Banca Popolare di Sondrio


# CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 31 MARCH 2020

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Founded in 1871

# CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 31 MARCH 2020

Società cooperativa per azioni
Head office and general management: Piazza Garibaldi 16, 23100 Sondrio, Italy
Tel, 0342 528.111 - Fax 0342 528.204
Website: http://www.popso.it - E -mail: info.popso.it - Certified e-mail address: postacertificata.pec.popso.it

Sondrio Companies Register no. 00053810149 - Official List of Banks no. 842
Official List of Cooperative Banks no. A160536
Parent Company of the Banca Popolare di Sondrio Group, Official List of Banking Groups no. 5696.0 - Member of the Interbank Deposit Protection Fund
Fiscal code and VAT number: 00053810149
Share capital: € 1,360,157,331 – Reserves: € 983,893,092
(amounts approved at the shareholders' meeting held on 27 April 2019)

Rating:

- Rating given by Fitch Ratings to Banca Popolare di Sondrio scpa on 24 March 2020:
  – Long-term: BB+
  – Short-term: B
  – Viability rating: bb+
  – Outlook: Rating watch negative
  – Long-term Deposit Rating: BBB-
  – Long-term subordinated debt: BB-

- Rating given by DBRS Morningstar to Banca Popolare di Sondrio scpa on 2 April 2020:
  – Long-Term Issuer Rating: BBB (low)
  – Short-Term Issuer Rating: R-2 (middle)
  – Trend (outlook): negative
  – Long-Term Deposit Rating: BBB
  – Short-Term Deposit Rating: R-2 (high)

- Rating given by Scope Ratings to Banca Popolare di Sondrio scpa on 8 April 2020:
  – Issuer rating: BBB-
  – Outlook: Stable

## BOARD OF DIRECTORS

| | |
|---|---|
| Chairman | FRANCESCO VENOSTA |
| Deputy Chairman | LINO ENRICO STOPPANI* |
| Managing Director | MARIO ALBERTO PEDRANZINI** |
| Directors | PAOLO BIGLIOLI<br>ALESSANDRO CARRETTA<br>CECILIA CORRADINI<br>LORETTA CREDARO*<br>DONATELLA DEPPERU<br>FEDERICO FALCK<br>ATTILIO PIERO FERRARI<br>CRISTINA GALBUSERA*<br>ADRIANO PROPERSI<br>ANNALISA RAINOLDI*<br>SERENELLA ROSSI<br>DOMENICO TRIACCA* |

## BOARD OF STATUTORY AUDITORS

| | |
|---|---|
| Chairman | PIERGIUSEPPE FORNI |
| Auditors | LAURA VITALI<br>LUCA ZOANI |
| Alternate Auditors | BRUNO GARBELLINI<br>DANIELE MORELLI |

## ADVISORY COMMITTEE

| | |
|---|---|
| Advisors | ALBERTO CRESPI<br>GIUSEPPE GUARINO †<br>ANDREA MONORCHIO |
| Alternate advisors | DIANA BRACCO<br>ANTONIO LA TORRE |

## GENERAL MANAGEMENT

| | |
|---|---|
| General Manager | MARIO ALBERTO PEDRANZINI |
| Deputy General Managers | GIOVANNI RUFFINI<br>MARIO ERBA<br>MILO GUSMEROLI<br>CESARE POLETTI |

**Financial Reporting Officer** MAURIZIO BERTOLETTI

* Members of the Chairman's Committee

** Member of the Chairman's Committee and Secretary to the Board of Directors

# INTRODUCTION

Legislative Decree 25 of 15 February 2016 was passed to amend the Consolidated Finance Act by cancelling the disclosure requirements for the first and third quarter of the year, which issuers had to comply with, unless Consob obliged issuers to provide additional periodic financial information.

As in the past, our Group prefers full disclosure to the market, so we have prepared this interim financial report at 31 March 2020 in accordance with the recognition and measurement criteria of the International Accounting Standards (IAS/IFRS) adopted by the European Community and currently in force.

This consolidated interim report on operations has not been audited by the independent auditors.

# BASIS OF PREPARATION

The financial statements presented in this consolidated interim report on operations comply with the mandatory reporting formats required for statutory reporting purposes by the Bank of Italy Regulation no. 262 dated 22 December 2005, 6th update of 30 November 2018.

The accounting policies applied during the period under review are consistent with the previous year.

Please refer to the consolidated financial statements at 31 December 2019 for detailed information on the application of accounting standards.

All figures reported in the financial statements are stated in thousands of euro.

Balances at 31 December 2019 have been presented as balance sheet comparatives.

Income statement comparatives are the results for the period ended 31 March 2019.

In the preparation of the consolidated interim report on operations, greater use is made of estimates when compared to year end statutory reporting practices, particularly for cases where the accounting treatment does not comply with the accrual basis. This applies to both balance sheet and income statement components.

# THE BANCA POPOLARE DI SONDRIO BANKING GROUP

The Banca Popolare di Sondrio Banking Group comprises:

*Parent Company:*

Banca Popolare di Sondrio s.c.p.a. - Sondrio;

*Group companies:*

Banca Popolare di Sondrio (SUISSE) SA – Lugano (CH).

The Parent Company holds all the capital of Banca Popolare di Sondrio (SUISSE) SA, CHF 180,000,000.

Factorit spa - Milan.

The Parent Company holds 60.5% of the capital of Factorit spa, 85,000,002 euro.

Sinergia Seconda Srl – Milan

The Parent Company holds all the capital of Sinergia Seconda Srl, 60,000,000 euro.

Banca della Nuova Terra spa - Sondrio

The Parent Company holds all the capital of Banca della Nuova Terra spa, Euro 31,315,321.

Popso Covered Bond srl – Conegliano.

The Parent Company holds 60% of the capital of Popso Covered Bond srl, Euro 10,000.

## SCOPE AND METHODS OF CONSOLIDATION

The consolidated interim report on operations presents the financial position as at 31 March 2020 and the results for the period then ended of Banca Popolare di Sondrio Banking Group, which comprises the Parent Company, Banca Popolare di Sondrio (SUISSE) SA, Factorit spa, Sinergia Seconda Srl, Banca della Nuova Terra spa and Popso Covered Bond srl, as well as the entities over which the Group exercises control as defined by IFRS 10.

The following companies have been consolidated on a line-by-line basis:

### FULLY CONSOLIDATED EQUITY INVESTMENTS:

| Name | Head office | Share capital (in thousands) | % held |
|---|---|---|---|
| Banca Popolare di Sondrio (SUISSE) SA | Lugano | (CHF) 180,000 | 100 |
| Factorit spa | Milan | 85,000 | 60.5 |
| Sinergia Seconda Srl | Milan | 60,000 | 100 |
| Banca della Nuova Terra spa | Sondrio | 31,315 | 100 |
| Pirovano Stelvio spa * | Sondrio | 2,064 | 100 |
| Servizi Internazionali e Strutture Integrate 2000 srl * | Milan | 75 | 100 |
| Immobiliare San Paolo srl * | Tirano | 10 ** | 100 |
| Immobiliare Borgo Palazzo srl * | Tirano | 10 ** | 100 |
| Popso Covered Bond srl | Conegliano | 10 | 60 |

* equity investments not included in the banking group
** held by Sinergia Seconda srl

In addition, Fondo Immobiliare Centro delle Alpi Real Estate, which is 100% held by the Parent Company, has been consolidated.

The scope of consolidation also includes the equity investments where the Parent Company exercises a significant influence in that the shareholding is between 20% and 50%; or, if it has an interest of less than 20%, if one or more of the following circumstances apply:

*a)* the Bank has a representative on the Board of Directors or the equivalent body of the affiliate;

*b)* the Bank takes part in the decision-making process, including decisions regarding dividends;

*c)* there are significant transactions between the parent company and the affiliate;

*d)* there is an exchange of managers;

*e)* essential technical information is being provided.

These investments are valued using the equity method, except for insignificant interests which are valued at cost.

The equity method involves initial recognition of the investment at cost and its subsequent remeasurement based on the portion of equity held. The portion of the company's net result for the year attributable to the group is shown in a specific item in the income statement.

Any change in the other components of comprehensive income relating to these subsidiaries is presented as part of the Group's comprehensive income. Furthermore, in the event that an associate or joint venture recognises a change with direct allocation to equity, the Group recognises its share, where applicable, in the statement of changes in equity. Unrealised profits and losses deriving from transactions between the Group and associates or joint ventures are eliminated in proportion to the shareholding in the associates or joint ventures.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not subject to a separate impairment test.

After applying the equity method, the Group assesses whether it is necessary to recognise an impairment loss on its investment in associates or joint ventures. At each reporting date, the Group assesses whether there is objective evidence that the investments in associates or joint ventures have suffered impairment. In this case, the Group calculates the amount of the impairment as the difference between the recoverable value of the associate or joint venture and its carrying amount in its financial statements, recognising this difference in the profit or loss for the year under the heading «portion pertaining to the result of associates or joint ventures».

Any subsequent writebacks cannot exceed the impairment losses recorded previously. Upon the loss of significant influence over an associate or joint control over a joint venture, the Group assesses and recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date of loss of significant influence or joint control and the fair value of the residual investment and the amounts received is recognised in the income statement.

The ownership percentages are specified in the following table:

**EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD:**

| Name | Head office | Share capital (in thousands) | % held |
|---|---|---|---|
| Alba Leasing spa | Milan | 357,953 | 19.264 |
| Arca Vita spa | Verona | 208,279 | 14.837 |
| Arca Holding spa | Milan | 50,000 | 36.825 |
| Unione Fiduciaria spa | Milan | 5,940 | 24.000 |
| Polis Fondi Sgrpa | Milan | 5,200 | 19.600 |
| Sofipo SA * | Lugano | (CHF) 2,000 | 30.000 |
| Rent2Go srl | Bolzano | 11,400 | 33.333 |
| Cossi Costruzioni spa | Sondrio | 12,598 | 18.250 |
| Rajna Immobiliare srl | Sondrio | 20 | 50.000 |

* held by Banca Popolare di Sondrio (SUISSE) SA.

## TRANSLATION OF FINANCIAL STATEMENTS IN CURRENCIES OTHER THAN THE EURO

The quarterly report of Banca Popolare di Sondrio (SUISSE) SA is translated into euro using the official period-end exchange rate for balance sheet items, while costs and revenues are translated into euro using the average exchange rate for the period. Differences arising on translation of the financial statements are booked to consolidated equity in the statement of comprehensive income.

## SUBSEQUENT EVENTS

No events have taken place between the reporting date for this consolidated interim report and the date of its approval by the Board of Directors on 12 May 2020 that would require any adjustments thereto, and nothing of significance has occurred that would require the provision of supplementary information.

## INTERNATIONAL BACKGROUND

The effects of the Covid-19 pandemic involved, if not overwhelmed, production activity and aggregate global demand. The epidemic, which originated in China, has spread worldwide in just a few months, hitting Europe and the United States worst of all. The effects of the containment measures gradually adopted have had profound repercussions on the production systems, with very serious consequences also on the commercial flows. International trade, which slowed down already in the last quarter of

2019, suffered a sudden and decisive drop due to the reduction in trade between the various countries and the substantial cessation of tourist flows.

In an attempt to contain the negative effects of the pandemic on businesses and families, the government and monetary authorities have adopted extraordinary measures almost everywhere in terms of intensity and size, with inevitable effects, among other things, on the size of public debt.

The impact of Covid-19 on world growth is difficult to quantify, but there is no doubt that it will be very significant. The forecasts made by international institutions have been progressively and clearly revised downwards. The prospects of a recovery are inevitably conditioned by the ability of the Government's economic and financial measures to intervene promptly and effectively to prevent what has happened from having long-term impacts on the confidence, investments and solidity of financial systems.

The rapid spread of the epidemic to euro-zone countries has led to a sharp worsening of the economic outlook. The European institutions have prepared and implemented a series of measures to counteract the negative effects of the virus in the economic field, but the shock to national systems will undoubtedly be profound in terms of a drop in activity and in aggregate demand.

In Italy, the European country hit first, GDP suffered an estimated contraction in the first quarter of around 5%. The continuation of the effects of the virus and the measures for its containment will not fail to strongly influence economic activity also in the rest of the year. Italy is penalised by its now historic weaknesses, such as the high public debt and the inability of the national economic system to develop at the similar rates to those of the main competitors, even in positive periods. It is to be hoped that the support provided by the Government, together with the EU's interventions, starting with the prompt action taken by the European Central Bank, can guarantee the stability of the national economy.

## SUMMARY OF RESULTS

(in millions of euro)

| Balance sheet | 31/03/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| Loans to customers | 27,619 | 27,387 | 0.84 |
| Loans and receivables with customers measured at amortised cost | 27,285 | 27,096 | 0.70 |
| Loans and receivables with customers measured at fair value through profit or loss | 334 | 291 | 14.60 |
| Loans and receivables with banks | 1,167 | 1,067 | 9.33 |
| Financial assets that do not constitute loans | 9,356 | 9,723 | -3.77 |
| Equity investments | 298 | 295 | 1.27 |
| Total assets | 41,683 | 41,146 | 1.30 |
| Direct funding from customers | 31,787 | 32,622 | -2.56 |
| Indirect funding from customers | 30,240 | 33,764 | -10.44 |
| Direct funding from insurance premiums | 1,604 | 1,608 | -0.21 |
| Customer assets under administration | 63,632 | 67,993 | -6.41 |
| Other direct and indirect funding | 11,063 | 10,068 | 9.87 |
| Equity | 2,757 | 2,842 | -2.99 |

| Income statement | 31/03/2020 | 31/03/2019 | Change % |
|---|---|---|---|
| Net interest income | 112 | 120 | -6.70 |
| Total income | 133 | 227 | -41.51 |
| Operating profit (loss) | -71 | 46 | – |
| Profit (loss) for the period | -47 | 35 | – |

| Capital ratios (%) | | |
|---|---|---|
| CET1 Capital ratio | 15.28% | 15.75% |
| Total Capital ratio | 18.01% | 18.64% |
| Free capital | 1,738 | 1,832 |

| Other information on the banking group | | |
|---|---|---|
| Number of employees | 3,287 | 3,299 |
| Number of branches | 366 | 365 |

Switzerland was also affected by the Covid-19 epidemic and the containment measures have led to a significant reduction in production, commerce and private consumption. At the same time, the sudden worsening of the international situation has had a heavy impact on exports. Therefore, a significant reduction in GDP is expected, with a substantial increase in unemployment. For its part, the Monetary Authority has confirmed an expansionary orientation and, as the Swiss franc appreciates, a commitment to massive interventions on the foreign exchange market to help stabilise the general picture.

| ALTERNATIVE PERFORMANCE INDICATORS | 31/03/2020 | 31/12/2019 |
|---|---|---|
| Key ratios | | |
| Equity/Direct funding from customers | 8.67% | 8.71% |
| Equity/Loans and receivables with customers | 9.98% | 10.38% |
| Equity/Financial assets | 29.46% | 29.23% |
| Equity/Total assets | 6.61% | 6.91% |
| | | |
| Profitability indicators | | |
| Cost/income ratio | 100.78% | 57.32% |
| Net interest income/Total income | 84.53% | 50.97% |
| Administrative expenses/Total income | 106.26% | 58.17% |
| Net interest income/Total assets* | 0.27% | 0.29% |
| Net financial income/Total assets* | 0.15% | 0.45% |
| | | |
| Asset quality indicators | | |
| Texas ratio | 54.45% | 56.00% |
| Net non-performing loans/Equity | 23.12% | 23.51% |
| Net non-performing loans/Loans and receivables with customers | 2.31% | 2.44% |
| Loans and receivables with customers/Direct funding from customers | 86.89% | 83.95% |
| Cost of credit | 0.87% | 0.78% |

Cost/Income ratio: the ratio between operating costs and total income
Texas ratio: the ratio between impaired loans and the difference between equity and intangible assets, as the denominator
Cost of credit: the ratio between net write-downs/write-backs for impairment losses on loans in the income statement and total loans and receivables with customers
* the comparative figures refer to 31-03-2019

## FUNDING

In the first months of 2020, the European Central Bank continued an expansionary monetary policy, which maintained high liquidity in the economic system, also due to the weakness of investments, while customers' continued to prefer liquid assets. Therefore at the system level there was an increase in funding in the form of deposits and a negative trend for bond deposits. Consequently, the cost of funding remained substantially stable. In this context, our Group recorded a positive trend in deposits, substantially in line with the market.

Direct funding from customers amounted to 31,787 million, +4.23% on an annual basis, while there was a contraction of 2.56% compared with 31 December.

Indirect funding from customers amounted to 30,240 million, -10.44%.

Insurance premium income came to 1,604 million, -0.21%.

Total funding from customers therefore amounted to 63,632 million (-6.41%).

Amounts due to banks total 5,584 million, +29.03%. As in prior years, this total includes the refinancing operations arranged with the European Central Bank, which from 2,700 million at the end of 2019 rose to Euro 3,700 million. Indirect funding from banks declined from 5,741 million to 5,479 million, -4.57%.

Total deposits from customers and banks therefore came to 74,694 million (-4.31%).

Considering the individual components, current accounts in euro and foreign currency dropped to 27,618 million to 26,879 million (-2.68%), and made up 84.56% of all direct funding.

Bonds have remained fairly stable at 2,710 million, -0.08%. Time deposit accounts have fallen to 852 million, -9.83%. Repo transactions rose to 519 million (+1.93%); savings deposits also increased to 526 million, +1.35%. Certificates of deposit amounted to 1.4 million, continuing to be entirely marginal. Bank drafts amount to 83 million, -9.27%.

## DIRECT FUNDING FROM CUSTOMERS

| (in thousands of euro) | 31/03/2020 | % | 31/12/2019 | % | Change % |
|---|---|---|---|---|---|
| Savings deposits | 525,934 | 1.65 | 518,948 | 1.59 | 1.35 |
| Certificates of deposit | 1,392 | 0.00 | 1,391 | 0.00 | 0.07 |
| Bonds | 2,709,740 | 8.52 | 2,711,880 | 8.31 | -0.08 |
| Repo transactions | 519,232 | 1.63 | 509,383 | 1.56 | 1.93 |
| Bank drafts and similar | 83,004 | 0.26 | 91,482 | 0.28 | -9.27 |
| Current accounts | 24,409,464 | 76.80 | 25,259,856 | 77.44 | -3.37 |
| Time deposit accounts | 852,436 | 2.68 | 945,335 | 2.90 | -9.83 |
| Foreign currency accounts | 2,469,424 | 7.77 | 2,358,120 | 7.22 | 4.72 |
| Lease liability | 216,445 | 0.69 | 225,354 | 0.70 | -3.95 |
| **Total** | **31,787,071** | **100.00** | **32,621,749** | **100.00** | **-2.56** |

## TOTAL FUNDING

| (in thousands of euro) | 31/03/2020 | % | 31/12/2019 | % | Change % |
|---|---|---|---|---|---|
| Total direct funding from customers | 31,787,071 | 42.55 | 32,621,749 | 41.78 | -2.56 |
| Total indirect funding from customers | 30,240,396 | 40.49 | 33,763,873 | 43.25 | -10.44 |
| Total direct funding from insurance premiums | 1,604,168 | 2.15 | 1,607,591 | 2.06 | -0.21 |
| **Total** | **63,631,635** | **85.19** | **67,993,213** | **87.10** | **-6.41** |
| Due to banks | 5,583,995 | 7.48 | 4,327,709 | 5.54 | 29.03 |
| Indirect funding from banks | 5,478,695 | 7.33 | 5,740,763 | 7.35 | -4.57 |
| **Grand total** | **74,694,325** | **100.00** | **78,061,685** | **100.00** | **-4.31** |

## LOANS TO CUSTOMERS

If we talk about loans to customers, the Covid-19 emergency cannot be ignored. The current crisis, now to be considered global, which according to some is the most severe recession since the Great Depression of 1929, has already caused profound economic and financial difficulties, especially in certain sectors, which have required substantial public interventions.

The measures initially introduced by the Government and local administrations to contain the infection had an inevitable impact, especially on the hospitality and catering, travel, transport and recreational services sectors. After 22 March, the measures concerned all sectors defined as «non-essential». In this context, our Group was also called upon to cope with unexpected complexities, particularly the interventions in support of customers to implement the provisions of the «Cura Italia» decree, as regards credit and loans. These included numerous moratoriums and suspensions ex «Cura Italia», but also other instalment suspension and deadline extensions extraneous to the aforementioned decree, but in any case considered appropriate (voluntary suspensions for families, PMI moratoriums «ABI addendum Covid», voluntary moratoriums aimed at all customers).

In accordance with IFRS 9, it has been necessary to take account of this state of affairs when assessing loans to customers, even if at present it is difficult to evaluate the impact and duration of the crisis on businesses. It was decided to adopt an approach that, compared with the scenarios used previously, gave preference to a prudential adjustment of the forecast scenarios included in the procedure for quantifying credit risk adjustments, taking into account the evolution of the macroeconomic context in a more unfavourable sense as a result of the Covid-19 crisis, even if in these unprecedented circumstances, it is hard to develop reliable models that are able to perform complete analyses of the various scenarios and to provide certainties. The need to make correct assessments of the Expected Credit Loss (ECL) as required by the accounting standards is accompanied by the need that moratoriums granted to customers should not be considered as a general increase in credit risk, also considering that at the moment the effects of the measures introduced by the Government to support businesses and households cannot be easily assessed.

At system level, loans to customers have seen a slight increase, both on an annual basis and compared with 31 December 2019, partly attributable to the effects of the various moratoriums implemented in March and to greater use of credit lines. There is still a situation of particularly low interest rates applied to businesses and households with a modest trend in investments.

Loans for our Group totalled Euro 27,619 million, with an increase of 0.84%. The ratio of loans to direct deposits from customers is 86.89% compared with 83.95% of the previous period.

Several different technical forms have contributed in varying degrees to the trend in loans. These items are equal to the sum of the loans included in line item «40. financial assets measured at amortised cost - b) loans and receivables with customers» and line item «20. financial assets measured at fair value through profit or loss - c) other financial assets mandatorily measured at fair value».

Mortgage loans performed well, coming in at 10,832 million, +1.63%; they are the main component of loans to customers with 39.22%. The increase in residential mortgage loans by the subsidiary Banca Popolare di Sondrio (SUISSE) SA is also significant.

Other unsecured loans increased: +5.05% to 6,665 million, equal to 24.13% of loans to customers. Overall, this line item includes loans assigned but not derecognised of 1,713 million in relation to the issue of covered bonds. These loans have not been derecognised because the chosen structure does not meet the requirements of IAS 39. Foreign currency loans increased by 0.49% to 994 million as did advances to 540 million (+15.48%). Current accounts decreased by 2.09%, from 3,929 to 3,847 million. Repo transactions also decreased, representing the temporary employment of liquidity with institutional counterparties, and went from 1,099 to 891 million, -18.97%. Personal loans declined by 1.16% from 478 to 472 million, as also factoring transaction, -6.77% from 2,222 to 2,072 million. Fixed-yield securities total Euro 206 million at the end of 2019, up by +75.44% to 361 million. They derive from the securitisation of loans to customers made by Banca della Nuova Terra spa and Alba Leasing spa.

## LOANS TO CUSTOMERS

| (in thousands of euro) | 31/03/2020 | % | 31/12/2019 | % | Change % |
|---|---|---|---|---|---|
| Current accounts | 3,846,948 | 13.93 | 3,929,023 | 14.35 | -2.09% |
| Foreign currency loans | 994,303 | 3.60 | 989,436 | 3.61 | 0.49% |
| Advances | 539,650 | 1.95 | 467,330 | 1.71 | 15.48% |
| Advances subject to collection | 222,465 | 0.81 | 239,783 | 0.88 | -7.22% |
| Discounted portfolio | 4,200 | 0.02 | 4,738 | 0.02 | -11.36% |
| Artisan loans | 62,297 | 0.23 | 59,767 | 0.22 | 4.23% |
| Agricultural loans | 18,385 | 0.07 | 21,079 | 0.08 | -12.78% |
| Personal loans | 472,196 | 1.71 | 477,733 | 1.74 | -1.16% |
| Other unsecured loans | 6,665,108 | 24.13 | 6,344,987 | 23.17 | 5.05% |
| Mortgage loans | 10,832,187 | 39.22 | 10,658,264 | 38.92 | 1.63% |
| Non-performing loans | 637,227 | 2.31 | 668,068 | 2.44 | -4.62% |
| Repo transactions | 890,584 | 3.21 | 1,099,082 | 4.00 | -18.97% |
| Factoring | 2,071,580 | 7.50 | 2,222,085 | 8.11 | -6.77% |
| Fixed-yield securities | 361,437 | 1.31 | 206,022 | 0.75 | 75.44% |
| **Total** | **27,618,567** | **100.00** | **27,387,397** | **100.00** | **0.84%** |

Total net impaired loans have fallen by 5.74% to 1,484 million, compared with 1,574 million; in 2019 they decreased by 14.96%. This aggregate comes to 5.37% (5.75%) of loans to customers. The contraction derives from an improvement in the quality of bank credit and from the ongoing policy to strengthen the structures in charge of providing, managing and monitoring credit.

The adjustments recorded for impaired loans total 2,200 million, +1.92%, representing 59.72% of the gross amount compared with 57.83% in the previous year and 55.63% at the end of 2018. The adjustments for the period were higher than those of the previous year as already mentioned in the introduction.

The table gives an overview of doubtful and performing loans.

## LOANS TO CUSTOMERS - IMPAIRED AND PERFORMING LOANS

| (in thousands of euro) | | 31/03/2020 | 31/12/2019 | (+/-) | Change % |
|---|---|---|---|---|---|
| **Impaired loans** | Gross exposure | 3,683,190 | 3,732,063 | -48,872 | -1.31% |
| | Adjustments | 2,199,515 | 2,158,087 | 41,428 | 1.92% |
| | **Net exposure** | **1,483,675** | **1,573,976** | **-90,301** | **-5.74%** |
| – Non-performing loans | Gross exposure | 2,287,800 | 2,264,503 | 23,297 | 1.03% |
| | Adjustments | 1,650,607 | 1,596,444 | 54,163 | 3.39% |
| | **Net exposure** | **637,192** | **668,059** | **-30,866** | **-4.62%** |
| – Unlikely to pay loans | Gross exposure | 1,334,543 | 1,401,400 | -66,857 | -4.77% |
| | Adjustments | 539,449 | 552,225 | -12,777 | -2.31% |
| | **Net exposure** | **795,094** | **849,175** | **-54,080** | **-6.37%** |
| – Past due and/or impaired overdrawn exposures | Gross exposure | 60,848 | 66,160 | -5,312 | -8.03% |
| | Adjustments | 9,459 | 9,417 | 42 | 0.44% |
| | **Net exposure** | **51,389** | **56,742** | **-5,354** | **-9.44%** |
| **Performing** | Gross exposure | 26,264,886 | 25,937,252 | 327,634 | 1.26% |
| | Adjustments | 129,995 | 123,831 | 6,163 | 4.98% |
| | **Net exposure** | **26,134,892** | **25,813,421** | **321,471** | **1.25%** |
| **Total loans and receivables with customers** | Gross exposure | 29,948,076 | 29,669,315 | 278,762 | 0.94% |
| | Adjustments | 2,329,510 | 2,281,918 | 47,592 | 2.09% |
| | **Net exposure** | **27,618,567** | **27,387,397** | **231,170** | **0.84%** |

Net non-performing loans amount to 637 million, -4.62% (-12.15% in December 2019), corresponding to 2.31% of total loans and receivables with customers, compared with 2.44% at 31 December 2019. After years of growth, the turnaround trend has been confirmed. It is worth noting that net non-performing loans have remained at quite low percentages, even if higher than the system. This is due to the fact that significant sales of NPLs have not been carried out to date. This also reflects the substantial adjustments made in application of the prudent criteria, especially with regard to those positions that are secured against property, as recommended in the past by the Supervisory Authorities during their inspections. The adjustments to cover estimated losses on non-performing loans have risen to 1,651 million, +3.39%, representing 72.15% of the gross amount compared with 70.50% last year. It is one of the highest coverage percentages at national level. Considering the amounts written off in prior years against non-performing loans that are still tracked by the Bank, in view of possible future recoveries, the coverage of such loans amounts to 82.18%.

Unlikely-to-pay loans relate to exposures, excluding non-performing loans, that the debtor is deemed unlikely to settle in full, without recourse by the bank to the collection of guarantees or similar forms of protection. Net of adjustments, these have decreased to 795 million, -6.37%, corresponding to 2.88% of total loans and receivables with customers, compared with 3.10% in the previous year. The related adjustments, which ensure a coverage ratio of 40.42%, amounted to 539 million, -2.31% on the comparative period, when they amounted to 552 million; the coverage ratio was 39.41% last year.

The decrease in unlikely-to-pay loans and the related provisions is due to the transfer to non-performing loans of the positions at greatest risk and to the reduction of incoming flows with respect to those outgoing.

Past due and/or impaired overdrawn exposures, other than non-performing or unlikely to pay loans, which, at the reporting date, have remained unpaid and/or overdrawn continuously for more than 90 days and which exceed a set materiality threshold, amount to 51 million, -9.44%, and represent 0.19% of total loans and receivables with customers compared with 0.21% in the previous year.

Performing loans amounted to 26,135 million, +1.25%, and the related reserves totalled 130 million, equal to 0.49% of them, compared with 0.48%.

Adjustments totalled 2,330 million overall, +2.09%.

## TREASURY AND TRADING OPERATIONS

Severe turbulence on the markets has pushed down share prices and generated large swings in government bond yields in a context of reduced liquidity, more risk aversion and high volatility. In March, following an expansion of the measures to contain the epidemic in the main advanced economies, investors showed an even greater preference for assets deemed more secure, which affected yields. This led to a marked increase in interest differentials for the countries of the affected area, including Italy: tension partly reversed after the decisions of the ECB's Governing Council to promote a substantial new programme of asset purchases. While in January there were still substantial purchases from foreign investors, in recent weeks there has been a decrease in the propensity to invest in Italian securities, in a context characterised by uncertainty about global macroeconomic prospects and tensions on financial markets.

At 31 March 2020, the net interbank position showed a negative amount of 4,417 million, compared with a negative amount of 3,261 million at the end of 2019. Cash and liquid assets total 2,409 million, compared with 1,826 million.

At the end of the period, the Parent Company arranged two T-LTRO operations with the ECB for a total of 3,700 million. The first operation still outstanding was launched with 1,600 million euro on 18 December, expiring on 21 December 2022 and with the option of quarterly early repayment starting from September 2021. The second one was completed on 25 March 2020 for the amount of 2,100 million with expiry on 29 March 2023 with the option of voluntary early repayment from September 2021. Both transactions have a zero interest rate, but both accrue negative interest in favour of the Parent Company if the loans disbursed exceed the target assigned by the ECB. Also on 25 March, the residual loan of 1,100 million euro relating to the TLTRO-II refinancing programme was repaid. Therefore, net of these operations, the net interbank position would have been negative for 717 million.

In particular, liquidity remained good throughout the period. The exposure to liquidity risk is monitored both in the short term, taking a 3-month view every day, and over the long term with a monthly check. The ratios required by Basel 3, being the short-term Liquidity Coverage Ratio and the structural Net Stable Funding Ratio, are also calculated. Both are higher than the established minimums. The stock of high quality financial assets eligible for refinancing with the ECB, net of haircuts, amounted to 11,287 million, of which 6,483 free and 4,804 committed.

As ever, drawing on the abundant liquidity of the Bank and that flooding the system as an effect of the expansionary actions of the ECB, internal treasury management was intensive with a preponderance of lending operations. Following introduction last year of the ECB tiering mechanism, which allows banks to deposit with ECB up to 6 times the mandatory reserve at a favourable fixed rate of 0%, the use of this deposit facility has been downsized. The volume of repo operations in the MMF market - guaranteed by the Central Clearing House (CCG) - has grown significantly.

The portfolios of financial assets comprising securities total 9,356 million at 31 March 2020, down by 3.77% on 2019. This reduction was due, above all, to the sale of Italian government securities (short-maturity BTPs and CTZs) from the HTCS segment of the portfolio, with a view to reducing the exposure to Italian sovereign risk. The following table summarises the various amounts involved and the percentage changes.

### FINANCIAL ASSETS (DEBT SECURITIES, VARIABLE-YIELD SECURITIES, MUTUAL FUNDS AND DERIVATIVES) BY PORTFOLIO

| (in thousands of euro) | 31/03/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| Financial assets held for trading | 220,346 | 214,466 | 2.74 |
| *of which, derivatives* | 45,433 | 32,161 | 41.27 |
| Other financial assets mandatorily measured at fair value | 381,679 | 399,779 | -4.53 |
| Financial assets measured at fair value through other comprehensive income | 2,224,633 | 2,591,229 | -14.15 |
| Financial assets measured at amortised cost | 6,528,970 | 6,517,073 | 0.18 |
| **Total** | **9,355,628** | **9,722,547** | **-3.77** |

As in the past, the portfolio mostly comprises domestic government securities, despite the sales of securities near to maturity. There was a good volume of inflows and outflows during the first quarter, with substantial increases on the comparison period, with most transactions involving the HTCS portfolio. The purchases made to diversify the portfolio consisted of corporates (above all senior and, to a lesser extent, senior non-preferred bank securities). The expansionary policy adopted by the ECB had lowered yields on public debt to all-time lows, then financial markets turned highly volatile following negative forecasts for the economy. The duration of the portfolio is slightly over three years and six months, in line with the prior year.

## Financial assets held for trading

The trading portfolio, which is not significant compared with the total security portfolio (2.36%), amounts to 220 million, up by 2.74% on 214 million in the comparison period.

| (in thousands of euro) | 31/03/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| Floating-rate Italian government securities | 36,428 | 17,590 | 107.09 |
| Fixed-rate Italian government securities | 24,963 | 65,108 | -61.66 |
| Bank bonds | 6,111 | – | – |
| Variable-yield securities | 67,357 | 57,212 | 17.73 |
| Mutual funds | 40,054 | 42,395 | -5.52 |
| Net book value of derivative contracts | 45,433 | 32,161 | 41.27 |
| **Total** | **220,346** | **214,466** | **2.74** |

The composition of the trading portfolio is simple and transparent. Equities, amounting to 67 million compared with 57 million in the same period of last year (+17.73%), represent 30.57% of the portfolio versus 26.67%; the presence of Italian government securities has fallen to 61.391 million,

-25.77%. The change in the portfolio recorded an increase in securities at floating rates, 36.428 million, and a decline in those at fixed-rate, 24.963 million, -61.66%.

## Other financial assets mandatorily measured at fair value

The financial assets mandatorily measured at fair value have decreased by 4.53% to 382 million from 400 million. The portfolio relates almost entirely to various types of funds and Sicavs.

| (in thousands of euro) | 31/03/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| Bank bonds | 17,573 | 17,061 | 3.00 |
| Other bonds | 29,379 | 29,992 | -2.04 |
| Variable-yield securities | 0 | 1 | -100.00 |
| Mutual funds in euro | 305,668 | 323,173 | -5.42 |
| Mutual funds in foreign currency (USD) | 29,059 | 29,552 | -1.67 |
| **Total** | **381,679** | **399,779** | **-4.53** |

## Financial assets measured at fair value through other comprehensive income

The portfolio of financial assets measured at fair value through other comprehensive income (HTCS) totalled 2,225 million, -14.15%. The disposal of short maturity Italian government securities went on during the period, as part of a process that began in the second quarter of 2018 and continued during 2019, with a view to mitigating the exposure to Italy's sovereign risk. Bonds decreased mainly because of the sale of covered bank bonds. Holdings of Italian government securities fell by 14.05% to 1,234 million, from 1,436 million previously; they still represent the principal component (55.50%), with diversification represented by fixed-income Spanish and French government securities totalling 331 million. In accordance with established operational practices, this portfolio contains part of the invested liquidity in order to contain, if only partially, the impact on the income statement of the volatility always found in the financial markets. However, the negative performance of financial markets with the increase in the interest rate spread led to significant capital losses which were recognised to equity.

No impairment tests to identify permanent losses were required during the period and, accordingly, it was not necessary to recognise any related writedowns in the income statement.

| (in thousands of euro) | 31/03/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| Floating-rate Italian government securities | 805,789 | 650,637 | 23.85 |
| Fixed-rate Italian government securities | 428,555 | 785,471 | -45.44 |
| Foreign government securities | 330,886 | 304,715 | 8.59 |
| Bank bonds | 439,825 | 639,045 | -31.17 |
| Other bonds | 141,030 | 123,909 | 13.82 |
| Variable-yield securities | 78,548 | 87,452 | -10.18 |
| **Total** | **2,224,633** | **2,591,229** | **-14.15** |

## Financial assets measured at amortised cost

The securities measured at amortised cost and allocated to the financial assets measured at amortised cost (HTC ) portfolio total 6,529 million, compared with 6,517 million, more or less stable. The composition of this portfolio is also almost similar to that shown at the end of the year. The ratio of Italian and foreign government securities and bonds was held essentially stable during the quarter. The overall duration of these securities is about 3 years and six months.

| (in thousands of euro) | 31/03/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| **LOANS AND RECEIVABLES WITH BANKS** | **477,452** | **480,402** | **-0.61** |
| Italian bank bonds | 321,278 | 324,241 | -0.91 |
| Foreign bank bonds | 156,174 | 156,161 | 0.01 |
| **LOANS AND RECEIVABLES WITH CUSTOMERS** | **6,051,518** | **6,036,671** | **0.25** |
| Floating-rate Italian government securities | 808,469 | 808,060 | 0.05 |
| Fixed-rate Italian government securities | 3,628,592 | 3,623,653 | 0.14 |
| Foreign government securities | 1,436,827 | 1,436,621 | 0.01 |
| Other bonds | 177,630 | 168,337 | 5.52 |
| **Total** | **6,528,970** | **6,517,073** | **0.18** |

## Asset management

After a very positive 2019 for financial markets, which undoubtedly benefited the asset management industry producing a new all-time record, the drama of the pandemic and the collapse of markets meant that the 1st quarter of 2020 was characterised by a downward trend which, given the uncertainty of the moment, could continue for a long time. In the mutual funds sector, a repositioning of portfolios is underway towards less risky products such as monetary and bond funds, while the shift out of equity and flexible funds has been massive; on the contrary, balanced funds maintained their position.

Our Group was also affected by this context, with total assets management contracting by 8.7%, from 5,840 million to 5,332 million. The Group assets managed decreased to 1,533 million, -22%, and mutual funds and Sicavs, including Popso (SUISSE) Investment Fund Sicav, stood at 3,799 million, -10.46%.

## INFORMATION ON EXPOSURE TO SOVEREIGN DEBT

CONSOB with communication no. DEM/11070007 of 05/08/2011 invited listed companies to provide in the financial statements information on exposures to sovereign debtors, i.e. bonds issued by central and local governments, government agencies and any loans made to them.

In this regard we communicate that the overall exposure of the Banking Group as at 31/03/2020 amounted to € 8,709 million and was structured as follows:

*a)* Italian Government securities: € 5,733 million;

*b)* Securities of other issuers: € 1,893 million;

*c)* Loans to government departments: € 298 million;

*d)* Loans to state-owned or local government-owned enterprises: € 614 million;

*e)* Loans to other public administrations and miscellaneous entities: € 171 million.

## EQUITY INVESTMENTS

Equity investments amounted to 298 million, a growth of 3 million. This increase was also due to the valuation of equity investments at equity.

## PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS

Property, equipment and investment property and intangible assets total 573 million, compared with 579 million at the end of 2019. The former totalled 541 million, -1.05%, the second category amounted to 32 million, substantially stable.

Intangible assets include 13 million of goodwill. Goodwill is subjected to annual impairment testing to check for any loss of value. The most recent test was performed when preparing the consolidated financial statements at 31 December 2019. It was not deemed necessary to repeat the procedure at 31 March 2020.

## PROVISIONS

These comprise employee severance indemnities of 43 million, -0.71%, and the provisions for risks and charges totalling 265 million, -1.91% compared with the figure at the end of 2019.

## HUMAN RESOURCES

The Group has 3,290 employees at 31 March 2020, a decrease of 12 persons from 3,302 at the end of the previous year, and an increases of 32 with respect to 31 March 2019.

The personnel departments have been heavily involved in selecting, training and managing staff, in order to ensure that the necessary professional resources are available for the Group's operational development and growth, having regard for the changes taking place in the reference markets.

The 3 employees of the subsidiary Pirovano Stelvio spa have to be added to the staff of the Banking Group.

## EQUITY

Shareholders' equity at 31 March 2020, inclusive of valuation reserves and the profit for the period, amounts to 2,756.616 million. Compared with the total at 31 December 2019 of 2,841.780 million, this represents a decrease of 85.164 million. The change essentially derives from the accounting of the result of the period under review, as well as from the decrease in valuation reserves following the negative performance of the financial markets. On 9 April 2020, having taken note of the ECB's recommendations about the payment of dividends and the current emergency situation due to the Covid-19 pandemic, the Parent Company's Board of Directors decided to propose to the Shareholders' Meeting that it will be called to approve the financial statements on 12 June 2020 to allocate the profit entirely to retained earnings.

The Parent Company's share capital, which consists of 453,385,777 ordinary shares without par value, amounts to 1,360.157 million, unchanged with respect to the comparative period.

The share premium reserve is also unchanged at 79.005 million.

Equity reserves rose to 1,444.979 million, +11.37%; thanks to the profit for the year 2019.

The valuation reserves, representing the net unrealised gains and losses recorded on financial assets measured at fair value through other comprehensive income (FVOCI) and the net actuarial gains and losses on the defined benefit plans arranged for employees, have a negative net balance of 55.649 million. The balance was also negative for 6.885 million at the end of 2019; this effect was due to the heavily unfavourable performance of the financial markets. Treasury Shares in portfolio remained unchanged at 25.364 million.

As regards capital adequacy, harmonised rules for banks and investment firms came into force on 1 January 2014 pursuant to Regulation (EU) no. 575/2013 (CRR) and EU Directive 2013/36 (CRD IV). Based on this rule, Bank of Italy Circular 285/13 changed the following limits for capital ratios: 7% for the CET1 Ratio, 8.50% for the Tier 1 Capital Ratio and 10.50%

for the Total Capital Ratio. In the context of its powers, the ECB has the authority, using the information gathered during the prudential review and assessment process, to set customised capital and/or liquidity coefficients for each intermediary subject to EU supervision. In this regard, the bank was informed in a communication dated 13 December 2019 of the Supervisory Board decision regarding the new minimum coefficients applicable from 1 January 2020.

The minimum capital levels now required of our Banking Group are:

– Pillar 1 regulatory minimum requirement (4.50%), the Capital Conservation Buffer (2.50%, formerly 2.50%) and an additional Pillar 2 requirement (3%, formerly 2.25%);
– Tier 1 Capital ratio of 11.50%, being the sum of the Pillar 1 regulatory minimum (6%), the Capital Conservation Buffer (2.50%) and an additional Pillar 2 requirement (3%, previously 2.25%);
– a minimum Total Capital Ratio of 13.50% (formerly 12.75%), being the sum of the Pillar 1 regulatory minimum (8%), the Capital Conservation Buffer (2.50%, formerly 2.50%) and an additional Pillar 2 requirement (3%, formerly 2.25%).

While the first two additions are specified by the prudential regulations and are identical for all banks in a given country, the third is determined by the ECB based on the actual degree of risk faced by the individual bank.

By subsequent communication on 8 April 2020, given the Covid-19 emergency, the ECB said that from 12 March 2020 the additional Pillar 2 requirement (P2R) had to be met for a minimum of 56.25% from CET1 and 75% from T1. Following the revision in the distribution of the additional Pillar 2 requirement, the minimum Common Equity Tier 1 Ratio requirement is 8.69%, the minimum Tier 1 Capital Ratio requirement is 10.75%, while the minimum requirement of Total Capital Ratio remains unchanged at 13.50%.

At the same time, the possibility of operating temporarily under the Capital Conservation Buffer is foreseen as an additional measure of flexibility.

From 2017, the ECB provides to the bank a «Pillar 2 Guidance», which intends to be a guide to the future evolution of the Group's capital. This parameter is confidential, by contrast with the two minimum requirements, and - based on guidelines issued by the ECB - is not deemed relevant for the determination of distributable dividends.

The Parent Company received authorisation from the ECB from 30 June 2019 to use its internal rating system (AIRB) to measure capital requirements for credit risk.

Consolidated own funds for supervisory purposes amount to 3,128 million.

Consolidated risk-weighted assets totalled 17,370 million.

In the interests of full disclosure, the Group decided to take advantage of Regulation (EU) 2017/2395, which allows supervised intermediaries to include, temporarily, in the calculation of their Tier1 capital an additional amount aimed at «neutralising» the effects of the higher accounting provisions required on immediate adoption of IFRS9, which came into force on 1 January 2018. A decreasing percentage of this additional amount will be applied to CET1 capital each year, falling from 95% in 2018, to 70% in 2020, to 25% in 2022 until it is completely eliminated in 2023.

Group ratios at 31 March 2020 are reported below:

| Group's capital ratios | Phased-in | Fully Phased |
|---|---|---|
| CET1 Ratio | 15.28% | 15.25% |
| Tier1 Capital Ratio | 15.33% | 15.30% |
| Total Capital Ratio | 18.01% | 17.98% |

The leverage ratio is 5.82%, applying the Phased In transitional criteria in force for 2020, and 5.81% based on the Fully Phased criteria. These figures rank among the best when compared with those of the main Italian and European banking groups.

The following ratios of capital and reserves, including profit for the period, to the principal balance sheet aggregates are presented in comparison with those 31 December 2019:

– *capital/direct funding from customers*
  8.67% versus 8.71%

– *capital/customer loans*
  9.98% versus 10.38%

– *capital/financial assets*
  29.46% versus 29.23%

– *capital/total assets*
  6.61% versus 6.91%

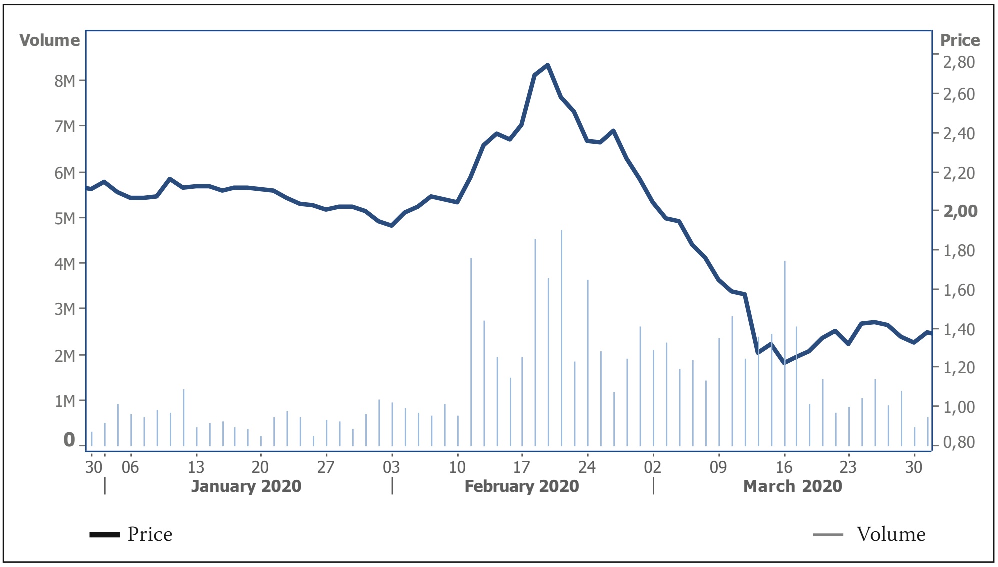
– *net non-performing loans/capital*
  23.11% versus 23.51%

## BPS STOCK

BPS stock is listed on the Screen-Traded Market (MTA) operated by Borsa Italiana and is a component of the FTSE Italia All Share Index. The stock closed the first three months of 2020 with a negative performance of 34.58%, marking a reference price at 31 March 2020 of 1.379 euro, compared with 2.108 euro at the end of 2019. During the first quarter of the year, the stock recorded an intraday low of € 1.19 on 16 March and an intraday high of € 2.74 on 19 February. The general FTSE Italia All-Share index recorded a decrease in the period of 27.54% and the FTSE Italia All-Share Banks sector index declined by 38.75%.

The average daily volume of securities traded on the MTA market of Borsa Italiana in the first three months of the year was 1.5 million, sharply up from 500 million in the same period of 2019.

**BANCA POPOLARE DI SONDRIO stock - MTA segment of Borsa Italiana**




Source: THOMSON REUTERS

Transactions in treasury shares are carried out in accordance with the specific shareholders' resolution. The Parent Company held 3,650,000 treasury shares, which is unchanged since the end of 2019. There are also 24,431 shares held by Banca Popolare di Sondrio (SUISSE) SA under the share-based compensation plan foreseen in the Group Remuneration Policies. Their carrying amount is 25.364 million, of which 25.322 million involves use of the reserve for purchase of treasury shares of the Parent Company of 30 million.

The shareholder base at 31 March 2020 consists of 164,651 members, a decrease of 1,331 members compared with the end of 2019.

## RATINGS

The solvency of Banca Popolare di Sondrio, as shown in greater detail in the following tables, has been assessed by the rating agencies Fitch Ratings, DBRS Morningstar and Scope Ratings.

Those from Fitch Ratings are updated to 24 March 2020, while the first ratings from DBRS Morningstar and Scope Ratings were given on 18 and 20 November 2019 respectively.

## FITCH RATINGS – 24/3/2020

| | RATING |
|---|---|
| **LONG-TERM** | |
| Measure of the probability of default and indicates the ability of the bank to repay medium/long-term loans. Expressed on a scale from AAA to D, with a total of 11 levels. | BB+ * |
| **SHORT-TERM** | |
| Measures the ability of the organisation to which the rating is assigned to meet payments due in the short term, i.e. within the next 13 months. The scale includes seven levels (F1, F2, F3, B, C, RD and D). | B |
| **VIABILITY RATING** | |
| Aims to assess what the situation would be if the bank were completely independent and could not rely on external support. Expressed on a scale from aaa to d, with a total of 11 levels. | bb+ * |
| **SUPPORT** | |
| Reflects Fitch's assessment of the probability that an external body would provide support to the bank, if needed. The scale has five levels from 1 (best) to 5 (worst). | 5 |
| **SUPPORT RATING FLOOR** | |
| Reflects Fitch's assessment of the minimum level below which it would not lower the long-term rating of the issuer, should it find itself in financial difficulty, given the propensity of potential supporters (government or institutional owner) to help the bank in such circumstances. The scale of values associated with this assessment reflects that of the long-term ratings. A further possible score, represented by the «No Floor» (NF), indicates that according to Fitch it is unlikely that aid could come from an external source (probability of support lower than 40%). | No Floor |
| **LONG-TERM DEPOSIT RATING** | |
| Coefficient that reflects the vulnerability of uninsured deposits to default. Expressed on a scale similar to that used for the long-term rating (from AAA to D). | BBB- * |
| **LONG-TERM SENIOR PREFERRED DEBT** | |
| Coefficient that reflects the probability of default of Senior Preferred bonds expressed on a scale from AAA to D. | BB+ * |
| **LONG-TERM SUBORDINATED DEBT** | |
| Coefficient that reflects the probability of default of subordinate bonds expressed on a scale from AAA to D. | BB- * |

**(*) NB:** The ratings marked with an asterisk were placed in a negative rating watch (RWN) in the rating review of 24/03/2020 which was undertaken to take into account the negative effects of the pandemic. Based on the methodology adopted by Fitch, the RWN indicates a greater probability of a rating downgrade in the short term.

## DBRS Morningstar – issued on 18 November 2019

| | RATING |
|---|---|
| **LONG-TERM**<br>Measure of the probability of default and indicates the ability of the bank to repay medium/long-term loans. Expressed on a scale from AAA to D. | BBB (low) |
| **SHORT-TERM**<br>Measures the ability of the organisation to which the rating is assigned to meet payments due in the short-term. The scale includes six levels (R-1; R-2; R-3; R-4; R-5 and D). | R-2 (middle) |
| **INTRINSIC ASSESSMENT**<br>Reflects the opinion of DBRS on the intrinsic fundamentals of the bank, considering both quantitative and qualitative elements. Expressed on a scale from AAA to CCC. | BBB (low) |
| **SUPPORT ASSESSMENT**<br>Reflects the opinion of DBRS on the probability and likelihood of timely external support for the bank, in case of need. The scale has four levels from 1 (best) to 4 (worst). | SA3 |
| **TREND**<br>Prospective assessment of possible changes in the long-term rating over a period of 1-2 years. | Stable |
| **LONG-TERM DEPOSIT RATING**<br>Coefficient that reflects the vulnerability of uninsured medium/long-term deposits to default. Expressed on a scale similar to that used for the long-term rating (from AAA to D). | BBB |
| **SHORT-TERM DEPOSIT RATING**<br>Coefficient that reflects the vulnerability of uninsured short-term deposits to default. Expressed on a scale similar to that used for the short-term rating (R-1; R-2; R-3; R-4; R-5 and D). | R-2 (high) |
| **LONG-TERM SENIOR DEBT**<br>Coefficient that reflects the probability of default of Senior Preferred bonds expressed on a scale from AAA to D. | BBB (low) |
| **SHORT-TERM DEBT**<br>It is a coefficient that reflects the probability of default of a short term bonds expressed on a scale from R-1 to D. | R-2 (middle) |

## Scope Ratings – issued on 20 November 2019

| | RATING |
|---|---|
| **ISSUER RATING**<br>Represents a rating of the ability of a bank to meet its contractual financial commitments on a timely and complete basis. Expressed on a scale from AAA to D. | BBB- |
| **OUTLOOK**<br>Prospective assessment of possible changes in the rating assigned to the issuer over a period of 12-18 months. | Positive |

## RECONCILIATION OF THE EQUITY AND PROFIT FOR THE PERIOD REPORTED BY THE PARENT BANK WITH THE CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles «profit» and «equity» as shown in the Parent Company's financial statements with the equivalent figures in the consolidated financial statements.

| (in thousands of euro) | Equity | of which: Loss for the period |
|---|---|---|
| Equity of the Parent Company at 31.03.2020 | 2,418,092 | -56,267 |
| Consolidation adjustments | -5,822 | -5,822 |
| Difference with respect to the carrying amounts of equity investments in: | | |
| - companies consolidated on a line-by-line basis | 286,580 | 9,377 |
| - companies valued using the equity method | 57,766 | 6,200 |
| **Balance as of 31.03.2020, as reported in the Group consolidated financial statements** | **2,756,616** | **-46,512** |

## INCOME STATEMENT

The tsunami of the Covid-19 pandemic has severely affected the first quarter of the year, spreading from China to the rest of the world, with Italy one of the first countries to be hit in a particularly virulent way. Various restrictive measures have therefore been adopted in all advanced economies to contain the spread of contagion, trying to balance the need to protect public health with that of not excessively penalising the economy.

The repercussions on businesses, job opportunities and the income capacity of a large part of the population have been profound and risk worsening further, given the unfavourable forecasts still in the pipeline. Financial markets have reacted in very negatively and from a situation that was still positive in February, they posted a series of substantial drops, partly due to speculation, but above all to uncertainty about production stoppages and the consequent effects on employment and consumption.

Our Group took prompt action to protect the health of employees, adopting various solutions, and to help customers, helping them to cope with the difficulties, particular those categories that have suffered a stoppage or a severe reduction in their activity.

The shown figures discount the mentioned economic context of reference. The quarter to 31 March ended with a negative result of 46.512 million, compared with 34.901 million in the first three months of 2019.

Interest income continued to be affected by the expansionary policy by the ECB, as well as by the loss of the negative interest accrued on the TLTRO loans received from the ECB, which were repaid during 2019.

Net interest income came in at 112.174 million, -6.68%. Net fee and commission income amounted to 78.926 million, +4.50%; they showed an increase thanks to the positive tone of financial markets in the first two months and commissions on loans, while those on collections and payments remained stable.

Dividends collected amounted to 0.732 million, compared with 0.561 million.

The result of financial activities was negative for 59.134 million compared with a positive amount of 30.474 million in the comparison period. While the first quarter of 2019 had been able to count on a relaxed trend of financial markets, in the first quarter of this year, after a positive trend in the first part, in mid-February world stock exchanges underwent such contractions as to end the longest bull phase in history and fears of an economic slowdown were reflected on the bond market, triggering high volatility in returns, above all on fixed-income securities. These developments had a significant impact on the value of the securities in the portfolio, recording substantial losses.

Income from banking activities amounted to 132.698 million -41.48%, heavily affected by the negative performance in securities of the period. Within this aggregate, net interest income contributed 84.53% compared with 53.01% previously.

The evolution of the macroeconomic context in a more unfavourable sense following the Covid-19 crisis, even if it had not yet fully deployed its effects in the first quarter, meant having to make prudential adjustments of the weighting factors to be assigned to the forecast scenarios included in the credit risk quantification procedure at 31 March. The slowdown in the NPL market due to the uncertainties affecting the real estate market and therefore, in the case of loans backed by mortgage guarantees, the expected recovery values, together with a greater aversion on the part of investors for illiquid assets, has entailed the need to review the valuations of the receivables being sold («Operation Diana»), booking further adjustments to the income statement.

Adjustments/write-backs for credit risk on the exposures to customers, banks and securities totalled 64.383 million, +48.83%.

The sub-caption adjustments to financial assets measured at amortised cost, which represent exposures to customers and banks in the form of loans and securities, has increased by 35.37% after a + 39.07% in the comparison period. This sub-item amounted to 59.879 million and mainly refers to loans to customers.

As mentioned previously, the increase in adjustments on loans to customers was affected by the negative economic environment and the revision of the estimated realisable prices of the loans involved in the NPL sale currently in progress.

Sub-item 130b relating to financial assets valued at fair value through other comprehensive income made a negative contribution of 4.50 million. It derive principally from value adjustments for credit risk on bonds in the HTCS portfolio.

Line item 140, comprising the gains/losses on contractual amendments to cash flows not resulting in derecognition, reported a net loss for the period of 5.306 million compared with 0.695 million.

The ratio of net adjustments to customer loans/total customer loans, which is defined as the cost of credit, was 0.87% on 0.78% of the previous period.

Financial income has therefore passed from 182.810 million to 63.009 million, -65.53%.

As always, cost containment and rationalisation of the bank's structures have been carefully monitored. Operating costs amounted to 133.734 million, -1.94%.

The ratio of operating costs to income from banking activities, otherwise known as the cost-income ratio, has risen from 60.14% to 100.78%, while the ratio of operating costs to total assets came in at 1.28% from 1.26% at year-end. Looking at costs in more detail, administrative expenses, normalised after excluding the deferral of proceeds from the post-employment benefits fund, which generated a matching entry to other operating income/expense, amounted to 141.005 million, +1.58%; of these, personnel costs rose from 60.785 a 62.775 million, +3.27%, with other administrative expenses increased from 78.023 to 78.230 million. Once again, other significant expenses included consultancy, IT costs and contributions to the National Resolution Fund and FITD amount to 16 million.

The item «net accruals to provisions for risks and charges» highlighted the release of provisions for 3.830 million, compared with accruals for 1.220 million, an imbalance between 4.390 million for release from the provision for guarantees and commitments and accruals of 0.560 million for other provisions.

The depreciation of property, equipment and investment property and the amortisation of software amounted to 12.750 million compared with 12.405 million.

Other income, net of other operating expense, totalled 16.191 million.

Net gain/loss on equity investments and other investments totalled 6.200 million, +52.45%.

The overall loss including income taxes amounted to 64.525 million, compared with a profit of 50.503 million. Income taxes amounted to 19.161 million, essentially due to the changes in the amount of deferred tax assets (DTA). After deducting non-controlling interests of 1.148 million, the result for the period was negative for 46.512 million, compared with a positive result of 34.901 million.

## KEY FIGURES OF THE CONSOLIDATED INCOME STATEMENT

| (thousands of euro) | 31/03/2020 | 31/03/2019 | (+/-) | % change |
|---|---|---|---|---|
| Net interest income | 112,174 | 120,200 | -8,026 | -6.68 |
| Dividends | 732 | 561 | 171 | 30.48 |
| Net fee and commission income | 78,926 | 75,528 | 3,398 | 4.50 |
| Result of financial activities | -59,134 | 30,474 | -89,608 | -294.05 |
| **Total income** | **132,698** | **226,763** | **-94,065** | **-41.48** |
| Net adjustments to loans and financial assets | -64,383 | -43,259 | -21,124 | 48.83 |
| Gains/losses on contractual amendments not resulting in derecognition | -5,306 | -695 | -4,611 | 663.45 |
| **Net financial income** | **63,009** | **182,809** | **-119,800** | **-65.53** |
| Personnel expenses | -62,775 | -60,785 | -1,990 | 3.27 |
| Other administrative expenses | -78,230 | -78,023 | -207 | 0.27 |
| Other operating income/expense | 16,191 | 16,060 | 131 | 0.82 |
| Net accruals to provisions for risks and charges | 3,830 | -1,220 | 5,050 | -413.93 |
| Adjustments to property, equipment and investment property and intangible assets | -12,750 | -12,405 | -345 | 2.78 |
| **Operating costs** | **-133,734** | **-136,373** | **2,639** | **-1.94** |
| **Operating profit (loss)** | **-70,725** | **46,436** | **-117,161** | **-252.31** |
| Net gains (losses) on equity investments and other investments | 6,200 | 4,067 | 2,133 | 52.45 |
| **Profit (loss) before tax** | **-64,525** | **50,503** | **-115,028** | **-227.76** |
| Income taxes | 19,161 | -15,419 | 34,580 | -224.27 |
| **Profit (loss)** | **-45,364** | **35,084** | **-80,448** | **-229.30** |
| Profit (loss) attributable to non-controlling interests | -1,148 | -183 | -965 | 527.32 |
| **Profit (loss) attributable to the Parent Company** | **-46,512** | **34,901** | **-81,413** | **-233.27** |

**Notes:** The result of financial activities comprises the sum of items 80-90-100 and 110 in the income statement.

## DISTRIBUTION BY GEOGRAPHICAL AREA

The Group is active in Italy and in Switzerland, via Banca Popolare di Sondrio (SUISSE) SA.

The contribution made to the Group by this subsidiary is summarised by the following statistics: the «Suisse» holds 9.32% of direct funding from customers and 13.00% of loans and receivables with customers, generating 7.00% of net fee and commission income and 13.09% of net interest income.

## SUBSEQUENT EVENTS AND OUTLOOK FOR OPERATIONS

On 2 April 2020, DBRS Morningstar also updated its ratings of the Bank as part of a general ratings action covering Italian banking groups. The long-term creditworthiness of the Bank was confirmed to be investment grade

«BBB (low)». All other ratings have also been maintained. As part of the same action, the rating trends of the parent company were revised from «Stable» to «Negative», to reflect the deterioration of the Italian macroeconomic situation caused by the spread of the COVID-19 pandemic.

Scope Ratings also decided to take a rating action by communicating it to the market on 8 April 2020, with similar reasons. The Banca Popolare di Sondrio issuer rating has been confirmed at investment grade «BBB -» while the outlook has been updated, bringing it from positive to stable.

As regards the outlook, despite all the uncertainties relating to factors that are currently not foreseeable, the macroeconomic context allows us to glimpse the concrete possibility of a marked recession, with a particularly hefty fall in Italy's GDP. The mentioned uncertainties are also linked to the objective difficulty of estimating the duration and intensity of the ongoing epidemic. Our Group's performance this year will be significantly affected by the elements mentioned above and by their impact on financial markets.

*Sondrio, 12 May 2020*

THE BOARD OF DIRECTORS

# Certification of the Financial Reporting Officer

The Financial Reporting Officer, Maurizio Bertoletti, certifies pursuant to art. 154 bis, para. 2, of the Consolidated Finance Law, that the accounting information contained in this consolidated interim report for the period ended 31 March 2020 agrees with the underlying documents, registers and accounting entries.

FINANCIAL REPORTING OFFICER
Maurizio Bertoletti

# CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT AT 31 MARCH 2020

# CONSOLIDATED BALANCE SHEET

(thousands of euro)

| | Asset items | | 31/03/2020 | | 31/12/2019 |
|---|---|---|---|---|---|
| 10. | Cash and cash equivalents | | **2,409,229** | | **1,826,427** |
| 20. | Financial assets measured at fair value through profit or loss | | **935,924** | | **905,705** |
| | *a)* Financial assets held for trading | 220,346 | | 214,466 | |
| | *c)* other financial assets mandatorily measured at fair value | 715,578 | | 691,239 | |
| 30. | Financial assets measured at fair value through other comprehensive income | | **2,224,633** | | **2,591,229** |
| 40. | Financial assets measured at amortised cost | | **34,503,237** | | **34,200,066** |
| | *a)* loans and receivables with banks | 1,167,051 | | 1,067,458 | |
| | *b)* loans and receivables with customers | 33,336,186 | | 33,132,608 | |
| 70. | Equity investments | | **298,351** | | **294,609** |
| 90. | Property, equipment and investment property | | **541,318** | | **548,172** |
| 100. | Intangible assets | | **31,934** | | **31,186** |
| | of which: | | | | |
| | - goodwill | 12,632 | | 12,632 | |
| 110. | Tax assets | | **454,315** | | **419,295** |
| | *a)* current | 4,416 | | 4,971 | |
| | *b)* deferred | 449,899 | | 414,324 | |
| 130. | Other assets | | **283,849** | | **329,500** |
| | **TOTAL ASSETS** | | **41,682,790** | | **41,146,189** |

THE CHAIRMAN
Francesco Venosta

THE BOARD OF STATUTORY AUDITORS
Piergiuseppe Forni, Chairman
Laura Vitali - Luca Zoani

| Equity and liability items | | | 31/03/2020 | | 31/12/2019 |
|---|---|---|---|---|---|
| 10. | Financial liabilities measured at amortised cost | | **37,371,066** | | **36,949,458** |
| | *a)* due to banks | 5,583,995 | | 4,327,709 | |
| | *b)* customer deposits | 28,992,937 | | 29,816,997 | |
| | *c)* Debt securities in issue | 2,794,134 | | 2,804,752 | |
| 20. | Financial liabilities held for trading | | **108,810** | | **67,019** |
| 40. | Hedging derivatives | | **10,489** | | **11,320** |
| 60. | Tax liabilities | | **39,109** | | **46,050** |
| | *a)* current | 15,850 | | 16,843 | |
| | *b)* deferred | 23,259 | | 29,207 | |
| 80. | Other liabilities | | **991,907** | | **821,434** |
| 90. | Post-employment benefits | | **43,479** | | **43,789** |
| 100. | Provisions for risks and charges | | **265,125** | | **270,298** |
| | *a)* commitments and guarantees given | 39,042 | | 43,411 | |
| | *b)* pension and similar obligations | 175,046 | | 179,965 | |
| | *c)* other provisions for risks and charges | 51,037 | | 46,922 | |
| 120. | Valuation reserves | | **(55,649)** | | **(6,885)** |
| 150. | Reserves | | **1,444,979** | | **1,297,442** |
| 160. | Share premium reserve | | **79,005** | | **79,005** |
| 170. | Share capital | | **1,360,157** | | **1,360,157** |
| 180. | Treasury shares (-) | | **(25,364)** | | **(25,374)** |
| 190. | Non-controlling interests (+/-) | | **96,189** | | **95,041** |
| 200. | Profit (loss) for the period (+/-) | | **(46,512)** | | **137,435** |
| | **TOTAL LIABILITIES AND EQUITY** | | **41,682,790** | | **41,146,189** |

THE MANAGING DIRECTOR AND GENERAL MANAGER
Mario Alberto Pedranzini

FINANCIAL REPORTING OFFICER
Maurizio Bertoletti

# CONSOLIDATED INCOME STATEMENT
(in thousands of euro)

| | ITEMS | | 31/03/2020 | | 31/03/2019 |
|---|---|---|---|---|---|
| 10. | Interest and similar income | | 137,874 | | 148,698 |
| | of which: Interest income calculated using the effective interest method | 136,042 | | 146,840 | |
| 20. | Interest and similar expense | | (25,700) | | (28,498) |
| **30.** | **Net interest income** | | **112,174** | | **120,200** |
| 40. | Fee and commission income | | 83,615 | | 80,491 |
| 50. | Fee and commission expense | | (4,689) | | (4,963) |
| **60.** | **Net fee and commission income** | | **78,926** | | **75,528** |
| 70. | Dividends and similar income | | 732 | | 561 |
| 80. | Net trading income | | (44,733) | | 21,004 |
| 90. | Net hedging gains (losses) | | (51) | | - |
| 100. | Gains (losses) from sales or repurchases of: | | 2,126 | | 2,783 |
| | a) financial assets measured at amortised cost | 176 | | 357 | |
| | b) financial assets measured at fair value through other comprehensive income | 1,959 | | 2,132 | |
| | c) financial liabilities | (9) | | 294 | |
| 110. | Net gains/losses on other financial assets and liabilities measured at fair value through profit or loss | | (16,476) | | 6,687 |
| | b) other financial assets mandatorily measured at fair value | (16,476) | | 6,687 | |
| **120.** | **Total income** | | **132,698** | | **226,763** |
| 130. | Net adjustments for credit risk relating to: | | (64,383) | | (43,259) |
| | a) financial assets measured at amortised cost | (59,879) | | (44,234) | |
| | b) financial assets measured at fair value through other comprehensive income | (4,504) | | 975 | |
| 140. | Gains/losses on contractual amendments not resulting in derecognition | | (5,306) | | (695) |
| **150.** | **Net financial income** | | **63,009** | | **182,809** |
| **180.** | **Balance of financial and insurance management** | | **63,009** | | **182,809** |
| 190. | Administrative expenses: | | (141,005) | | (141,872) |
| | a) personnel expenses | (62,775) | | (63,849) | |
| | b) other administrative expenses | (78,230) | | (78,023) | |
| 200. | Net accruals to provisions for risks and charges | | 3,830 | | (1,220) |
| | a) commitments for guarantees given | 4,390 | | 3,308 | |
| | b) other net provisions | (560) | | (4,528) | |
| 210. | Depreciation and net impairment losses on property, equipment and investment property | | (9,319) | | (9,388) |
| 220. | Amortisation and net impairment losses on intangible assets | | (3,431) | | (3,017) |
| 230. | Other operating income/expense | | 16,191 | | 19,124 |
| **240.** | **Operating costs** | | **(133,734)** | | **(136,373)** |
| 250. | Net gains (losses) on equity investments | | 6,200 | | 4,067 |
| **290.** | **Pre-tax profit from continuing operations** | | **(64,525)** | | **50,503** |
| 300. | Income taxes | | 19,161 | | (15,419) |
| **310.** | **Post-tax profit from continuing operations** | | **(45,364)** | | **35,084** |
| **330.** | **Profit (loss) for the period** | | **(45,364)** | | **35,084** |
| 340. | Profit (loss) for the period of non-controlling interests | | (1,148) | | (183) |
| **350.** | **Profit (loss) for the period of the parent company** | | **(46,512)** | | **34,901** |
| | **BASIC EPS** | | **(0.103)** | | **0.077** |
| | **DILUTED EPS** | | **(0.103)** | | **0.077** |

## STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(thousands of euro)

| ITEMS | | 31-03-2020 | 31-03-2019 |
|---|---|---|---|
| 10. | **Profit (loss) for the period** | **(45,364)** | **35,084** |
| | **Other income items net of income taxes that will not be reclassified to profit or loss** | | |
| 20. | Variable-yield securities measured at fair value through other comprehensive income | (8,472) | 20,122 |
| 70. | Defined-benefit plans | (585) | (120) |
| 90. | Share of valuation reserves of equity investments valued at net equity | (19) | 3 |
| | **Other income items net of income taxes that may be reclassified subsequently to profit or loss** | | |
| 110. | Exchange differences | (367) | |
| 140. | Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income | (34,729) | 16,375 |
| 160. | Share of valuation reserves of equity investments valued at net equity | (4,592) | 879 |
| 170. | **Total other income items net of income taxes** | **(48,764)** | **37,259** |
| 180. | **Comprehensive income (Items 10+170)** | **(94,128)** | **72,343** |
| 190. | Consolidated comprehensive income attributable to non-controlling interests | (1,148) | (183) |
| 200. | **Consolidated comprehensive income attributable to the Parent Company** | **(95,277)** | **72,160** |

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| | Opening balance at 31.12.2019 | Change in opening balances | Opening balance at 1.1.2020 | Allocation of prior year result: Reserves | Allocation of prior year result: Dividends and other allocations | Changes in reserves | Issue of new shares |
|---|---|---|---|---|---|---|---|
| **Share capital** | | | | | | | |
| *a)* ordinary shares | 1,393,736 | | 1,393,736 | | | | |
| *b)* other shares | | | | | | | |
| **Share premium reserve** | **83,363** | | **83,363** | | | | |
| **Reserves** | | | | | | | |
| *a)* from earnings | 1,314,827 | | 1,314,827 | 139,474 | | 10,102 | |
| *b)* other | 37,851 | | 37,851 | | | | |
| **Valuation reserves** | **(7,056)** | | **(7,056)** | | | | |
| **Equity instruments** | | | | | | | |
| **Treasury shares** | **(25,374)** | | **(25,374)** | | | | |
| **Profit (loss) for the period** | **139,474** | | **139,474** | **(139,474)** | | | |
| **Equity attributable to the group** | **2,841,780** | | **2,841,780** | | | **10,102** | |
| **Equity attributable to non-controlling interests** | **95,041** | | **95,041** | | | | |

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| | Opening balance at 31.12.2018 | Change in opening balances | Opening balance at 1.1.2019 | Allocation of prior year result: Reserves | Allocation of prior year result: Dividends and other allocations | Changes in reserves | Issue of new shares |
|---|---|---|---|---|---|---|---|
| **Share capital** | | | | | | | |
| *a)* ordinary shares | 1,393,746 | | 1,393,746 | | | | |
| *b)* other shares | | | | | | | |
| **Share premium reserve** | **83,363** | | **83,363** | | | | |
| **Reserves** | | | | | | | |
| *a)* from earnings | 1,207,575 | | 1,207,575 | 113,962 | | 2,638 | |
| *b)* other | 5,186 | | 5,186 | | | | |
| **Valuation reserves** | **(34,586)** | | **(34,586)** | | | | |
| **Equity instruments** | | | | | | | |
| **Treasury shares** | **(25,375)** | | **(25,375)** | | | | |
| **Profit (loss) for the period** | **113,962** | | **113,962** | **(113,962)** | | | |
| **Equity attributable to the group** | **2,650,822** | | **2,650,822** | | | **2,638** | |
| **Equity attributable to non-controlling interests** | **93,049** | | **93,049** | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Changes during the period | | | | | | | | |
| Equity transactions | | | | | | | | |
| Purchase of treasury shares | Extraordinary distribution of dividends | Change in equity instruments | Derivatives on treasury shares | Stock options | % Change in interest held | Comprehensive income at 31.03.2020 | **Equity attributable to the group at 31.03.2020** | **Equity attributable to non-controlling interest at 31.03.2020** |
| | | | | | | | | |
| | | | | | | | 1,360,157 | 33,579 |
| | | | | | | | | |
| | | | | | | | **79,005** | **4,358** |
| | | | | | | | | |
| | | | | | | | 1,409,085 | 55,318 |
| | | | | | | | 35,894 | 1,957 |
| | | | | | | **(48,764)** | **(55,649)** | **(171)** |
| | | | | | | | | |
| **10** | | | | | | | **(25,364)** | |
| | | | | | | **(45,364)** | **(46,512)** | **1,148** |
| **10** | | | | | | **(95,277)** | **2,756,616** | |
| | | | | | | **1,148** | | **96,189** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Changes during the period | | | | | | | | |
| Equity transactions | | | | | | | | |
| Purchase of treasury shares | Extraordinary distribution of dividends | Change in equity instruments | Derivatives on treasury shares | Stock options | % Change in interest held | Comprehensive income at 31.03.2019 | **Equity attributable to the group at 31.03.2019** | **Equity attributable to non-controlling interest at 31.03.2019** |
| | | | | | | | | |
| | | | | | | | 1,360,157 | 33,589 |
| | | | | | | | | |
| | | | | | | | **79,005** | **4,358** |
| | | | | | | | | |
| | | | | | | | 1,270,896 | 53,279 |
| | | | | | | | 3,229 | 1,957 |
| | | | | | | **37,259** | **2,806** | **(134)** |
| | | | | | | | | |
| **(7)** | | | | | | | **(25,382)** | |
| | | | | | | **35,084** | **34,901** | **183** |
| **(7)** | | | | | | **72,160** | **2,725,612** | |
| | | | | | | **183** | | **93,232** |