



**Banca Popolare
di Sondrio** FONDATA NEL 1871
Gruppo BPER Banca

PILLAR 3 REPORT

PUBLIC DISCLOSURES AS AT 30.06.2025

This document is an English translation of the original Italian document "Terzo Pilastro Informativa al pubblico al 30/06/2025 - Gruppo Banca Popolare di Sondrio", prepared only for the convenience of the international readers. In the case of discrepancies between the Italian version and the English translation, the Italian document shall prevail.

Banca Popolare di Sondrio
Società per azioni

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Sondrio Companies Register No. 00053810149
Official List of Banks under No. 842
Company belonging to the BPER Banca S.p.A. Banking Group - Registered with the Official List of Banks under No. 5387.6
Company subject to management and coordination by BPER Banca S.p.A.
Member of the Interbank Deposit Guarantee Fund
Tax code and VAT number: 00053810149
Share capital: € 1,360,157,331; Reserves: € 1,740,955,502
(Figures approved at the Shareholders' meeting of 30 April 2025)

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Introduction

The “Basel III” regulatory framework transposed into the European Union regulatory system has been in force since 1 January 2014:

- Regulation (EU) No. 575/2013 (Capital Requirements Regulation, known as “CRR”) of the European Parliament and Council of 26 June 2013 governing the prudential requirements for credit institutions and investment firms (“Pillar 1” provisions) and the rules on public disclosures by institutions (“Pillar 3” provisions);
- Directive 2013/36/EU (Capital Requirements Directive, known as “CRD IV”) of the European Parliament and Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

The prudential regime applicable to financial institutions is based on three “Pillars”.

“**Pillar 1**” (*Minimum prudential requirements*) imposes specific capital requirements to all supervised entities designed to cope with the typical banking and finance risks, providing for alternative calculation methods, characterised by different levels of complexity.

“**Pillar 2**” (*Prudential Control Process*) requires banks to adopt internal strategies and processes for the current and prospective control of capital adequacy (ICAAP —Internal Capital Adequacy Assessment Process) and the adequacy of the liquidity situation (ILAAP — Internal Liquidity Adequacy Assessment Process). The Supervisory Authority, as part of the Supervisory Review Evaluation Process (SREP), is responsible for verifying the reliability and consistency of the results of these processes and for adopting appropriate corrective measures, where the situation requires.

Finally, the “**Pillar 3**” (*Market Discipline*) regulations establish specific disclosure requirements for the general public, aimed at allowing market participants and other stakeholders a more accurate assessment of the capital strength and risk exposure of banking institutions, as well as of their management and control systems.

On 7 June 2019, with the publication in the Official Journal of the European Union, a package of reforms was enacted that introduced significant changes to the Union’s regulatory framework, including the so-called “CRR II” Regulation (EU Regulation No. 2019/876) and the so-called “CRD V” Directive (EU Directive 2019/878).

On 19 June 2024, Regulation (EU) 2024/1623 was published in the Official Journal of the European Union (“CRR III”), amending Regulation (EU) No. 575/2013 as regards the requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and output floor. The act transposed into the European legislative framework the set of further reforms and updates to the Basel III agreements universally known as “Basel IV”. The most relevant elements of the new framework of prudential supervisory rules came into force on 1 January 2025.



“Pillar 3” disclosure is governed by the CRR, Part Eight “*Disclosure by Institutions*” (Arts. 431 - 455). These provisions are implemented by the Bank of Italy with Circular No. 285 of 17 December 2013, Part Two “*Application in Italy of the CRR*”, Chapter 13 “*Public Disclosure*”. The regulatory framework for the fulfilment of public disclosure obligations is completed with the execution measures contained in appropriate Regulatory or Implementing Technical Standards (RTS and ITS) adopted by the European Commission on the proposal of the European Supervisory Authorities (ESA).

Consistent with the evolution of the prudential regulatory framework following the issuance of the aforementioned Regulation (EU) 2024/1623, on 31 December 2024 the Implementing Regulation (EU) 2024/3172 was published in the Official Journal of the European Union, laying down implementing technical standards for the application of the provisions relating to the publication by institutions of the information referred to in Part Eight, Titles II and III of the CRR. This new Implementing Regulation, applicable from 1 January 2025, repeals the previous Implementing Regulation (EU) 2021/637 - except for the provisions relating to market risk disclosure, that will continue to apply until 31 December 2025 - and includes the publication requirements detailed by Regulation (EU) 2022/631 with regard to the disclosure of interest rate risk exposures on positions not held in the trading book as required by Article 448 of the “CRR II” and Implementing Regulation (EU) 2022/2453 on environmental, social and governance (ESG) risks disclosure.

The regulatory structure of Pillar 3 also includes:

- EBA/GL/2014/14 Guidelines on the materiality, proprietary, confidentiality and on disclosure frequency under Articles 432, paragraphs 1 and 2, and 433 of the CRR;
- Implementing Regulation (EU) 2021/763 of 23 April 2021, as subsequently amended by Implementing Regulation (EU) 2024/1618, laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to supervisory reporting and public disclosure on Minimum Requirement for own funds and Eligible Liabilities (MREL).

In order to ensure high quality and comparable information, the European Banking Authority (EBA) also makes available to institutions an analytical tool, so-called “Mapping tool”, i.e. a specific mapping and connection file between the data reported in the quantitative templates that make up the public information and the contents of the prudential supervision reports.

On 12 February 2025, the EBA published the ITS/2025/01, a document of technical standards that governs, according to the provisions of the new Art. 434-bis of the CRR, the methods of operation of the transmission of “Pillar 3” information to a single access point on the EBA website, the so-called Pillar 3 Data Hub (P3DH). The document establishes the specific IT solutions, formats, and methods for exchanging information and data of the “Pillar 3” in order to centralize the publication of the information of the entities, thus guaranteeing greater transparency and comparability. The ITS P3DH applies from 30 June 2025, the reference date of the first “Pillar 3” disclosure to be transmitted to the EBA. The transitional provisions provided for by the ITS temporarily give supervised institutions the opportunity to continue using the current means of information (e.g. their website) and to subsequently send to the EBA the information already published on the basis of the onboarding plan communicated to the entities for the first implementation of the central Data Hub.



The frequency of disclosure conforms to the rules dictated by Art. 433-bis of CRR for the category of listed “large institutions”.

This Public Disclosure is prepared by the Parent Company Banca Popolare di Sondrio S.p.A. on a consolidated basis, with reference to the scope of prudential consolidation..

In this disclosure, referring to 30 June 2025, Banking Group means the Banca Popolare di Sondrio Banking Group, as at that date still in existence.

The document is accompanied by:

- the Certification of the Manager responsible for preparing the Company’s accounting documents of the Parent Company Banca Popolare di Sondrio S.p.A., pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/98 (Consolidated Law on Finance, “TUF”).
- the declaration of the Chief Risk Officer of the Parent Company Banca Popolare di Sondrio S.p.A. to comply with the regulatory requests provided for by Art. 431, paragraph 3 of the CRR.

The document is also made available through publication on the Bank’s institutional website (<https://istituzionale.popso.it>) in the “Investor Relations” section, subsection “Pillar 3”.

* * *

NOTE:

All the amounts indicated in the sections of this Disclosure, except where expressly indicated, are shown in thousands of euro. Any failure to reconcile between the figures shown in this document depends solely on rounding.

Any significant changes with respect to previous publication periods are mentioned in this document.

In order to provide only significant information for users, the publication of data or information considered irrelevant or not applicable to the Group is omitted. In such cases, the omitted elements and the reasons for the publication omission are specified.



Summary of information published in accordance with CRR requirements

The following summary table links the articles of Regulation (EU) No. 575/2013 ("CRR"), as amended by (EU) Regulation No. 876/2019 ("CRR II") and Regulation (EU) No. 1623/2024 ("CRR III") to the relevant disclosure requirements for Banca Popolare di Sondrio Group, integrated by the respective disclosure frequency and the sections of this document in which qualitative or quantitative information required by the "Pillar 3" regulations are reported with regard to the Group's situation as at 30 June 2025.

CRR Art.	Article description	Frequency of publication	Section Public Disclosures as at 30 June 2025
Art. 431	Disclosure requirements and policies	-	
Art. 432	Non-material, proprietary or confidential information	-	
Art. 433	Frequency and scope of disclosures	-	
Art. 433-bis	Disclosure by large institutions	-	
Art. 433-ter	Disclosure by small and non-complex entities	-	
Art. 433-quater	Disclosure by other institutions	-	
Art. 434	Information means	-	
Art. 434-bis	Disclosure templates	-	
Art. 435	Disclosure of risk management objectives and policies	Annual	
Art. 436	Disclosure of the scope of application	Quarterly/ Half-yearly <i>Scope of consolidation</i> Annual <i>Full Art. 436</i>	1 - Scope of application
Art. 437	Disclosure of own funds	Half-yearly <i>lett. a)</i> Annual <i>Full Art. 437</i>	3 - Disclosure of own funds and eligible liabilities
Art. 437-bis	Disclosure of own funds and eligible liabilities	Half-yearly	3 - Disclosure of own funds and eligible liabilities
Art. 438	Disclosure of own funds requirements and risk-weighted exposure amounts	Quarterly <i>lett. d) and h)</i> Half-yearly <i>lett. e)</i> Annual <i>Full Art. 438</i>	2 - Information on the general framework of risk management, the main prudential metrics and RWAs 10 - Disclosure of the IRB approach to credit risk



CRR Art.	Article description	Frequency of publication	Section Public Disclosures as at 30 June 2025
Art. 439	Disclosure of exposures to counterparty risk	Half-yearly <i>lett. e) to l)</i> Annual <i>Full Art. 439</i>	11 - Disclosure of exposures to counterparty risk
Art. 440	Disclosure of countercyclical capital buffers	Half-yearly	4 - Disclosure of countercyclical capital buffers
Art. 442	Disclosure of exposures to credit risk and dilution risk	Half-yearly <i>points c), e), f) and g)</i> Annual <i>Full Art. 442</i>	7 - Disclosure of credit risk quality
Art. 443	Disclosure of encumbered and unencumbered assets	Annual	
Art. 444	Disclosure of the use of the Standardised Approach	Half-yearly <i>lett. e)</i> Annual <i>Full Art. 444</i>	9 - Disclosure of the use of the standardised approach to credit risk
Art. 445	Disclosure on market risk exposure under the standardised approach	Half-yearly	13 - Market risk disclosure
Art. 445-bis	CVA risk disclosure	Annual	
Art. 446	Disclosure of operational risk	Annual	
Art. 447	Disclosure of key metrics	Quarterly	2 - Information on the general framework of risk management, the main prudential metrics and RWAs
Art. 448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Half-yearly <i>par. 1, lett. a) and b)</i> Annual <i>Full Art. 448</i>	14 - Disclosure of exposures to interest rate risk on positions not held in the trading book
Art. 449	Disclosure of exposure to securitisation positions	Half-yearly <i>lett. j), k) and l)</i> Annual <i>Full Art. 449</i>	12 - Informativa sulle esposizioni in posizioni verso la cartolarizzazione
Art. 449-bis	Disclosure of environmental, social and governance risks (ESG risks)	Half-yearly	15 - Disclosure of environmental, social and governance risks (ESG risks)
Art. 449-ter	Disclosure of aggregate exposure to shadow banking entities ¹	Half-yearly from 31 December 2026	
Art. 450	Disclosure of remuneration policy	Annual	
Art. 451	Disclosure of the leverage ratio	Half-yearly <i>par. 1, lett. a) and b)</i> Annual <i>Full Art. 451</i>	5 - Disclosure of the leverage ratio

¹ On 22 May 2025, the EBA published the consultation paper "Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2024/3172, as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities". The consultation was completed on 22 August 2025.

CRR Art.	Article description	Frequency of publication	Section Public Disclosures as at 30 June 2025
Art. 451-bis	Disclosure of liquidity requirements	Quarterly <i>par. 2</i> Half-yearly <i>par. 3</i> Annual <i>Full Art. 451-bis</i>	6 - Disclosure of liquidity requirements
Art. 451-ter	Disclosure of exposures to crypto-assets and related activities	Annual	
Art. 452	Disclosure of the use of the IRB approach to credit risk	Half-yearly <i>lett. g)</i> Annual <i>Full Art. 452</i>	10 - Disclosure of the IRB approach to credit risk
Art. 453	Disclosure of the use of credit risk mitigation techniques	Half-yearly <i>lett. f) to j)</i> Annual <i>Full Art. 453</i>	8 - Disclosure of the use of credit risk mitigation techniques 9 - Disclosure on the standardised approach to credit risk 10 - Disclosure of the IRB approach to credit risk

At the reporting date of this Disclosure, the following articles of Regulation (EU) No. 575/2013, as amended, to which it would be subject as a listed “large institution” pursuant to Art. 433-bis of the same EU provision, are not relevant for Banca Popolare di Sondrio Group:

- Art. 441 - Disclosure of indicators of global systemic importance
- Art. 454 - Disclosure of the use of Advanced Measurement Approaches to operational risk
- Art. 455 - Use of internal market risk models.

The following disclosures do not apply to the Group:

- The Group does not adopt the “Standardised Approach” for calculating the risk-weighted exposure amount of the credit assessment adjustment. The following template to which the Group would be subject pursuant to Art. 438(d) and (h) of the CRR is therefore not subject to publication: *Template EU CVA4 - RWEA flow statements of credit valuation adjustment risk under the Standardised Approach*
- Given the Group’s lack of material exposures to specialised lending and material exposures in equity instruments treated under the “Simple Weighting Method”, prospectuses under the following template, to which the Group would be subject pursuant to Art. 438(e) of the CRR, have not been published: *Template EU CR10: Specialised lending and equity exposures under the simple risk-weighted approach*
- As at the reference date of this Disclosure and in the three consecutive quarters during the four quarters preceding the reference date of this Disclosure, the Group’s gross NPL ratio was less than 5%. Therefore, the information referred to in Article 442, letters c) and f) of the CRR contained in the following templates is not subject to publication: *EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries; EU CQ2 - Quality of lending; EU CQ6 - Collateral valuation - loans and advances; EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown; EU CQ4 - Quality of non-performing exposures by geography and EU CQ5 - Credit quality of loans and advances by industry* for columns b) and d) of the tables only.



Section 1

Scope of application

These Public Disclosures have been prepared by the Parent Company in reference to Banca Popolare di Sondrio Banking Group, which, at the reference date (30 June 2025), is made up as follows:

Company Name	Status	Registered office	Operative office
1 Banca Popolare di Sondrio S.p.A.	Bank - Parent Company	Sondrio	Sondrio
2 Banca Popolare di Sondrio (SUISSE) SA	Swiss bank (registered in the Lugano Commercial Register) - wholly-owned	Lugano (CH)	Lugano (CH)
3 Factorit S.p.A.	Factoring company (registered in the Register of Financial Intermediaries pursuant to Art. 106 of the CBA) - wholly-owned	Milano	Milano
4 Sinergia Seconda S.r.l.	Real estate company - wholly-owned	Milano	Milano
5 Popso Covered Bond S.r.l.	SPV for the issue of covered bonds - 60% held	Conegliano Veneto (TV)	Conegliano Veneto (TV)
6 BNT Banca S.p.A.	Bank - Wholly-owned	Sondrio	Sondrio
7 PrestiNuova S.r.l. - Agenzia in Attività Finanziaria	Financial corporation - Wholly owned (100%) by BNT S.p.A.	Roma	Roma

The scope of consolidation of the disclosure is determined in accordance with the prudential supervisory regulations currently in force, provides for full (or "line-by-line") consolidation of the subsidiaries mentioned above, as banking, financial or service companies controlled directly by the Parent Company.



Section 2

Information on the overall risk management framework, key prudential metrics and RWAs

The following tables provide a summary of the performance of some key figures of Banca Popolare di Sondrio Group, represented by key prudential and regulatory metrics envisaged by the CRR regulations. The additional Pillar 2 requirements to which the Group is subject by virtue of regulatory provisions or decisions of the Supervisory Authority are also represented.

Table 1 - Template EU KM1 - Key metrics template (1 of 2)

		a	b
		30/06/2025	31/03/2025
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	3,961,859	3,656,477
2	Tier 1 capital	3,961,859	3,656,477
3	Total capital	4,627,789	4,315,566
Risk-weighted exposure amounts			
4	Total risk exposure amount	26,461,108	25,613,395
4a	Total risk exposure pre-floor	26,461,108	25,613,395
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	14.9724%	14.2756%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.9724%	14.2756%
6	Tier 1 ratio (%)	14.9724%	14.2756%
6b	Tier 1 ratio considering unfloored TREA (%)	14.9724%	14.2756%
7	Total capital ratio (%)	17.4890%	16.8489%
7b	Total capital ratio considering unfloored TREA (%)	17.4890%	16.8489%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.7500%	2.7500%
EU 7e	<i>of which: to be made up of CET1 capital (percentage points)</i>	1.5469%	1.5469%
EU 7f	<i>of which: to be made up of Tier 1 capital (percentage points)</i>	2.0625%	2.0625%
EU 7g	Total SREP own funds requirements (%)	10.7500%	10.7500%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5000%	2.5000%



Table 1 - Template EU KM1 - Key metrics template (1 of 2)

		a	b
		30/06/2025	31/03/2025
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	0.0519%	0.0464%
EU 9a	Systemic risk buffer (%)	0.7214%	0.3639%
10	Global Systemically Important Institution buffer (%)	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-
11	Combined buffer requirement (%)	3.2733%	2.9104%
EU 11a	Overall capital requirements (%)	14.0233%	13.6604%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.7390%	6.0989%
Leverage ratio			
13	Total exposure measure	62,248,370	61,672,003
14	Leverage ratio (%)	6.3646%	5.9289%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU 14b	<i>of which: to be made up of CET1 capital (percentage points)</i>	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0000%	3.0000%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	-	-
EU 14e	Overall leverage ratio requirement (%)	3.0000%	3.0000%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	10,837,532	10,893,403
EU 16a	Cash outflows - Total weighted value	9,626,479	9,429,030
EU 16b	Cash inflows - Total weighted value	3,440,488	3,348,425
16	Total net cash outflows (adjusted value)	6,185,991	6,080,605
17	Liquidity coverage ratio (%)	175.2469%	179.1920%
Net Stable Funding Ratio			
18	Total available stable funding	38,470,562	37,017,745
19	Total required stable funding	29,424,156	29,043,069
20	NSFR ratio (%)	130.7448%	127.4581%

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00; Calculation of the leverage ratio: Template C 47.00; Liquidity Coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 75.01 - C 76.00

Table 2 - Template EU KM1 - Key metrics template (2 of 2)

		c	d	e
		31/12/2024	30/09/2024	30/06/2024
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	3,681,296	3,715,302	3,622,276
2	Tier 1 capital	3,681,296	3,715,302	3,622,276
3	Total capital	4,348,985	4,376,447	4,268,253
Risk-weighted exposure amounts				
4	Total risk exposure amount	23,925,016	22,545,694	22,732,338
4a	Total risk exposure pre-floor	-	-	-
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	15.3868%	16.4790%	15.9345%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	-	-	-
6	Tier 1 ratio (%)	15.3868%	16.4790%	15.9345%
6b	Tier 1 ratio considering unfloored TREA (%)	-	-	-
7	Total capital ratio (%)	18.1776%	19.4115%	18.7761%
7b	Total capital ratio considering unfloored TREA (%)	-	-	-
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.7900%	2.7900%	2.7900%
EU 7e	<i>of which: to be made up of CET1 capital (percentage points)</i>	1.5694%	1.5694%	1.5694%
EU 7f	<i>of which: to be made up of Tier 1 capital (percentage points)</i>	2.0925%	2.0925%	2.0925%
EU 7g	Total SREP own funds requirements (%)	10.7900%	10.7900%	10.7900%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5000%	2.5000%	2.5000%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.0545%	0.0364%	0.0510%
EU 9a	Systemic risk buffer (%)	0.3443%	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-
11	Combined buffer requirement (%)	2.8988%	2.5364%	2.5510%
EU 11a	Overall capital requirements (%)	13.6888%	13.3264%	13.3410%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.2943%	8.3865%	7.8420%
Leverage ratio				
13	Total exposure measure	62,743,230	59,987,273	62,328,732
14	Leverage ratio (%)	5.8672%	6.1935%	5.8116%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU 14b	<i>of which: to be made up of CET1 capital (percentage points)</i>	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0000%	3.0000%	3.0000%



Table 2 - Template EU KM1 - Key metrics template (2 of 2)

		c	d	e
		31/12/2024	30/09/2024	30/06/2024
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.0000%	3.0000%	3.0000%
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	11,152,163	11,295,635	10,807,511
EU 16a	Cash outflows - Total weighted value	9,318,598	9,169,322	9,032,386
EU 16b	Cash inflows - Total weighted value	3,275,205	3,189,118	3,185,939
16	Total net cash outflows (adjusted value)	6,043,393	5,980,204	5,846,446
17	Liquidity coverage ratio (%)	184.6005%	188.7857%	184.8666%
Net Stable Funding Ratio				
18	Total available stable funding	37,523,377	36,690,528	36,263,785
19	Total required stable funding	28,963,313	28,447,734	28,687,263
20	NSFR ratio (%)	129.5548%	128.9752%	126.4108%

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00; Calculation of the leverage ratio: Template C 47.00; Liquidity Coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 75.01 - C 76.00

Capital requirements

Banking groups must comply with the following minimum capital requirements:

- Common Equity Tier 1 (CET1) ratio of 4.5%
- Tier 1 Ratio of 6%;
- Total Capital Ratio of 8%.

The following capital reserves (known as “buffers”) have to be added to these minimum ratios provided by the CRR with the aim of providing supervised entities with high quality capital to be used in times of market tension to prevent malfunctions of the banking system and avoid interruptions to the credit disbursement process, as well as to face risks deriving from certain banks systemic relevance at a global or local level.

Each additional capital reserve plays a specific role, in particular:

- *Capital Conservation Buffer*: made up of Common Equity Tier 1 Capital, equivalent to an additional operating requirement equal to 2.5% of weighted assets, intended to safeguard the minimum level of regulatory capital even in times of particularly adverse market.
- *Countercyclical Capital Buffer*: this is also made up of Tier 1 Capital to protect the banking sector at times of excessive lending growth; following measures by the competent Supervisory Bodies, it could be set up during periods of economic expansion to cope with any losses that might arise during the downward phases of the cycle, based on a specific coefficient established at a national level. The countercyclical coefficient for exposures to Italian counterparties, which is reviewed by the Bank of Italy on a quarterly basis, remained unchanged at 0% also in the first quarter of 2025.
- *Global Systemically Important Institution Buffer (G-SII buffer) and Other Systemically Important Institution Buffer (O-SII buffer)*: reserves consisting of Common Equity Tier 1 capital; applied to Global Systemically Important Institutions (G-SII) and Other Systemically Important Institutions (O-SII) to account for the increased risks they potentially pose to the

stability of the financial system. The buffer for G-SIIs can vary between a minimum of 1% and a maximum of 3.5%, whereas for O-SIIs a non-binding maximum threshold of 2% is foreseen.

- *Systemic Risk Buffer*: additional reserve that may be established by each individual EU Member State in order to mitigate long-term non-cyclical systemic or macro-prudential risks which are not already covered with the macro-prudential instruments envisaged by the CRR or the previous capital reserves and, in this way, cope with the negative effects of unexpected systemic crises. On 26 April 2024, the Bank of Italy communicated its decision to apply to all banks and groups authorised in Italy a capital buffer against systemic risk of 1.0% of risk-weighted exposures for credit and counterparty risk to residents of Italy, to be achieved gradually by establishing a buffer equal to 0.5% of relevant exposures by 31 December 2024 and the remaining 0.5% by 30 June 2025.

The sum of regulatory requirements and additional reserves determines the minimum level of capital conservation required for banks and banking groups (known as the “combined capital reserve requirement” or “Combined Buffer Requirement”).

Banks that do not hold capital reserves to the minimum extent required are subject to distribution limits; in addition, they must adopt a capital conservation plan that indicates measures to be taken in order to re-establish, within a reasonable period of time, the amount of capital needed to maintain their reserves above the required minimum.

The new supervisory decision on prudential requirements resulting from the Supervisory Review and Evaluation Process (SREP) conducted by the Supervisory Authority during 2024 has been in force since 1 January 2025. The additional Pillar 2 Requirement (“P2R”) imposed on the Group, to be held in the form of Common Equity Tier 1 (CET1) capital at least for 56.25% and Tier 1 (T1) capital for at least 75%, has been set at 2.75% (down from the previous 2.79%).

The capital levels required of the Group as at 30 June 2025² consist of:

- a minimum Common Equity Tier 1 Ratio requirement of 9.32%, consisting of the sum of the minimum Pillar 1 regulatory requirement (4.50%), the additional Pillar 2 requirement (1.55%) and the Combined Buffer Requirement (3.27%);
- a minimum Tier 1 Ratio requirement of 11.34%, consisting of the sum of the minimum Pillar 1 regulatory requirement (6.0%), the additional Pillar 2 requirement (2.06%) and the Combined Buffer Requirement (3.27%);
- a minimum Total Capital Ratio requirement of 14.02%, consisting of the sum of the minimum Pillar 1 regulatory requirement (8.0%), the additional Pillar 2 requirement (2.75%) and the Combined Buffer Requirement (3.27%).

In addition to these minimum ratios, a “Pillar 2 Guidance” (P2G) is also set, which aims to be a guideline to the prospective evolution of the Group’s capital resources. The latter target parameter, assigned by the Supervisor as a result of the SREP process, however, assumes a confidential nature and, unlike the abovementioned binding capital requirements, is not publicly disclosed, as it is an element which, also according to the Supervisory Authority’s approach, is not relevant for the calculation of distributable dividends.

Further information on the performance of the Group’s capital ratios in relation to minimum requirements is provided in Section 3 of this Disclosure.

² The Combined Buffer Requirement consists of the Capital Conservation Buffer (2.50%), the Countercyclical Capital Buffer (0.05% as at 30/06/2025) and the Systemic Risk Buffer (0.72% as at 30/06/2025).



Leverage and liquidity requirements

Banca Popolare di Sondrio Group is also subject to minimum requirements in relation to:

- Leverage Ratio;
- Liquidity Coverage Ratio (LCR);
- Net Stable Funding Ratio (NSFR).

For further information on the first coefficient please refer to Section 5, for the second and third ratios please refer to Section 6 of this Disclosure.

* * *

The table below provides an overview of the Group's risk-weighted exposures (RWA or TREA) and capital absorption as at 30 June 2025, broken down by type of exposure and calculation method required by the prudential regulations.



Table 3 - Template EU OV1: Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	a
		30/06/2025	31/03/2025	30/06/2025
1	Credit risk (excluding CCR)	22,808,111	22,145,468	1,824,649
2	<i>Of which the standardised approach</i>	12,463,658	11,809,332	997,093
3	<i>Of which the Foundation IRB (F-IRB) approach</i>	2,997,034	3,212,999	239,763
4	<i>Of which slotting approach</i>	-	-	-
EU 4a	<i>Of which equities under the simple risk weighted approach</i>	-	-	-
5	<i>Of which the Advanced IRB (A-IRB) approach</i>	7,347,420	7,123,137	587,794
6	Counterparty credit risk - CCR	179,838	267,569	14,387
7	<i>Of which the standardised approach</i>	34,294	37,811	2,744
8	<i>Of which internal model method (IMM)</i>	-	-	-
EU 8a	<i>Of which exposures to a CCP</i>	4,493	3,329	359
9	<i>Of which other CCR</i>	141,050	226,429	11,284
10	Credit valuation adjustments risk - CVA risk	24,192	20,024	1,935
EU 10a	<i>Of which the standardised approach (SA)</i>	-	-	-
EU 10b	<i>Of which the basic approach (F-BA and R-BA)</i>	24,192	20,024	1,935
EU 10c	<i>Of which the simplified approach</i>	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	351,668	206,817	28,133
17	<i>Of which SEC-IRBA approach</i>	127,551	72,512	10,204
18	<i>Of which SEC-ERBA (including IAA)</i>	54,014	57,617	4,321
19	<i>Of which SEC-SA approach</i>	156,268	61,911	12,501
EU 19a	<i>Of which 1250% / deduction</i>	13,835	14,777	1,107
20	Position, foreign exchange and commodities risks (Market risk)	761,425	637,644	60,914
21	<i>Of which the Alternative standardised approach (ASA) (*)</i>	n.a.	n.a.	n.a.
EU 21a	<i>Of which the Simplified standardised approach (SSA) (*)</i>	n.a.	n.a.	n.a.
22	<i>Of which the Alternative Internal Models Approach (AIMA) (*)</i>	n.a.	n.a.	n.a.
EU 22a	Large exposures	-	-	-
23	Reclassifications between trading and non-trading books	-	-	-
24	Operational risk	2,335,874	2,335,874	186,870
EU 24a	Exposures to crypto-assets	-	-	-
25	"Amounts below the thresholds for deduction (subject to 250% risk weight)"	746,161	767,156	59,693
26	Output floor applied (%)	50.0000%	50.0000%	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	
29	TOTAL	26,461,108	25,613,395	2,116,889

Source: COREP reporting framework - Capital Adequacy: Templates C 02.00 - C 07.00 - C 04.00 - C 08.01 - C 10.01 - C 13.01 - C 14.00 - C 14.01 - C 34.10 - C 34.02

(*) Details not applicable in 2025 due to the postponement of the introduction of the new regulatory framework for calculating capital requirements for market risk (Fundamental Review of Trading Book - FRTB).



The Group's total weighted exposures increased considerably in the last quarter. The capital absorption for credit risk increased as a result of a robust expansion in lending volumes - buoyed, in particular, by the performance of factoring activities - and the revision of the valuation approach for real estate intended for functional use, which led to the revaluation at fair value of the owned real estate compendium in the accounts as at 30 June. The exposure to market risks also increased: the movement resulted partly from the dynamics of tax credits acquired in excess of tax capacity, partly from the increase in forward foreign exchange transactions. The capital requirement for operational risks, calculated according to the new standardised approach (the so-called Standardised Measurement Approach - SMA) in force as of 1 January 2025, confirms the value at the end of March. The Credit Valuation Adjustment (CVA) risks, insisting on transactions in over-the-counter (OTC) derivatives, remained insignificant, although up from the previous quarter's figure.

Below are the detailed tables introduced by Implementing Regulation (EU) 2024/3172 on the so-called "output floor", one referring to all types of risk (EU CMS1), the other to credit risk only (EU CMS2). With reference to the Group, as at 30 June 2025, the conditions for the application of this mechanism are not met.

Table 4 - Template EU CMS1 - Comparison of modelled and standardised risk weighted exposure amounts at risk level

		30/06/2025				
		a	b	c	d	EU d
		<i>Risk weighted exposure amounts (RWEAs)</i>				
		RWEAs for modelled approaches that banks have supervisory approval to use	RWEAs for portfolios where standardised approaches are used	Total actual RWEAs (a + b)	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
1	Credit risk (excluding counterparty credit risk)	10,344,453	12,463,658	22,808,111	27,980,677	26,496,693
2	Counterparty credit risk	16,754	163,084	179,838	189,583	189,583
3	Credit valuation adjustment		24,192	24,192	24,192	24,192
4	Securitisation exposures in the banking book	127,551	224,117	351,668	509,569	509,569
5	Market risk	-	761,425	761,425	761,425	761,425
6	Operational risk		2,335,874	2,335,874	2,335,874	2,335,874
7	Other risk weighted exposure amounts		-	-	-	-
8	Total	10,488,758	15,972,351	26,461,108	31,801,321	30,317,337

As at 30 June 2025, the Group's risk-weighted assets referring to exposures for which the internal models authorised by the Supervisory Authority are used amount to 10,489 million euro (column "a"), while risk-weighted assets referring to exposures for which the standardised approach is applied amount to 15,972 million euro (column "b"). The values shown in column "c", totalling 26,461 million euro, represent the actual regulatory RWEAs (sum of columns "a" and "b"). The total amount of

risk-weighted exposures calculated using the comprehensive standardised approach (so-called “Full Standard”) amounted to 31,801 million euro (column “d”), while the RWEAs calculated using standard approaches and with the application of the transitional provisions governed by Article 465 of CRR III amounted to 30,317 million euro (column “EU d”).

Table 5 - Template EU CMS2 - Comparison of modelled and standardised risk weighted exposure amounts for credit risk at asset class level

		30/06/2025				
		a	b	c	d	EU d
		<i>Risk weighted exposure amounts (RWEAs)</i>				
		RWEAs for modelled approaches that institutions have supervisory approval to use	RWEAs for column (a) if re-computed using the standardised approach	Total actual RWEAs	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
1	Central governments and central banks	-	-	50	50	50
EU 1a	Regional governments or local authorities	-	5,591	10,023	15,614	15,614
EU 1b	Public sector entities	-	32	461,752	461,784	461,784
EU 1c	Categorised as Multilateral Development Banks in SA	-	-	-	-	-
EU 1d	Categorised as International organisations in SA	-	-	-	-	-
2	Institutions	-	4,113	1,268,033	1,272,147	1,272,147
3	Equity	-	-	746,559	746,559	746,559
5	Corporates	8,081,112	7,921,772	12,889,276	14,213,920	12,729,936
5.1	<i>Of which: F-IRB is applied</i>	2,997,034	3,394,764	2,997,034	4,122,265	3,394,764
5.2	<i>Of which: A-IRB is applied</i>	5,084,079	7,163,042	5,084,079	7,887,756	7,163,042
EU 5a	<i>Of which: Corporates - General</i>	8,081,112	7,921,772	12,863,745	9,405,756	7,921,772
EU 5b	<i>Of which: Corporates - Specialised lending</i>	-	-	25,531	25,531	25,531
EU 5c	<i>Of which: Corporates - Purchased receivables</i>	-	-	-	-	-
6	Retail	2,088,681	1,486,198	2,452,516	1,850,033	1,850,033
6.1	<i>Of which: Retail - Qualifying revolving</i>	39,608	28,113	39,608	28,113	28,113
EU 6.1a	<i>Of which: Retail - Purchased receivables</i>	-	-	-	-	-
EU 6.1b	<i>Of which: Retail - Other</i>	1,221,114	-	1,221,114	1,458,085	1,458,085
6.2	<i>Of which: Retail - Secured by residential real estate</i>	827,959	1,262,779	827,959	1,262,779	1,262,779



Table 5 - Template EU CMS2 - Comparison of modelled and standardised risk weighted exposure amounts for credit risk at asset class level

		30/06/2025				
		a	b	c	d	EU d
		<i>Risk weighted exposure amounts (RWEAs)</i>				
		RWEAs for modelled approaches that institutions have supervisory approval to use	RWEAs for column (a) if re-computed using the standardised approach	Total actual RWEAs	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
EU 7a	Of which: Retail - Categorized as secured by mortgages on immovable properties and ADC exposures in SA	-	4,256,909	2,040,367	6,297,277	6,297,277
EU 7b	Collective investment undertakings (CIU)	-	-	1,042,646	1,042,646	1,042,646
EU 7c	Categorized as exposures in default in SA	174,660	358,419	243,107	426,866	426,866
EU 7d	Categorized as subordinated debt exposures in SA	-	-	609,909	609,909	609,909
EU 7e	Categorized as covered bonds in SA	-	-	26,348	26,348	26,348
EU 7f	Categorized as claims on institutions and corporates with a short-term credit assessment in SA	-	-	-	-	-
8	Others	-	-	1,017,524	1,017,524	1,017,524
9	TOTAL	10,344,453	14,033,035	22,808,111	27,980,677	26,496,693

The Template EU CMS2 shows only the assets weighted for credit risk (line 1 of the previous Template EU CMS1), differentiating them by calculation type. In particular:

- column "a": shows the RWEAs relating to exposures for which the internal models validated by the Supervisory Authority are applied (10,344 million euro);
- column "b": shows the RWEA of the exposures referred to b in the previous point recalculated by applying the standardised method (14,033 million euro);
- column "c": shows the value of actual RWEAs subject to supervisory reporting (22,808 million euro);
- column "d": shows the RWEAs calculated using the full standardised method (27,981 million euro);
- column "EU d": contains the RWEAs restated according to the standard methodology by applying the transitional provisions of CRR III (26,497 million euro).

As at 30 June 2025, the ratio of actual RWEAs to Group RWEAs determined according to the full standard methodology - i.e. without considering the effects of the transitional provisions in Art. 465 of CRR III - was 81.51%.

Section 3

Disclosure of own funds and eligible liabilities

Composition of own funds

The components of regulatory own funds: main characteristics

The key elements of regulatory own funds consist of:

- Common Equity Tier 1 Capital (CET1)
- Additional Tier 1 capital (Additional Tier 1 - AT1)
- Tier 2 Capital (T2).

CET1 and AT1 constitute Tier 1 Capital (T1) which, added to Tier 2, gives Total Own Funds.

Common Equity Tier 1 Capital (CET1)

The Common Equity Tier 1 Capital (CET1) is made up of the following positive and negative components:

- Share capital and related share premium reserve
- Profit reserves
- Valuation reserves as per UCI Accumulated Other Comprehensive Income
- Other reserves
- Previous CET1 instruments subject to transitional instructions (grandfathering)
- Non-controlling interests
- Prudential filters
- Deductions.

Prudential filters are (positive or negative) regulatory adjustments to items in the financial statement aimed at granting the quality of own funds, reducing the potential volatility caused by applying IAS/IFRS. The prudential filters exclude from CET1 the valuation reserve generated by cash flow hedges and unrealised gains/losses arising from changes in own creditworthiness (liabilities under the fair value option and derivative liabilities).

The main Deductions to which common equity capital is subject consist of goodwill and other intangible assets and for Banca Popolare di Sondrio Group, with effect from 30 June 2019, of any excess of expected losses quantified through risk parameters calculated using internal models over total net impairment losses recognised in the financial statements (shortfall), referring to the regulatory portfolios for which the Supervisory Authorities have approved the use of the Advanced Internal Rating Based Approach (IRB) to estimate the capital requirement for credit risk (the Corporate and Retail portfolios).



Additional significant deductions from CET1 are:

- deferred tax assets (DTA) that rely on future profitability and not deriving from temporary differences;
- deferred tax assets that rely on future profitability and arise from temporary differences (deducted for the amount that exceeds the thresholds provided for in the regulations);
- significant investments in equity instruments issued by financial sector entities (deducted for the amount that exceeds the thresholds provided for in the regulations);
- non-significant investments in equity instruments issued by financial sector entities (deducted for the amount that exceeds the thresholds provided for in the regulations);
- any deduction exceeding the availability of Additional Tier 1 Capital.

Additional Tier 1 Capital (AT1)

The Additional Tier 1 Capital (AT1) consists of the following positive and negative components:

- Equity instruments and related premiums
- Previous AT1 instruments subject to transitional instructions (grandfathering)
- Instruments issued by subsidiaries and included in AT1
- Deductions.

Tier 2 Capital (T2)

The Tier 2 Capital (T2) consists of the following positive and negative elements:

- Equity instruments, subordinated loans and related premiums
- Previous T2 instruments subject to transitional instructions (grandfathering)
- Instruments issued by subsidiaries and included in T2
- Surplus on expected losses of recognised value adjustments, within the limit of 0.60% of weighted exposures for credit risk according to the A-IRB approach
- Deductions.

Conditions for the inclusion of interim or year-end earnings

With reference to Regulation (EU) No. 575/2013 ("CRR"), on 4 February 2015 the European Central Bank issued a Decision establishing the procedures to be followed by banks or banking groups subject to its direct supervision (Regulation (EU) No. 468/2014) with regard to the inclusion in Common Equity Tier 1 Capital (CET1) of interim or year-end earnings before a formal decision-making act is taken to confirm the results.

They can only be included (Art. 26 CRR) with the prior approval of the Competent Authority, which in this case is the ECB, which verifies if the following conditions are met:

- earnings must be checked and certified by Independent Auditors of the bank or banking group;
- the bank or banking group must deliver a specific declaration referring to such earnings with reference to the accounting standards applied and the inclusion of foreseeable charges and dividends, the latter calculated on the basis of specific methodologies as indicated.

The Decision also provides the certification model that banks or banking groups must adopt for requesting the authorisation.

* * *

The table below provides an illustrative diagram of the main components of the Group's regulatory capital at the reporting date, indicating the values of the capital ratios and the minimum requirements to which they are subject.



Table 6 - Template EU CC1 - Composition of regulatory own funds (1 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	1,439,194	160. SHARE PREMIUM ACCOUNTS 170. SHARE CAPITAL	1,439,091	160. SHARE PREMIUM ACCOUNTS 170. SHARE CAPITAL
	<i>of which: ordinary shares</i>	<i>1,439,194</i>		<i>1,439,091</i>	
2	Retained earnings	-		-	
3	Accumulated other comprehensive income (and other reserves)	2,573,949	150. RESERVES 120. VALUATION RESERVES	2,166,887	150. RESERVES 120. VALUATION RESERVES
EU-3a	Funds for general banking risk	-		-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-		-	
5	Minority interests (amount allowed in consolidated CET1)	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	84,687	200. PROFIT (LOSS) FOR THE PERIOD	207,347	200. PROFIT (LOSS) FOR THE PERIOD
6	COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	4,097,830		3,813,325	

Source: COREP reporting framework - Capital Adequacy: Templates C 02.00 - C 07.00 - C 04.00 - C 08.01 - C 10.01 - C 13.01 - C 14.00 - C 14.01 - C 34.10 - C 34.0

Table 7 - Template EU CC1 - Composition of regulatory own funds (2 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	(4,852)		(4,204)	
8	Intangible assets (net of related tax liability) (negative amount)	(39,198)	100. INTANGIBLE ASSETS	(35,674)	100. INTANGIBLE ASSETS
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(4,200)	110. TAX ASSETS	(4,594)	110. TAX ASSETS
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-		-	
12	Negative amounts resulting from the calculation of expected loss amounts	-		-	
13	Any increase in equity that results from securitised assets (negative amount)	-		-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-		-	
15	Defined-benefit pension fund assets (negative amount)	-		-	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(25,407)	180. TREASURY SHARES (-)	(26,187)	180. TREASURY SHARES (-)
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(8,989)	70. EQUITY INVESTMENTS	(33,143)	70. EQUITY INVESTMENTS

Source: COREP reporting framework - Capital Adequacy: Templates C 02.00 - C 07.00 - C 04.00 - C 08.01 - C 10.01 - C 13.01 - C 14.00 - C 14.01 - C 34.10 - C 34.0



Table 8 - Template EU CC1 - Composition of regulatory own funds (3 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-		-	
EU-20b	<i>of which: qualifying holdings outside the financial sector (negative amount)</i>	-		-	
EU-20c	<i>of which: securitisation positions (negative amount)</i>	-		-	
EU-20d	<i>of which: free deliveries (negative amount)</i>	-		-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-		-	
22	Amount exceeding the 17,65% threshold (negative amount)	-		-	
23	<i>of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>	-		-	
25	<i>of which: deferred tax assets arising from temporary differences</i>	-		-	
EU-25a	Losses for the current financial year (negative amount)	-	200. PROFIT (LOSS) FOR THE PERIOD	-	200. PROFIT (LOSS) FOR THE PERIOD
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-		-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-		-	
27a	Other regulatory adjustments	(53,326)		(28,228)	
28	QUALIFYING AT1 DEDUCTION THAT EXCEED THE AT1 ITEMS OF THE INSTITUTIONS (NEGATIVE AMOUNT)	(135,971)		(132,028)	
29	OTHER REGULATORY ADJUSTMENTS	3,961,859		3,681,296	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 9 - Template EU CC1 - Composition of regulatory own funds (4 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts	-		-	
31	<i>of which: classified as equity under applicable accounting standards</i>	-		-	
32	<i>of which: classified as liabilities under applicable accounting standards</i>	-	10. FINANCIAL LIABILITIES AT AMORTISED COST	-	10. FINANCIAL LIABILITIES AT AMORTISED COST
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-		-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-		-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-		-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-		-	
36	ADDITIONAL (AT1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	-		-	



Table 9 - Template EU CC1 - Composition of regulatory own funds (4 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-		-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-		-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-		-	
42a	Other regulatory adjustments to AT1 capital	-		-	
43	OTHER REGULATORY ADJUSTMENTS TO AT1 CAPITAL	-		-	
44	TOTAL REGULATORY ADJUSTMENTS TO ADDITIONAL (AT1) CAPITAL	-		-	
45	ADDITIONAL (AT1) CAPITAL	3,961,859		3,681,296	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 10 - Template EU CC1 - Composition of regulatory own funds (5 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments					
46	Capital instruments and the related share premium accounts	607,139	10. FINANCIAL LIABILITIES AT AMORTISED COST	621,293	10. FINANCIAL LIABILITIES AT AMORTISED COST
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-		-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-		-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-		-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-		-	
50	Credit risk adjustments	62,167		49,189	
51	TIER 2 (T2) CAPITAL BEFORE REGULATORY ADJUSTEMENS	669,307		670,481	
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(3,236)		(2,680)	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-		-	



Table 10 - Template EU CC1 - Composition of regulatory own funds (5 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-		-	
EU-56b	Other regulatory adjustments to T2 capital	(140)		(112)	
57	TOTAL REGULATORY ADJUSTMENTS TO TIER 2 (T2) CAPITAL	(3,376)		(2,792)	
58	TIER 2 (T2) CAPITAL	665,931		667,689	
59	TOTAL CAPITAL (TC = T1 + T2)	4,627,789		4,348,985	
60	TOTAL RISK EXPOSURE AMOUNT	26,461,108		23,925,016	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 11 - Template EU CC1 - Composition of regulatory own funds (6 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers					
61	Common Equity Tier 1	14.9724%		15.3868%	
62	Tier 1	14.9724%		15.3868%	
63	Total capital	17.4890%		18.1776%	
64	Institution CET1 overall capital requirements	9.3202%		8.9681%	
65	<i>of which: capital conservation buffer requirement</i>	2.5000%		2.5000%	
66	<i>of which: countercyclical capital buffer requirement</i>	0.0519%		0.0545%	
67	<i>of which: systemic risk buffer requirement</i>	0.7214%		0.3443%	
EU-67a	<i>of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement</i>	-		-	
EU-67b	<i>of which: additional own funds requirements to address the risks other than the risk of excessive leverage</i>	-		1.5694%	
68	COMMON EQUITY TIER 1 CAPITAL (AS A PERCENTAGE OF RISK EXPOSURE AMOUNT) AVAILABLE AFTER MEETING THE MINIMUM CAPITAL REQUIREMENTS	6.7390%		7.2943%	
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	279,995		246,229	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	397,085		368,153	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	72,682		80,948	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02



Table 12 - Template EU CC1 - Composition of regulatory own funds (7 of 7)

		30/06/2025		31/12/2024	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-		-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-		-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	292,793		428,935	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	62,167		49,189	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements	-		-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		-	
82	Current cap on AT1 instruments subject to phase out arrangements	-		-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		-	
84	Current cap on T2 instruments subject to phase out arrangements	-		-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		-	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

The table below shows the reconciliation of the elements making up regulatory capital, as well as the filters and deductions applied to them, indicated in the previous template with the relevant items in the Group's balance sheet at the reference date, taking into account the differences in the areas of consolidation for balance sheet and prudential purposes.

Table 13 - Template EU CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		30/06/2025			31/12/2024		
		a	b	c	a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements							
70	EQUITY INVESTMENTS	408,844	485,792	19	402,758	475,640	19
100	INTANGIBLE ASSETS	39,334	39,198	8	35,836	35,674	8
	- Goodwill	12,632	12,632	8	12,632	12,632	8
	- Other intangible assets	26,702	26,566	8	23,204	23,042	8
110	TAX ASSETS	191,734	190,699	10	190,030	189,098	10
b)	Advanced	190,424	189,537	10	188,254	187,502	10
	TOTAL ASSETS	639,912	715,688		628,624	700,411	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements							
10	FINANCIAL LIABILITIES AT AMORTISED COST	49,561,965	49,568,900	32,46	50,729,041	50,734,831	32,46
c)	Securities issued	5,657,491	5,657,491	32,46	5,154,082	5,154,083	32,46
120	VALUATION RESERVES	176,537	176,252	3	6,559	6,360	3
150	RESERVES	2,402,089	2,398,848	3	2,160,953	2,162,009	3
160	SHARE PREMIUM ACCOUNTS	79,037	79,037	1	78,934	78,934	1
170	SHARE CAPITAL	1,360,157	1,360,157	1	1,360,157	1,360,157	1
180	TREASURY SHARES (-)	(25,048)	(25,048)	16	(25,220)	(25,220)	16
190	MINORITY SHAREHOLDERS' EQUITY (+/-)	14	5	5, 34, 48	14	5	5, 34, 48
Shareholders' Equity							
200	PROFIT (LOSS) FOR THE PERIOD	336,209	336,770	5a	574,942	570,556	5a
	TOTAL LIABILITIES	53,890,960	53,894,923		54,885,380	54,887,632	

Source: Consolidated balance sheet, FINREP reporting framework.

NOTE: Total assets and liabilities are the sum of only the items listed in the table

The portion of profits in the first half of the year, net of distributable dividends, contributed to the composition of own funds as at 30 June 2025. The portion of period profits calculated by the Group among the positive elements of regulatory capital was authorised by the European Central Bank in compliance with the provisions of Art. 26, paragraph 2 of Regulation (EU) No. 575 of 26/6/2013 ("CRR") for the purpose of determining the Common Equity Tier 1 Capital.



Compared to the end of 2024, a strengthening of the capital resources of better quality can be observed, mainly due to the effects of the inclusion of profits for the period net of distributions and the increase in the valuation reserve, mostly resulting from the revaluation at fair value of the portfolio of real estate for functional use. The availability of additional Tier 2 capital is stable.

As at 30 June 2025, the Group's capital ratios maintain wide margins compared to the minimum regulatory requirements; the decline compared to year-end 2024 values, despite the recovery observed in the second quarter of 2025, is largely due to the effects of the adoption of the new Basel 4 regulations combined with higher capital requirements related to increased lending volumes. The CET1 Ratio and Tier 1 Ratio stood at 14.97% (up 70 basis points from the first quarter) while the Total Capital Ratio stood at 17.49% (up 64 basis points from the first quarter figure).

Own funds and eligible liabilities (MREL)

Banca Popolare di Sondrio is subject to the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) pursuant to European Directive 2014/59/EU on Bank Recovery and Resolution ("BRRD"), the objective of which is to verify that financial institutions have a sufficient amount of own funds and liabilities with a high capacity to absorb losses in a situation of failure.

The imposition by the Resolution Authorities of a minimum requirement, differentiated among the supervised institutions to which it applies and subject to annual review, contributes from a systemic perspective to preserving the stability of the financial system, promoting an orderly and effective banking crisis management framework and avoiding the use of public funds for bailout purposes.

The MREL requirement is expressed on the basis of two separate formulas, to which two binding targets to be met at the same time apply:

- MREL-TREA (*Total Risk Exposure Amount*, or also RWA, *Risk Weighted Assets*), in which the elements eligible for the calculation of the ratio (i.e., eligible liabilities and own funds) are compared to total Pillar 1 risk-weighted assets;
- MREL-LRE (*Leverage Ratio Exposure*), in which the eligible elements (eligible liabilities and own funds) are compared to the total exposure relevant for the regulatory leverage ratio.

In addition to the MREL-TREA minimum requirement, an additional buffer is also defined, to be added to the MREL-TREA requirement equal to the value of the combined capital buffer requirement, which takes the form of an early warning threshold to be observed in advance of the binding minimum level, with an obligation to notify the Resolution Authorities if this is exceeded.

On 6 November 2024, the Single Resolution Board (SRB) and the Bank of Italy in its capacity as National Resolution Authority, notified Banca Popolare di Sondrio of its annual MREL requirement decision, according to which, with simultaneous effect, the Bank must comply on a consolidated basis with both an MREL-TREA requirement (not including the combined buffer requirement component) equal to a minimum level of 22.76% of its risk-weighted assets, and an MREL-LRE requirement equal to at least 5.90% of its leverage exposure.

These minimum requirements must be complied with by the Parent Company Banca Popolare di Sondrio, the only legal entity of the Banking Group of the same name subject to the resolution regime, since the resolution strategy defined by the Single Resolution Board for the BPS Group is the Single Point of Entry (SPE)³.

No additional subordination requirements were imposed by the authorities.

As at 30 June 2025, the Group had MREL coefficients higher than the above-mentioned minimum thresholds. In particular:

- the MREL-TREA indicator is 27.75%; this compares with the minimum requirement of 22.76% and a secondary limit including combined capital buffer of 26.03%;
- the MREL-LRE indicator stands at 11.80%, against a regulatory requirement of 5.90%.

Table 14 - Template EU KM2 Key Metrics - MREL and, where applicable, requirement for own funds and eligible liabilities for G-SIIs

		a
		Minimum requirement for own funds and eligible liabilities (MREL)
		30/06/2025
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	7,342,227
<i>EU-1a</i>	<i>Of which own funds and subordinated liabilities</i>	4,632,799
2	Total risk exposure amount of the resolution group (TREA)	26,461,108
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	27.7472%
<i>EU-3a</i>	<i>Of which own funds and subordinated liabilities</i>	17.5080%
4	Total exposure measure of the resolution group	62,248,370
5	Own funds and eligible liabilities as percentage of the total exposure measure	11.7951%
<i>EU-5a</i>	<i>Of which own funds or subordinated liabilities</i>	7.4424%
6a	Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)	
6b	Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities in-instruments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)	
6c	Pro-memo item: If a capped subordination exemption applies under Article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)	
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	22.7600%
<i>EU-8</i>	<i>Of which to be met with own funds or subordinated liabilities</i>	-
EU-9	MREL requirement expressed as percentage of the total exposure measure	5.9000%
<i>EU-10</i>	<i>Of which to be met with own funds or subordinated liabilities</i>	-

Source: MREL_TLAC reporting framework: Template M 01.00

NOTE: The amounts shown in lines 1 and EU-1a reflect the deduction of the entire ceiling ("General Prior Permission") authorised by the Single Resolution Board for possible repurchase and liquidity support activities.

³ The resolution strategy of a banking group can include two different ways: Single Point of Entry (SPE) or Multiple Point of Entry (MPE). Under the first template, the resolution phases are handled exclusively by the authorities where the parent company is based (Home Authorities), not taking into account the party within the supervised group that led the institution to bankruptcy. The second template implies that the Resolution Authorities of the countries in which systemically important subsidiaries operate (Host Authorities) can manage all the steps of the resolution process to be undertaken when they are in danger of failing and financial support from the parent entity is not supposed to intervene.



Section 4

Disclosure of countercyclical capital buffers

The imposition of additional capital buffers with respect to the minimum requirements is designed to provide banks with high quality capital to be used in times of market tension to prevent general malfunctions of the banking system and avoid interruptions in the credit disbursement process, as well as to face the risks deriving from the systemic relevance at global or domestic level of certain intermediaries.

In this context, the countercyclical capital buffer (CCyB) has the purpose of protecting the banking sector in the phases of excessive credit growth; its imposition, in fact, allows banks, during phases of overheating of the credit cycle, to accumulate Common Equity Tier 1 capital to absorb losses in a downturn.

As established in Article 140 (1) of Directive 2013/36/EU ("CRD IV"), supervised entities are required to hold a countercyclical capital buffer equal to their overall risk exposure (in terms of risk weighted assets) multiplied by a specific countercyclical coefficient. The European legislation on the countercyclical buffer was implemented in Italy with Bank of Italy Circular No. 285/2013.

Like the other national authorities designated by individual member states of the Single Supervisory Mechanism, Bank of Italy has the obligation to determine quarterly the countercyclical coefficient applicable for the Italian banking system regulations and to monitor the congruity of the analogous coefficients applied by other countries, both EU and non-EU. The specific countercyclical coefficient of each supervised institution is equivalent to the weighted average of the coefficients applied in the countries where it has its significant credit exposures.

The Bank of Italy has set at 0% the countercyclical buffer coefficient to be applied by national intermediaries to the exposures held with Italian counterparties as at 30 June 2025, the same as for the first quarter of the reference year.

The tables below show the geographical distribution of credit exposures relevant for the purposes of determining the Group's specific countercyclical capital buffer and the main elements used to calculate the amount of the buffer at the reporting date.

Table 15 - Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (1 of 2)

	a	b	c	d	e	f
	Exposures in the banking book		Exposures in the trading book		Exposures in securitisation	Total exposure value
	Exposure value under SA approach	Exposure value under AIRB approach	Sum of long and short positions	Exposure value under internal models		
Italy	7,490,653	27,131,357	37,465	-	925,352	35,584,827
Germany	218,394	15,202	-	-	-	233,595
United Kingdom	210,446	31,786	-	-	-	242,232
France	188,845	19,144	-	-	-	207,989
Netherlands	70,303	9,142	-	-	-	79,445
Ireland	29,542	1,189	-	-	-	30,731
Sweden	20,424	1,153	-	-	-	21,578
Luxembourg	19,456	150,517	-	-	-	169,974
Belgium	18,687	2,855	-	-	-	21,542
Romania	18,341	1,084	-	-	-	19,425
Slovenia	17,209	988	-	-	-	18,197
Denmark	14,602	152	-	-	-	14,754
Slovakia	14,580	1,018	-	-	-	15,598
Australia	11,892	1,339	-	-	-	13,231
Hungary	6,338	671	-	-	-	7,009
Norway	6,139	10,919	-	-	-	17,058
Croatia	5,767	-	-	-	-	5,767
Estonia	4,677	460	-	-	-	5,137
Armenia	4,470	-	-	-	-	4,470
Czech Republic	3,470	-	-	-	-	3,470
Cyprus	2,904	744	-	-	-	3,648
South Korea (Republic of)	1,009	-	-	-	-	1,009
Lithuania	327	4,109	-	-	-	4,436
Bulgaria	274	28	-	-	-	302
Latvia	80	85	-	-	-	165
Iceland	4	-	-	-	-	4
Hong Kong	-	312	-	-	-	312
Other countries	7,125,085	258,842	-	-	-	7,383,927
TOTAL	15,503,921	27,643,095	37,465	-	925,352	44,109,833

Source: COREP reporting framework - Breakdown of credit exposures relevant for the calculation of the countercyclical buffer by country: Template C 09.04



Table 16 - Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (2 di 2)

	g	h	l	j	k	l	m
	Own funds requirement						
	of which: generic credit exposures	of which: credit exposures of the trading book	of which: securitisation positions in the banking book	Total	Risk-weighted exposure amounts	Weighting factors of own fund requirement	Counter-cyclical coefficient
Italy	1,393,283	2,825	28,133	1,424,241	17,803,007	82.99%	-
Germany	15,978	-	-	15,978	199,720	0.93%	0.7500%
United Kingdom	14,588	-	-	14,588	182,355	0.85%	2.0000%
France	9,851	-	-	9,851	123,136	0.57%	1.0000%
Netherlands	4,831	-	-	4,831	60,387	0.28%	2.0000%
Ireland	2,381	-	-	2,381	29,758	0.14%	1.5000%
Sweden	1,662	-	-	1,662	20,780	0.10%	2.0000%
Luxembourg	8,764	-	-	8,764	109,550	0.51%	0.5000%
Belgium	1,531	-	-	1,531	19,142	0.09%	1.0000%
Romania	1,531	-	-	1,531	19,131	0.09%	1.0000%
Slovenia	1,389	-	-	1,389	17,368	0.08%	1.0000%
Denmark	1,171	-	-	1,171	14,643	0.07%	2.5000%
Slovakia	1,185	-	-	1,185	14,809	0.07%	1.5000%
Australia	972	-	-	972	12,150	0.06%	1.0000%
Hungary	525	-	-	525	6,568	0.03%	0.5000%
Norway	1,537	-	-	1,537	19,209	0.09%	2.5000%
Croatia	461	-	-	461	5,767	0.03%	1.5000%
Estonia	386	-	-	386	4,824	0.02%	1.5000%
Armenia	32	-	-	32	403	0.00%	1.5000%
Czech Republic	278	-	-	278	3,469	0.02%	1.2500%
Cyprus	267	-	-	267	3,342	0.02%	1.0000%
South Korea (Republic of)	81	-	-	81	1,009	0.00%	1.0000%
Lithuania	211	-	-	211	2,640	0.01%	1.0000%
Bulgaria	21	-	-	21	264	0.00%	2.0000%
Latvia	11	-	-	11	141	0.00%	1.0000%
Iceland	-	-	-	-	3	0.00%	2.5000%
Hong Kong	4	-	-	4	51	0.00%	0.5000%
Other countries	222,253	-	-	222,253	2,778,160	12.95%	
TOTAL	1,685,185	2,825	28,133	1,716,143	21,451,786	100.0000%	

Source: COREP reporting framework - Breakdown of credit exposures relevant for the calculation of the countercyclical buffer by country: Template C 09.04

Table 17 - Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		a
1	Total risk exposure amount (RWA)	22,732,338
2	Specific countercyclical coefficient of the institution	0.05%
3	SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER REQUIREMENT OF THE INSTITUTION	13,741

Source: COREP reporting framework - Amount of exposure to risk: Template C 02.00 and Memorandum Items: Template C

Compared to the previous disclosure at the end of 2024, as at 30 June 2025 the Group's specific countercyclical ratio remains substantially stable.



Section 5

Disclosure of the leverage ratio

The Leverage Ratio, introduced by the Basel III framework, is a complementary measure to risk-based capital requirements and is designed to limit the build-up of excessive leverage, i.e. a particularly high level of debt relative to equity that makes a Bank vulnerable.

The Leverage Ratio is calculated quarterly as the ratio between a measure of high-quality capital (Tier 1 Capital) and an exposure measure, expressed as a percentage. The exposure measure includes both on-balance sheet exposures and off-balance sheet items; the latter, which are calculated by applying defined “credit conversion factors” to the relevant notional amount of each OBS item, mainly consist of credit commitments (e.g. disbursements related to undrawn portions of credit lines available to customers), guarantees and exposures in derivative instruments.

To cope with the risk of excessive leverage, banks must have company policies and procedures aimed at identifying, managing and adequately monitoring the exposure.

The Group, in order to manage and contain the risk of excessive leverage, has included the Leverage Ratio among key indicators of its Risk Appetite Framework (RAF). The governance rules of the RAF provide appropriate escalation mechanisms to ensure an adequate and timely response to the exceeding of established limits and trigger levels. In addition, the Group, with a view to conservative risk management, pays special attention to the dynamics of assets and the potential erosion of the capital base due to the recognition of expected or realised losses.

Banking intermediaries operating in the EU are required to meet a minimum Pillar 1 leverage requirement of 3% on an ongoing basis.

The tables below summarise the main information on the Group's leverage ratio as at 30 June 2025 concerning specifically:

- reconciliation of the measure of overall exposure to the denominator of the ratio and the accounting assets;
- breakdown of the components of the overall exposure measure, as well as information on the value assumed by the ratio and the minimum leverage requirements applicable;
- breakdown of on-balance sheet exposures that constitute the ratio overall exposure measure.

		30/06/2025	31/12/2024
		a	b
		Applicable amount	Applicable amount
1	Total assets as per published financial statements	56,574,338	56,628,582
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(3,127)	(8,129)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	61,857	46,068
9	Adjustment for securities financing transactions (SFTs)	209,507	235,906
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,377,863	5,910,528
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-	-
12	Other adjustments	27,933	(69,725)
13	Total exposure measure	62,248,370	62,743,230

Source: COREP reporting framework - Capital Adequacy: Template C 01.00 and Leverage ratio calculation: Templates C 40.00 - C 47.00 and FINREP reporting framework - Balance sheet: Template F 01.00



Table 19 - Template EU LR2 - LRCom: Leverage ratio common disclosure (1 of 2)

		CRR leverage ratio exposures	
		30/06/2025	31/12/2024
		a	b
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	56,006,107	56,471,667
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)	56,006,107	56,471,667
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	41,474	24,102
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	4,520	18,735
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	50,007	39,181
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	49,763	43,110
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	TOTAL DERIVATIVES EXPOSURES	145,764	125,130
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	509,129	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	209,507	235,906
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES	718,636	235,906

Source: COREP reporting framework - Calculation of the Leverage Ratio: Templates C 40.00 - C 47.00 - C 48.00 - C 48.01 - C 48.02

Table 20 - Template EU LR2 - LRCom: Leverage ratio common disclosure (2 of 2)

		CRR leverage ratio exposures	
		30/06/2025	31/12/2024
		a	b
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	26,440,013	27,268,992
20	(Adjustments for conversion to credit equivalent amounts)	(21,062,151)	(21,358,465)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	OFF-BALANCE SHEET EXPOSURES	5,377,863	5,910,528
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	-	-
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	-	-
EU-22m	(TOTAL EXEMPTED EXPOSURES)	-	-
Capital and total exposure measure			
23	TIER 1 CAPITAL	3,961,859	3,681,296
24	TOTAL EXPOSURE MEASURE	62,248,370	62,743,230
Leverage ratio			
25	Leverage ratio	6.3646%	5.8672%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.3646%	5.8672%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.3646%	5.8672%
26	Regulatory minimum leverage ratio requirement (%)	3.0000%	3.0000%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	<i>of which: to be made up of CET1 capital (percentage points)</i>	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.0000%	3.0000%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	NA	NA

Source: COREP reporting framework - Calculation of the Leverage Ratio: Templates C 40.00 - C 47.00 - C 48.00 - C 48.01 - C 48.02



Table 21 - Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		30/06/2025	31/12/2024
		a	b
		CRR leverage ratio exposures	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	56,006,107	56,471,667
EU-2	Trading book exposures	1,189,931	856,910
EU-3	Banking book exposures, of which:	54,816,176	55,614,757
EU-4	<i>Covered bonds</i>	<i>263,481</i>	<i>256,280</i>
EU-5	<i>Exposures treated as sovereigns</i>	<i>12,365,660</i>	<i>14,207,535</i>
EU-6	<i>Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns</i>	<i>705,714</i>	<i>507,498</i>
EU-7	<i>Institutions</i>	<i>3,364,154</i>	<i>4,111,083</i>
EU-8	<i>Secured by mortgages of immovable properties</i>	<i>13,652,717</i>	<i>12,672,431</i>
EU-9	<i>Retail exposures</i>	<i>3,589,795</i>	<i>4,300,007</i>
EU-10	<i>Corporates</i>	<i>16,143,364</i>	<i>15,186,910</i>
EU-11	<i>Exposures in default</i>	<i>478,992</i>	<i>496,279</i>
EU-12	<i>Other exposures (eg equity, securitisations, and other non-credit obligation assets)</i>	<i>4,252,300</i>	<i>3,876,734</i>

Source: COREP reporting framework - Leverage ratio calculation: Template C 43.00

The Group's leverage ratio increased by about 50 basis points compared to the year-end figure and by about 44 basis points in the last quarter. The development of the ratio is mainly due to the strengthening of Tier 1 capital at the numerator; assets at the denominator, after a significant decline in the first quarter of the year, show an increase between March and June as a result of the expansion of loans.

Section 6

Disclosure of liquidity requirements

The Group regularly monitors its exposure to liquidity risk and the adequacy of the related management and mitigation systems from a current, forward-looking and stressed perspective, using metrics calculated for both regulatory and internal purposes, the latter defined on the basis of operational specificities and the range of activities performed.

At an operational level, liquidity management is carried out by Group companies through dedicated business structures; in this context, the Parent Company acts as a fund-raising preferential counterparty for its subsidiaries, intervening to cover part of their liquidity needs, as well as in the eventual use of liquidity surplus.

In compliance with the provisions dictated by EU regulations, Banca Popolare di Sondrio calculates and monitors at a consolidated level, the concise liquidity indicators Liquidity Coverage Ratio and Net Stable Funding Ratio.

The Liquidity Coverage Ratio (LCR) represents the short-term liquidity coverage requirement determined in accordance with Part Six of the “CRR” Regulation, as subsequently supplemented by Delegated Regulation (EU) 2015/61 of 10 October 2014, which in turn was partially amended by Delegated Regulation (EU) 2018/1620 of 13 July 2018. It is the ratio of the stock of high-quality liquid assets to the total amount of net cash outflows (algebraic sum of inflows and expected cash outflows) over the next 30 calendar days. The benchmark aims to ensure the ability of banking firms to survive a severe, short-term shock by ensuring that they maintain an adequate level of high-quality liquid assets that can be readily converted into cash to meet the very short-term needs that could arise under a particularly acute liquidity stress scenario. The ratio is subject to a minimum regulatory requirement of 100%.

The Net Stable Funding Ratio (NSFR) represents the net stable medium to long-term funding ratio determined in accordance with Part Six of the “CRR” Regulations, as amended by the “CRR II” Regulations dated 20 May 2019, the application of which started with effect from the reporting date of 30 June 2021. This is the ratio of the available amount of stable funding to the required amount of stable funding. It is intended as an additional mechanism of the LCR index with a view to favouring a more stable and longer-term financing of company assets, offsetting the incentives that banking institutions would have to finance their stock of liquid assets with short-term funds due to expire immediately after the 30-day horizon. In particular, the NSFR requirement, which should always be kept equal to or greater than 100%, is such as to ensure that long-term assets are financed with at least a minimum amount of stable liabilities in relation to the respective liquidity risk profiles.

Overall, the liquidity conditions of the Group are adequate both in the short term (“operational liquidity”) and in the long term (“structural liquidity”), with broad compliance with the minimum levels imposed by regulations for LCR and NSFR ratios.

The tables below show the quarterly trend of the average monthly values of the Liquidity Coverage Ratio (LCR) of the Group and of the main aggregates making up the ratio (liquidity reserve, liquidity outflows and inflows, high quality liquid assets).



Table 22 - Template EU LIQ1 - Quantitative information of LCR (1 of 2)

		a	b	c	d
		Total unweighted value (average)			
EU 1a	Quarter ending on 30/06/2025	30/06/2025	31/03/2025	31/12/2024	30/09/2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	TOTAL HIGH-QUALITY LIQUID ASSETS (HQLA)				
CASH - OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	19,310,260	19,101,484	18,944,699	18,751,677
3	<i>Stable deposits</i>	12,041,486	11,965,499	11,938,147	11,906,302
4	<i>Less stable deposits</i>	6,463,565	6,348,421	6,288,155	6,240,441
5	Unsecured wholesale funding	16,791,538	16,336,173	16,062,643	15,711,506
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	3,375,334	3,195,108	3,211,589	3,050,477
7	<i>Non-operational deposits (all counterparties)</i>	13,369,037	13,105,555	12,778,552	12,588,240
8	<i>Unsecured debt</i>	47,166	35,511	72,503	72,788
9	Secured wholesale funding				
10	Additional requirements	1,024,930	989,391	962,642	941,845
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	11,491	9,370	8,218	13,465
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	1,013,439	980,021	954,425	928,379
14	Other contractual funding obligations	22,156	18,270	12,463	9,202
15	Other contingent funding obligations	15,260,489	15,369,670	15,336,360	15,287,816
16	TOTAL CASH OUTFLOWS				
CASH - INFLOWS					
17	Secured lending (e.g. reverse repos)	135,497	135,973	94,352	111,045
18	Inflows from fully performing exposures	3,190,538	3,059,452	2,951,487	2,836,047
19	Other cash inflows	4,110,193	4,131,509	4,256,631	4,360,686
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
EU-19b	(Excess inflows from a related specialised credit institution)				
20	TOTAL CASH INFLOWS	7,436,229	7,326,934	7,302,470	7,307,778
EU-20a	<i>Fully exempt inflows</i>	-	-	-	-
EU-20b	<i>Inflows subject to 90% cap</i>	-	-	-	-
EU-20c	<i>Inflows subject to 75% cap</i>	7,436,229	7,326,934	7,302,470	7,307,778
TOTAL ADJUSTED VALUE					
EU-21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO				

Source: COREP reporting framework - Liquidity coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 76.00

NOTE: The figures in the table are calculated as a simple (unweighted) average of the end-of-month observations over the twelve months preceding the end of each quarter.

Table 23 - Template EU LIQ1 - Quantitative information of LCR (2 of 2)

		e	f	g	h
		Total weighted value (average)			
EU 1a	Quarter ending on 30/06/2025	30/06/2025	31/03/2025	31/12/2024	30/09/2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	TOTAL HIGH-QUALITY LIQUID ASSETS (HQLA)	10,837,532	10,893,403	11,152,163	11,295,635
CASH - OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	1,462,236	1,437,635	1,421,920	1,407,633
3	<i>Stable deposits</i>	602,074	598,275	596,907	595,315
4	<i>Less stable deposits</i>	860,162	839,360	825,013	812,318
5	Unsecured wholesale funding	7,330,502	7,162,586	7,078,692	6,950,366
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	820,110	775,304	779,815	740,248
7	<i>Non-operational deposits (all counterparties)</i>	6,463,226	6,351,771	6,226,374	6,137,330
8	<i>Unsecured debt</i>	47,166	35,511	72,503	72,788
9	<i>Secured wholesale funding</i>	70,734	68,263	66,895	63,026
10	Additional requirements	182,462	181,252	178,663	181,509
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	11,491	9,370	8,218	13,465
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	170,972	171,883	170,446	168,044
14	Other contractual funding obligations	20,022	16,134	10,306	7,023
15	Other contingent funding obligations	560,522	563,160	562,121	559,764
16	TOTAL CASH OUTFLOWS	9,626,479	9,429,030	9,318,598	9,169,322
CASH - INFLOWS					
17	Secured lending (e.g. reverse repos)	-	-	-	-
18	Inflows from fully performing exposures	2,553,630	2,462,967	2,368,552	2,266,934
19	Other cash inflows	886,858	885,458	906,653	922,184
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	TOTAL CASH INFLOWS	3,440,488	3,348,425	3,275,205	3,189,118
EU-20a	<i>Fully exempt inflows</i>	-	-	-	-
20b	<i>Inflows subject to 90% cap</i>	-	-	-	-
EU-20c	<i>Inflows subject to 75% cap</i>	3,440,488	3,348,425	3,275,205	3,189,118
TOTAL ADJUSTED VALUE					
EU-21	LIQUIDITY BUFFER	10,837,532	10,893,403	11,152,163	11,295,635
22	TOTAL NET CASH OUTFLOWS	6,185,991	6,080,605	6,043,393	5,980,204
23	LIQUIDITY COVERAGE RATIO	175.2469%	179.1920%	184.6005%	188.7857%

Source: COREP reporting framework - Liquidity coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 76.00

NOTE: The figures in the table are calculated as a simple (unweighted) average of the end-of-month observations over the twelve months preceding the end of each quarter.



Table EU LIQB: qualitative information on LCR, which complements template EU LIQ1

Below is the information requested pursuant to Article 451 bis, paragraph 2, of the CRR.

a) *Explanations of the main factors determining the LCR results and the evolution of the contribution of inputs to the LCR calculation over time.*

From the evidence shown in the tables above, it is possible to observe over the last twelve months a tendency, albeit limited, towards contraction in the average levels of the LCR ratio, which stood at 175%, maintaining values well above the minimum regulatory requirement (100%) throughout the period.

Contributing to the recent evolution of the ratio was an increase in liabilities as a result of an increased share of demand deposits (mainly retail and operational deposits, for which the indicator provides favourable weightings) and a concomitant contraction in customer and interbank term deposits. On the asset side, compared to average levels in March, there was an increase in the average share of loans with expected repayment within the 30-day coefficient boundary. The dynamics of funding and lending were reflected in the net cash outflows at the denominator of the ratio, specifically in the dual effect of increased outflows and, to a lesser extent, weighted average cash inflows.

b) *Explanations of changes in the LCR over time.*

The moderate decline in the average level of the LCR ratio over the 12 months is a consequence of the overall changes in the composition of the funding and lending aggregates, which in turn were reflected in a gradual increase in the average net cash outflows included in the ratio's denominator; these flows are determined by applying the weighting factors required by prudential regulations to all liabilities and assets on demand or maturing within 30 days, so as to include in the calculation of the ratio the effects of liquidity stress characterised by both systemic and idiosyncratic aspects. Specifically, the change from the previous quarter stems from the increase in net cash outflows (resulting mainly from the dynamics of funding) not offset by the growth in net cash inflows (resulting from the dynamics of lending) in the same period.

c) *Explanations of the actual concentration of funding sources.*

Risks associated with the concentration of funding sources are mitigated by the Group by maintaining a consistent retail funding base, which is by definition adequately diversified; further sources of funding are represented by national and international private entities and companies as well as from banking counterparties, from which the Group has never had problems in raising money at market conditions, given its high reputation.

d) *high-level description of the composition of the institution's liquidity buffer.*

The average level of high-quality liquid assets counted in the liquidity reserve placed in the numerator of the ratio is stable compared to the March levels, remaining around 10.8 billion euro over the last twelve months.

The high quality liquid assets ("HQLA") consist predominantly of debt instruments issued by sovereigns eligible in the "EHQLA" (Level 1) category⁴, which are recognised as being of very high quality and liquidity in accordance with Delegated Regulation (EU) 2015/61. These are mainly holdings of securities issued by the Italian State, accompanied by investments in bonds issued by other sovereign states (particularly Spain and France), supranational organisations, credit institutions and financial companies. The subsidiary Banca Popolare di Sondrio (SUISSE), in turn, also holds its own bond portfolio, which is mainly composed of national Central Bank eligible securities, integrated by cash amounts in CHF deposited with it, aimed at coping with the specific liquidity requirements.

e) *Derivative exposures and potential collateral calls.*

Liquidity risks related to derivative exposures prove to be limited overall, given the risk strategy pursued by the Group which provides for a "back-to-back" hedging of all open positions related to transactions with customers.

f) *Currency misalignment in the LCR.*

The high quality liquid assets ("HQLA") are held by the Group mainly in Euros, to cover any financial needs expressed in that currency.

g) *Other elements in the LCR calculation that are not recognised in the LCR disclosure template, but which the institution considers relevant to its liquidity profile.*

Intraday liquidity risk, which is monitored through internal metrics and through the tools defined by the Basel Committee on Banking Supervision in its "Monitoring indicators for intraday liquidity management" document of July 2012 (and subsequent updates), consists of the risk of failure to meet intraday payment commitments due to the inability or impossibility of drawing on the necessary liquidity stocks at the time of the business day when they are required. To cover this risk, the Group plans to maintain a liquidity buffer immediately available to meet expected and unexpected payments due on an ongoing basis. In addition, a metric was developed to monitor the Group's ability to fulfil payments to be made in the early hours of the morning through the use of available cash.

⁴ The rules for calculating the LCR split high quality liquid assets ("HQLA") into three categories, considered in decreasing order of liquidity: "Level 1" ("EHQLA"), "Level 2A" and "Level 2B". Gradually increasing prudential haircuts are applied to these categories, in addition to limits in terms of composition.



Table 24 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 30/06/2025

(in currency amount)		30/06/2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1 yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	4,077,647	-	-	669,167	4,746,814
2	Own funds	4,077,647	-	-	669,167	4,746,814
3	Other capital instruments		-	-	-	-
4	Retail deposits		19,668,299	85,754	60,169	18,461,767
5	Stable deposits		12,438,961	20,037	19,900	11,855,948
6	Less stable deposits		7,229,339	65,718	40,268	6,605,819
7	Wholesale funding:		23,648,182	445,189	5,882,180	14,301,889
8	Operational deposits		3,663,682	-	-	1,831,841
9	Other wholesale funding		19,984,500	445,189	5,882,180	12,470,048
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	11,118	1,845,298	10,873	954,655	960,092
12	NSFR derivative liabilities	11,118				
13	All other liabilities and capital instruments not included in the above categories		1,845,298	10,873	954,655	960,092
14	TOTAL AVAILABLE STABLE FUNDING (ASF) AT 30/06/2025					38,470,562

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00

Table 25 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 30/06/2025

(in currency amount)		30/06/2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					416,904
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		81,036	86,072	2,203,951	2,015,400
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		13,259,306	2,267,414	20,980,174	23,250,327
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>		509,100	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		2,792,311	138,302	561,874	910,256
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		7,897,616	1,588,066	10,548,381	14,052,902
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		308,938	325,089	1,633,910	1,772,896
22	<i>Performing residential mortgages, of which:</i>		193,868	267,389	7,449,069	5,826,502
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		182,621	254,906	6,951,377	5,389,719
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		1,866,412	273,657	2,420,851	2,460,668



Table 25 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 30/06/2025

(in currency amount)		30/06/2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
25	Interdependent assets		-	-	-	-
26	Other assets:		1,653,985	-	2,905,701	2,905,701
27	<i>Physical traded commodities</i>				-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		-	-	19	17
29	<i>NSFR derivative assets</i>		-			-
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		32,176			1,609
31	<i>All other assets not included in the above categories</i>		1,621,809	-	2,905,682	3,449,551
32	Off-balance sheet items		4,748,647	25,589	1,025,481	290,348
33	Total RSF AT 30/06/2025					29,424,156
34	NET STABLE FUNDING RATIO (%) AT 30/06/2025					130.7448%

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00

The table shows that the NSFR ratio of the Group as at 30 June was higher than the minimum regulatory requirement (100%).

The available amount of stable funding (AFS) - consisting mainly of retail deposits and, secondarily, of balances of funds received from the European Central Bank - exceeded the level of the mandatory amount of stable funding (RSF) deriving primarily from the volumes of loans granted to customers.

Table 26 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 31/03/2025

(in currency amount)		31/03/2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,817,213	-	-	662,194	4,479,407
2	<i>Own funds</i>	3,817,213	-	-	662,194	4,479,407
3	<i>Other capital instruments</i>		-	-	-	-
4	Retail deposits		19,069,160	108,936	61,465	17,932,536
5	<i>Stable deposits</i>		12,181,679	34,030	19,560	11,624,483
6	<i>Less stable deposits</i>		6,887,481	74,906	41,905	6,308,053
7	Wholesale funding:		24,367,949	545,495	5,381,962	13,762,848
8	<i>Operational deposits</i>		2,834,677	-	-	1,417,338
9	<i>Other wholesale funding</i>		21,533,272	545,495	5,381,962	12,345,510
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	7,891	1,680,067	10,459	837,725	842,954
12	<i>NSFR derivative liabilities</i>	7,891				
13	<i>All other liabilities and capital instruments not included in the above categories</i>		1,680,067	10,459	837,725	842,954
14	TOTAL AVAILABLE STABLE FUNDING (ASF) AT 31/03/2025					37,017,745

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00

Table 27 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 31/03/2025

(in currency amount)		31/03/2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					428,394
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		86,662	88,124	2,295,449	2,099,699
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		13,454,434	2,234,213	20,154,852	22,559,625



Table 27 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 31/03/2025

(in currency amount)		31/03/2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		499,373	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,748,266	163,703	438,744	795,422
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		7,989,862	1,606,972	10,266,961	13,752,195
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		322,842	334,654	1,731,298	1,808,300
22	Performing residential mortgages, of which:		281,456	185,749	7,125,751	5,612,857
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		270,282	173,845	6,697,571	5,235,512
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		1,935,478	277,789	2,323,397	2,399,152
25	Interdependent assets		-	-	-	-
26	Other assets:		1,910,178	18,401	2,966,601	3,654,110
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	3,500	2,975
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		23,373			1,169
31	All other assets not included in the above categories		1,886,805	18,401	2,963,101	3,649,967
32	Off-balance sheet items		4,947,774	4,209	1,072,472	301,240
33	Total RSF AT 31/03/2025					29,043,069
34	NET STABLE FUNDING RATIO (%) AT 31/03/2025					127.4581%

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00

Table 28 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 31/12/2024

(in currency amount)		31/12/2024				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,793,147	-	-	670,369	4,463,516
2	Own funds	3,793,147	-	-	670,369	4,463,516
3	Other capital instruments		-	-	-	-
4	Retail deposits		19,054,932	153,955	59,574	17,959,377
5	Stable deposits		12,180,696	55,401	18,877	11,643,169
6	Less stable deposits		6,874,236	98,554	40,697	6,316,208
7	Wholesale funding:		25,558,703	455,777	5,323,633	14,102,879
8	Operational deposits		3,684,387	-	-	1,842,193
9	Other wholesale funding		21,874,316	455,777	5,323,633	12,260,685
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	1,391,509	10,264	992,474	997,605
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		1,391,509	10,264	992,474	997,605
14	TOTAL AVAILABLE STABLE FUNDING (ASF) AT 31/12/2024					37,523,377

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00

Table 29 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 31/12/2024

(in currency amount)		31/12/2024				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	Weighted value	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					439,366
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		82,897	89,050	2,392,780	2,180,018
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		12,865,265	2,230,245	19,981,087	22,243,141



Table 29 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 31/12/2024

(in currency amount)		31/12/2024				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	Weighted value	6 months to < 1yr	≥ 1yr	
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>		-	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		3,307,363	213,099	452,035	889,320
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		7,471,776	1,469,963	10,776,530	13,949,908
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		322,041	340,902	1,801,044	1,895,727
22	<i>Performing residential mortgages, of which:</i>		189,060	193,464	6,382,119	4,944,621
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		187,273	191,542	6,334,790	4,944,621
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		1,897,066	353,719	2,370,403	2,459,291
25	Interdependent assets		-	-	-	-
26	Other assets:		1,905,547	41,647	3,091,185	3,815,648
27	<i>Physical traded commodities</i>				-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		-	-	3,500	2,975
29	<i>NSFR derivative assets</i>		16,059			16,059
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		9,986			499
31	<i>All other assets not included in the above categories</i>		1,879,501	41,647	3,087,685	3,796,114
32	Off-balance sheet items		4,843,103	65,000	794,623	285,142
33	Total RSF AT 31/12/2024					28,963,313
34	NET STABLE FUNDING RATIO (%) AT 31/12/2024					129.5548%

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00

Table 30 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 30/09/2024

(in currency amount)		30/09/2024				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,782,074	-	-	663,225	4,445,298
2	Own funds	3,782,074	-	-	663,225	4,445,298
3	Other capital instruments		-	-	-	-
4	Retail deposits		18,873,553	326,291	1,140,655	19,024,280
5	Stable deposits		12,009,458	65,856	21,702	11,493,250
6	Less stable deposits		6,864,094	260,436	1,118,953	7,531,030
7	Wholesale funding:		22,978,103	192,808	4,232,692	12,426,041
8	Operational deposits		3,022,209	-	-	1,511,105
9	Other wholesale funding		19,955,894	192,808	4,232,692	10,914,936
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	1,449,827	10,158	789,830	794,908
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		1,449,827	10,158	789,830	794,908
14	TOTAL AVAILABLE STABLE FUNDING (ASF) AT 30/09/2024					36,690,528

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00

Table 31 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 30/09/2024

(in currency amount)		30/09/2024				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					481,491
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		62,636	65,050	1,554,890	1,430,190
16	Deposits held at other financial institutions for operational purposes		-	-	-	-



Table 31 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 30/09/2024

(in currency amount)		30/09/2024				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
17	Performing loans and securities:		12,690,188	1,978,574	20,185,944	22,256,802
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>		616,324	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		2,739,577	238,507	423,449	816,661
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		7,630,864	1,296,538	10,439,399	13,709,321
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		324,193	341,006	1,881,790	1,989,482
22	<i>Performing residential mortgages, of which:</i>		277,890	174,337	7,034,746	5,402,984
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		275,701	172,053	6,977,280	5,402,984
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		1,425,533	269,191	2,288,350	2,327,837
25	Interdependent assets		-	-	-	-
26	Other assets:		1,737,967	58,016	3,334,564	4,002,870
27	<i>Physical traded commodities</i>				-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		-	-	42,000	35,700
29	<i>NSFR derivative assets</i>		2,828			2,828
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		10,929			546
31	<i>All other assets not included in the above categories</i>		1,724,211	58,016	3,292,564	3,963,796
32	Off-balance sheet items		4,748,314	60,000	714,263	276,380
33	Total RSF AT 30/09/2024					28,447,734
34	NET STABLE FUNDING RATIO (%) AT 30/09/2024					128.9752%

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C81.00- C 84.00



Section 7

Disclosure of credit risk quality

This section provides multiple disclosures, referring to the situation of the banking Group's portfolio of credit exposures as at 30 June 2025, concerning:

- the dynamics and composition of performing, non-performing and forborne exposures - including assets acquired as part of execution processes for the recovery of impaired loans - as well as provisions and adjustments on these types of exposures and the amounts of guarantees received;
- the distribution of exposures by credit quality, counterparty segment, geographical area, economic sector and residual maturity.

Table 32 - Template EU CR1: Performing and non-performing exposures and related provisions (1 of 3)

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
		of which: stage 1		of which: stage 2	of which: stage 1		of which: stage 2
005	Cash balances at central banks and other demand deposits	2,162,580	2,160,547	2,034	-	-	-
010	Loans and advances	36,379,702	32,343,700	3,758,788	1,228,320	-	1,150,054
020	Central banks	-	-	-	-	-	-
030	General governments	734,898	715,486	19,400	399	-	399
040	Credit institutions	521,335	481,254	40,081	6,111	-	6,111
050	Other financial corporations	3,400,172	3,295,132	103,293	25,215	-	25,215
060	Non-financial corporations	19,757,004	17,220,708	2,372,901	876,121	-	816,328
070	of which SMEs	9,613,660	7,913,308	1,554,171	627,282	-	571,456
080	Households	11,966,293	10,631,119	1,223,112	320,474	-	302,000
090	Debt securities	13,221,209	13,092,544	15,250	-	-	-
100	Central banks	-	-	-	-	-	-
110	General governments	10,110,144	10,055,282	-	-	-	-
120	Credit institutions	1,606,926	1,556,767	15,250	-	-	-
130	Other financial corporations	1,124,323	1,100,678	-	-	-	-
140	Non-financial corporations	379,816	379,816	-	-	-	-
150	Off-balance-sheet exposures	26,835,185	14,979,696	2,476,349	291,228	-	137,046
160	Central banks	-	-	-	-	-	-
170	General governments	985,868	682,603	139,607	500	-	-
180	Credit institutions	876,921	114,068	58,618	7,293	-	-
190	Other financial corporations	1,458,855	1,349,996	31,068	677	-	677
200	Non-financial corporations	20,997,286	10,884,550	1,974,785	273,961	-	130,393
210	Households	2,516,255	1,948,479	272,271	8,797	-	5,976
220	TOTAL AS AT 30/06/2025	78,598,677	62,576,486	6,252,420	1,519,548	-	1,287,099
	TOTAL AS AT 31/12/2024	80,378,591	65,173,205	5,599,231	1,301,469	-	1,082,360

Source: FINREP reporting framework - Breakdown of financial assets by instrument and counterparty: Templates F 04.03.1 - F 04.04.1 - F 04.09 - F 04.10 - F 18.00



Table 33 - Template EU CR1: Performing and non-performing exposures and related provisions (2 of 3)

		g	h	i	j	k	l
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		of which: stage 1		of which: stage 2	of which: stage 1		of which: stage 2
005	Cash balances at central banks and other demand deposits	(114)	(110)	(5)	-	-	-
010	Loans and advances	(237,787)	(78,448)	(149,783)	(737,761)	-	(680,653)
020	Central banks	-	-	-	-	-	-
030	General governments	(3,212)	(808)	(2,404)	(398)	-	(398)
040	Credit institutions	(426)	(312)	(113)	(2,253)	-	(2,253)
050	Other financial corporations	(7,974)	(5,170)	(2,804)	(18,340)	-	(18,340)
060	Non-financial corporations	(153,283)	(54,843)	(92,329)	(539,905)	-	(494,969)
070	of which SMEs	(100,628)	(31,582)	(65,107)	(364,896)	-	(323,617)
080	Households	(72,892)	(17,315)	(52,134)	(176,864)	-	(164,693)
090	Debt securities	(4,296)	(4,284)	(12)	-	-	-
100	Central banks	-	-	-	-	-	-
110	General governments	(1,872)	(1,872)	-	-	-	-
120	Credit institutions	(1,237)	(1,224)	(12)	-	-	-
130	Other financial corporations	(506)	(506)	-	-	-	-
140	Non-financial corporations	(682)	(682)	-	-	-	-
150	Off-balance-sheet exposures	(43,353)	(26,882)	(16,340)	(40,756)	-	(7,372)
160	Central banks	-	-	-	-	-	-
170	General governments	(421)	(396)	(25)	(9)	-	-
180	Credit institutions	(61)	(61)	0	-	-	-
190	Other financial corporations	(919)	(832)	(87)	(121)	-	(121)
200	Non-financial corporations	(39,731)	(24,689)	(14,911)	(39,322)	-	(6,883)
210	Households	(2,221)	(904)	(1,317)	(1,304)	-	(368)
220	TOTAL AS AT 30/06/2025	(285,550)	(109,723)	(166,140)	(778,517)	-	(688,025)
	TOTAL AS AT 31/12/2024	(346,824)	(104,035)	(225,744)	(701,672)	-	(606,208)

Source: FINREP reporting framework - Breakdown of financial assets by instrument and counterparty: Templates F 04.03.1 - F 04.04.1 - F 04.09 - F 04.10 - F 18.00

NOTE: The total of line 220 includes items 005, 010, 090 and 150.

Table 34 - Template EU CR1: Performing and non-performing exposures and related provisions (3 of 3)

		m	n	o
		Accumulated partial write-off	Collateral and financial guarantees received	
			On performing exposures	On non-performing exposures
005	Cash balances at central banks and other demand deposits	-	-	-
010	Loans and advances	(109,125)	23,413,977	417,975
020	Central banks	-	-	-
030	General governments	-	287,040	-
040	Credit institutions	-	252,706	-
050	Other financial corporations	-	1,145,643	6,698
060	Non-financial corporations	(94,340)	10,722,203	280,191
070	of which SMEs	(30,158)	6,945,612	237,240
080	Households	(14,784)	11,006,386	131,086
090	Debt securities	-	-	-
100	Central banks	-	-	-
110	General governments	-	-	-
120	Credit institutions	-	-	-
130	Other financial corporations	-	-	-
140	Non-financial corporations	-	-	-
150	Off-balance-sheet exposures		890,281	13,385
160	Central banks		-	-
170	General governments		16,582	-
180	Credit institutions		10,453	-
190	Other financial corporations		21,962	-
200	Non-financial corporations		722,359	12,743
210	Households		118,925	641
220	TOTAL AS AT 30/06/2025	(109,125)	24,304,258	431,360
	TOTAL AS AT 31/12/2024	(104,818)	24,219,203	356,422

Source: FINREP reporting framework - Breakdown of financial assets by instrument and counterparty: Templates F 04.03.1 - F 04.04.1 - F 04.09 - F 04.10 - F 18.00



Table 35 - Template EU CR1-A: Maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year	> 5 years	No stated maturity	Total
1	Loans and advances	4,024,595	9,822,108	9,213,362	12,796,680	17,124,599	52,981,344
2	Debt securities	223	1,706,254	5,304,976	6,184,301	21,159	13,216,913
3	TOTAL AS AT 30/06/2025	4,024,818	11,528,361	14,518,338	18,980,981	17,145,759	66,198,257

Source: processing of accounting and reporting data

NOTE: The net value of undated exposures associated with "Loans and advances" includes the amount of endorsement credits and loan commitments outstanding at the reporting date.

The table shows the exposures as at 30 June 2025 in the form of loans and advances and debt securities by maturity. These exposures are mainly concentrated in the time span of more than 5 years and between 1 and 5 years. The distribution of volumes across time buckets is, in proportion to the total, broadly consistent with that observed in December 2024.

Table 36 - Template EU CR2: Changes in the stock of non-performing loans and advances

		30/06/2025
		a
		Gross carrying amount
010	INITIAL STOCK OF NON-PERFORMING LOANS AND ADVANCES	1,055,697
020	Inflows to non-performing portfolios	601,698
030	Outflows from non-performing portfolios	(429,074)
040	Outflow due to write-off	(20,658)
050	Outflow due to other situations	(408,417)
060	FINAL STOCK OF NON-PERFORMING LOANS AND ADVANCES	1,228,320

Source: FINREP reporting framework - Incoming and outgoing non-performing exposures: Template F 24.01

Inflows to non-performing portfolios in the year included new entries in non-performing portfolios of about 602 million euro. Total outflows from non-performing portfolios amounted to around 429 million euro, of which 21 million euro due to write-offs and 408 million euro due to other circumstances.

Table 37 - Template EU CQ1: Credit quality of forborne exposures (1 of 2)

		a	b	c	d
		Gross carrying amount/ Nominal amount of exposures with forbearance measures			
		Performing forborne	Non-performing forborne		
			Of which defaulted	Of which impaired	
005	Cash balances at central banks and other demand deposits	-	-	-	-
010	Loans and advances	291,650	374,945	374,945	368,354
020	Central banks	-	-	-	-
030	General governments	12,337	-	-	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	36	13,818	13,818	13,818
060	Non-financial corporations	156,309	242,107	242,107	238,780
070	Households	122,968	119,021	119,021	115,757
080	Debt Securities	-	-	-	-
090	Loan commitments given	4,065	4,389	4,389	4,389
100	TOTAL AS AT 30/06/2025	295,714	379,334	379,334	372,743
	TOTAL AS AT 31/12/2024	323,874	396,931	396,931	389,779

Source: FINREP reporting framework - Information on forborne exposures: Template F 19.00



Table 38 - Template EU CQ1: Credit quality of forborne exposures (2 of 2)

		e	f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		On performing forborne exposures	On non-performing forborne exposures	Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures	
005	Cash balances at central banks and other demand deposits	-	-	-	-
010	Loans and advances	(23,194)	(259,139)	311,674	96,100
020	Central banks	-	-	-	-
030	General governments	(1,704)	-	10,633	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	(2)	(13,752)	20	20
060	Non-financial corporations	(13,964)	(163,576)	158,142	63,202
070	Households	(7,524)	(81,811)	142,879	32,878
080	Debt Securities	-	-	-	-
090	Loan commitments given	(58)	0	351	125
100	TOTAL AS AT 30/06/2025	(23,252)	(259,139)	312,025	96,224
	TOTAL AS AT 31/12/2024	(27,897)	(273,915)	336,593	101,307

Source: FINREP reporting framework - Information on forborne exposures: Template F 19.00

Forborne exposures recorded a decrease compared to 31 December 2024, both in the performing and non-performing segments.

Table 39 - Template EU CQ4: Quality of non-performing exposures by geography (1 of 2)

	a	b	c	d
	Gross carrying/Nominal amount			
	of which: non-performing		of which: subject to impairment	
		of which: defaulted		
On balance sheet exposures	52,991,812		1,228,320	
Italy	39,845,476		1,128,610	
Switzerland	6,398,249		88,806	
Spain	1,815,715		-	
France	1,390,251		304	
Monaco	381,274		334	
United States of America	66,226		30	
Germany	1,088,725		27	
Luxembourg	201,421		0	
Others	1,804,475		10,209	
Off balance sheet exposures	27,126,413		291,228	
Italy	25,603,827		283,747	
Switzerland	410,923		188	
Spain	32,524		-	
France	36,018		-	
Monaco	461,744		-	
United States of America	60,322		-	
Germany	24,683		-	
Luxembourg	17		-	
Others	496,354		7,293	
TOTAL	80,118,225		1,519,548	

Source: FINREP reporting framework - Geographical breakdown of activities: Templates F 20.04 - F 20.05



Table 40 - Template EU CQ4: Quality of non-performing exposures by geography (2 of 2)

	e	f	g
	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
On balance sheet exposures	(970,577)		(9,381)
Italy	(917,517)		(9,381)
Switzerland	(43,416)		-
Spain	(451)		-
France	(591)		-
Monaco	(528)		-
United States of America	(239)		-
Germany	(712)		-
Luxembourg	(24)		-
Others	(7,100)		-
Off balance sheet exposures		84,109	
Italy		82,803	
Switzerland		609	
Spain		12	
France		8	
Monaco		355	
United States of America		8	
Germany		8	
Luxembourg		0	
Others		307	
TOTAL	(970,577)	84,109	(9,381)

Source: FINREP reporting framework - Geographical breakdown of activities: Templates F 20.04 - F 20.05

The table shows the countries to which the Group's total cash and off-balance sheet exposures exceed a minimum materiality threshold.

As at 30 June 2025, the major part of the Group's exposures (both on- and off-balance sheet items) related to counterparties resident in Italy. They account for about 75.2% of total on-balance sheet exposures and about 94.4% of total off-balance sheet exposures. The concentration of domestic exposures on the sub-set of non-performing loans is even more marked: 92% and 97.4%, respectively, are the percentages of incidence calculated on the impaired segment alone.

Considering the ongoing military conflict between Russia and Ukraine, in order to provide an exhaustive picture of the Group's risk profile in respect of the affected countries, it should be noted that direct exposures to the two countries remained low at 30 June 2025 (0.03% of gross balance sheet exposure). Exposures to countries involved in the Israeli-Palestinian crisis remained also immaterial.

Table 41 - Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing		of which: loans and advances subject to impairment			
				of which: defaulted			
010	Agriculture, forestry and fishing	415,723		20,107		(11,895)	-
020	Mining and quarrying	101,575		2,177		(1,625)	-
030	Manufacturing	5,474,813		198,263		(154,326)	(2,478)
040	Electricity, gas, steam and air conditioning supply	753,702		3,687		(15,204)	-
050	Water supply	331,213		377		(2,646)	0
060	Construction	1,559,166		139,614		(112,001)	(486)
070	Wholesale and retail trade	3,900,062		140,988		(113,421)	(915)
080	Transport and storage	651,790		25,369		(17,634)	(16)
090	Accommodation and food service activities	966,430		80,971		(47,794)	(243)
100	Information and communication	297,255		24,215		(19,782)	(10)
110	Financial and insurance activities	353,050		28,011		(13,848)	-
120	Real estate activities	2,681,768		130,039		(99,544)	(621)
130	Professional, scientific and technical activities	1,271,619		44,867		(36,356)	(1,885)
140	Administrative and support service activities	670,382		18,774		(14,425)	(54)
150	Public administration and defence, compulsory social security	369		-		(1)	-
160	Education	46,101		537		(867)	-
170	Human health services and social work activities	352,603		2,114		(7,060)	-
180	Arts, entertainment and recreation	407,742		12,704		(14,773)	(58)
190	Other services	397,761		3,305		(3,206)	(14)
200	TOTAL AS AT 30/06/2025	20,633,125		876,121		(686,407)	(6,782)
	TOTALE AS AT 31/12/2024	19,593,585		707,891		(680,815)	(6,630)

Source: FINREP reporting framework - Breakdown by NACE codes of loans and advances: Template F 06.01



As at 30 June 2025, the business sectors in which exposure at portfolio level is most concentrated are: Manufacturing (26.5% of total exposure), Wholesale and Retail Trade (18.9% of total exposure), Real Estate (13% of total exposure) and Construction (7.6% of total exposure).

With reference to the impaired segment only, the prevailing segments were: Manufacturing (22.6% of total impaired exposures), Wholesale and Retail Trade (16.1% of total impaired exposures), Construction (15.9% of total impaired exposures) and Real Estate (14.8% of total impaired exposures).

Tabella 42 - Template EU CQ7: Collateral obtained by taking possession and execution processes

		30/06/2025		31/12/2024	
		a	b	a	b
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Property Plant and Equipment (PP&E)	-	-	-	-
020	Other than PP&E	36,144	(1,172)	64,428	(1,530)
030	<i>Residential immovable property</i>	11,276	(1,172)	11,185	(1,530)
040	<i>Commercial Immovable property</i>	-	-	-	-
050	<i>Movable property (auto, shipping, etc.)</i>	-	-	-	-
060	<i>Equity and debt instruments</i>	-	-	-	-
070	<i>Other collateral</i>	24,867	-	53,243	-
080	TOTAL	36,144	(1,172)	64,428	(1,530)

Source: FINREP reporting framework - Guarantees obtained by taking possession accumulated: Template F 13.03.1

Similar to historical observations, the main contributions to the figures above came from the enforcement of collaterals (real guarantees) obtained by the Group on a voluntary basis or in the context of legal proceedings.

Section 8

Disclosure of the use of credit risk mitigation techniques

This section summarises the Group's exposures as at 30 June 2025 in the form of loans and advances disbursed and debt securities held for investment purposes, covered and uncovered by guarantees - collateral or financial - acquired as credit risk mitigation (CRM) instruments recognised under applicable accounting rules, regardless of whether such techniques are deemed to be permissible forms of credit protection under current prudential regulations.

Table 43 - Template EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Secured carrying amount				
		Unsecured carrying amount	Of which secured by collateral			Of which secured by financial guarantees
			a	b	c	d
1	Loans and advances	14,962,989	23,831,952	18,066,283	5,765,669	-
2	Debt securities	13,216,913	-	-	-	-
3	TOTAL AS AT 30/06/2025	28,179,902	23,831,952	18,066,283	5,765,669	-
4	<i>Of which non-performing exposures</i>	<i>72,584</i>	<i>417,975</i>	<i>308,138</i>	<i>109,837</i>	<i>-</i>
EU-5	<i>Of which defaulted</i>	<i>72,584</i>	<i>417,975</i>	<i>308,138</i>	<i>109,837</i>	<i>-</i>
	TOTALE AS AT 31/12/2024	28,320,719	23,654,116	17,650,149	6,003,967	-

Source: FINREP reporting framework - Breakdown of loans and advances, collateral for loans and advances: Templates F 05.01 - F 13.01 - F 18.00

As at 30 June 2025, unsecured exposures accounted for 54% of total exposures, with the remaining 46% were covered by CRM techniques. Within the latter, exposures secured by collateral amount to 76% of the guaranteed total; the remainder consists of exposures backed by personal guarantees. The data observed at the reference date are consistent with those of December 2024.

There were no risk hedging transactions using credit derivatives.



Section 9

Disclosure of the use of the standardised approach to credit risk

The table below shows, for each of the Group's exposure classes as at 30 June 2025, the effect of the credit risk mitigation (CRM) techniques recognised as part of the determination of the capital requirement for credit risk under the "Standardised Approach". The relative RWA density is also measured for each regulatory class, as a concise indicator of the riskiness of each portfolio of exposures.

Table 44 - Template EU CR4 - standardised approach - Credit risk exposure and CRM effects

Exposure classes	Exposures before CCF and CRM		Exposures before CCF and CRM		RWAs and RWA density		
	On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWA density	
	a	b	c	d	e	f	
1	Central governments or central banks	11,955,227	54,322	14,122,729	70,384	50	0.0003%
2	Non-central government public sector entities	705,154	705,810	705,049	44,633	471,775	62.9300%
EU 2a	Regional government or local authorities	34,969	76,154	34,969	6,635	10,023	24.0918%
EU 2b	Public sector entities	670,185	629,656	670,080	37,998	461,752	65.2120%
3	Multilateral development banks	171,408	-	280,889	534	-	-
3a	International organisations	236,769	572	236,769	286	-	-
4	Institutions	3,331,628	1,169,473	3,188,103	178,644	1,268,033	37.6635%
5	Covered bonds	263,481	-	263,481	-	26,348	10.0000%
6	Corporates	5,340,795	2,478,948	5,233,398	304,098	4,808,164	86.8292%
6,1	Of which: Specialised Lending	19,655	27,428	16,955	5,083	25,531	115.8506%
7	Subordinated debt exposures and equity	810,504	-	810,504	-	1,356,468	167.3610%
EU 7a	Subordinated debt exposures	406,606	-	406,606	-	609,909	150.0000%
EU 7b	Equity	403,898	-	403,898	-	746,559	184.8385%
8	Retail	925,203	430,551	651,072	28,372	363,835	53.5489%

Table 44 - Template EU CR4 - standardised approach - Credit risk exposure and CRM effects

Exposure classes		Exposures before CCF and CRM		Exposures before CCF and CRM		RWAs and RWA density	
		On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWA density
		a	b	c	d	e	f
9	Secured by mortgages on immovable property and ADC exposures	5,571,355	30,512	5,571,354	18,057	2,040,367	36.5042%
9,1	Secured by mortgages on residential immovable property - non IPRE	3,684,646	6,622	3,684,646	3,311	1,062,104	28.7993%
9,2	Secured by mortgages on residential immovable property - IPRE	1,541,291	2,063	1,541,291	1,031	696,888	45.1843%
9,3	Secured by mortgages on commercial immovable property - non IPRE	115,041	11,863	115,041	11,863	81,058	63.8738%
9,4	Secured by mortgages on commercial immovable property - IPRE	207,127	9,965	207,126	1,852	165,443	79.1673%
9,5	Acquisition, Development and Construction (ADC)	23,250	-	23,250	-	34,874	150.0000%
10	Exposures in default	66,670	602	66,320	228	68,447	102.8530%
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings	376,229	48,000	376,229	-	1,042,646	277.1308%
EU 10c	Other items	2,118,710	20,259	2,118,710	10,130	1,017,524	47.7971%
12	TOTAL AS AT 30/06/2025	31,873,132	4,939,050	33,624,606	655,367	12,463,658	36.3584%
	TOTAL AS AT 31/12/2024	33,552,282	5,727,635	35,499,460	867,650	12,218,060	33.5965%

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

Key:

- Pre-CCF and pre-CRM exposure: the value of the on-balance sheet or off-balance sheet exposure calculated after the application of loan impairments, deductions and write-offs defined in the Framework but before the application of credit conversion factors (CCF) and the effect of CRM techniques.
- Post-CCF and post-CRM exposure: the value of the on-balance sheet or off-balance sheet exposure calculated after the application of the loan impairments, deductions and write-offs defined in the Framework as well as after the application of credit conversion factors (CCF) and the effect of CRM techniques.
- RWA density: an indicator measuring the average weighting of credit risk assets, given by the ratio of the weighted exposure amount (RWA) to the amount of on-balance sheet/off-balance sheet exposures calculated after taking into account the effects of credit risk mitigation techniques (CRM) and the application of credit conversion factors (CCF).

The following tables show the breakdown by asset class and risk weight of the Group's exposures at 30 June 2025 included in the calculation of the capital requirement for credit risk under the "Standardised Approach".



Table 45 - Template EU CR5: Standardised approach (1 of 3)

Exposure classes		Risk weight		
		0%	2%	4%
		a	b	c
1	Central governments or central banks	14,193,014	-	-
2	Non-central government public sector entities	-	-	-
EU 2a	Regional governments or local authorities	-	-	-
EU 2b	Public sector entities	-	-	-
3	Multilateral development banks	281,423	-	-
EU 3a	International organisations	237,056	-	-
4	Institutions	-	-	-
5	Covered bonds	-	-	-
6	Corporates	-	-	-
6,1	Of which: Specialised Lending	-	-	-
7	Subordinated debt exposures and equity	-	-	-
EU 7a	Subordinated debt exposures	-	-	-
EU 7b	Equity	-	-	-
8	Retail exposures	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	-	-
9.1	Secured by mortgages on residential immovable property - non IPRE	-	-	-
9.1.1	No loan splitting applied	-	-	-
9.1.2	loan splitting applied (secured)	-	-	-
9.1.3	loan splitting applied (unsecured)	-	-	-
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	-
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	-	-
9.3.1	No loan splitting applied	-	-	-
9.3.2	Loan splitting applied (secured)	-	-	-
9.3.3	Loan splitting applied (unsecured)	-	-	-
9.4	Secured by mortgages on commercial immovable property - IPRE	-	-	-
9.5	Acquisition, Development and Construction (ADC)	-	-	-
10	Exposures in default	-	-	-
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-
EU 10b	Collective investment undertakings (CIU)	5,994	-	-
EU 10c	Other items	1,164,497	-	-
EU 11c	TOTAL	15,881,984	-	-

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: TemplateC 07.00

10%	20%	30%	35%	40%	45%
d	e	f	g	h	i
-	-	-	-	-	-
-	257,447	-	-	-	-
-	39,476	-	-	-	-
-	217,971	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,302,058	329,322	-	139,958	-
263,481	-	-	-	-	-
-	30,165	-	32,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	303,680	-	-
-	3,216,793	236,154	245,047	-	904,805
-	3,216,793	-	-	-	-
-	-	-	-	-	-
-	3,216,793	-	-	-	-
-	-	-	-	-	-
-	-	236,154	245,047	-	904,805
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	118	-	-	-	-
-	57,528	-	-	-	-
263,481	4,864,109	565,476	580,727	139,958	904,805



Table 46 - Template EU CR5: Standardised approach (2 of 3)

Exposure classes		Risk weight		
		50%	60%	70%
		j	k	l
1	Central governments or central banks	99	-	-
2	Non-central government public sector entities	143,899	-	-
EU 2a	Regional governments or local authorities	-	-	-
EU 2b	Public sector entities	143,899	-	-
3	Multilateral development banks	-	-	-
EU 3a	International organisations	-	-	-
4	Institutions	1,445,644	-	-
5	Covered bonds	-	-	-
6	Corporates	882,651	-	5,350
6,1	Of which: Specialised Lending	-	-	-
7	Subordinated debt exposures and equity	-	-	-
EU 7a	Subordinated debt exposures	-	-	-
EU 7b	Equity	-	-	-
8	Retail exposures	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	170,318	-
9.1	Secured by mortgages on residential immovable property - non IPRE	-	-	-
9.1.1	No loan splitting applied	-	-	-
9.1.2	Loan splitting applied (secured)	-	-	-
9.1.3	Loan splitting applied (unsecured)	-	-	-
9,2	Secured by mortgages on residential immovable property - IPRE	-	61,902	-
9,3	Secured by mortgages on commercial immovable property - non IPRE	-	108,416	-
9.3.1	No loan splitting applied	-	-	-
9.3.2	loan splitting applied (secured)	-	108,416	-
9.3.3	loan splitting applied (unsecured)	-	-	-
9,4	Secured by mortgages on commercial immovable property - IPRE	-	-	-
9,5	Acquisition, Development and Construction (ADC)	-	-	-
10	Exposures in default	-	-	-
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-
EU 10b	Collective investment undertakings (CIU)	1,144	-	-
EU 10c	Other items	-	-	-
EU 11c	TOTAL	2,473,437	170,318	5,350

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: TemplateC 07.00

75%	80%	90%	100%	105%	110%
m	n	o	p	q	r
-	-	-	-	-	-
-	-	-	348,336	-	-
-	-	-	2,128	-	-
-	-	-	346,209	-	-
-	-	-	-	-	-
-	-	-	-	-	-
79,009	-	-	70,739	-	-
-	-	-	-	-	-
780,696	-	-	3,581,189	-	-
-	-	-	10,394	-	-
-	-	-	170,140	-	-
-	-	-	-	-	-
-	-	-	170,140	-	-
362,744	-	-	13,020	-	-
439,840	-	43,401	80,039	64,188	15,080
408,768	-	-	62,396	-	-
-	-	-	892	-	-
-	-	-	-	-	-
408,768	-	-	61,504	-	-
30,227	-	-	-	64,188	-
844	-	-	17,643	-	-
-	-	-	12,906	-	-
-	-	-	-	-	-
844	-	-	4,737	-	-
-	-	43,401	-	-	15,080
-	-	-	-	-	-
-	-	-	62,751	-	-
-	-	-	-	-	-
1,659	-	-	137,433	-	-
-	-	-	840,678	-	-
1,663,947	-	43,401	5,304,326	64,188	15,080



Table 47 - Template EU CR5: Standardised approach (3 of 3)

Exposure classes		Risk weight		
		130%	150%	250%
		s	t	u
1	Central governments or central banks	-	-	-
2	Non-central government public sector entities	-	-	-
EU 2a	Regional governments or local authorities	-	-	-
EU 2b	Public sector entities	-	-	-
3	Multilateral development banks	-	-	-
EU 3a	International organisations	-	-	-
4	Institutions	-	16	-
5	Covered bonds	-	-	-
6	Corporates	11,644	155,677	-
6,1	Of which: Specialised Lending	11,644	-	-
7	Subordinated debt exposures and equity	-	414,582	225,782
EU 7a	Subordinated debt exposures	-	406,606	-
EU 7b	Equity	-	7,976	225,782
8	Retail exposures	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	35,407	-
9.1	Secured by mortgages on residential immovable property - non IPRE	-	-	-
9.1.1	No loan splitting applied	-	-	-
9.1.2	Loan splitting applied (secured)	-	-	-
9.1.3	Loan splitting applied (unsecured)	-	-	-
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	-
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	-	-
9.3.1	No loan splitting applied	-	-	-
9.3.2	loan splitting applied (secured)	-	-	-
9.3.3	loan splitting applied (unsecured)	-	-	-
9.4	Secured by mortgages on commercial immovable property - IPRE	-	12,158	-
9.5	Acquisition, Development and Construction (ADC)	-	23,250	-
10	Exposures in default	-	3,797	-
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-
EU 10b	Collective investment undertakings (CIU)	-	177,747	1,491
EU 10c	Other items	-	-	66,136
EU 11c	TOTAL	11,644	787,227	293,410

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

370%	400%	1250%	Others	Total	Of which: Without rating
v	w	x	y		
-	-	-	-	14,193,113	1,129,167
-	-	-	-	749,682	596,462
-	-	-	-	41,604	30,755
-	-	-	-	708,078	565,707
-	-	-	-	281,423	-
-	-	-	-	237,056	284
-	-	-	-	3,366,746	1,389,418
-	-	-	-	263,481	50,236
-	-	-	58,123	5,537,496	3,108,744
-	-	-	-	22,038	22,038
-	-	-	-	810,504	367,884
-	-	-	-	406,606	35,521
-	-	-	-	403,898	332,363
-	-	-	-	679,444	341,943
-	-	-	138,340	5,589,411	1,937,247
-	-	-	-	3,687,957	1,012,786
-	-	-	-	892	-
-	-	-	-	3,216,793	643,814
-	-	-	-	470,272	368,972
-	-	-	-	1,542,323	690,984
-	-	-	-	126,904	64,496
-	-	-	-	12,906	-
-	-	-	-	108,416	59,125
-	-	-	-	5,582	5,371
-	-	-	138,340	208,979	134,107
-	-	-	-	23,250	34,874
-	-	-	-	66,549	56,831
-	-	-	-	-	-
-	-	50,642	-	376,229	16,049
-	-	-	-	2,128,839	122,093
-	-	50,642	196,463	34,279,972	9,116,358



Section 10

Disclosure of the use of the IRB approach to credit risk

On 27 May 2019, the European Central Bank authorised Banca Popolare di Sondrio Group to adopt its internal rating models for the purpose of determining the amount of capital requirements for credit risk (Advanced IRB Approach - A-IRB) relating to “Corporate” and “Retail” regulatory portfolios, with effects starting from the supervisory reporting at 30 June 2019.

The scope of the first validation of internal rating systems includes only Banca Popolare di Sondrio. The subsidiary Factorit is involved in a phased extension programme (roll-out plan) with a multi-year horizon.

More specifically, the Group has been authorised by ECB to make use of its own internal rating models to estimate the following credit risk parameters:

- PD (Probability of Default), the probability that a borrower will not be able to meet his credit commitments;
- LGD (Loss Given Default), the estimated loss rate associated with a position at the time of default of a borrower;
- EAD (Exposure at Default), an estimate of a borrower’s expected credit exposure at the time of default⁵.

The extension does not include some exposures, which are the subject of a request for authorisation for permanent partial use of the standardised approach (PPU perimeter, Permanent Partial Use). These are specifically included in the following regulatory portfolios:

- “Equity Instruments and Securitisations”, “Governments and Central Banks”, “Public Sector and Territorial Entities”, “Corporations - Residual Exposures” (including specialised lending), “Entities - Supervised Intermediaries” relating to the entire Group.
- All portfolios falling within the corporate scope of the subsidiaries Sinergia Seconda, Banca Popolare di Sondrio (SUISSE) and BNT Banca.

Following the Internal Model Investigation (IMI) initiated during 2021, in October 2023 the ECB granted the Bank the final authorisation to use the internal models subject to a previous request for material model change. The new rating models have been used with effect from the supervisory reporting of 31 December 2023 and are subject to ongoing monitoring. The updating activities of the Parent Company’s internal PD, LGD and EAD models, conducted in order to incorporate all the findings issued at the last IMI as well as the recommendations expressed by the Internal Control Functions, proved to be preparatory to sending the Regulator a new request for a material model change, specifically for the “Companies” segment of the PD and LGD models only.

⁵ The authorisation received by the Supervisory Authority only concerned the EAD model for “Retail” regulatory portfolio. The development of a similar model for “Corporate” counterparties is instead included in the multi-year roll-out plan.



In conjunction with the developments in the models used by the Parent Company Banca Popolare di Sondrio, in January 2025 a request was also submitted to the Supervisor to extend the internal rating system to the subsidiary Factorit, as envisaged in the progressive extension plan (roll-out plan).

The aforementioned requests were followed by the initiation of an inspection by the ECB, assisted by the Bank of Italy, as required by the procedures for recognising the use of internal models in calculating capital requirements. The audit, ongoing as at 30 June 2025, concerns both the expected updates to the PD and LGD models of the Parent Company's "Companies" segment, as well as the initial validation application for the subsidiary Factorit.

The rating system and the roll-out plan of the internal models are regularly monitored by the Bank; a report is produced quarterly on the degree of coverage of the system and the monitoring of the roll-out plan and the portfolios remaining in the PPU perimeter. The outcomes are presented to the Board of Directors at least annually.

* * *

The tables below show, for each exposure class envisaged at regulatory level, the values at 30 June 2025 of the main parameters used by the Group to calculate capital requirements for credit risk under the IRB method.

Tables for the following counterparty segments are not published due to the absence of material exposures treated under the IRB approach:

- Central governments or central banks.
- Regional governments and local authorities.
- Public sector entities.
- Institutions.
- Corporates - Specialised lending.
- Purchased credits (Corporate and Retail).



Table 48 - Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - Total AIRB

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)
		a	b	c	d	e
	0.00 to < 0.15	1,234,511	3,397,292	7.5680%	1,732,122	-
	0.00 to < 0.10	99,297	331,111	9.1990%	201,015	-
	0.10 to < 0.15	1,135,214	3,066,181	7.3920%	1,531,106	-
	0.15 to < 0.25	1,676,408	2,223,395	11.0890%	2,061,777	-
	0.25 to < 0.50	2,976,853	1,907,727	11.5910%	3,482,202	-
	0.50 to < 0.75	1,815,905	1,510,650	15.9930%	2,232,091	-
	0.75 to < 2.50	5,295,582	2,113,656	16.2240%	6,259,395	-
	0.75 to < 1.75	3,422,651	1,207,453	16.5720%	4,027,102	-
	1.75 to < 2.5	1,872,931	906,203	15.7600%	2,232,293	-
	2.50 to < 10.00	2,350,732	868,454	24.5640%	2,833,307	-
	2.5 to < 5	1,243,418	488,611	25.1780%	1,513,054	-
	5 to < 10	1,107,313	379,844	23.7750%	1,320,253	-
	10.00 to < 100.00	1,109,633	460,996	15.9400%	1,350,794	-
	10 to < 20	439,904	79,449	15.9400%	498,242	-
	20 to < 30	117,215	50,763	15.9400%	144,542	-
	30.00 to < 100.00	552,515	330,784	14.6710%	708,010	-
	100.00 (default)	908,931	232,513	22.5420%	1,008,455	-
TOTAL AS AT 30/06/2025		17,368,556	12,714,684	12.9487%	12.9487%	-

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Key:

- On-balance-sheet exposure: original value of the on-balance sheet exposure without taking into account loan impairments and the application of credit conversion factors (CCF).
- Pre-CCF off-balance sheet exposure: original value of the off-balance sheet exposure without taking into account loan impairments and the application of credit conversion factors (CCF). Off-balance sheet exposures include all committed but undrawn amounts and all off-balance sheet items listed in Annex I of the CRR.
- Post-CCF and post-CRM exposure: the value of the on-balance sheet or off-balance sheet exposure calculated in accordance with the CRR provisions governing the use of the IRB approach after application of credit conversion factors (CCF).
- RWA density: indicator that measures the average risk weighting of credit risk assets, given by the ratio of the weighted exposure amount (RWA) after application of the supporting factors to the value of post-CCF and post-CRM exposures.
- Expected loss amount: expected credit loss on on-balance sheet or off-balance sheet exposures calculated in accordance with article 158 of the CRR based on actual risk parameters used in the internal rating system.
- Impairment and provisions: the sum of general and specific loan impairments, provisions, and further reductions in own funds related to exposures assigned to each category of PD range.

Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
f	g	h	i	j	k	l
27,649	-	2	256,067	14.7834%	509	(2,637)
11,480	-	2	8,327	4.1422%	39	(106)
16,169	-	2	247,740	16.1805%	471	(2,531)
15,520	-	3	376,962	18.2834%	802	(4,801)
28,566	-	3	709,527	20.3758%	2,453	(9,653)
4,929	-	3	814,418	36.4868%	2,844	(9,879)
36,528	-	3	2,530,278	40.4237%	17,334	(59,759)
29,618	-	3	1,273,596	31.6256%	8,004	(27,077)
6,910	-	3	1,256,682	56.2955%	9,330	(32,682)
21,331	-	3	1,382,952	48.8105%	24,427	(58,929)
11,107	-	3	668,198	44.1622%	8,597	(24,713)
10,224	-	3	714,754	54.1377%	15,830	(34,216)
18,547	-	3	1,102,556	81.6228%	90,637	(61,301)
6,088	-	3	283,107	56.8211%	11,733	(21,277)
1,250	-	4	122,734	84.9124%	7,253	(11,248)
11,209	-	3	696,715	98.4047%	71,651	(28,777)
6,150	-	2	174,660	17.3196%	438,766	(624,752)
159,220	-	3	7,347,420	35.0542%	577,772	(831,711)



Table 49 - Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - Tota FIRB

F-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)
		a	b	c	d	e
	0.00 to < 0.15	221,702	587,937	10.9430%	286,039	-
	0.00 to < 0.10	-	-	-	-	-
	0.10 to < 0.15	221,702	587,937	10.9430%	286,039	-
	0.15 to < 0.25	897,345	1,988,295	12.8320%	1,152,487	-
	0.25 to < 0.50	812,936	1,943,594	9.0140%	988,133	-
	0.50 to < 0.75	529,600	1,964,188	18.4460%	891,923	-
	0.75 to < 2.50	741,473	1,673,640	13.0190%	959,369	-
	0.75 to < 1.75	366,813	1,449,899	10.9620%	525,752	-
	1.75 to < 2.5	374,660	223,741	26.3500%	433,616	-
	2.50 to < 10.00	128,757	424,112	14.6790%	191,014	-
	2.5 to < 5	107,677	291,664	17.8850%	159,840	-
	5 to < 10	21,081	132,448	7.6200%	31,174	-
	10.00 to < 100.00	8,175	75,429	13.4170%	15,979	-
	10 to < 20	5,482	25,341	13.4170%	8,882	-
	20 to < 30	879	-	-	879	-
	30.00 to < 100.00	1,813	50,088	8.7940%	6,218	-
	100.00 (default)	57,025	56,210	23.0870%	70,002	-
TOTAL AS AT 30/06/2025		3,397,014	8,713,404	13.2889%	13.2889%	-

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03.

Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
f	g	h	i	j	k	l
49	-	3	95,933	33.5383%	148	(355)
-	-	-	-	-	-	-
49	-	3	95,933	33.5383%	148	(355)
95	-	3	451,151	39.1458%	784	(1,883)
97	-	3	558,444	56.5150%	1,341	(1,958)
133	-	3	612,327	68.6524%	1,875	(7,092)
93	-	3	1,005,554	104.8141%	5,587	(14,083)
53	-	3	513,766	97.7202%	2,231	(7,645)
40	-	3	491,788	113.4155%	3,357	(6,438)
50	-	3	239,992	125.6414%	2,645	(5,315)
29	-	3	195,934	122.5814%	1,851	(2,318)
21	-	3	44,058	141.3310%	794	(2,997)
23	-	3	33,634	210.4821%	1,711	(205)
3	-	3	18,491	208.1782%	469	(167)
1	-	3	2,118	240.9529%	87	(1)
19	-	3	13,025	209.4662%	1,154	(37)
11	-	3	-	-	28,082	(50,293)
551	-	3	2,997,034	65.7973%	42,174	(81,184)



Table 50 - Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - Corporates - Other AIRB

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)
		a	b	c	d	e
	0.00 to < 0.15	815,411	2,521,358	8.0580%	1,088,613	0.1250%
	0.00 to < 0.10	2,820	25,855	46.4130%	15,628	0.0800%
	0.10 to < 0.15	812,591	2,495,503	7.6610%	1,072,985	0.1260%
	0.15 to < 0.25	1,116,569	1,900,548	11.2040%	1,423,648	0.1720%
	0.25 to < 0.50	1,221,073	1,392,465	12.3890%	1,472,928	0.3390%
	0.50 to < 0.75	1,478,766	1,155,837	16.1120%	1,770,467	0.5230%
	0.75 to < 2.50	2,661,127	1,429,319	15.7300%	3,212,895	1.4840%
	0.75 to < 1.75	1,272,468	751,033	17.2000%	1,571,597	1.0620%
	1.75 to < 2.5	1,388,660	678,286	14.1030%	1,641,299	1.8890%
	2.50 to < 10.00	923,300	518,347	27.2380%	1,153,443	4.5010%
	2.5 to < 5	521,751	295,643	29.9410%	654,666	2.9680%
	5 to < 10	401,549	222,704	23.6490%	498,776	6.5130%
	10.00 to < 100.00	347,100	231,717	15.1900%	446,298	37.5510%
	10 to < 20	77,316	33,361	21.4140%	90,209	12.7550%
	20 to < 30	46,293	21,599	13.4960%	59,982	23.8340%
	30.00 to < 100.00	223,490	176,756	14.2230%	296,107	47.8830%
	100.00 (default)	510,682	180,701	21.2210%	565,912	100.0000%
SUB-TOTAL AS AT 30/06/2025		9,074,028	9,330,292	13.0158%	13.0158%	7.6445%

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03.

Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
f	g	h	i	j	k	l
1,756	24.6040%	2	220,636	20.2676%	337	(1,673)
99	19.6150%	2	1,441	9.2230%	2	(2)
1,657	24.6770%	2	219,194	20.4284%	334	(1,671)
1,255	23.5340%	3	333,097	23.3974%	574	(2,769)
1,241	23.6020%	3	504,818	34.2731%	1,180	(4,642)
1,264	23.2910%	3	724,146	40.9014%	2,155	(8,043)
2,085	22.8680%	3	1,909,568	59.4345%	10,840	(42,640)
1,166	23.3620%	3	824,398	52.4561%	3,898	(15,912)
919	22.3950%	3	1,085,170	66.1166%	6,942	(26,727)
922	21.6700%	3	817,649	70.8877%	11,314	(33,483)
519	21.4250%	3	412,604	63.0251%	4,164	(15,479)
403	21.9920%	3	405,044	81.2076%	7,150	(18,004)
544	25.7670%	3	574,166	128.6508%	45,505	(21,030)
128	20.4330%	3	80,315	89.0320%	2,384	(5,200)
80	22.1260%	4	71,296	118.8626%	3,187	(5,402)
336	28.1290%	3	422,555	142.7035%	39,935	(10,428)
455	44.7930%	2	129,809	22.9380%	248,257	(342,604)
9,522	24.3937%	3	5,213,888	46.8277%	320,163	(456,884)



Table 51 - Template EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range - Corporates - Other FIRB

F-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)
		a	b	c	d	e
	0.00 to < 0.15	221,702	587,937	10.9430%	286,039	0.1290%
	0.00 to < 0.10	-	-	-	-	-
	0.10 to < 0.15	221,702	587,937	10.9430%	286,039	0.1290%
	0.15 to < 0.25	897,345	1,988,295	12.8320%	1,152,487	0.1700%
	0.25 to < 0.50	812,936	1,943,594	9.0140%	988,133	0.3400%
	0.50 to < 0.75	529,600	1,964,188	18.4460%	891,923	0.5270%
	0.75 to < 2.50	741,473	1,673,640	13.0190%	959,369	1.4350%
	0.75 to < 1.75	366,813	1,449,899	10.9620%	525,752	1.0600%
	1.75 to < 2.5	374,660	223,741	26.3500%	433,616	1.8900%
	2.50 to < 10.00	128,757	424,112	14.6790%	191,014	3.5440%
	2.5 to < 5	107,677	291,664	17.8850%	159,840	2.9520%
	5 to < 10	21,081	132,448	7.6200%	31,174	6.5780%
	10.00 to < 100.00	8,175	75,429	10.3470%	15,979	27.4060%
	10 to < 20	5,482	25,341	13.4170%	8,882	13.2090%
	20 to < 30	879	-	-	879	24.8300%
	30.00 to < 100.00	1,813	50,088	8.7940%	6,218	48.0510%
	100.00 (default)	57,025	56,210	23.0870%	70,002	100.0000%
SUB-TOTAL AS AT 30/06/2025		3,397,014	8,713,404	13.2889%	13.2889%	2.3119%

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03.



Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
f	g	h	i	j	k	l
49	39.9840%	3	95,933	33.5383%	148	(355)
-	-	-	-	-	-	-
49	39.9840%	3	95,933	33.5383%	148	(355)
95	40.0240%	3	451,151	39.1458%	784	(1,883)
97	39.9170%	3	558,444	56.5150%	1,341	(1,958)
133	39.8560%	3	612,327	68.6524%	1,875	(7,092)
93	40.4480%	3	1,005,554	104.8141%	5,587	(14,083)
53	40.0250%	3	513,766	97.7202%	2,231	(7,645)
40	40.9610%	3	491,788	113.4155%	3,357	(6,438)
50	39.2680%	3	239,992	125.6414%	2,645	(5,315)
29	39.2300%	3	195,934	122.5814%	1,851	(2,318)
21	39.4640%	3	44,058	141.3310%	794	(2,997)
23	39.4650%	3	33,634	210.4821%	1,711	(205)
3	40.0000%	3	18,491	208.1782%	469	(167)
1	40.0000%	3	2,118	240.9529%	87	(1)
19	38.6260%	3	13,025	209.4662%	1,154	(37)
11	40.1160%	3	-	-	28,082	(50,293)
551	40.0224%	3	2,997,034	65.7973%	42,174	(81,184)



Table 52 - Template EU CR6 - IRB Approach: Credit risk exposures by exposure class and PD range - Retail - Secured by real estate AIRB

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)
		a	b	c	d	e
	0.00 to < 0.15	202,299	7,187	35.4400%	205,464	0.1220%
	0.00 to < 0.10	41,202	2,976	39.0800%	42,705	0.0650%
	0.10 to < 0.15	161,097	4,211	32.8670%	162,759	0.1370%
	0.15 to < 0.25	276,482	2,084	24.4710%	277,405	0.1930%
	0.25 to < 0.50	1,299,113	12,140	49.6920%	1,307,633	0.4730%
	0.50 to < 0.75	69,375	23,735	5.6490%	70,959	0.5710%
	0.75 to < 2.50	1,684,557	29,221	58.7350%	1,707,057	1.1280%
	0.75 to < 1.75	1,515,517	12,012	66.9840%	1,526,143	1.0390%
	1.75 to < 2.5	169,040	17,209	52.9770%	180,914	1.8820%
	2.50 to < 10.00	855,466	15,642	79.8150%	874,755	4.3740%
	2.5 to < 5	428,612	5,982	79.1460%	436,533	2.6780%
	5 to < 10	426,854	9,660	80.2290%	438,222	6.0630%
	10.00 to < 100.00	455,858	6,143	38.8780%	462,466	25.9290%
	10 to < 20	228,503	2,069	43.6080%	231,149	14.0550%
	20 to < 30	24,401	126	91.4140%	24,776	22.2700%
	30.00 to < 100.00	202,954	3,947	34.7240%	206,541	39.6570%
	100.00 (default)	145,496	1,601	59.5180%	150,401	100.0000%
SUB-TOTAL AS AT 30/06/2025		4,988,646	97,752	44.4174%	44.4174%	6.6297%

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
f	g	h	i	j	k	l
2,726	7.9400%	-	4,623	2.2499%	20	(484)
782	6.9640%	-	562	1.3154%	2	(55)
1,944	8.1960%	-	4,061	2.4951%	18	(429)
2,599	11.0710%	-	10,973	3.9557%	59	(1,114)
11,735	6.8730%	-	76,306	5.8355%	422	(3,964)
157	12.9150%	-	8,446	11.9030%	53	(232)
13,529	8.4830%	-	219,938	12.8841%	1,722	(9,307)
12,770	7.9220%	-	173,914	11.3956%	1,272	(7,147)
759	13.2140%	-	46,025	25.4400%	450	(2,161)
6,447	8.8840%	-	251,753	28.7798%	3,422	(12,503)
3,135	8.9230%	-	98,903	22.6565%	1,070	(4,614)
3,312	8.8460%	-	152,850	34.8795%	2,352	(7,889)
4,342	9.9180%	-	255,919	55.3379%	12,468	(20,228)
2,015	9.0420%	-	111,718	48.3316%	2,905	(8,935)
197	13.5450%	-	18,203	73.4690%	752	(1,611)
2,130	10.4620%	-	125,998	61.0040%	8,812	(9,682)
1,057	27.5180%	-	6,030	4.0094%	41,059	(87,422)
42,592	9.0156%	-	833,989	16.4946%	59,224	(135,254)



Table 53 - Template EU CR6 - IRB Approach: Credit risk exposures by exposure class and PD range - Retail - Qualifying revolving AIRB

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)
		a	b	c	d	e
	0.00 to < 0.15	5,012	77,382	-	75,562	0.0910%
	0.00 to < 0.10	1,596	49,911	-	46,281	0.0610%
	0.10 to < 0.15	3,416	27,471	-	29,281	0.1380%
	0.15 to < 0.25	-	-	-	-	-
	0.25 to < 0.50	18,692	37,974	-	58,877	0.4650%
	0.50 to < 0.75	-	-	-	-	-
	0.75 to < 2.50	11,024	12,794	-	27,210	1.0870%
	0.75 to < 1.75	11,024	12,794	-	27,210	1.0870%
	1.75 to < 2.5	-	-	-	-	-
	2.50 to < 10.00	9,224	5,379	-	18,765	4.2040%
	2.5 to < 5	5,200	3,578	-	10,832	2.5600%
	5 to < 10	4,024	1,802	-	7,933	6.4500%
	10.00 to < 100.00	3,206	3,256	-	8,072	28.1190%
	10 to < 20	1,702	845	-	3,510	14.6950%
	20 to < 30	-	-	-	-	-
	30.00 to < 100.00	1,505	2,411	-	4,561	38.4500%
	100.00 (default)	1,892	267	-	2,886	100.0000%
SUBTOTAL AS AT 30/06/2025		49,051	137,053	-	191,372	3.4398%

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
f	g	h	i	j	k	l
9,095	50.0000%	-	2,376	3.1448%	34	(8)
5,928	50.0000%	-	1,051	2.2708%	14	(4)
3,167	50.0000%	-	1,325	4.5263%	20	(4)
-	-	-	-	-	-	-
5,083	50.0000%	-	7,130	12.1093%	137	(25)
-	-	-	-	-	-	-
2,118	50.0000%	-	6,341	23.3024%	148	(28)
2,118	50.0000%	-	6,341	23.3024%	148	(28)
-	-	-	-	-	-	-
1,560	50.0000%	-	11,230	59.8422%	394	(92)
904	50.0000%	-	4,783	44.1595%	139	(32)
656	50.0000%	-	6,446	81.2563%	256	(59)
780	50.0000%	-	12,532	155.2601%	1,135	(196)
334	50.0000%	-	4,494	128.0060%	258	(83)
-	-	-	-	-	-	-
446	50.0000%	-	8,039	176.2355%	877	(113)
228	50.0000%	-	-	-	1,443	(1,102)
18,864	50.0000%	-	39,608	20.6969%	3,291	(1,451)



Table 54 - Template EU CR6 - IRB Approach: Credit risk exposures by exposure class and PD range - Retail - Other AIRB

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)
		a	b	c	d	e
	0.00 to < 0.15	211,790	791,364	6.4950%	362,482	0.1160%
	0.00 to < 0.10	53,679	252,369	6.8530%	96,401	0.0740%
	0.10 to < 0.15	158,110	538,995	6.3270%	266,081	0.1300%
	0.15 to < 0.25	283,357	320,763	10.3210%	360,724	0.1910%
	0.25 to < 0.50	437,975	465,148	9.1530%	642,764	0.4060%
	0.50 to < 0.75	267,764	331,078	16.3200%	390,665	0.6160%
	0.75 to < 2.50	938,874	642,322	15.7120%	1,312,233	1.3420%
	0.75 to < 1.75	623,643	431,614	14.5680%	902,152	1.0980%
	1.75 to < 2.5	315,231	210,708	18.0540%	410,081	1.8770%
	2.50 to < 10.00	562,742	329,086	18.1280%	786,344	4.5420%
	2.5 to < 5	287,856	183,408	16.2300%	411,022	3.0200%
	5 to < 10	274,886	145,679	20.5160%	375,321	6.2090%
	10.00 to < 100.00	303,469	219,880	15.3540%	433,958	27.9130%
	10 to < 20	132,384	43,174	15.4760%	173,373	13.7270%
	20 to < 30	46,520	29,037	17.4300%	59,784	22.0040%
	30.00 to < 100.00	124,566	147,669	14.9100%	200,801	41.9200%
	100.00 (default)	250,861	49,945	26.2550%	289,256	100.0000%
SUB-TOTAL AS AT 30/06/2025		3,256,831	3,149,587	12.3370%	12.3370%	10.2620%

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
f	g	h	i	j	k	l
16,617	28.2560%	-	28,432	7.8437%	119	(472)
5,641	28.1390%	-	5,273	5.4693%	20	(44)
10,976	28.2980%	-	23,159	8.7039%	98	(428)
12,419	24.5330%	-	32,892	9.1184%	169	(918)
14,235	27.2570%	-	121,272	18.8673%	714	(1,022)
3,627	26.5760%	-	81,826	20.9454%	635	(1,604)
21,883	26.3820%	-	394,431	30.0580%	4,624	(7,784)
16,342	26.9150%	-	268,944	29.8114%	2,687	(3,990)
5,541	25.2090%	-	125,487	30.6006%	1,937	(3,794)
14,658	26.1210%	-	302,321	38.4464%	9,297	(12,851)
7,699	26.2080%	-	151,907	36.9584%	3,225	(4,587)
6,959	26.0260%	-	150,414	40.0760%	6,072	(8,263)
14,225	25.8880%	-	259,939	59.8996%	31,529	(19,847)
4,357	25.8190%	-	86,580	49.9385%	6,186	(7,059)
1,068	25.1450%	-	33,236	55.5925%	3,315	(4,234)
8,800	26.1700%	-	140,124	69.7823%	22,028	(8,554)
4,968	51.5210%	-	38,821	13.4209%	148,007	(193,624)
102,632	28.0207%	-	1,259,935	27.5189%	195,094	(238,122)



The following template shows the impact of credit derivatives recognised as credit risk mitigation (CRM) techniques on the values at 30 June 2025 of risk-weighted assets (RWA) and credit risk capital requirements calculated by the Group under the “Advanced IRB Approach”, broken down by category of relevant exposure at regulatory level.

Table 55 - Template EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques

		30/06/2025	
		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
		a	b
1	Central governments and central banks - F-IRB	-	-
EU 1a	Regional governments and local authorities -F-IRB	-	-
EU 1b	Public sectore entities - F-IRB	-	-
2	Central governments and central banks - A-IRB	-	-
EU 2a	Regional governments and local authorities A-IRB	-	-
EU 2b	Public sectore entities A-IRB	-	-
3	Institutions - F-IRB	-	-
5	Corporates - F-IRB	2,997,034	2,997,034
EU 5a	Corporates - General	2,997,034	2,997,034
EU 5b	Corporates - Specialised lending	-	-
EU 5c	Corporates - Purchased receivables	-	-
6	Corporate - A-IRB	5,213,888	5,213,888
EU 6a	Corporates - General	5,213,888	5,213,888
EU 6b	Corporates - Specialised lending	-	-
EU 6c	Corporates - Purchased Receivables	-	-
EU 8a	Retail - A-IRB	2,133,532	2,133,532
9	Retail - Qualifying revolving (QRRE)	39,608	39,608
10	Retail - Secured by residential immovable property	833,989	833,989
EU10a	Retail - Purchased receivables	-	-
EU10b	Retail- Other retail exposures	1,259,935	1,259,935
17	Exposures under F-IRB	2,997,034	2,997,034
18	Exposures under A-IRB	7,347,420	7,347,420
19	Total Exposures	10,344,453	10,344,453

Source: COREP reporting framework - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.00.

As can be seen from the data represented in the table, as at 30 June 2025, there were no risk hedging transactions through credit derivatives.

The table below shows, for each class of exposures relevant to the calculation of the capital requirement for credit risk under the “Advanced IRB Approach”, the portion of the Group’s exposures at 30 June 2025 covered by real and personal credit risk mitigation (CRM) techniques. It also shows the amounts of risk-weighted exposures (RWA), including any reduction due to the existence of credit protection, with and without the application of the “Substitution approach”⁶.

⁶ Under the Advanced IRB Approach, banks may recognise the effects of personal guarantees and, more generally, personal credit protection instruments by adjusting the risk parameters associated with the guaranteed exposure, provided certain minimum requirements for such guarantees are met. Specifically, it is possible to replace the PD or risk weight of the principal debtor with those of the guarantor, or to change the LGD of the covered credit exposure (so-called “substitution approach”).



Table 56 - Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques (1 of 2)

A-IRB		Credit risk Mitigation techniques					
		Total exposures	Part of exposures covered by Financial Collaterals (%)	Funded credit Protection (FCP)			
				Part of exposures covered by Other eligible collaterals (%)			
				Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	
a	b	c	d	e	f		
1	Central governments and central banks	-	-	-	-	-	-
2	Regional governments and local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
5	Corporates	11,134,204	3.1491%	23.1248%	23.1248%	-	-
5,1	Corporates - General	11,134,204	3.1491%	23.1248%	23.1248%	-	-
5,2	Corporates - Specialised lending	-	-	-	-	-	-
5,3	Corporates - Purchased Receivables	-	-	-	-	-	-
6	Retail	9,825,939	2.6205%	60.9458%	60.9458%	-	-
6,1	Retail - Qualifying revolving	191,372	-	-	-	-	-
6,2	Retail - secured by residential immovable property	5,056,141	0.0047%	98.3179%	98.3179%	-	-
6,3	Retail - Purchased Receivables	-	-	-	-	-	-
6,4	Retail - Other retail exposures	4,578,426	5.6189%	22.2218%	22.2218%	-	-
7	Total	20,960,143	2.9013%	40.8550%	40.8550%	-	-

Source: COREP reporting framework - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.01

Credit risk Mitigation techniques				Credit risk Mitigation methods in the calculation of RWEAs			
Funded credit Protection (FCP)				Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
Part of exposures covered by Cash on deposit (%)		Other funded credit protection (%)		Part of exposures covered by Guarantees (%)	Part of exposures covered by Financial Collaterals (%)		
g	h	i	j	k	l	m	n
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12.4826%	-	6,211,546	5,213,888
-	-	-	-	12.4826%	-	6,211,546	5,213,888
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	8.2372%	-	2,620,145	2,133,532
-	-	-	-	-	-	39,608	39,608
-	-	-	-	0.4024%	-	1,183,281	833,989
-	-	-	-	-	-	-	-
-	-	-	-	17.2339%	-	1,397,256	1,259,935
-	-	-	-	10.4924%	-	8,831,691	7,347,420



Table 57 - Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques (2 of 2)

F-IRB		Credit risk Mitigation techniques					
		Total exposures	Funded credit Protection (FCP)				
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)			Part of exposures covered by Other physical collateral (%)
					Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	
a	b	c	d	e	f		
1	Central governments and central banks	-	-	-	-	-	-
2	Regional governments and local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Institutions	-	-	-	-	-	-
5	Corporates	4,554,947	0.3719%	0.8453%	0.8453%	-	-
5,1	Corporates - General	4,554,947	0.3719%	0.8453%	0.8453%	-	-
5,2	Corporates - Specialised lending	-	-	-	-	-	-
5,3	Corporates - Purchased Receivables	-	-	-	-	-	-
6	Total	4,554,947	0.3719%	0.8453%	0.8453%	-	-

Source: COREP reporting framework - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.01

Credit risk Mitigation techniques				Credit risk Mitigation methods in the calculation of RWEAs			
Funded credit Protection (FCP)				Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
Part of exposures covered by protection (%)		Other funded credit protection (%)		Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)					
g	h	i	j	k	l	m	n
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7.2186%	-	2,782,938	2,997,034
-	-	-	-	7.2186%	-	2,782,938	2,997,034
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7.2186%	-	2,782,938	2,997,034



The table reported below shows the changes in the amounts of risk-weighted exposure (RWA) calculated on the basis of the IRB approach compared to the previous quarter, giving further details of key factors that contributed significantly to the changes.

Table 58 - Template EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

		RWA
		a
1	RISK WEIGHTED EXPOSURE AMOUNT AS AT THE END OF THE PREVIOUS REPORTING PERIOD	10,409,260
2	Asset size (+/-)	(107,546)
3	Asset quality (+/-)	248,519
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	(11,267)
8	Other (+/-)	(66,206)
9	RISK WEIGHTED EXPOSURE AMOUNT AS AT THE END OF THE REPORTING PERIOD	10,472,760

Source: COREP reporting framework - Flow statements for credit risk, IRB approach to capital requirements: Template C 08.04

Compared to the previous quarter's figure, there was a slight increase in the value of the aggregate of risk-weighted assets subject to credit risk, mainly due to the risk dynamics associated with the evolution of the credit quality of part of the portfolio's assets, despite the decrease observed in the volumes of the portfolios subject to the IRB approach.

Residual movements relate both to any effects not accounted for in the previous items of the table (e.g. exchange rate movements on foreign currency exposures) and to the combined effects of items measured through stand-alone analysis.

* * *

Section 11

Disclosure of exposures to counterparty risk

The tables below show the Group's exposure profile to Counterparty Credit Risk (CCR) as at 30 June 2025 on the basis of a variety of disclosures, including:

- an overview of the approaches adopted by the Group to quantify its capital requirements for counterparty risk and the main parameters used in each method;
- all derivative transactions subject to the capital requirement on credit valuation adjustment (CVA) risk;
- a breakdown of exposures to counterparty risk by type of regulatory portfolio and risk weight;
- information on any parameters used to calculate capital requirements for counterparty risk under the IRB approach;
- the composition of collateral (cash, sovereign debt, corporate bonds, etc.) provided or received by the Group as collateral for the purpose of supporting or reducing exposures to counterparty risk arising from derivative transactions or SFT (Securities Financing Transactions), including transactions cleared through a central counterparty (CCP);
- the total exposure for any credit derivative transactions (purchased or sold);
- the dynamics of change in the risk-weighted exposure amounts to counterparty risk (RWA) determined according to the "Internal Models Approach";
- an account of exposures to central counterparties due to transactions, margins and contributions to collateral funds and the associated capital requirements.



Table 59 - Template EU CCR1 - Analysis of CCR exposure by approach (1 of 2)

		a	b	c	d
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1,4
EU-2	EU - Simplified SA-CCR (for derivatives)	4,520	34,237		1,4
1	SA-CCR (for derivatives)	29,624	27,637		1,4
2	IMM (for derivatives and SFTs)			-	-
2a	<i>Of which securities financing transactions netting sets</i>			-	
2b	<i>Of which derivatives and long settlement transactions netting sets</i>			-	
2c	<i>Of which from contractual cross-product netting sets</i>			-	
3	Financial collateral simple method (for SFTs)				
4	Financial collateral comprehensive method (for SFTs)				
5	VaR for SFTs				
6	TOTAL AS AT 30/06/2025				

Source: COREP reporting framework - Size of the derivatives business: Template C34.02.

Key:

- SA-CCR simplified: Simplified Standardised Approach (applicable to derivatives).
- SA-CCR: Standardised Approach (applicable to derivatives).
- IMM: Internal Model Method (applicable to derivatives and SFT).
- Pre-CRM exposure value: the exposure value for assets subject to the CCR calculated taking into account the effect of netting, but excluding any other credit risk mitigation techniques (e.g. collateral posted as margin). In the case of SFT, the securities component is not taken into account in determining the value of the pre-CRM exposure if collateral is received and therefore does not reduce the value of the exposure. Conversely, the securities component of SFT is taken into account in determining the value of the pre-CRM exposure on a regular basis if collateral is provided. In addition, collateralised transactions are treated as unsecured, i.e. no margining effects are applied. The pre-CRM exposure value does not take into account the deduction for any CVA loss incurred.
- Post-CRM exposure value: the exposure value for assets subject to the CCR calculated taking into account applicable credit risk mitigation techniques in accordance with part three, title II, chapters 4 and 6 of the CRR. In accordance with article 273(6) of the CRR, any CVA loss incurred is not deducted from the value of the post-CRM exposure.
- Exposure value: the exposure value for assets subject to the CCR used for the purposes of calculating the related capital requirement, determined by applying the effects of credit risk mitigation techniques in accordance with part three, title II, chapters 4 and 6 of the CRR and considering the deduction of any CVA loss incurred. The exposure value for transactions for which a specific unfavourable correlation risk has been identified shall be determined in accordance with article 291 of the CRR. In cases where more than one CCR method is used for an individual counterparty, the incurred CVA loss, deducted at the counterparty level, shall be allocated to the exposure value of the different netting sets of assets in each CCR method reflecting the proportion of the post-CRM exposure value of the respective netting sets of assets to the counterparty's total post-CRM exposure value.

Table 60 - Template EU CCR1 - Analysis of CCR exposure by approach (2 of 2)

		e	f	g	h
		Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	54,283	54,283	54,283	11,905
1	SA-CCR (for derivatives)	80,166	79,066	79,208	34,294
2	IMM (for derivatives and SFTs)	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>	-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>	-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)	2,778,828	501,040	501,040	129,146
5	VaR for SFTs	-	-	-	-
6	TOTAL AS AT 30/06/2025	2,913,277	634,388	634,530	175,345

Source: COREP reporting framework - Size of the derivatives business: Template C34.02.

Key:

- SA-CCR simplified: Simplified Standardised Approach (applicable to derivatives).
- SA-CCR: Standardised Approach (applicable to derivatives).
- IMM: Internal Model Method (applicable to derivatives and SFT).
- Pre-CRM exposure value: the exposure value for assets subject to the CCR calculated taking into account the effect of netting, but excluding any other credit risk mitigation techniques (e.g. collateral posted as margin). In the case of SFT, the securities component is not taken into account in determining the value of the pre-CRM exposure if collateral is received and therefore does not reduce the value of the exposure. Conversely, the securities component of SFT is taken into account in determining the value of the pre-CRM exposure on a regular basis if collateral is provided. In addition, collateralised transactions are treated as unsecured, i.e. no margining effects are applied. The pre-CRM exposure value does not take into account the deduction for any CVA loss incurred.
- Post-CRM exposure value: the exposure value for assets subject to the CCR calculated taking into account applicable credit risk mitigation techniques in accordance with part three, title II, chapters 4 and 6 of the CRR. In accordance with article 273(6) of the CRR, any CVA loss incurred is not deducted from the value of the post-CRM exposure.
- Exposure value: the exposure value for assets subject to the CCR used for the purposes of calculating the related capital requirement, determined by applying the effects of credit risk mitigation techniques in accordance with part three, title II, chapters 4 and 6 of the CRR and considering the deduction of any CVA loss incurred. The exposure value for transactions for which a specific unfavourable correlation risk has been identified shall be determined in accordance with article 291 of the CRR. In cases where more than one CCR method is used for an individual counterparty, the incurred CVA loss, deducted at the counterparty level, shall be allocated to the exposure value of the different netting sets of assets in each CCR method reflecting the proportion of the post-CRM exposure value of the respective netting sets of assets to the counterparty's total post-CRM exposure value.



Table 61 - Template EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights

Exposure classes	Risk weight												Total exposure value
	a	b	c	d	e	f	g	h	i	j	k	l	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	195,384	-	-	403,910	73,365	-	-	2,201	-	-	674,860
7	Corporates	-	-	-	-	-	-	-	-	1,237	-	-	1,237
8	Retail	-	-	-	-	-	-	-	1,710	-	-	-	1,710
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	526	-	-	526
11	Total exposure value	-	195,384	-	-	403,910	73,365	-	1,710	3,965	-	-	678,334

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

The *Template EU CCR4 - IRB approach: exposures subject to CCR by exposure class and PD range* is not subject to publication, given the absence of significant exposures subject to counterparty risk, for the “Central Governments and Central Banks” and “Institutions” segments.

Table 62 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - Corporate - FIRB

	PD scale	a	b	c	d	e	f	g
		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 to < 0.15	1,271	0.1300%	2	40.0000%	2	429	33.7381%
2	0.15 to < 0.25	147	0.1700%	2	40.0000%	2	58	39.2472%
3	0.25 to < 0.50	4,083	0.3400%	4	40.0000%	2	2,313	56.6361%
4	0.50 to < 0.75	7,176	0.5200%	3	40.0000%	2	4,972	69.2806%
5	0.75 to < 2.50	90	1.0600%	1	40.0000%	2	83	92.1497%
6	2.50 to < 10.00	1,354	3.4890%	3	40.0000%	2	1,760	129.9929%
7	10.00 to < 100.00	-	-	-	-	-	-	-
8	100.00 (default)	-	-	-	-	-	-	-
Sub-total		14,121	0.7170%	15	40.0000%	2	9,614	68.0795%

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

Table 63 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - Corporate - AIRB

	PD scale	a	b	c	d	e	f	g
		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 to < 0.15	4,664	0.1290%	36	26.5810%	1	874	18.7451%
2	0.15 to < 0.25	2,075	0.1700%	25	26.8900%	1	443	21.3589%
3	0.25 to < 0.50	2,523	0.3400%	17	26.7470%	1	797	31.6107%
4	0.50 to < 0.75	4,089	0.5200%	19	26.6500%	2	2,008	49.1170%
5	0.75 to < 2.50	2,988	1.3790%	17	27.4120%	2	2,208	73.8903%
6	2.50 to < 10.00	598	3.5280%	5	26.1090%	1	513	85.7606%
7	10.00 to < 100.00	-	-	-	-	-	-	-
8	100.00 (default)	317	100.0000%	4	38.7850%	2	64	20.1144%
Sub-total		17,254	2.4280%	123	27.0110%	1	6,908	40.0359%

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00



Table 64 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale - Retail - AIRB

PD scale		a	b	c	d	e	f	g
		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 to < 0.15	234	0.1290%	4	30.0040%	-	22	9.4885%
2	0.15 to < 0.25	4	0.1700%	1	30.0000%	-	0	11.5878%
3	0.25 to < 0.50	7	0.3400%	2	30.0000%	-	1	18.3036%
4	0.50 to < 0.75	166	0.5200%	2	30.1040%	-	39	23.6054%
5	0.75 to < 2.50	31	1.0660%	5	30.0530%	-	10	33.2433%
6	2.50 to < 10.00	323	2.5710%	3	30.0000%	-	151	46.8261%
7	10.00 to < 100.00	9	48.2800%	1	30.0350%	-	8	83.5221%
8	100.00 (default)	-	-	-	-	-	-	-
Sub-total		773	1.8330%	18	30.0260%	-	232	30.0112%
Total (all exposure classes relevant to the CCR) as at 30/06/2025		32,149	-	156	-	3	16,754	107.6854%

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 34.07

Table 65 - Template EU CCR5 - Composition of collateral for CCR exposures (1 of 2)

COLLATERAL TYPE		a	b	c	d
		Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash - domestic currency	-	1,699	-	132,276
2	Cash - other currencies	-	1,359	-	1,926
3	Domestic sovereign debt	-	-	-	-
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	-
7	Equity securities	-	-	-	-
8	Other collateral	-	-	-	-
9	TOTAL AS AT 30/06/2025	-	3,057	-	134,202

Source: COREP reporting framework - Composition of guarantees for counterparty risk: Template C 34.08

Table 66 - Template EU CCR5 - Composition of collateral for CCR exposures (2 of 2)

		e	f	g	h
		Collateral used in SFTs			
COLLATERAL TYPE		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash - domestic currency	-	-	-	8,475
2	Cash - other currencies	-	-	-	-
3	Domestic sovereign debt	-	-	-	5,118,154
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	2,092,914
7	Equity securities	-	-	-	-
8	Other collateral	-	509,368	-	685,914
9	TOTAL AS AT 30/06/2025	-	509,368	-	7,905,458

Source: COREP reporting framework - Composition of guarantees for counterparty risk: Template C 34.08

The *Template EU CCR6: Credit derivative exposures* is not subject to publication given the absence of exposures related to credit derivatives transactions.

The *Template EU CCR7: RWEA flow statements of CCR exposures under the IMM* is not published due to the absence of counterparty risk exposures treated under the Internal Model Approach (IMM).



Table 67 - Template EU CCR8: Exposures to CCPs

		30/06/2025	
		a	b
		Exposure value	RWEA
1	EXPOSURE TO QCCPs (TOTAL)		4,493
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	195,384	3,908
3	<i>i) OTC derivatives</i>	-	-
4	<i>ii) Exchange-traded derivatives</i>	-	-
5	<i>iii) SFTs</i>	195,384	3,908
6	<i>iv) Netting sets where cross-product netting has been approved</i>	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	29,361	585
10	Unfunded default fund contributions	-	-
11	EXPOSURE TO NON-QCCPs (TOTAL)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	<i>i) OTC derivatives</i>	-	-
14	<i>ii) Exchange-traded derivatives</i>	-	-
15	<i>iii) SFTs</i>	-	-
16	<i>iv) Netting sets where cross-product netting has been approved</i>	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Source: COREP reporting framework - Exposures to central counterparties: Template C 34.10

Key:

- QCCP: Qualifying Central Counterparty. Entity licensed to act as a central counterparty (including by way of derogation) and authorised by the relevant regulatory and/or supervisory body to act as such for the products it offers. QCCP status requires that the CCP be established and supervised in a jurisdiction where the relevant regulatory and/or supervisory body has determined and publicly notified that it will apply to the CCP, on an ongoing basis, national standards and rules that comply with the Principles for Financial Market Infrastructures jointly issued by the Committee on Payment and Settlement Systems (CPSS) and the International Organisation of Securities Commissions (IOSCO).

Section 12

Disclosure of exposures to securitisation positions

Own securitisations

Securitisations of non-performing loans

As part of a multi-year strategic programme of measures to contain impaired loans, Banca Popolare di Sondrio completed seven securitisation transactions through the bulk sale of non-performing loans in the period 2020-2025.

DIANA SECURITISATION

In the first transaction of June 2020, named "Diana", a portfolio of non-performing loans with a gross value of 999.7 million euro (consisting of 74% secured loans) was sold in a massive manner, with economic effect from 1 April 2019, to the securitisation vehicle named "Diana S.P.V. S.r.l." established pursuant to Law 130/99, which in turn issued three tranches of ABS notes totalling 274 million euro (27.4% of the gross value of the assigned loans):

- a senior tranche, rated BBB/Baa2/BBB by the agencies DBRS Morningstar, Moody's and Scope Ratings, respectively, for 235 million euro, corresponding to 23.5% of the gross value of the loans sold. This tranche has structural characteristics of eligibility for the GACS State guarantee;
- a mezzanine tranche of 35 million euro, equal to 3.5% of the gross value of the loans disposed;
- a junior tranche of 4 million euro.

All the notes issued were underwritten by Banca Popolare di Sondrio at the closing of the transaction, and most of them were then offered for subscription on the market. The senior securities were entirely retained by the Bank; for the same, coverage by the Italian State through the GACS scheme was requested and obtained. In order to obtain the deconsolidation for accounting purposes of the loans sold in accordance with the applicable sector regulations, 95% of the mezzanine and junior tranches were placed with institutional investors.

LUZZATTI SECURITISATION

The second securitisation transaction, named "Luzzatti", was completed by Banca Popolare di Sondrio in December 2020 together with 14 other participating banks, as part of a multi-originator initiative coordinated by Luzzatti S.c.p.a., a company for the management of extraordinary transactions set up by a pool of participating cooperative banks. In particular, a portfolio of non-performing loans with a gross value of 371.8 million euro (71% of which are secured loans) was sold, effective from 1 January 2020, to the securitisation vehicle named "POP NPLs 2020 S.r.l.", which in turn issued three tranches of ABS for a total of 125.69 million euro (33.8% of the gross value of the loans disposed), of which:

- a senior tranche, rated BBB by the agencies DBRS Morningstar and Scope Ratings, amounting to 109.78 million euro, corresponding to 29.5% of the gross value of the loans disposed. The tranche in question, kept in the portfolio by Banca Popolare di Sondrio, has structural characteristics that make it eligible for the GACS state guarantee;
- a mezzanine tranche of 11.36 million euro, rated CCC by DBRS Morningstar and CC by Scope Ratings, corresponding to 3.1% of the gross value of the loans disposed;
- a junior tranche of 4.55 million euro, equal to 1.2% of the gross value of the loans disposed.



95% of the mezzanine and junior tranches were placed with institutional investors, while the remaining 5% was retained by the selling Bank, in line with current regulatory obligations. For the senior notes, coverage from the Italian State was requested and obtained through the GACS scheme.

LUZZATTI II SECURITISATION

As a continuation of the de-risking and asset quality improvement strategy pursued, in December 2021, the Bank concluded, together with 11 other participating institutions, an additional securitisation transaction of non-performing loans named “Luzzatti II”.

The transaction involved the sale, with economic effect from 1 January 2021, of a portfolio of loans classified as non-performing with a gross value of 420.9 million euro (consisting of 57% secured loans) to the securitisation vehicle named “Luzzatti POP NPLs 2021 S.r.l.” established pursuant to Law No. 130/1999, an entity which, in turn, issued three tranches of ABS notes attributable to Banca Popolare di Sondrio for a total of 115.62 million euro (27.47% of the gross value of the loans transferred), of which:

- a senior tranche, which was assigned a rating of BBB by the agencies DBRS Morningstar and ARC Ratings, for an amount of 97.71 million euro, corresponding to 23.21% of the gross value of the loans disposed. The tranche in question, retained by the Bank, has structural features of GACS eligibility;
- a mezzanine tranche of 12.79 million euro, equal to 3.04% of the gross value of the loans disposed;
- a junior tranche of 5.12 million euro, equal to 1.21% of the gross value of the loans disposed.

In order to obtain the deconsolidation of the loans disposed, in accordance with the provisions of the applicable sector regulations, 95%, respectively, of the mezzanine and junior tranches were placed with institutional investors, while the remaining 5% was withheld by the selling Bank. Banca Popolare di Sondrio proceeded with derecognition of the portfolio of non-performing loans disposed. For the senior notes, coverage from the Italian State was requested and obtained through the GACS scheme.

LUZZATTI III SECURITISATION

On 29 December 2022, Banca Popolare di Sondrio, together with 14 other participating banks, concluded a new multi-originator securitisation transaction named “Luzzatti III”, involving loans classified as non-performing loans for a total gross book value of 545 million euro, of which 242.5 million euro related to the Bank (portfolio consisting of 57% secured loans). The securitisation vehicle company named “Luzzatti POP NPLs 2022 S.r.l.” issued three tranches of ABS notes for a total of 65.71 million euro (equal to 27.09% of the value of the loans disposed), broken down as follows:

- a senior tranche amounting to 56 million euro, corresponding to 23.09% of the gross value of the loans disposed, rated Baa1 and BBB+ by the agencies Moody’s and Arc Ratings, respectively; the tranche in question, wholly retained by the Bank, presents structural characteristics of eligibility for the GACS and, should this state guarantee be reintroduced, the participating banks will assess the advisability of availing themselves of it;
- a mezzanine tranche of 8.29 million euro, equal to 3.41% of the gross value of the loans disposed;
- a junior tranche of 1.42 million euro, equal to 0.59% of the gross value of the loans disposed.

In order to obtain the deconsolidation of the loans disposed, according to the provisions of the applicable sector legislation, 95%, respectively, of the mezzanine and junior tranches, were successfully placed with institutional investors. The Bank therefore proceeded with derecognition of the portfolio of non-performing loans disposed.



LUZZATTI IV SECURITISATION

On 28 December 2023 Banca Popolare di Sondrio, together with 11 other participants, completed the multi-originator securitisation of non-performing loans designated “Luzzatti POP NPLs 2023” for a total gross book value of 313 million euro.

The transaction entailed the sale, with economic effect from 1 January 2023, of a portfolio of non-performing loans with a gross value of 173.7 million euro to the securitisation vehicle Luzzatti POP NPLs 2023 S.r.l. The securitisation vehicle in turn issued three tranches of ABS notes for a total of 57.13 million euro (equal to 32.88% of the gross value of the loans disposed), of which:

- a senior tranche of 48 million euro, corresponding to 27.85% of the gross value of the loans disposed, which were rated BBB+ and BBB (high) by the agencies ARC Ratings and Morningstar DBRS, respectively;
- a mezzanine tranche of 6.86 million euro, equal to 3.95% of the gross value of the loans disposed;
- a junior tranche of 1.87 million euro, equal to 1.08% of the gross value of the loans disposed.

In order to obtain the deconsolidation of the loans disposed, according to the provisions of the applicable sector legislation, 95%, respectively, of the mezzanine and junior tranches, were successfully placed with institutional investors. The conditions for the derecognition of the transferred non-performing loan portfolio have therefore been met.

LUZZATTI V SECURITISATION

In December 2024, the Bank carried out the fifth securitisation through a multi-originator sale, relating to credits classified as bad loans originating from 8 banks and a financial institution, for a total value of around 205 million in terms of gross book value, of which 28.6 million attributable to Banca Popolare di Sondrio.

The payment of the purchase price by the vehicle company, specifically established pursuant to Law 130 of 30 April 1999, called “Luzzatti POP NPLs 2024 Srl” (SPV), was financed by issuing asset-backed securities for a total nominal value of 56.35 million euro, split as follows:

- a senior tranche (Class A) for 47.85 million euro, with investment grade rating BBB (high) assigned by Morningstar DBRS and BBB+ assigned by ARC Ratings. The tranche in question, retained by the Bank, is structurally eligible for GACS and, should this state guarantee be reintroduced, participating banks will consider availing themselves of it. These securities carry a fixed yield of 3.5%;
- a mezzanine tranche (Class B) for 7.0 million euro, unrated, with a yield equal to the sum of an annual spread of 10% and the 6-month Euribor;
- a junior tranche (Class J) for 1.5 million euro, unrated, with a yield equal to the 6-month Euribor plus an annual spread of 15% and any variable yield based on the performance of the securitisation.

On 19 December 2024, the issue date of the securities, the originating banks subscribed 100% of the senior notes and in application of the retention rule provided for by Art. 405 of the CRR, each of them maintained a stake of not less than 5% of the mezzanine and junior tranches. The rest of the mezzanine and junior securities were subscribed by third-party investors. The conditions for the derecognition of the transferred non-performing loans from the balance sheet have been met insofar as the rights and benefits relating thereto have been substantially transferred.



PLATINUM 2025 SECURITISATION

On 27 June 2025, Banca Popolare di Sondrio finalised a further sale of a portfolio of impaired loans with a total gross book value of 197.6 million euro as at 30 June 2024. It should be noted that, as of 31 December 2024, these exposures had already been reclassified as assets held for sale.

The transaction was structured through a newly established securitisation vehicle called Platinum SPV S.r.l. and involved the issuance of securities divided into senior, mezzanine and junior tranches. Clessidra Capital Credit SGR S.p.A. participates in the transaction through the Clessidra Credit Recovery Fund, as main financial investor, while FBS S.p.A. acts as both junior investor and sub-servicer. The Bank reinvested in the transaction by underwriting the entire senior tranche (68.96 million euro) and part of the mezzanine notes (8.87 million euro) and junior notes (1.97 million euro).

The company NPLight S.p.A., which will act as special servicer, was also set up, whose majority shareholding is held by FBS but in which Banca Popolare di Sondrio and Clessidra also participate.

Securitisations of performing loans

CENTRO DELLE ALPI SME SELF-SECURITISATION

On 16 June 2023, Banca Popolare di Sondrio, as part of its management of medium-/long-term interbank funding, finalised a securitisation transaction of receivables arising from loans granted and yet to be granted to small and medium-sized enterprises for a total value of 3.2 billion euro. The transaction provides for the assignment without recourse, pursuant to Law 130 of 30 April 1999, of an initial portfolio of loans and additional portfolios of loans to the securitisation vehicle Centro delle Alpi SME S.r.l., which was set up for this purpose.

The transaction entailed the sale of an initial portfolio of loans - classified as "performing" in accordance with current supervisory regulations - for a gross book value of approximately 1,554 million euro, of which 40.9% were mortgages, 44.8% were unsecured loans guaranteed by the Central Guarantee Fund, and the remaining 14.3% were unsecured loans.

The SPV issued six classes of notes, all with a legal maturity of July 2060, for 1,576 million euro, divided into three tranches:

- a senior tranche, totalling 1,127 million euro, allocated as follows:
 - *Class A1*, outstanding amount 941 million euro (variable coupon);
 - *Class A2*, outstanding amount 73 million euro (fixed coupon);
 - *Class A3*, partly paid ⁷, outstanding amount of 105 million euro (variable coupon);
 - *Classe A4*, partly paid, outstanding amount of 8 million euro (fixed coupon);
- a mezzanine tranche of Class M securities, partly paid, outstanding amount 142 million euro (variable coupon);
- a junior tranche of Class J securities, partly paid, outstanding amount 307 million euro (fixed coupon).

⁷ The partly paid notes are ABS bonds with principal not fully paid up at the time of issuance which provide for the payment of the remaining principal in one or more specified instalments. If a bearer of the notes fails to pay any instalment due by the due date, the issuing vehicle may renounce such notes without being subject to any further obligation to the bearer in respect thereof.



The senior and mezzanine notes are rated by the agencies DBRS Morningstar and Standard & Poor's. In particular:

- Classes A1, A2, A3 and A4 were assigned ratings of A by both agencies;
- Class M was assigned a rating of BB by the agency DBRS and a rating of BBB by the agency Standard & Poor's.

In addition, these securities were admitted to trading on the ExtraMOT PRO professional segment of the ExtraMOT market managed by Borsa Italiana. The junior class is unrated and unlisted.

All the notes were initially subscribed in full by the Bank, which can use them as collateral in its refinancing operations with the Eurosystem, thus configuring a transaction that can be defined as "self-securitisation⁸". On 30 June 2023, the notes belonging to the senior tranche became ECB-eligible.

The transaction envisages, for a predefined period, the possibility for the originator Bank to sell to the vehicle company further portfolios of loans with characteristics similar to the loans of the first portfolio sold up to the total value of the transaction (revolving period), in compliance with specific eligibility conditions and concentration limits, which may be financed through the collections of the loans included in the portfolios purchased, or through further drawdowns of ABS securities against the partly paid notes already issued.

Since the Bank retains all risks and rewards from the securitisation, the transaction does not qualify as a transfer of risk. Therefore, the conditions for the derecognition of the securitised receivables are not met and, as a result, the assigned assets will continue to be presented in the Parent Company and consolidated financial statements.

In addition to being the originator of the securitisation transaction, the Bank performs the role of servicer on behalf of the special purpose vehicle, entailing the performance of the administration, management, collection and recovery services of the assigned loans and, more generally, the performance of all the activities envisaged and governed in the contract originally signed with the borrowers. For these activities, the Bank collects servicing fees from the vehicle.

At 30 June 2025, the value of the notes subscribed by the Bank stood at 1,702 million euro for senior notes, 252 million euro for mezzanine notes and 545 million euro for junior notes.

⁸Credit self-securitisations are transactions carried out with the objective of achieving an improvement in liquidity risk management by optimising the amount of assets immediately available to meet liquidity needs. The assigning Bank's direct and full underwriting of the securities issued by the vehicles, while not allowing it to obtain direct liquidity from the market, nevertheless provides securities that can be used for refinancing operations with the Central Bank and for repurchase agreements on the market, improving the safety margin against the liquidity risk of the originator. These disposals typically do not have any economic impact on the bank balance sheet: the assigned assets continue to be shown under assets, while subscribed securities are not represented.



Third-party securitisations

The Group holds, as an investor, exposures in ABS securities related to traditional (not synthetic) securitisations, all of the “Senior” type and deriving from third-party transactions. Such investments, held entirely for purposes other than trading, are classified for accounting purposes in “Financial assets mandatorily measured at fair value” and “Financial assets measured at amortised cost”. No guarantees or credit lines are provided on these transactions.

As regards the methods of calculating risk-weighted exposures, note that the assets deriving from third-party securitisations are subject to a specific capital requirement in the context of credit and counterparty risk, determined by the Group in application of the SEC-SA standardised methodology (Art. 261 of Regulation (EU) 2401/2017, as amended).

Since, in almost all cases, the ABS securities held in portfolio do not have an external credit rating (ECAI rating) but given full knowledge of the assets underlying the related investments, the aforementioned SEC-SA methodology is applicable to them, which is largely based on the availability of information on the riskiness of the underlying assets from which the related capital requirement derives. This latter element, together with the presence of other information related to the securitisation (such as, for example, attachment/detachment points), allows the application of the calculation algorithm foreseen by the SEC-SA approach.

* * *

The tables below show the Group’s exposure to securities deriving from its own and third-party securitisations as at 30 June 2025.

Table 68 - Template EU-SEC1 - Securitisation exposures in the non-trading book (1 of 3)

		a	b	c	d	e
		Institution acts as originator				
		Traditional				
		STS		Non-STS		Synthetic
		of which SRT		of which SRT		
1	TOTAL EXPOSURES	-	-	140,108	140,108	347,397
2	Retail (total)	-	-	30,340	30,340	-
3	residential mortgage	-	-	-	-	-
4	credit card	-	-	-	-	-
5	other retail exposures	-	-	30,340	30,340	-
6	re-securitisation	-	-	-	-	-
7	Wholesale (total)	-	-	109,767	109,767	347,397
8	loans to corporates	-	-	78,985	78,985	347,397
9	commercial mortgage	-	-	-	-	-
10	lease and receivables	-	-	-	-	-
11	other wholesale	-	-	30,782	30,782	-
12	re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 69 - Template EU-SEC1 - Securitisation exposures in the non-trading book (2 of 3)

		f	g	h	i	j
		Institution acts as originator		Institution acts as sponsor		
		Synthetic		Traditional		Synthetic
		of which SRT	Sub-total	STS	Non-STS	
1	TOTAL EXPOSURES	347,397	487,505	-	-	-
2	Retail (total)	-	30,340	-	-	-
3	residential mortgage	-	-	-	-	-
4	credit card	-	-	-	-	-
5	other retail exposures	-	30,340	-	-	-
6	re-securitisation	-	-	-	-	-
7	Wholesale (total)	347,397	457,165	-	-	-
8	loans to corporates	347,397	426,383	-	-	-
9	commercial mortgage	-	-	-	-	-
10	lease and receivables	-	-	-	-	-
11	other wholesale	-	30,782	-	-	-
12	re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01



Table 70 - Template EU-SEC1 - Securitisation exposures in the non-trading book (3 of 3)

		k	l	m	n	o
		Institution acts as investor	Institution acts as investor			
		Sub-total	Traditional		Synthetic	Sub-total
			STS	Non-STS		
1	TOTAL EXPOSURES	-	2,248	312,037	-	314,285
2	Retail (total)	-	2,248	12,480	-	14,728
3	residential mortgage	-	-	-	-	-
4	credit card	-	-	-	-	-
5	other retail exposures	-	2,248	12,480	-	14,728
6	re-securitisation	-	-	-	-	-
7	Wholesale (total)	-	-	299,557	-	299,557
8	loans to corporates	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-
10	lease and receivables	-	-	299,557	-	299,557
11	other wholesale	-	-	-	-	-
12	re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Investments in traditional securitisations in the portfolio do not include Asset-Backed Commercial Paper (ABCP) programs⁹.

The *Template EU SEC2: Securitisation exposures in the trading book* is not published due to the absence of exposures to securitisation included in the trading book.

⁹ An Asset-Backed Commercial Paper (ABCP) is a short-term money market debt instrument secured by a package of loans. ABCP are issued by a vehicle (SPV) and are sold through placement agents.

Table 71 - Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (1 of 3)

		a	b	c	d	e
		Exposure values (by RW bands/deductions)				
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW / deductions
1	TOTAL EXPOSURES	-	347,397	60,015	78,985	1,107
2	Traditional transactions	-	-	60,015	78,985	1,107
3	Securitisation	-	-	60,015	78,985	1,107
4	<i>Retail</i>	-	-	30,223	-	980
5	Of which STS	-	-	-	-	-
6	<i>Wholesale</i>	-	-	29,792	78,985	127
7	Of which STS	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-
9	Synthetic transactions	-	347,397	-	-	-
10	Securitisation	-	347,397	-	-	-
11	<i>Retail underlying</i>	-	-	-	-	-
12	<i>Wholesale</i>	-	347,397	-	-	-
13	Re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 72 - Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (2 of 3)

		f	g	h	i	j	k
		Exposure values (by regulatory approach)				RWEA (by regulatory approach)	
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)
1	TOTAL EXPOSURES	347,397	60,015	78,985	1,107	127,551	54,014
2	Traditional transactions	-	60,015	78,985	1,107	-	54,014
3	Securitisation	-	60,015	78,985	1,107	-	54,014
4	<i>Retail</i>	-	30,223	-	980	-	27,201
5	Of which STS	-	-	-	-	-	-
6	<i>Wholesale</i>	-	29,792	78,985	127	-	26,813
7	Of which STS	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-
9	Synthetic transactions	347,397	-	-	-	127,551	-
10	Securitisation	347,397	-	-	-	127,551	-
11	<i>Retail underlying</i>	-	-	-	-	-	-
12	<i>Wholesale</i>	347,397	-	-	-	127,551	-
13	Re-securitisation	-	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01



Table 73 - Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (3 of 3)

		l	m	n	o	EU-p	EU-q
		RWEA (by regulatory approach)			Capital charge after cap		
		SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1	TOTAL EXPOSURES	574,419	13,835	10,204	4,321	7,792	1,107
2	Traditional transactions	574,419	13,835	-	4,321	7,792	1,107
3	Securitisation	574,419	13,835	-	4,321	7,792	1,107
4	<i>Retail</i>	-	12,246	-	2,176	-	980
5	Of which STS	-	-	-	-	-	-
6	<i>Wholesale</i>	574,419	1,588	-	2,145	7,792	127
7	Of which STS	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-
9	Synthetic transactions	-	-	10,204	-	-	-
10	Securitisation	-	-	10,204	-	-	-
11	<i>Retail underlying</i>	-	-	-	-	-	-
12	<i>Wholesale</i>	-	-	10,204	-	-	-
13	Re-securitisation	-	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 74 - Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (1 of 3)

		a	b	c	d	e	f
		Exposure values (by RW bands/deductions)				Exposure values (by regulatory approach)	
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW / deduction	SEC-IRBA
1	TOTAL EXPOSURES	301,805	-	-	12,480	-	-
2	Traditional securitisation	301,805	-	-	12,480	-	-
3	Securitisation	301,805	-	-	12,480	-	-
4	<i>Retail underlying</i>	<i>2,248</i>	-	-	<i>12,480</i>	-	-
5	Of which STS	2,248	-	-	-	-	-
6	<i>Wholesale</i>	<i>299,557</i>	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-
11	<i>Retail underlying</i>	-	-	-	-	-	-
12	<i>Wholesale</i>	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01



Table 75 - Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (2 of 3)

		g	h	i	j	k
		Exposure values (by regulatory approach)			RWEA (by regulatory approach)	
		SEC-ERBA (including IAA)	SEC-SA	1250% RW / deduction	SEC-IRBA	SEC-ERBA (including IAA)
1	TOTAL EXPOSURES	-	314,285	-	-	-
2	Traditional securitisation	-	314,285	-	-	-
3	Securitisation	-	314,285	-	-	-
4	<i>Retail underlying</i>	-	14,728	-	-	-
5	Of which STS	-	2,248	-	-	-
6	<i>Wholesale</i>	-	299,557	-	-	-
7	Of which STS	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-
10	Securitisation	-	-	-	-	-
11	<i>Retail underlying</i>	-	-	-	-	-
12	<i>Wholesale</i>	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 76 - Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (3 of 3)

		l	m	n	o	EU-p	EU-q
		RWEA (by regulatory approach)			Capital charge after cap		
		SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1	TOTAL EXPOSURES	166,051	-	-	-	4,710	-
2	Traditional securitisation	166,051	-	-	-	4,710	-
3	Securitisation	166,051	-	-	-	4,710	-
4	<i>Retail underlying</i>	<i>121,117</i>	-	-	-	<i>1,115</i>	-
5	Of which STS	225	-	-	-	18	-
6	<i>Wholesale</i>	<i>44,934</i>	-	-	-	<i>3,595</i>	-
7	Of which STS	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-
11	<i>Retail underlying</i>	-	-	-	-	-	-
12	<i>Wholesale</i>	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01



Table 77 - Template EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	TOTAL EXPOSURES	5,085,067	2,385,850	-
2	Retail (total)	4,382,563	2,025,337	-
3	residential mortgage	-	-	-
4	credit card	-	-	-
5	other retail exposures	4,382,563	2,025,337	-
6	re-securitisation	-	-	-
7	Wholesale (total)	702,504	360,513	-
8	loans to corporates	459,969	117,977	-
9	commercial mortgage	-	-	-
10	lease and receivables	-	-	-
11	other wholesale	242,535	242,535	-
12	re-securitisation	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00

Key:

- *SEC-SA (Standardised Approach)*: basic approach to determining the capital requirement for credit risk on securitisation exposures under Regulation (EU) 2401/2017.
- *SEC-IRBA (Internal Rating Based Approach)*: an approach to determining the capital requirement for credit risk on securitisation exposures required by Regulation (EU) 2401/2017 based on the use of internal ratings.
- *SEC-ERBA (External Rating Based Approach)*: basic approach to determining the capital requirement for credit risk on securitisation exposures under Regulation (EU) 2401/2017.
- *IAA (Internal Assessment Approach)*: an approach used to calculate the weight of exposures arising from Asset-Backed Commercial Paper (ABCP) programs without an external rating. The weighting factors depend on the "equivalent external rating".

Section 13

Disclosure of the use of the standardised approach to market risk

This section provides quantitative evidence on the components of the market risk capital requirement based on the use of the supervisory “Standardised Approach” to which the Group is subject as at 30 June 2025.

		30/06/2025	31/12/2024
		a	b
		RWEA	RWEA
Outright products			
1	Interest rate risk (general and specific)	254,331	148,867
2	Equity risk (general and specific)	309,698	367,567
3	Foreign exchange risk	190,452	-
4	Commodity risk	4,437	5,202
Options			
5	Simplified approach	-	-
6	Delta-plus approach	2,507	1,150
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	TOTAL	761,425	522,786

Source: COREP reporting framework - Capital Adequacy: Template C 02.00 and Market risk: Templates C 18.00 - C 21.00 - C 22.00 - C 23.00

The Group does not adopt the “Internal Model Approach” (IMA) for measuring its exposures to market risk for the purposes of determining capital requirements. Therefore, the *Template EU MR2-B: RWEA flow statements of market risk exposures under the IMA* required under Article 438(h) of the CRR is not published.



Section 14

Disclosure of exposures to interest rate risk on positions not held in the trading book

The interest rate risk on the banking portfolio is the possibility that an unexpected change in market interest rates could negatively affect the economic value of equity (understood as the difference between the economic value of assets and liabilities that generate interest income) and the Group's profitability.

The set of assets and liabilities included in the risk exposure measurements coincides with instruments generating net interest income other than assets belonging to the regulatory trading portfolio, foreign exchange forwards, interest rate options and interest rate swaps belonging to the regulatory trading portfolio.

The following table shows the effects of a change in rates on the future net interest income¹⁰ over twelve months and on the value of shareholders' equity¹¹, obtained with reference to 30 June 2025 compared to 31 December 2024 based on hypothetical scenarios of interest rate movements. The assumptions underlying the construction of the six "supervisory shock" scenarios are contained in Regulatory Technical Standards EBA/RTS/2022/10.

The six "supervisory shocks" considered are:

- parallel up;
- parallel down;
- Steepening the slope of the curve (steepener);
- flattening of the curve (flattener);
- short rates up;
- short rates down.

The change in the economic value of total equity is calculated in the six "Supervisory shocks" listed above as the sum of the changes obtained in each currency identified as material by weighting at 50% any positive contributions.

The change in future net interest income over a 12-month period is calculated on each currency identified as material by weighting any positive contributions at 50% using the Parallel up scenario and the Parallel down scenario.

The methodology adopted for the estimates complies with Regulatory Technical Standards EBA/RTS/2022/10 effective 30 June 2023.

¹⁰ The "future net interest income" is understood as being the difference between the future interest revenues and the future interest expense, based on transactions outstanding and to be settled at the reference date, possibly renewed with the same volumes.

¹¹ "Equity" is defined as the difference between the present value of total assets and liabilities, computed only for transactions outstanding and to be settled on the reference date, assuming inertial volumes.



Table 79 - Template EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
	Current period	Last period	Current period	Last period
1. Parallel up	(221,532)	(107,974)	39,019	57,024
2. Parallel down	(64,253)	1,981	(98,046)	(80,305)
3. Steepener	65,032	127,596		
4. Flattener	(195,769)	(104,047)		
5. Short rates up	(181,689)	(78,009)		
6. Short rates down	78,517	137,123		

Source: IRRBB reporting framework - Template J 01.00





Section 15

Disclosure of environmental, social and governance risks (ESG risks)

This section provides the information on environmental, social and governance (ESG) risks, including climate risks (physical risks and transition risks), required by Article 449-bis of Regulation (EU) No. 575/2013 (“CRR”) on the basis of the uniform publication templates established by the technical standards implementing the disclosure requirements introduced by Commission Implementing Regulation (EU) 2021/637 of 15 March 2021, as amended by the provisions of Implementing Regulation (EU) 2022/2453 of 30 November 2022.

The public reporting requirements concerning ESG risks are fulfilled in a sequential and gradual manner, making provision for proportionality measures and transitory periods to facilitate their transposition by banking institutions. In particular, the following must be fulfilled:

- qualitative, general information on the management of environmental, social and governance risks, aimed at understanding how banking institutions integrate ESG considerations into their corporate governance systems, business models and strategies, and corporate risk management frameworks;
- more specific, quantitative disclosures of physical and transition risks related to climate change, comprising multiple data and information on: a) exposures to economic activities linked in particular to atmospheric carbon emissions and subject to critical climate change events; b) climate change mitigation and adaptation measures taken by banks to support their respective counterparties in the transition towards a carbon-neutral economy and to ensure alignment to the objectives of the EU Taxonomy on eco-sustainable activities (Regulation 2020/852).

The information in this section is also in line with the contents of the sustainability reporting for the year 2024 prepared by the Group pursuant to the new Sustainability Reporting Directive (EU) 2022/2464, also known as the Corporate Sustainability Reporting Directive (or CSRD).

In the following, the qualitative information on the integration of environmental, social and governance risks into the Group's strategies, governance mechanisms and risk management system is described. The quantitative information required by the aforementioned “Pillar 3” provisions is instead provided in the standardised table templates later in this section.



Table 1: Qualitative information on environmental risk

Strategy and business processes

a. Corporate strategy of the entity to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on the entity's operating environment, business model, strategy and financial planning

On 11 March 2025, Banca Popolare di Sondrio approved the new Business Plan 2025-2027, "Our Way Forward", a fundamental step to implement an effective climate strategy through the integration of sustainability into its business model. The Plan envisages the development of ESG-focused products and services, with particular attention to financing and bond issuance transactions aimed at generating a positive environmental and social impact. In parallel, the Bank is committed to progressively reducing its negative climate impact by increasing the use of energy from renewable sources, thus contributing to a more sustainable and responsible future.

In 2023, the Bank joined the international UNEP FI and Net Zero Banking Alliance (NZBA) initiatives and subsequently also the Principles for Responsible Banking (PRB), demonstrating its commitment to international cooperation and recognising the key role of the financial sector in the journey towards Sustainability. In line with the path undertaken, in December 2024, specific decarbonisation targets were set for its investments in the sectors prioritised among those with a high climate impact under the NZBA Guidelines, with particular reference to credit exposures. In addition, in June 2025, the Bank published its first Responsible Banking Progress Statement, a document describing its path to analysing the most significant impacts of its products and services on society, the environment and the economy with the identification of priority areas for target setting, including Climate Stability, aligned with the Business Plan and the convergence path towards climate neutrality established in the NZBA.

In particular, the Group's climate strategy includes a strong commitment to financing the energy transition and is geared towards the creation and promotion of sustainable financial products and services. To assess the resilience of its strategy, the Group is conducting an in-depth analysis of climate change risks, focusing on mitigating negative impacts and enhancing positive effects on people and the environment. This analysis is part of a process of structured integration of sustainability factors into economic-financial projections, supporting the definition of credit policies that incorporate these elements also from a quantitative point of view. In this regard, more details are provided in the annual Sustainability Reporting prepared under CSRD, within the thematic disclosure related to ESRS E1 and with particular reference to the resilience of the strategy and business model with respect to climate change issues.

In addition, the Group is gearing its lending strategy towards achieving ESG objectives through:

- the development and consolidation of the proprietary ESG scoring model;
- the integration of ESG valuation elements into the credit policy framework;
- the development of sustainable financial products;
- the constant promotion of an internal ESG culture;
- the identification and monitoring of sectors considered "sensitive" from an ESG point of view (including Carbon, Oil & Gas, Electricity, Agriculture, Real Estate) to ensure a targeted, conscious and consistent approach with corporate policies.





b. Objectives, targets and limits for assessing and addressing environmental risks in the short, medium and long term, and evaluation of performance in respect of these objectives, targets and limits, including forward-looking information on the design of strategy and business processes

Banca Popolare di Sondrio, following its membership of the Net-Zero Banking Alliance (NZBA), in December 2024 published a first set of decarbonisation targets for its loan portfolio, in line with the Paris Agreement, six months ahead of the Alliance's time-line. This first set includes targets for the reduction of financed emissions for the following carbon-intensive sectors: Oil & Gas, Agriculture, Iron & Steel, Aluminium, Electricity.

For further details, please refer to section "2.2.3.1 Climate Change Mitigation and Adaptation Targets (E1-4 and MDR-T)" of the Sustainability Report, contained in the Annual Financial Report

The aforementioned climate objectives represent an essential element of the Group's environmental commitment, which through the 2025-2027 Business Plan has envisaged:

- the granting of loans with a positive environmental and social impact amounting to approximately 2.4 billion euro over the three-year period;
- the issuance of Green, Social and Sustainable Bonds amounting to approximately 1 billion euro over the three-year period;
- the development of the insurance business with regards to catastrophe policies and health plans for companies;
- the reduction of Scope 1 & 2 operational greenhouse gas emissions (-7% to 2027, -14% to 2030);
- achieving 100 per cent utilisation of electricity purchased from renewable sources in 2026;
- the selection of suppliers assessed according to Sustainability criteria (80% of annual purchases).

The Bank has also developed a framework for ESG risk management, integrating ESG risk exposure assessment into its lending practices. A system of reinforced controls has been set up for the sectors of activity considered "sensitive" under company policy, applying criteria of proportionality and gradualness. At the stage of applying for new finance, once a threshold amount set for each "sensitive" sector has been exceeded, the authorisation process of a credit application includes an additional assessment by the Sustainability Department, based on specific analyses of the transaction and the clientele, including through media-review activities.

In order to promote adequate governance of climate and environmental risks, both physical and transition, the Bank is also adopting increasingly effective processes and systems for the control and management of these particular risk factors, in line with the overall structure of internal controls, so as to have a holistic and well-documented view of their impact on "traditional" risk profiles (see, in this regard, the section below entitled "Risk Management", point k).

Please refer to the section on "Risk Management", point q), for a more detailed review of the initiatives in terms of targets, limits and metrics for assessing and managing climate and environmental risks conducted as part of the company's Risk Appetite Framework (RAF).

c. Current investment activities and (future) investment targets towards environmental objectives and EU taxonomy-aligned activities

The Group is committed to developing new sustainable strategies and products, in both credit and investment, in line with the ESG Credit Policy¹² and the ESG Investment Policy¹³, as well as to recognising the EU Taxonomy and future related regulatory provisions as an indispensable point of reference in defining its Sustainability targets.

¹² ESG Credit Policy: <https://istituzionale.popso.it/it/sostenibilita/credito-esg-0>

¹³ ESG Investment Policy: <https://istituzionale.popso.it/it/sostenibilita/finanza-esg>





The sustainable products and services in place as at 30/06/2025 are listed below.

Sustainable Products and Services

“Next”: Sustainable Credit Products

Sustainability Linked Loans, Green Bond Issue

ESG factors embedded in financial services of portfolio management and advice Placement

of sustainable investment products: Arca Fondi SGR and Etica SGR Distribution of Funds JP

Morgan and Pictet

Strengthening of ESG investments in the proprietary portfolio

In support of the environmental transition, the “Next - Sustainable Credit Products” line was expanded in 2024, a range of financial solutions aimed at individuals, professionals and businesses that want to reduce their ecological footprint through actions such as energy efficiency and sustainable mobility. Instead, in order to support the conduct of its financial activities, the Bank employs a qualified ESG info-provider capable of guaranteeing appropriate information coverage - in particular on ESG risk exposure - on financial instruments included in asset management or offered to clients through the advisory service. At the same time, the Bank carries out autonomous ESG analyses on the basis of information provided by financial applications normally used for offering its services and also examines information received directly from the producers of financial products.

In May 2024, the Bank also issued its third Senior Green Bond in the amount of 500 million euro under the EMTN (Euro Medium Term Notes) programme, the proceeds of which are intended to finance or refinance environmentally sustainable projects/assets, along similar lines to the previous bond issues of July 2021 and September 2023. In addition, in December 2024, the Bank updated its original Green Bond Framework¹⁴ in order to allow for the possible issuance of Social and Sustainability Bonds in accordance also with the ICMA (International Capital Market Association) Social Bond Principles 2023 and Sustainability Bond Guidelines 2021.

As a participant in the financial markets, the Bank has integrated both Sustainability risks and the consideration of major negative effects on Sustainability factors into its investment decisions, more closely tailoring its products and services to customers' changing needs.

In the securities portfolio management service, the integration of ESG factors has been implemented, especially in the definition of specific management lines that favour sustainable, socially and environmentally conscious growth. The Bank offers sustainable investment solutions that comply with the criteria set out in Articles 8 and 9 of Regulation 2019/2088 (SFDR), in cooperation with leading management houses. The offering includes ESG-oriented mutual funds and asset management lines, ensuring to customers diversified investment opportunities aligned with sustainability criteria.

For further information, please refer to the “Sustainability-related disclosure in the financial services sector”¹⁵ on the institutional website.

¹⁴ Green Social and Sustainability Framework: <https://istituzionale.popso.it/it/sostenibilita/green-social-and-sustainability-bond>

¹⁵ Sustainability disclosure in the financial services sector: <https://istituzionale.popso.it/it/sostenibilita/informativa-di-sostenibilita-nel-settore-dei-servizi-finanziari>





d. Policies and procedures regarding direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks

The Group attaches the utmost importance to both direct and indirect engagement practices, with its counterparties, paying specific attention to environmental and climate issues. The initiatives aimed at customers include, for example, meetings with Small and Medium Enterprises (SMEs), initiatives in universities and counterparty analyses. In this context, the Bank is committed to supporting the sustainable transition of SMEs by offering products and services of this kind, as well as by organising training webinars that address the challenges and opportunities in the international context. An example of this commitment was also an event held at Milan's Bocconi University in 2024, during which the Bank shared its experience on the criteria for assessing companies for the granting of loans and the tools available for sustainable projects.

With regard to the integration of ESG factors in the credit process, the Bank has taken specific measures to include these aspects in all procedural steps. A proprietary ESG Score was introduced for corporate and retail counterparties, based on the financial impacts of transition, physical and ESG risks. In addition, an assessment activity (ESG Due Diligence) was implemented for certain areas and an enhanced control system for areas considered "sensitive". This approach aims to improve the assessment of the creditworthiness of counterparties in terms of Sustainability by combining a qualitative assessment with ESG scoring from an internal statistical model.

As part of its engagement activities, the "double materiality" analysis conducted in accordance with the CSRD Directive is a fundamental tool for the Group to listen to the stakeholders in order to understand their needs and to support long-term value creation. In this context, a stakeholder engagement activity was initiated to assess impacts related to sustainability issues, also involving customers from the NZBA target setting. Stakeholders were involved through online interviews, during which they examined the potentially material positive/negative impacts on people and the environment, assessing them both in the context of the Group's direct operations and in the upstream and downstream segments of the "value chain". The meetings turned into an opportunity for third-party engagement, allowing the Bank to share with them its commitment to combating climate change and to gather thoughts on their respective climate change management strategies. At the end of the meetings, stakeholders were invited to assess whether the Group's sustainability strategy met their expectations. The engagement process proved crucial in defining the material topics included in the Sustainability Report 2024, enhancing transparency and promoting a shared vision of sustainable challenges and opportunities.

For further information on the measures taken to mitigate the risks associated with environmental factors, see "Risk management" point m) below.



Governance

e. Responsibility of the governing body for defining the risk framework, overseeing and managing the implementation of objectives, strategy and policies in the context of environmental risk management including relevant transmission channels

With the aim of increasingly integrating Sustainability into its business, the Bank has adopted an “ESG Governance” system that involves the interaction of various bodies dedicated to the supervision and management of these issues and their impacts. The distribution of the Group’s roles and responsibilities is detailed below:



Board of Directors

The Board of Directors (hereinafter also referred to as “BoD”) approves:

- the Risk Appetite Framework and risk governance policies, integrating them in time with ESG issues and, in particular, climate and environmental risks;
- the Sustainability Report according to CSRD and the main relevant Policies;
- the operational plan on Diversity and Inclusion.

As part of its strategic supervisory powers, the Board of Directors:

- defines Group-wide guidelines, targets and strategies on Sustainability issues (Business Plan);
- ensures that ESG risks are integrated into Group business strategies, governance, processes, procedures and the control system;
- supervises the exposure to climate and environmental risks, gaining regular knowledge of the risk profile registered and the manner in which it is identified, assessed and measured, and taking appropriate corrective measures where necessary.

In addition, the BoD carries out continuous training and updating activities on ESG issues and related risks, in order to monitor and progressively increase its skills, also through the completion of questionnaires and self-assessments.

During 2024 and the first half of 2025, the BoD held several meetings and took resolutions on climate and environmental issues. In particular, the following were submitted to the Management Body:

- the “double materiality” analysis carried out for the purposes of Sustainability Report for the 2024 financial year in accordance with the CSRD Directive and the specific results of the annual financial materiality assessments of risks related to climate change and the environment subject to the ECB supervisory expectations;
- specific ESG analyses dedicated to the lending practices falling within the decision-making powers of the Board, in order to investigate the Sustainability profile of certain counterparties selected on the basis of specific criteria, through the drafting of a specific report supplementing the ESG Score assigned to the applicant;





Board of Statutory Auditors



Sustainability Committee

- the approval of the results of the ICAAP and ILAAP as at 31 December 2024, supplemented with specific analyses of the potential impacts of climate and environmental risks on the Group's capital and liquidity position;
- periodic alignments and in-depth reviews of the progress of the activities reported in the project plan aimed at ensuring, over a multi-year horizon, the gradual adaptation to the expectations dictated by the ECB in its "Guide on climate-related and environmental risks";
- the sharing of methodological additions aimed at refining the algorithms and processes for attributing the counterparty ESG Score;
- monitoring reporting on the exposure to environmental, social and governance risk variables of the Group's banking portfolios (lending and proprietary financial investments) and ESG factors impacting operational, legal and reputational risk profiles;
- specific proposals to update the RAF system for monitoring ESG risks with regard to the range of quantitative indicators assumed in the Group's risk appetite schemes.

Control body, which:

- oversees compliance with the legal requirements for drawing up the Sustainability Report;
- monitors the adequacy of the procedures and processes governing the drafting of the Sustainability Report.

A collegial body which:

- examines the findings of the Group's dual materiality process;
- examines the Sustainability Report;
- examines and assesses the contents of the Group Sustainability Policy and the related strategies drawn up by the structures and the Sustainability Management Committee;
- examines and assesses the consistency of the Bank's other policy documents with its sustainability objectives in light of relevant national and international regulations, standards and practices;
- provides support to the other Board Committees on the reflections of sustainability issues with reference to the specific competences of each, in particular in risk and opportunity analyses, remuneration policies, training and succession plans;
- assesses, including from a proactive perspective, the integration into the Business Plan of environmental and social aspects aimed at creating value in the medium to long term; examines the Bank's commitments in relation to sustainability, in particular with regard to decarbonisation ("Net Zero") targets, and assesses their pursuit, with particular regard to the products offered and sustainable finance solutions;
- assesses the integration of sustainability issues into the Bank's investment decision-making procedures and processes;
- promotes and supports the Bank's initiatives aimed at ensuring ongoing dialogue with stakeholders on issues within the Committee's remit, while also ensuring that the Board is informed of the outcomes of such initiatives;



- supports the Bank in its dialogue with the Authorities on the outcomes of supervisory assessments of sustainability issues and the guidance received;
- examines the assessments of sustainability rating agencies and suggested actions; assesses the Bank's positioning within industry metrics, indices and benchmarks; monitors developments in sustainability factors, also in the light of international guidelines and principles, as well as market and relevant regulatory developments;
- assesses initiatives to spread a culture of sustainability at the Bank and awareness among staff of the importance of pursuing sustainable development;
- examines the Bank's non-profit strategy and its implementation, in particular initiatives aimed at local communities, assessing their social and environmental aspects; promotes the development of relations with institutions and the third sector on issues within its remit;
- examines in advance the reporting and documentation to be submitted to the Board of Directors for decision-making.



Control and Risk Committee

Board body which, in line with its mandate, and in relation to ESG and associated risks, assists the Board of Directors:

- in determining the guidelines of the internal control and ESG risk management system;
- in periodically reviewing the adequacy of said system with respect to the Bank's characteristics and risk profile, as well as its effective functioning.
- in the performance of its functions with regard to the definition of risk objectives and strategies for the prevention and management of risks considered relevant, including ESG risks and risks related to climate and the environment, both currently and prospectively;
- in the periodic monitoring of risk exposure, verifying the completeness, adequacy and functionality of the internal control system; with particular regard to risk containment, it ascertains compliance with the limits set by the Management Body and/or required by mandatory regulations.

After review by the Sustainability Committee, the Control and Risk Committee assesses, with the support of the Bank's Manager responsible for preparing the Company's accounting documents, whether the information included in the Sustainability Report complies with regulatory requirements. In addition, and without prejudice to the competencies of the Remuneration Committee, it ensures that the incentives underlying the Bank's remuneration and incentive system are consistent with the Risk Appetite Framework.





f. Integration by the management body of the short-, medium- and long-term effects of environmental factors and risks into the organisational structure, both within the business lines and within the internal control functions

The Board of Directors, the Board of Statutory Auditors, the Sustainability Committee and the Control and Risk Committee, each according to their competences and attributions, take climate and environmental protection issues into account when defining risk management strategies and policies, as described under e).

The management and control activities of climate/environmental risks are instead handled at managerial level by the Sustainability Management Committee, the Risk Committee and the Mobility Manager, as indicated in point g).

The process of reporting climate- and environment-related issues to the BoD also involves sessions during which the Chief Risk Officer presents to Board members, on a quarterly basis, a monitoring report on trends in ESG risk factors that characterise the Group's operations and business portfolios, with a focus on climate and environmental risk factors.

At a more operational level, the coordination between the Sustainability Department and, respectively, the Risk Control Department (CRO Area), the Compliance and DPO Function and the Internal Audit Department, in concert with the ESG contact persons at BPS and the Subsidiaries, makes it possible to ensure that ESG and climate-environmental issues are also monitored in the context of internal control activities.

SUSTAINABILITY DEPARTMENT

The Sustainability Department constantly monitors regulations and practices on climate issues, supporting central structures and subsidiaries in understanding ESG factors and in dialogue with stakeholders. It coordinates the drafting of Sustainability guidelines and strategies, manages the dialogue with ESG rating agencies and supports the Risk Control Department on C&E risk issues. It also supports the Sustainability Management Committee in identifying and monitoring initiatives, promoting a Sustainability culture and training on ESG issues. Its tasks also include supporting Sustainability Reporting activities under the CSRD.

RISK CONTROL DEPARTMENT

Within the CRO Governance Area, the Risk Control Department integrates ESG factors, in particular climate and environmental factors, into the assessment and monitoring of associated risks, ensuring independent control and defining methodologies for their management. It progressively integrates ESG risks into regulations, processes and reporting, analysing and quantifying risk exposure through dedicated metrics. It also supports the integration of climate risk factors into management and reporting systems, following the guidance provided by the ECB. In addition, it manages the stress tests required by the Supervisory Authorities and prepares the Public Disclosure in accordance with "Pillar 3" ESG regulations.

ESG CONTACTS

Operational ESG Contact Persons, present in each Subsidiary and in the Bank's main business areas, promote a culture of sustainability and incorporate ESG factors into their activities, identifying business opportunities. They foster the circulation of information and the coordination of activities to improve interaction between functions. In 2023, the Sustainability governance was strengthened with the appointment of dedicated "Network ESG Specialists", trained to support branches in dialogue with customers and in assessing the climate and environmental sustainability of counterparties during the lending process, also collaborating with the Central Departments for ESG Due Diligence activities.



COMPLIANCE AND DPO FUNCTION

The Compliance and DPO Function (Group Compliance Officer Department and DPO) is responsible for ensuring compliance with regulatory obligations related to ESG issues and the management of related risks, with particular attention to climate and environmental risks. It identifies applicable regulations and verifies the compliance of business processes to prevent legal and reputational risks. It also assesses the exposure to risks of non-compliance with regulations through quantitative and qualitative indicators and provides information to corporate bodies.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department verifies the proper functioning of the internal control system, ensuring compliance with sustainability policies and the conformity of company operations. It assesses the adequacy of the ESG risk management process, in particular climate and environmental risks, pointing out inefficiencies and making recommendations for improvements.

Between 2024 and the first six months of 2025, several strategic and important projects for the Group on Sustainability issues were managed, including: (i) the activities related to the monitoring of the first set of decarbonisation targets for the credit portfolio defined following membership of the NZBA Alliance; (ii) the drafting and publication of the annual Sustainability Report in line with CSRD regulations; (iii) the implementation of a programme of activities across multiple corporate structures and aimed at strengthening the centrality of C&E risk management for future corporate strategies and their integration into fundamental policies and decision-making processes.

g. Integration in the internal governance systems of measures to manage environmental factors and risks, including the role of committees, assignment of tasks and responsibilities, and feedback procedures from risk management to the board, including relevant transmission channels

Point (e) described the roles and responsibilities of the Board of Directors, the Board of Statutory Auditors and the Board Committees in relation to environmental risk and climate change issues. Below is a description of the responsibilities of the management bodies regarding these issues.



Sustainability Management Committee

Managerial body, which:

- periodically reviews regulatory developments, standards and relevant national and international practices on ESG issues;
- assesses proposals to introduce and amend relevant internal regulations and turning guidelines into concrete initiatives, for which it also defines operational plans and monitors actual implementation;
- contributes to the coordination of organisational structures and Subsidiaries in order to comply with the Sustainability guidelines established by the Board of Directors and outlined in strategic planning from time to time;
- supervises transactions with debt instruments with sustainability characteristics (so-called Green Social and Sustainability Bond):
 - I. approves the relevant framework and the annual allocation and impact reporting;
 - II. reviews and validates the set of eligible assets;
 - III. supervises and monitors the management of the funds raised;
- coordinates and monitors liaising with relevant stakeholders and disclosure actions;






Risk Committee

- coordinates the organisational structures of the Bank and its Subsidiaries with the aim of ensuring compliance with the Sustainability guidelines set by the BoD;
- coordinates activities aimed at identifying sustainability issues potentially relevant to the company's dynamics, formulating comments and suggestions to be forwarded to the Board's Sustainability Committee.

Managerial body which, in line with the General Climate and Environmental Risk Regulation:

- examines and assesses proposals for the definition, integration or significant modification of techniques, methodologies and criteria for monitoring climate and environmental risks, expressing its own opinions and assessments;
- evaluates proposals concerning the definition, updating or revision of the parameters representing climate and environmental risk appetite in the Risk Appetite Statement (RAS);
- evaluates proposals for the introduction, extension, modification or significant integration of climate and environmental risk analysis systems, models, techniques or methodologies;
- approves the system of operational level limits/thresholds associated with climate and environmental risk exposure indicators.



Mobility Manager

- Continuously supports the decision-making, planning, programming, management and promotion of optimal sustainable mobility solutions for the Group's employees.

The Sustainability Policy defines a reporting system in which the Board's Sustainability Committee, supported by the Sustainability Management Committee and the Sustainability Department, handles reporting and related documentation to be submitted to the Management Body for decision-making on ESG issues.

The subsidiary Banca Popolare di Sondrio (SUISSE) also has its own ESG Committee to specifically manage issues related to investment environmental, social and governance sustainability. The main tasks of this collegial body are:

- to follow ESG regulation and trends in the asset management industry;
- to formulate proposals for working methodologies, rules, and sustainability parameters to be integrated into the various stages of the investment process;
- to discuss ESG investment ideas for consideration by the Investment Committee;
- to report to the company's General Management on the status of the implementation of sustainability policies in investments;
- to draw up a document once a year, called the "ESG Investment Newsletter", aimed at informing people inside and outside the bank about the Swiss Bank's positioning regarding sustainable investment.



In addition, an ESG team is established within the Subsidiary's Investment Department, dedicated to studying the issue in all its aspects and particularly focused on product innovation and investment processes. In addition, two specific working groups have been created: the Credit Working Group, in charge of regulatory adjustments in the area of credit and mortgage advice (e.g. SBA regulatory impact on mortgages), and the Investment Working Group, in charge of assessing ESG improvements that can be made to managed products (e.g. provisions and assessments of ESG data).

h. Hierarchy lines and frequency of reporting on environmental risks

Banca Popolare di Sondrio adopts a system of regular disclosure and reporting on ESG risk issues, with a focus on climate and environmental risks, which involves a dialogue between various competent bodies and functions. In particular, it should be noted that:

- the Board Sustainability Committee takes care of the reporting and documentation to be submitted to the Board of Directors for decision-making;
- the Sustainability Management Committee, through the Chairman (Chief Financial Officer) informs the Sustainability Committee of the work carried out at each meeting, making available minutes and working documents;
- the Sustainability Department supports the Sustainability Management Committee:
 - in identifying the initiatives to be implemented;
 - in the operational management of C&E issues in accordance with the Business Plan;
 - in the periodic monitoring and reporting of initiatives.
- The Control and Risk Committee, in line with its mandate and with regard to ESG risks, assists the Board of Directors:
 - in determining the guidelines of the internal control and risk management system;
 - in periodically reviewing the adequacy of said system with respect to the Bank's characteristics and related risk profile, as well as its effective functioning;
 - in examining the contents of the Sustainability Report, for the purpose of preliminary investigation with respect to the subsequent scrutiny and approval by the BoD.

To support ESG risk measurement and monitoring processes, as well as for a robust and reliable decision-making process, the CRO Area also prepares specific internal reports to document, upon request or based on a predefined frequency, the risk analyses and measurements performed, reporting to the competent bodies and functions the results of its activities through specific disclosures and reports. For these issues, the CRO Area liaises, in particular, with the management and board Committees responsible for risk and Sustainability.

At the top management level, the Board of Directors and the Control and Risk Committee are quarterly informed of trends in exposure to ESG risks through the production of a dedicated ESG Risk Book which aims to monitor, among other things, the types and level of significance of physical and transition factors relevant to each of the main traditional banking risk categories potentially impacted.

The frequency of Committee meetings in the first half of 2025 is shown below:

- the Board Sustainability Committee met four times and at all meetings, environmental and climate change issues were discussed;
- the Managerial Sustainability Committee met twice and at all meetings environmental and climate change issues were discussed.





i. Alignment of the remuneration policy to the institution's objectives related to environmental risks

The Group discloses information on incentive systems by means of the Annual report on the remuneration policy and compensation paid, prepared pursuant to Article 84-quater of the Regulation adopted by CONSOB Resolution No. 11971 of 14 May 1999 and subsequent amendments and additions, implementing Legislative Decree No. 5 of 24 February 1998.

The incentive systems are contained within the "Remuneration Policies", which are approved annually by the Shareholders' Meeting.

Sustainability is a cross-Group aspect that affects all areas of its operations, reflected also in the criteria for measuring the achievement of ESG objectives. Sustainability-related performance metrics are integrated within the Remuneration Policies, emphasising the link between the Group's ESG commitment and incentive management. In particular, 10% of the variable remuneration of the General Manager depends on objectives and (or) Sustainability-related impacts.

In this context, the following short-term objectives related to Sustainability are defined in the Remuneration Policies published in April 2025:

- business objectives:
 - ESG credit: increasing the financing volumes of new ESG products;
 - insurance products: increasing new premiums for ESG insurance products (e.g. corporate catastrophe risk policies and health plans);
- objectives related to people and communities:
 - ESG training: enhancing training on sustainability issues for employees and governing bodies;
 - financial education: introducing training on financial education topics for the benefit of stakeholders;
- supply chain and operational objectives: increasing the consumption of electricity from certified renewable sources.

The ESG targets associated with the LTI (Long-Term Incentives) 2025 - 2027 plan are defined in the same areas as those envisaged for the short term, with additional targets in the following areas:

- business objectives:
 - ESG bond issuance: new sustainable bond issues;
- objectives related to people and communities:
 - Diversity, equality and inclusion: contributing to gender rebalancing by intervening on recruiting practices;
- Supply chain and operational objectives:
 - CO₂ emissions: reduce direct (Scope 1) and indirect (Scope 2) emissions;
- ESG suppliers: increasing the number of suppliers evaluated according to ESG requirements.

The definition of the composite ESG KPI for corporate governance bodies also includes climate change considerations and sub-objectives.

More detailed information on the Remuneration Policies applicable to the Group's governing bodies and senior executives, as well as on the remuneration determination process and the annual total remuneration ratio, can be found on the Bank's institutional website (Corporate documents and Shareholders' Meeting sections).



Risk management

j. Integration of the short-, medium- and long-term effects of environmental factors and risks into the risk framework

In order to integrate the assessments of the short-, medium- and long-term effects of climatic and environmental factors into its overall risk governance, monitoring and management framework, the Bank defined the following reference time horizons:

Time horizon	Rationale of choice
Short term <i>Within 3 years</i>	The time horizon has been defined to ensure consistency with: <ul style="list-style-type: none"> ■ the forecast range used in the Risk Appetite Framework (RAF) assessments and in conducting capital and liquidity adequacy assessment exercises (ICAAP/ILAAP); ■ the forecasts adopted by the Group's Business Plan.
Medium term <i>More than 3 and less than 6 years</i>	The time horizon has been defined in order to make the observation point fall in 2030, a point considered crucial at international level for the pursuit of objectives linked to the climate transition (e.g. the European objective of reducing net GHG emissions by 55% compared to 1990 levels; in this regard, it should be noted that the Bank also participated, in early 2024, in the verification of the sustainability of the target by carrying out the EBA "Fit-for-55" exercise). With respect to this premise, it should be noted that the medium-term assessment horizon is also a decisive juncture with respect to the commitments and initiatives undertaken on climate/environmental matters by the Bank's strategic planning functions, particularly with regard to the definition, in December 2024, of the sectoral decarbonisation targets to 2030 for the credit portfolio, following BPS's membership of the Net Zero Banking Alliance (NZBA).
Long term <i>More than 6 years, up to 2050</i>	The time interval was defined in order to set the end point of observation at the year 2050, identified as the "tipping point" of the long-term segment in coherence with the global decarbonisation targets of the Paris Agreement and the Net Zero 2050 climate scenario ("orderly transition") used as a reference for C&E risk analyses. The identified long-term horizon is also consistent with those in the Bank's further climate-environmental initiatives (e.g. NZBA targets, adopted climate planning and strategies).

These forecast horizons are used across the board in forward-looking processes for estimating the materiality assessment metrics of climate and environmental risks, as well as in the context of analyses aimed at quantifying the impact of such risk profiles on the current and prospective adequacy of the Group's capital position (ICAAP) and liquidity situation (ILAAP).

For more information on the integration of the short-, medium- and long-term effects of climate-environmental factors and risks into risk management systems and Risk Appetite Frameworks, see points l, n, o and q below in this section "Risk management".





k. Definitions, methodologies and international standards on which the environmental risk management framework is based

The Bank has developed its systems to monitor ESG risks, and in particular climate and environmental risks, on the basis of the principles defined by international best practices and the guidelines issued by the competent Supervisory Authorities. In particular, the framework of reference norms, guidelines and standards includes, among others:

- European Parliament Resolution of 29 May 2018 on Sustainable Finance;
- Action Plan on Sustainable Finance of the European Banking Authority (2019);
- Regulation (EU) 2019/2088 (so-called SFDR) on sustainability-related disclosure in the financial services sector;
- Regulation (EU) 2020/852 (so-called Taxonomy Regulation) and annexed EU Delegated Regulations:
 - Regulation 2021/2178 on how to calculate KPIs for disclosure under the Taxonomy;
 - Regulations 2021/2139 and 2023/2485 on technical screening criteria for activities under the “Climate Change Mitigation” and “Climate Change Adaptation” objectives;
 - Regulation 2022/1214 concerning the introduction of technical screening criteria for the Gas and Nuclear sectors;
 - Regulation 2023/2486 establishing the technical screening criteria for further taxonomic environmental objectives;
- ECB Guide on Climate-Related and Environmental Risks of 27 November 2020;
- ECB Good practices for climate-related and environmental risk management - November 2022;
- EBA Guidelines on loan origination and monitoring (EBA/GL/2020/06);
- EBA Report on management and supervision of ESG risks for credit institutions and investment firms (EBA/REP/2021/18);
- EBA Report on the role of environmental risks in the prudential framework (EBA/REP/2023/34);
- EBA Guidelines on the management of environmental, social and governance (ESG) risks (EBA/GL/2025/01);
- Regulation (EU) No. 2021/1119 establishing the framework for achieving climate neutrality and amending Regulation 401/2009 and Regulation 2018/1999 (so-called European climate regulation);
- Directive (EU) 2022/2464, CSRD, concerning new corporate sustainability reporting, which extends the scope of the sustainability reporting requirements dictated by the previous Directive 2014/95/EU (also known as NFRD);
- Decree No. 434 of 21 December 2023 of the Ministry of the Environment and Energy Security - National Climate Change Adaptation Plan;
- Regulation (EU) 2023/956 which established the Carbon Border Adjustment Mechanism (“CBAM”);
- Regulation (EU) 2024/1991 on nature restoration amending Regulation 2022/869;
- UNEP FI Guidelines for Climate Target Setting for Banks, guidelines developed by the signatories of the UNEP FI Principles for Responsible Banking commitment;
- Science Based Targets, Financial Sector Science-Based Targets Guidance;
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), adopted by the Bank through the publication, as an annex to the NFS, in 2022 and 2023 of the TCFD Report (reporting on climate-related risks in four main areas: governance, strategy, risk management and metrics and targets);
- Partnership for Carbon Accounting Financials (PCAF), the Global GHG Accounting and Reporting Standard for the Financial Industry, Second edition, Financed Emission Standard;
- GHG Protocol - Technical Guidance for Calculating Scope 3 Emissions; global standard to enable consistent measurement and homogeneous management of Scope 3 greenhouse gas (GHG) emissions of companies and their value chains.
- Green Bond Principles - Voluntary Process Guidelines for Issuing Green Bonds (2021) of the International Capital Market Association (“ICMA”).

The following definitions apply with regard to the definition framework:

- a) “*Environmental risk*” or “*climate and environmental risk*” or “*C&E risks*”: the risk of loss resulting from the adverse financial effects on the institution due to the impact, present or future, of environmental factors on the institution’s own operations, counterparties or invested assets. This definition includes both physical risk and transition risk.



- b) “Physical risk”:** in the context of overall environmental risk, the risk of loss arising from the adverse financial effects on the institution due to the impact, present or future, of the physical effects of environmental factors on the institution’s counterparties or invested assets. The term denotes the financial impact of climate change - including both more frequent extreme weather and atmospheric events and gradual climate change - as well as environmental degradation (e.g. air, water and soil pollution, water stress, loss of biodiversity and deforestation). Physical risk is classified as “acute” if caused by extreme events such as droughts, landslides, floods and storms, and “chronic” if caused by progressive changes such as rising temperatures, rising sea levels, water stress, loss of biodiversity, land-use change, habitat destruction and resource scarcity.
- c) “Transition risk”:** in the context of global environmental risk, the risk of loss resulting from the negative financial effects for the institution due to the impact, present or future, of the transition to an environmentally sustainable economy on the institution’s counterparties or invested assets; the term denotes the financial loss that an institution may incur, directly or indirectly, as a result of the process of adjustment to a low-carbon and more environmentally sustainable economy; this could be caused, for example, by the sudden adoption of climate and environmental policies, technological progress or changing market confidence and preferences, and may result in reduced profitability of companies and devaluation of assets.
- d) “GHG (Green House Gases)”:** the emissions of climate-altering gases (or greenhouse gases) attributable to a product, organisation or individual.
- e) “GHG Scope 1”:** direct greenhouse gas emissions from sources controlled or owned by the organisation (e.g. GHG emissions from combustion in boilers, furnaces and owned vehicles).
- f) “GHG Scope 2”:** indirect greenhouse gas emissions from electricity and heat consumption, i.e. generated by the energy purchased and consumed by an organisation as part of its production process (e.g. greenhouse gas emissions associated with the purchase of electricity, steam, heat or cooling from third parties).
- g) “GHG Scope 3”:** other indirect greenhouse gas emissions generated along an organisation’s “value chain”, upstream and downstream; hence, from sources not owned or controlled by the organisation itself (e.g., greenhouse gas emissions related to the production of purchased material, fuel used by vehicles not owned by the organisation, end-use of products or services, investments made).
- h) “EPC (Energy Performance Certificates)”:** tools to improve the energy performance of buildings. They are defined as a document recognised by an EU Member State or a legal person designated by it in which the value resulting from the calculation of the energy performance of a building or building unit carried out in accordance with Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.
- i) “GHG financed emissions”:** the amount of GHG emissions that can be attributed to a given investment portfolio, with attribution achieved by weighting the GHG emissions of each company in the portfolio by the investor’s share of its value. For a bank, it is a measure of the GHG emissions produced indirectly through lending, investment and insurance underwriting: the metric is in fact expressive of the amount of GHG emissions related to a counterparty financed by a bank, calculated proportionally to the financial debt incurred by the counterparty to the bank relative to the total GHG emissions generated by the counterparty.
- j) “Taxonomy”:** EU taxonomy of sustainable activities. It is a common classification of economic activities that can be considered environmentally sustainable, adopted by the European Union with Regulation 2020/852 and the relevant Delegated Acts. It is designed as a tool to guide the choices of investors and companies towards a transition to economic growth without negative impacts on the environment and, in particular, climate. Economic activities considered environmentally sustainable are selected on the basis of their potential to contribute to six environmental objectives identified by the European Commission: (i) climate change mitigation; (ii) adaptation to climate change; (iii) sustainable use and protection of water and marine resources; (iv) transition to a circular economy, including waste reduction and recycling; (v) pollution prevention and control; and (vi) protection of biodiversity and eco-system health.





- k) "GAR": green asset ratio. A key performance indicator (KPI) of a financial institution represented by the ratio of the value of credit and investment assets used to finance EU Taxonomy-aligned economic activities to the value of total balance sheet assets.
- l) "International Energy Agency (IEA)": an international intergovernmental organisation founded in 1974 whose objective is to facilitate the coordination of the energy policies of member countries in order to ensure the stability of energy supplies and support economic growth. In recent years, the Agency has also extended its mandate towards sustainable development, dealing with environmental protection and climate change; it has therefore taken on a role in promoting and developing alternative sources of energy, rationalising energy policies and coordinating multinational research into new energy sources.
- m) "Alignment metrics": indicators of physical emission intensity of companies (level of GHG emissions/unit of production) relevant to the economic sector, as determined by the International Energy Agency (IEA).
- n) "IEA NZ2050 Scenario": a forward-looking scenario defined by the IEA for achieving the global target of "net zero" greenhouse gas emissions by 2050. The climate scenario is based on the Net Zero By 2050 - A Roadmap for the Global Energy Sector, an ambitious global energy plan to achieve targets for the containment of carbon emissions produced and emitted into the atmosphere from energy processes (i.e. from the combustion of fossil fuels for thermal, transport and electricity generation uses) and industrial processes (i.e. from production processes in heavy industries).

In relation to the internal regulatory framework, developed in line with the provisions of the above-mentioned regulations, it should be noted below how it is structured into both Policies and regulations that provide principles and guidelines for strategic direction and into documents of a more operational nature that outline the processes, tools and methodologies adopted.

Internal regulations	Purpose
Sustainability Policy	It defines the principles, guidelines and relevant Sustainability issues that are identified, implemented and monitored to consider the interests of all stakeholders, both internal and external, with a view to continuous evolution.
Environmental policy	It illustrates the Group's approach to managing environmental issues, aimed at gradually reducing the direct and indirect impacts generated on the environment and climate.
ESG Credit Policy	Recently updated policy identifying specific general, sectoral and operational guidelines to be observed in ordinary credit granting and monitoring procedures
Regulation on the definition of credit policies	It governs the rules and methods for defining and applying the credit policy framework, while taking ESG elements into account.
ESG Investment Policy	It identifies the Group's commitment and approach to integrating ESG factors into investment processes.
General regulation on climate and environmental risks	It describes and formalises the general principles and essential application lines inherent in the climate and environmental risk management process.
Guidelines for assessing the materiality of climate and environmental risks	It formalises and describes the process, roles and responsibilities, and methodological principles defined for conducting materiality analyses of climate and environmental risks.
Methodological documentation on ESG scoring	It describes the rules for the development, management and maintenance of approaches and tools to assess the current and prospective positioning of funded counterparties with respect to ESG aspects, through the assignment of an appropriate scoring system.



i. Processes to identify, measure and monitor assets and exposures (and, where appropriate, collateral) sensitive to environmental risks, including relevant transmission channels

In order to promote the careful management and constant control of climate and environmental (C&E) risks, the Bank has defined and developed its own internal model for managing these risks. The overall system is regulated in a special policy document (“General regulation on climate and environmental risks”) approved by the Board of Directors. Individual steps or components of the process are formalised in further and more specific internal regulations, forming together with the aforementioned reference Policy an organic and integrated body of regulations with the general apparatus of risk management documentation.

Identification	Definition of appropriate processes for identifying, mapping and analysing the level of materiality of the current and prospective exposure to climate and environmental risk factors that may materialise in the context of traditional risk cases.
Measurement	Definition of appropriate processes and systems to quantify the potential impacts generated by climate and environmental risks, including through the use of forward-looking assessments (sensitivity or scenario analyses, stress tests, portfolio alignment exercises, etc.). Please refer to points n) and o) of this section.
Monitoring	Development of consistent systems for monitoring and reporting on exposure to climate and environmental risks based on appropriate metrics and indicators (e.g. classification of counterparties/ issuers by economic sector and geographic area of activity, carbon intensity per individual counterparty, etc.) which supplement the Group’s Risk Appetite Frameworks. Please refer to point q) of this section.
Mitigation	Identification of appropriate actions and tools to mitigate exposure to physical and transition risks, supporting processes for the gradual reduction of these risks within the company’s operating areas (also in relation to portfolios, business lines, types of investments, etc.) and increasing their resilience to climate and environmental impacts. Please refer to point m) of this section.
Disclosure	Drafting of reports to support ESG risk monitoring processes, to document to competent Bodies and Functions, upon request or based on a predefined frequency, the analyses and risk measurements performed, as well as to foster a robust and reliable decision-making process.

As part of the identification phase, the Bank has established regular processes for assessing the materiality of exposure to risks related to climate and environmental (C&E) change, physical and transition risks that may directly or indirectly affect the business context and profitability. In particular, significance analyses are aimed at investigating the perspective of the so-called “financial materiality”¹⁶, aimed at identifying the levels of capacity of climatic and environmental risk factors to produce tangible financial effects on the Group, i.e. to generate risks capable or potentially capable of affecting future cash flows and thus the enterprise value and liquidity position in the short, medium or long term.

As a general rule, according to said perspective, the Bank considers C&E risk factors to be elements capable of affecting the exposure to existing banking risks and not as additions to the typical scope of risks that can potentially be assumed. The level of materiality is therefore verified, from a financial standpoint, in relation to the possible influence of said factors on traditional risk categories, thanks to a structured mapping of the transmission channels by which they could propagate in the event of materialisation.

¹⁶ The principles relating to the concept of “dual materiality” of ESG risk factors (impact materiality and financial materiality) are governed by the Corporate Sustainability Reporting Directive (CSRD).





RISK DRIVERS*	TRADITIONAL RISK**	SCOPE OF ANALYSIS	TRANSMISSION CHANNEL	TOOL
Transition risks <i>(Policies and Regulations, Technology, Market sentiment)</i>	Credit risk	<ul style="list-style-type: none"> ■ Non-financial companies (guaranteed and non-guaranteed) ■ Private (guaranteed) 	The introduction of emission reduction policies, technological innovations and changing market sentiment can generate costs and reduced profits for customers and lead to a reduction in their creditworthiness	<i>Counterparty ESG score (owner Bank)</i>
	Market and liquidity risk	<ul style="list-style-type: none"> ■ Corporate and Sovereign Securities ■ Corporate and Sovereign Funds 	Higher costs due to the transition may lead to a reduction in the price of securities of corporate issuers or influence the sovereign spreads of states where production activity is mainly concentrated in key sectors for the ecological transition	<i>Climate VaR Model</i>
	Operational risk (Legal liability - liability risk)	Top supplier and debtor companies with high climate and environmental impact	The Group may be exposed to operational losses from litigation related to the relationships with credit customers and suppliers with a negative impact on the climate/environment (liability risk)	<ul style="list-style-type: none"> ■ <i>ESG Score (owner Bank)</i> ■ <i>ESG scores from external providers</i> ■ <i>NFS analysis</i> ■ <i>Media screening</i> ■ <i>Loss data collection</i> ■ <i>Risk self-assessment scenario analysis</i>
	Reputational risk		The Group may be exposed to reputational damage from relationships with credit customers and suppliers with a negative impact on the climate/environment	
	Strategic and business risk	Non-financial counterparties generating interest and fee income	A heavy reliance on interest and fee income generated by highly emissions-intensive counterparties may expose the Group - in the absence of a dedicated credit strategy - to lower prospective results	<ul style="list-style-type: none"> ■ <i>Interest and commission income/exposure balance</i> ■ <i>Carbon tax / turnover</i>

(*) The mapping of drivers and risk factors is aligned with the Supervisory Authority's 2020 "BCE Guidance on Climate and Environmental Risks.

(**) For liquidity (funding) and operational risks (litigation and other operational risks), no transition risk propagation channels have been identified.



RISK DRIVERS*	TRADITIONAL RISK**	SCOPE OF ANALYSIS	TRANSMISSION CHANNEL	TOOL
Physical risks <i>(Acute physical risks and chronic physical risks)</i>	Credit risk	<ul style="list-style-type: none"> Non-financial companies (guaranteed and non-guaranteed) Private (guaranteed) 	Physical risks can jeopardise the business continuity of companies and lower the value of mortgage collateral, weakening the ability to recover the credit granted	<i>Physical risk indicators (individual chronic and acute factors) acquired from external provider</i>
	Market and liquidity risk	<ul style="list-style-type: none"> Corporate and Sovereign Securities Corporate and Sovereign Funds 	Acute and chronic physical phenomena could lead to a reduction in the price of securities issued by corporate entities and an increase in the yield spread on sovereign debt securities	<i>Climate VaR Model</i>
	Liquidity risk (funding liquidity risk)	<ul style="list-style-type: none"> Corporate and Retail Depositors 	Acute and chronic physical risks may affect customer deposit balances (e.g. reduction of current account balances, liquidation of deposits to cope with damage caused by natural emergencies)	
	Operational risk (other operational risks, e.g. property damage)	<ul style="list-style-type: none"> Group buildings (owned, leased) Operative offices of main suppliers 	The Group may be exposed to operational losses resulting from physical damage to its assets related to physical factors (e.g. costs of restoring business assets in the face of extreme natural events)	<i>Physical risk indicators (individual chronic and acute factors) acquired from external provider</i>
	Operational risk (litigation)		Group companies could be exposed to operational losses from litigation resulting from physical risk events that could lead to disruptions in operations and/or damage to third parties	

(*) The mapping of drivers and risk factors is aligned with the Supervisory Authority's 2020 "BCE Guidance on Climate and Environmental Risks".
 (**) For reputational, operational (legal liability) and strategic and business risks, no physical risk propagation channels have been identified.

A comprehensive methodological framework was defined and applied to conduct these significance analyses.

Assumptions and key methodological elements	
Staticity of analysis	Composition of the Group's portfolios or operating segments over the three time horizons assumed to be constant (static analysis).
Climate scenarios	Application of two separate climate transition simulation scenarios and physical risk severity assumptions: Net Zero 2025 and Delayed Transition.
Bottom-up approach	Analysis forecasts from the highest possible level of detail (e.g. individual counterparties, individual financial instruments, individual real estate units, etc.) and with successive aggregations at the level of clusters and relevant dimensions.
Sectoral clusters of analysis	Application of a sectoral taxonomy of analysis aligned with the Bank's ESG strategic and management activities (e.g. ESG Credit Policy sectors and Net Zero Banking Alliance target setting).
Gross approach to riskiness	Assessment of the maximum potential risk due to exposure to identified climate and environmental factors, without considering the effects of actions to mitigate vulnerabilities to C&E risks taken by the Group and counterparties.





For more information on the processes for identifying relevant climate and environmental risks, on the methodological criteria and tools adopted for estimating the materiality of these risk factors in relation to the Group's traditional risk types, please refer to the Sustainability Report pursuant to the CSRD, contained in the Annual Financial Report as at 31 December 2024, under the section "*Identifying climate and environmental risks and materiality analyses*".

The outcomes of materiality analyses of climate and environmental risks are a determining factor for:

- updating the mapping of climate and ESG risk factors, their transmission channels and impact on other risk categories;
- the definition of traditional impacted risks for which to provide quantitative analyses to estimate the prospective impact on the Group's capital adequacy and liquidity profile under different scenarios (refer to the below point *or*) of this "Risk Management" section);
- the integration into the various hierarchical levels of the Group's Risk Appetite Framework of limits and Key Risk Indicator (KRI) climate and environmental related (see point *q*) below in this section "Risk management");
- the orientation of sectoral and "single-name" lending and investment policies and strategies, as well as the definition of actions aimed at the containment and overall mitigation of ESG risks (see point *m*) below in this section "Risk management");
- the determination of the "financial relevance" of "Climate Change" issues (*ESRS E1*) for the purposes of annual CSRD reporting.

m. Activities, commitments and exposures that contribute to mitigating environmental risks

The Bank defines a set of management tools and actions to reduce its exposure to C&E risks in the various business lines impacted. Mitigation initiatives are specifically defined according to the traditional types of risk within which physical and transition risk factors tend to materialise with more intensity.

The tables below show the actions implemented for each banking risk, in relation to the levels of materiality of exposure to climate and environmental risks found in the three time horizons of analysis. These actions are regulated in the relevant company Policies.



C&E risk drivers	Bank Risk	Materiality*			Actions implemented to contain C&E risks
		B	M	L	
Transition risk <i>(Policies and Regulations, Technology, Market sentiment)</i>	Credit risk		✓	✓	<ul style="list-style-type: none"> ■ Definition of targets for the reduction of financed GHG emissions to 2050 within the <i>Net Zero Banking Alliance</i> (NZBA) ■ Activation of centralised decision-making procedures within the ESG Due Diligence process ■ Definition of strategies for direct engagement of customers most exposed to ESG risk factors ■ Offering green lending products aimed at facilitating customers' transition (mitigation) and adaptation to climate change ■ Execution of strengthened controls at the disbursement stage on lending practices relating to counterparties belonging to sectors deemed "sensitive" from a climate and social perspective through the provision of Positive Screening, Build out or Negative Screening criteria (ESG Credit Policy) ■ Introduction of specific climate-environmental performance measurement clauses in contractual agreements with customers (ESG Covenant)
	Market and liquidity risk (Market liquidity)				<ul style="list-style-type: none"> ■ Reorientation of investment policies in order to redesign the composition of the financial asset portfolio
	Operational risk (legal liability)		✓	✓	<ul style="list-style-type: none"> ■ Reorientation of supplier and counterparty selection policies based on compliance with certain business environmental sustainability requirements ■ Reorientation of core business policies (e.g. customer financial services, lending) towards approaches that favour the prevention of exposure to climate and environmental risks
	Reputational risk		✓	✓	<ul style="list-style-type: none"> ■ Monitoring of the level of reputation in terms of sensitivity to climate-environmental issues, with the possible activation of campaigns to restore the corporate image (e.g. communication flows of public recognition of corporate choices) in the event that the Group is perceived as not adhering to instances of environmental sustainability (greenwashing)
	Strategic and business risk			✓	<ul style="list-style-type: none"> ■ Definition of targets for the reduction of financed GHG emissions to 2050 within the <i>Net Zero Banking Alliance</i> (NZBA)
Physical risk <i>(acute and chronic-environmental physical risks)</i>	Credit risk		✓	<ul style="list-style-type: none"> ■ Promotion of insurance policies against atmospheric threats to which mortgaged properties are potentially exposed ■ Adoption of physical climate risk mitigation systems on vulnerable properties (<i>DNSH</i>), in line with EU Taxonomy requirements 	
	Market risk			<ul style="list-style-type: none"> ■ Reorientation of investment policies in order to redesign the composition of the financial asset portfolio 	
	Operational risks (other operational risks)		✓	<ul style="list-style-type: none"> ■ Monitoring the level of completeness of the physical security procedures of the Group's properties, including through the definition of specific business continuity and disaster recovery plans ■ Underwriting and periodic review of the adequacy of insurance policies taken out by the Group to cover potential operational risks arising from climate and environmental factors 	
	Operational risk (litigation)			✓	
	Liquidity risk (funding liquidity)			✓	<ul style="list-style-type: none"> ■ No specific managerial risk mitigation actions other than those listed above are considered, as they themselves mitigate potential negative impacts on the liquidity position

* From a prudential perspective, the results of the analysis conducted through the application of the Net Zero 2050 scenario are reported for transition risk: the ambitious global GHG reduction pathway leads to a greater severity of transition risks while mitigating physical risks. In contrast, the results for physical risk refer to the analysis conducted by applying the Delayed transition scenario: the delay in the start of global GHG containment tends to exacerbate the occurrence of catastrophic physical risk events.





n. Implementation of tools for the identification, measurement and management of environmental risks

With regard to the measurement and quantification of climate and environmental risk step, the Bank estimates its exposures on the basis of both current data and forward-looking measures, capturing quantitative metrics of physical and transitional risk trends.

Among the metrics adopted, the Bank makes use of indicators calculated through the development of internal methodologies, or acquired through the use of industry leading external data providers for classifying climate-environmental risk at both sector and individual counterparty/transaction levels, which are useful for both portfolio analyses and the analysis of specific assets, transactions, investments or counterparties/issuers.

In addition, the metrics meet the Bank's need to assess its risk profile from a dual perspective: on the one hand, with a view to analysing the financial impact of environmental and climate factors on its economic and financial activities (outside-in perspective); on the other hand, with a view to assessing the extent of climate-environmental risk factors determining the Bank's business activity or generated by it, which in turn could become financially relevant if they affect the Bank's stakeholders (inside-out perspective).

Below is a synoptic overview of the assessment tools currently used by the Bank to determine the extent of its exposure to C&E (physical and transitional) risks for the main "traditional" risk types impacted.

Credit risk		
Tool	Description	Use
Counterparty ESG score (Score E)	<p>Risk metric that the Bank has developed internally to identify the level of exposure of its credit customers to climate and environmental risk factors. The score consists of a total of three modules. The module analysing the climate and environmental dimension is as follows</p> <ul style="list-style-type: none"> ■ <i>Environmental module</i>: analyses transition and physical risk factors and elaborates on them using prospective climate scenarios, information on volumes of pollutant gas emissions related to the counterparty's activity, geo-referencing and the degree of energy efficiency of real estate collateral. The model takes into account a "balance sheet" projection of the possible impacts of these factors on the trends in the financial size of customers. 	<ul style="list-style-type: none"> ■ Credit granting process ■ Credit pricing ■ Definition of credit policies (single-name) ■ RAF ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD ■ ESG reporting ■ ICAAP ■ ECL Calculation
ThinkHazard!	<p>Open-source tool to identify the level of exposure of the Group's real estate assets located outside the EU to identified acute physical and chronic environmental risk threats.</p>	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD ■ ICAAP
UNEPFI Heatmap Impact Radar Tool	<p>A tool to determine the extent to which a given sector of economic activity is at risk of harming the achievement of one or more European Sustainability Reporting Standards (ESRS) defined within the CSRD framework. In particular, in relation to the environmental dimension, the following ESRS are analysed using the tool:</p> <ul style="list-style-type: none"> ■ <i>Pollution</i> ■ <i>Water and Marine</i> ■ <i>Biodiversity</i> ■ <i>Circular economy</i> 	<ul style="list-style-type: none"> ■ Dual Materiality Analysis CSRD
C&E risk quantification metrics	<p>Metrics for measuring impacts on traditional credit risk parameters through C&E risk transmission channels as a function of macroeconomic scenarios influenced by climate and environmental risk factors (see point o) of this paragraph).</p>	<ul style="list-style-type: none"> ■ ICAAP



Market risk		
Tool	Description	Use
Environmental Rating (E Rating)	Useful tool to provide an overall judgement on the issuers of the securities in the portfolio with regard to climate-environmental issues (physical and transition risks). The rating estimation methodology, differentiated for Corporate and Government issuers, is based on an analysis of specific points of attention (Key Issues) defining the C&E profile of the rated entity, each of which pertains to a particular thematic area (Theme).	<ul style="list-style-type: none"> ■ ESG reporting ■ RAF
Quantification of greenhouse gas emissions	<ul style="list-style-type: none"> ■ Financed emissions (Carbon footprint), representative of the amount of greenhouse gas emissions attributable to a given portfolio, or its sub-aggregates, through the share of investment in the issuers of the securities held. ■ Weighted Average Carbon Intensity (WACI) of the securities portfolio, an indicator measuring the exposure of a given portfolio to issuers with high levels of greenhouse gas emissions relative to their volume of assets. <p>These metrics are defined based on the TCFD and Partnership for Carbon Accounting Financials (PCAF) guidance.</p>	<ul style="list-style-type: none"> ■ ESG reporting ■ RAF
Analysis of portfolio alignment	A tool to measure the alignment of the securities portfolio with climate targets used to monitor the degree to which the global warming containment goals of the Paris Climate Agreements are being met.	<ul style="list-style-type: none"> ■ ESG reporting
Forward-looking climate scenarios (CVaR)	Quantification of the potential prospective financial impact on the securities portfolio, in terms of the change in present value (Present Value delta), that would occur in climate scenarios.	<ul style="list-style-type: none"> ■ ESG reporting ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD ■ RAF ■ ICAAP

Description		
Tool	Description	Use
Stress tests	Integration of the internal stress test framework on liquidity risk profiles with the addition of a simulation scenario dedicated to landslide events and their effects in terms of liquidity outflows was divided into two stress drivers: the run on branches related to retail funding and the unexpected drawing of credit facilities granted to counterparties of the Corporate segment and still available.	<ul style="list-style-type: none"> ■ ILAAP





Operational and reputational risks		
Tool	Description	Use
Counterparty ESG score	An internally developed risk metric to identify the level of exposure of counterparties with which the Group has relationships (supply and/or credit) to ESG risk factors.	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD
Single-name analysis matrix of the sustainability profile	Matrix of analysis developed internally for the purpose of assessing the sustainability profile of the counterparties with which the Group has relations (supply and/or credit), as a reporting factor regarding their potential exposure to reputational damage and/or operational losses resulting from litigation.	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD
Climate-environmental scores	Physical risk scores made available by leading market information providers, useful to identify the level of exposure of the Group's real estate assets as well as suppliers' operating sites to identified acute and chronic physical risk threats.	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD ■ ICAAP ■ ESG reporting
ThinkHazard!	Open-source tool to identify the level of exposure of the Group's real estate assets located outside the EU to identified acute physical and chronic environmental risk threats.	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD ■ ESG reporting
Operational Risk Self-assessment (RSA)	Ordinary operational risk monitoring and management process whose evidence is instrumental in assessing the Group's prospective exposure to C&E-related risks.	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD
Reputational Risk Self-assessment (REP)	Ordinary reputational risk monitoring and management process whose evidence is instrumental in assessing the Group's prospective exposure to C&E-related risks.	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD
Loss Data Collection (LDC)	Ordinary process of monitoring and managing operational losses, whose evidence is instrumental in assessing the Group's final exposure to C&E-related losses.	<ul style="list-style-type: none"> ■ Materiality analysis of C&E risks ■ Dual Materiality Analysis CSRD ■ ESG reporting

o. Results and output of risk assessment using the appropriate implementation tools and estimated impact of environmental risks on the capital and liquidity risk profile

Following the findings of the above mentioned materiality analyses of climate and environmental risks and the identification of the level of materiality associated with each traditional banking risk for each C&E risk driver, the Bank periodically estimates how these risks may affect the regulatory capital requirements and liquidity risk profile of the Group through the stress exercises conducted for the purposes of capital adequacy assessment (ICAAP) and liquidity assessment (ILAAP).

ICAAP

As part of the annual ICAAP exercise, a comprehensive stress testing system is developed to test the Group's vulnerability to possible manifestations of climate-environmental risk, in terms of transition risks and physical risks (acute and chronic), in the short, medium and long-term time horizons. The following main methodological assumptions are adopted in conducting this exercise:



Assumptions and key methodological elements	
Dynamic analysis	Dynamic composition of the Group's portfolios or operating segments over three time horizons (short, medium, long term) according to strategic growth forecasts.
Climate scenarios	Application of distinct macroeconomic scenarios consistent with those adopted by financial planning, suitably supplemented by specific NGFS scenarios with different simulation assumptions of climate transition and physical risk aggravation.
Bottom-up approach	Analysis forecasts from the highest possible level of detail (e.g. individual counterparties, individual financial instruments, individual real estate units, etc.) and with successive aggregations at the level of clusters and relevant dimensions.
Definition of specific geo-sectoral clusters of analysis	Analyses are developed for all economic sectors and geographic areas in which the Bank operates. A sector-based taxonomy of analysis aligned with the Bank's ESG strategic and management activities is adopted (e.g. ESG Credit Policy sectors and Net Zero Banking Alliance target setting).

The following table summarises, for the banking risks examined in the ICAAP analyses, the main assumptions simulated for conducting stress tests.

Banking risk	Scope	Scenarios narrative and simulated assumptions	Economic impact	
Pillar 1	Credit risk	<ul style="list-style-type: none"> ■ Non-financial companies (exposures secured and unsecured by real estate) ■ Private individuals (exposures guaranteed by real estate) 	<p>"NGFS Climate Transition" scenarios</p> <p>The calculated impacts are derived for transition risk from forward-looking projections of company budgets, influenced by specific climate assumptions and related macroeconomic/sectoral variables, as well as the impacts of European directives on the energy efficiency of buildings. For physical risk, on the other hand, possible impacts are estimated in connection with the occurrence of certain physical events affecting the prospective balance sheets of the financed companies as well as the market values of the collateral properties.</p>	<ul style="list-style-type: none"> ■ Change RW Credit through impacts on risk parameters (e.g. PD; LGD) ■ Prospective credit cost increase
	Market risks, sovereign Italy and other securities in the banking portfolio	Financial asset portfolios, banking and trading portfolio	<p>"NGFS Climate Transition" scenarios</p> <p>The framework employed assesses under different climate scenarios the possible change in current value that the portfolio under analysis might undergo (Present Value delta) as a result of the vulnerability of issuers to climate-environmental issues.</p>	<ul style="list-style-type: none"> ■ Changes in the fair value of Securities in the portfolio
	Operational risks	Owned and leased properties and related capital goods	<p>"Property damage (physical risk)" scenario</p> <p>Impacts are calculated assuming acute physical risk events that result in intangible and tangible (real estate and movable assets) damage to the Bank's physical locations in the most exposed Italian geographic areas.</p>	<ul style="list-style-type: none"> ■ Losses related to damage repair and restoration costs ■ Lower revenue due to business interruptions





Banking risk	Scope	Scenarios narrative and simulated assumptions	Economic impact
Pillar 2	Reputational risk	Strategic climate initiatives	<p>“Greenwashing Business Case” scenario</p> <p>The scenario envisages the occurrence of a practice of Greenwashing related to the lack of fairness and transparency in the marketing statements made by the Bank in relation to its strategic initiatives, leading to reputational damage with a consequent loss of trust in the Bank’s green commitment by customers, investors and other stakeholders.</p> <ul style="list-style-type: none"> ■ Lost revenues on current and prospective customers ■ Higher operational costs (communication) to restore trust ■ Higher funding costs
	Strategic and business risk	Non-financial companies generating core profitability	<p>“Reaching NZBA target adverse” scenario</p> <p>The simulated hypothesis envisages the emergence of signs of difficulties in achieving the Bank’s NZBA targets that may have a negative impact on the business by implying a revision of strategic action or the promotion of remedial measures that may lead to lower prospective profitability.</p> <p>Lower revenues from:</p> <ul style="list-style-type: none"> ■ further price mark-up reductions on green products ■ possible cancellation/forced reduction of financial relations with top carbon-intensive customers

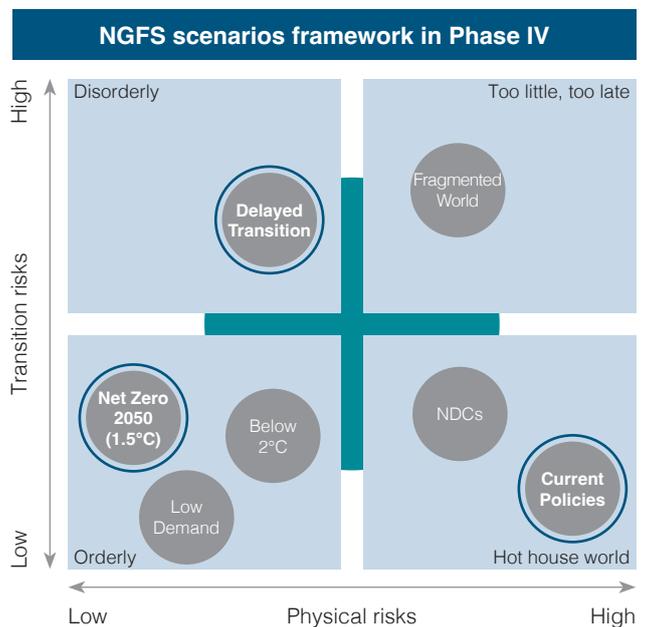
Below we describe the NGFS scenarios typically adopted by the banking and financial system to estimate the prospective effects of climate change on specific measures of risk exposure, in line with observed market best practice, scenarios centred on different assumptions of adverse developments in C&E, physical and transitional risk factors.

«NGFS» Scenarios

- Net Zero 2050* - Orderly transition: the ambitious global GHG reduction pathway leads to the emergence of transition risks, but mitigation of physical risks
- Delayed Transition - Disorderly transition: delay in starting global GHG containment leads to greater physical risks than the Net Zero 2050 scenario
- Current Policies* - “Hot House World”: the stagnation stagnation assumption in the decarbonisation policies of global economies leads to limited transition risks, but intensified physical risks

BPS “custom” scenario

OT3* - “Orderly Transition 3”: intermediate between Net Zero 2050 and Current Policies scenarios. Forecasts significant transition risks (-70% GHG by 2050) and relatively low physical risks



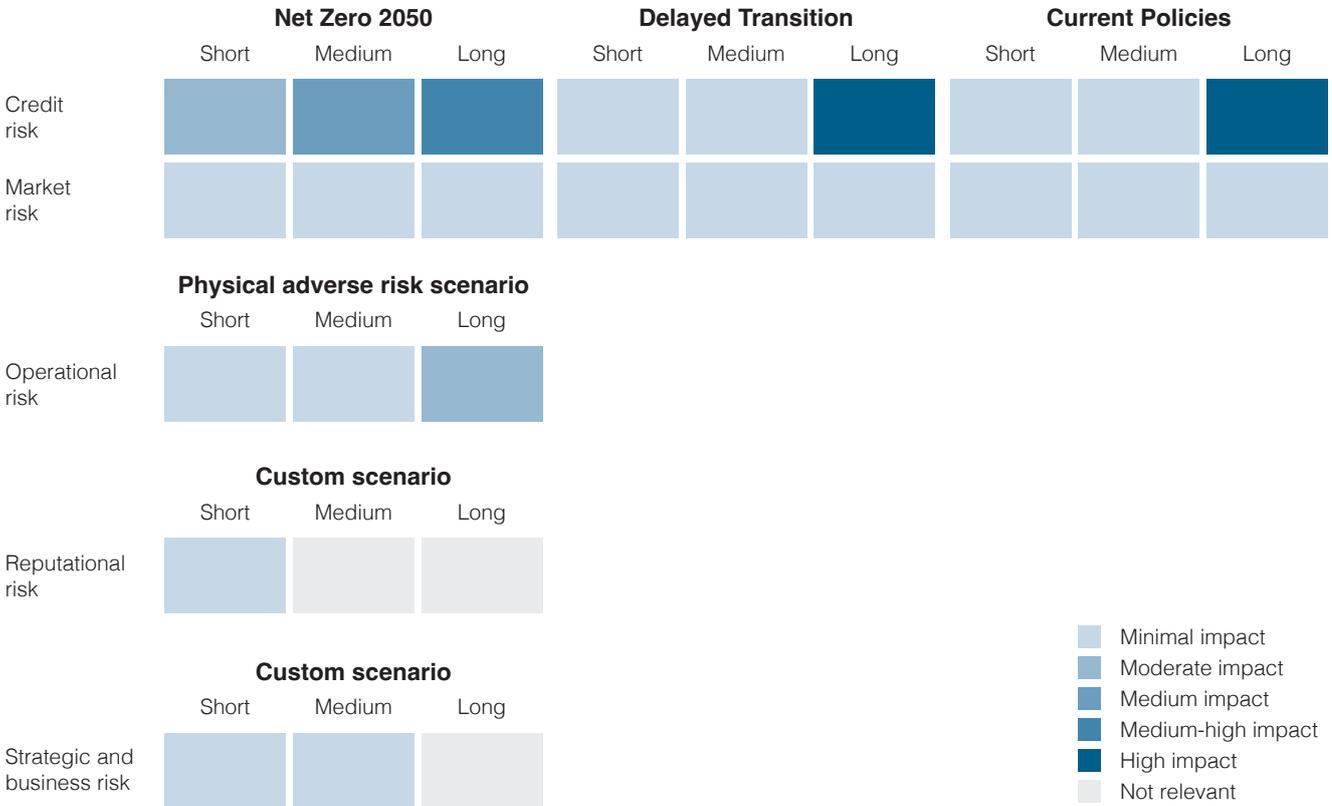
* Climate scenarios used for the financial impact simulations of the Net-Zero Banking Alliance target setting and for the quantification exercises of the long-term climate effects on the Group’s economic and financial KPIs integrated in the new Industrial Plan

Positioning of scenarios is approximate, based on an assessment of physical and transition risks out to 2100.





The overview diagram below illustrates, for each of the risks described above and in the different climate scenarios used, the results of the analysis of climate risk scenarios over the short and medium-to-long term horizons, in terms of their impact on the Group’s capital adequacy (ICAAP).



It should be noted that the Bank supplemented its internal capital stress test on climate and environmental risks with dedicated analyses conducted on the short- and medium-term horizons of the following Pillar 2 risks: reputational risk and strategic and business risk.

Considering the results recorded, moderate impacts on the loan portfolio are already noticeable in the short to medium term in the “Net Zero 2050” scenario, mainly due to the introduction of stringent policies affecting the prospective balance sheets of the financed companies by incurring higher costs to meet the net emissions targets by 2050. On the other hand, with regard to the results observed in the “Delayed Transition” and “Current Policies” scenarios, a worsening of the impacts on the overall risk profile and consequently on the Group’s capital position emerges in the long run, as a consequence of the laxity in adopting serious transition policies and therefore an aggravation of acute and chronic weather threats to which the counterparties/issuers in the portfolio are most exposed.





ILAAP

The Bank integrated a scenario focusing on the effects of climate-environmental factors on funding liquidity risk into its ILAAP stress testing framework.

Banking risk	Scope	Scenario narrative and simulated assumption	Economic impact
Liquidity risk (funding)	Retail and Corporate Depositors	This stress scenario focused on physical risk manifestation events. In particular, this relates to the risk connected with landslides, affecting both Retail customers, in terms of outflows of demand funding (hypothetical outflows related to initial expenses following the catastrophic environmental event), and the Corporate cluster, in terms of the increase in the drawdowns of credit lines granted by the Bank to support the operations of companies damaged by said events.	<ul style="list-style-type: none"> ■ Potential outflows of demand funding ■ Increased drawdowns of credit lines

p. Availability, quality and accuracy of data and efforts to improve these aspects

From the point of view of infrastructure and data management processes, the Bank is progressively working on defining ESG databases that are as complete and accurate as possible in order to retrieve and store all the information needed to govern and manage environmental, social and governance sustainability risks, through exchange channels, placing them in dedicated ICT environments, available to multiple processes and users.

To this end, specific architectural foundations have been defined so that information systems increasingly respond to the need to systematically collect, process, and aggregate the necessary data, as well as subsequently share them with the structures that are to use them, feeding key processes such as ESG risk exposure assessment and portfolio taxonomic alignment verification.

The absence of centralised and unambiguous databases to feed the different processes of the corporate structures can lead to inconsistencies and discrepancies in the use and analysis of such data. Therefore, with the involvement of key business functions, the Bank conducted an extensive mapping of the ESG-like data currently used and useful in the near future, particularly in compliance with the relevant regulations, identifying the data process, its life cycle and its “main owners”. The mapping of ESG information needs highlighted the level of data availability in the Bank’s current data governance and management system and the related integration and improvement measures to be implemented. As a result, it was possible to:

- obtain a clear, comprehensive vision of the scope of ESG data required and identify possible initiatives for their engineering and codified management;
- identify intervention priorities for more effective, conscious use of the ESG data available in the company’s information assets.

The information that makes up the Bank’s ESG assets is mainly derived from:

- i. the collection of data and information from public sources (e.g. NFS or sustainability reports) or directly from the stakeholder itself;
- ii. qualified external info-providers who provide proxies or point-in-time data on the accounts of financed counterparties, suppliers, issuers of investment securities as well as specific information on the vulnerability to physical risks associated with the Group’s owned and leased properties.



It is well known that banks still suffer from significant weaknesses in the availability, completeness, and accuracy of ESG data (resulting in a massive reliance on proxy or estimated data), as well as a lack of standardisation and consistency of such data. The creation of datasets that are as complete, accurate and robust as possible is therefore a fundamentally important element in the overall framework of governance and control of such risks. For this reason, the Bank continues to be committed to the acquisition, systematisation and computerisation of systems for managing and verifying the quality of ESG data and their sources.

q. Description of the limits set for environmental risks (as prudential risk vectors), which if exceeded lead to further investigation and exclusion

The Bank has enhanced over time its risk appetite frameworks through the integration - on the different levels of the Risk Appetite Framework (RAF) - of quantitative indicators aimed at increasing the measurability of ESG risks impacting the degree of exposure to “traditional” risks, accompanied by specific limits and thresholds of attention. The list of these indicators, as well as the description of the escalation mechanisms envisaged in the event of exceeding the established internal limits, are documented, depending on the hierarchical level of the metric, within the framework of the “Risk Appetite Statements”, the “Risk Appetite Framework Regulations” and the risk management policies of the Group and its entities.

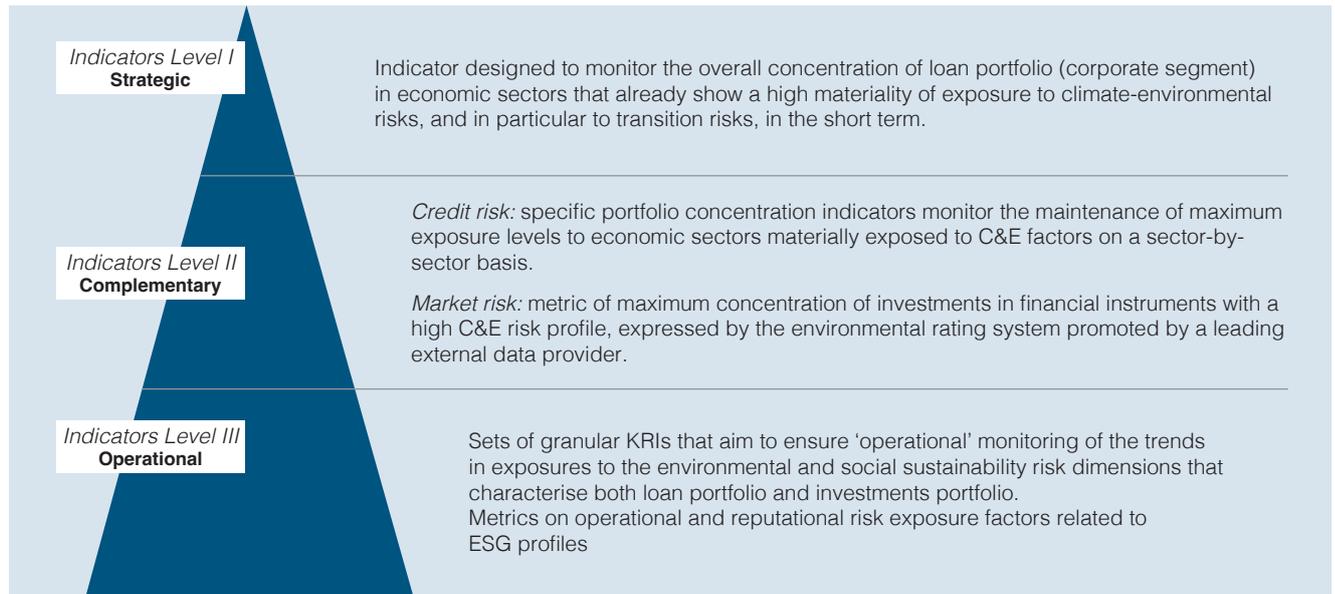
With regard to statements of a qualitative nature, the Bank pursues:

- the activation of policies to steer the conversion of bank credit towards green and sustainable sectors;
- the adoption of systems to measure climate and environmental risk factors at the individual counterparty level. The single-name scoring of customers and the portfolio synthesis through risk propensity metrics are considered elements of strategic direction for the Group, especially in the areas of (i) the formulation and implementation of credit strategy, (ii) the offer of financing products to customers and (iii) the definition of lending pricing approaches;
- the promotion of the integration of additional ESG risk assessments in the expression of the Group’s risk appetite, in order to guide strategic choices with a view to limiting the impact of these factors on credit and investment, strategic, reputational and legal risk exposures, also through the development of dedicated quali-quantitative metrics.

Using risk-based analysis tools, the Group also aims: (i) to refrain from investing in counterparties that have, even prospectively, adverse impacts on the environment, climate and human rights; (ii) to define appropriate impact mitigation measures proportionate to the materiality of the ESG determinants.

With regard to indicators of a quantitative nature, the integration of ESG indicators into the Group’s overall risk appetite framework is depicted below.





The monitoring of these indicators makes use of appropriate systems for detecting, reporting and flagging deviations (alert or escalation procedures) in order to take timely action to reduce the Bank's exposure to these risk factors and bring it within the key thresholds. In addition, for individual loans classified as "Major Operations" (OMR), when granting a new credit line or revising an existing credit line, the potential impact (positive or negative) on the level of the RAF indicators identified as most strategic is estimated, in order to intercept and mitigate possible environmentally and/or socially critical disbursements.

During the first half of 2025, the Group's Risk Appetite Frameworks were further updated to incorporate the results of updated materiality analyses of climate and environmental risks and to revise the existing set of indicators of various levels.

In addition, in its ESG Credit Policy, the Bank has defined general principles and guidelines, applicable at the Group level, for integrating the consideration of climate and environmental risks and ESG factors into the broader framework for assessing the creditworthiness of borrowers. Specifically, the Policy identifies a series of sectors of economic activity considered to be climatically and socially "sensitive" and directs the adoption of a three-level management system, defining general, sectoral and operation criteria - on which Positive Screening, Build out or Negative Screening interventions are insisted upon, based on the ESG assessment of the operation - aimed at fostering an informed disbursement of credit, in line with the strategic objectives and in compliance with the Group's ethical principles and integrity.



The following prospectus lists the “sensitive” sectors identified by the Policy document.

CLIMATICALLY SENSITIVE	SOCIALLY SENSITIVE
 Coke	 Manufacture of and trade in arms
 Oil & Gas	 Gambling
 Electricity	 Tobacco
 Other mining	
 Agriculture	
 Real estate	
 Iron and steel	
 Aluminium	
 Cement	
 Transportations	

r. Description of the link (transmission channels) between environmental risks and credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework

According to the dictates of the Supervisory Authorities, risks related to the environment and climate change do not constitute a risk category in their own right, as they typically manifest themselves and materialise through the exposure to “traditional” risk categories, influencing the magnitude or likelihood of materialising impacts: in other words, they represent determining factors for typical risk cases, such as credit, market, operational, reputational, liquidity, strategic and business risks. Climate and environmental risks may therefore simultaneously constitute causal factors of various existing risk categories and subcategories, manifesting themselves in these through specific means of transmission (described in point l) in this section “Risk management”).

In relation to this, for each main area of “traditional” risk, the Bank has defined, formalising them in a specific policy document (“General regulation on climate and environmental risks”), specific guidelines for setting up models for integrating climate and environmental risk assessments in the context of the respective management systems:





- *Credit risk:*
 - a. Climate and environmental risk factors and their impacts on credit risk are considered at all relevant stages of the credit granting and management process.
 - b. As part of the granting of credit, operational criteria of a qualitative-quantitative nature are formalised to distinguish economic sectors and individual borrowers on the basis of their exposure to climate and environmental risks.
 - c. For customers associated with higher environmental and climate risks and for larger counterparties, more in-depth analyses are appropriate, taking into account the current and/or prospective impacts of transition factors (e.g. changes in environmental pollution regulatory policies) as well as the quality of the customer's management of physical and transition risks.
 - d. Specific climate and environmental due diligence checks are promoted, both at the beginning of a customer relationship and on an ongoing basis. The Group intends, in particular, to establish a constructive dialogue with its most critical counterparties, also in order to support them in improving their environmental sustainability profile.
 - e. Climate and environmental risks are integrated into the valuation of collateral, with particular regard to the risks of loss of value of real estate as collateral.
 - f. The pricing of loans reflects differences in charges related to climate and environmental risks, e.g. by applying higher financing costs for assets particularly exposed to physical and transition risks.
- *Market risk:*
 - a. The Group monitors the effects of climatic and environmental factors on its positions exposed to market risk, taking into account the significance of physical and transition risks for the banking and trading book. This is due to the fact that investments in financial assets issued by companies with business models perceived as environmentally unsustainable or located in geographic areas susceptible to physical risks could decline in value as a result of changing regulatory policies, market confidence or technology, or due to severe weather events or gradual adverse changes in climatic conditions.
 - b. The integration of climatic and environmental factors into market risk management processes may require the Group to adjust its investment policies in its own financial instruments.
 - c. In addition to measuring the degree of "environmental sustainability" of portfolio investments, the ability to assess the possible impact of adverse events related to the materialisation of climate/environmental risks on the pricing of financial instruments should be noted.
- *Operational and reputational risks:*
 - a. The Group takes into account the possible impact of climate and environmental risks on business continuity as well as on the level of reputational and legal risks in relation to the various business lines and operations carried out, by putting in place adequate control and mitigation measures, also with regard to outsourced services and IT activities, especially if suppliers are located in areas exposed to extreme weather events or other environmental vulnerabilities.
 - b. Business continuity could be affected by adverse impacts caused by physical risk events (e.g., disruptions in operations caused by material damage to buildings, branches and data processing centres as a result of extreme weather and environmental events). In relation to this, the Group takes all necessary measures to safeguard business continuity and ensure timely restoration of operations in the event of a disaster, both in terms of policies and in terms of the operation of tangible assets, including IT systems.
 - c. The Group assesses the extent to which the nature of its activities may increase the risk of negative financial impacts from future reputational damage, legal liability (liability risk) and litigation.
- *Liquidity risk:*
 - a. The Group integrates climate and environmental risks into the measurement and management of liquidity risk, assessing potential deterioration of the liquidity position due to cash outflows and/or a decrease in the amount of liquidity reserves and/or changes in the degree of liquidity of financial instruments held on its own account.



- b. As part of ILAAP reporting, impact assessments on net cash outflows or cash reserves take into account severe but plausible scenario assumptions of materialising physical and transition risks, paying particular attention to fundamental vulnerabilities.

Table 2: Qualitative information on social risk

Strategy and business processes

a. Adapting the entity's corporate strategy to integrate social factors and risks, taking into account the impact of social risks on the entity's operating environment, business model, strategy and financial planning

Among the control methods implemented by the Group to counter the risks connected with social factors are, from the standpoint of internal regulations, the ESG Credit Policy, the Sustainability Policy, the ESG Investment Policy, the Code of Ethics, the Diversity and Inclusion Guidelines, Regulations on Diversity in the Composition of the Board of Directors and the Board of Statutory Auditors, the Policy on Financing in the Armaments Production and Trade Sector, the Company's Regulation on Personal Data Protection and the Regulation on the Use of Workstations and IT Services.

The Bank also significantly incorporates Sustainability elements into its business strategy, as demonstrated by the 2025-2027 Business Plan "Our Way Forward", which pays particular attention to the continuous integration of ESG elements into the Bank's business model, in line with its commitment to development and value creation for the territories in which it operates and, in general, for all its stakeholders. The Plan promotes the development of products and services with an ESG connotation, with specific regard to financing and bond issues aimed at generating a positive environmental and social impact and supporting accessibility for all stakeholders, responding to the needs of individuals. At the same time, the Bank is committed to implementing gender equality, parenting and inclusiveness initiatives for the benefit of its employees.

The Group promotes actions for sustainable development by joining international and national initiatives that outline its commitment to social issues, such as:

- Global Compact: UN initiative promoting corporate social responsibility through adherence to ten fundamental principles relating to human rights, labour, environment and anti-corruption;
- UNEP Finance Initiative - Principles for Responsible Banking (PRB): a programme with the aim of promoting actions to foster the development of a sustainable banking sector by aligning it with the goals of the UN 2030 Agenda and the 2015 Paris Climate Agreement;
- United Nations Sustainable Development Goals (SDGs): a global initiative of the United Nations Development Programme to eliminate poverty, protect ecosystem balances, build inclusive societies and promote peace;
- "Valore D": the first association of Italian companies promoting gender balance and an inclusive culture for the growth of companies and the country.





In particular, as part of the adherence to the Principles for Responsible Banking (PRB) promoted by the UNEP FI, we highlight the publication in 2025 by the Bank of its first Responsible Banking Progress Statement, in which the objective related to Financial Health & Inclusion is confirmed, in line with the commitment to social inclusion made through the Business Plan.

The Bank has also implemented several initiatives to integrate social factors and risks into its business and to generate positive social impacts on its own workforce, affected communities, and consumers and end-users, as detailed in b) below.

b. Objectives, targets and limits for assessing and addressing social risks in the short, medium and long term, and evaluation of performance in respect of these objectives, targets and limits, including forward-looking information on the design of strategy and business processes

With the approval of the 2025-2027 Business Plan, the Bank has outlined several Sustainability objectives aimed at generating social value and mitigating risks, including:

- the granting of financing with a positive environmental and social impact;
- the issuance of Green, Social and Sustainable Bonds amounting to approximately 1 billion euro over the three-year period;
- the provision of training courses on sustainability issues to employees and governing bodies;
- the promotion of financial education and Sustainability issues programs for students and other stakeholders;
- the selection of suppliers assessed according to Sustainability criteria (80% of annual purchases).

Banca Popolare di Sondrio, furthermore, following the preparation of an Operational Plan on Diversity and Inclusion, set the target of reaching 45% of placements of staff belonging to the least represented gender out of the total number of placements by 2025. For further details on this target, please refer to the section “Targets related to the management of relevant negative impacts, enhancement of positive impacts and management of relevant risks and opportunities (S1-5 and MDR-T)” of the Sustainability Report as at 31 December 2024, contained in the Annual Financial Report.

The Group's current strategy also includes several social initiatives, aimed at promoting an inclusive corporate culture, fostering work-life balance, supporting employee welfare, strengthening activities with positive impact and/or mitigating negative impact on stakeholders.



ESRS issues	Scope	Initiatives	Internal and external resources
Own workforce	Diversity and Inclusion	Preparation and monitoring of an Operational Plan on Diversity and Inclusion	<ul style="list-style-type: none"> Staff and Organisation Models Department
		Strengthening the monitoring system of recruitment, selection and hiring processes integrated with diversity elements (qualification, institution/university, nationality and disability)	<ul style="list-style-type: none"> Staff and Organisation Models Department
		Support for employees with disabilities	<ul style="list-style-type: none"> Staff and Organisation Models Department
		Career guidance meetings with managers and professionals from the Bank aimed at female students to support them in their professional future	<ul style="list-style-type: none"> Staff and Organisation Models Department
	Workers' welfare	Adoption of corporate welfare measures: <ul style="list-style-type: none"> Company productivity bonus, loyalty bonus, study bonus, various contributions and supplementary pension plan Supplementary health care, supplementary health plan and CRAL company club 	<ul style="list-style-type: none"> Staff and Organisation Models Department
		Use of agile working tools and flexible working locations	<ul style="list-style-type: none"> Staff and Organisation Models Department
		Parenting support	<ul style="list-style-type: none"> Staff and Organisation Models Department
		Health and Safety planning, considering possible risks, promoting responsible behaviour on the part of personnel and favouring working conditions for the protection of the physical and mental integrity of workers and respect for their moral personality	<ul style="list-style-type: none"> Staff and Organisation Models Department Logistics and Operational Support Department
		Remuneration policies	Introduction of ESG objectives
	Trade Unions	Relations based on transparency, fairness, integrity, impartiality and independence, respecting the roles and prerogatives of each subject, in a climate of mutual respect and willingness to engage in dialogue and participate, while guaranteeing the widest possible freedom and representation	<ul style="list-style-type: none"> Staff and Organisation Models Department
Communities concerned	Territory	Increase of on-the-ground presence	<ul style="list-style-type: none"> Secretariat and General Affairs Department
	Sponsorships and donations	Charitable donations in favour of charitable, humanitarian and voluntary organisations, cultural and artistic associations, recreational organisations, music associations, schools, public and religious organisations, trade and various associations	<ul style="list-style-type: none"> Secretariat and General Affairs Department
		Sponsorships for cultural and recreational associations, trade associations, schools and religious associations, sports associations and various associations	<ul style="list-style-type: none"> Secretariat and General Affairs Department





ESRS issues	Scope	Initiatives	Internal and external resources	
Consumers and end users	Updating and renewing the catalogue of products and services	Credit product development and monitoring	<ul style="list-style-type: none"> ■ Retail and Product Sales Department ■ CLO Area ■ Planning, Investor Relations and Management Control Department. ■ Advisory companies 	
	ESG rating of suppliers	Introduction of an ESG rating for suppliers, starting with the most relevant in terms of turnover and considering companies providing outsourced services.	<ul style="list-style-type: none"> ■ Logistics and Operational Support Department. ■ Advisory companies 	
	Supporting ESG virtuous companies	Provision of green finance to companies	Provision of green finance to companies	<ul style="list-style-type: none"> ■ CLO Area ■ Planning, Investor Relations and Management Control Department ■ Advisory companies
		Financing for agricultural and agri-food companies	Financing for agricultural and agri-food companies	<ul style="list-style-type: none"> ■ CLO Area ■ Retail and Product Sales Department
		Start-up financing	Start-up financing	<ul style="list-style-type: none"> ■ Corporate Finance Department ■ CLO Area.
		Provision of Trade Finance products	Provision of Trade Finance products	<ul style="list-style-type: none"> ■ CCO Area
	Access to credit	Products and services for “vulnerable” social groups (children, young people, students, the elderly, non-EU citizens)	Products and services for “vulnerable” social groups (children, young people, students, the elderly, non-EU citizens)	<ul style="list-style-type: none"> ■ CLO Area ■ Virtual Unit ■ Retail and Product Sales Department
		Solidarity fund for the suspension of mortgages for the purchase of the first home (Gasparini Fund)	Solidarity fund for the suspension of mortgages for the purchase of the first home (Gasparini Fund)	<ul style="list-style-type: none"> ■ CLO Area ■ Virtual Unit ■ Retail and Product Sales Department
	Promoting learning about international trade	Business school	Business school	<ul style="list-style-type: none"> ■ CCO Area
	Countering cyber fraud	Awareness-raising on countering cyber fraud and operational procedures	Awareness-raising on countering cyber fraud and operational procedures	<ul style="list-style-type: none"> ■ CIOO Area ■ Advisory companies
Digitisation of customer processes		Digitisation of customer processes	<ul style="list-style-type: none"> ■ CIOO Area 	



ESRS issues	Scope	Initiatives	Internal and external resources
	Customer support	Funding for Third Sector Entities (“ETS”)	<ul style="list-style-type: none"> ■ CLO Area ■ Retail and Product Sales Department ■ Planning, Investor Relations and Management Control Department
		Agreement for the “CryptoBooks” service, aimed at defining the amount of tax on cryptocurrencies and generating tax reports for the compilation of the RW, W and RT forms of the tax return by the client or trusted accountant	<ul style="list-style-type: none"> ■ CIOO Area
	Supporting the development of new technological business initiatives	Establishment of the holding company “Liquid Factory”	<ul style="list-style-type: none"> ■ Corporate Finance Department

c. Policies and procedures regarding direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce harmful activities for society

Social risks are defined by the Group as risk profiles deriving from exposures to counterparties that can be negatively influenced by social factors, or as the risks to which it is directly exposed due to its characteristics and operations. These factors typically relate to protection of the rights, welfare and interests of individuals and society and include elements such as (in)equality, personal health, inclusion, labour relations, occupational health and safety, human capital and community relations.

The process of managing and mitigating social risks takes place through a reconciliation to traditional banking risks. This reconciliation process allows for the timely identification and description of risks associated with social factors in order to adopt appropriate control methods specific to each identified category.

In order to effectively address the risks associated with social factors, the Bank is engaged on several fronts with its counterparties, including through the promotion of customer-focused training. Indeed, the Bank believes that financial education is an extremely relevant opportunity to provide equitable and inclusive learning tools. To this end, a dedicated learning platform for international trade was created, offering a dynamic information and training system aimed at both customers and company personnel. Three areas have been developed, which seek to meet the main needs encountered by the Bank in its experience of assisting customers abroad: technical courses for foreign trade, tools for internationalisation and offer of banking products for foreign markets. In 2024, with the aim of raising the awareness and skills of corporate clients regarding Sustainability, a webinar was also organised during which relevant topics such as sustainable transition - for the Bank as well as for the client -, Sustainability Reporting under the CSRD directive, and challenges and opportunities in the international context were addressed.

For more detailed information on measures to mitigate risk profiles associated with social factors, please refer to the Sustainability Report 2024 according to CSRD, contained in the Annual Financial Report, under section “3.3.1.4 Measures on relevant consumer and end-user impacts and approaches for mitigating relevant risks and achieving relevant consumer opportunities (MDR-A)”.





Governance

d. Responsibilities of the management body for defining the risk framework, overseeing and managing the implementation of objectives, strategy and policies in the context of social risk management, taking into account the counterparties' approaches to the following: (i) community and social activities; (ii) employee relations and labour standards; (iii) consumer protection and product liability; and (iv) human rights

In addition to what has already been described under e) and g) above, the Board of Directors defines Group-wide guidelines, targets and strategies on Sustainability issues, taking into account the objectives of sound and sustainable creation and distribution of value for all stakeholders. In addition, it is responsible for approving the Code of Ethics, a fundamental tool for implementing corporate social responsibility and ensuring that all activities are conducted in accordance with ethical commitments and in line with industry regulations. The provisions contained therein set out the principles and ethical responsibilities in the management of corporate affairs and are aimed at protecting the Bank's reputation and image. These provisions must be respected not only by internal staff, but also by associates, suppliers and other persons with whom the Bank has close business relations.

The Group recognises the importance of the principles of responsibility and ethics, respect for human rights and protection of the people, as enshrined in international and national regulations, including the Constitution of the Italian Republic and the United Nations Universal Declaration of Human Rights. Furthermore, the Bank has also adhered to the UN Global Compact since 2004, basing its strategy and corporate culture on the ten fundamental principles of said initiative.

In 2024, the BoD approved the "Policy on Financing in the Armaments Production and Trade Sector" in order to regulate, in full compliance with national and international standards, the management of this sector. With this initiative, the Group champions the peace economy as a necessary condition for authentically sustainable development, consistently and transparently identifying the role of the financial sector and encouraging dialogue with its stakeholders.

During 2024 and the initial part of 2025, the Board also addressed several issues relating to social aspects and the management of related risks. The main issues include:

- involvement in the updating of the "ESG Credit Policy", a policy document that regulates approaches to managing and mitigating risks arising from financial exposures to sectors or activities with a high environmental and social impact as well as the identification of sustainable financing opportunities;
- the approval of the Operational Plan on Diversity and Inclusion, a document which represents a concrete step in addressing social impacts related to valuing diversity and promoting inclusion within the corporate organisation.
- the approval of the "Home-Work Travel Plan";
- the "double materiality" analysis carried out for the purposes of Sustainability Reporting for the 2024 financial year in compliance with the CSRD Directive, with particular attention to the assessment of impacts, risks and opportunities related to social issues;
- the sharing of methodological integrations aimed at perfecting the algorithms and processes for attributing the counterparty ESG Score, with specific reference to the introduction of a scoring component dedicated to the social risk factors to which borrowers are exposed;
- monitoring reporting on the exposure to environmental, social and governance risk variables of the Group's banking portfolios (lending and proprietary financial investments) and ESG factors impacting operational, legal and reputational risk profiles;
- specific proposals to update the RAF framework on ESG risks, with regard to the monitoring of risk aspects related to social factors.



For additional information, please refer to the “Governance” section on “Qualitative information on environmental risk”.

e. Integration into internal governance systems of measures to manage social factors and risks, including the role of committees, assignment of tasks and responsibilities, and feedback procedures from risk management to the board of directors

Social risks are appropriately monitored and managed through the organisational structures in charge, in general, of governing environmental, social and governance issues. Please refer to the “Governance” section on “Qualitative information on environmental risk”.

The Group recognises the value of the principles of responsibility, ethics and sustainability, respecting international and national regulations and guidelines, including the Constitution of the Italian Republic and the United Nations Universal Declaration of Human Rights.

The Group’s commitment to human rights is formalised in the Code of Ethics, the Sustainability Policy and the Organisational, Management and Control Model (Legislative Decree 231/2001).

Human rights management is integrated into daily business practices, including through procedures for verifying the identity of customers, to avoid fraudulent activities and to promote the proper use of the banking system. Employees are trained and committed to these regulations, contributing to the creation of an environment of trust and responsibility.

Furthermore, the Group is committed to ensuring adequate customer care, not only to facilitate the use of products and services, but also to ensure that economic conditions are clear and understandable to all consumers. Respect for customers’ privacy and the protection of their data are top priorities for the Group, which takes all necessary measures to safeguard sensitive information. In this context, the Group ensures that all transactions are carried out in compliance with applicable regulations, with particular attention to the respect for consumers’ rights and their protection at every stage of the banking relationship.

In addition, specifically for the social component, in agreement with the Trade Union Representatives, a specific Commission on equal opportunities has been set up which has the following purposes:

- identifying appropriate measures to achieve equal opportunities;
- promoting measures to facilitate the reintegration of women workers after maternity leave and to safeguard their professionalism;
- promoting initiatives aimed at eliminating any behaviour harmful to personal freedoms, including sexual harassment;
- evaluating any reports about direct or indirect discrimination at a work or professional level and making proposals on this matter.





f. Reporting hierarchy and frequency of social risk reporting

The internal reporting of sustainability issues related to social risks is carried out through mutual dialogue between the competent Bodies and Functions, in particular between the Sustainability Department, the Chief Risk Officer Area, the Sustainability Management Committee, the Board Sustainability Committee and the Control and Risk Committee.

For more details on this, see the section “Governance”, point h), on “Qualitative information on environmental risk”.

In 2024 and the first six months of 2025, as mentioned in point d) above, several meetings of the Board of Directors were held in which specific ESG topics were discussed with relevant information in terms of managing social risks. The main decisions taken by the BoD include:

- approval of the annual Sustainability Report as at 31 December 2024, prepared in line with CSRD regulations on the basis of the findings of “double materiality” analyses;
- approval of the “Home-Work Travel Plan”.
- approval of the “Policy on Financing in the Armaments Production and Trade Sector”;
- approval of the Operational Plan on Diversity and Inclusion.
- approval of the updated “ESG Credit Policy”;
- approval of proposals to update the RAF framework on ESG risks, with regard to the monitoring of risk aspects related to social factors;
- review of quarterly ESG risk monitoring reports;
- sharing of methodological upgrades to the ESG scoring system at the counterparty level, with particular reference to the introduction of a social risk assessment component.

g. Alignment of the remuneration policy with the objectives of the institution related to social risks

As anticipated in the “Governance” section, point i), concerning “Qualitative information on environmental risk”, the Group discloses information on its incentive systems through the Annual Report on Remuneration Policy and Compensation Paid.

In particular, 10% of the variable remuneration due to the company figure of the General Manager depends on objectives and (or) impacts related to Sustainability. As part of the Remuneration Policies published in April 2024, the following short and long-term objectives have been defined. The identified targets, including “social” aspects, are the following:

- ESG rating: improvement of the EE corporate rating assigned to the Bank by Standard Ethics;
- ESG products and services: expansion of the ESG product offering (Next) in accordance with the Business Plan;
- ESG finance: raising the “ESG percentage” of the bond component of the proprietary portfolio;
- ESG funding product issues: strengthening of the ESG-oriented funding activity, by issuing new Social Bonds;
- ESG Governance: Completion and final approval of the Operational Plan on Diversity and Inclusion;
- ESG credit - assessment of counterparties: completion of ESG Due Diligence activities of Corporate counterparties;
- ESG initiatives: join international initiatives related to social Sustainability;
- ESG training: integrate Sustainability issues into corporate training programmes in a comprehensive, cross-cutting manner.



Risk management

h. Definitions, methodologies and international standards on which the social risk management framework is based

Banca Popolare di Sondrio defines “*social risk*” as the risk of losses deriving from the negative financial effects for the institution due to the impact, present or future, of social factors on its own operations, on counterparties or on the invested assets of the institution itself.

Within the framework of managing these risks, the Bank refers to the principles defined by international best practices and by the guidelines issued by the competent Authorities. In particular, the regulatory framework taken as reference includes:

- United Nations Global Compact (2000);
- United Nations Sustainable Development Goals (2015);
- UNEP FI Principle for Responsible Banking (PRB) (2019);
- Universal Declaration of Human Rights - United Nations General Assembly (1948);
- International Covenant on Economic, Social and Cultural Rights and International Covenant on Civil and Political Rights - United Nations General Assembly, 1966 (entered into force in 1976 and implemented in Italy in 1978);
- Declaration on Fundamental Principles and Rights at Work - International Labour Organisation (ILO), 1998 and the 8 Core Conventions;
- UN Conventions on the Rights of Women, on the elimination of all forms of racial discrimination, on the rights of the child, on the rights of persons with disabilities;
- Standards of Conduct for Businesses developed in 2017 by the United Nations High Commissioner for Human Rights on anti-discrimination against lesbian, gay, bisexual, transgender and intersex persons;
- Guidelines Diversity & Inclusion in Business - UN Global Compact Network Italy (2021);
- Directive 2013/36/EU of the European Parliament and Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;
- Legislative Decree 231/2001 (Administrative Liability of Entities) as amended;
- Legislative Decree 198/2006 (Code of equal opportunities between men and women) as amended;
- Legislative Decree 81/2008 (Consolidation act on the protection of health and safety in the workplace) as amended;
- Legislative Decree 254/2016, implementing Directive 2014/95/EU of the European Parliament and of the Council on the disclosure of non-financial information of certain large and public interest companies;
- Legislative Decree 179/2017 (Provisions for the protection of the authors of reports of offences or irregularities of which they have become aware in the context of a public or private employment relationship, so-called “whistleblowing”) as amended;
- Law No. 185 of 9 July 1990 on: “New provisions on the control of export, import and transit of weapons materials”;
- Law No. 220 of 9 December 2021 on: “Measures to combat the financing of companies producing anti-personnel mines and cluster munitions and submunitions”;
- Instructions of the Bank of Italy, COVIP, IVASS and MEF concerning enhanced controls on the operations of licensed intermediaries to counter the financing of enterprises producing anti-personnel mines, cluster munitions and submunitions, 23 July 2024;
- “OECD Guidelines for Multinational Enterprises”, updated version 8 June 2023, OECD (2023) Guidelines for Multinational Enterprises on Responsible Business Conduct.
- EBA Report on management and supervision of ESG risks for credit institutions and investment firms (EBA/REP/2021/18);
- EBA Guidelines on the management of environmental, social and governance (ESG) risks (EBA/GL/2025/01).





During the year 2023, the Banca Popolare di Sondrio Group joined, as an ordinary member, “Valore D”, the first Association of large companies created in Italy that is committed to promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone’s talent through the enhancement of diversity. Through this partnership, the Bank may take advantage of numerous services and growth opportunities, including a rich training offer to reinforce an inclusive corporate culture that values all diversities within the Group.

The Bank has also joined the Charter “Women in Banking: enhancing gender diversity” prepared by the Italian Banking Association (ABI), aimed at enhancing equal treatment and opportunities between genders in the banking sector and within business organisations.

i. Processes to identify, measure and monitor assets and exposures (and, where appropriate, collateral) sensitive to social risks, including relevant transmission channels

The Banca Popolare di Sondrio Group has defined a risk management system to facilitate the identification and measurement, mitigation, and monitoring of ESG risk factors. With regard to the risk identification process, specific criteria have been selected for the identification of the impacts of ESG factors on existing risk categories; in this context, starting from 2024, the Bank has evolved its system aimed at identifying Social risk factors, promoting the alignment of its practices with the provisions of the “double materiality” legislation provided for in the CSRD.

On an annual basis, the Bank carries out specific analyses aimed at identifying the level of materiality of exposure to cases of risk related to Social issues, both from an outside-in perspective and according to an inside-out vision (“double perspective”), as well as the mapping of the propagation channels through which these cases may occur in the context of the traditional banking risks impacted.

RISK FACTOR ¹⁷	TRADITIONAL RISK	TRANSMISSION CHANNEL	TOOL
Own workforce	Risk of non-compliance	Risk arising from violations of employee welfare/rights and diversity and inclusion legislation	Regulatory analysis and possible sanctions Loss Data Collection Process
	Operational risk	<ul style="list-style-type: none"> ■ Risks arising from fraudulent breaches of company systems aimed at stealing data of a personal nature from its workforce ■ Risk arising from litigation related to failure/inadequate implementation of policies to ensure the well-being/rights of workers and to promote diversity and inclusion 	Loss Data Collection Process (analysis of number of complaints and appeals) Operational risk self-assessment scenario
	Reputational risk	<ul style="list-style-type: none"> ■ Risks arising from fraudulent breaches of company systems aimed at stealing data of a personal nature from its workforce ■ Risk arising from disputed failure/inadequate implementation of policies to ensure the well-being/rights of workers and to promote diversity and inclusion 	NFS analysis Loss data collection process (analysis of number of complaints and appeals) Reputational risk self-assessment scenario Media screening

¹⁷ “Social” risk factors are identified in accordance with the European Sustainability Reporting Standards (ESRS) defined within the framework of the Corporate Sustainability Reporting Directive (CSRD).





RISK FACTOR ¹⁷	TRADITIONAL RISK	TRANSMISSION CHANNEL	TOOL
Workers in the value chain	Credit risk	Risk arising from high exposure to counterparties with non-aligned privacy or welfare/workers' rights policies	<i>UNEP FI Impact Radar (ESG Heat map)</i>
	Reputational risk	Risk arising from relationships with credit counterparties and/or suppliers challenged with inadequate implementation of policies on personal data management, labour rights, and diversity and inclusion	<i>NFS Analysis and Code of Ethics Media screening</i>
Communities concerned	Reputational risk	Reputational risk arising from relationships with credit counterparties that are challenged with negative social impacts in the areas of operation (e.g. in terms of employment of local labour force)	<i>NFS analysis Loss data collection process (analysis of number of complaints and appeals) Reputational risk self-assessment scenario Media screening</i>
Consumers and end users	Risk of non-compliance	Risk arising from breaches of banking transparency and data security regulations	<i>Regulatory analysis and possible sanctions Loss Data Collection Process (analysis of number of complaints and appeals) Operational risk self-assessment scenario</i>
	Operational risk	<ul style="list-style-type: none"> ■ Risk arising from omissions/inadequacies in regulatory compliance in the area of banking transparency and data security ■ Risks arising from fraudulent breaches (e.g. cyber attacks) of the company systems aimed at stealing data of a personal nature from its customers 	<i>Loss Data Collection Process (analysis of number of complaints and appeals) Operational risk self-assessment scenario</i>
	Reputational risk	<ul style="list-style-type: none"> ■ Risks arising from fraudulent breaches of company systems aimed at stealing data of a personal nature from its customers ■ Risk arising from complaints about banking transparency, accessibility of data, discriminatory behaviour towards customers. 	<i>Loss data collection process (analysis of number of complaints and appeals) Reputational risk self-assessment scenario Media screening</i>

As regards the measurement of risks pertaining to the “Social” dimension, during 2024 and the first half of 2025 the Bank strengthened its provision of risk metrics of this kind. Among the metrics adopted, the Bank uses indicators that are tools for classifying Social risk at both sector and individual counterparty level.

In addition, in order to facilitate the constant monitoring of Social risk factors, the Group has progressively integrated its Risk Appetite Framework schemes according to the significance of the level of exposure to these factors.

For more details see the following points k) and l) of this “Risk management” section.





j. Activities, commitments and assets that contribute to mitigating social risks

The Bank defines a series of activities aimed at promoting the containment of its exposure to Social risk factors in the different business lines in which it operates. The initiatives adopted for mitigation purposes are specifically defined by the traditional types of risk in which social risk factors tend to manifest more.

As part of the activity of providing credit to its customers, the Bank, in line with the indications of the Regulator and with the national and international reference principles (e.g. United Nations Guiding Principles on Business and Human Rights - UNGPs), does not knowingly finance activities contrary to its values or that violate principles and regulations, exposing itself to serious reputational risks.

In particular, it excludes financing activities towards counterparties on which emerge, both in the initial credit assessment and in the periodic revaluation phase:

- sanctions relating to serious violations and abuses of human rights as established by Reg. (EU) 2020/1998, as amended;
- sanctions related to cyber attacks against the European Union or its Member States, as established by Reg. (EU) 2019/796, as amended;
- specific restrictive measures intended to combat terrorism in accordance with the provisions of Reg. (EC) 2580/2001, as amended;
- operations in the controversial weapons sector, as defined in the Policy on financing in the weapon production and trade sector;
- violation of fundamental labour rights and child and forced labour standards.

In its “ESG Credit Policy”, having regard to the guidelines of credit strategy and policies, the Group, using the proprietary ESG Score for the purpose of determining the credit granting strategy, incorporates a first screening at the counterparty level, allowing a mitigation of exposure to risks deriving from ESG factors. In addition, the Bank has established: i) the application of escalation processes of the decision-making body in the context of making credit decisions; ii) the definition of the ESG-based pricing conditions of loans in relation to the Sustainability profile of the specific counterparty; iii) the conduct of enhanced ESG assessments of exposures also against counterparties belonging to the economic sectors identified as “socially sensitive”. In particular, the Policy document formalises the negative screening mechanisms applied to the following product sectors which, given the negative social impacts that their activities may cause, require intensified controls:

- Manufacture of and trade in weapons;
- Gambling;
- Tobacco.

In addition, for counterparties highly exposed to ESG risks, the Bank provides for enhanced due diligence processes, with specific ESG questionnaires aimed at investigating, inter alia, certain characteristics with respect to customer exposure to Social risk factors, such as, for example, the presence of certifications on matters of occupational health and safety (ISO 45001).

With reference to investment practices, the Bank has envisaged a reorientation of its own account investment strategies in order to redesign the composition of the portfolios of financial assets held for trading or use, in order to favour the reduction of the overall exposure to ESG risks.



The systems for identifying, assessing and managing operational and reputational risks also provide for monitoring specific risk indicators (KRIs) that allow the Group to identify and possibly mitigate potential critical aspects related to the Social dimension.

k. Implementation of tools for the identification and management of social risks

Below is a synoptic overview of the assessment tools currently used by the Bank to determine the extent of its exposure to “Social” risks for the main traditional risk types impacted.

Credit risk		
Tool	Description	Use
Counterparty ESG scores (S Score)	<p>Risk metrics acquired from qualified info providers.</p> <p>The Social score is composed of several indicators that, based on the aggregation of both specific variables calibrated at a “single-name” level and geo-sectoral averages, return a synthetic judgement on the positioning of counterparty companies with respect to the management of the following “Social” issues:</p> <ul style="list-style-type: none"> ■ <i>Community and society</i>: a metric constructed by considering recruitment trends in socially deprived areas; ■ <i>Employee relations</i>: a metric developed by taking into account expenditure on the percentage of job insecurity, the presence or absence of ISO 18001 and ISO 45001 certification, state aid for employee training and/or occupational safety and the publication of company patents, as well as days lost due to accidents and the rate of occupational accidents; ■ <i>Customer relations</i>: a metric that considers the presence or absence of ISO 9001 certification, cyber-security state aid, supplier code of conduct and the publication or absence of sustainability reporting; ■ <i>Human rights</i>: a metric that considers the commitment of local businesses to social initiatives aimed at mitigating the violation of human rights and fostering their protection and promotion; ■ <i>Anti-poverty</i>: a metric that considers public support obtained for the employment of workers from disadvantaged groups. 	<ul style="list-style-type: none"> ■ Credit granting process ■ RAF ■ ESG reporting
UNEPFI Heatmap Impact Radar Tool	<p>A tool to determine the extent to which a given sector of economic activity is at risk of harming the achievement of one or more European Sustainability Reporting Standards (ESRS) defined within the CSRD framework.</p>	<ul style="list-style-type: none"> ■ Dual Materiality Analysis CSRD
Market risk		
Tool	Description	Use
Social Rating (S Rating)	<p>A tool acquired from an external info provider needed to provide a summary judgement on the issuers of the securities in the portfolio on Social issues.</p>	<ul style="list-style-type: none"> ■ ESG reporting ■ RAF





Operational and reputational risks		
Tools	Description	Use
Counterparty ESG score	An internally developed risk metric to identify the level of exposure of counterparties with which the Group has relationships (supply and/or credit) to ESG risk factors.	■ Dual Materiality Analysis CSRD
Single-name analysis matrix of the sustainability profile	Matrix of analysis developed internally for the purpose of assessing the sustainability profile of the counterparties with which the Group has relations (supply and/or credit), as a reporting factor regarding their potential exposure to reputational damage and/or operational losses resulting from litigation.	■ Dual Materiality Analysis CSRD
Operational Risk Self-assessment (RSA)	Ordinary operational risk monitoring and management process whose evidence is instrumental in assessing the Group's prospective exposure to Social risks.	■ Dual Materiality Analysis CSRD
Reputational Risk Self-assessment (REP)	Ordinary reputational risk monitoring and management process whose evidence is instrumental in assessing the Group's prospective exposure to Social risks.	■ Dual Materiality Analysis CSRD
Loss Data Collection (LDC)	Ordinary process of monitoring and managing operational losses, whose evidence is instrumental in assessing the Group's final exposure to Social losses.	■ Dual Materiality Analysis CSRD ■ ESG reporting

I. Description of the setting of limits for social risks and cases leading to further investigation and exclusion when limits are exceeded

The Bank has integrated the general risk appetite definition schemes (Risk Appetite Statement) at the Group level by introducing specific statements and qualitative objectives relating to the management of environmental, social and governance risks.

With reference to the quantitative parameters of social risk, during 2024 the Bank evolved its framework for ESG risk appetite through the definition of a dedicated complementary level indicator, relating to the credit risk category, aimed at monitoring the concentration of global portfolio exposure in the aforementioned "socially sensitive" sectors. In addition, the overall structure of the RAF provides at the third level specific indicators (KRI) for monitoring "Social" factors capable of affecting exposure to credit, market, operational and reputation risks, aimed at paying attention respectively: i) to the level of concentration of the credit portfolio in each of three sectors categorised as "socially sensitive"; ii) to the level of concentration of the proprietary investment portfolio in high-risk "Social" issuers; iii) to the number of complaints, legal disputes and out-of-court redress related to phenomena of non/apparent adherence of the Bank to instances of "Social" scope.

In addition, within its "ESG Credit Policy", as mentioned in point q) of the section on "Qualitative information on environmental risk", the Bank has identified a number of sectors and economic activities considered socially "sensitive" for which special attention is paid in the granting of credit. In addition to the aforementioned "sensitive" sectors, there are financing transactions with counterparties resident in countries with privileged taxation and counterparties resident in countries subject to sanctions such as embargoes/restrictions on assets, for which, in the credit-granting phase, it is planned to intensify controls by means of an escalation decision-making process and, where possible, provide specific support to customers with a view to facilitating the transition to a more sustainable business.



Within the scope of its business relations, the Bank acts in compliance with the principles laid down in its Code of Ethics, promoting its values also towards third parties with whom it has business relations through the stipulation of contractual agreements whereby the parties undertake to comply with its provisions. Where third parties are legal persons, the Bank shall ensure that the dissemination and observance of the Code of Ethics is guaranteed by all natural persons included in the organisation of the third party.

m. Description of the link (transmission channels) between social risks and credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework

As part of the developments in the process of identifying ESG risks and analysing their financial materiality, the potential impact caused by Social factors on exposure to credit, reputational, operational, and non-compliance risks was considered. With particular reference to the transmission channels identified to transfer the effects from the Social risk factors to the main business risks, the following examples are highlighted:

- Credit risk: risk arising from high exposure to credit counterparties with non-aligned privacy or welfare/workers' rights policies;
- Market risk: risk arising from high exposure to portfolio issuing companies with non-aligned privacy or welfare/workers' rights policies;
- Operational risk: possible operational losses related to the occurrence of events of omission/inadequacy in meeting regulatory requirements regarding banking transparency and data security; or risks deriving from fraudulent violation (e.g. cyber attacks) of company systems, aimed at the theft of personal data of its customers;
- Reputational risk: possible repercussions arising from relationships with credit counterparties and/or suppliers challenged with inadequate implementation of policies on personal data management, labour rights, and diversity and inclusion;
- Risk of non-compliance with regulations: risk arising from breaches of banking transparency and data security regulations.

Table 3: Qualitative information on governance risk

Governance

a. Integration by the institution into its governance systems of its counterparty's governance performance, including committees of the highest governance body and committees responsible for economic, environmental and social decision-making

The Board of Directors, the Board of Statutory Auditors, the Sustainability Committee and the Control and Risk Committee, each according to their competences and powers, take sustainability issues into account when defining corporate risk management strategies and policies, as described in point e) of the qualitative section on environmental risks. In particular:

- the Sustainability Committee, i) provides support to the other Board Committees on the reflections that sustainability issues present with reference to the specific competences of each of them, in particular in the analysis of risks and opportunities, in remuneration policies, in training and succession plans; ii) promotes and urges the Bank's initiatives aimed at ensuring a constant confrontation with stakeholders on issues within the competence of the Committee, while ensuring that the Board is informed of the results of these initiatives; iii) examines in advance the information and documentation to be submitted to the Board of Directors for the adoption of related decisions;
- the Control and Risk Committee assists the Board of Directors i) in determining the guidelines of the internal control and ESG risk management system; ii) in periodically verifying the adequacy of said system with respect to the characteristics of the Bank and its risk profile as well as its actual operation; iii) in carrying out the functions it presides over in terms of defining risk objectives and strategies for the prevention and governance of the risks considered relevant, including





ESG risks and risks related to the climate and the environment, from both a current and prospective perspective; iv) in periodic monitoring of risk exposure, verifying the completeness, adequacy and functionality of the internal control system; with particular regard to risk containment, it ensures compliance with the limits set by the Board of Directors and/or required by mandatory legislation.

Governance risk management and control activities, as part of the overall monitoring of ESG risks, are managed by the Sustainability Management Committee and the Risk Committee, as indicated in point g) of the qualitative section on environmental risks. In particular, the Sustainability Management Committee: i) contributes to the coordination of the organisational structures and Subsidiaries in order to comply with the Sustainability guidelines established by the BoD and from time to time declined in the strategic planning; ii) coordinates the organisational structures of the Bank and Subsidiaries with the aim of ensuring compliance with the Sustainability guidelines established by the BoD; iii) coordinates activities aimed at identifying Sustainability issues potentially relevant to company dynamics, formulating any observations and suggestions sent to the Board Sustainability Committee.

The process of communicating Sustainability issues to the BoD also includes sessions in which the Chief Risk Officer presents to the Board members, on a quarterly basis, a monitoring report on the trends of ESG risk factors that characterise the Group's operations and business portfolios, including metrics relating to governance risks.

At a more operational level, the coordination between the Sustainability department and, respectively, the Risk Control Service (CRO Area), the Compliance and DPO Function and the Internal Audit Department, in agreement with the ESG contact persons at BPS and the Subsidiaries, allows to ensure a monitoring of ESG issues - including those related to stakeholder and counterparty governance factors - also within the scope of internal control activities.

SUSTAINABILITY DEPARTMENT

The Sustainability Department constantly monitors regulations and practices on climate issues, supporting central structures and subsidiaries in understanding ESG factors and in dialogue with stakeholders. It coordinates the drafting of Sustainability guidelines and strategies, manages the dialogue with ESG rating agencies and supports the Risk Control Department on C&E risk issues. It also supports the Sustainability Management Committee in identifying and monitoring initiatives, promoting a Sustainability culture and training on ESG issues. Its tasks also include supporting Sustainability Reporting activities under the CSRD.

RISK CONTROL DEPARTMENT

Within the CRO Governance Area, the Risk Control Department integrates ESG factors, in particular climate and environmental factors, into the assessment and monitoring of associated risks, ensuring independent control and defining methodologies for their management. It progressively integrates ESG risks into regulations, processes and reporting, analysing and quantifying risk exposure through dedicated metrics. It also supports the integration of climate risk factors into management and reporting systems, following the guidance provided by the ECB. In addition, it manages the stress tests required by the Supervisory Authorities and prepares the Public Disclosure in accordance with "Pillar 3" ESG regulations.



ESG CONTACTS

Operational ESG Contact Persons, present in each Subsidiary and in the Bank's main business areas, promote a culture of sustainability and incorporate ESG factors into their activities, identifying business opportunities. They foster the circulation of information and the coordination of activities to improve interaction between functions. In 2023, the Sustainability governance was strengthened with the appointment of dedicated "Network ESG Specialists", trained to support branches in dialogue with customers and in assessing the climate and environmental sustainability of counterparties during the lending process, also collaborating with the Central Departments for ESG Due Diligence activities.

COMPLIANCE AND DPO FUNCTION

The Compliance and DPO Function (Group Compliance Officer Department and DPO) is responsible for ensuring compliance with regulatory obligations related to ESG issues and the management of related risks, with particular attention to climate and environmental risks. It identifies applicable regulations and verifies the compliance of business processes to prevent legal and reputational risks. It also assesses the exposure to risks of non-compliance with regulations through quantitative and qualitative indicators and provides information to corporate bodies.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department verifies the proper functioning of the internal control system, ensuring compliance with sustainability policies and the conformity of company operations. It assesses the adequacy of the ESG risk management process, in particular climate and environmental risks, pointing out inefficiencies and making recommendations for improvements.

b. Reporting by the institution on the role of the counterparty's highest governance body in the disclosure of non-financial information

As part of its credit granting process, the Bank has developed and integrated an ESG assessment sheet for all counterparties that allows managers in the Network to deepen the main characteristics under the Sustainability profile of a counterparty company, summarised by the ESG Score assigned to it, both according to the sector to which it belongs and to the specific information on its account collected also through specific ESG questionnaires. Specific metrics and indicators relating to individual ESG risk factors, including elements of governance risk (see paragraph (d) of this section), are highlighted in the factsheet. For the most relevant counterparties, in addition to the financial statements at individual or consolidated level, a qualitative analysis is carried out and an expert comment is prepared by the specialised analysts (the "ESG Specialists"), starting from the examination of the Sustainability reporting of the companies subject to this obligation. These analyses are based on data from the official financial statements of the counterparty, as such are always validated by top management and/or corporate governance bodies.





c. Integration by the institution into its governance systems of counterparty governance outcomes including: i) ethical considerations, ii) risk strategy and management, iii) inclusiveness, iv) transparency, v) conflict of interest management, vi) internal communication on critical issues

The management of governance risks is a relevant issue in two different respects: on the one hand, with regard to the Group's internal governance, and on the other, in the Group's assessment of its counterparties' compliance with the principles of good governance.

The monitoring methods implemented by the Group to counter the aforementioned risks include, from the point of view of internal regulations, the Sustainability Policy and the specific Policies on ESG Credits and ESG Investments, the Code of Ethics, the Methodology for Assessing the ESG Characteristics of Suppliers, the Procurement Management Regulation and the Regulation on Outsourcing.

The assessment of the implementation of good governance systems of financed counterparties is carried out, as part of the preliminary investigation process, by means of the collection of information governed by specific internal regulations on credit granting and review activities. In particular, the process involves the production of a set of qualitative information on the drivers that can influence the economic-financial situation of a counterparty, such as:

- the quality of the managerial and entrepreneurial structure;
- the sector in which the counterparty operates, with particular reference to the main competitive forces that characterise it and the positioning of the counterparty;
- the business plan in relation to the credit line requested and the specificities of the business sector in which the counterparty operates;
- the political, economic and legal context if the counterparty operates abroad, where there are credit lines with cross-border elements;
- the customer's belonging to a group of connected customers, especially when repayment depends on cash flow from other connected parties;
- exposure to economic, social and governance sustainability factors (ESG factors), and in particular factors related to environmental pollution, the company's climate change impacts and the adequacy of mitigation strategies, also investigated in the context of the dedicated "ESG Due Diligence" process for the counterparty and of any direct engagement of the financed entity on Sustainability issues.

The Bank integrates assessments of corporate governance structures as part of its processes for gathering information on counterparties in order to analyse their:

- corporate composition;
- allocation of powers and the system of delegation;
- presence of anomalous indicators (protests, conservatory events and procedures detected).



This activity is carried out by analysing chamber of commerce visas, incorporation documents and any company proxy structure. In order to assess ESG risk factors, use is typically made of:

- internal data required from the customer (e.g. sector, geographical location);
- counterparty data acquired from public sources (e.g. non-financial statements, corporate sustainability documents);
- specialised info-providers;
- data from international research institutes and organisations (e.g. UNEP FI).

The governance dimension is also an integral part of the quantitative system for assessing and classifying the ESG profile of counterparties developed internally by the Bank. In this regard, in 2024 BPS evolved the proprietary model for assigning an ESG Score to debtor companies in the portfolio, including an explicit component relating to good governance in the general risk assessment of counterparties through the inclusion of appropriate risk indicators. Please refer to what is outlined under “Risk management” in point d) below.

Finally, it should be noted that the Bank and the other Group companies have always been committed to preventing the products and services offered from being exploited for money laundering and terrorist financing purposes, promoting within the organisation a culture of full compliance with the provisions in force and the effective fulfilment of the obligations of “passive cooperation” (aimed at ensuring in-depth knowledge of customers and the preservation of documents relating to transactions carried out) and of “active cooperation” (aimed at identifying and reporting suspicious money laundering transactions and other financial crimes).

Risk management

d. Integration by the institution into its risk management systems of counterparty governance outcomes including: i) ethical considerations, ii) risk strategy and management, iii) inclusiveness, iv) transparency, v) conflict of interest management, vi) internal communication on critical issues

Banca Popolare di Sondrio defines “*governance risk*” as the risk of suffering losses deriving from the negative financial effects for the institution due to the impact, present or future, of governance factors on its own operations, on counterparties or on the invested assets of the institution itself.

In relation to what is reported in the qualitative disclosure section on social risks, paragraphs “Risk management”, also for risks pertaining to the corporate governance sphere, the Bank has recently evolved its risk identification and measurement practices in alignment with the provisions of the CSRD regulations’ “dual materiality” analysis. The new methodological system has provided for the conduct of specific analyses aimed at identifying the level of materiality of the exposure to the types of risks in terms of governance, both from an outside-in perspective and according to an inside-out (“double perspective”) vision, accompanied by a mapping of the propagation channels through which these types of risks can occur in the context of the traditional banking risks impacted.

For a banking intermediary, governance risks arise from exposures to counterparties that may be negatively influenced by factors related to corporate governance, or from similar risks to which the Bank is directly exposed due to its characteristics and operations. These factors relate to the governance arrangements/choices of counterparties or the banks themselves, including the incorporation of ESG considerations into their corporate governance policies and procedures.





RISK FACTOR ¹⁸	TRADITIONAL RISK	TRANSMISSION CHANNEL	TOOL
Business Conduct	Credit risk	Risk arising from the high exposure to counterparties that: <ul style="list-style-type: none"> ■ have not established policies to ensure respect for human rights and external/internal regulations, protection of whistleblowers, and to detect tax evasion, money laundering and anti-competitive behaviour; ■ have recorded incidents of inadequate management of supply relationships, including the appropriate definition of payment practices. 	<i>UNEP FI Impact Radar (ESG Heat map)</i>
	Risk of non-compliance	<ul style="list-style-type: none"> ■ Risk arising from failure to comply or inadequate compliance with laws, regulations, self-regulatory codes, internal procedures and codes of conduct concerning corporate culture and/or corruption ■ Risk arising from breaches of regulations on reporting misconduct 	<i>Regulatory analysis and possible sanctions Loss Data Collection Process Reputational Risk self-assessment scenario</i>
	Operational risk	<ul style="list-style-type: none"> ■ Risks deriving from legal disputes connected to failure to comply or inadequate compliance with laws, regulations, self-regulatory codes, internal procedures and codes of conduct concerning corporate culture ■ Risks arising from disputes with suppliers of goods/services resulting from inadequate management of supply relationships (e.g. failure to meet payment deadlines, breach of contract) 	<i>Loss Data Collection Process Operational Risk self-assessment scenario Media screening</i>
	Reputational risk	<ul style="list-style-type: none"> ■ Risk arising from disputed failure to comply or inadequate compliance with laws, regulations, self-regulatory codes, internal procedures and codes of conduct concerning corporate culture and/or corruption ■ Risk arising from disputed/inadequate handling of reports of misconduct 	<i>Reputational risk self-assessment scenario Reports received on whistleblowing Media screening</i>

In addition, also with regard to the ESG risk dimension pertaining to the sphere of “Governance”, the Bank has enhanced its provision of risk measurement metrics. Among the metrics adopted, there are indicators of classification of riskiness pertaining to business conduct both at the sectoral and individual counterparty level.

Below is a synoptic overview of the assessment tools currently used by the Bank to determine the extent of its exposure to “Governance” risks for the main traditional risk types impacted.

¹⁸ “Governance” risk factors are identified in accordance with the European Sustainability Reporting Standards (ESRS) defined within the framework of the Corporate Sustainability Reporting Directive (CSRD).





Credit risk		
Tool	Description	Use
Counterparty ESG scores (G Score)	<p>Risk metrics acquired from qualified info providers. This indicator, which is based on the aggregation of both specific variables calibrated at the “single-name” level and geo-sector averages, returns a summary judgement on the management of “Governance” aspects of business customers:</p> <ul style="list-style-type: none"> ■ <i>Business conduct integrity</i>: a metric defined on the basis of variables such as the presence of a legality rating, code of ethics, voluntarily certified financial statements and voluntary adoption of a board of statutory auditors, as well as the presence of anti-money laundering violations; ■ <i>Strategy and risk management</i>: a metric defined by a point variable such as the number of executives and managers per number of employees; ■ <i>Inclusiveness towards women and young people</i>: metric defined on the basis of variables related to the gender gap and pay gap dimensions; ■ <i>ESG transparency on corporate practices</i>: a metric defined through precise variables such as the presence of disclosure on ESG issues on the corporate website. 	<ul style="list-style-type: none"> ■ Credit granting process ■ RAF ■ ESG reporting
UNEFPFI Heatmap Impact Radar Tool	<p>A tool to determine the extent to which a given sector of economic activity is at risk of harming the achievement of one or more European Sustainability Reporting Standards (ESRS) defined within the CSRD framework.</p>	<ul style="list-style-type: none"> ■ Dual materiality analysis (impact materiality) under CSRD

Market risk		
Tool	Description	Use
Governance Rating (G Rating)	<p>A tool acquired from an external info provider needed to provide a summary judgement on the issuers of the securities in the portfolio on Governance issues.</p>	<ul style="list-style-type: none"> ■ ESG reporting ■ RAF

Operational and reputational risks		
Tool	Description	Use
Counterparty ESG score	<p>An internally developed risk metric to identify the level of exposure of counterparties with which the Group has relationships (supply and/or credit) to ESG risk factors.</p>	<ul style="list-style-type: none"> ■ Dual Materiality Analysis CSRD
Single-name analysis matrix of the sustainability profile	<p>Matrix of analysis developed internally for the purpose of assessing the sustainability profile of the counterparties with which the Group has relations (supply and/or credit), as a reporting factor regarding their potential exposure to reputational damage and/or operational losses resulting from litigation.</p>	<ul style="list-style-type: none"> ■ Dual Materiality Analysis CSRD
Operational Risk Self-assessment (RSA)	<p>Ordinary operational risk monitoring and management process whose evidence is instrumental in assessing the Group’s prospective exposure to Governance risks.</p>	<ul style="list-style-type: none"> ■ Dual Materiality Analysis CSRD
Reputational Risk Self-assessment (REP)	<p>Ordinary reputational risk monitoring and management process whose evidence is instrumental in assessing the Group’s prospective exposure to Governance risks.</p>	<ul style="list-style-type: none"> ■ Dual Materiality Analysis CSRD
Loss Data Collection (LDC)	<p>Ordinary process of monitoring and managing operational losses, whose evidence is instrumental in assessing the Group’s final exposure to Governance losses.</p>	<ul style="list-style-type: none"> ■ Dual Materiality Analysis CSRD ■ ESG reporting





Lastly, regarding the quantitative frameworks for defining ESG risk appetite, in 2024 the Bank introduced, at the third level of its structure for monitoring exposure to operational and reputational risks, new specific Key Risk Indicators (KRIs). These are aimed at drawing attention to the number of complaints, legal disputes, and out-of-court settlements related to instances of non-compliance or perceived non-adherence to governance-related expectations. Additionally, a specific risk indicator was introduced to monitor the level of concentration within the proprietary investment portfolio in financial instruments issued by entities classified as high “Governance” risk.

* * *

Quantitative disclosures of environmental, social and governance risks are set out below in accordance with the technical standards introduced by Commission Implementing Regulation (EU) 2021/637 of 15 March 2021, as amended by Implementing Regulation (EU) 2022/2453 of 30 November 2022 pursuant to Art. 449-bis of the CRR.

The review of the disclosure templates for transition risk and physical risks related to climate change subject to disclosure requirements as of 31 December 2022 includes the following tabular formats.

A. Indicators of potential transition risk related to climate change

- *Template 1:* reports quantitative information on the quality and residual maturity of credit exposures to non-financial corporations operating in carbon-related economic sectors, accompanied by information on the level of GHG emissions (GHG Scope 1, Scope 2 and Scope 3 emissions, of which GHG Scope 3 emissions are financed) produced by these counterparties;
- *Template 2:* reports information on commercial and residential real estate secured loans and real estate collateral recovered, classified according to the energy consumption and energy performance certificates (APE or EPC) of the real estate units;
- *Template 3:* reports information on the percentage distance of bank exposure portfolios from the sectoral decarbonisation targets envisaged at global level by the NZE 2050 scenario developed by the International Energy Agency (IEA), accompanied by information on any intermediate targets set by the Bank in order to facilitate the achievement of full alignment with these climate-related objectives.
- *Template 4:* reports aggregated and anonymised information on outstanding exposures to counterparties that are among the top 20 most carbon-intensive companies in the world.

B. Indicators of potential physical risk related to climate change

- *Template 5:* reports information on the banking book’s exposures to non-financial corporates, loans secured by real estate and real estate collateral recovered, exposed to chronic and acute climate-related physical risks, with a breakdown by sector of economic activity and by geographic location of the counterparty’s business or collateral.



C. Climate change-related mitigation actions

- *Template 6*: it provides a summary overview of the key performance indicators (KPIs) on taxonomy-aligned exposures, calculated on the basis of *Template 7* and *Template 8* relevant to the GAR (Green Asset Ratio) metric.
- *Template 7*: it sets out quantitative information on portfolio exposures concerning eligibility and alignment to the taxonomy with regard to the environmental objectives of climate change mitigation (CC Mitigation) and adaptation (CC Adaptation).
- *Template 8*: it sets out information on the total asset stock as at 30 June 2025 and the percentage of new assets that finance economic Taxonomy-aligned assets with respect to the environmental objectives of climate change mitigation (CC Mitigation) and adaptation (CC Adaptation).
- *Template 10*: it sets out quantitative information on possible mitigation actions and exposures to climate change risks to assets that are not aligned with the Taxonomy but that support counterparties in the process of transition to and pursuit of climate change mitigation and adaptation objectives (e.g. information on bonds held and sustainable loans provided to finance “eco-friendly” assets).

In all published quantitative models, financial information refers to the entire Banking Group. In contrast, climate-environmental information is only available for the Group’s legal entities established in EU-27 countries.





Table 80 - Template 1: Banking book - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity (1 of 3)

Sector/subsector	a	b	c	d	e
	Gross carrying amount				
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1 Exposures towards sectors that highly contribute to climate change*	17,027	174	221	2,066	744
2 A - Agriculture, forestry and fishing	416	-	-	41	20
3 B - Mining and quarrying	102	-	-	4	2
4 B.05 - Mining of coal and lignite	-	-	-	-	-
5 B.06 - Extraction of crude petroleum and natural gas	-	-	-	-	-
6 B.07 - Mining of metal ores	-	-	-	-	-
7 B.08 - Other mining and quarrying	102	-	-	4	2
8 B.09 - Mining support service activities	-	-	-	-	-
9 C - Manufacturing	5,521	50	15	906	198
10 C.10 - Manufacture of food products	989	-	-	101	10
11 C.11 - Manufacture of beverages	119	-	-	1	0
12 C.12 - Manufacture of tobacco products	-	-	-	-	-
13 C.13 - Manufacture of textiles	151	-	-	31	15
14 C.14 - Manufacture of wearing apparel	65	-	-	54	5
15 C.15 - Manufacture of leather and related products	14	-	-	0	4
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	83	-	-	10	2
17 C.17 - Manufacture of pulp, paper and paperboard	107	-	-	12	0
18 C.18 - Printing and service activities related to printing	47	-	-	30	15
19 C.19 - Manufacture of coke oven products	124	38	1	26	1
20 C.20 - Production of chemicals	283	-	-	116	5
21 C.21 - Manufacture of pharmaceutical preparations	129	-	-	5	-
22 C.22 - Manufacture of rubber products	253	-	-	44	11
23 C.23 - Manufacture of other non-metallic mineral products	146	1	-	110	18
24 C.24 - Manufacture of basic metals	531	-	-	18	18
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	821	-	-	116	34
26 C.26 - Manufacture of computer, electronic and optical products	114	-	-	93	15
27 C.27 - Manufacture of electrical equipment	149	7	2	7	14
28 C.28 - Manufacture of machinery and equipment n.e.c.	474	1	3	15	14
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	548	-	-	39	6
30 C.30 - Manufacture of other transport equipment	138	-	11	5	2



Table 80 - Template 1: Banking book - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity (1 of 3)

Sector/subsector	a	b	c	d	e	
	Gross carrying amount					
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	
31	C.31 - Manufacture of furniture	66	-	-	54	3
32	C.32 - Other manufacturing	100	-	-	11	5
33	C.33 - Repair and installation of machinery and equipment	67	3	-	6	1
34	D - Electricity, gas, steam and air conditioning supply	850	78	53	93	4
35	D35.1 - Electric power generation, transmission and distribution	479	75	49	74	3
36	D35.11 - Production of electricity	274	75	6	70	2
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	338	4	4	7	-
38	D35.3 - Steam and air conditioning supply	33	-	-	11	0
39	E - Water supply; sewerage, waste management and remediation activities	331	0	0	68	0
40	F - Construction	1,580	5	25	235	142
41	F.41 - Construction of buildings	980	3	25	169	106
42	F.42 - Civil engineering	262	1	0	22	7
43	F.43 - Specialised construction activities	338	1	-	45	29
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3,905	33	-	242	141
45	H - Transportation and storage	675	-	128	79	25
46	H.49 - Land transport and transport via pipelines	316	-	-	26	21
47	H.50 - Water transport	159	-	-	23	0
48	H.51 - Air transport	7	-	-	1	-
49	H.52 - Warehousing and support activities for transportation	185	-	128	29	4
50	H.53 - Postal and courier activities	8	-	-	0	-
51	I - Accommodation and food service activities	966	-	-	121	81
52	L - Real estate activities	2,682	9	-	276	130
53	Exposures towards sectors other than those that highly contribute to climate change*	4,072	1	222	360	133
54	K - Financial and insurance activities	358	-	54	19	28
55	Exposures to other sectors (NACE codes J, M - U)	3,714	1	167	341	105
56	TOTAL	21,099	175	443	2,426	876

Source: FINREP reporting framework: Templates F 18.00 - F 4.02 - F 4.03 - F 6.01; Internal ESG Database





Table 81 - Template 1: Banking book - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity (2 of 3)

Sector/subsector	f	g	h	i	j
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	
		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions
1 Exposures towards sectors that highly contribute to climate change*	(581)	(80)	(458)	11,609,386	10,018,269
2 A - Agriculture, forestry and fishing	(12)	(2)	(8)	239,673	199,045
3 B - Mining and quarrying	(2)	(0)	(1)	21,077	3,793
4 B.05 - Mining of coal and lignite	-	-	-	-	-
5 B.06 - Extraction of crude petroleum and natural gas	-	-	-	-	-
6 B.07 - Mining of metal ores	-	-	-	-	-
7 B.08 - Other mining and quarrying	(2)	(0)	(1)	21,077	3,793
8 B.09 - Mining support service activities	-	-	-	-	-
9 C - Manufacturing	(157)	(26)	(121)	7,480,128	6,268,271
10 C.10 - Manufacture of food products	(14)	(3)	(7)	1,818,452	1,741,318
11 C.11 - Manufacture of beverages	(1)	(0)	(0)	9,797	5,662
12 C.12 - Manufacture of tobacco products	-	-	-	-	-
13 C.13 - Manufacture of textiles	(8)	(1)	(7)	98,091	90,274
14 C.14 - Manufacture of wearing apparel	(4)	(1)	(3)	7,338	4,899
15 C.15 - Manufacture of leather and related products	(3)	(0)	(3)	2,907	2,683
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	(2)	(0)	(1)	26,266	19,687
17 C.17 - Manufacture of pulp, paper and paperboard	(1)	(0)	(0)	73,702	47,938
18 C.18 - Printing and service activities related to printing	(12)	(1)	(11)	10,251	7,078
19 C.19 - Manufacture of coke oven products	(1)	(0)	(1)	720,390	511,384
20 C.20 - Production of chemicals	(5)	(2)	(2)	1,114,151	542,924
21 C.21 - Manufacture of pharmaceutical preparations	(1)	(0)	-	11,765	8,720
22 C.22 - Manufacture of rubber products	(8)	(2)	(5)	177,884	163,719
23 C.23 - Manufacture of other non-metallic mineral products	(12)	(2)	(10)	192,884	138,659
24 C.24 - Manufacture of basic metals	(10)	(0)	(9)	1,125,840	999,099
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	(25)	(3)	(21)	317,583	267,987
26 C.26 - Manufacture of computer, electronic and optical products	(13)	(2)	(11)	23,826	21,383
27 C.27 - Manufacture of electrical equipment	(12)	(0)	(11)	167,902	164,323
28 C.28 - Manufacture of machinery and equipment n.e.c.	(11)	(1)	(8)	1,009,947	991,691
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	(8)	(3)	(4)	203,741	181,782
30 C.30 - Manufacture of other transport equipment	(2)	(0)	(1)	257,919	255,435
31 C.31 - Manufacture of furniture	(3)	(1)	(2)	38,581	36,653



Table 81 - Template 1: Banking book - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity (2 of 3)

Sector/subsector	f	g	h	i	j
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	
		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions
32 C.32 - Other manufacturing	(4)	(1)	(3)	41,466	38,810
33 C.33 - Repair and installation of machinery and equipment	(1)	(0)	(0)	29,444	26,164
34 D - Electricity, gas, steam and air conditioning supply	(15)	(10)	(3)	386,164	336,100
35 D35.1 - Electric power generation, transmission and distribution	(14)	(9)	(3)	113,277	69,941
36 D35.11 - Production of electricity	(13)	(8)	(2)	76,929	52,143
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	(0)	(0)	-	262,883	260,111
38 D35.3 - Steam and air conditioning supply	(1)	(1)	(0)	10,004	6,048
39 E - Water supply; sewerage, waste management and remediation activities	(3)	(2)	(0)	38,375	19,083
40 F - Construction	(113)	(9)	(98)	337,306	301,876
41 F.41 - Construction of buildings	(88)	(8)	(77)	230,166	213,327
42 F.42 - Civil engineering	(4)	(0)	(3)	60,805	54,016
43 F.43 - Specialised construction activities	(20)	(1)	(18)	46,336	34,532
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	(114)	(6)	(99)	2,857,827	2,695,756
45 H - Transportation and storage	(18)	(5)	(11)	79,464	40,650
46 H.49 - Land transport and transport via pipelines	(13)	(5)	(8)	43,502	26,620
47 H.50 - Water transport	(1)	(0)	(0)	15,210	2,674
48 H.51 - Air transport	(0)	(0)	-	1,967	79
49 H.52 - Warehousing and support activities for transportation	(4)	(0)	(3)	18,738	11,248
50 H.53 - Postal and courier activities	(0)	(0)	-	48	28
51 I - Accommodation and food service activities	(48)	(6)	(40)	144,913	133,222
52 L - Real estate activities	(100)	(15)	(75)	24,457	20,474
53 Exposures towards sectors other than those that highly contribute to climate change*	(113)	(18)	(82)		
54 K - Financial and insurance activities	(14)	(1)	(11)		
55 Exposures to other sectors (NACE codes J, M - U)	(99)	(17)	(71)		
56 TOTAL	(694)	(99)	(540)	11,609,386	10,018,269

Source: FINREP reporting framework: Templates F 18.00 - F 4.02 - F 4.03 - F 6.01; Internal ESG Database





Table 82 - Template 1: Banking book - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity (3 of 3)

Settori	k	l	m	n	o	p
	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1 Exposures towards sectors that highly contribute to climate change*	8.74%	9,425	2,963	2,268	2,372	4.21
2 A - Agriculture, forestry and fishing	0.00%	160	70	137	49	7.44
3 B - Mining and quarrying	0.00%	33	33	30	6	6.91
4 B.05 - Mining of coal and lignite	0.00%	-	-	-	-	-
5 B.06 - Extraction of crude petroleum and natural gas	0.00%	-	-	-	-	-
6 B.07 - Mining of metal ores	0.00%	-	-	-	-	-
7 B.08 - Other mining and quarrying	0.00%	33	33	30	6	6.91
8 B.09 - Mining support service activities	0.00%	-	-	-	-	-
9 C - Manufacturing	11.07%	3,652	858	196	815	2.78
10 C.10 - Manufacture of food products	0.28%	666	140	39	145	2.46
11 C.11 - Manufacture of beverages	0.00%	70	25	10	15	3.79
12 C.12 - Manufacture of tobacco products	0.00%	-	-	-	-	-
13 C.13 - Manufacture of textiles	2.87%	103	16	6	26	3.08
14 C.14 - Manufacture of wearing apparel	0.00%	46	5	2	12	2.24
15 C.15 - Manufacture of leather and related products	0.00%	9	2	1	2	3.24
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	0.00%	33	21	12	16	4.57
17 C.17 - Manufacture of pulp, paper and paperboard	3.42%	84	7	2	14	2.16
18 C.18 - Printing and service activities related to printing	0.00%	30	4	3	11	2.65
19 C.19 - Manufacture of coke oven products	56.17%	120	-	-	4	1.29
20 C.20 - Production of chemicals	7.73%	153	87	4	39	3.35
21 C.21 - Manufacture of pharmaceutical preparations	41.74%	104	8	-	16	2.73
22 C.22 - Manufacture of rubber products	0.00%	139	57	7	51	3.23
23 C.23 - Manufacture of other non-metallic mineral products	6.21%	98	22	3	23	3.06
24 C.24 - Manufacture of basic metals	0.00%	350	79	2	100	1.87
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	1.75%	531	104	41	145	2.98
26 C.26 - Manufacture of computer, electronic and optical products	0.00%	78	20	4	12	3.58
27 C.27 - Manufacture of electrical equipment	0.78%	86	34	2	28	2.99
28 C.28 - Manufacture of machinery and equipment n.e.c.	1.00%	293	86	34	61	3.12
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	59.38%	396	112	1	40	2.70
30 C.30 - Manufacture of other transport equipment	50.37%	122	1	8	7	3.60
31 C.31 - Manufacture of furniture	0.00%	39	9	4	15	2.97



Table 82 - Template 1: Banking book - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity (3 of 3)

Settori	k	l	m	n	o	p
	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
32 C.32 - Other manufacturing	29.96%	72	11	5	13	2.06
33 C.33 - Repair and installation of machinery and equipment	0.00%	31	9	6	21	3.02
34 D - Electricity, gas, steam and air conditioning supply	46.19%	604	142	83	22	3.31
35 D35.1 - Electric power generation, transmission and distribution	20.82%	268	126	71	14	4.39
36 D35.11 - Production of electricity	18.75%	80	111	71	12	6.88
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	86.64%	326	5	-	7	1.21
38 D35.3 - Steam and air conditioning supply	0.00%	10	10	12	1	9.05
39 E - Water supply; sewerage, waste management and remediation activities	8.11%	84	128	77	41	6.38
40 F - Construction	7.40%	784	214	173	409	3.44
41 F.41 - Construction of buildings	0.00%	415	151	139	276	4.05
42 F.42 - Civil engineering	42.35%	209	12	3	38	1.49
43 F.43 - Specialised construction activities	0.00%	160	51	32	95	3.32
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	6.63%	2,328	585	376	616	3.28
45 H - Transportation and storage	3.84%	363	112	91	109	3.99
46 H.49 - Land transport and transport via pipelines	0.00%	131	52	76	57	5.61
47 H.50 - Water transport	0.00%	155	0	-	4	0.69
48 H.51 - Air transport	0.00%	3	1	1	1	4.79
49 H.52 - Warehousing and support activities for transportation	9.81%	66	59	13	46	4.09
50 H.53 - Postal and courier activities	96.86%	8	-	-	0	3.38
51 I - Accommodation and food service activities	0.00%	333	210	366	57	8.13
52 L - Real estate activities	0.00%	1,084	611	740	247	7.74
53 Exposures towards sectors other than those that highly contribute to climate change*		2,601	721	276	474	3.38
54 K - Financial and insurance activities		208	66	47	37	4.37
55 Exposures to other sectors (NACE codes J, M - U)		2,393	656	229	437	3.26
56 TOTAL	7.18%	12,026	3,684	2,544	2,845	4.06

Source: FINREP reporting framework: Templates F 18.00 - F 4.02 - F 4.03 - F 6.01; Internal ESG Database





The tables above show the exposures to non-financial corporations outstanding as at 30 June 2025, with a focus on the economic sectors most susceptible to climate transition risks. In particular, evidence is given at the level of the sectoral NACE code of the counterparties:

- of the credit quality of these exposures, including the impaired exposure status, any accounting classification to Stage 2 and related provisioning values on loans, and the maturity categories to which the exposures belong;
- of greenhouse gas (GHG) quantities financed by the Group, determined in line with the Partnership for Carbon Accounting Financials (PCAF) standard, divided into Scope 1 and 2 and Scope 3. Specifically, the GHG emission data reported are derived directly from the NFR (Non-Financial Report) published by the counterparties obliged to such reporting or, in their absence, from estimates of highly qualified info-providers.

The calculation of financed emissions takes into account the absolute amounts of GHG emissions related to the corporate loans and bonds portfolio (sum of Scope 1, 2 and 3 emissions of the financed entities) weighted by an allocation factor of the customer's GHG emissions. This allocation factor is calculated on the basis of the ratio between the amount financed by the Group (numerator) and the economic value of the financed company (denominator).

The denominator for corporate loans and investments in private companies or for bonds of private companies is understood as the sum of total equity and debt of the company, as shown in the most recent available company balance sheet:

$$\text{Attribution factor} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Total equity+Debt}}$$

For loans to listed companies, however, the denominator of the ratio is EVIC (Enterprise Value Including Cash):

$$\text{Attribution factor} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c \text{ (EVIC)}}$$

Finally, once the value of the allocation factor has been obtained for each counterparty, the total amount of financed issues of the portfolio considered is calculated according to the following formula:

$$\text{Financed Emissions} = \sum_c \text{Attribution factor}_c \times \text{Company emissions}_c$$

This metric represents the share of greenhouse gas emissions related to a financed counterparty attributable to the lending credit institution.



After the publication of data for the financial year 2024, the Bank determines the Group's Scope 3 financed issues as follows:

- information from consolidated company financial statements in the presence of Scope 1, 2, and 3 GHG emissions reported by counterparties at the corporate group level; alternatively through individual financial statements;
- data on counterparty Scope 1, 2 and 3 GHG emissions volumes obtained as part of the internal ESG Due Diligence process or alternative from estimates of qualified external info-providers;
- the procedure for the breakdown of Scope 1, 2 and 3 GHG emissions reported by customers at the consolidated level and subsequent redistribution to individual investee entities, with a special focus on counterparties that are "holdings of business groups".

In addition to the totals per NACE sector, subtotals are included for those sub-sectors with a strong influence on climate change. In particular, totals are shown for the business sectors listed in Sections A to H and Section L of Annex I of Regulation (EC) No. 1893/2006, including oil, gas, mining and transport, defined as "sectors that highly contribute to climate change" in recital 6 of Commission Delegated Regulation (EU) 2020/1818, as well as a subtotal of exposures to "other sectors".

The templates are also supplemented with information on companies excluded from the EU benchmark indices aligned with the Paris Climate Agreement, as specified in Article 12(1)(d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818, aggregated at sector level. The counterparties in question are represented by:

- companies that derive 1% or more of their revenues from the exploration, extraction, distribution or refining of hard coal and lignite;
- companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- companies that derive 50% or more of their revenues from the exploration, extraction, production or distribution of gaseous fuels;
- companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh.

These companies were identified through the use of information on the nature of the company's revenues obtained from external providers, where available, or through the internal reconciliation of the counterparty's main economic activity to the regulatory perimeter.

As recalled by Article 12.2 of Delegated Regulation (EU) 2020/1818, defined as "excluded from the EU benchmarks aligned with the Paris Climate Agreement" were also companies that are deemed to significantly undermine one or more of the environmental objectives set forth in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council ("Taxonomy Regulation").





Table 83 - Template 2: Banking book - Indicators of potential climate change-related transition risk: Loans secured by real estate - Energy efficiency of collateral

Counterparty sector		a	b	c	d	e	f	g
		Total gross carrying amount						
		Level of energy efficiency (EP score in kWh/m ² of collateral)						
		0; ≤ 100	> 100; ≤ 200	> 200; ≤ 300	> 300; ≤ 400	> 400; ≤ 500	> 500	
1	Total EU area	8,227	641	1,640	1,653	992	987	398
2	Of which Loans collateralised by commercial immovable property	3,983	276	520	754	521	685	175
3	Of which Loans collateralised by residential immovable property	4,233	365	1,121	899	471	302	224
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	11	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	3,679	116	621	1,098	546	948	349
6	Total non-EU area	4,408	10	18	14	15	7	5
7	Of which Loans collateralised by commercial immovable property	94	-	-	0	0	0	-
8	Of which Loans collateralised by residential immovable property	4,314	10	18	14	15	7	5
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	42	7	11	9	4	6	5

Source: FINREP reporting framework: Templates F13 00 F 18.00; Internal ESG Database.



h	i	j	k	l	m	n	o	p
Total gross carrying amount								
Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
A	B	C	D	E	F	G	Of which level of energy efficiency (EP score in kWh/m ² of collateral) estimated	
513	192	241	332	351	401	601	5,596	65.76%
204	79	133	167	127	115	134	3,023	65.21%
310	113	107	164	225	287	466	2,561	66.70%
-	-	-	-	-	-	-	11	0.00%
							3,679	100.00%
5	1	1	1	3	4	12	4,380	0.96%
-	-	-	-	-	-	0	94	0.01%
5	1	1	1	3	4	12	4,286	0.98%
-	-	-	-	-	-	-	-	0.00%
							42	100.00%





The table above shows the gross book value of exposures secured by real estate (residential and commercial) and real estate collateral recovered as at 30 June 2025, supplemented by information on the energy efficiency level of the collateral measured in terms of energy consumption in kWh/m², the energy efficiency class attributed by the energy performance certificate (APE or EPC) of the real estate collateralised property as defined in Article 2(12) of Directive 2010/31/EU for Member States, or as defined in any relevant local regulations for exposures located outside the European Union, where equivalent to the Union energy performance class.

The representation of exposure values is divided on the basis of the location of the pledged property or the real estate obtained by acquiring possession of it ("EU area" or "non-EU area"), indicating the extent to which energy efficiency category data are estimated and not based on EPC classes. Specifically, when the energy efficiency category is an estimate data, evidence of this is provided in the dedicated row of the model; in all other cases, the energy performance information has been obtained, by means of an external info-provider, directly from the regional registers that have a queryable telematic structure, giving evidence of this in the dedicated rows of the table.

Table 84 - Template 3: Banking book - Indicators of potential transition risk related to climate change: alignment metrics

a	b	c	d	e	f	g
Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric **	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1 Fossil fuel combustion (Oil & Gas)	35.11	156.97	tCO ₂ e	30/06/25	-43%	n.d
2 Iron and steel, coke, and metal ore production	09.10 - 19.20 - 35.21 - 35.22 - 35.23 - 46.71 - 47.30	145.67	tCO ₂ e	30/06/25	-14%	n.d
3 Iron and steel, coke, and metal ore production	24.10 - 24.33 - 24.34	77.28	tCO ₂ e	30/06/25	-24%	n.d
4 Iron and steel, coke, and metal ore production	24.42	40.77	tCO ₂ e	30/06/25	-1%	n.d

a	b	c	d	e	f	g
Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric **	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
5 Agriculture - Scope 1 e 2	10.11 - 10.13 - 10.39 - 10.51 - 10.61 - 10.82 - 10.83 - 10.89	256.66	tCO ₂ e	30/06/25	171%	n.d
6 Agriculture - Scope 3	10.11 - 10.13 - 10.39 - 10.51 - 10.61 - 10.82 - 10.83 - 10.89	256.66	tCO ₂ e	30/06/25	33%	n.d

*** time distance from 2030 data points of the "net zero" scenario by 2050 in % (for each metric)

Source: FINREP reporting framework: Templates F 18.00 - F 4.02 - F 4.03 - F 6.01; Internal ESG Database





Following its adhesion to the Net Zero Banking Alliance (hereinafter referred to as “NZBA” or “Alliance”) at the end of December 2023, Banca Popolare di Sondrio published in December 2024 the first decarbonisation targets (hereinafter referred to as “Net-Zero targets” or “NZBA targets”) related to the loan portfolio with reference to the following sectors: Oil & Gas, Agriculture, Iron & Steel, Aluminium and Electricity (for more information see the press release on the corporate website¹⁹).

Template 3 depicts, for each sector, information on the distance compared to 2030 of the zero net emissions scenario by 2050 and the related exposures.

The sectors represented are those materially resulting from the NZBA target setting analyses carried out by Banca Popolare di Sondrio. In addition, specific exposures to non-financial companies were selected for each sector, following perimeter criteria directly linked to the identification of processes aimed at reducing their emissions, with the objective of contributing to the achievement of the Bank’s climate objectives.

Below is the detail of the approaches adopted for the compilation of each area of Template 3:

- **Sectors:** the sectors listed in the model are the priority sectors for which Banca Popolare di Sondrio has set intermediate targets for 2030. Therefore, the sectors excluded from the current publication are “Automotive”; “Air transport”; “Sea transport”; “Manufacture of cement clinker and lime”; “Chemical products”. In addition, an *ad hoc* table was prepared for the “Agriculture” sector in relation to relevance in terms of exposures and financed emissions as well as being subject to NZBA target setting;
- **NACE codes:** for each sector listed in the table, the NACE codes indicated are related to the sector perimeter used for the definition of the NZBA targets;
- **Gross book value of the portfolio:** represents the portion of loans to non-financial companies included in the NZBA target setting with amounts updated to 30 June 2025, which is the latest reference date used to monitor the alignment metric;
- **Alignment metric:** for each sector, the Bank has adopted the metric of tons of CO₂e (financed emissions) as a unit of measurement to identify the sectoral Net Zero targets and monitor their achievement.

With reference to the emission profile considered for each sector, the scopes considered for the target setting are detailed below:

- Oil & Gas: Scope 1, 2 and 3 financed emissions;
- Agriculture²⁰: Scope 1, 2 and 3 financed emissions;
- Iron and Steel: Scope 1 and 2 financed emissions;
- Aluminium: Scope 1 and 2 financed emissions;
- Electricity: Scope 1 financed emissions;
- **Reference year:** the last available reference period was taken into account, which corresponds to 30.06.2025;
- **Distance from the IEA Net Zero Emissions by 2050 scenario, in %:** the distance is calculated using the formula set out in the EBA requirements: (reference year metric - IEA 2030 scenario metric) / IEA 2030 scenario metric.

¹⁹ https://istituzionale.popso.it/sites/default/files/documents/BPS_ComunicatoStampa_Target%20NZBA_ITA.pdf

²⁰ The Agriculture sector is not among those for which reporting is required under the Pillar 3 Reporting Regulation. However, since this sector was included in the drafting of the NZBA targets, a separate table was published.





It should also be noted that for the Agriculture sector, for which the Bank has identified Net Zero targets, the OECM Agriculture, Food & Tobacco Europe scenario was used. The reason for this choice is the absence of a specific IEA NZE 2050 Global scenario for the sector in question. The OECM Agriculture, Food & Tobacco Europe scenario involves two different pathways for Scope 1 and 2 and for Scope 3, on which separate Net Zero targets have been set. Consequently, the distance from the scenario was calculated on the two different pathways in line with the preparation of the Net Zero targets;

- **Target (reference year + 3 years):** Banca Popolare di Sondrio has not defined intermediate targets within three years for the sectors under consideration. The Net Zero targets for 2030 have not been reported in the table because, as of the date of publication of Template 3, a Transition Plan has not yet been formalised to support the published targets.

Table 85 - Template 4: Banking book - Indicators of potential climate change-related transition risk: Exposures to the top 20 carbon-intensive companies

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	-	-	-	-	-

For counterparties among the world's top 20 carbon emitters



The lists used to identify exposures to these companies are as follows:

- *Carbon Majors Database* - Carbon-Majors-Report (<https://www.cdp.net/en>);
- *Climate Accountability Institute* (<https://climateaccountability.org/>).

The decision to use a dual data source allows for greater granularity and reliability of the analysis. These above-mentioned lists, containing the GHG emissions data of the counterparties for the years 2017 and 2022, respectively, are combined into one final long list (available in the annexes section of this document). Following this process, the counterparties are appropriately analysed to verify the presence of these more polluting companies, or of the relevant equity investments, within the Group's banking book.

As shown in the table above, as at 30 June 2025 the Banking Group also had no material exposures to the world's top 20 carbon-intensive companies.





Table 86 - Template 5: Banking book - Indicators of potential physical risk related to climate change: Exposures subject to physical risk - All countries

a		b	c	d	e	f	g
All Countries		Gross carrying amount					
		of which exposures sensitive to impact from climate change physical events					
		Breakdown by maturity bucket					
			≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
1	A - Agriculture, forestry and fishing	416	50	13	33	9	6.36
2	B - Mining and quarrying	102	1	0	-	1	2.07
3	C - Manufacturing	5,521	276	77	21	97	2.90
4	D - Electricity, gas, steam and air conditioning supply	850	12	27	29	2	8.78
5	E - Water supply; sewerage, waste management and remediation activities	331	7	4	-	1	2.98
6	F - Construction	1,580	111	62	40	59	4.52
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3,905	214	76	84	92	4.46
8	H - Transportation and storage	675	49	22	63	11	6.81
9	L - Real estate activities	2,682	275	182	289	42	7.58
10	Loans collateralised by residential immovable property	8,546	931	921	663	267	10.07
11	Loans collateralised by commercial immovable property	4,077	150	184	422	47	9.61
12	Repossessed collaterals	11	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	5,038	601	296	297	151	5.94

Source: FINREP reporting framework: Templates F 18.00 - F 4.02 - F 4.03 - F 6.01 - F 13.03.1; Internal ESG Database



h	i	j	k	l	m	n	o
Gross carrying amount							
of which exposures sensitive to impact from climate change physical events							
of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
					of which Stage 2 exposures	of which non-performing exposures	of which non-performing exposures
33	23	47	9	15	(6)	(0)	(5)
-	-	2	0	0	(0)	(0)	(0)
39	190	242	116	39	(25)	(2)	(22)
4	2	64	22	-	(3)	(3)	-
7	0	5	0	0	(0)	(0)	(0)
22	119	131	42	30	(24)	(2)	(21)
44	310	112	28	19	(15)	(1)	(13)
0	25	119	5	16	(5)	(0)	(5)
374	262	152	112	35	(27)	(8)	(17)
11	1,789	982	130	29	(25)	(7)	(17)
11	178	614	112	68	(46)	(7)	(36)
-	-	-	-	-	-	-	-
336	645	364	139	69	(44)	(5)	(36)





Table 87 - Template 5: Banking book - Indicators of potential physical risk related to climate change: Exposures subject to physical risk - Italy

a		b	c	d	e	f	g
Italy		Gross carrying amount					
		of which exposures sensitive to impact from climate change physical events					
		Breakdown by maturity bucket					
			≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
1	A - Agriculture, forestry and fishing	415	49	13	33	9	6.36
2	B - Mining and quarrying	99	1	0	-	1	2.13
3	C - Manufacturing	5,361	270	77	21	97	2.91
4	D - Electricity, gas, steam and air conditioning supply	838	12	27	29	2	8.90
5	E - Water supply; sewerage, waste management and remediation activities	331	7	4	-	1	2.98
6	F - Construction	1,405	92	58	40	59	4.74
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3,189	202	75	84	92	4.95
8	H - Transportation and storage	541	49	22	63	11	8.14
9	L - Real estate activities	2,107	156	151	265	42	8.56
10	Loans collateralised by residential immovable property	4,201	63	161	550	263	14.96
11	Loans collateralised by commercial immovable property	3,904	125	184	422	47	9.95
12	Repossessed collaterals	11	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	4,255	357	217	264	151	6.33

Source: FINREP reporting framework: Templates F 18.00 - F 4.02 - F 4.03 - F 6.01 - F 13.03.1; Internal ESG Database



h	i	j	k	l	m	n	o
Gross carrying amount							
of which exposures sensitive to impact from climate change physical events							
of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
					of which Stage 2 exposures	of which non-performing exposures	
33	23	47	9	15	(6)	(0)	(5)
-	-	2	0	0	(0)	(0)	(0)
39	184	242	114	39	(25)	(2)	(22)
4	2	64	22	-	(3)	(3)	-
7	0	5	0	0	(0)	(0)	(0)
22	95	131	42	28	(24)	(2)	(21)
44	296	112	28	14	(10)	(1)	(8)
0	25	119	5	16	(5)	(0)	(5)
374	89	152	109	32	(27)	(8)	(17)
10	86	941	119	27	(24)	(7)	(16)
11	153	613	110	68	(46)	(7)	(36)
-	-	-	-	-	-	-	-
336	287	364	111	68	(44)	(5)	(36)





Table 88 - Template 5: Banking book - Indicators of potential physical risk related to climate change: Exposures subject to physical risk - Rest of the world

a		b	c	d	e	f	g
Rest of the world		Gross carrying amount					
		of which exposures sensitive to impact from climate change physical events					
		Breakdown by maturity bucket					
			≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
1	A - Agriculture, forestry and fishing	1	0	-	-	-	2.04
2	B - Mining and quarrying	3	-	-	-	-	-
3	C - Manufacturing	160	6	1	-	-	2.74
4	D - Electricity, gas, steam and air conditioning supply	12	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-
6	F - Construction	175	19	5	-	-	2.77
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	716	12	2	-	-	2.26
8	H - Transportation and storage	133	0	-	-	-	1.42
9	L - Real estate activities	575	119	31	24	-	4.00
10	Loans collateralised by residential immovable property	4,346	868	759	114	4	5.34
11	Loans collateralised by commercial immovable property	172	25	1	-	-	1.86
12	Repossessed collaterals	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	783	245	79	33	-	3.85

Source: FINREP reporting framework: Templates F 18.00 - F 4.02 - F 4.03 - F 6.01 - F 13.03.1; Internal ESG Database





h	i	j	k	l	m	n	o
Gross carrying amount							
of which exposures sensitive to impact from climate change physical events							
of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
					of which Stage 2 exposures	of which non-performing exposures	of which non-performing exposures
-	0	-	-	-	(0)	-	-
-	-	-	-	-	-	-	-
-	6	-	1	-	(0)	(0)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	24	-	0	1	(0)	(0)	(0)
-	13	-	1	5	(5)	(0)	(5)
-	0	-	0	-	(0)	(0)	-
-	174	-	2	3	(0)	(0)	(0)
1	1,703	41	11	2	(1)	(0)	(1)
-	25	1	2	-	(0)	(0)	-
-	-	-	-	-	-	-	-
-	358	-	28	0	(1)	(0)	(0)





The table above provides information on the banking book's exposures to non-financial corporations - loans and advances, fixed-yield securities and equity instruments not held for trading and for sale -, loans secured by real estate and real estate collateral recovered, subject to acute and chronic climate-related hazards as at 30 June 2025.

A cross-section is provided both by sector of economic activity (NACE classification) and by geographical location of counterparty activity or collateral, with reference to sectors and geographical areas subject to acute and chronic climate change-related events. The credit quality of the exposures and the related accounting provisions are also disclosed.

For the identification of exposures subject to acute and/or chronic physical hazards, the Bank makes use of dedicated indicators estimated by a qualified external service provider, who assigns the Italian and foreign companies and individual real estate assets physical risk assessments conducted through special calculation engines that take into account the geographical location of headquarters and production sites for companies and buildings for collateral properties. The methodologies adopted have been updated, also in light of the evolution of the regulatory framework and the reference principles in the European context, with particular attention to emerging standards in the field of environmental sustainability (e.g. EU Taxonomy, Corporate Sustainability Reporting Directive - CSRD, European Sustainability Reporting Standards - ESRS). The RCP 4.5 climate change scenario is used in the calculation logic: this scenario predicts that atmospheric greenhouse gas emissions will peak in the year 2040 with a subsequent downward trend, generating global average temperature increases by 2100 of between 2 and 3 degrees Celsius, depending on the estimation model applied to each physical risk analysed.

The types of acute and chronic physical hazards shown in the table below were examined, with high spatial resolution of analysis for the whole of Italy and the EU-27 territory.

Chronic Physical Risk	Acute Physical Risk
Changing temperatures	Heat waves (*)
Heat stress	Waves of freezing cold
Changing wind patterns	Fire
Changing patterns and types of precipitation	Windstorm (*)
Thawing of permafrost	Drought (*)
Sea level rise	Heavy rainfall
Water stress	Floods (*)
Soil and coastal erosion	Landslides and subsidence (*)
Soil degradation	

(*the physical risks to which the Group's portfolio is most exposed are highlighted)



With reference to the Templates 6, 7 and 8, in line with the provisions of Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2139, Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486, the Group reports its share of credit and investment assets aligned to the Taxonomy expressed by the Green Asset Ratio (GAR) using the uniform publication templates established by the implementing technical standards of the disclosure requirements introduced by Implementing Regulation (EU) 2022/2453 of 30 November 2022. The Regulation states that such Pillar 3 reporting should only include quantitative information on mitigation actions associated with financed economic activities, in alignment with the climate change mitigation (CC Mitigation) and adaptation (CC Adaptation) objectives set out in the Taxonomy. Similar taxonomy-alignment reporting is included within its Sustainability Report on a consolidated basis at 30 June 2025 in accordance with CSRD reporting principles.

In that sustainability disclosure document, GAR is estimated and disclosed in two versions: the first by calculating the measure of alignment to the Taxonomy of Group assets based on the Turnover value of the financed counterparties (non-financial corporations) with respect to exposures whose purpose is not to finance specified assets (“general” financing); the second by calculating the measure of alignment to the Taxonomy based on the capital expenditure (Capex) of the financed counterparties with respect to general financing. In Templates 6, 7 and 8 included in this Pillar 3 Disclosure, the GAR disclosed is calculated solely on the basis of the alignment to the Taxonomy measured against the Turnover share of the counterparty company.

GAR is an indicator designed to concisely represent the ratio of the Bank’s overall activities to those that are considered environmentally sustainable according to the EU Taxonomy. In particular, it represents the percentage of environmentally sustainable assets out of the total assets on the balance sheet, as defined by Regulation (EU) 2023/2486. The denominator of the indicator actually refers to the total assets on the balance sheet of the Bank, excluding exposures to governments, institutions, central banks and supranational issuers and trading book assets. The indicator is calculated in Template 1, which classifies assets into four main sections:

1. Assets included in the numerator for GAR calculation;
2. Assets excluded from the numerator for GAR calculation (included in the denominator);
3. Exclusions from KPI calculation;
4. Off-balance.

A summary description of the four different sections is given below.

1. ASSETS INCLUDED IN THE NUMERATOR FOR GAR CALCULATION

An asset is “green” when it represents an investment in assets that are considered Taxonomy-aligned, whose analysis metrics include the classification of exposures according to counterparty category and type of financing provided, and the identification of eligible and aligned exposures, as depicted below:

a. Exposures to counterparties falling within the scope of Directive 2014/95/EU (Non-Financial Reporting Directive, hereinafter “NFRD counterparties”);

- Total GAR for financing activities for financial companies for climate change mitigation and adaptation objectives;
- Total GAR for financing activities for non-financial companies for climate change mitigation and adaptation objectives.





b. Exposures to households:

- GAR for residential real estate exposures, including loans for home renovation, for climate change mitigation, adaptation and climate change adaptation purposes and circular economy;
- GAR for retail loans for the purchase of cars for climate change mitigation purposes.

c. GAR for revenues used to finance local governments, for all environmental objectives.

d. GAR for residential and commercial real estate collateral recovered and held for sale, for all environmental objectives.

a. Exposures to NFRD counterparties

These exposures can be divided into two categories, depending on the use of the proceeds for which the financing was provided:

- in the case of a general loan, data on eligibility and matching are obtained from the company's Non-Financial Statement (hereafter, "NFS"); these are percentages, repeated on both a Capex and a Turnover basis, by which the Bank's exposure to the specific company* is multiplied;
- in the case of special-purpose financing, the following technical screening criteria set out in Delegated Regulation (EU) 2021/2139 must be met:
 1. substantial contribution criteria;
 2. Do No Significant Harm ("DNSH");
 3. Minimum safeguards.

For the purposes of this report, there were no special-purpose loans to NFRD counterparties, so the analysis focused on general loans and was therefore based on data obtained from the 2024 NFSs of the non-financial companies to which the Bank has exposure. In the case of groups of companies, the eligibility and alignment percentages calculated for the Parent Company are also applied when the exposure refers to a subsidiary, subject to verification that the subsidiary is actually consolidated in the Parent Company's financial statements.

b. Exposures to households

This analyses how many of the loans to households secured by real estate are EU Taxonomy-eligible and/or aligned. Exposures to households are broken down, in accordance with Regulation (EU) 2021/2139, into:

1. Loans secured by residential property;
2. Building renovation loans;
3. Motor vehicle loans.

It should be noted that minimum safeguards are not taken into account for the reporting period in question, as the methods of their application have yet to be established by the Regulator.



In the processing, the Bank allocated part of its exposures to households to the following assets described by the EU Taxonomy:

- 6.5 - Transport by motorbikes, cars and light commercial vehicles;
- 7.1 - Construction of new buildings;
- 7.2 - Renovation of existing buildings;
- 7.6 - Installation, maintenance and repair of renewable energy technologies; in this specific case, financing for the purchase of photovoltaic panels falls into this category;
- 7.7 - Purchase and ownership of buildings; new buildings are excluded; for them, the requirements of activity 7.1 must be met.

c. Exposures to local governments

They refer to assets supporting public authority-related projects, divided into:

1. Public housing finance, which includes in particular loans granted by credit institutions to local governments for the purpose of financing the purchase of a family's place of residence in the municipality;
2. Other local government financing, which includes loans granted to local governments for the purpose of financing any activity other than the purchase of a family's place of residence in the municipality.

d. Guarantees obtained by taking possession: residential and non-residential properties

The ratio of commercial and residential real estate collateral is represented in respect of which the Bank exercises a right over the mortgaged property, thereby becoming the owner of the property (recovered collateral), and which meets the technical screening criteria set out in Annex I, paragraph 7.7 of EU Delegated Regulation 2021/2139, to the total commercial and residential real estate collateral recovered.

The alignment of this type of collateral to the EU Taxonomy is verified according to the same process used for "Loans secured by residential property", as compliance with the criteria in Activity 7.7 "Purchase and ownership of buildings" is required.

2. ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (INCLUDED IN THE DENOMINATOR)

The following is a list of the types of assets that in the GAR calculation are excluded from the numerator while being included in the denominator.

Exposures to non-NFRD counterparties

Exposures to companies not subject to NFRD are not included in the numerator of the GAR and are broken down, in accordance with Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2486, into:

1. Financial companies, SMEs and other non-financial companies (other than SMEs) not subject to NFRD reporting requirements;
2. Third-country counterparties not subject to NFRD reporting requirements.





Exposures to other asset classes

Also excluded from the numerator of the GAR calculation are exposures to other asset classes, which, pursuant to Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2486, are divided into:

1. Derivatives;
2. Interbank loans on demand;
3. Cash and cash assets;
4. Other asset categories (tangible, intangible and other assets).

The exposures mentioned, included in the denominator but not in the numerator in the GAR calculation, are not eligible, nor consequently aligned, to the EU Taxonomy.

3. EXCLUSIONS FROM GAR CALCULATION

Delegated Regulation (EU) 2021/2178 stipulates that exposures to central governments, central banks and supranational issuers are excluded from the calculation of the numerator and denominator of key performance indicators.

4. OFF-BALANCE

A complementary analysis is performed concerning the level of association with EU Taxonomy-aligned economic activities of off-balance sheet exposures that the Bank manages, which direct, or contribute to directing, capital flows to economic activities whose environmental Sustainability can be assessed as compliant with the EU Taxonomy, including:

1. Financial guarantees, for which the GAR corresponds to the ratio of financial guarantees securing EU Taxonomy-aligned debt instruments financing economic activities and all financial guarantees backing corporate debt instruments;
2. Managed financial assets, for which the GAR corresponds to the ratio of managed financial assets (debt and equity instruments) financing EU Taxonomy-aligned economic activities to total managed financial assets (debt and equity instruments).

The market value of the portfolio of managed financial assets is shown net of cash and government bonds. For this type of exposure, the Bank focused its analysis of eligibility for and alignment on data obtained from the NFSs of NFRD counterparties.

However, while these analyses carried out at 30 June 2025 are included in the calculation of the Group's Taxonomy-aligned activities within the Sustainability Report (CSRD), the relevant information is not required in the uniform GAR reporting templates (6, 7 and 8) published in this Pillar 3 Disclosure.

**Table 89** - Template 6: Summary of key performance indicators (KPIs) on Taxonomy-aligned exposures

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	1.61%	0.00%	1.61%	74.37%
GAR flow	1.03%	0.00%	1.03%	92.29%

* % of assets covered by the KPI out of banks' total assets

Source: FINREP reporting framework: Templates - F 1.01 - F 1.02 - F 2.00 - F 4.01 - F 4.02 - F 4.03 - F 4.04 - F 4.05 - F 18.00 - F 6.01; Internal ESG database

The table above presents a set of GAR metrics that provide a summary overview of exposures aligned to the first two environmental objectives defined by the Taxonomy: climate change mitigation and adaptation. The percentages of aligned exposures are represented both as stock volumes measured as at 30 June 2025 and as flow volumes generated during the reporting period within the Group's banking book.



**Table 90** - Template 7: Mitigation actions: assets for GAR calculation (1 of 3)

	a	b	c	d	e	f						
							Disclosure reference date: 30/06/2025					
							Climate Change Mitigation (CCM)					
							Gross carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
Of which environmentally sustainable			Of which specialised lending	Of which transitional	Of which enabling							
GAR - Covered assets in both numerator and denominator												
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	16,741	9,149	690	213	12	125					
2	Financial corporations	2,106	352	35	-	2	3					
3	Credit institutions	1,455	287	19	-	1	2					
4	Loans and advances	196	35	2	-	0	0					
5	Debt securities, including UoP	1,259	252	16	-	1	2					
6	Equity instruments	0	0	0		0	0					
7	Other financial corporations	651	65	16	-	0	0					
8	<i>of which investment firms</i>	<i>561</i>	<i>45</i>	<i>14</i>	<i>-</i>	<i>0</i>	<i>-</i>					
9	Loans and advances	173	-	-	-	-	-					
10	Debt securities, including UoP	388	45	14	-	0	-					
11	Equity instruments	-	-	-		-	-					
12	<i>of which management companies</i>	<i>52</i>	<i>13</i>	<i>1</i>	<i>-</i>	<i>0</i>	<i>0</i>					
13	Loans and advances	-	-	-	-	-	-					
14	Debt securities, including UoP	13	2	0	-	0	0					
15	Equity instruments	39	11	1		-	0					
16	<i>of which insurance undertakings</i>	<i>39</i>	<i>7</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>0</i>					
17	Loans and advances	-	-	-	-	-	-					
18	Debt securities, including UoP	39	7	1	-	-	0					
19	Equity instruments	-	-	-		-	-					
20	Non-financial corporations (subject to NFRD disclosure obligations)	2,342	683	443	-	10	123					
21	Loans and advances	1,845	461	273	-	6	59					
22	Debt securities, including UoP	435	208	168	-	4	64					
23	Equity instruments	62	13	1		0	0					
24	Households	12,287	8,108	213	213	-	-					
25	<i>of which loans collateralised by residential immovable property</i>	<i>8,890</i>	<i>7,893</i>	<i>213</i>	<i>213</i>	<i>-</i>	<i>-</i>					
26	<i>of which building renovation loans</i>	<i>54</i>	<i>54</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>					
27	<i>of which motor vehicle loans</i>	<i>62</i>	<i>62</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>					
28	Local governments financing	5	5	-	-	-	-					
29	Housing financing	2	2	-	-	-	-					
30	Other local governments financing	3	3	-	-	-	-					
31	Collateral obtained by taking possession: residential and commercial immovable properties	12	-	-	-	-	-					
32	TOTAL GAR ASSETS	16,753	9,149	690	213	12	125					

**Table 90** - Template 7: Mitigation actions: assets for GAR calculation (1 of 3)

		a	b	c	d	e	f
		Disclosure reference date: 30/06/2025					
		Climate Change Mitigation (CCM)					
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					
		Gross carrying amount	Of which environmentally sustainable				
			Of which specialised lending	Of which transitional	Of which enabling		
Assets excluded from the numerator for GAR calculation (covered in the denominator)							
33	EU Non-financial corporations (not subject to NFRD disclosure obligations)	24,194					
34	Loans and advances	22,291					
35	Debt securities	1,086					
36	Equity instruments	817					
37	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	350					
38	Loans and advances	327					
39	Debt securities	23					
40	Equity instruments	0					
41	Derivatives	2					
42	On demand interbank loans	196					
43	Cash and cash-related assets	155					
44	Other assets (e.g. Goodwill, commodities etc.)	1,155					
45	TOTAL ASSETS IN THE DENOMINATOR (GAR)	42,804	9,149	690	213	12	125
Other assets excluded from both the numerator and denominator for GAR calculation							
46	Sovereigns	12,503					
47	Central banks exposure	1,966					
48	Trading book	279					
49	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	14,748					
50	TOTAL ASSETS	57,552					

Source: FINREP reporting framework: Templates - F 1.01 - F 1.02 - F 2.00 - F 4.01 - F 4.02 - F 4.03 - F 4.04 - F 4.05 - F 18.00 - F 6.01; Internal ESG database



**Table 91** - Template 7: Mitigation actions: assets for GAR calculation (2 of 3)

	g	h	i	j	k	
	Disclosure reference date: 30/06/2025					
	Climate Change Adaptation (CCA)					
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					
	Of which environmentally sustainable (Taxonomy-aligned)					
			Of which specialised lending	Of which adaptation	Of which enabling	
GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6	0	-	-	0
2	Financial corporations	4	0	-	-	-
3	Credit institutions	0	0	-	-	-
4	Loans and advances	0	0	-	-	-
5	Debt securities, including UoP	0	0	-	-	-
6	Equity instruments	0	0		-	-
7	Other financial corporations	4	0	-	-	-
8	<i>of which investment firms</i>	4	0	-	-	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	4	0	-	-	-
11	Equity instruments	-	-		-	-
12	<i>of which management companies</i>	0	0	-	-	-
13	Loans and advances	-	-	-	-	-
14	Debt securities, including UoP	0	0	-	-	-
15	Equity instruments	0	-		-	-
16	<i>of which insurance undertakings</i>	-	-	-	-	-
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-
19	Equity instruments	-	-		-	-
20	Non-financial corporations (subject to NFRD disclosure obligations)	2	0	-	-	0
21	Loans and advances	1	0	-	-	0
22	Debt securities, including UoP	2	0	-	-	0
23	Equity instruments	0	0		-	0
24	Households					
25	<i>of which loans collateralised by residential immovable property</i>					
26	<i>of which building renovation loans</i>					
27	<i>of which motor vehicle loans</i>					
28	Local governments financing	-	-	-	-	-
29	Housing financing	-	-	-	-	-
30	Other local governments financing	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-
32	TOTAL GAR ASSETS	6	0	-	-	0



Table 91 - Template 7: Mitigation actions: assets for GAR calculation (2 of 3)

		g	h	i	j	k
		Disclosure reference date: 30/06/2025				
		Climate Change Adaptation (CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				
				Of which specialised lending	Of which adaptation	Of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	EU Non-financial corporations (not subject to NFRD disclosure obligations)					
34	Loans and advances					
35	Debt securities					
36	Equity instruments					
37	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)					
38	Loans and advances					
39	Debt securities					
40	Equity instruments					
41	Derivatives					
42	On demand interbank loans					
43	Cash and cash-related assets					
44	Other assets (e.g. Goodwill, commodities etc.)					
45	TOTAL ASSETS IN THE DENOMINATOR (GAR)	6	0	-	-	0
Other assets excluded from both the numerator and denominator for GAR calculation						
46	Sovereigns					
47	Central banks exposure					
48	Trading book					
49	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR					
50	TOTAL ASSETS					

Source: FINREP reporting framework: Templates - F 1.01 - F 1.02 - F 2.00 - F 4.01 - F 4.02 - F 4.03 - F 4.04 - F 4.05 - F 18.00 - F 6.01; Internal ESG database.



**Table 92** - Template 7: Mitigation actions: assets for GAR calculation (3 of 3)

		l m n o p				
		Disclosure reference date: 30/06/2025				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				
				Of which specialised lending	Of which transitional/adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9,155	690	213	12	126
2	Financial corporations	356	35	-	2	3
3	Credit institutions	287	19	-	1	2
4	Loans and advances	35	2	-	0	0
5	Debt securities, including UoP	252	16	-	1	2
6	Equity instruments	0	0	-	0	0
7	Other financial corporations	69	16	-	0	0
8	<i>of which investment firms</i>	48	14	-	0	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	48	14	-	0	-
11	Equity instruments	-	-	-	-	-
12	<i>of which management companies</i>	13	1	-	0	0
13	Loans and advances	-	-	-	-	-
14	Debt securities, including UoP	2	0	-	0	0
15	Equity instruments	11	1	-	-	0
16	<i>of which insurance undertakings</i>	7	1	-	-	0
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	7	1	-	-	0
19	Equity instruments	-	-	-	-	-
20	Non-financial corporations (subject to NFRD disclosure obligations)	685	443	-	10	123
21	Loans and advances	462	273	-	6	59
22	Debt securities, including UoP	210	168	-	4	64
23	Equity instruments	13	1	-	0	1
24	Households	8,108	213	213	-	-
25	<i>of which loans collateralised by residential immovable property</i>	7,893	213	213	-	-
26	<i>of which building renovation loans</i>	54	-	-	-	-
27	<i>of which motor vehicle loans</i>	62	-	-	-	-
28	Local governments financing	5	-	-	-	-
29	Housing financing	2	-	-	-	-
30	Other local governments financing	3	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-
32	TOTAL GAR ASSETS	9,155	690	213	12	126

**Table 92** - Template 7: Mitigation actions: assets for GAR calculation (3 of 3)

		l	m	n	o	p
		Disclosure reference date: 30/06/2025				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				
			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	EU Non-financial corporations (not subject to NFRD disclosure obligations)					
34	Loans and advances					
35	Debt securities					
36	Equity instruments					
37	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)					
38	Loans and advances					
39	Debt securities					
40	Equity instruments					
41	Derivatives					
42	On demand interbank loans					
43	Cash and cash-related assets					
44	Other assets (e.g. Goodwill, commodities etc.)					
45	TOTAL ASSETS IN THE DENOMINATOR (GAR)	9,155	690	213	12	126
Other assets excluded from both the numerator and denominator for GAR calculation						
46	Sovereigns					
47	Central banks exposure					
48	Trading book					
49	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR					
50	TOTAL ASSETS					

Source: FINREP reporting framework: Templates - F 1.01 - F 1.02 - F 2.00 - F 4.01 - F 4.02 - F 4.03 - F 4.04 - F 4.05 - F 18.00 - F 6.01; Internal ESG database.

The table above provides information on the gross book value as at 30 June 2025 of loans and advances, debt securities and equity instruments in the banking book - with a breakdown of information by type of counterparty, including financial companies, non-financial companies, households, local governments - as well as real estate loans to households, together with information on eligibility for and alignment to the Taxonomy.

Such exposures may be divided into several categories, depending on the use of the proceeds of the financing activity (e.g. general or special purpose financing). The assets are further detailed as follows:

- *transition activities*, i.e. activities that cannot yet be replaced by low-carbon, technologically and economically accessible alternatives, but that contribute to climate change mitigation and can play an important role in the transition to a climate-neutral economy;
- *enabling activities*, i.e. those that directly enable other activities to make a substantial contribution to an environmental objective of the Taxonomy;
- *adaptation activities*, i.e. those activities that can substantially contribute to climate adaptation solutions, either by reducing the risks of adverse climate effects or by preventing or reducing the risk of such effects on future generations and the environment.



**Table 93** - Template 8: GAR (%) (1 of 2)

		a	b	c	d	e
		Disclosure reference date 30/06/2025: KPIs on STOCK				
		Climate Change Mitigation (CCM)				
% (compared to total covered assets in the denominator)		Proportion of new eligible assets funding taxonomy relevant sectors				
		Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling
1	GAR	21.37%	1.61%	0.50%	0.03%	0.29%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	21.37%	1.61%	0.50%	0.03%	0.29%
3	Financial corporations	0.82%	0.08%	-	0.00%	0.01%
4	Credit institutions	0.67%	0.04%	-	0.00%	0.01%
5	Other financial corporations	0.15%	0.04%	-	0.00%	0.00%
6	<i>of which investment firms</i>	<i>0.10%</i>	<i>0.03%</i>	-	<i>0.00%</i>	-
7	<i>of which management companies</i>	<i>0.03%</i>	<i>0.00%</i>	-	<i>0.00%</i>	<i>0.00%</i>
8	<i>of which insurance undertakings</i>	<i>0.02%</i>	<i>0.00%</i>	-	-	<i>0.00%</i>
9	Non-financial corporations subject to NFRD disclosure obligations	1.60%	1.03%	-	0.02%	0.29%
10	Households	18.94%	0.50%	0.50%	-	-
11	<i>of which loans collateralized by residential immovable property</i>	<i>18.44%</i>	<i>0.50%</i>	<i>0.50%</i>	-	-
12	<i>of which building renovation loans</i>	<i>0.13%</i>	-	-	-	-
13	<i>of which motor vehicle loans</i>	<i>0.15%</i>	-	-	-	-
14	Local government financing	0.01%	-	-	-	-
15	Housing financing	0.00%	-	-	-	-
16	Other local governments financing	0.01%	-	-	-	-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-

Source: FINREP reporting framework: Templates - F 1.01 - F 1.02 - F 2.00 - F 4.01 - F 4.02 - F 4.03 - F 4.04 - F 4.05 - F 18.00 - F 6.01; Internal ESG database



f	g	h	i	j	k	l	m	n	o	p
Disclosure reference date 30/06/2025: KPIs on STOCK										
Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
Of which environmentally sustainable					Of which environmentally sustainable					
Of which specialised lending		Of which adaptation		Of which enabling	Of which specialised lending		Of which transitional/adaptation		Of which enabling	
0.01%	0.00%	0.00%	0.00%	0.00%	21.39%	1.61%	0.50%	0.03%	0.29%	74.37%
0.01%	0.00%	-	-	0.00%	21.39%	1.61%	0.50%	0.03%	0.29%	29.11%
0.01%	0.00%	-	-	-	0.83%	0.08%	-	0.00%	0.01%	3.66%
0.00%	0.00%	-	-	-	0.67%	0.04%	-	0.00%	0.01%	2.53%
0.01%	0.00%	-	-	-	0.16%	0.04%	-	0.00%	0.00%	1.13%
0.01%	0.00%	-	-	-	0.11%	0.03%	-	0.00%	-	0.97%
0.00%	0.00%	-	-	-	0.03%	0.00%	-	0.00%	0.00%	0.09%
-	-	-	-	-	0.02%	0.00%	-	-	0.00%	0.07%
0.01%	0.00%	-	-	0.00%	1.60%	1.04%	-	0.02%	0.29%	4.07%
					18.94%	0.50%	0.50%	-	-	21.35%
					18.44%	0.50%	0.50%	-	-	15.45%
					0.13%	-	-	-	-	0.09%
					0.15%	-	-	-	-	0.11%
					0.01%	-	-	-	-	0.01%
					0.00%	-	-	-	-	0.00%
-	-	-	-	-	0.01%	-	-	-	-	0.01%
					-	-	-	-	-	0.02%



**Table 94** - Template 8: GAR (%) (2 of 2)

		a	b	c	d	e
		Disclosure reference date 30/06/2025: KPIs on flows				
		Climate Change Mitigation (CCM)				
% (compared to total covered assets in the denominator)		Proportion of new eligible assets funding taxonomy relevant sectors				
		Of which environmentally sustainable				
		Of which specialised lending	Of which transitional	Of which enabling		
1	GAR	11.59%	1.03%	0.20%	0.01%	0.11%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	11.59%	1.03%	0.20%	0.01%	0.11%
3	Financial corporations	0.38%	0.03%	-	0.00%	0.00%
4	Credit institutions	0.36%	0.02%	-	0.00%	0.00%
5	Other financial corporations	0.01%	0.00%	-	0.00%	0.00%
6	<i>of which investment firms</i>	-	-	-	-	-
7	<i>of which management companies</i>	0.00%	0.00%	-	0.00%	0.00%
8	<i>of which insurance undertakings</i>	0.01%	0.00%	-	-	-
9	Non-financial corporations subject to NFRD disclosure obligations	1.39%	0.80%	-	0.01%	0.11%
10	Households	9.82%	0.20%	0.20%	-	-
11	<i>of which loans collateralized by residential immovable property</i>	9.49%	0.20%	0.20%	-	-
12	<i>of which building renovation loans</i>	0.09%	-	-	-	-
13	<i>of which motor vehicle loans</i>	0.15%	-	-	-	-
14	Local government financing	0.00%	-	-	-	-
15	Housing financing	0.00%	-	-	-	-
16	Other local governments financing	-	-	-	-	-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-

Source: FINREP reporting framework: Templates - F 1.01 - F 1.02 - F 2.00 - F 4.01 - F 4.02 - F 4.03 - F 4.04 - F 4.05 - F 18.00 - F 6.01; Internal ESG database



f	g	h	i	j	k	l	m	n	o	p
Disclosure reference date 30/06/2025: KPIs on flows										
Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
Of which environmentally sustainable					Of which environmentally sustainable					
Of which specialised lending		Of which adaptation		Of which enabling	Of which specialised lending		Of which transitional/adaptation		Of which enabling	
0.00%	0.00%	0.00%	0.00%	0.00%	11.59%	1.03%	0.20%	0.01%	0.11%	92.29%
0.00%	0.00%	-	-	0.00%	11.59%	1.03%	0.20%	0.01%	0.11%	23.50%
0.00%	0.00%	-	-	-	0.38%	0.03%	-	0.00%	0.00%	1.92%
0.00%	0.00%	-	-	-	0.36%	0.02%	-	0.00%	0.00%	1.86%
-	-	-	-	-	0.01%	0.00%	-	0.00%	0.00%	0.06%
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	0.00%	0.00%	-	0.00%	0.00%	0.01%
-	-	-	-	-	0.01%	0.00%	-	-	0.00%	0.05%
0.00%	0.00%	-	-	0.00%	1.40%	0.80%	-	0.01%	0.11%	6.77%
					9.82%	0.20%	0.20%	-	-	14.80%
					9.49%	0.20%	0.20%	-	-	9.39%
					0.09%	-	-	-	-	0.08%
					0.15%	-	-	-	-	0.13%
					0.00%	-	-	-	-	0.00%
					0.00%	-	-	-	-	0.00%
-	-	-	-	-	-	-	-	-	-	-
					-	-	-	-	-	0.00%





The table above shows, as a percentage of the total, the portion of assets financed by the Group as at 30 June 2025 that can be considered “environmentally sustainable” in accordance with Articles 3 and 9 of Regulation (EU) 2020/852. In particular, evidence of the following is provided for each macro-category of assets covered by the GAR and for each of the environmental objectives of the Taxonomy (climate change mitigation and adaptation):

- the share of the stock of assets that as at the reference date finance economic activities that comply with the environmental objectives of the Taxonomy (“eligible”) in relation to the total assets covered by the GAR;
- the percentage of new assets generated during the reporting period that finance economic activities that comply with the environmental objectives of the Taxonomy (“eligible”) in relation to the total assets covered by the GAR.

Table 95 - Template 10: Other climate change-related mitigation actions not covered by Regulation (EU) 2020/852

a	b	c	d	e	f
Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Financial corporations	420	Climate change transition risk		
2	Non-financial corporations	158	Climate change transition risk		
3	<i>Of which Loans collateralised by commercial immovable property</i>				
4	Households				
5	<i>Of which Loans collateralised by residential immovable property</i>				
6	<i>Of which building renovation loans</i>				
7	Other counterparties	814	Climate change transition risk		
8	Financial corporations	5	Climate change transition risk		
9	Non-financial corporations	568	Climate change transition risk		
10	<i>Of which Loans collateralised by commercial immovable property</i>	309	Climate change transition risk		
11	Households	160	Climate change transition risk		
12	<i>Of which Loans collateralised by residential immovable property</i>	102	Climate change transition risk		
13	<i>Of which building renovation loans</i>	25	Climate change transition risk		
14	Other counterparties				

Source: FINREP reporting framework: Templates - F 1.01 - F 1.02 - F 2.00 - F 4.01 - F 4.02 - F 4.03 - F 4.04 - F 4.05 - F 18.00 - F 6.01; Internal ESG database



The purpose of the disclosures required by *Template 10 - Other climate change-related mitigation actions not covered by Regulation (EU) 2020/852* is to describe climate change-related mitigation actions implemented by institutions and to represent customer exposures that are intended to support counterparties in achieving their climate change mitigation and adaptation objectives but are not aligned with the “Taxonomy” standards set out in Regulation (EU) 2020/852 (and therefore not included in the calculation of the GAR and BTAR metrics to be published in the future).

(*1) Credit products deemed eligible according to the Bank’s Green Bond framework as per specific guidelines issued by ICMA (International Capital Market Association) are counted towards the compilation of Template 10. With reference to 30 June 2025, 821 million euro of loans was eligible for recognition for environmental mitigation purposes, of which 90 million euro is aligned in accordance with Regulation (EU) 2020/852 and eliminated from this template. Overall, 732 million euro derives from Non-financial Companies, Financial Companies and Households whose financeable or refinanceable economic activities are covered by the above-mentioned green bond issuance programme and who meet the following eligibility criteria:

- *Green Building*: loans or assets for the purchase, construction and renovation of residential and/or commercial buildings that meet energy efficiency requirements;
- *Renewable Energy*: loans for the acquisition, development and management of infrastructure for the production of energy from renewable sources;
- *Clean Transportation*: loans for low-carbon transport activities and the acquisition, as well as construction and operation of dedicated low-carbon transport infrastructure;
- *Energy Efficiency*: loans for goods that contribute to reducing energy consumption (e.g. energy-saving lighting);
- *Environmentally sustainable management of living natural resources and land use*: loans for activities that contribute to the sustainable management of natural resources and land use (e.g. investments in protected areas such as regional nature parks);
- *Pollution prevention and control*: loans for activities that contribute to the prevention, collection, disposal and recycling of waste;
- *Sustainable Water and Wastewater Management*: loans for activities that improve the quality, efficiency, distribution and conservation of water.

(*2) The amounts for bonds refer to those identified as green, held in the portfolio for a combined total of approximately 1.557 billion euro. In line with the objectives of Template 10, debt instruments deemed to be aligned under Regulation (EU) 2020/852, amounting to approximately 165 million euro, already accounted for in *Template 7 - Mitigating actions: Assets for GAR calculation*, were eliminated.

In addition to the above-mentioned loan and bond volumes, the Bank also has 900 million euro in loans for the 110% SuperBonus, currently not accounted for in this Template.



Certification of the Manager responsible for preparing the Company's accounting documents

The undersigned Simona Orietti, as Manager responsible for preparing the Company's accounting documents of Banca Popolare di Sondrio S.p.a., taking account of the provisions of Article 154-bis, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, certifies that the accounting information contained in this document agrees with the underlying accounting entries, records and documentation.

Sondrio, 29 September 2025

Signed Simona Orietti
*Manager responsible for preparing the Company's
accounting documents*



Certification on disclosure policies and obligations pursuant to Part Eight, Art. 431, paragraph 3 of European Regulation No. 575/2013 of 26 June 2013 and subsequent amendments and additions

The undersigned Cesare Poletti, as Chief Risk Officer of Banca Popolare di Sondrio Società per Azioni,

DECLARES

also taking into account the provisions of Part Eight, Art. 431, paragraph 3, of Regulation (EU) No. 575/2013 of 26 June 2013 and subsequent amendments and additions, that the information published pursuant to the aforementioned provisions has been prepared in accordance with the Pillar 3 formal disclosure policy and the processes, systems and internal controls of the Bank.

Sondrio, 29 September 2025

Signed by Cesare Poletti
Chief Risk Officer



Annex 1: List of Top 20 most polluting companies in the world

Top 20 Carbon Majors emissions of CO ₂	
1	Coil China
2	Former Soviet Union
3	Sudi Aramco
4	Chevron
5	ExxonMobil
6	GazProm
7	National Iranian Oil Co.
8	BP
9	Shell
10	Coal India
11	Poland
12	Pemex
13	Russian Federation
14	China (Chement)
15	ConocolPhillips
16	British Coal Corporation
17	CNPC (PetroChina)
18	Peabody Coal Group
19	Totalenergies
20	Abu Dhabi National Oil Company

Glossary

ABS - Asset Backed Securities

Debt securities generally issued in securitisation transactions by a Special Purpose Vehicle (SPV) guaranteed by portfolios of various types of assets (mortgage loans, consumer loans, receivables from credit card transactions, etc.) and intended solely to satisfy the rights incorporated in the financial instruments. The repayment of principal and the payment of interest are conditioned by the performance of the assets subject to securitisation and by any additional guarantees backing the transaction. ABS securities are divided into different tranches (senior, mezzanine, junior) based on the priority attributed to them in the repayment of principal and interest.

Securitisation

Transaction involving the transfer of asset portfolios to a special purpose vehicle and the issue by the latter of securities with varying degrees of subordination in bearing any losses incurred on the underlying assets.

Common Equity Tier 1 (CET1) Ratio

Prudential capital adequacy coefficient expressed by the ratio between Common Equity Tier 1 capital (CET1) and total risk exposure amount represented by risk-weighted assets (RWAs).

EAD - Exposure At Default

Expected exposure at the time of insolvency of the counterparty of a risk position.

EBA - European Banking Authority

European Banking Authority. Regulatory body of the European Union, based in London, established by Regulation 1093/2010/EU to replace the Committee of European Banking Supervisors (in abbreviated form, "CEBS").

ECAI - External Credit Assessment Institutions

External agencies for the assessment of creditworthiness recognised by the Supervisory Authorities, specialised in providing rating service to banks that adopt the Standardised Approach for measuring the capital requirement against credit risk.

Fair value

Fair value. Value for which an asset could be exchanged or a liability settled in an orderly market transaction between knowledgeable and independent parties.

GACS

Securitisation guarantee on non-performing loans. Italian state guarantee scheme to facilitate the disposal of non-performing bank loans through securitisation transactions. Admission to the GACS, granted by decree of the Ministry of Economy and Finance, is envisaged only for tranches of senior ABS (securities with the lowest degree of subordination) issued as part of the securitisation.



IAS/IFRS

International Accounting Standards (IAS) issued by the International Accounting Standard Board (IASB), a body in which the accounting professionals of the major countries worldwide are represented, with the European Union, the IOSCO (International Organisation of Securities Commissions) and the Basel Committee on Banking Supervision taking part as observers. This body, which inherited the legacy of the International Accounting Standards Committee (IASC), aims to promote the harmonisation of the accounting rules for the preparation of company financial statements. With the transformation of the IASC into IASB, it was decided, among other things, to call the new accounting standards “International Financial Reporting Standards” (IFRS).

ICAAP - Internal Capital Adequacy Assessment Process

Internal process to evaluate capital adequacy, as provided for by the “Pillar 2” rules of prudential supervisory regulations, which financial institutions are required to implement to determine an adequate level of internal capital to cope with all relevant risks; these may differ from those covered by the total regulatory capital requirements (“Pillar 1”), as they are part of an individual assessment - both current and prospective - that takes into account the business strategies and the evolution of the macro-economic context, also under stress conditions.

ILAAP - Internal Liquidity Adequacy Assessment Process

Internal process for evaluating the adequacy of the governance and management mechanisms in place to face current and prospective liquidity risks, consisting in the processes for the identification, measurement, management and monitoring of liquidity implemented by the financial institutions.

IRB - Internal Rating Based Approach

Methods Based on Internal Ratings. They can be distinguished between a “basic” (F-IRB, Foundation Internal Rating-Based Approach) and an “advanced” approach (A-IRB, Advanced Internal Rating-Based Approach) in relation to the credit risk parameters that the banks are allowed to estimate internally. In particular, the Advanced IRB method involves internal estimation of all the main risk parameters (PD, LGD, EAD, CCF and, where required, actual maturity) used in the weighting formulas for calculating the capital requirement for credit risk. Adoption of IRB methods for the purpose of calculating capital requirements is subject to authorisation from the Supervisory Authority, after verification of compliance with a set of organisational and quantitative requirements.

LCR - Liquidity Coverage Ratio

Short-term liquidity coverage indicator determined pursuant to Part Six of Regulation (EU) No. 575/2013 of 26 June 2013 (“CRR”) and subsequent amendments. The coefficient aims to ensure that intermediaries hold an amount of high-quality liquid reserves, readily convertible into cash, sufficient to cover liquidity outflows for a period of at least 30 days, even in a scenario of particularly severe liquidity stress. The indicator is calculated as the ratio between the stock of high-quality liquid assets (HQLA) and total net cash outflows scheduled in the 30 calendar days following the observation date, determined under particularly acute stress assumptions. The parameter must always remain at or above the minimum level of 100%.

Leverage Ratio

Prudential ratio introduced by the Basel 3 framework with the aim of containing the degree of financial leverage in the banking sector, which complements the traditional risk-based capital requirements with a metric based on financial aggregates not weighted for risk. It is obtained as the ratio between Tier 1 Capital and Total Exposure, the latter being the sum of on-balance and off-balance sheet exposures.

LGD - Loss Given Default

Loss rate in the event of insolvency of a borrower, determined as the ratio between the expected loss on a credit exposure due to the default of the counterparty and the estimated residual exposure at the time of default.

MREL - Minimum Requirement for Own Funds and Eligible Liabilities

Minimum requirement for own funds and eligible liabilities designed to ensure that the financial institutions and bodies established in the European Union have sufficient loss absorption and recapitalisation capacity should they fall into a state of crisis.

NSFR - Net Stable Funding Ratio

Regulatory long-term liquidity indicator envisaged by the Basel 3 frameworks. It is intended as a mechanism aimed at complementing the LCR index with a view to favouring more stable and longer-term financing of assets, offsetting the incentives that banking and financial institutions would have to finance their stock of liquid assets with short-term funds that expire immediately after the 30-day horizon. The index is calculated as the ratio between the available amount of stable funding (ASF) and the required amount of stable funding (RSF). This parameter, which should always be kept equal to or greater than 100%, is structured in such a way as to ensure that long-term assets are financed with at least a minimum amount of stable liabilities in relation to the respective liquidity risk profiles.

Output floor

Lower limit (“floor”) for capital requirements determined in accordance with banks’ internal models equal to 72.5% of the capital requirements that would apply if only standardised approaches were used (“output”). The application of the output floor is subject to a transitional regime established in Article 465 of CRR III.

OTC - Over The Counter

Specific attribute of transactions in derivative instruments traded “over the counter”, i.e. concluded directly between parties without recourse to an organised market.

PD - Probability of Default

Probability that a counterparty becomes insolvent within a given time horizon.

ECL - Expected Credit Loss

Losses that on average are expected to be incurred on a financial instrument, a loan or a portfolio; it represents the average value of the statistical distribution of losses, resulting from the product of three elements: the Exposure At Default (EAD), the Probability of Default (PD) and the Loss Given Default (LGD). As required by accounting principles set by IFRS 9, it is calculated over a time horizon of 12 months for positions classified in Stage 1 and over the entire residual life of the instrument for positions classified in Stage 2 and Stage 3.

Subordinated loan

An unsecured bond/loan characterised by a subordination clause which, in the event of liquidation of the issuer, gives the subscribers a right to repayment, but only once any privileged and general creditors have been satisfied in full.

Rating

Synthetic estimate of a debtor’s ability to fulfil its credit commitments issued by specialised agencies (external rating) or by the bank itself (internal rating) on the basis of aspects such as financial solvency and growth prospects.



RWA - Risk-Weighted Assets***RWEA - Risk-Weighted Exposure Amounts******TREA - Total Risk Exposure Amount***

Risk-Weighted Assets (RWA) On-balance sheet and off-balance sheet assets classified and weighted for their associated risks, established in accordance with the regulations issued by supervisory authorities in relation to calculation of capital ratios of banks.

SPV

A Special Purpose Vehicle is a company specifically set up by one or more entities to carry out a specific transaction (in particular a securitisation transaction).

SREP - Supervisory Review and Evaluation Process

Prudential review and assessment process with which the Supervisory Authorities periodically assess the ICAAP of financial institutions and its results. Through the SREP the Authority: a) analyses the risk profiles of a supervised entity, individually and in an aggregate perspective, also under stress conditions, and the related contribution to systemic risk; b) evaluates its corporate governance system, the functionality of its internal bodies, its organisational structure and the internal control system; c) verifies compliance of the institution with the set of prudential rules applicable.

Tier 1 Ratio

Prudential capital adequacy coefficient expressed by the ratio between Tier 1 Capital and total risk exposure amount represented by risk-weighted assets (RWA).

Total Capital Ratio

Prudential capital adequacy coefficient expressed by the ratio between Total Capital and total risk exposure amount represented by Risk-Weighted Assets (RWA).

