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**Banca Popolare
di Sondrio**

FONDATA NEL 1871

IL GRUPPO BANCARIO AL CENTRO DELLE ALPI

H1 2023

Consolidated Results Presentation

August 8th 2023





- 1 BUSINESS AND FINANCIAL HIGHLIGHTS**
- 2 H1 2023 FINANCIAL RESULTS**
- 3 CEO'S FINAL REMARKS**
- 4 ANNEXES**



① BUSINESS AND FINANCIAL HIGHLIGHTS

H1 2023 RESULTS AT A GLANCE



NET RESULT

207.1 €M
(+97% YoY)

ROE

12.5%
(from 6.6% in H1 2022)

COST-INCOME

40.6%
(from 52.9% in H1 2022)

NPL COVERAGE

60.3%
(from 57.8% in H1 2022)

NET NPL RATIO

1.7%
(from 2.3% in H1 2022)

CET1 RATIO

15.8%
*(large buffer over 8.5% 2023
SREP requirement)*

BEST HALF-YEAR EVER



H1 2023 KEY FIGURES

- NET RESULT EQUAL TO 207.1 €M (+97% Y/Y)
- ROE EQUAL TO 12.5%
- CORE REVENUE UP 23% Y/Y
- NII UP 33% Y/Y
- NET FEES & COMMISSIONS UP 5% Y/Y
- COST-INCOME RATIO AT 40.6%

SUPPORT TO THE REAL ECONOMY WITH A SOUND ASSET QUALITY

- 2.5 €BN OF NEW DISBURSEMENTS AND STOCK OF LOANS UP 0.8% YTD
- ANNUALISED COST OF RISK AT 0.47% (INCLUDING PRUDENTIAL OVERLAYS)
- NPE COVERAGE AT 60.3%
- NO EVIDENCE OF ASSET DETERIORATION, WITH DEFAULT RATIO BELOW 1%
- GROSS AND NET NPE RATIO AT 4.2% AND 1.7% RESPECTIVELY

SAFE LIQUIDITY POSITION

- TLTRO EXPOSURE HALVED FOLLOWING 4.4 €BN REPAYMENT IN JUNE
- REGULATORY INDICATORS COMFORTABLY ABOVE REQUIREMENTS (LCR AT 169% AND NSFR AT 129%)
- "CORE" CUSTOMER FUNDING STABLE
- UNENCUMBERED ECB REFINANCEABLE ASSETS OVER 9 €BN

ESG HIGHLIGHTS

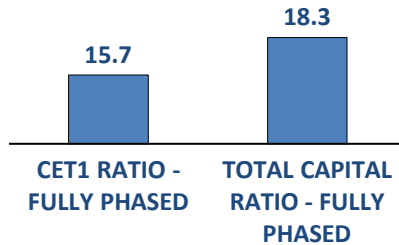
- ADOPTION OF THE ITALIAN CORPORATE GOVERNANCE CODE
- CREATION OF A NEW ESG COMMITTEE AT BOARD LEVEL
- INDEPENDENT ESG RATING AGENCY STANDARD ETHICS RAISED BPS' OUTLOOK FROM STABLE TO POSITIVE

THE BANK REMAINS ON VERY SOLID GROUND



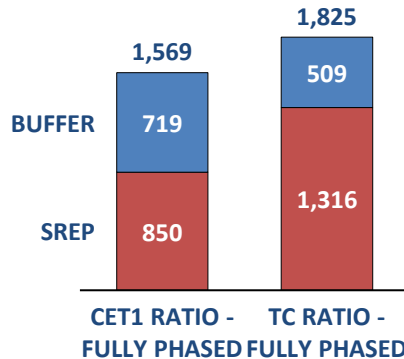
SOLID CAPITAL POSITION

CET1 RATIO & TOTAL CAPITAL RATIO (%)

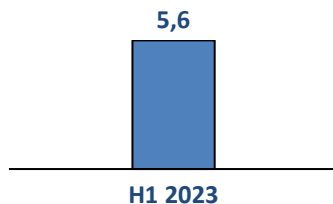


BUFFER OVER 2023 SREP REQUIREMENTS

bps

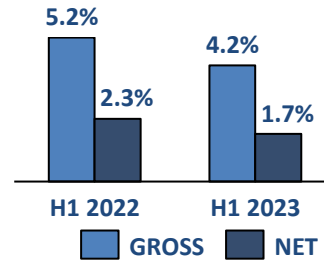


LEVERAGE RATIO (FULLY-PHASED)

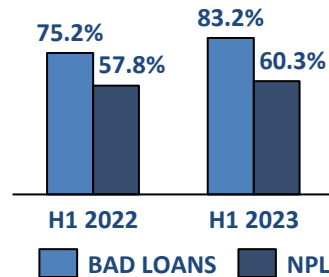


SOUND ASSET QUALITY

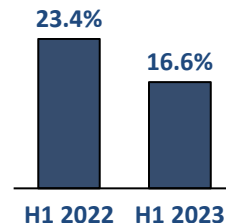
NPL RATIOS



COVERAGE RATIOS



TEXAS RATIO¹



AMPLE LIQUIDITY

LCR

169%

NSFR

129%

UNENCUMBERED ELIGIBLE ASSETS €BN

9.3

LOANS / DEPOSITS

94.1%

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.



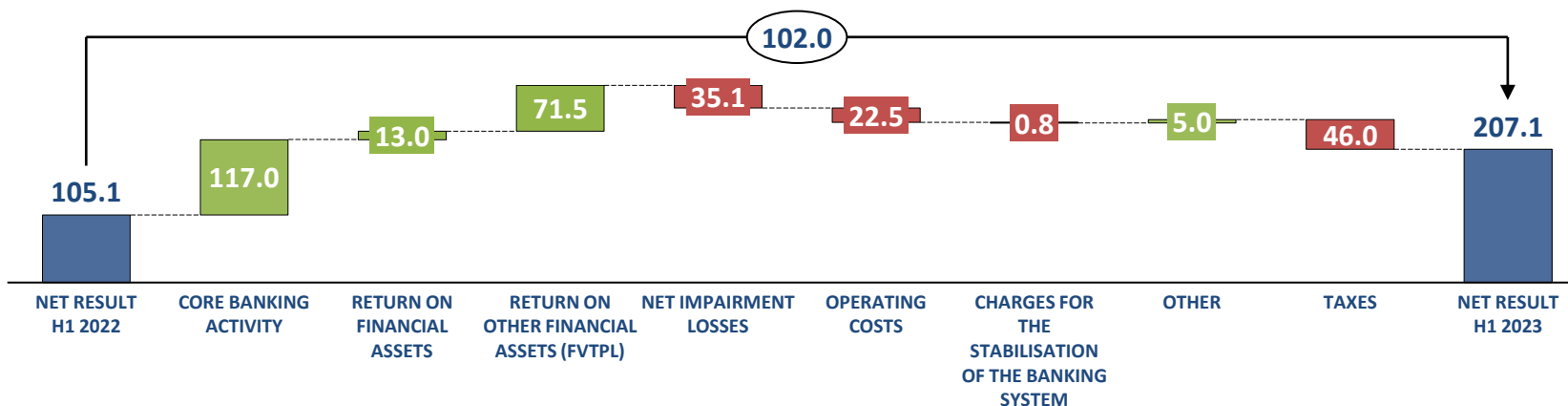
② H1 2023 FINANCIAL RESULTS

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

EXCELLENT RESULTS DRIVEN BY NET INTEREST INCOME



INCOME STATEMENT [1] € M	H1 2022	H1 2023	YoY	
	ACTUAL	ACTUAL	Δ € M	Δ%
CORE BANKING ACTIVITY	504.8	621.9	117.0	23.2%
ow Net interest income	320.3	427.3	107.0	33.4%
ow Net fee and commission income	184.5	194.5	10.0	5.4%
RETURN ON FINANCIAL ASSETS	47.5	60.4	13.0	27.3%
RETURN ON OTHER FINANCIAL ASSETS (FVTPL)	-67.6	3.9	71.5	-
TOTAL INCOME	484.7	686.2	201.5	41.6%
NET IMPAIRMENT LOSSES	-43.8	-78.9	-35.1	80.1%
OPERATING COSTS	-256.2	-278.7	-22.5	8.8%
CHARGES FOR THE STABILISATION OF THE BANKING SYSTEM	-40.0	-40.9	-0.8	2.0%
GROSS RESULT	153.9	301.9	148.0	96.2%
NET RESULT	105.1	207.1	102.0	97.1%



✓ **TOTAL INCOME BENEFITS FROM ALL ITS COMPONENTS: CORE BANKING ACTIVITY +117 €M YoY (+23,2%), TOTAL RETURN ON FINANCIAL ASSETS ≈ +85 €M YoY**

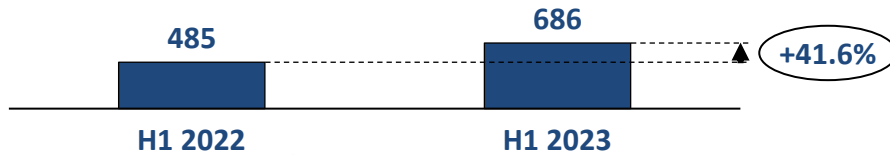
[1] Reclassified data, please see page 35 for details.

REMARKABLE OPERATING PERFORMANCE



TOTAL INCOME (€M)

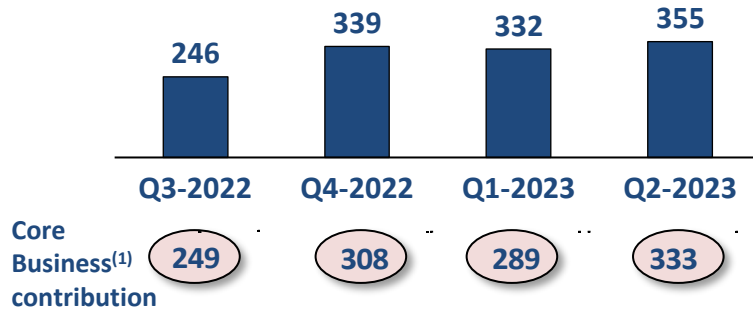
Yearly Evolution



Core Business⁽¹⁾ contribution

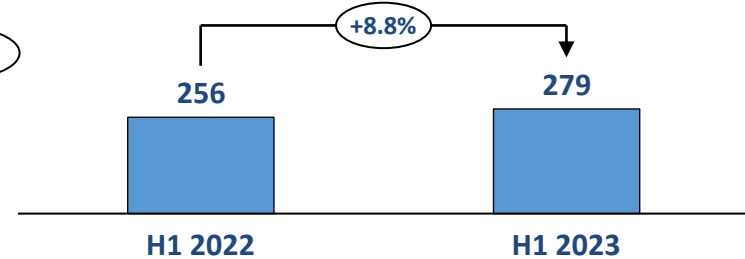


Quarterly Evolution

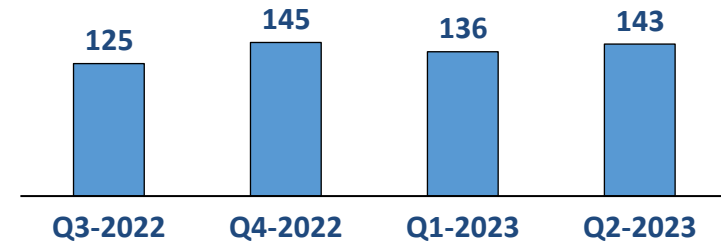


OPERATING COSTS (€M)

Yearly Evolution

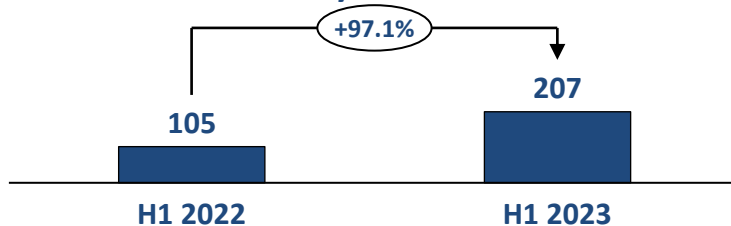


Quarterly Evolution

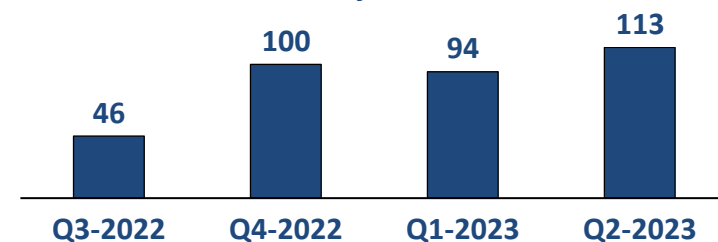


NET RESULT (€M)

Yearly Evolution



Quarterly Evolution



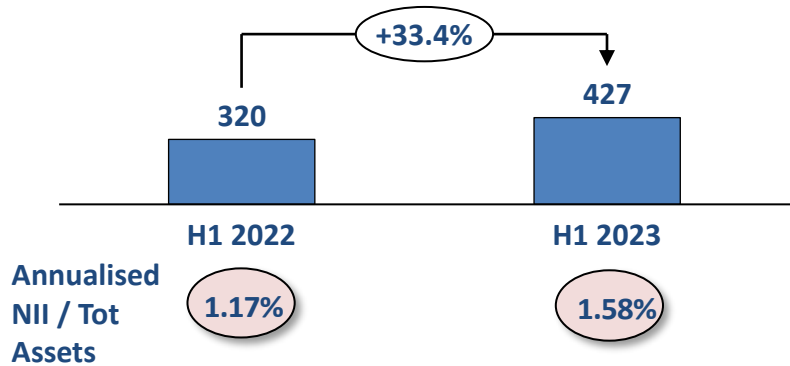
(1) Core business = NII+ NF&C

NII EVOLUTION KEEPS SHOWING A VERY POSITIVE TREND...

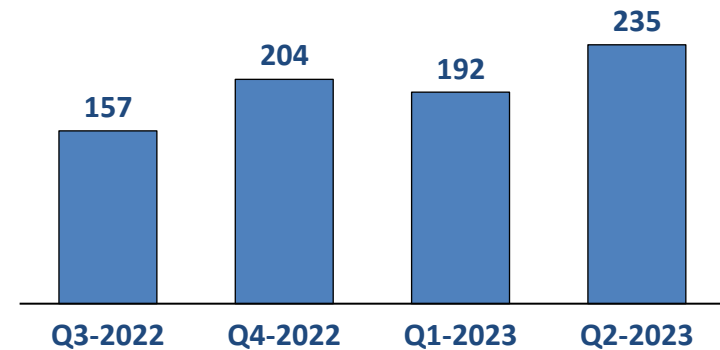


NET INTEREST INCOME EVOLUTION (€M)

Yearly Evolution

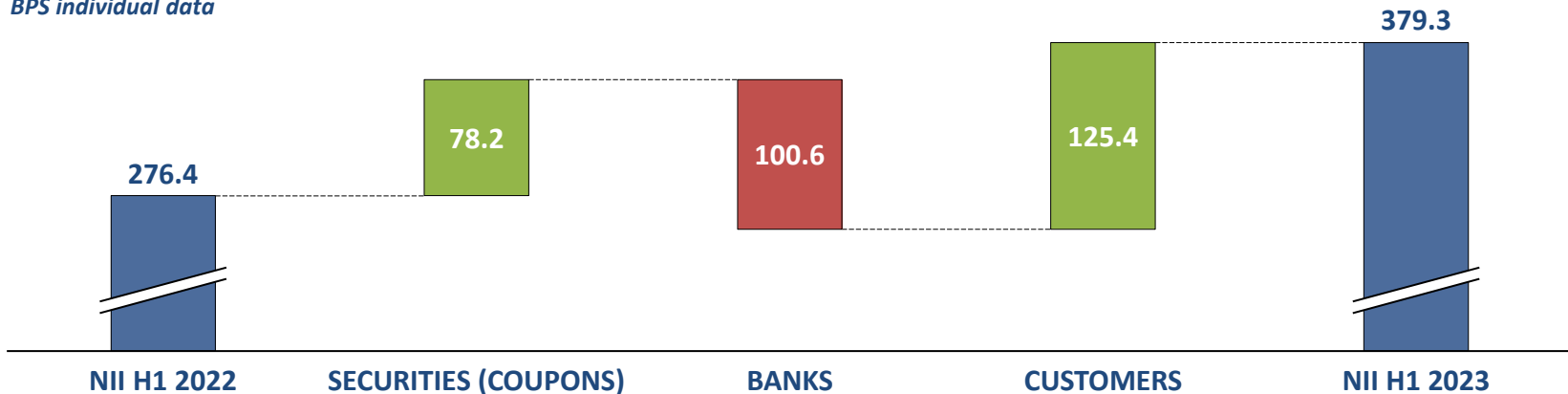


Quarterly Evolution



NII'S MOVING PARTS (€M)

BPS individual data



...WITH COMMERCIAL ACTIVITY AS MAIN DRIVER



Management data

H1 2023 NII'S DRIVERS

- ✓ NII RELATED TO «RETAIL» COMMERCIAL ACTIVITY STRONGLY INCREASING THANKS TO CUSTOMERS SPREAD OPENING TO 2.70% FROM 1.67% IN H1 2022
- ✓ H1 2023 OBSERVED DEPOSIT BETA = 27%¹
- ✓ SIGNIFICANT INCREASE IN PROPRIETARY PORTFOLIO'S COUPON FLOWS (137 €M FROM 59 €M IN H1 2022)¹
- ✓ NET NEGATIVE IMPACT FOR ABOUT 62 €M OF INTERBANK FUNDING (vs +40 €M H1 2022) MAINLY REFERRED TO TLTRO III COMPONENT¹

COMMERCIAL SPREAD EVOLUTION

BPS GROUP	H1 2022	H1 2023
LOANS AVERAGE RATE	1.74%	3.33%
FUNDING AVERAGE RATE*	0.07%	0.63%
COMMERCIAL SPREAD	1.67%	2.70%

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

UPWARD REVISION OF 2023 NII GUIDANCE

NII GROWTH Y/Y OF AROUND 30%

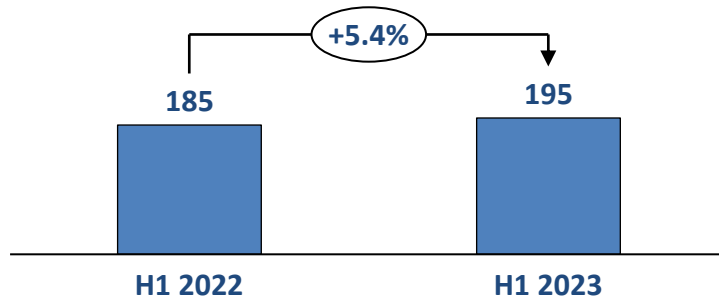
(1) BPS individual data as at 30/06/2023

POSITIVE EVOLUTION OF NET FEES AND COMMISSIONS

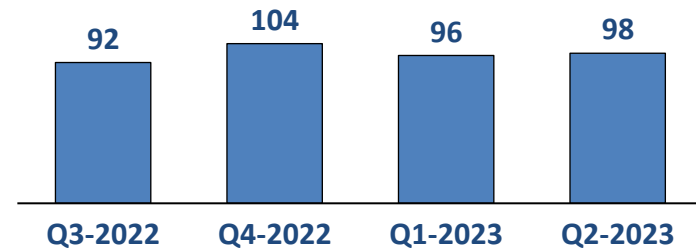


NET FEES (€M)

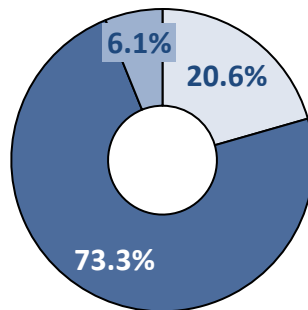
Yearly Evolution



Quarterly Evolution



H1 2023 BREAKDOWN



- ASSET UNDER MANAGEMENT AND CUSTODY
- BANKING SERVICES
- BANCASSURANCE

✓ VERY STRONG PERFORMANCE OF COMMISSIONS RELATING ESPECIALLY TO CUSTOMER LOANS (INCLUDING FACTORING), ASSET UNDER MANAGEMENT AND MAINTENANCE AND MANAGEMENT OF CURRENT ACCOUNTS

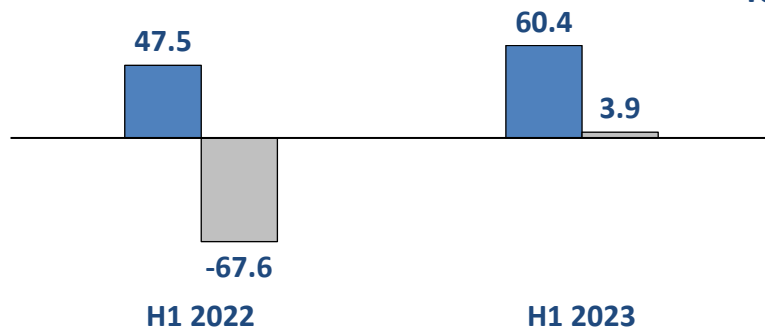
✓ POSITIVE CONTRIBUTION Y/Y FROM THE PLACEMENT OF BANCASSURANCE PRODUCTS AND SERVICES OF THE INTERNATIONAL DEPARTMENT

STRONG FINANCIAL ASSETS PERFORMANCE



BREAKDOWN OF RETURN ON FINANCIAL ASSETS (€M)

Yearly Evolution



- ✓ POSITIVE MARKETS DYNAMICS BOOST RETURN ON FINANCIAL ASSETS (60.4 €M vs 47.5 €M H1 2022)
- ✓ FVTPL MARK TO MARKET GAINS FOR AROUND 4 €M MAINLY RELATED TO FIXED INCOME FUNDS AND SICAV (RELATED TO A STOCK OF 263 €M)

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

DETAILS OF FINANCIAL ASSETS PERFORMANCE

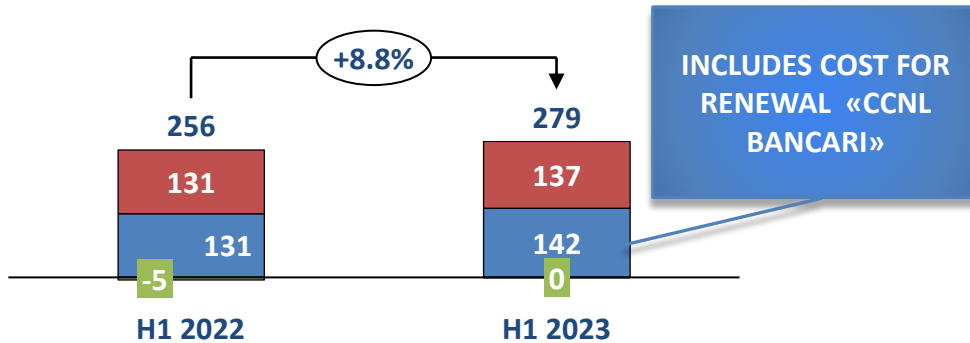
	H1 2022	H1 2023	YoY		Q1-2023	Q2-2023	QoQ	
			Δ € M	Δ%			Δ € M	Δ%
DIVIDENDS AND SIMILAR INCOME	5.7	2.3	-3.4	-59.4%	0.7	1.6	1.0	148.1%
NET TRADING INCOME	2.7	54.9	52.2	-	28.6	26.3	-2.3	-8.0%
NET HEDGING INCOME	-0.1	-0.0	0.1	-76.1%	0.2	-0.2	-0.4	-
NET GAINS FROM SALES OR REPURCHASES	39.2	3.2	-36.0	-91.8%	1.0	2.2	1.2	121.1%
RETURN ON FINANCIAL ASSETS	47.5	60.4	13.0	27.3%	30.5	30.0	-0.5	-1.7%
NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL	-67.6	3.9	71.5	-	12.7	-8.8	-21.5	-
O/W LOANS	-17.2	1.1	18.3	-	2.9	-1.8	-4.8	-
O/W OTHER (MAINLY FUNDS AND SICAV)	-50.3	2.8	53.1	-	9.8	-7.0	-16.7	-
TOTAL	-20.1	64.3	84.4	-	43.2	21.2	-22.0	-51.0%

OPERATING COSTS UNDER CONTROL WITH COST/INCOME RATIO BEST IN CLASS



OPERATING COSTS¹ (€M)

Yearly Evolution

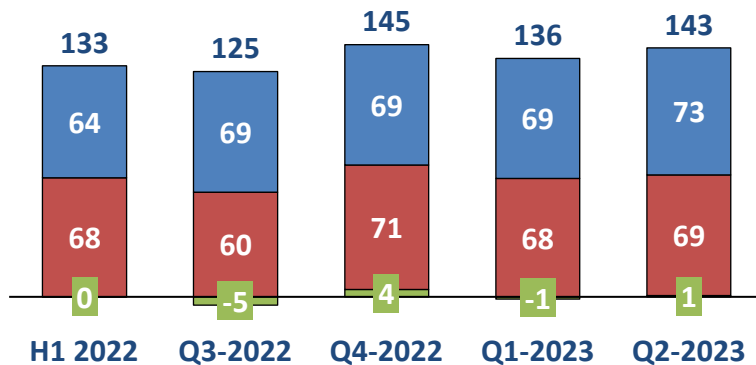


SRF/DGS CHARGES

40.0

40.9

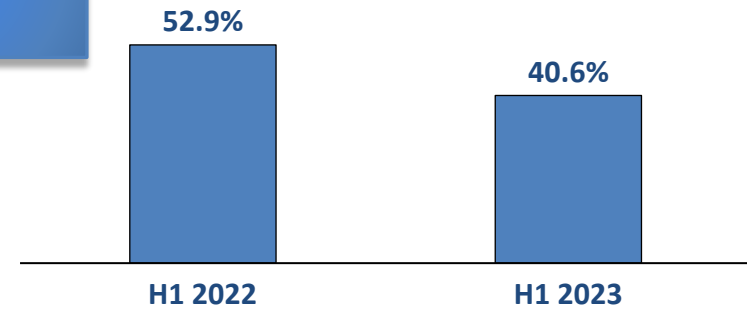
Quarterly Evolution



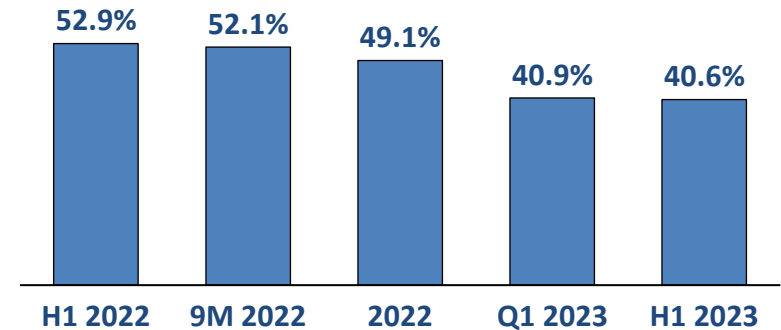
PERSONNEL EXPENSES OTHER ADMINISTRATIVE EXPENSES OTHER

COST / INCOME RATIO (%)

Yearly Evolution



C/I Evolution



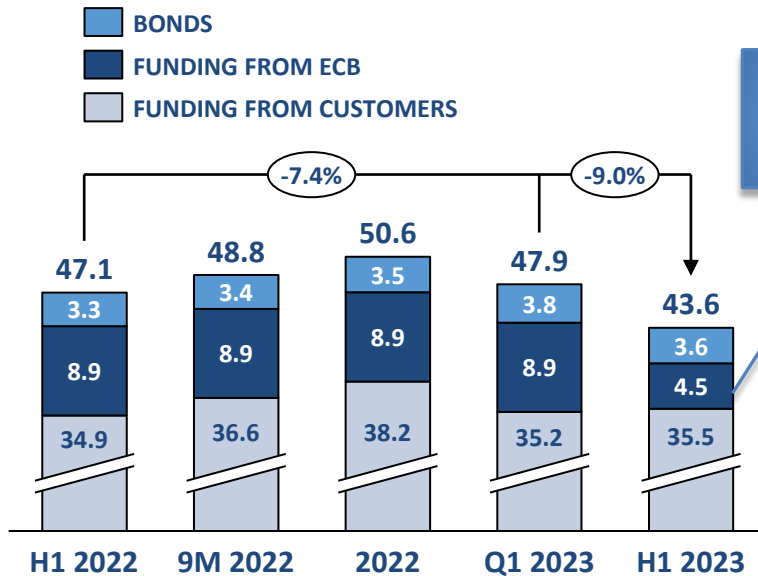
(1) Operating costs are considered net of System charges.

DIVERSIFIED FUNDING STRUCTURE...

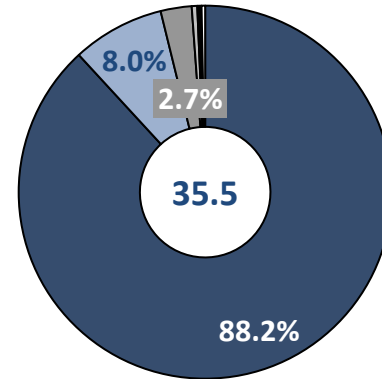


TOTAL FUNDING (€BN)

FUNDING FROM CUSTOMERS / BREAKDOWN BY TECHNICAL FORM (€BN)



TLTRO III EXPOSURE HALVED



- ✓ “CORE” DIRECT CUSTOMER FUNDING* EQUAL TO 30,620 €M SUBSTANTIALLY IN LINE COMPARED TO 30,704 €M AS OF 31/12/2022
- ✓ WELL ON TRACK TO MEET MEDIUM-LONG TERM FUNDING PLAN TARGETS FOR THE YEAR WITH OVER 600 €M SENIOR PREFERRED BONDS PLACED (O/W 470 €M TO RETAIL INVESTORS AND 150 €M WITH A PRIVATE PLACEMENT TO CASSA DEPOSITI E PRESTITI)

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

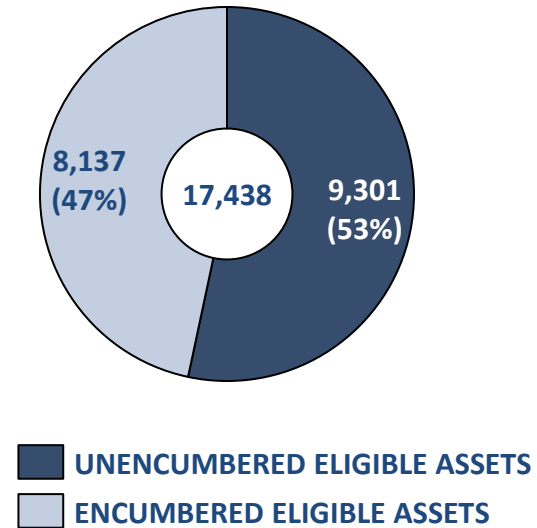
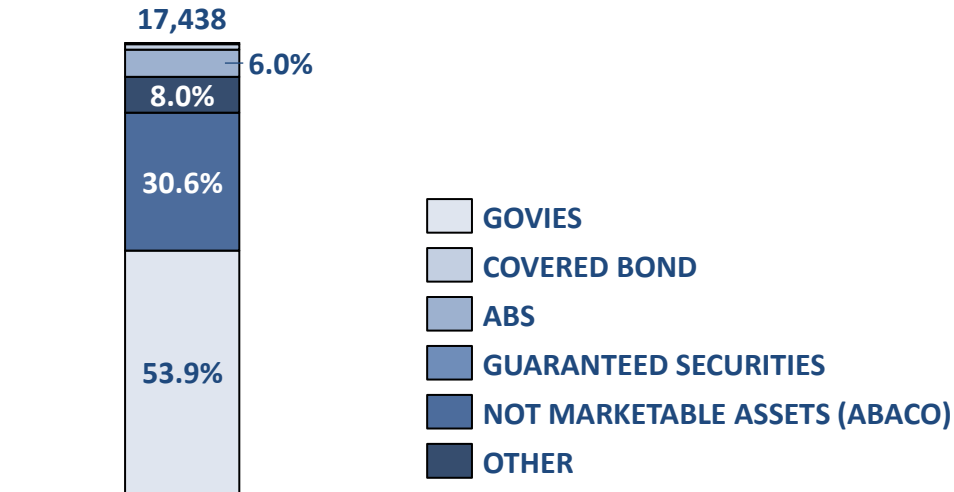
...WITH A SOLID LIQUIDITY POSITION



STOCK OF ELIGIBLE ASSETS (€M)

ELIGIBLE ASSETS AVAILABILITY (€M)

BPS individual management data

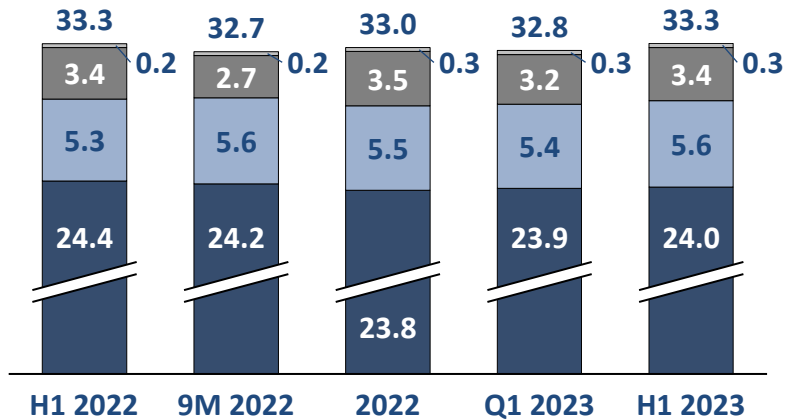


- ✓ DESPITE THE REPAYMENT OF 4.4 €BN RELATED TO TLTRO III (TRANCHE 4) IN JUNE, THE LIQUIDITY INDICATORS REMAIN COMFORTABLY ABOVE REQUIREMENTS (LCR AT 169% AND NSFR AT 129%)
- ✓ COUNTERBALANCING CAPACITY AROUND 12 €BN
- ✓ FINALIZATION IN JUNE OF "CENTRO DELLE ALPI" SMEs SELF-SECURITISATION PROVIDES AROUND 1.1 €BN OF ELIGIBLE ECB SECURITIES

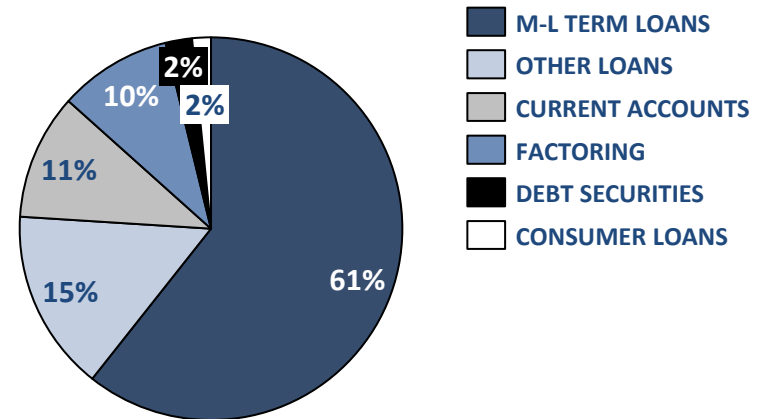
GROWTH OF LENDING IN A CHALLENGING ENVIRONMENT



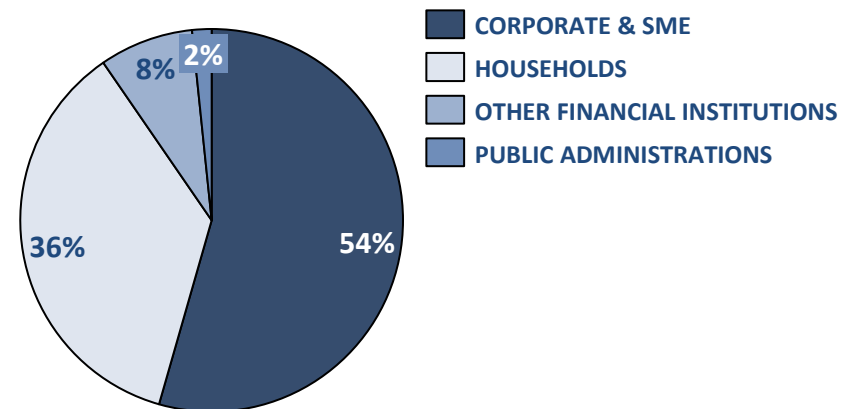
NET CUSTOMER LOANS (€BN)



NET LOANS BY TYPE – H1 2023



NET LOANS BY TYPE OF CUSTOMER H1 2023



- ✓ DESPITE THE SLOWDOWN OF THE MACROECONOMIC CONTEXT, LENDING STOCK INCREASED +0.8% YTD
- ✓ AROUND 28% OF LOANS ARE RELATED TO BPS SUISSE, FACTORIT AND BNT
- ✓ INCIDENCE OF FLOATING-RATE LOANS AROUND 70%

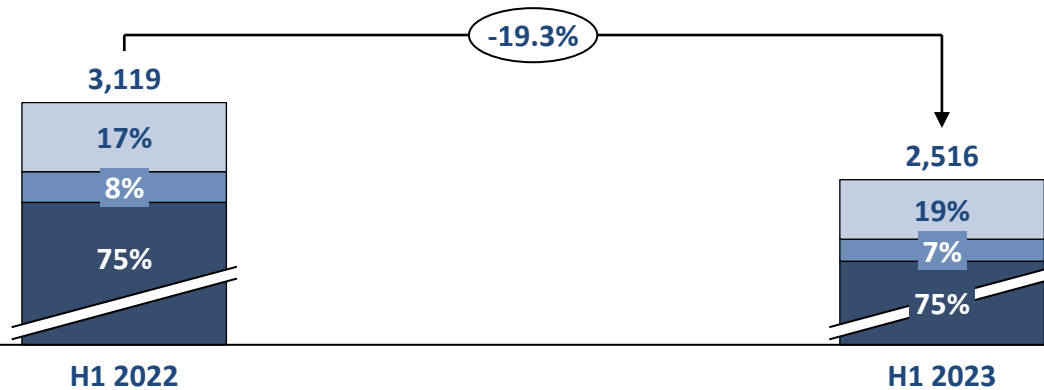
FOCUS ON NEW LENDING



NEW DISBURSEMENTS (€M)

Yearly Evolution

■ FACTORIT
 ■ SUISSE
 ■ BPS



FOCUS ON INSTALLMENT LOANS

BPS individual management data

INSTALLMENT LOANS NEW DISBURSEMENTS (€ M)	H1 2022	H1 2023
TOTAL	1,847	1,594
of which MORTGAGE LOANS	672	579
of which OTHER UNSECURED LOANS	1,111	953
of which PERSONAL LOANS	64	62

➤ NEW LENDING AT
 AVERAGE RATE OF
 4.68% (VS 1.90%
 H1 2022); 85% ARE
 FLOATING-RATE
 LOANS

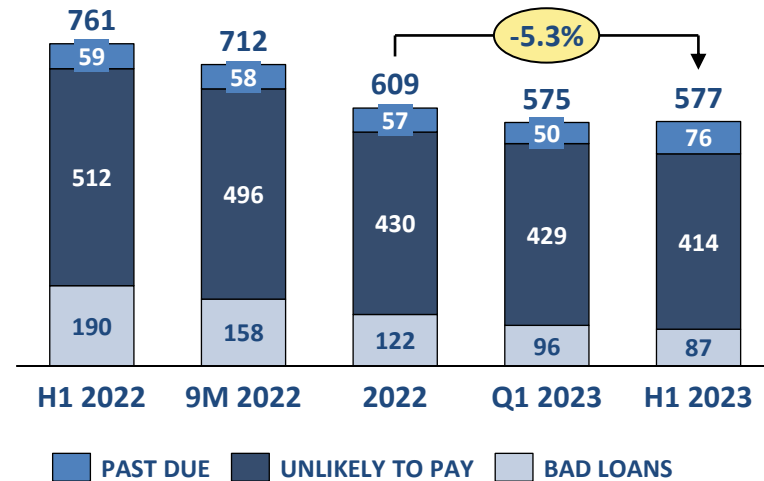
ASSET QUALITY UNDER CONTROL...



NPL MANAGEMENT

- ✓ SINGLE NAME UTP DISPOSALS FOR AROUND 16 €M
- ✓ VERY HIGH COVERAGE OF NON PERFORMING LOANS (ABOVE 60%)
- ✓ NET NPL RATIO EQUAL TO 1.7% (i.e. 577 €M of net exposure)

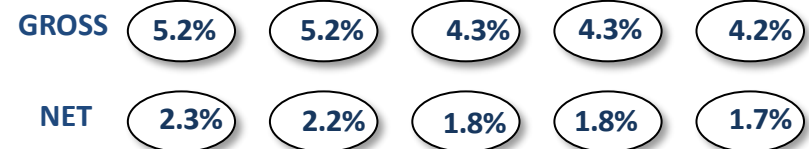
NET NPL STOCK EVOLUTION (€M)



NPL COVERAGE (%)

	2022	H1 2023
BAD LOANS	76.5%	83.2%
UTP	51.2%	51.3%
PAST DUE	7.8%	11.0%
TOTAL NPLs	58.3%	60.3%

NPL Ratio



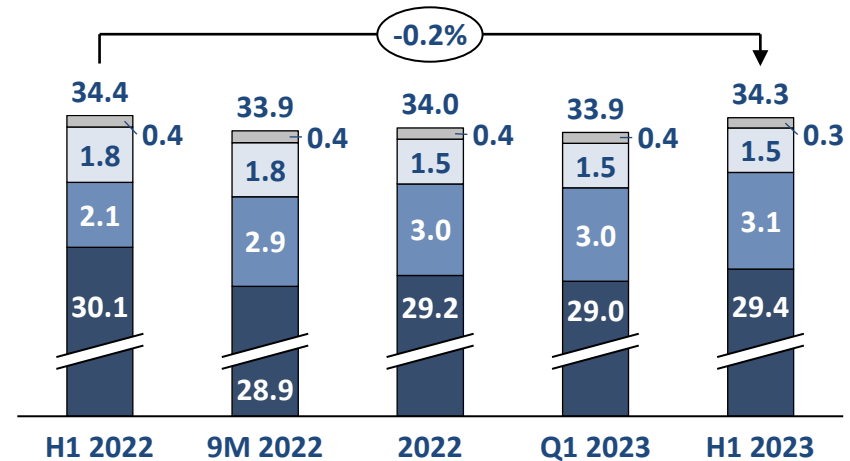
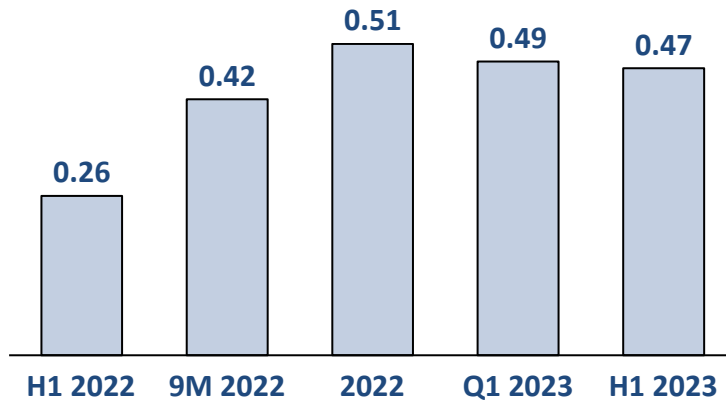
...WITH STABLE COST OF RISK, WHILE KEEPING A PRUDENT APPROACH



EVOLUTION OF COST OF RISK (%)

FOCUS ON STAGING (€BN)

Gross Customer Loans



LLP
(€M)



■ STAGE 1 ■ STAGE 2 ■ FAIR VALUE ■ STAGE 3

KEY COMMENTS

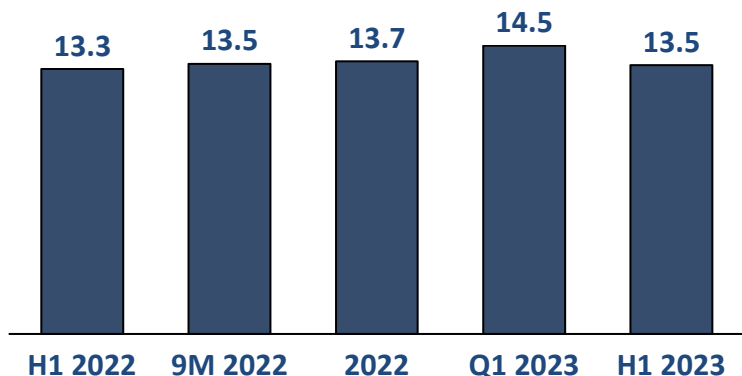
- ✓ ABOUT 120 €M OF PRUDENTIAL MANAGEMENT OVERLAYS: A SIGNIFICANT BUFFER FOR THE POSSIBLE DETERIORATION OF CREDIT QUALITY
- ✓ OVERALL PERFORMING LOANS COVERAGE UP TO 0.53% FROM 0.45% AS OF YE 2022
- ✓ STAGE 2 LOANS COVERAGE UP TO 3.83% FROM 3.39% AS OF YE 2022

FINANCIAL ASSETS PORTFOLIO...



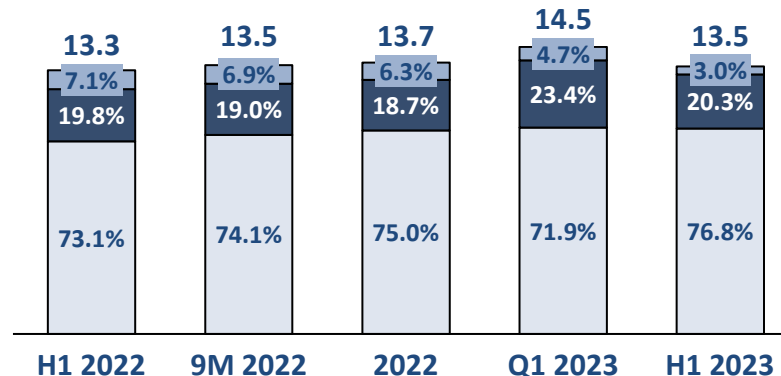
SECURITIES PORTFOLIO (€BN)

Quarterly Evolution



BREAKDOWN BY PORTFOLIO (%)

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



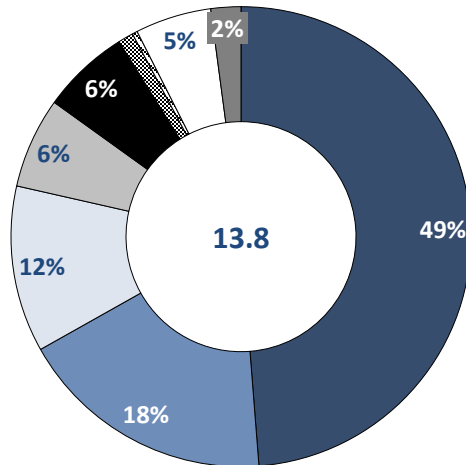
BREAKDOWN BY TYPE OF ASSETS (%)

€ BN	H1 2022	9M 2022	2022	Q1 2023	H1 2023	% ON TOTAL
BONDS	12.3	12.6	12.8	13.7	13.0	96.8%
EQUITY	0.2	0.2	0.1	0.1	0.1	0.9%
OTHER (MAINLY FUNDS AND SICAV)	0.8	0.8	0.8	0.6	0.3	2.3%
TOTAL	13.3	13.5	13.7	14.5	13.5	100.0%

...WITH HIGH INCIDENCE OF FLOATING RATE BONDS

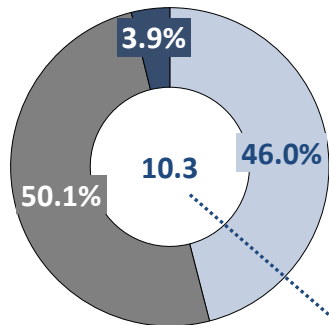


DEBT SECURITIES COMPONENT BREAKDOWN⁽¹⁾ – H1 2023



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

GOVERNMENT BONDS⁽¹⁾: BREAKDOWN BY TYPE OF RATE – H1 2023



- FIXED RATE
- FLOATING RATE
- INFLATION-LINKED

ITALIAN «GOVIES»: 6.7 €BN (o/w FLOATING RATE NOTES CCTs EQUAL TO 5.2 €BN)

KEY FEATURES OF THE BOND COMPONENT

- ✓ INCREASINGLY DIVERSIFIED PORTFOLIO WITH EXPOSURE TO GERMAN, SPANISH, FRENCH, DUTCH AND AUSTRIAN “GOVIES”
- ✓ LOWER EXPOSURE TO ITALIAN “GOVIES” AND HIGH INCIDENCE OF FLOATING RATE NOTES STRONGLY BENEFITTING NII
- ✓ YIELD TO MATURITY OVER 4%; DURATION 3.7 Y; VOLATILITY 1.6

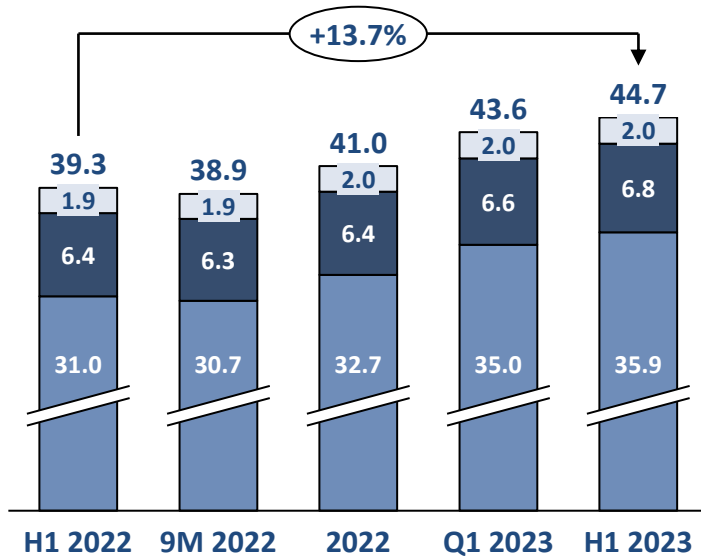
(1) BPS individual management data as at 30/06/2023

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

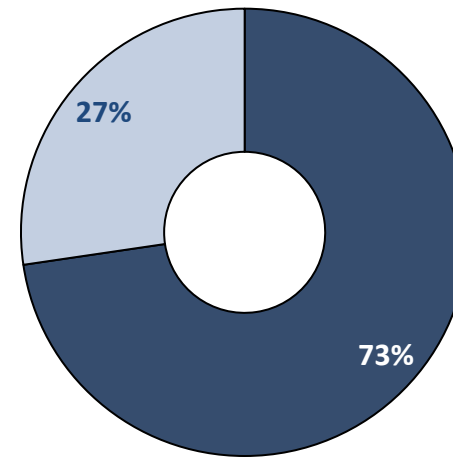


INDIRECT FUNDING (€BN)

- DIRECT FUNDING FROM INSURANCE PREMIUMS
- ASSETS UNDER MANAGEMENT
- ASSETS UNDER CUSTODY



AUM BREAKDOWN (€BN)

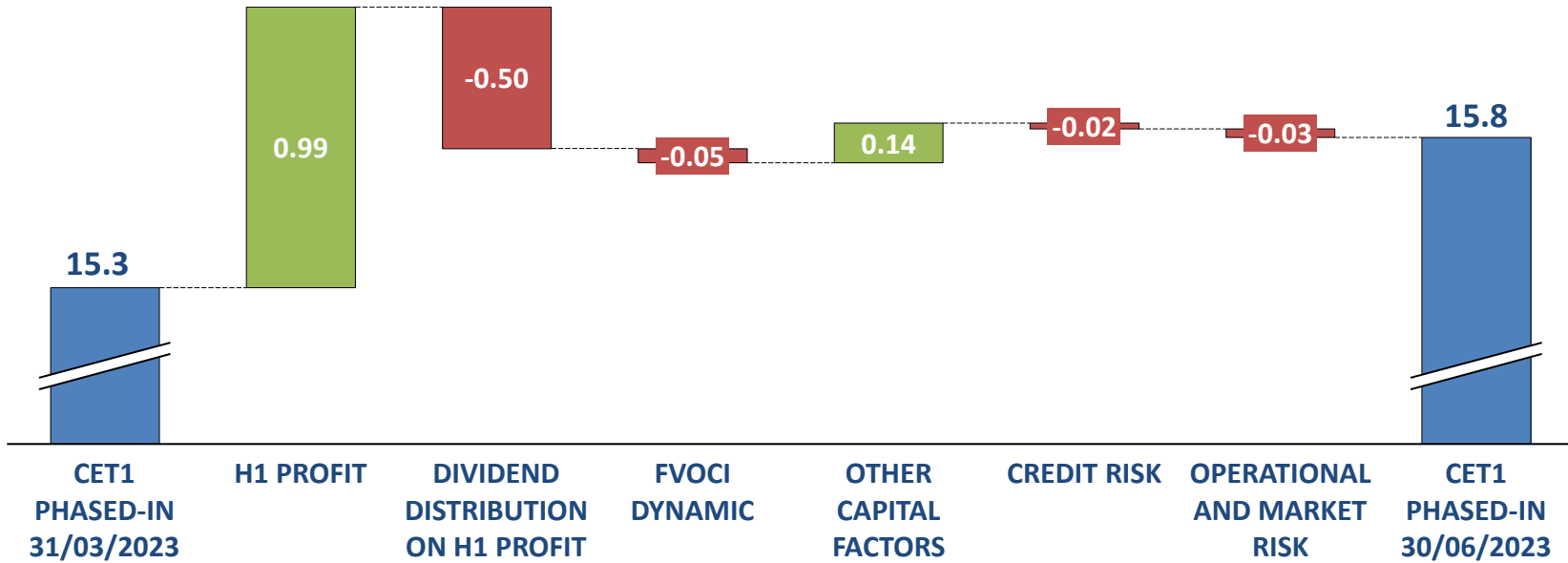


H1 2023

- MUTUAL FUNDS
- INDIVIDUAL PORTFOLIOS MANAGEMENT

- ✓ NET NEW INFLOWS FOR ASSET UNDER MANAGEMENT PRODUCTS AROUND 200 €M
- ✓ BANCASSURANCE BUSINESS ALSO POSITIVE WITH NEW INFLOWS OVER 45 €M

CET1 Q/Q POSITIVE EVOLUTION...



✓ SUBSTANTIAL SELF-FINANCING, WITH STABLE RWA

✓ AROUND 104 €M OF IMPLIED DIVIDEND ACCRUED IN H1 - ASSUMING A 50% PAYOUT RATIO

...FURTHER INCREASES THE LARGE BUFFER OVER REGULATORY REQUIREMENTS



CET 1 RATIO [Phased-in]

15.8%

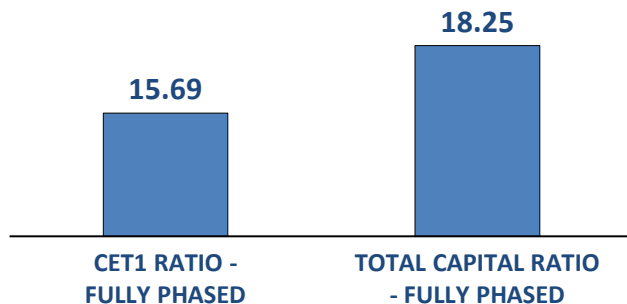
LEVERAGE RATIO [Phased-in]

5.6%

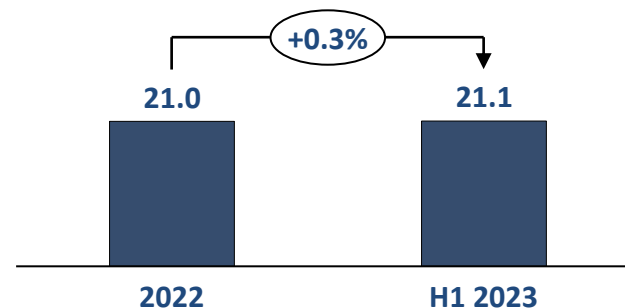
TEXAS RATIO

17%

CET 1 RATIO & TOTAL CAPITAL RATIO (%)

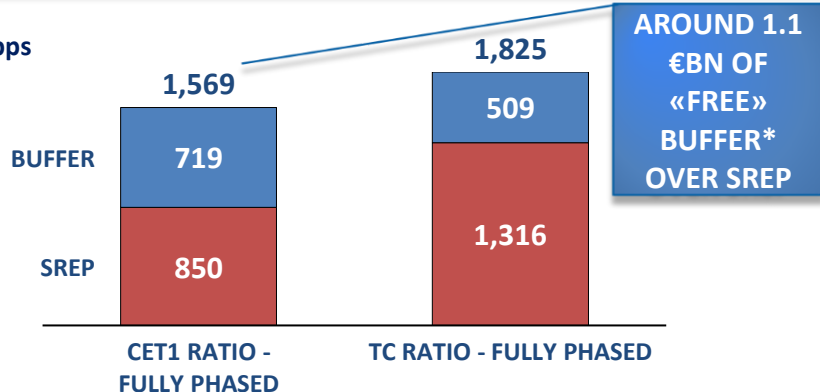


RWA (€BN)



BUFFER OVER 2023 SREP REQUIREMENTS

bps



2023 SREP REQUIREMENTS

TOTAL CAPITAL RATIO 13.16%

CET1 RATIO 8.50%

* Net of usage in place of AT1 instruments and to a very limited extent T2 instruments.



③ CEO'S FINAL REMARKS



AHEAD OF BUSINESS PLAN IN PROJECT DELIVERY AND FINANCIAL TARGETS:

THE BANK IS MAKING GOOD PROGRESS ON ALL THE ENABLING FACTORS AND GROWTH AREAS IDENTIFIED BY THE BUSINESS PLAN.

FOCUS ON THE STRENGTH OF THE PHYSICAL NETWORK TOGETHER WITH THE CONTINUOUS DEVELOPMENT OF DIGITAL SOLUTIONS

AFTER THE EXCELLENT H1 2023 THE BANK IS WELL POSITIONED TO DELIVER RECORD FY RESULTS



④ ANNEXES

KEY MILESTONES IN BPS HISTORY



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

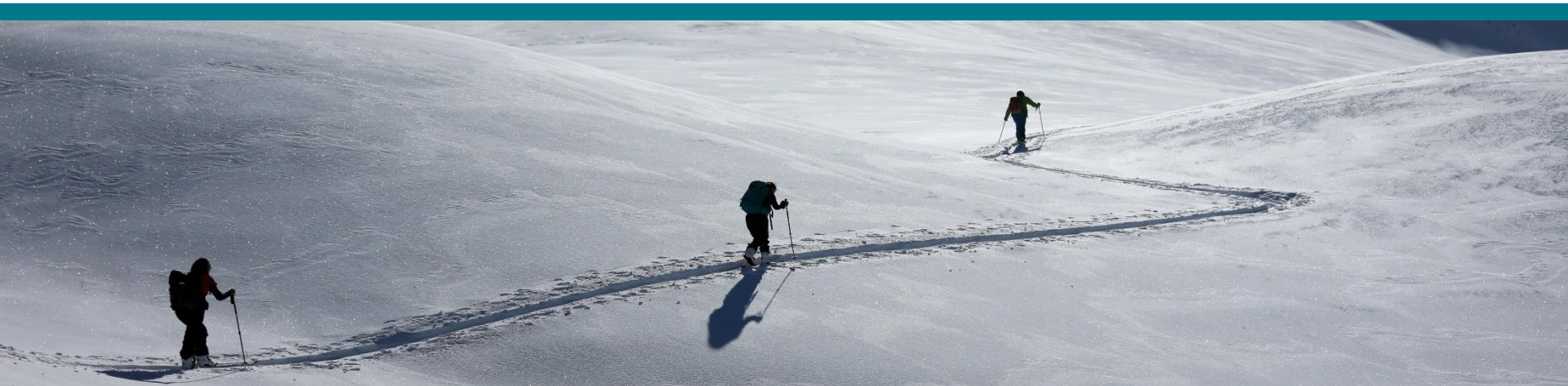
ACQUISITION OF
THE CONTROLLING
STAKE OF
FACTORIT

2017

FULL ACQUISITION
OF BNT BANK

2022

FULL ACQUISITION
OF FACTORIT



GEOGRAPHICAL DISTRIBUTION



Banca Popolare di Sondrio FOUNDED IN 1871

483 POINTS OF SALES:

- 352 BRANCHES
- 131 «TESORERIE» (LIGHT BRANCHES)

WITH A PRESENCE IN:

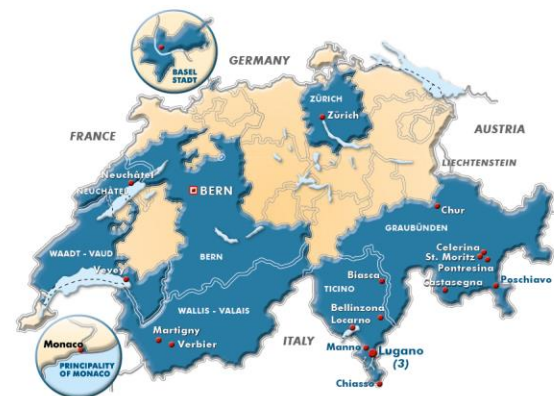
- 35 PROVINCES
- 9 REGIONS



BANKING GROUP'S EMPLOYEES: 3,504

Number of branches in the region

NOTE: Company's data as of 30/06/2023



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.

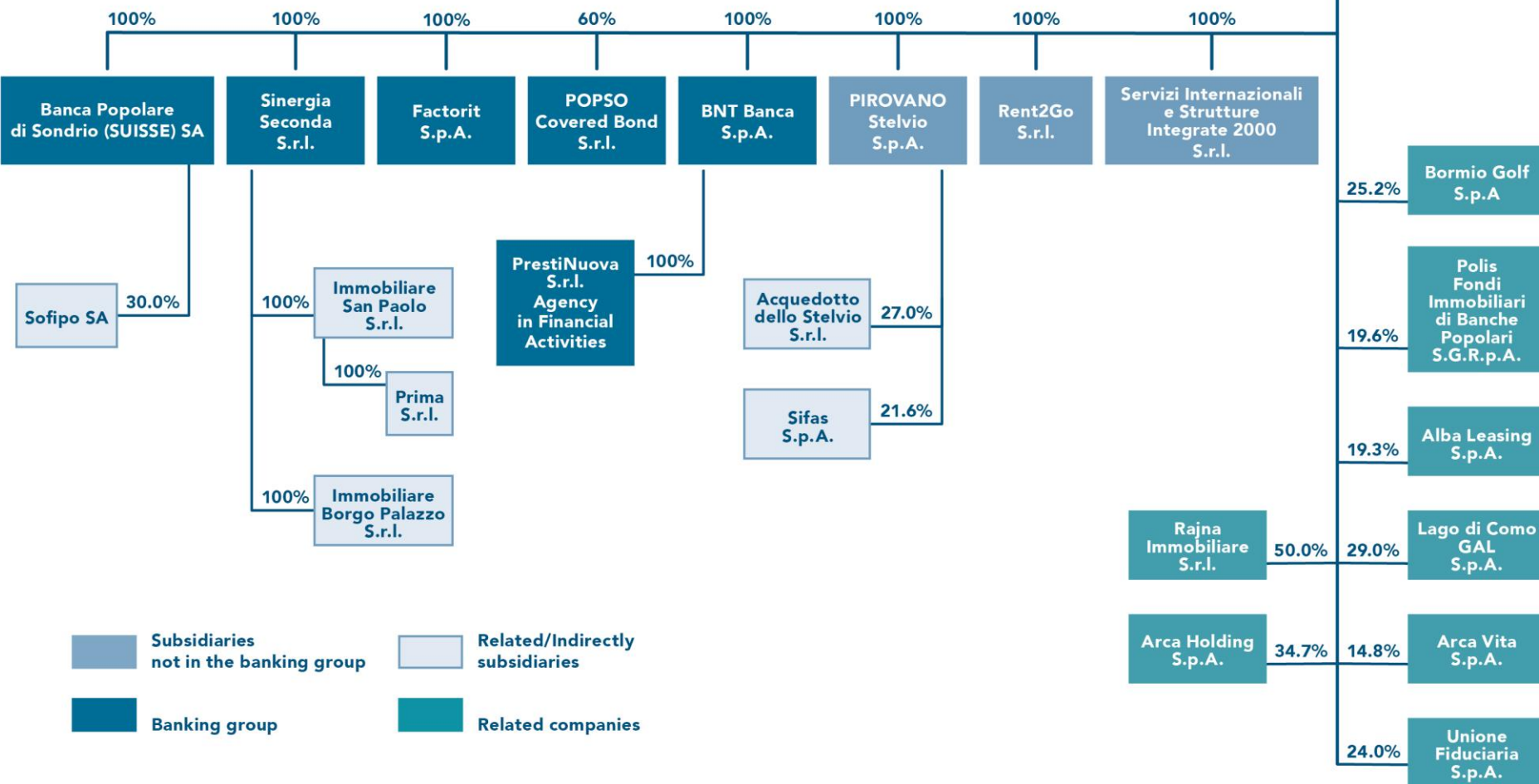
BNT BANCA
Banca della Nuova Terra

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

GROUP STRUCTURE



Banca Popolare di Sondrio S.p.A.



FINANCIAL STATEMENT: BALANCE SHEET ASSETS



THOUSANDS OF EUROS

ASSETS		30/06/2023	31/12/2022
10.	CASH AND CASH EQUIVALENTS	2,702,629	6,990,689
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	746,212	1,254,070
	a) financial assets held for trading	185,944	179,665
	c) financial assets mandatorily at fair value through profit or loss	560,268	1,074,405
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2,731,981	2,555,705
40.	FINANCIAL ASSETS AT AMORTISED COST	44,192,950	43,870,637
	a) loans and receivables with banks	1,964,060	1,865,249
	b) loans and receivables with customers	42,228,890	42,005,388
50.	HEDGING DERIVATIVES	541	248
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)	(395)	(198)
70.	EQUITY INVESTMENTS	360,273	322,632
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	680,894	650,908
100.	INTANGIBLE ASSETS	36,995	36,669
	of which:		
	- goodwill	16,997	16,997
110.	TAX ASSETS	304,017	342,647
	a) current	1,903	17,654
	b) deferred	302,114	324,993
130.	OTHER ASSETS	2,214,823	1,830,354
TOTAL ASSETS		53,970,920	57,854,361

FINANCIAL STATEMENT: BALANCE SHEET LIABILITY & EQUITY



THOUSANDS OF EUROS

LIABILITY AND EQUITY		30/06/2023	31/12/2022
10.	FINANCIAL LIABILITIES AT AMORTISED COST	48,187,962	53,152,710
	a) due to banks	9,096,877	11,381,703
	b) due to customers	35,397,105	38,122,246
	c) securities issued	3,693,980	3,648,761
20.	FINANCIAL LIABILITIES HELD FOR TRADING	41,449	115,871
40.	HEDGING DERIVATIVES	179	227
60.	TAX LIABILITIES	54,585	32,359
	a) current	28,784	3,160
	b) deferred	25,801	29,199
80.	OTHER LIABILITIES	1,828,445	834,629
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS	33,510	35,597
100.	PROVISIONS FOR RISKS AND CHARGES:	314,367	295,528
	a) loans commitments and	74,058	63,204
	b) pensions and similar	167,125	167,827
	c) other provisions	73,184	64,497
120.	VALUATION RESERVES	(40,828)	(68,086)
150.	RESERVES	1,930,387	1,790,468
160.	SHARE PREMIUM	78,949	78,978
170.	SHARE CAPITAL	1,360,157	1,360,157
180.	TREASURY SHARES (-)	(25,342)	(25,402)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	14	4
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)	207,086	251,321
TOTAL LIABILITIES AND EQUITY		53,970,920	57,854,361

FINANCIAL STATEMENT: INCOME STATEMENT



THOUSANDS OF EUROS

ITEMS	30/06/2023	30/06/2022
10. INTEREST AND SIMILAR INCOME	812,689	375,593
of which: interest calculated using the effective interest method	804,986	371,096
20. INTEREST AND SIMILAR EXPENSE	(385,352)	(55,284)
30. NET INTEREST INCOME	427,337	320,309
40. FEE AND COMMISSION INCOME	205,428	193,454
50. FEE AND COMMISSION EXPENSE	(10,888)	(8,935)
60. NET FEE AND COMMISSION INCOME	194,540	184,519
70. DIVIDENDS AND SIMILAR INCOME	2,308	5,686
80. NET TRADING INCOME	54,928	2,726
90. NET HEDGING INCOME	(32)	(134)
100. NET GAINS FROM SALES OR REPURCHASES OF:	4,330	38,761
a) financial assets at amortized cost	4,113	27,746
b) financial assets at fair value through other comprehensive income	131	11,013
c) financial liabilities	86	2
110. NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	3,885	(67,585)
b) other financial assets mandatorily measured at fair value	3,885	(67,585)
120. TOTAL INCOME	687,296	484,282
130. NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:	(73,706)	(31,018)
a) financial assets at amortized cost	(73,208)	(31,444)
b) financial assets at fair value through other comprehensive income	(498)	426
140. NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION	4,509	(760)
150. NET FINANCIAL INCOME	618,099	452,504
180. NET FINANCIAL INCOME AND INSURANCE INCOME	618,099	452,504
190. ADMINISTRATIVE EXPENSES:	(323,860)	(301,916)
a) personnel expenses	(145,820)	(131,220)
b) other administrative expenses	(178,040)	(170,696)
200. NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	(23,423)	(17,868)
a) commitments for guarantees given	(10,847)	(11,620)
b) other net provisions	(12,576)	(6,248)
210. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(24,265)	(20,556)
220. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(7,645)	(6,966)
230. OTHER NET OPERATING INCOME	48,821	39,446
240. OPERATING COSTS	(330,372)	(307,860)
250. SHARE OF PROFITS OF INVESTEEs	15,522	8,897
260. NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED	(1,490)	(1,430)
280. NET GAINS ON SALES OF INVESTMENTS	158	1,771
290. PRE-TAX PROFIT FROM CONTINUING OPERATIONS	301,917	153,882
300. TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS	(94,831)	(48,821)
310. POST-TAX PROFIT FROM CONTINUING OPERATIONS	207,086	105,061
330. NET PROFIT (LOSS) FOR THE PERIOD	207,086	105,061
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	207,086	105,061
EARNINGS (LOSS) PER SHARE	0.457	0.232
DILUTED EARNINGS (LOSSES) PER SHARE	0.457	0.232

FINANCIAL STATEMENT: RECLASSIFIED P&L



(in thousands of euro)	30/06/2023	30/06/2022	(+/-)	% change
Net interest income	427,337	320,309	107,028	33.41
Dividends and similar income	2,308	5,686	-3,378	-59.41
Net fee and commission income	194,540	184,519	10,021	5.43
Net gains on financial assets [a]	58,117	41,785	16,332	39.09
Result of other financial assets at FVTPL [b]	3,885	-67,585	71,470	n.s.
of which Loans	1,082	-17,244	18,326	n.s.
of which Other	2,803	-50,341	53,144	n.s.
Total income	686,187	484,714	201,473	41.57
Net impairment losses [c]	-78,935	-43,830	-35,105	80.09
Net financial income	607,252	440,884	166,368	37.74
Personnel expenses [d]	-141,874	-130,724	-11,150	8.53
Other administrative expenses [e]	-137,183	-130,656	-6,527	5.00
Other net operating income [d]	44,875	38,950	5,925	15.21
Net accruals to provisions for risks and charges [f]	-12,576	-6,248	-6,328	101.28
Depreciation and amortisation on tangible and intangible assets	-31,910	-27,522	-4,388	15.94
Operating costs	-278,668	-256,200	-22,468	8.77
Operating result	328,584	184,684	143,900	77.92
Charges for the stabilization of the banking System [e]	-40,857	-40,040	-817	2.04
Share of profits of investees and net gains on sales of investments	14,190	9,238	4,952	53.60
Pre-tax profit from continuing operations	301,917	153,882	148,035	96.20
Income taxes	-94,831	-48,821	-46,010	94.24
Net profit (loss) for the period	207,086	105,061	102,025	97.11
Net profit (loss) for the period attributable to the owners of Parent bank	207,086	105,061	102,025	97.11

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 losses related to NPL disposals for 1,109 € 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 3,946 € 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.

The results at 30/06/2022 have been made consistent with those of 2023.

FINANCIAL STATEMENT: RECLASSIFIED P&L QUARTERLY EVOLUTION



(in million of euro)	Q2 - 2023	Q1 - 2023	Q4 - 2022	Q3 - 2022	Q2 - 2022
Net interest income	235.3	192.0	203.8	156.9	164.1
Dividends and similar income	1.6	0.7	0.4	0.4	5.4
Net fee and commission income	98.1	96.5	104.2	91.8	93.1
Net gains on financial assets [a]	28.3	29.8	24.2	3.6	24.6
Result of other financial assets at FVTPL [b]	-8.8	12.7	6.6	-6.6	-34.0
of which Loans	-1.8	2.9	4.7	2.1	-4.3
of which Other	-7.0	9.8	1.9	-8.6	-29.7
Total income	354.5	331.7	339.2	246.2	253.3
Net impairment losses [c]	-39.1	-39.8	-65.9	-60.1	-16.5
Net financial income	315.4	291.9	273.3	186.2	236.8
Personnel expenses [d]	-72.9	-69.0	-69.1	-69.3	-64.2
Other administrative expenses [e]	-69.2	-68.0	-71.3	-60.1	-68.2
Other net operating income [d]	22.9	22.0	20.4	22.9	22.1
Net accruals to provisions for risks and charges [f]	-7.2	-5.4	-6.5	-1.5	-6.7
Depreciation and amortisation on tangible and intangible assets	-16.5	-15.4	-18.2	-16.8	-15.5
Operating costs	-142.9	-135.7	-144.8	-124.8	-132.5
Operating result	172.5	156.1	128.5	61.4	104.2
Charges for the stabilization of the banking System [e]	-5.9	-35.0	-2.9	-3.0	-10.0
Share of profits of investees and net gains on sales of investments	1.2	13.0	10.6	5.3	2.6
Pre-tax profit from continuing operations	167.8	134.1	136.3	63.7	96.8
Income taxes	-55.1	-39.7	-36.2	-17.5	-32.0
Net profit (loss) for the period	112.7	94.4	100.0	46.2	64.8
Net profit (loss) for the period attributable to the owners of Parent bank	112.7	94.4	100.0	46.2	64.8

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



30-06-2023

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(4,23%)	1,454,285	876,921	(1,73%)	577,364	60.30%
of which Bad loans	(1,51%)	519,445	432,313	(0,26%)	87,132	83.23%
of which Unlikely to pay	(2,47%)	848,881	435,129	(1,24%)	413,752	51.26%
of which Past due	(0,25%)	85,959	9,479	(0,23%)	76,480	11.03%
Performing exposures	(95,77%)	32,895,513	173,296	(98,27%)	32,722,217	0.53%
Total loans to customers	(100%)	34,349,798	1,050,217	(100%)	33,299,581	3.06%

31-12-2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(4,29%)	1,460,176	851,581	(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	997,335	(100%)	33,020,179	2.93%

RATINGS



Fitch Ratings

Rating updated on
6 JULY 2023

Long term: **BB+**
Short term: **B**
OUTLOOK: **STABLE**

Fitch Ratings		
	Long Term	Short Term
INVESTMENT GRADE	AAA	F1+
	AA+	
	AA	
	AA-	
	A+	F1 or F1+
	A	F1
	A-	F2 or F1
	BBB+	F2
	BBB	F3 or F2
	BBB-	F3
SPECULATIVE GRADE	BB+	B
	BB	
	BB-	
	B+	
	B	
	B-	
	CCC+	C
	CCC	
	CCC-	
	CC	
	C	
	RD	
D	RD	
	D	



Rating updated on
14 NOVEMBER 2022
Long term: **BBB (low)**
Short term: **R-2 (middle)**
OUTLOOK: **STABLE**

DBRS Morningstar		
	Long Term	Short Term
INVESTMENT GRADE	AAA	R-1 (high)
	AA (high)	
	AA	R-1 (mid)
	AA (low)	
	A (high)	R-1 (low)
	A	
	A (low)	
	BBB (high)	R-2 (high)
	BBB	R-2 (mid)
	BBB (low)	R-2 (low) or R-3
SPECULATIVE GRADE	BB (high)	R-4
	BB	
	BB (low)	
	B (high)	
	B	R-5
	B (low)	
	CCC	
	CC	
	C	
	D	
	D	

■ BPS ■ ITALY



Rating updated on
14 MARCH 2023
Long term: **BBB**
OUTLOOK: **STABLE**

Scope Ratings		
	Long Term	Short Term
INVESTMENT GRADE	AAA	S-1+
	AA+	
	AA	
	AA-	S-1+ or S-1
	A+	
	A	S-1 or S-2
	A-	
	BBB+	S-2
	BBB	S-2 or S-3
	BBB-	
SPECULATIVE GRADE	BB+	S-3
	BB	S-3 or S-4
	BB-	
	B+	S-4
	B	
	B-	
		CCC
		CC
	C	
	D	



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- ❑ *Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2), Maurizio Bertolotti, in his capacity as manager in charge of financial reporting declares that the accounting information contained in this Presentation reflects the group's documented results, financial accounts and accounting records.*

www.popso.it



Banca Popolare di Sondrio

FOUNDED IN 1871

THE BANKING GROUP IN THE HEART OF THE ALPS



BPS (SUISSE)

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PrestiNuova

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of BNT Banca

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