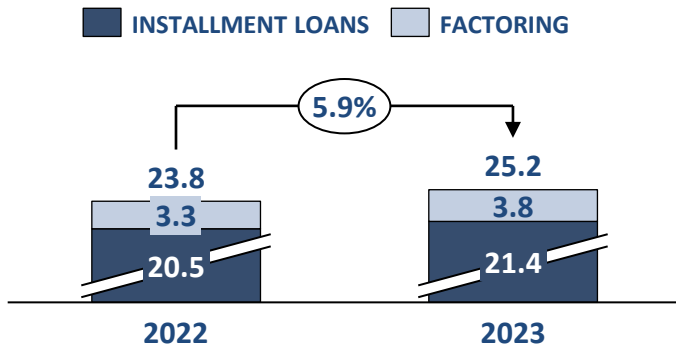


NET LOANS BY TYPE OF CUSTOMER FY 2023



■ CORPORATE & SME
 ■ HOUSEHOLDS
 ■ OTHER FINANCIAL INSTITUTIONS
 ■ PUBLIC ADMINISTRATIONS

INSTALLMENT LOANS AND FACTORING (€BN)



- ✓ INSTALLMENT LOANS AND FACTORING SHOWING POSITIVE INCREASE Y/Y
- ✓ AROUND 31% OF LOANS ARE RELATED TO BPS SUISSE, FACTORIT AND BNT
- ✓ INCIDENCE OF FLOATING-RATE LOANS AROUND 70%

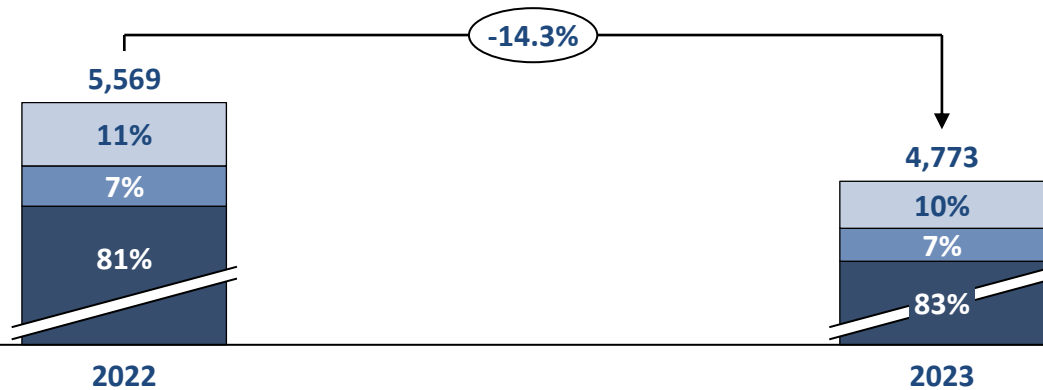
...WITH NEW LENDING EXCEEDING 2023 TARGETS



NEW DISBURSEMENTS (€M)

Yearly Evolution

■ BPS ■ FACTORIT ■ SUISSE



FOCUS ON INSTALLMENT LOANS

BPS individual management data (million)

INSTALLMENT LOANS NEW DISBURSEMENTS (€ M)	2022	2023
TOTAL	3,646	3,471
of which MORTGAGE LOANS	1,509	1,266
of which OTHER UNSECURED LOANS	2,015	2,084
of which PERSONAL LOANS	121	121

NEW LENDING AT
AVERAGE RATE OF
5.15% vs 2.42% FY 2022;
83% ARE FLOATING-RATE
LOANS

SOLID ASSET QUALITY...



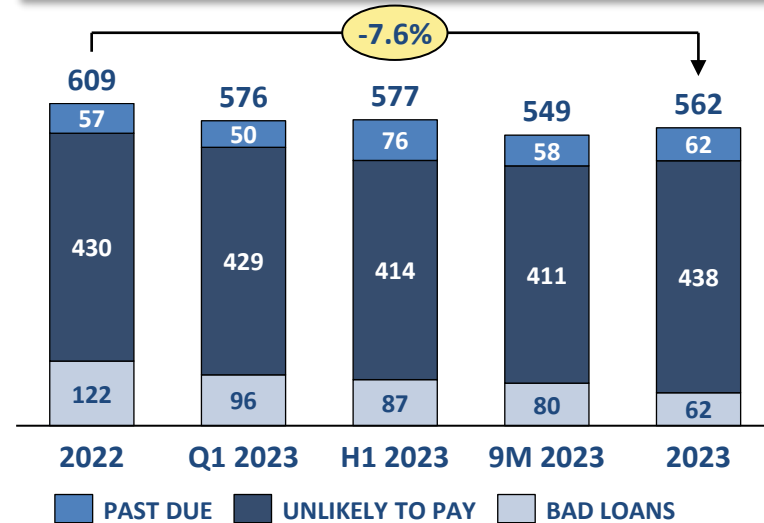
NPL MANAGEMENT

- ✓ DISPOSAL OF AROUND 225 €M OF NPLs (O/W 174 €M «LUZZATTI» MULTIORIGINATOR DEAL)
- ✓ GROSS NPL RATIO EQUAL TO 3.7% AND NET NPL RATIO EQUAL TO 1.6% (i.e. 562 €M of net exposure) AHEAD OF BUSINESS PLAN'S TARGETS
- ✓ COVERAGE OF NON PERFORMING LOANS AT HIGH LEVEL (ABOVE 57%)

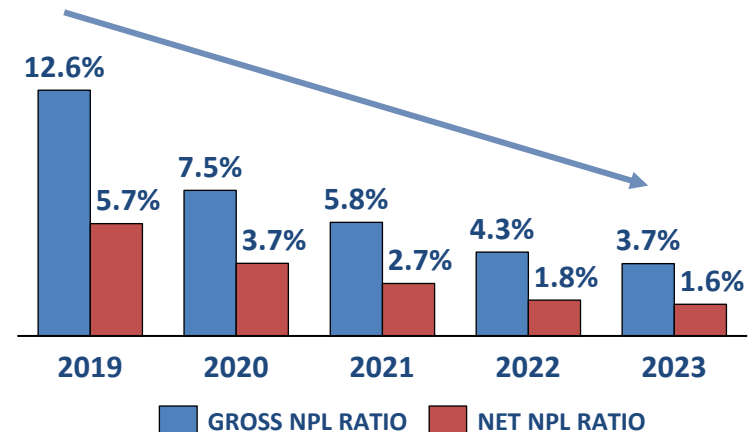
NPL COVERAGE (%)

	2022	2023
BAD LOANS	76.5%	82.1%
UTP	51.2%	51.0%
PAST DUE	7.8%	15.6%
TOTAL NPLs	58.3%	57.3%

NET NPL STOCK EVOLUTION (€M)



FIRM DERISKING COMMITMENT SINCE 2019



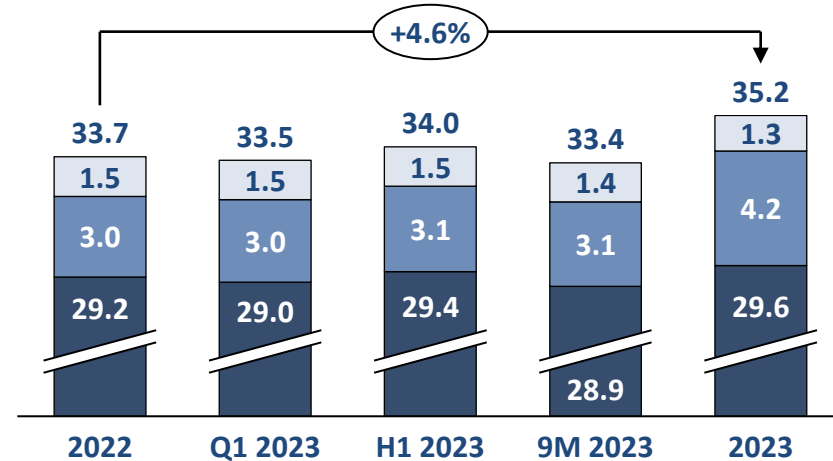
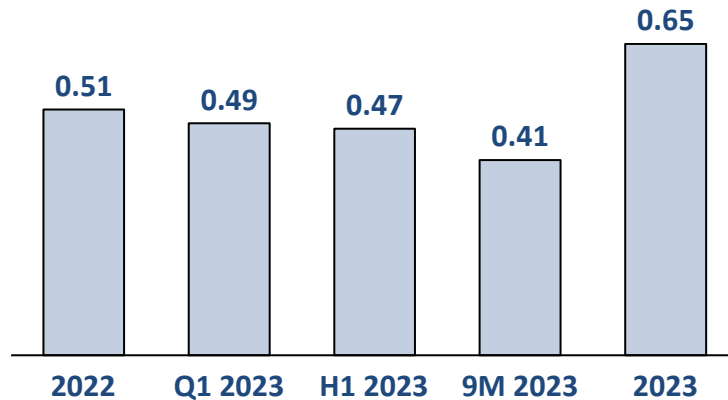
...WHILE COST OF RISK INCREASED ON THE BACK OF HIGHER COVERAGE OF PERFORMING EXPOSURES



EVOLUTION OF COST OF RISK (%)

FOCUS ON STAGING¹ (€BN)

Gross Customer Loans



LLP
(€M)



■ STAGE 1 ■ STAGE 2 ■ STAGE 3

KEY COMMENTS

- ✓ MAIN DRIVERS OF Q4 COST OF RISK: INCREASED COVERAGE OF THE PERFORMING PORTFOLIO BY ALIGNING WITH SYSTEM LEVELS
- ✓ OVERALL PERFORMING LOANS COVERAGE UP TO 0.73% FROM 0.45% AS OF YE 2022
- ✓ STAGE 2 LOANS COVERAGE UP TO 4.53% FROM 3.39% AS OF YE 2022 (70 €M OF ADDITIONAL PROVISIONS IN Q4)
- ✓ FURTHER INCREASE OF MANAGEMENT OVERLAYS NOW AT AROUND 200 €M

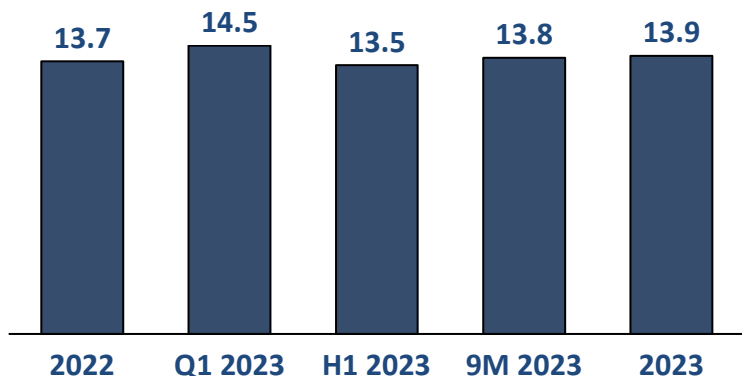
(1) Net of loans measured at fair value.

A PRUDENT PROPRIETARY PORTFOLIO...



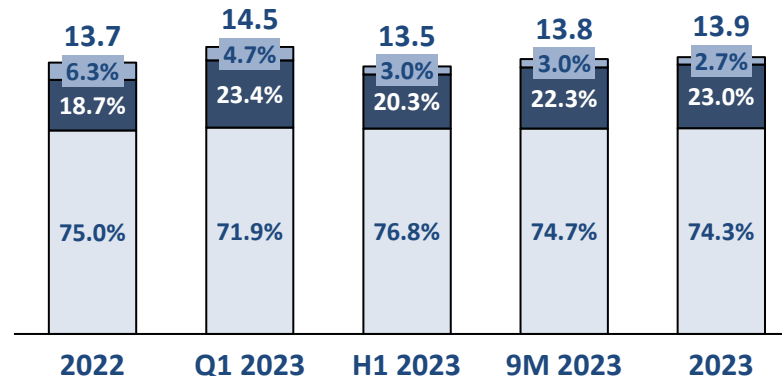
SECURITIES PORTFOLIO (€BN)

Quarterly Evolution



BREAKDOWN BY PORTFOLIO (%)

Held to collect (HTC)
 Held to collect and sell (HTCS)
 FVTPL



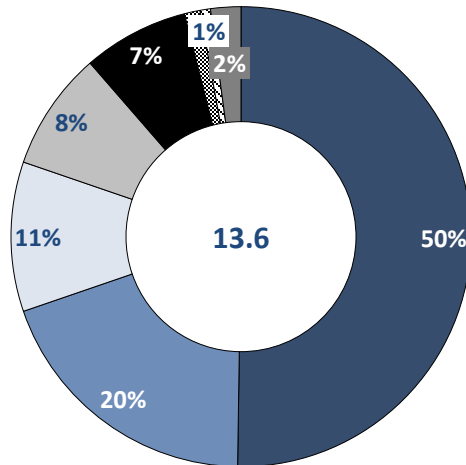
BREAKDOWN BY TYPE OF ASSETS (%)

€ BN	2022	Q1 2023	H1 2023	9M 2023	2023	% ON TOTAL
BONDS	12.8	13.7	13.0	13.4	13.5	97.1%
EQUITY	0.1	0.1	0.1	0.1	0.1	0.9%
OTHER (MAINLY FUNDS AND SICAV)	0.8	0.6	0.3	0.3	0.3	2.0%
TOTAL	13.7	14.5	13.5	13.8	13.9	100.0%

...WITH A WELL DIVERSIFIED FIXED-INCOME COMPONENT

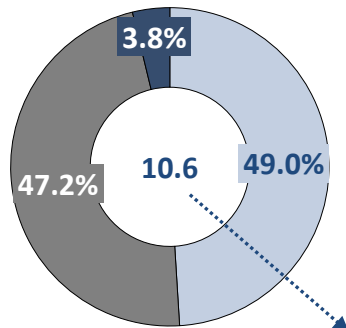


DEBT SECURITIES COMPONENT BREAKDOWN⁽¹⁾ – FY 2023



- ITALIAN GOV. BONDS
- BONDS (CORPORATES AND SUPRANATIONAL)
- SPANISH GOV. BONDS
- FRENCH GOV. BONDS
- GERMAN GOV. BONDS
- DUTCH GOV. BONDS
- AUSTRIAN GOV. BONDS
- FIXED INCOME MUTUAL FUNDS AND SICAV

GOVERNMENT BONDS⁽¹⁾: BREAKDOWN BY TYPE OF RATE – FY 2023



- FIXED RATE
- FLOATING RATE
- INFLATION-LINKED

«GOVIES»:
6.8 €BN (o/w FLOATING
RATE NOTES CCTs OF
AROUND 5 €BN)

KEY FEATURES OF THE BOND COMPONENT

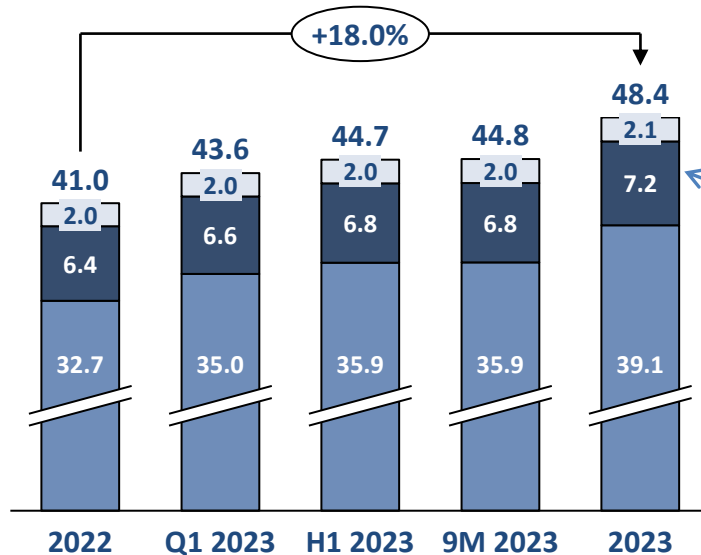
- ✓ SIGNIFICANT FLOATING-RATE COMPONENT STRONGLY CONTRIBUTING TO NII
- ✓ INCREASINGLY DIVERSIFIED PORTFOLIO WITH EXPOSURE TO GERMAN, SPANISH, FRENCH, DUTCH AND AUSTRIAN “GOVIES”
- ✓ INCIDENCE OF ITALIAN “GOVIES” <50% (OF TOTAL PORTFOLIO)
- ✓ YIELD TO MATURITY AROUND 4%; DURATION 3.4 Y; VOLATILITY 1.8

(1) BPS individual management data as at 31/12/2023

INDIRECT FUNDING: POSITIVE NEW INFLOWS OF ASSET UNDER MANAGEMENT AND BANCASSURANCE PRODUCTS

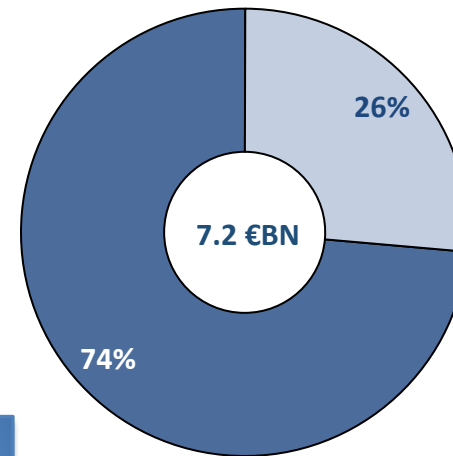


INDIRECT FUNDING (€BN)



DOUBLE-DIGIT GROWTH OF ASSETS UNDER MANAGEMENT (+12.4% Y/Y)

AUM BREAKDOWN (€BN)



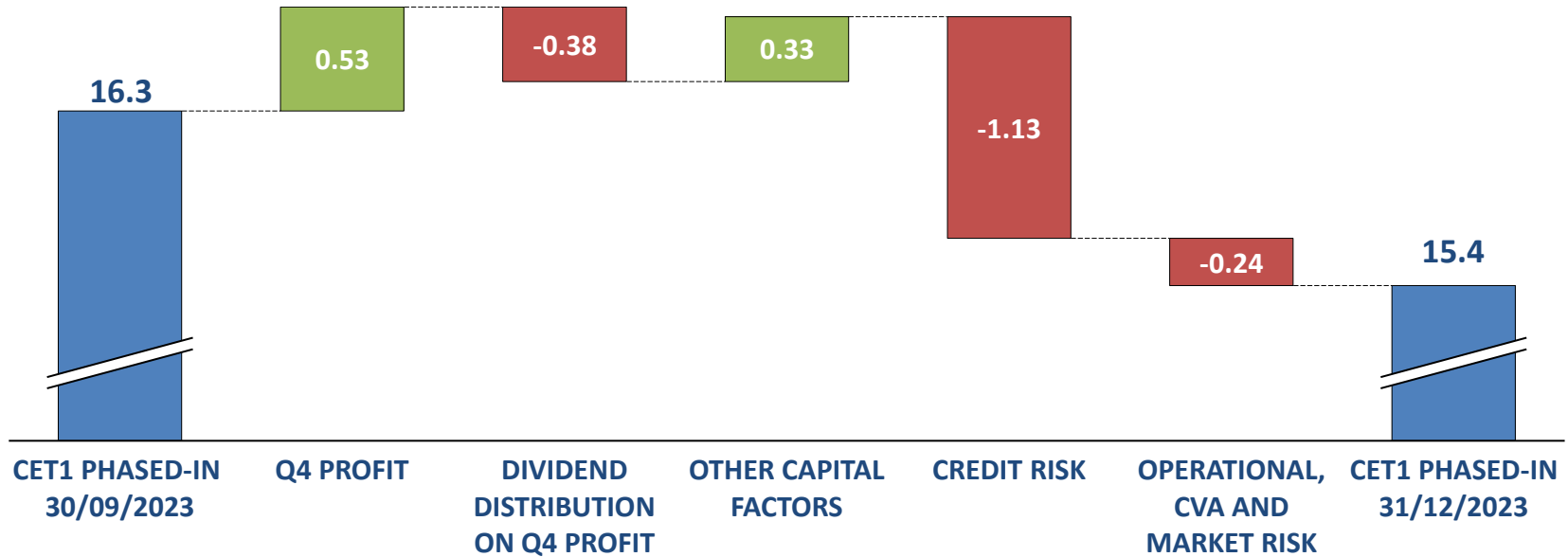
2023



POSITIVE COMMERCIAL EVOLUTION WITH:

- ✓ NET NEW INFLOWS FOR ASSET UNDER MANAGEMENT PRODUCTS OF AROUND 440 €M
- ✓ BANCASSURANCE BUSINESS WITH NEW INFLOWS OF OVER 60 €M

CET1 RATIO Q/Q EVOLUTION...



✓ STRONG LENDING GROWTH IN Q4 EXPLAINS THE INCREASE OF CREDIT RWA

✓ AROUND 254 €M OF IMPLIED DIVIDEND ACCRUED IN 2023
(ASSUMING A 55% PAYOUT RATIO)

...REAFFIRMING THE SOLID CAPITAL POSITION



CET 1 RATIO [Phased-in]

15.4%

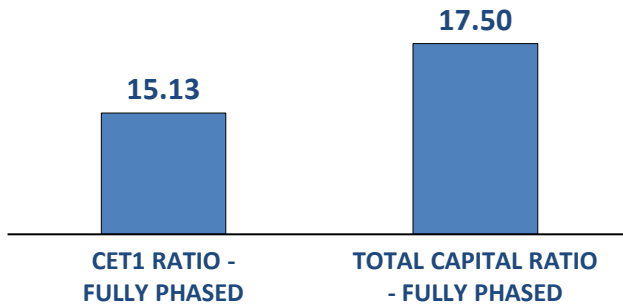
LEVERAGE RATIO [Phased-in]

5.5%

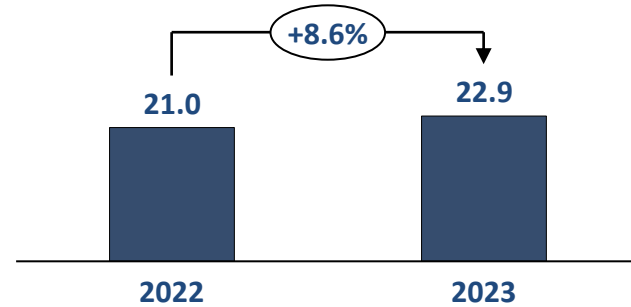
TEXAS RATIO

15%

CET 1 RATIO & TOTAL CAPITAL RATIO (%)

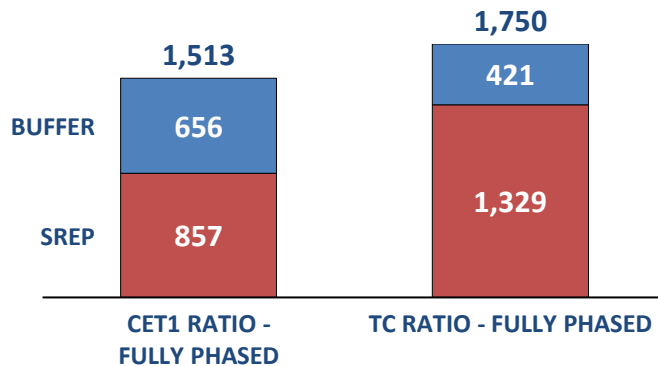


RWA (€BN)



BUFFER OVER 2024 SREP REQUIREMENTS

bps



2024 SREP REQUIREMENTS

TOTAL CAPITAL RATIO 13.29%

CET1 RATIO 8.57%

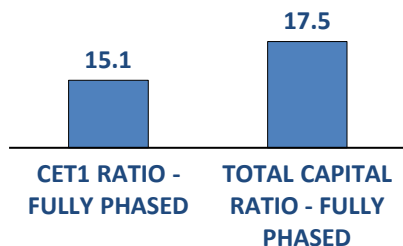
(1) Net of usage in place of AT1 instruments and to a very limited extent T2 instruments.

THE EXCELLENT FY 2023 RESULTS POSITIVELY REFLECTED ACROSS ALL THE MAIN KPIs

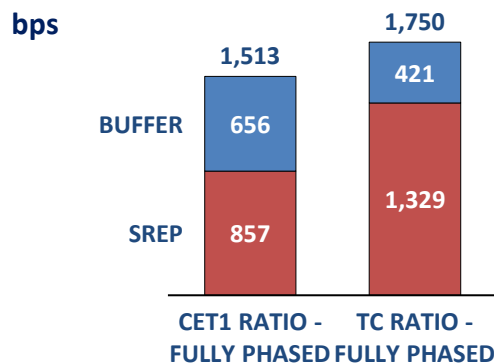


SOLID CAPITAL POSITION

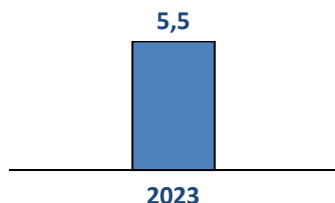
CET1 RATIO & TOTAL CAPITAL RATIO (%)



BUFFER OVER 2024 SREP REQUIREMENTS

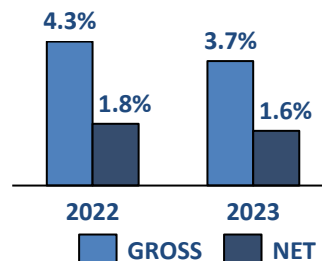


LEVERAGE RATIO (FULLY-PHASED)

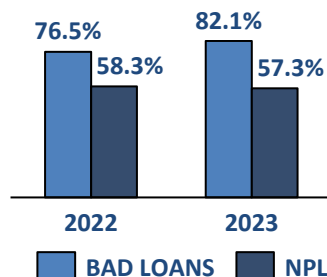


SOUND ASSET QUALITY

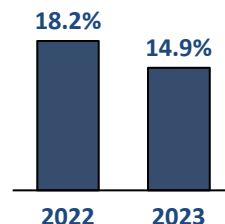
NPL RATIOS



COVERAGE RATIOS



TEXAS RATIO¹



AMPLE LIQUIDITY

LCR

188%

NSFR

126%

UNENCUMBERED ELIGIBLE ASSETS €BN

7.3

LOANS / DEPOSITS

90.9%

MREL-TREA²

29.2%

(1) Net NPLs/(net equity-intangible assets) | (2) «MREL-TREA»: Minimum Requirement for own funds and Eligible Liabilities - Total Risk Exposure Amount. Minimum required ratio = 22.8% and 25.3% with CBR.



3 CEO'S FINAL REMARKS



THE 2023 FY RECORD RESULTS LAY THE FOUNDATION TO REPEAT ALSO IN 2024 A VERY STRONG OPERATING PERFORMANCE



KEEPING NII SUBSTANTIALLY IN LINE WITH 2023 (ASSUMING MODERATELY LOWER MARKET INTEREST RATES; DEPOSIT PASS-THROUGH UNDER CONTROL AND A POSITIVE CONTRIBUTION FROM VOLUME EFFECT)



CONSOLIDATING THE NET FEES AND COMMISSION COMPONENT THANKS TO A STRONGER PRODUCTS PLACEMENT IN WEALTH MANAGEMENT AND BANCASSURANCE AND TO THE CONTRIBUTION OF BPS SERVICES OF EXCELLENCE (e.g. SUPPORT TO EXPORT-ORIENTED COMPANIES; ACTIVITIES DEDICATED TO PUBLIC ENTITIES AND PRIVATE PENSION SCHEMES)



④ ANNEXES

MORE THAN 150 YEARS OF SUCCESSFUL GROWTH...



FOUNDATION AS
ONE OF THE FIRST
ITALIAN
COOPERATIVE
BANKS

1871

ESTABLISHED BPS
SUISSE AND THE
BPS BANKING
GROUP

1995

ENTRY AS A
SIGNIFICANT BANK
IN THE ECB'S SSM

2014

TRANSFORMATION
INTO JOINT-STOCK
COMPANY

2021

1991

LISTING ON THE
"RISTRETTO"
MARKET OF THE
MILAN STOCK
EXCHANGE

2010

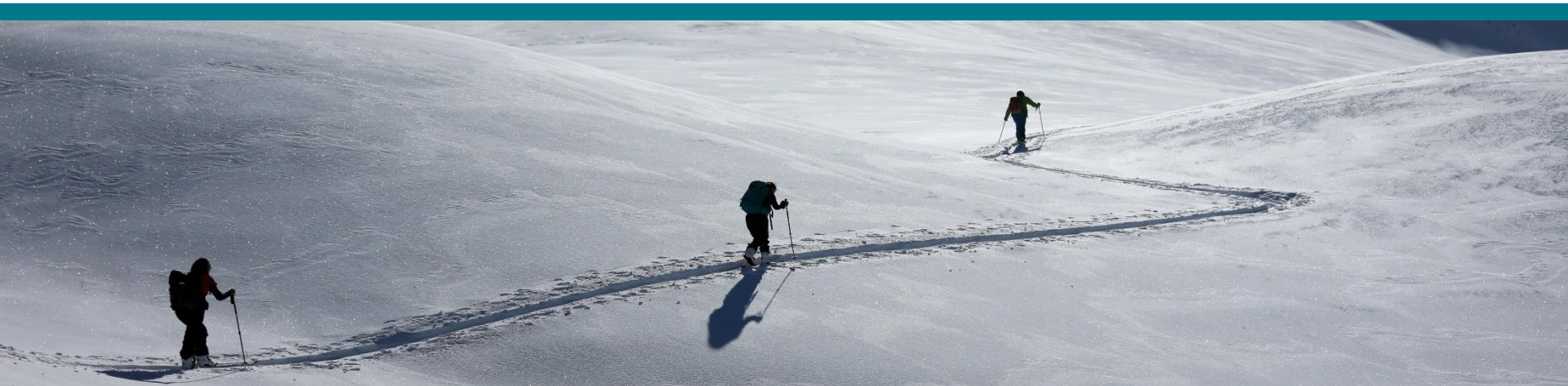
ACQUISITION OF
THE CONTROLLING
STAKE OF
FACTORIT

2017

FULL ACQUISITION
OF BNT BANK

2022

FULL ACQUISITION
OF FACTORIT



...WITH THE INTEGRATION OF SUSTAINABILITY INTO THE GROUP'S STRATEGY, PROCESSES AND GOVERNANCE



GOALS ACHIEVED IN 2023



ESG Governance

- ✓ STRENGTHENING OF **ESG GOVERNANCE**
- ✓ **ESG TRAINING** FOR ALL GROUP PERSONNEL
- ✓ **ESG COMPLIANCE PROGRAMME**
- ✓ INTEGRATION OF ESG FACTORS INTO **REMUNERATION POLICIES**
- ✓ **INTERNAL BEHAVIOURAL GUIDELINES** FOR THE REDUCTION OF ENVIRONMENTAL IMPACTS
- ✓ STRENGTHENING **ESG CONTROLS OF II AND III LEVEL**



International initiatives and ESG ratings

- ✓ INTENSIFICATION OF THE **DIALOGUE WITH PROVIDERS**
- ✓ IMPROVEMENT OF SOME **ESG RATINGS**
- ✓ SUPPORT TO **TCFD**
- ✓ JOINING **VALORE D**
- ✓ JOINING **UN PRB AND NET-ZERO BANKING ALLIANCE**



Business policies and strategies

- ✓ **ESG CREDIT POLICY**
- ✓ **INTEGRATED RISK MANAGEMENT**
- ✓ FIRST SET OF **PORTFOLIO CO2 REDUCTION TARGET**
- ✓ DEFINITION OF **COUNTERPARTY C&E SCORES**
- ✓ OWN FUNDS: 10% **BOND SEGMENT IN ESG INSTRUMENTS**
- ✓ **ESG INVESTMENT POLICY** DEFINITION



Products and services

- ✓ EXPANSION OF **ESG ASSET MANAGEMENT LINES**
- ✓ INTEGRATION OF ESG TOPICS INTO **MIFID II QUESTIONNAIRE**
- ✓ NEW **GREEN BOND ISSUANCE**
- ✓ NEW **ESG BOND FRAMEWORK**
- ✓ DEVELOPMENT OF **NEW GREEN LOANS**



Reporting and communication

- ✓ IMPROVEMENT OF ANALYSES CONCERNING **INDIRECT EMISSIONS (SCOPE 3)**
- ✓ INTEGRATION OF THE NFS WITH THE **TCFD RECOMMENDATIONS**
- ✓ EVOLUTION OF DNF CONTENT UNDER THE **CSRD AND NEW REPORTING STANDARDS**

GEOGRAPHICAL DISTRIBUTION



Banca Popolare di Sondrio FOUNDED IN 1871

486 POINTS OF SALES:

- 356 BRANCHES
- 130 «TESORERIE» (LIGHT BRANCHES)

WITH A PRESENCE IN:

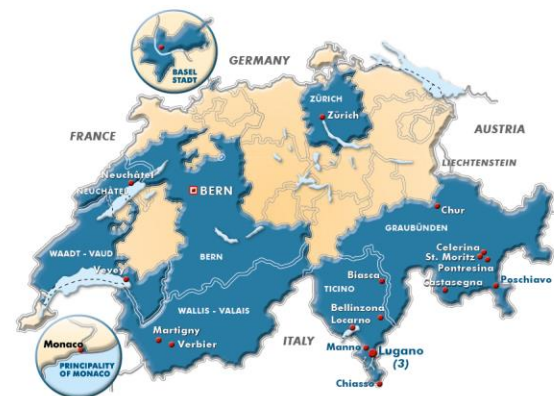
- 36 PROVINCES
- 10 REGIONS



BANKING GROUP'S EMPLOYEES: 3,580

Number of branches in the region

NOTE: Company's data as of 31/12/2023



BPS (SUISSE)

Banca Popolare di Sondrio (SUISSE)

OPERATING IN THE SWISS TERRITORY IT HAS 20 OFFICES IN 8 CANTONS, AS WELL AS THE REPRESENTATIVE OFFICE IN VERBIER, THE DIRECT BANKING VIRTUAL BRANCH IN LUGANO AND THE MONACO BRANCH OUTSIDE SWITZERLAND IN THE PRINCIPALITY OF THE SAME NAME

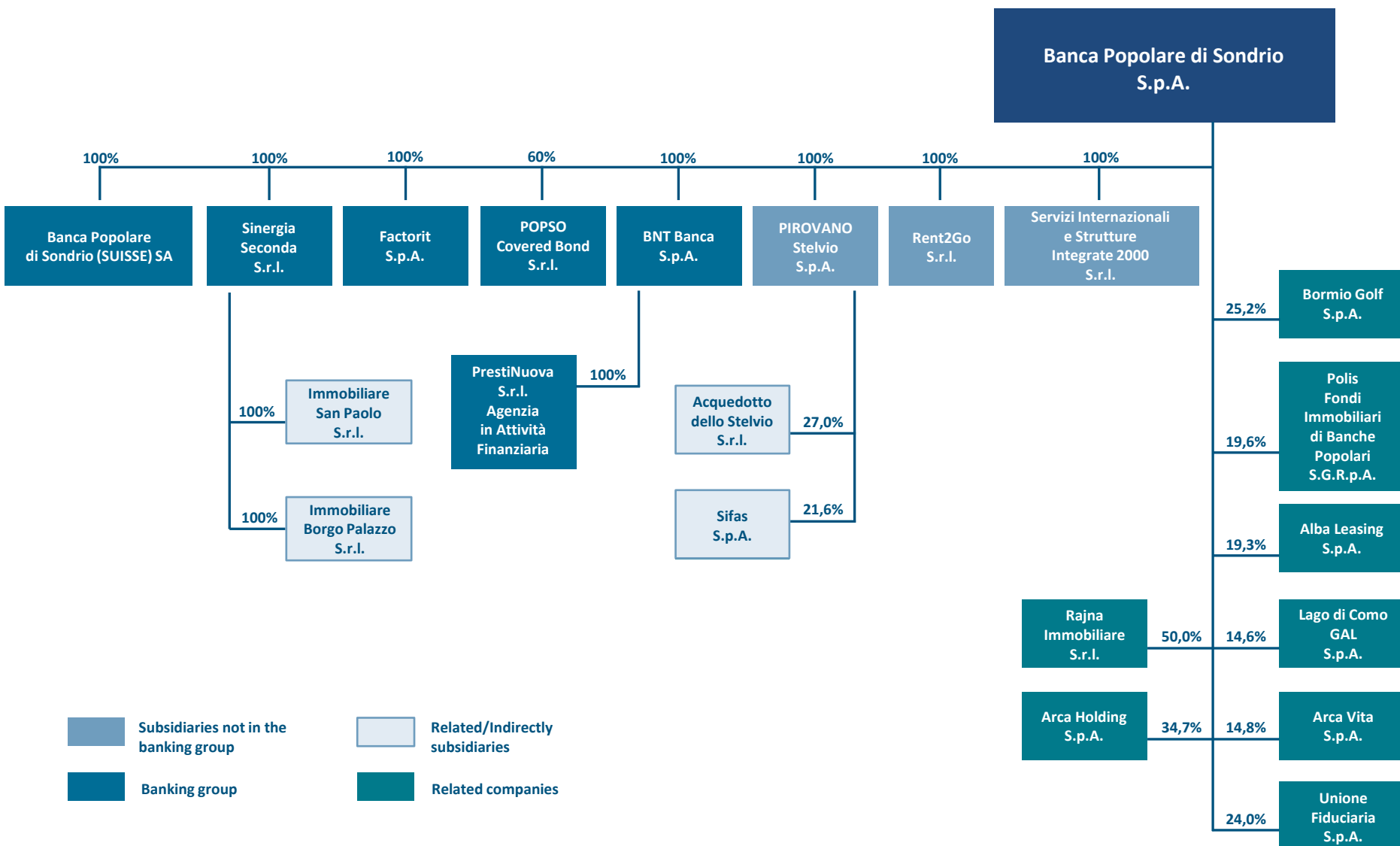
Factorit

6 branches offices in • MILANO • TORINO • PADOVA • BOLOGNA • ROMA • PALERMO and a network of foreign correspondents in over 90 countries. Operating at Banca Popolare di Sondrio's branches and at its partner banks' counters.

BNT BANCA
Banca della Nuova Terra

Offices in • MILANO • PALERMO • CATANIA • CALTANISSETTA • PRATO
Operating at Banca Popolare di Sondrio's branches and at its partner banks' counters.

GROUP STRUCTURE



FINANCIAL STATEMENT: BALANCE SHEET ASSETS



THOUSANDS OF EUROS

ASSETS		31/12/2023	31/12/2022
10.	CASH AND CASH EQUIVALENTS	4,546,559	6,990,689
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	690,970	1,254,070
	a) financial assets held for trading	150,073	179,665
	c) financial assets mandatorily at fair value through profit or loss	540,897	1,074,405
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	3,212,616	2,555,705
40.	FINANCIAL ASSETS AT AMORTISED COST	45,530,807	43,870,637
	a) loans and receivables with banks	2,122,051	1,865,249
	b) loans and receivables with customers	43,408,756	42,005,388
50.	HEDGING DERIVATIVES	1	248
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)	1,775	(198)
70.	EQUITY INVESTMENTS	376,357	322,632
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	677,074	650,908
100.	INTANGIBLE ASSETS	37,756	36,669
	of which:		
	- goodwill	16,997	16,997
110.	TAX ASSETS	260,813	342,647
	a) current	1,375	17,654
	b) deferred	259,438	324,993
130.	OTHER ASSETS	2,387,037	1,830,354
TOTAL ASSETS		57,721,765	57,854,361

FINANCIAL STATEMENT: BALANCE SHEET LIABILITY & EQUITY



THOUSANDS OF EUROS

LIABILITY AND EQUITY		31/12/2023	31/12/2022
10.	FINANCIAL LIABILITIES AT AMORTISED COST	52,310,486	53,152,710
	a) due to banks	9,917,675	11,381,703
	b) due to customers	37,916,301	38,122,246
	c) securities issued	4,476,510	3,648,761
20.	FINANCIAL LIABILITIES HELD FOR TRADING	69,577	115,871
40.	HEDGING DERIVATIVES	1,924	227
60.	TAX LIABILITIES	71,354	32,359
	a) current	41,999	3,160
	b) deferred	29,355	29,199
80.	OTHER LIABILITIES	1,062,057	834,629
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS	33,459	35,597
100.	PROVISIONS FOR RISKS AND CHARGES:	363,620	295,528
	a) loans commitments and	96,237	63,204
	b) pensions and similar	178,950	167,827
	c) other provisions	88,433	64,497
120.	VALUATION RESERVES	(16,222)	(68,086)
150.	RESERVES	1,950,646	1,790,468
160.	SHARE PREMIUM	78,949	78,978
170.	SHARE CAPITAL	1,360,157	1,360,157
180.	TREASURY SHARES (-)	(25,418)	(25,402)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	14	4
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)	461,162	251,321
TOTAL LIABILITIES AND EQUITY		57,721,765	57,854,361

FINANCIAL STATEMENT: INCOME STATEMENT



THOUSANDS OF EUROS

ITEMS	31/12/2023	31/12/2022
10. INTEREST AND SIMILAR INCOME	1,812,025	834,558
of which: interest calculated using the effective interest method	1,795,686	824,601
20. INTEREST AND SIMILAR EXPENSE	(875,070)	(153,491)
30. NET INTEREST INCOME	936,955	681,067
40. FEE AND COMMISSION INCOME	423,567	401,174
50. FEE AND COMMISSION EXPENSE	(21,007)	(20,584)
60. NET FEE AND COMMISSION INCOME	402,560	380,590
70. DIVIDENDS AND SIMILAR INCOME	7,652	6,464
80. NET TRADING INCOME	112,981	28,404
90. NET HEDGING INCOME	(76)	(181)
100. NET GAINS FROM SALES OR REPURCHASES OF:	6,565	40,825
a) financial assets at amortized cost	7,644	28,972
b) financial assets at fair value through other comprehensive income	(1,166)	11,848
c) financial liabilities	87	5
110. NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	5,208	(67,588)
b) other financial assets mandatorily measured at fair value	5,208	(67,588)
120. TOTAL INCOME	1,471,845	1,069,581
130. NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:	(202,267)	(152,865)
a) financial assets at amortized cost	(202,614)	(152,505)
b) financial assets at fair value through other comprehensive income	347	(360)
140. NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION	6,550	3,565
150. NET FINANCIAL INCOME	1,276,128	920,281
180. NET FINANCIAL INCOME AND INSURANCE INCOME	1,276,128	920,281
190. ADMINISTRATIVE EXPENSES:	(622,158)	(580,243)
a) personnel expenses	(300,268)	(272,331)
b) other administrative expenses	(321,890)	(307,912)
200. NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	(59,470)	(34,225)
a) commitments for guarantees given	(32,982)	(19,937)
b) other net provisions	(26,488)	(14,288)
210. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(58,836)	(45,268)
220. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(18,647)	(17,212)
230. OTHER NET OPERATING INCOME	101,562	85,379
240. OPERATING COSTS	(652,549)	(591,569)
250. SHARE OF PROFITS OF INVESTEEES	38,524	27,768
260. NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED	(2,288)	(2,762)
280. NET GAINS ON SALES OF INVESTMENTS	469	172
290. PRE-TAX PROFIT FROM CONTINUING OPERATIONS	660,284	353,890
300. TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS	(199,122)	(102,569)
310. POST-TAX PROFIT FROM CONTINUING OPERATIONS	461,162	251,321
330. NET PROFIT (LOSS) FOR THE PERIOD	461,162	251,321
340. NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS	-	-
350. NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK	461,162	251,321
EARNINGS (LOSS) PER SHARE	1.017	0.554
DILUTED EARNINGS (LOSSES) PER SHARE	1.017	0.554

FINANCIAL STATEMENT: RECLASSIFIED P&L



(in thousands of euro)	31/12/2023	31/12/2022	(+/-)	% change
Net interest income	936,955	681,067	255,888	37.57
Dividends and similar income	7,652	6,464	1,188	18.38
Net fee and commission income	402,560	380,590	21,970	5.77
Net gains on financial assets [a]	115,313	69,565	45,748	65.76
Result of other financial assets at FVTPL [b]	5,208	-67,588	72,796	n.s.
of which Loans	-682	-10,460	9,778	n.s.
of which Other	5,890	-57,128	63,018	n.s.
Total income	1,467,688	1,070,098	397,590	37.15
Net impairment losses [c]	-224,542	-169,754	-54,788	32.27
Net financial income	1,243,146	900,344	342,802	38.07
Personnel expenses [d]	-293,042	-269,146	-23,896	8.88
Other administrative expenses [e]	-283,016	-262,003	-21,013	8.02
Other net operating income [d]	94,336	82,194	12,142	14.77
Net accruals to provisions for risks and charges [f]	-26,488	-14,288	-12,200	85.39
Depreciation and amortisation on tangible and intangible assets	-72,483	-62,480	-10,003	16.01
Operating costs	-580,693	-525,723	-54,970	10.46
Operating result	662,453	374,621	287,832	76.83
Charges for the stabilization of the banking System [e]	-38,874	-45,909	7,035	-15.32
Share of profits of investees and net gains on sales of investments	36,705	25,178	11,527	n.s.
Pre-tax profit from continuing operations	660,284	353,890	306,394	86.58
Income taxes	-199,122	-102,569	-96,553	n.s.
Net profit (loss) for the period	461,162	251,321	209,841	83.50
Net (profit) loss of the period attributable to minority interests	0	0	0	n.s.
Net profit (loss) for the period attributable to the owners of Parent bank	461,162	251,321	209,841	83.50

Notes:

[a] The result of financial activities is made up of the sum of items 80-90-100 in the income statement.

[b] The result of other financial assets at FVTPL consists of item 110 in the income statement.

[c] Net impairment losses is made up of the sum of items 130 - 140 - 200 a) in the income statement. Reclassified gains related to NPL disposals for 4,157 € million initially included in item gains/losses on financial assets valued at amortized cost showing them among net impairment losses.

[d] Reclassified personnel expenses and other operating income by netting them off against the proceeds of the retirement employees fund for 7,226 € million;

[e] Charges for the stabilization of the banking Systems were separated from other administrative expenses;

[f] Net accruals to provisions for risks and charges consists of item 200 b) in the income statement.

FINANCIAL STATEMENT: RECLASSIFIED P&L QUARTERLY EVOLUTION



(in million of euro)	Q4 - 2023	Q3 - 2023	Q2 - 2023	Q1 - 2023	Q4 - 2022
Net interest income	268.5	241.1	235.3	192.0	203.8
Dividends and similar income	3.1	2.3	1.6	0.7	0.4
Net fee and commission income	112.5	95.6	98.1	96.5	104.2
Net gains on financial assets [a]	35.6	21.6	28.3	29.8	24.2
Result of other financial assets at FVTPL [b]	2.4	-1.1	-8.8	12.7	6.6
of which Loans	-1.1	-0.7	-1.8	2.9	4.7
of which Other	3.5	-0.4	-7.0	9.8	1.9
Total income	422.1	359.4	354.5	331.7	339.2
Net impairment losses [c]	-124.4	-21.2	-39.1	-39.8	-65.9
Net financial income	297.7	338.2	315.4	291.9	273.3
Personnel expenses [d]	-77.1	-74.1	-72.9	-69.0	-69.1
Other administrative expenses [e]	-78.9	-66.9	-69.2	-68.0	-71.3
Other net operating income [d]	27.4	22.1	22.9	22.0	20.4
Net accruals to provisions for risks and charges [f]	-7.5	-6.5	-7.2	-5.4	-6.5
Depreciation and amortisation on tangible and intangible assets	-22.8	-17.7	-16.5	-15.4	-18.2
Operating costs	-158.9	-143.2	-142.9	-135.7	-144.8
Operating result	138.8	195.1	172.5	156.1	128.5
Charges for the stabilization of the banking System [e]	2.0	0.0	-5.9	-35.0	-2.9
Share of profits of investees and net gains on sales of investments	12.5	10.0	1.2	13.0	10.6
Pre-tax profit from continuing operations	153.3	205.1	167.8	134.1	136.3
Income taxes	-40.7	-63.6	-55.1	-39.7	-36.2
Net profit (loss) for the period	112.6	141.5	112.7	94.4	100.0
Net (profit) loss of the period attributable to minority interests	0.0	0.0	0.0	0.0	0.0
Net profit (loss) for the period attributable to the owners of Parent bank	112.6	141.5	112.7	94.4	100.0

Notes:

[a] The result of financial activities is made up of the sum of items 80-90-100 in the income statement.

[b] The result of other financial assets at FVTPL consists of item 110 in the income statement.

[c] Net impairment losses is made up of the sum of items 130 - 140 - 200 a) in the income statement.

[d], [e] and [f] The amounts are shown in accordance with the reclassifications shown in the reclassified consolidated summary of income statement.

LOANS TO CUSTOMERS

NON PERFORMING AND PERFORMING EXPOSURES



31-12-2023

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(3.71%)	1,316,481	754,173	(1.63%)	562,308	57.29%
of which Bad loans	(0.98%)	348,408	286,186	(0.18%)	62,222	82.14%
of which Unlikely to pay	(2.52%)	894,499	456,493	(1.27%)	438,006	51.03%
of which Past due	(0.21%)	73,574	11,494	(0.18%)	62,080	15.62%
Performing exposures	(96.29%)	34,167,755	249,871	(98.37%)	33,917,884	0.73%
Total loans to customers	(100%)	35,484,236	1,004,044	(100%)	34,480,192	2.83%

31-12-2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(4.29%)	1,460,176	851,580	(1.84%)	608,596	58.32%
of which Bad loans	(1.52%)	517,931	396,094	(0.37%)	121,837	76.48%
of which Unlikely to pay	(2.59%)	880,694	450,688	(1.3%)	430,006	51.17%
of which Past due	(0.18%)	61,551	4,798	(0.17%)	56,753	7.80%
Performing exposures	(95.71%)	32,557,337	145,754	(98.16%)	32,411,583	0.45%
Total loans to customers	(100%)	34,017,513	997,334	(100%)	33,020,179	2.93%



FINANCIAL RATINGS

SUSTAINABILITY RATING



RATING UPDATED ON
6 JULY 2023

LONG-TERM: **BB+**

SHORT-TERM: **B**

OUTLOOK: **STABLE**



RATING UPDATED ON
13 NOVEMBER 2023

LONG-TERM: **BBB (LOW)**

SHORT-TERM: **R-2
(MIDDLE)**

OUTLOOK: **POSITIVE**



RATING UPDATED ON
14 MARCH 2023

LONG-TERM: **BBB**

OUTLOOK: **STABLE**



RATING UPDATED ON
5 APRIL 2023

CORPORATE: **EE**

LONG-TERM: **EE+**

OUTLOOK: **POSITIVE**



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www.popso.it



Banca Popolare di Sondrio

FOUNDED IN 1871

THE BANKING GROUP IN THE HEART OF THE ALPS



BPS (SUISSE)

Banca Popolare di Sondrio (SUISSE)

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