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**Banca Popolare
di Sondrio**

FONDATA NEL 1871

IL GRUPPO BANCARIO AL CENTRO DELLE ALPI

Q1 2023

Consolidated Results Presentation

May 9th 2023





- 1 BUSINESS AND FINANCIAL HIGHLIGHTS**
- 2 Q1 2023 FINANCIAL RESULTS**
- 3 FINAL REMARKS**
- 4 ANNEXES**



① BUSINESS AND FINANCIAL HIGHLIGHTS



EXCELLENT QUARTER

- NET RESULT MORE THAN DOUBLED Y/Y
- ROE EQUAL TO 11%
- CORE REVENUE UP 16.5% Y/Y
- NII UP 23% Y/Y
- NET FEES & COMMISSIONS UP 5.5% Y/Y
- COST-INCOME RATIO AT 41%

STRONG ASSET QUALITY AND LIQUIDITY POSITION

- NO EVIDENCE OF SIGNIFICANT DETERIORATION WITH DEFAULT RATIO IN AREA 1%
- ANNUALISED COST OF RISK AT 0.49% (INCLUDING SIGNIFICANT PRUDENTIAL OVERLAYS)
- GROSS AND NET NPE RATIO AT 4.3% AND 1.8% RESPECTIVELY
- LCR AT 155%
- UNENCUMBERED REFINANCEABLE ASSETS AT 5.6 €BN

ESG ACHIEVEMENTS

- EE+ SUSTAINABILITY RATING BY STANDARD ETHICS, WITH OUTLOOK POSITIVE (FROM STABLE)
- FIRST SET OF ESG QUANTITATIVE TARGETS
- INTRODUCTION OF CLIMATE & ENVIRONMENTAL COUNTERPARTY SCORE
- AFTER LAST ANNUAL GENERAL MEETING: 47% WOMEN PRESENCE IN THE BOARD OF DIRECTORS; 9/15 INDEPENDENT DIRECTORS

Q1 2023 RESULTS EXECUTIVE SUMMARY



NET RESULT

94.4 €M

(+134% YoY)

ROE

11%

(from 4.9% in Q1 2022)

COST-INCOME

40.9%

(from 53.4% in Q1 2022)

NPL COVERAGE

60%

(from 57% in Q1 2022)

NET NPL RATIO

1.8%

(from 2.5% in Q1 2022)

CET1 RATIO

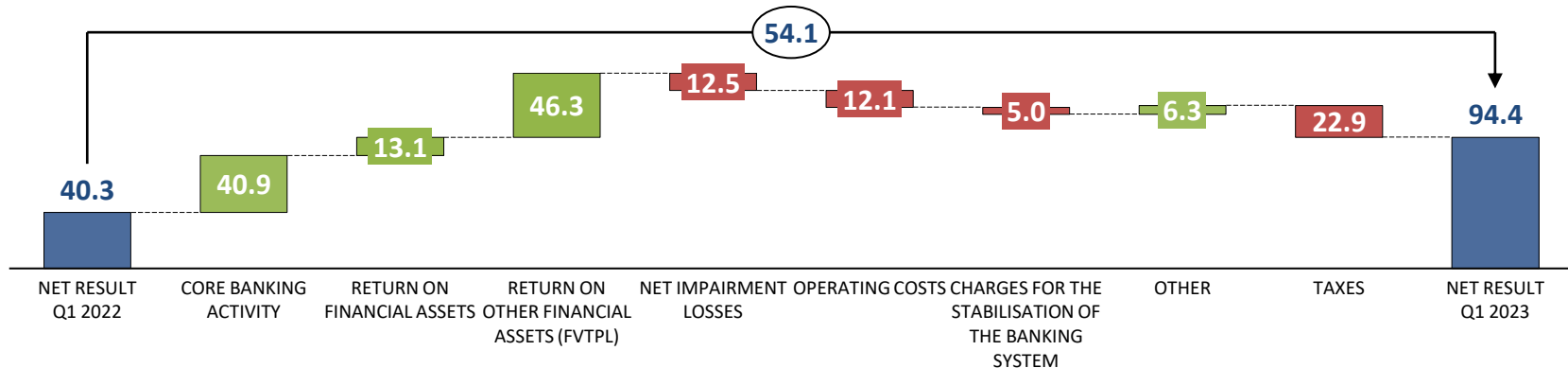
15.3%

(not included +25 bps of self financing related to the profit of the period)

VERY STRONG BOTTOM LINE UNDERPINNED BY CORE BANKING ACTIVITY...



INCOME STATEMENT [1] € M	Q1 2022	Q1 2023	YoY	
	ACTUAL	ACTUAL	Δ € M	Δ%
CORE BANKING ACTIVITY	247.7	288.5	40.9	16.5%
ow Net interest income	156.2	192.0	35.9	23.0%
ow Net fee and commission income	91.5	96.5	5.0	5.5%
RETURN ON FINANCIAL ASSETS	17.3	30.5	13.1	75.8%
RETURN ON OTHER FINANCIAL ASSETS (FVTPL)	-33.6	12.7	46.3	-
TOTAL INCOME	231.4	331.7	100.3	43.3%
NET IMPAIRMENT LOSSES	-27.3	-39.8	-12.5	45.8%
OPERATING COSTS	-123.7	-135.7	-12.1	9.8%
CHARGES FOR THE STABILISATION OF THE BANKING SYSTEM	-30.0	-35.0	-5.0	16.7%
GROSS RESULT	57.1	134.1	77.0	134.9%
NET RESULT	40.3	94.4	54.1	134.3%



✓ **BPS STRONG COMMERCIAL POSITIONING CONFIRMED WITH NII UP 23% AND TOTAL INCOME UP 43.3% Y/Y**

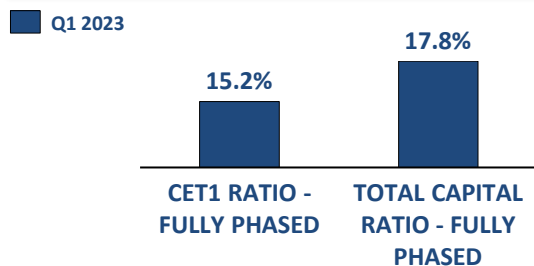
[1] Reclassified data, please see page 36 for details.

...REAFFIRMING THE BANK'S STRENGTHS

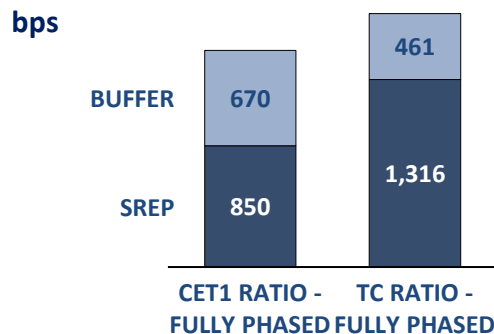


SOLID CAPITAL POSITION

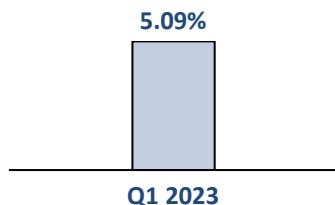
CET1 RATIO & TOTAL CAPITAL RATIO (%)



BUFFER OVER 2023 SREP REQUIREMENTS

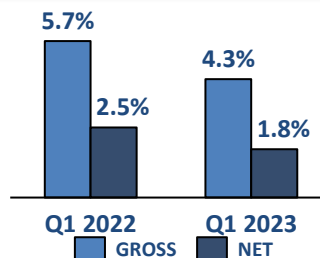


LEVERAGE RATIO (FULLY-PHASED)

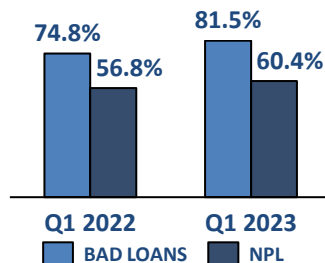


IMPROVING ASSET QUALITY

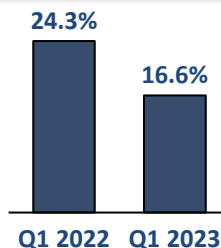
NPL RATIOS



COVERAGE RATIOS



TEXAS RATIO¹



AMPLE LIQUIDITY

LCR

155%

UNENCUMBERED ELIGIBLE ASSETS €BN

5.6

LOANS / DEPOSITS

93.6%

MREL-TREA²

30.3%

(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 Q1 2023 FINANCIAL RESULTS

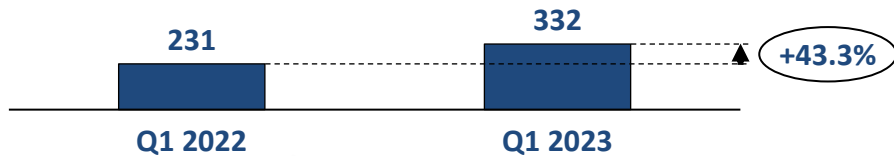
- P&L ANALYSIS
- FUNDING STRUCTURE
- CUSTOMER LOANS AND ASSET QUALITY
- FINANCIAL PORTFOLIO
- INDIRECT FUNDING
- CAPITAL EVOLUTION AND POSITION

VERY ROBUST OPERATING PERFORMANCE



TOTAL INCOME (€M)

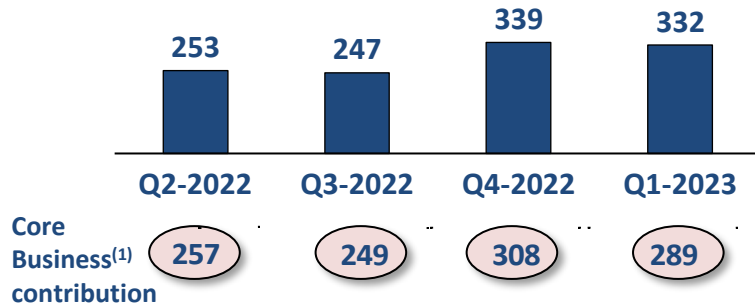
Yearly Evolution



Core Business⁽¹⁾ contribution

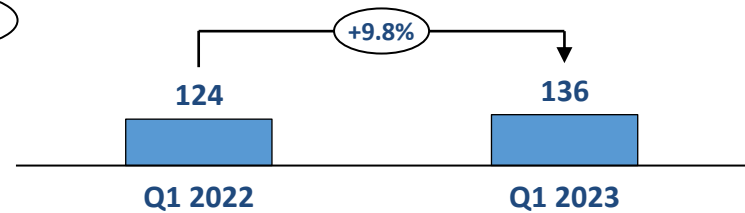


Quarterly Evolution

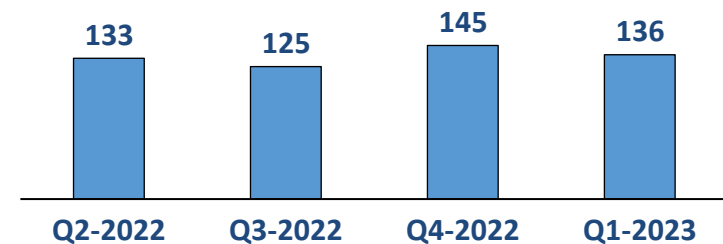


OPERATING COSTS (€M)

Yearly Evolution

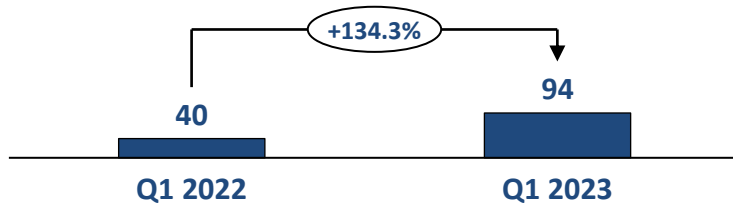


Quarterly Evolution

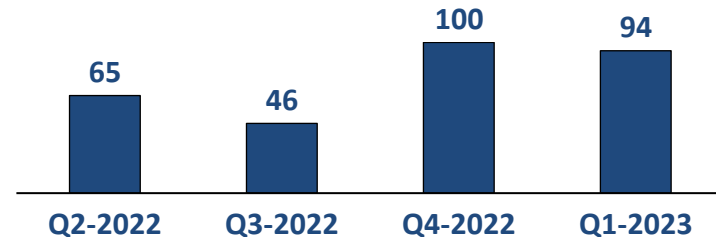


NET RESULT (€M)

Yearly Evolution



Quarterly Evolution



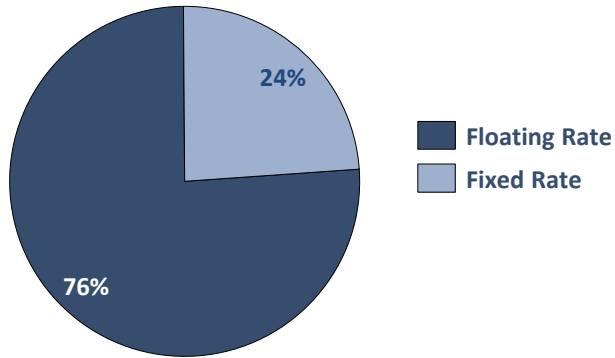
(1) Core business = NII+ NF&C



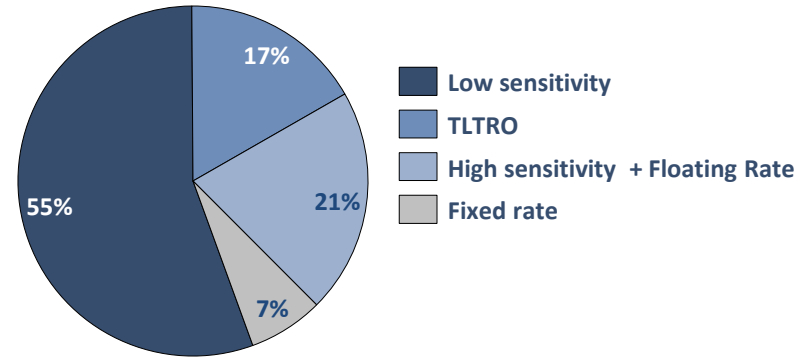
THE BALANCE SHEET STRUCTURE SUPPORTS THE NII EVOLUTION...

INTEREST MARGIN SUPPORTED BY A BALANCE SHEET STRUCTURE WITH HIGH INCIDENCE OF INTEREST-SENSITIVE ITEMS

ASSETS COMPOSITION (YE 2022)

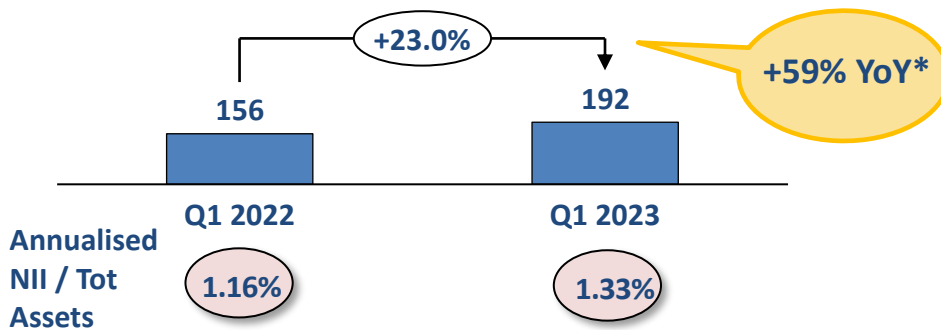


LIABILITIES COMPOSITION (YE 2022)

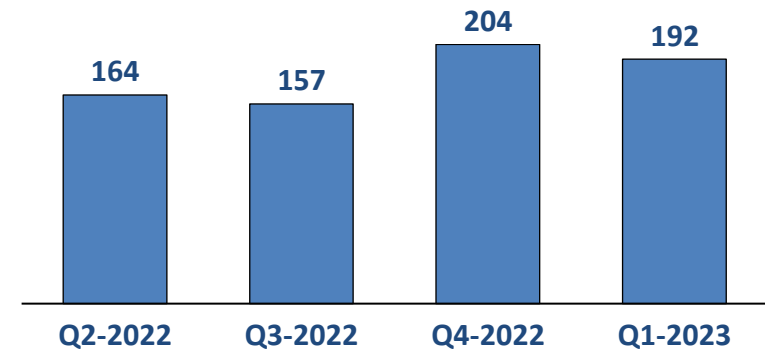


NET INTEREST INCOME EVOLUTION (€M)

Yearly Evolution



Quarterly Evolution

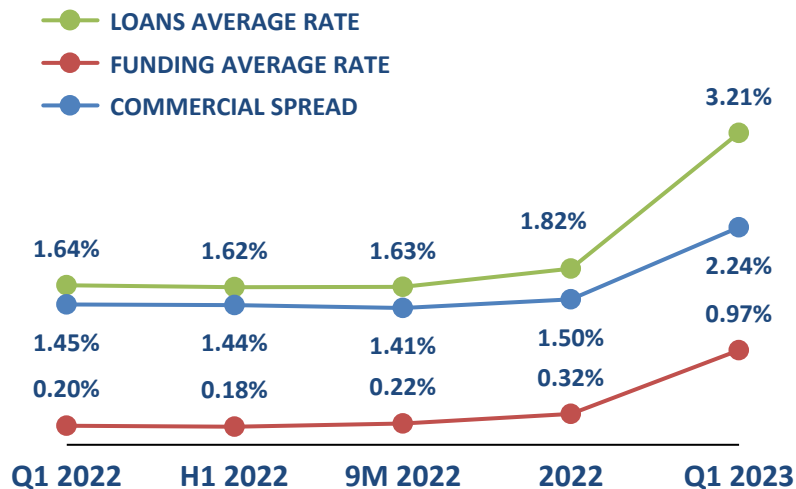


(*) without considering the net negative impact of TLTRO III funding (TLTRO FUNDING COST – EXCESS LIQUIDITY IMPACTS)

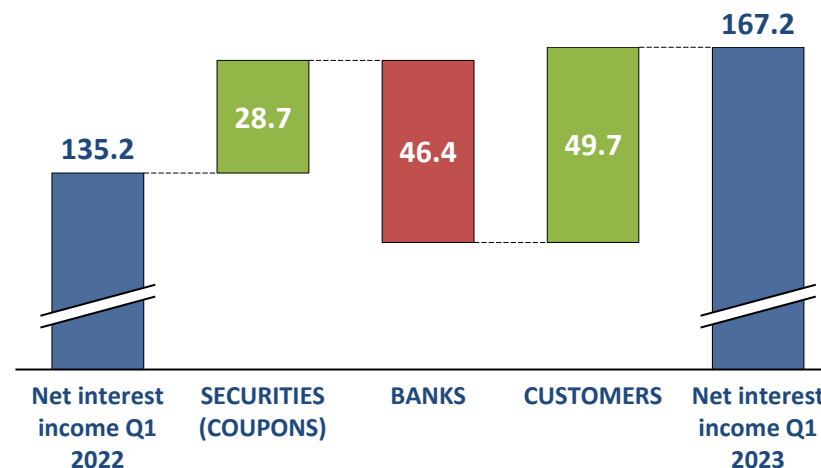
...WITH THE BOOST COMING FROM COMMERCIAL ACTIVITY



RATES EVOLUTION¹



NII EVOLUTION¹



(1) BPS individual management data

Q1 2023 NII'S DRIVERS

- ✓ NII RELATED TO COMMERCIAL ACTIVITY STRONGLY INCREASING THANKS TO CUSTOMERS SPREAD OPENING TO 2.24% FROM 1.45% IN Q1 2022
- ✓ SIGNIFICANT INCREASE IN PROPRIETARY PORTFOLIO'S COUPON FLOWS (59.7 €M FROM 31 €M IN Q1 2022)
- ✓ NET* NEGATIVE IMPACT FOR ABOUT 28 €M OF TLTRO FUNDING (VS +19 €M IN Q1 2022)

OVERALL 2023 NII GUIDANCE

- ✓ CONFIRMED DOUBLE-DIGIT GROWTH OF NII IN 2023

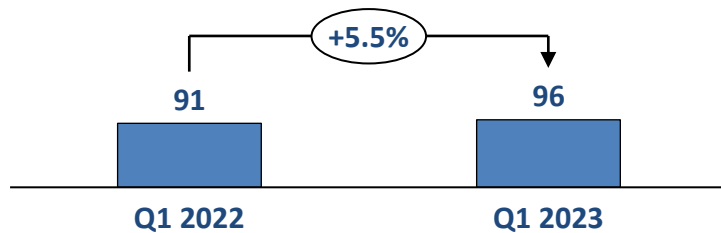
(*) NET=TLTRO FUNDING COST – EXCESS LIQUIDITY IMPACTS

SOLID GROWTH OF NET FEES AND COMMISSIONS

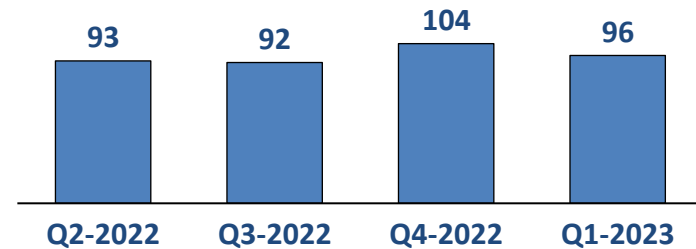


NET FEES (€M)

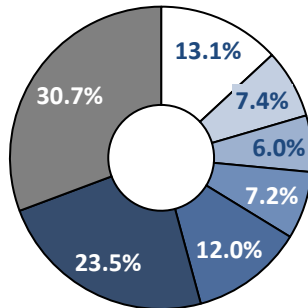
Yearly Evolution



Quarterly Evolution



Q1 2023 BREAKDOWN



- FEES FROM ASSET UNDER MANAGEMENT
- FEES FROM ASSET UNDER CUSTODY
- FEES FROM INSURANCE PRODUCTS
- FEES FROM GUARANTEES
- FEES FROM MAINTENANCE AND MANAGEMENT OF CURRENT ACCOUNTS
- FEES FROM COLLECTION AND PAYMENT SERVICES
- OTHER COMMISSIONS (MAINLY CUSTOMER LOANS)

- ✓ VERY STRONG PERFORMANCE OF COMMISSIONS RELATING TO CUSTOMER LOANS, COLLECTION AND PAYMENT SERVICES AND MAINTENANCE AND MANAGEMENT OF CURRENT ACCOUNT
- ✓ POSITIVE CONTRIBUTION Y/Y FROM THE PLACEMENT OF BANCASSURANCE PRODUCTS AND SERVICES OF THE INTERNATIONAL DEPARTMENT

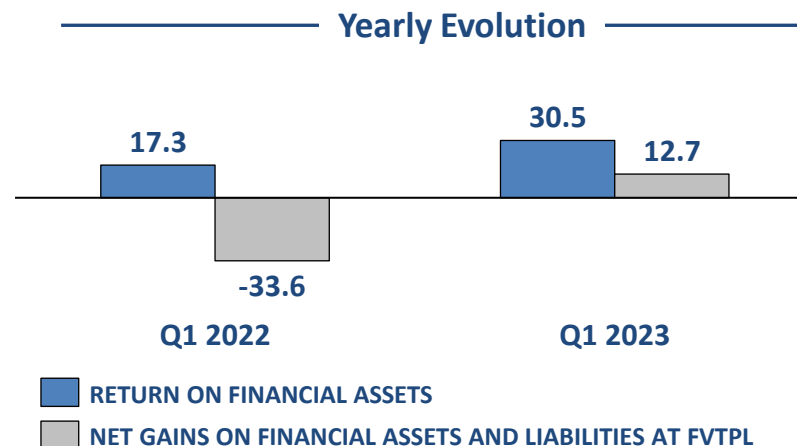
POSITIVE FINANCIAL ASSETS CONTRIBUTION



BREAKDOWN OF RETURN ON FINANCIAL ASSETS (€M)

	Q1 2022	Q1 2023	YoY		Q4-2022	Q1-2023	QoQ	
			Δ € M	Δ%			Δ € M	Δ%
DIVIDENDS AND SIMILAR INCOME	0.2	0.7	0.4	178.6%	0.4	0.7	0.3	81.6%
NET TRADING INCOME	2.3	28.6	26.3	-	23.9	28.6	4.7	19.8%
NET HEDGING INCOME	-0.1	0.2	0.3	-	-0.2	0.2	0.4	-
NET GAINS FROM SALES OR REPURCHASES	14.8	1.0	-13.8	-93.2%	0.5	1.0	0.5	112.1%
RETURN ON FINANCIAL ASSETS	17.3	30.5	13.1	75.8%	24.5	30.5	5.9	24.1%
NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL	-33.6	12.7	46.3	-	6.6	12.7	6.1	93.2%
O/W LOANS	-13.0	2.9	15.9	-	4.7	2.9	-1.8	-38.0%
O/W OTHER (MAINLY FUNDS AND SICAV)	-20.6	9.8	30.4	-	1.9	9.8	7.9	426.1%
TOTAL	-16.3	43.2	59.4	-	31.1	43.2	12.0	38.7%

- ✓ **STRONG RETURN OF FINANCIAL ASSETS (31 €M)**
- ✓ **FVTPL MARK TO MARKET GAINS FOR AROUND 13 €M RELATED TO:**
 - **FIXED INCOME FUNDS AND SICAV (AROUND 10 €M RELATED TO A STOCK OF 545 €M)**
 - **LOANS (AROUND 3 €M RELATED TO A STOCK OF 351 €M)**

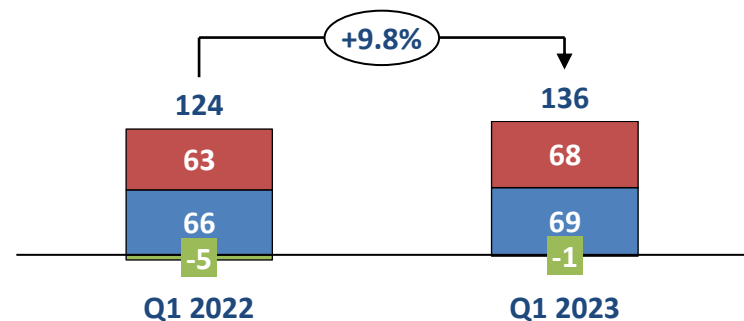


OPERATING COSTS UNDER CONTROL IN SPITE OF SIGNIFICANT SRF/DGS CHARGES AND INFLATIONARY PRESSURES



OPERATING COSTS¹ (€M)

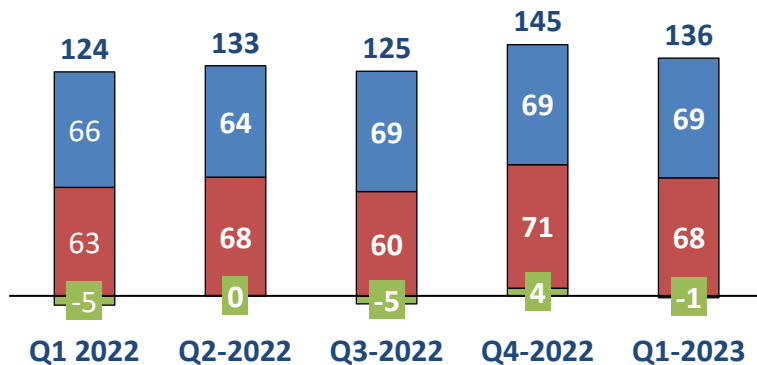
Yearly Evolution



SRF/DGS CHARGES



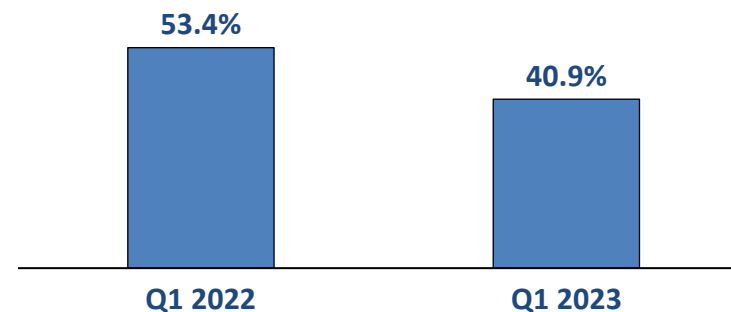
Quarterly Evolution



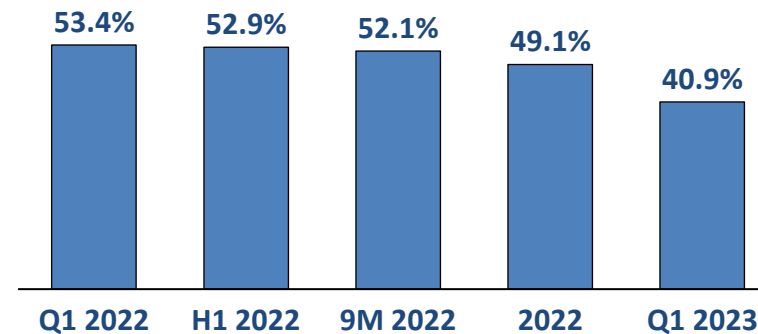
PERSONNEL EXPENSES OTHER ADMINISTRATIVE EXPENSES OTHER

COST / INCOME RATIO (%)

Yearly Evolution



C/I Evolution

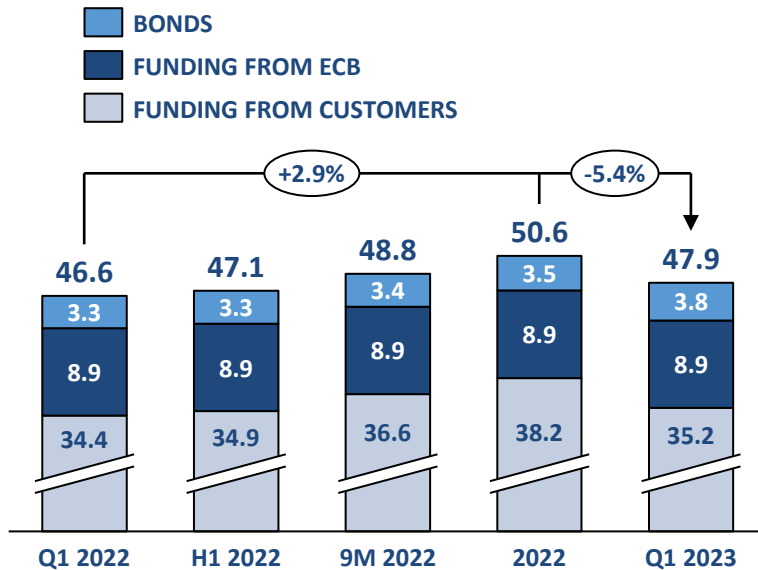


(1) Operating costs are considered net of System charges.

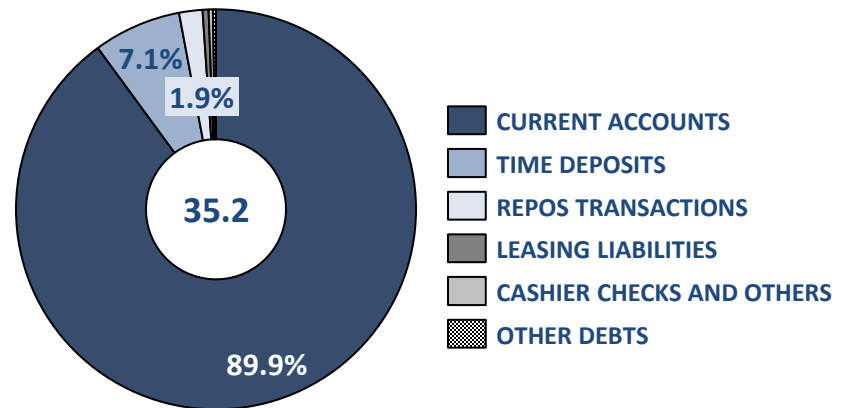
FUNDING STRUCTURE



TOTAL FUNDING (€BN)



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



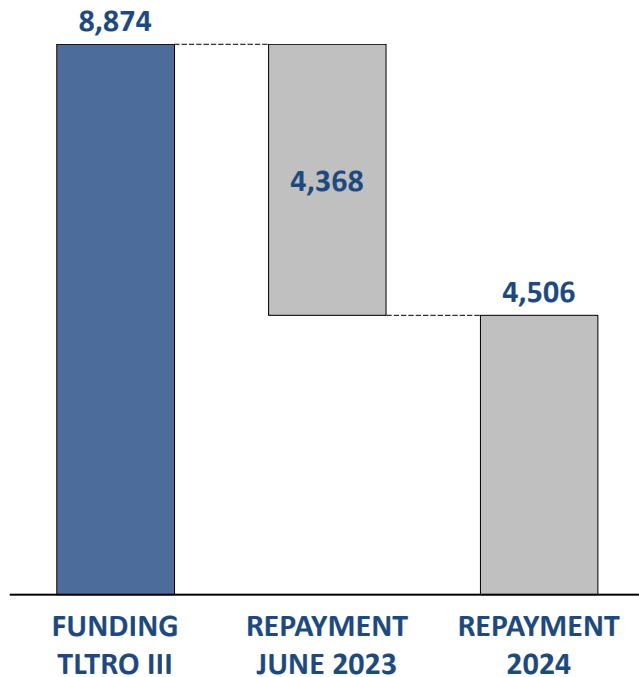
- ✓ 0.9 € BN YTD REDUCTION IN REPO INCLUDED IN CUSTOMER FUNDING*;
- ✓ YTD DIRECT FUNDING FROM RETAIL SUBSTANTIALLY STABLE WITH A RECOMPOSITION IN TERMS OF TECHNICAL FORMS TOWARDS TIME DEPOSITS/BONDS;
- ✓ SOME OUTFLOWS FROM PRIVATE PENSION SCHEMES AND LARGE CUSTOMERS;
- ✓ WELL ON TRACK TO MEET MEDIUM-LONG TERM FUNDING PLAN TARGETS FOR THE YEAR WITH 400M SENIOR PREFERRED BONDS PLACED TO RETAIL INVESTORS.

(*) Booked with a central counterparty.

FOCUS ON ECB FUNDING

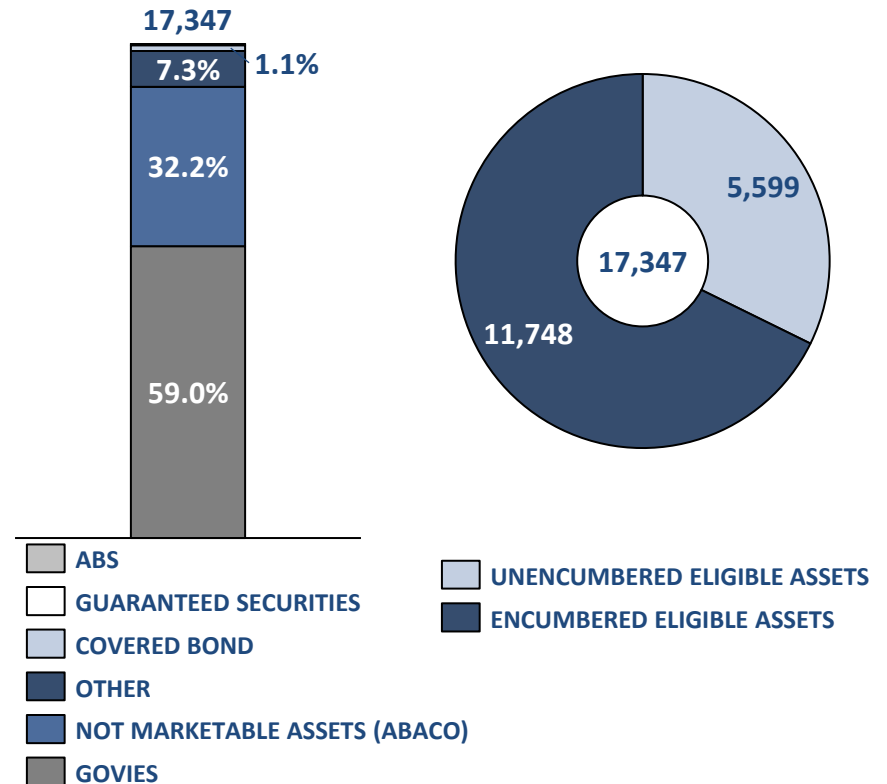


FUNDING TLTRO III



ELIGIBLE ASSETS (€M)

BPS individual management data

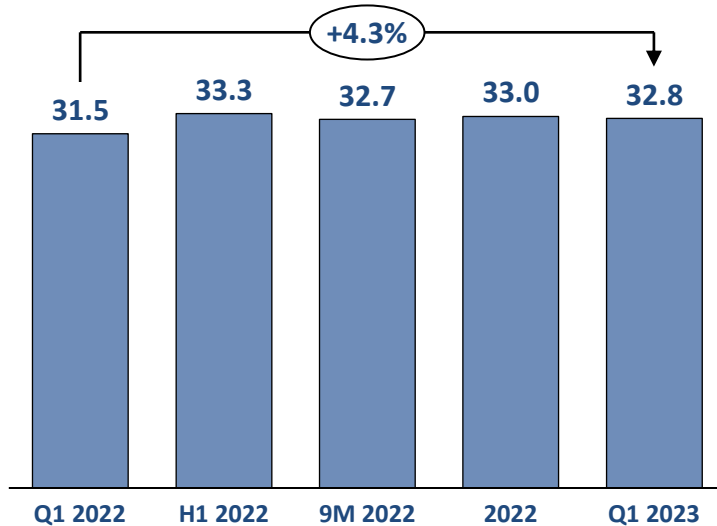


- ✓ IN Q1 5.2 € BN AVERAGE O/N EXCESS LIQUIDITY
- ✓ 5.6 €BN OF UNENCUMBERED ELIGIBLE ASSETS

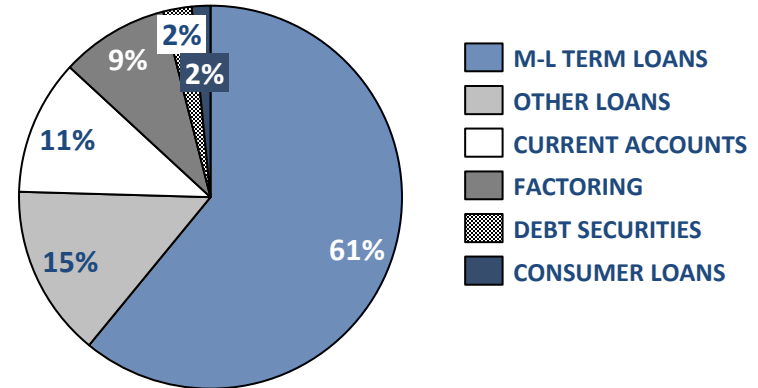
OVERVIEW OF LENDING ACTIVITY



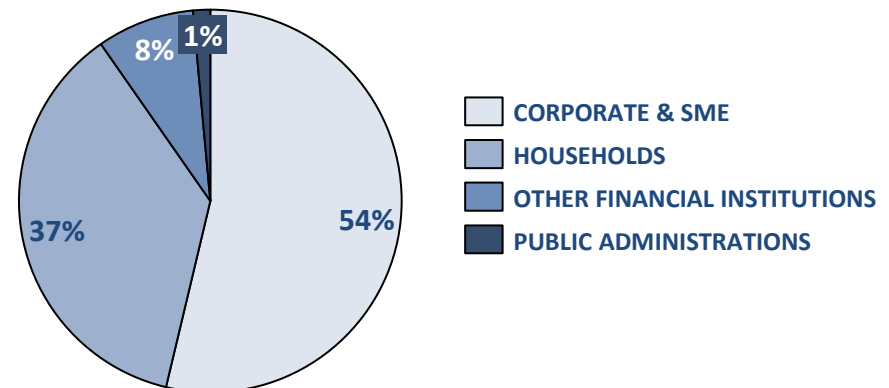
NET CUSTOMER LOANS (€BN)



NET LOANS BY TYPE – Q1 2023



NET LOANS BY TYPE OF CUSTOMER Q1 2023



- ✓ LENDING STOCK SUBSTANTIALLY STABLE YTD
- ✓ NET OF FUNDING TO FACTORIT BPS INDIVIDUAL LOANS SLIGHTLY INCREASED
- ✓ AROUND 27% OF LOANS ARE RELATED TO BPS SUISSE, FACTORIT AND BNT

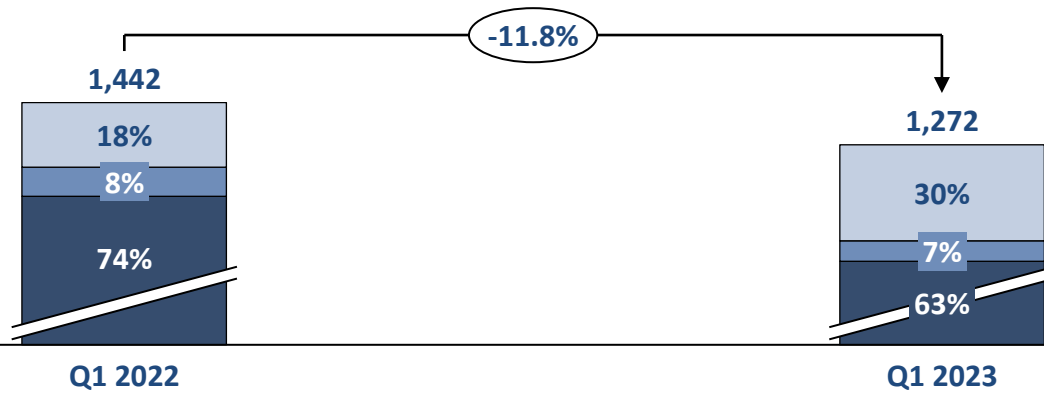
FOCUS ON NEW LENDING



NEW DISBURSEMENTS (€M)

Yearly Evolution

■ FACTORIT
 ■ SUISSE
 ■ BPS



FOCUS ON INSTALLMENT LOANS

BPS individual management data

INSTALLMENT LOANS NEW DISBURSEMENTS (€ M)	Q1 2022	Q1 2023
TOTAL	822	764
of which MORTGAGE LOANS	287	268
of which OTHER UNSECURED LOANS	506	465
of which PERSONAL LOANS	29	31

NEW LENDING AT AVERAGE RATE OF 4.31% (VS 1.87% Q1 2022)

ASSET QUALITY UNDER CONTROL...



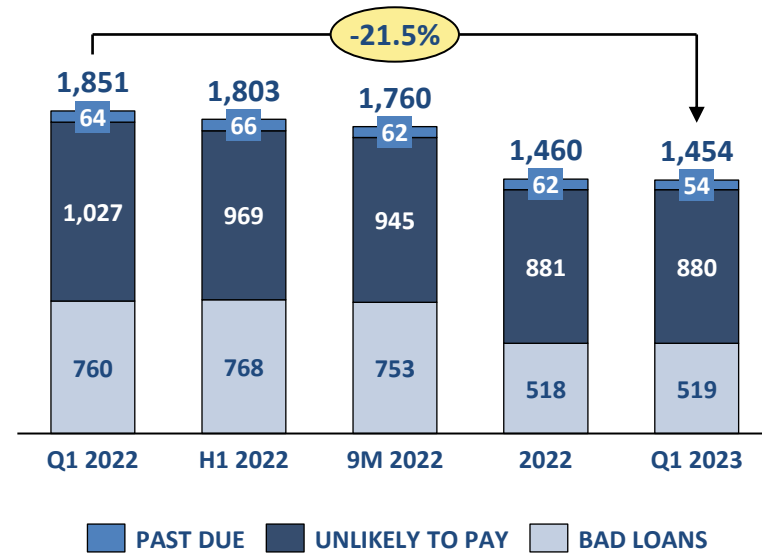
NPL MANAGEMENT

- ✓ VERY HIGH COVERAGE OF NON PERFORMING LOANS
- ✓ NET NPL RATIO EQUAL TO 1.8% (i.e. 576 €M of net exposure)

NPL COVERAGE (%)

	2022	Q1 2023
BAD LOANS	76.5%	81.5%
UTP	51.2%	51.2%
PAST DUE	7.8%	8.1%
TOTAL NPLs	58.3%	60.4%

GROSS NPL STOCK (€M)



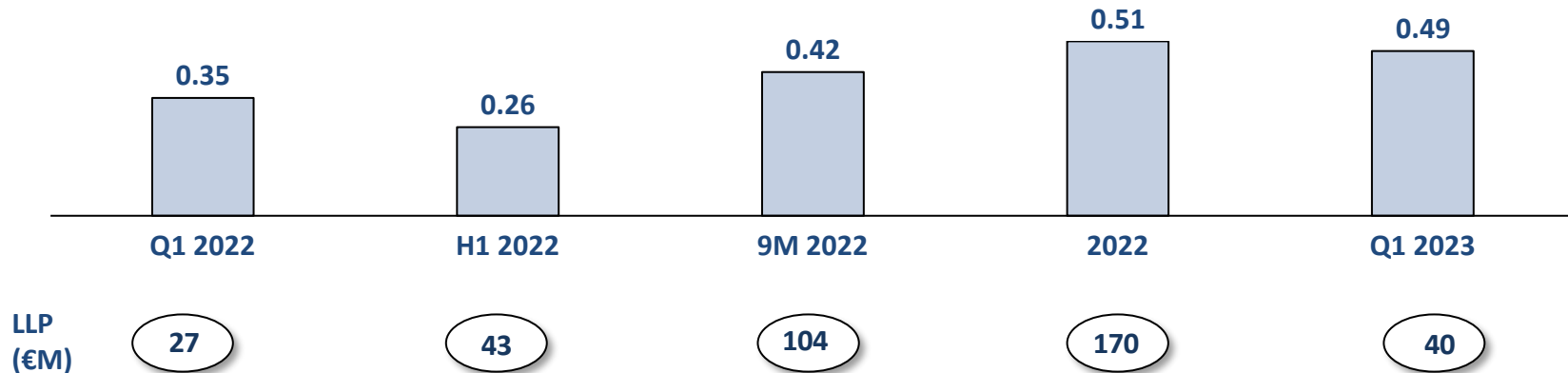
NPL Ratio



...WITH COST OF RISK IN LINE WITH BUSINESS PLAN'S TARGET...



EVOLUTION OF COST OF RISK (%)



CREDIT QUALITY INDICATORS

BPS individual management data

	Q1 2022	H1 2022	9M 2022	2022	Q1 2023
DEFAULT RATE	1.04%	0.93%	0.96%	1.07%	1.08%
DANGER RATE	9.86%	10.46%	8.84%	9.53%	7.91%
CURE RATE	7.44%	7.92%	7.20%	9.64%	12.64%

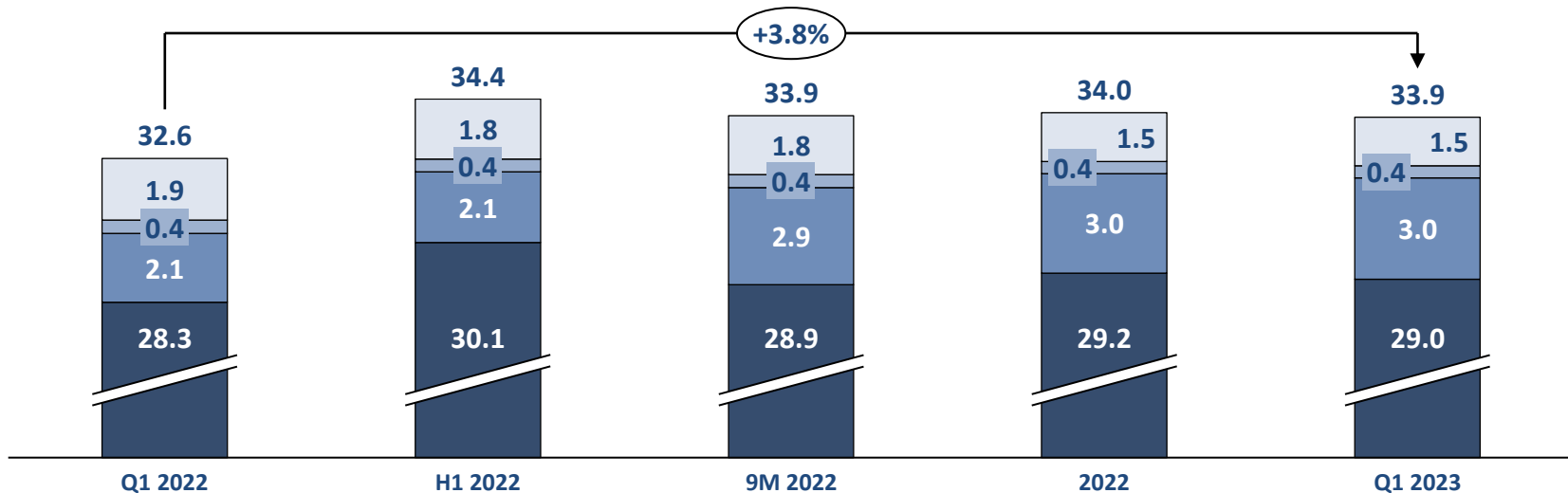
...AND REFLECTING A CONSERVATIVE APPROACH



FOCUS ON STAGING (€BN)

Gross Customer Loans

STAGE 1
 STAGE 2
 FAIR VALUE
 STAGE 3



- ✓ ABOUT 80 €M OF PRUDENTIAL MANAGEMENT OVERLAYS: A BUFFER FOR THE POSSIBLE DETERIORATION OF CREDIT QUALITY
- ✓ OVERALL PERFORMING LOANS COVERAGE UP TO 0.50% FROM 0.45% AS OF YE 2022
- ✓ STAGE 2 LOANS COVERAGE UP TO 3.87% FROM 3.39% AS OF YE 2022

PRUDENT FINANCIAL ASSETS PORTFOLIO...

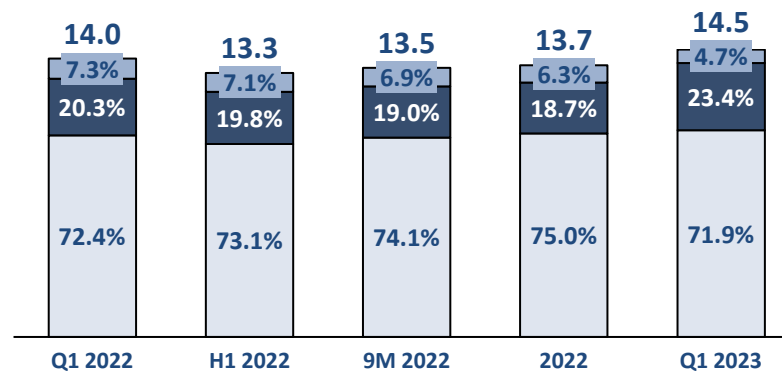
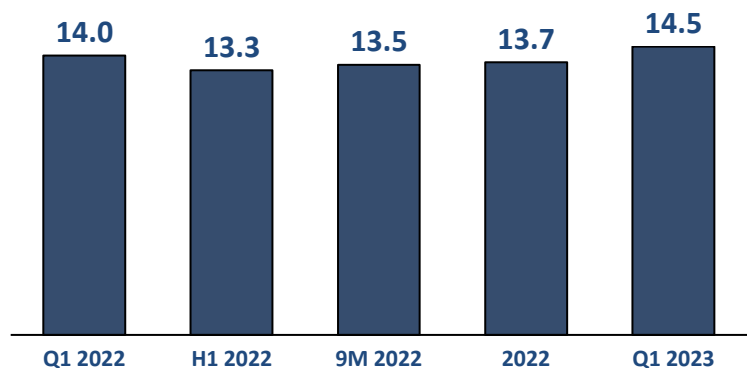


SECURITIES PORTFOLIO (€BN)

BREAKDOWN BY PORTFOLIO (%)

Quarterly Evolution

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



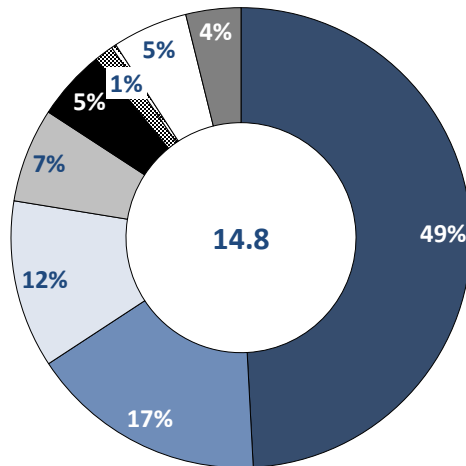
BREAKDOWN BY TYPE OF ASSETS (%)

€ BN	Q1 2022	H1 2022	9M 2022	2022	Q1 2023	% ON TOTAL
BONDS	13.0	12.3	12.6	12.8	13.7	95.0%
EQUITY	0.2	0.2	0.2	0.1	0.1	0.9%
OTHER (MAINLY FUNDS AND SICAV)	0.9	0.8	0.8	0.8	0.6	4.1%
TOTAL	14.0	13.3	13.5	13.7	14.5	100.0%

...WITH HIGH INCIDENCE OF FLOATING RATE BONDS



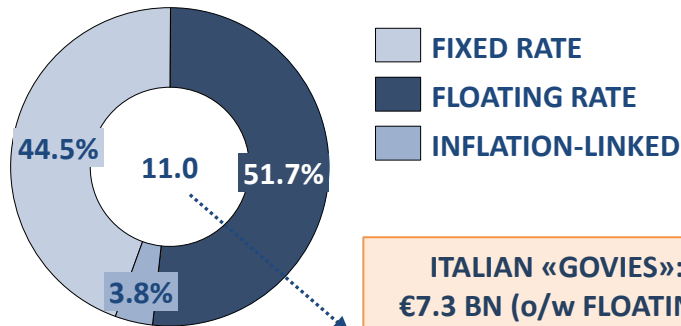
DEBT SECURITIES COMPONENT BREAKDOWN⁽¹⁾ – Q1 2023



KEY FEATURES OF THE BOND COMPONENT

- ✓ PRUDENT AND INCREASINGLY DIVERSIFIED PORTFOLIO ALLOCATION WITH EXPOSURE TO GERMAN, SPANISH, FRENCH, DUTCH “GOVIES”
- ✓ LOWER EXPOSURE TO ITALIAN “GOVIES” AND HIGH INCIDENCE OF FLOATING RATE NOTES
- ✓ AROUND 72% ALLOCATED TO THE HTC IFRS 9 PORTFOLIO WITH NO IMPACT OF MARK TO MARKET VALUATIONS ON P&L AND CAPITAL
- ✓ YIELD TO MATURITY 4%; DURATION 3.8 Y; VOLATILITY 1.8

GOVERNMENT BONDS⁽¹⁾: BREAKDOWN BY TYPE OF RATE – Q1 2023



ITALIAN «GOVIES»: €7.3 BN (o/w FLOATING RATE NOTES CCTs EQUAL TO 5.7 BN)

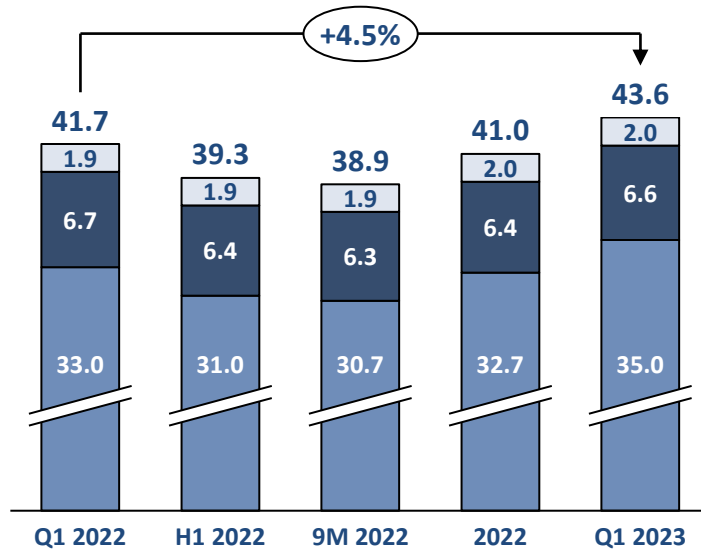
(1) BPS individual management data as at 31/03/2023

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

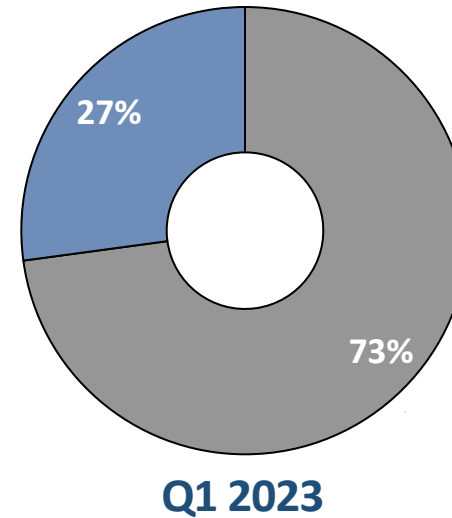


INDIRECT FUNDING (€BN)

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



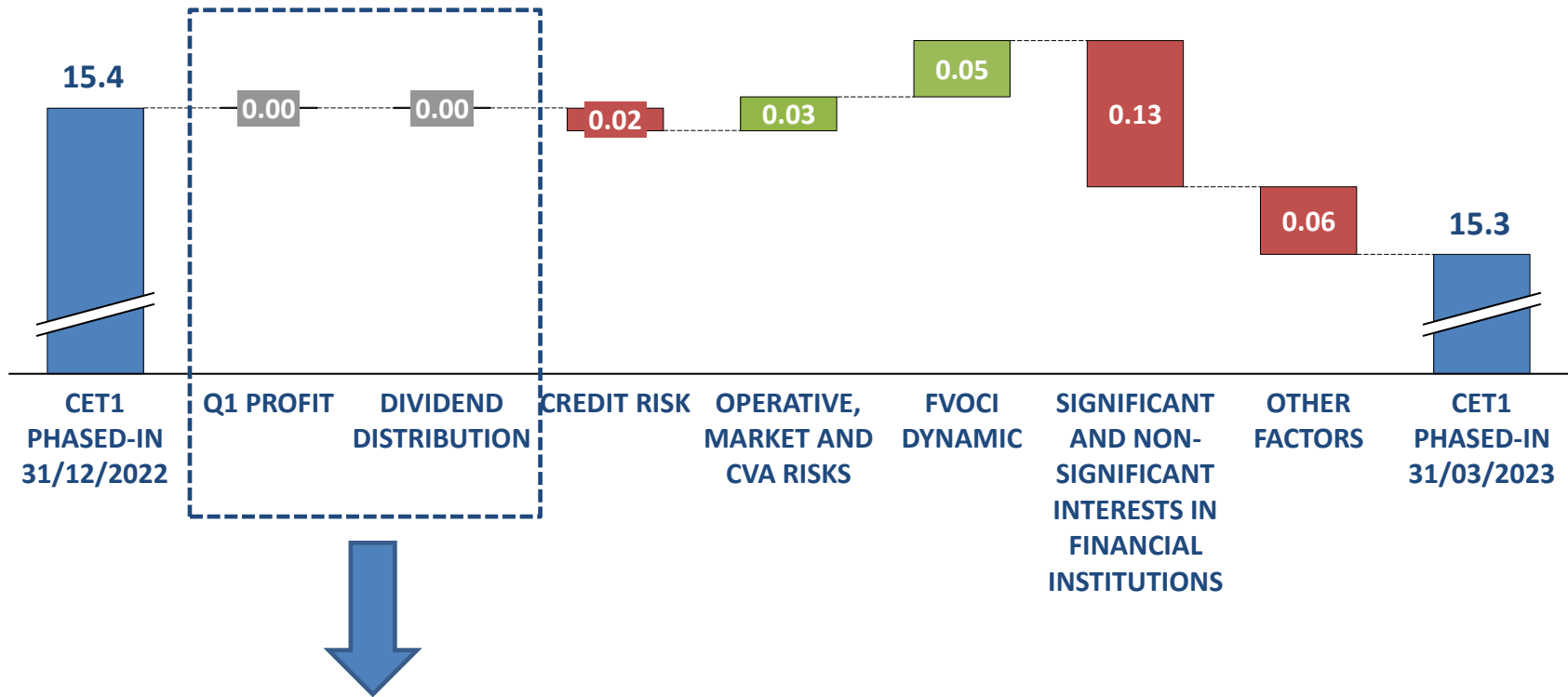
AUM BREAKDOWN (€BN)



- MUTUAL FUNDS
- INDIVIDUAL PORTFOLIOS MANAGEMENT

- ✓ NET NEW INFLOWS FOR ASSET UNDER MANAGEMENT PRODUCTS OF OVER 100 €M
- ✓ BANCASSURANCE BUSINESS ALSO POSITIVE WITH NEW INFLOWS AROUND 19 €M

CET1 Q/Q EVOLUTION...



✓ THE INCLUSION OF THE PROFIT FOR THE PERIOD, NET OF DIVIDENDS, WOULD - SUBJECT TO APPROVAL BY THE SUPERVISOR - HAVE RESULTED IN A BENEFIT OF APPROXIMATELY 25 BASIS POINTS AND THEREFORE IN A CET1 LEVEL OF 15.5%

✓ ABOUT 47 € M OF IMPLIED DIVIDEND ACCRUED IN Q1 ASSUMING A 50% PAYOUT RATIO

...CONFIRMING THE LARGE BUFFER OVER REGULATORY REQUIREMENTS



CET 1 RATIO [Phased-in]

15.3%

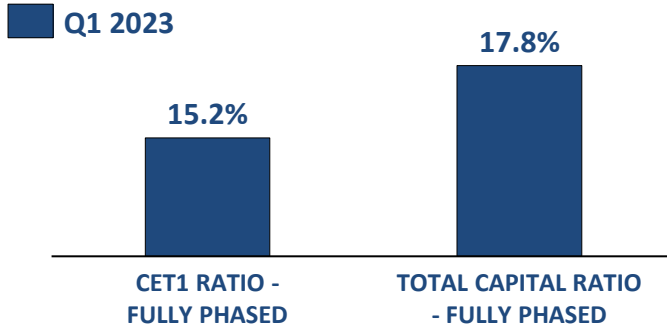
LEVERAGE RATIO [Phased-in]

5.1%

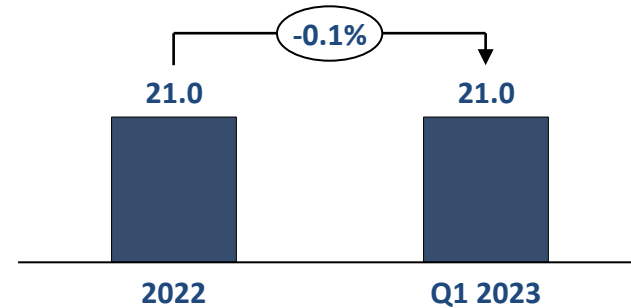
TEXAS RATIO

17%

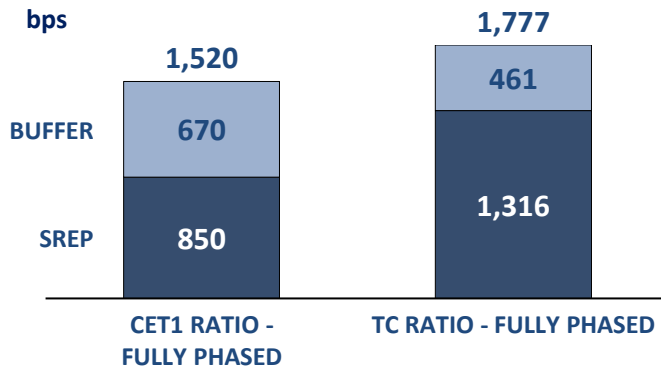
CET 1 RATIO & TOTAL CAPITAL RATIO (%)



RWA (€BN)



BUFFER OVER 2023 SREP REQUIREMENTS



2023 SREP REQUIREMENTS

TOTAL CAPITAL RATIO 13.16%

CET1 RATIO 8.50%



③ FINAL REMARKS



THE STRONG START OF 2023 BODES WELL FOR THE YEAR:



**KEEPING FOCUS ON IDENTIFIED GROWTH DRIVERS:
CORPORATE LENDING, WEALTH MANAGEMENT
AND BANCASSURANCE PRODUCTS INCREASED
PLACEMENT, «PHYGITAL» CUSTOMER ORIENTED
SOLUTIONS...**



**...THE BANK IS WELL ON TRACK TO EARLY ACHIEVE
THE 2025 «NEXT STEP» BUSINESS PLAN 2022-2025
PROFITABILITY TARGET**



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

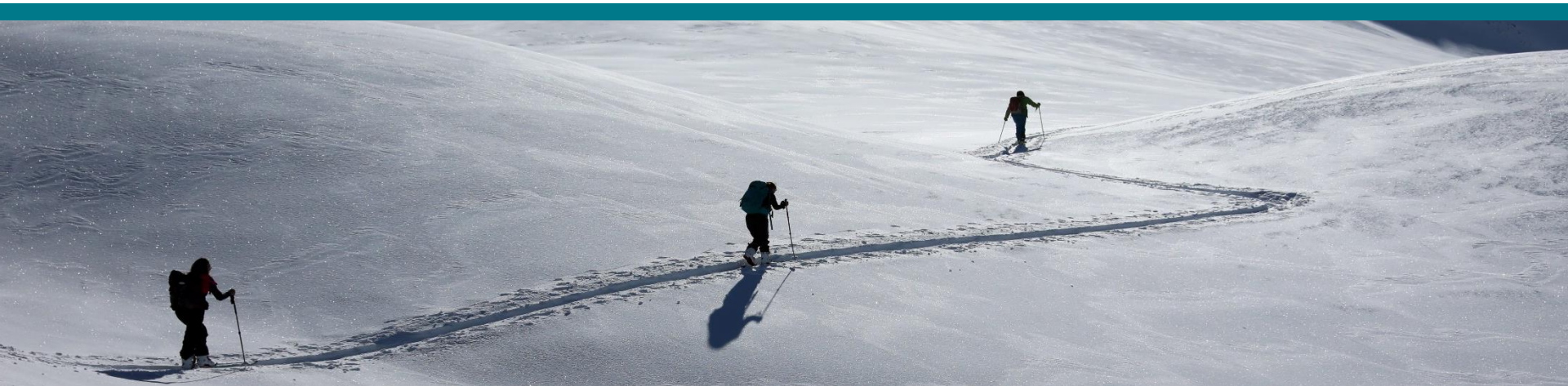
ACQUISITION OF
THE CONTROLLING
STAKE OF
FACTORIT

2017

FULL ACQUISITION
OF BNT BANK

2022

FULL ACQUISITION
OF FACTORIT



GEOGRAPHICAL DISTRIBUTION



Banca Popolare di Sondrio FOUNDED IN 1871

484 POINTS OF SALES:

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

WITH A PRESENCE IN:

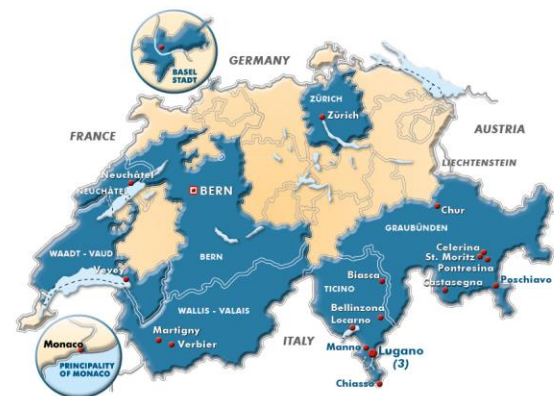
- 35 PROVINCES
- 9 REGIONS



BANKING GROUP'S EMPLOYEES: 3,470

Number of branches in the region

NOTE: Company's data as of 31/03/2023



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

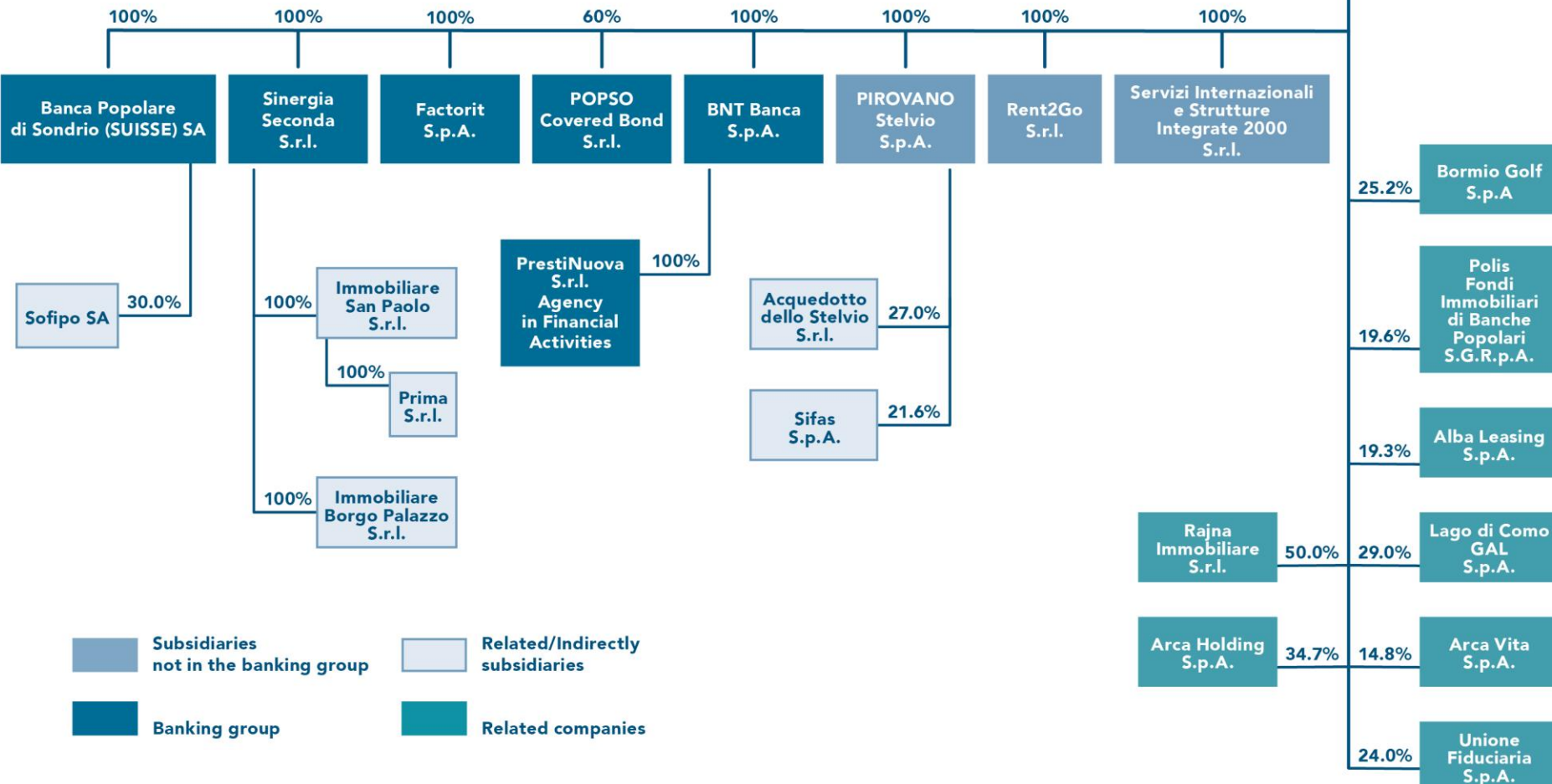
- MILANO • PALERMO • CATANIA • CALTANISSETTA
- NAPOLI • PRATO • LAMEZIA TERME (CZ)

Operating at Banca Popolare di Sondrio's branches and at its partner banks' counters.

GROUP STRUCTURE



Banca Popolare di Sondrio S.p.A.



Subsidiaries not in the banking group
 Related/Indirectly subsidiaries

Banking group
 Related companies

NOTE: Company's data as of 31/03/2023

FINANCIAL STATEMENT: BALANCE SHEET ASSETS



THOUSANDS OF EUROS

ASSETS		31/03/2023	31/12/2022
10.	CASH AND CASH EQUIVALENTS	6,066,123	6,990,689
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,048,162	1,254,070
	a) financial assets held for trading	147,904	179,665
	c) financial assets mandatorily at fair value through profit or loss	900,258	1,074,405
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	3,382,543	2,555,705
40.	FINANCIAL ASSETS AT AMORTISED COST	43,681,300	43,870,637
	a) loans and receivables with banks	1,850,097	1,865,249
	b) loans and receivables with customers	41,831,203	42,005,388
50.	HEDGING DERIVATIVES	451	248
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)	(29)	(198)
70.	EQUITY INVESTMENTS	350,008	322,632
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	662,849	650,908
100.	INTANGIBLE ASSETS	37,055	36,669
	of which:		
	- goodwill	16,997	16,997
110.	TAX ASSETS	313,856	342,647
	a) current	2,007	17,654
	b) deferred	311,849	324,993
130.	OTHER ASSETS	2,125,654	1,830,354
TOTAL ASSETS		57,667,972	57,854,361

FINANCIAL STATEMENT: BALANCE SHEET LIABILITY & EQUITY



THOUSANDS OF EUROS

LIABILITY AND EQUITY		31/03/2023	31/12/2022
10.	FINANCIAL LIABILITIES AT AMORTISED COST	52,029,571	53,152,710
	a) due to banks	12,984,562	11,381,703
	b) due to customers	35,081,178	38,122,246
	c) securities issued	3,963,831	3,648,761
20.	FINANCIAL LIABILITIES HELD FOR TRADING	59,870	115,871
40.	HEDGING DERIVATIVES	324	227
60.	TAX LIABILITIES	44,034	32,359
	a) current	13,749	3,160
	b) deferred	30,285	29,199
80.	OTHER LIABILITIES	1,685,365	834,629
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS	35,442	35,597
100.	PROVISIONS FOR RISKS AND CHARGES:	313,079	295,528
	a) loans commitments and	70,037	63,204
	b) pensions and similar	169,904	167,827
	c) other provisions	73,138	64,497
120.	VALUATION RESERVES	(42,647)	(68,086)
150.	RESERVES	2,034,796	1,790,468
160.	SHARE PREMIUM	78,978	78,978
170.	SHARE CAPITAL	1,360,157	1,360,157
180.	TREASURY SHARES (-)	(25,408)	(25,402)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	4	4
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)	94,407	251,321
TOTAL LIABILITIES AND EQUITY		57,667,972	57,854,361

FINANCIAL STATEMENT: INCOME STATEMENT



THOUSANDS OF EUROS

ITEMS	31/03/2023	31/03/2022
10. INTEREST AND SIMILAR INCOME	360,383	185,047
of which: interest calculated using the effective interest method	356,759	182,187
20. INTEREST AND SIMILAR EXPENSE	(168,336)	(28,857)
30. NET INTEREST INCOME	192,047	156,190
40. FEE AND COMMISSION INCOME	102,232	95,919
50. FEE AND COMMISSION EXPENSE	(5,750)	(4,457)
60. NET FEE AND COMMISSION INCOME	96,482	91,462
70. DIVIDENDS AND SIMILAR INCOME	663	238
80. NET TRADING INCOME	28,612	2,310
90. NET HEDGING INCOME	196	(61)
100. NET GAINS FROM SALES OR REPURCHASES OF:	909	14,844
a) financial assets at amortized cost	1,488	8,814
b) financial assets at fair value through other comprehensive income	(664)	6,030
c) financial liabilities	85	-
110. NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	12,677	(33,586)
b) other financial assets mandatorily measured at fair value	12,677	(33,586)
120. TOTAL INCOME	331,586	231,397
130. NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:	(35,474)	(23,381)
a) financial assets at amortized cost	(35,032)	(23,269)
b) financial assets at fair value through other comprehensive income	(442)	(112)
140. NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION	2,585	(1,217)
150. NET FINANCIAL INCOME	298,697	206,799
180. NET FINANCIAL INCOME AND INSURANCE INCOME	298,697	206,799
190. ADMINISTRATIVE EXPENSES:	(174,562)	(159,067)
a) personnel expenses	(71,584)	(66,565)
b) other administrative expenses	(102,978)	(92,502)
200. NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	(12,219)	(2,299)
a) commitments for guarantees given	(6,836)	(2,704)
b) other net provisions	(5,383)	405
210. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(11,900)	(8,843)
220. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(3,511)	(3,132)
230. OTHER NET OPERATING INCOME	24,630	16,985
240. OPERATING COSTS	(177,562)	(156,356)
250. SHARE OF PROFITS OF INVESTEEs	12,970	6,572
260. NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED	-	-
280. NET GAINS ON SALES OF INVESTMENTS	16	88
290. PRE-TAX PROFIT FROM CONTINUING OPERATIONS	134,121	57,103
300. TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS	(39,714)	(16,803)
310. POST-TAX PROFIT FROM CONTINUING OPERATIONS	94,407	40,300
330. NET PROFIT (LOSS) FOR THE PERIOD	94,407	40,300
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	94,407	40,300
EARNINGS (LOSS) PER SHARE	0.208	0.089
DILUTED EARNINGS (LOSSES) PER SHARE	0.208	0.089

FINANCIAL STATEMENT: RECLASSIFIED P&L



(in thousands of euro)	31/03/2023	31/03/2022	(+/-)	% change
Net interest income	192,047	156,190	35,857	22.96
Dividends and similar income	663	238	425	178.57
Net fee and commission income	96,482	91,462	5,020	5.49
Net gains on financial assets [a]	29,811	17,093	12,718	74.40
Result of other financial assets at FVTPL [b]	12,677	-33,586	46,263	-
of which Loans	2,918	-12,965	15,883	-
of which Other	9,759	-20,621	30,380	-
Total income	331,680	231,397	100,283	43.34
Net impairment losses [c]	-39,819	-27,302	-12,517	45.85
Net financial income	291,861	204,095	87,766	43.00
Personnel expenses [d]	-68,954	-66,477	-2,477	3.73
Other administrative expenses [e]	-67,973	-62,502	-5,471	8.75
Other net operating income [d]	22,000	16,897	5,103	30.20
Net accruals to provisions for risks and charges [f]	-5,383	405	-5,788	n.s.
Depreciation and amortisation on tangible and intangible assets	-15,411	-11,975	-3,436	28.69
Operating costs	-135,721	-123,652	-12,069	9.76
Operating result	156,140	80,443	75,697	94.10
Charges for the stabilization of the banking System [e]	-35,005	-30,000	-5,005	16.68
Share of profits of investees and net gains on sales of investments	12,986	6,660	6,326	94.98
Pre-tax profit from continuing operations	134,121	57,103	77,018	134.88
Income taxes	-39,714	-16,803	-22,911	136.35
Net profit (loss) for the period	94,407	40,300	54,107	134.26
Net (profit) loss of the period attributable to minority interests	0	0	0	-
Net profit (loss) for the period attributable to the owners of Parent bank	94,407	40,300	54,107	134.26

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 0,094 € 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 2,630 € 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 31/03/2022 have been made consistent with those of 2023.

FINANCIAL STATEMENT: RECLASSIFIED P&L QUARTERLY EVOLUTION



(in million of euro)	Q1 - 2023	Q4 - 2022	Q3 - 2022	Q2 - 2022	Q1 - 2022
Net interest income	192.0	203.8	156.9	164.1	156.2
Dividends and similar income	0.7	0.4	0.4	5.4	0.2
Net fee and commission income	96.5	104.2	91.8	93.1	91.5
Net gains on financial assets [a]	29.8	24.2	4.0	24.3	17.1
Result of other financial assets at FVTPL [b]	12.7	6.6	-6.6	-34.0	-33.6
of which Loans	2.9	4.7	2.1	-4.3	-13.0
of which Other	9.8	1.9	-8.6	-29.7	-20.6
Total income	331.7	339.2	246.7	252.9	231.4
Net impairment losses [c]	-39.8	-65.9	-60.5	-16.1	-27.3
Net financial income	291.9	273.3	186.2	236.8	204.1
Personnel expenses [d]	-69.0	-69.1	-69.3	-64.2	-66.5
Other administrative expenses [e]	-68.0	-71.3	-60.1	-68.2	-62.5
Other net operating income [d]	22.0	20.4	22.9	22.1	16.9
Net accruals to provisions for risks and charges [f]	-5.4	-6.5	-1.5	-6.7	0.4
Depreciation and amortisation on tangible and intangible assets	-15.4	-18.2	-16.8	-15.5	-12.0
Operating costs	-135.7	-144.8	-124.8	-132.5	-123.7
Operating result	156.1	128.5	61.4	104.2	80.4
Charges for the stabilization of the banking System [e]	-35.0	-2.9	-3.0	-10.0	-30.0
Share of profits of investees and net gains on sales of investments	13.0	10.6	5.3	2.6	6.7
Pre-tax profit from continuing operations	134.1	136.3	63.7	96.8	57.1
Income taxes	-39.7	-36.2	-17.5	-32.0	-16.8
Net profit (loss) for the period	94.4	100.0	46.2	64.8	40.3
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	94.4	100.0	46.2	64.8	40.3

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



31-03-2023

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(4,29%)	1,453,641	878,051	(1,75%)	575,590	60.40%
of which Bad loans	(1,53%)	519,228	423,014	(0,29%)	96,214	81.47%
of which Unlikely to pay	(2,6%)	880,040	450,617	(1,31%)	429,423	51.20%
of which Past due	(0,16%)	54,373	4,420	(0,15%)	49,953	8.13%
Performing exposures	(95,71%)	32,423,109	162,267	(98,25%)	32,260,842	0.50%
Total loans to customers	(100%)	33,876,750	1,040,318	(100%)	32,836,432	3.07%

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
27 JULY 2022

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	
	AA (low)	R-1 (mid)
	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+	S-1 or S-2
	A	
	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



- ❑ *This document has been prepared by Banca Popolare di Sondrio for information purpose only and does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect of such securities or other financial instruments.*

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- ❑ *Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2), Maurizio Bertoletti, 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)

Banca Popolare di Sondrio (SUISSE)

www.bps-suisse.ch
contact@bps-suisse.ch



BNT BANCA

Banca della Nuova Terra

www.bntbanca.it
info@bntbanca.it



Factorit

www.factorit.it
info@factorit.it



www.rent2go.it
info@rent2go.it



PrestiNuova

Agency in Financial Activities
of BNT Banca

www.prestinuova.it
info@prestinuova.it

PIROVANO

L'UNIVERSITÀ DELLO SCI
SNOWBOARD UNIVERSITY
L'UNIVERSITÀ DELLA MONTAGNA

www.pirovano.it
info@pirovano.it