



Banca Popolare di Sondrio

Co-operative Society by shares - founded in 1871
Head office and general management: I - 23100 Sondrio So - Piazza Garibaldi 16
Registered in the Register of Companies of Sondrio at no. 00053810149
Registered in the Register of Banks under no. 842.
Parent Bank of the Banca Popolare di Sondrio Banking Group, registered in the Register of Banking Groups under no. 5696.0
Registered in the Register of Cooperative Societies under no. A160536
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share Capital € 1,360,157,331 - Reserves € 1,157,414,409
(data approved by the Shareholders' Meeting of 12/6/2020)

PRESS RELEASE

**Board of Directors of 30 March 2021:
approval of solo and consolidated 2020 financial results;
proposal of dividend per share of € 0,06;
Members' annual general meeting convocation.**

Full confirmation of the preliminary results approved on February 5, 2021

The Board of Directors of Banca Popolare di Sondrio, which met today under the Chairmanship of President Prof. Avv. Francesco Venosta, has examined and approved the solo and consolidated 2020 financial statements, confirming entirely the preliminary results – € 106.6 millions the Group's net income – and balance sheet and income statement schedules approved on the 5th of February 2021, made public on the same date with a press release, to which reference is made.

Banca Popolare di Sondrio S.C.p.A. dividend per share proposal

The Board of Directors also resolved, in compliance with the recommendations issued by the Supervisory Authority, to propose to the Members' Meeting the distribution of a gross unit dividend of € 0.06. The payment of dividend, coupon no. 42, in compliance with current regulations and considering that the ex-dividend date is set for 24 May 2021, will take place on the 26th of the same month. The profit proposed for distribution amounts to a total of € 27,203,147. The dividend is subject to taxation as established by the current legislation; in particular, dividends paid to individuals are subject to a 26%

withholding tax. The distribution of the remainder of the net profit will be proposed as follows: to reserves € 47,541,931, to the charity fund € 300,000.

Convocation of Banca Popolare di Sondrio S.C.p.A. Members' annual general meeting

The Members' Meeting of Banca Popolare di Sondrio S.C.p.A. is scheduled in first call on May 10, 2021, at 10:00 a.m., at the registered office in Sondrio, Piazza Garibaldi 16 and, if necessary, in second call at the same location on May 11, 2021 at 10:00 a.m.

Taking into account the containment measures imposed by the Government in the face of the exceptional emergency situation resulting from the Covid-19 epidemic and in accordance with the fundamental principles of health protection for Members, employees and Bank representatives, pursuant to the provisions of Article 106, paragraph 6, of Legislative Decree no. 18 of 17 March 2020, as subsequently amended and supplemented, attendance at the Members' Meeting by those entitled to participate will take place, without access to the meeting rooms, **exclusively through the Representative appointed pursuant to Article 135-undecies of Legislative Decree no. 58 of 24 February 1998**. The relative notice of call, as well as the documentation required by the regulations, shall be circulated within the terms of the law.

Foreseeable evolution of operations

On the macroeconomic front, the start of 2021 fell short of the recovery expectations embodied in the forecast reports prepared by the main research centers, mainly due to the persistence of the spread of the Covid-19 virus and the consequent need to impose severe restrictions on economic and social activities. On the other hand, the vaccination campaign currently being strengthened and the significant financial support plans launched by national and European government authorities argue in favor of a positive acceleration in the rest of the year capable of triggering, gradually, a more sustained and lasting economic growth dynamic.

In this context, with regard to the Group's performance, we expect an improvement in the results of the core banking activities, the containment of costs aimed at pursuing efficiency objectives in line with the best market standards and adequate loans'

coverage, in line with the prudential policies adopted in previous years. On the investment front, the commitment to safeguard the operating efficiency characteristic of the Group will continue, paying particular attention to the issues of digital and technological innovation.

On the basis of these assumptions, it is plausible that the Banca Popolare di Sondrio Banking Group will be able to achieve higher levels of profitability than last year, confirming its ability to continuously generate value in favor of shareholders and all stakeholders, while preserving the Group's characteristic capital solidity.

DECLARATION

The manager responsible for preparing the company's financial reports, Maurizio Bertoletti, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Signed:

Maurizio Bertoletti, manager responsible for preparing the company's financial reports.

Company contacts:

Investor Relations

Dr. Michele Minelli

0342-528.745

michele.minelli@popso.it

External relations

Rag. Paolo Lorenzini

0342-528.212

paolo.lorenzini@popso.it

Sondrio, 30 March 2021

Attachments:

summary of the main consolidated results;
main consolidated financial statements indicators;
consolidated aggregates and credit quality indicators;
consolidated aggregates and capital adequacy indicators;
consolidated balance sheet and income statement formats;
reclassified consolidated income statement;
quarterly evolution of the reclassified consolidated income statement;
consolidated comprehensive income statement.

The English translation is provided solely for the benefit of the reader and in the case of discrepancies the Italian version shall prevail.



RESULTS IN BRIEF

(in million of euro)

Balance sheet	31/12/2020	31/12/2019	Change %
Loans to customers	29,380	27,387	7.27
Loans and receivables with customers measured at amortised cost	28,998	27,096	7.02
Loans and receivables with customers measured at fair value through profit or loss	382	291	31.04
Loans and receivables with banks	3,621	1,067	239.18
Financial assets that do not constitute loans	10,553	9,723	8.54
Equity investments	305	295	3.68
Total assets	49,808	41,146	21.05
Direct funding from customers	35,559	32,622	9.01
Indirect funding from customers	34,797	33,764	3.06
Direct funding from insurance premiums	1,717	1,608	6.82
Customer assets under administration	72,074	67,993	6.00
Other direct and indirect funding	16,368	10,068	62.57
Equity	2,998	2,842	5.49
Income statement	31/12/2020	31/12/2019	Change %
Net interest income	490	460	6.44
Total income *	869	903	-3.79
Profit from continuing operations	157	195	-19.52
Profit (loss) for the period	107	137	-22.44
Capital ratios	31/12/2020	31/12/2019	
CET1 Capital ratio (phased-in)	16.32%	16.04% **	
Total Capital ratio (phased-in)	18.55%	18.93% **	
Free capital	1,919	1,882 **	
Other information on the banking group	31/12/2020	31/12/2019	
Number of employees	3,325	3,299	
Number of branches	369	365	

* Total income has been shown as in the reclassified summary income statement

** Own funds at 31/12/2019 recalculated on the basis of the decision, recommended by the European Central Bank, to suspend or cancel the payment of dividends



ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/12/2020	31/12/2019
Equity/Direct funding from customers	8.43%	8.71%
Equity/Loans and receivables with customers	10.20%	10.38%
Equity/Financial assets	28.40%	29.23%
Equity/Total assets	6.02%	6.91%
Profitability indicators	31/12/2020	31/12/2019
Cost/Income ratio *	59.99%	57.63%
Net interest income/Total income *	56.38%	50.97%
Administrative expenses/Total income *	60.52%	57.23%
Net interest income/Total assets	0.98%	1.12%
Net financial income/Total assets *	1.31%	1.67%
Net profit for the year/Total assets	0.21%	0.33%
Asset quality indicators	31/12/2020	31/12/2019
Texas ratio	36.78%	56.00%
Net non-performing loans/Equity	11.54%	23.51%
Net non-performing loans/Loans and receivables with customers	1.18%	2.44%
Loans and receivables with customers/Direct funding from customers	82.62%	83.95%
Cost of credit *	0.74%	0.78%

* Ratios have been calculated using the values as shown in the reclassified summary income statement



LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES
31/12/2020

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(7.45%)	2,292,319	1,200,209	(3.72%)	1,092,110	52.36%
of which Bad loans	(3.5%)	1,078,268	732,456	(1.18%)	345,812	67.93%
of which Unlikely to pay	(3.75%)	1,154,066	459,409	(2.36%)	694,657	39.81%
of which Past due	(0.19%)	59,984	8,343	(0.18%)	51,641	13.91%
Performing exposures	(92.55%)	28,483,492	195,877	(96.28%)	28,287,615	0.69%
Total loans to customers	(100%)	30,775,811	1,396,086	(100%)	29,379,724	4.54%

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES
31/12/2019

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(12.58%)	3,732,063	2,158,087	(5.75%)	1,573,976	57.83%
of which Bad loans	(7.63%)	2,264,503	1,596,444	(2.44%)	668,059	70.50%
of which Unlikely to pay	(4.72%)	1,401,400	552,225	(3.1%)	849,175	39.41%
of which Past due	(0.22%)	66,160	9,417	(0.21%)	56,742	14.23%
Performing exposures	(87.42%)	25,937,252	123,831	(94.25%)	25,813,421	0.48%
Total loans to customers	(100%)	29,669,315	2,281,918	(100%)	27,387,397	7.69%



CAPITAL RATIOS 31/12/2020

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	3,373,534	3,350,598
of which Common Equity Tier 1 capital (CET1)	2,967,432	2,944,495
of which Additional Tier 1 capital (AT1)	8,607	8,607
of which Tier 2 capital (T2)	397,495	397,495
RWA	18,187,330	18,174,801
CET 1 ratio	16.32%	16.20%
Tier 1 ratio	16.36%	16.25%
Total capital ratio	18.55%	18.44%
Leverage ratio	6.34%	5.45%

CAPITAL RATIOS 31/12/2019

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	3,260,436	3,256,064
of which Common Equity Tier 1 capital (CET1)	2,762,877	2,758,505
of which Additional Tier 1 capital (AT1)	9,191	9,191
of which Tier 2 capital (T2)	488,368	488,368
RWA	17,224,426	17,223,800
CET 1 ratio	16.04%	16.02%
Tier 1 ratio	16.09%	16.07%
Total capital ratio	18.93%	18.90%
Leverage ratio	6.13%	6.12%

Own funds recalculated on the basis of the decision, recommended by the European Central Bank, to suspend or cancel the payment of dividends



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS		31/12/2020	31/12/2019
10.	CASH AND CASH EQUIVALENTS	5,066,606	1,826,427
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,228,733	905,705
	a) financial assets held for trading	190,545	214,466
	b) financial assets designed at fair value	-	-
	c) financial assets mandatorily at fair value through profit or loss	1,038,188	691,239
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2,619,939	2,591,229
40.	FINANCIAL ASSETS AT AMORTISED COST	39,168,264	34,200,066
	a) loans and receivables with banks	3,620,595	1,067,458
	b) loans and receivables with customers	35,547,669	33,132,608
50.	HEDGING DERIVATIVES	-	-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)	-	-
70.	EQUITY INVESTMENTS	305,444	294,609
80.	TECHNICAL RESERVES OF REINSURERS	-	-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	567,799	584,116
100.	INTANGIBLE ASSETS	28,328	31,186
	of which:		
	- goodwill	12,632	12,632
110.	TAX ASSETS	423,785	419,295
	a) current	46,596	4,971
	b) deferred	377,189	414,324
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	-	-
130.	OTHER ASSETS	398,699	293,556
	TOTAL ASSETS	49,807,597	41,146,189



LIABILITY AND EQUITY		31/12/2020	31/12/2019
10.	FINANCIAL LIABILITIES AT AMORTISED COST	45,386,147	36,949,458
	a) due to banks	9,826,687	4,327,709
	b) due to customers	32,728,348	29,816,997
	c) securities issued	2,831,112	2,804,752
20.	FINANCIAL LIABILITIES HELD FOR TRADING	33,816	67,019
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	-	-
40.	HEDGING DERIVATIVES	6,271	11,320
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)	-	-
60.	TAX LIABILITIES	37,400	46,050
	a) current	3,567	16,843
	b) deferred	33,833	29,207
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	-
80.	OTHER LIABILITIES	914,191	821,434
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS	42,341	43,789
100.	PROVISIONS FOR RISKS AND CHARGES:	291,757	270,298
	a) loans commitments and	58,520	43,411
	b) pensions and similar	189,873	179,965
	c) other provisions	43,364	46,922
110.	TECHNICAL RESERVES	-	-
120.	VALUATION RESERVES	27,840	(6,885)
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS	-	-
130.	REDEEMABLE SHARES	-	-
140.	EQUITY INSTRUMENTS	-	-
150.	RESERVES	1,449,360	1,297,442
155.	OF WHICH INTERIM DIVIDENDS	-	-
160.	SHARE PREMIUM	79,005	79,005
170.	SHARE CAPITAL	1,360,157	1,360,157
180.	TREASURY SHARES (-)	(25,388)	(25,374)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	98,103	95,041
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)	106,597	137,435
TOTAL LIABILITIES AND EQUITY		49,807,597	41,146,189



CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS		31/12/2020	31/12/2019
10.	INTEREST AND SIMILAR INCOME	594,400	573,801
	of which: interest calculated using the effective interest method	586,396	565,590
20.	INTEREST AND SIMILAR EXPENSE	(104,390)	(113,426)
30.	NET INTEREST INCOME	490,010	460,375
40.	FEE AND COMMISSION INCOME	333,497	343,620
50.	FEE AND COMMISSION EXPENSE	(17,081)	(21,343)
60.	NET FEE AND COMMISSION INCOME	316,416	322,277
70.	DIVIDENDS AND SIMILAR INCOME	4,375	3,554
80.	NET TRADING INCOME	12,473	69,248
90.	NET HEDGING INCOME	(35)	11
100.	NET GAINS FROM SALES OR REPURCHASES OF:	(717)	35,756
	a) financial assets at amortized cost	(25,591)	23,056
	b) financial assets at fair value through other comprehensive income	24,812	12,286
	c) financial liabilities	62	414
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(2,845)	12,072
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	(2,845)	12,072
120.	TOTAL INCOME	819,677	903,293
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:	(142,247)	(212,537)
	a) financial assets at amortized cost	(141,391)	(214,073)
	b) financial assets at fair value through other comprehensive income	(856)	1,536
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION	(6,415)	(3,288)
150.	NET FINANCIAL INCOME	671,015	687,468
160.	NET INSURANCE PREMIUMS	-	-
170.	OTHER NET INSURANCE INCOME (EXPENSE)	-	-
180.	NET FINANCIAL INCOME AND INSURANCE INCOME	671,015	687,468
190.	ADMINISTRATIVE EXPENSES:	(529,826)	(525,460)
	a) personnel expenses	(250,883)	(253,689)
	b) other administrative expenses	(278,943)	(271,771)
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	(13,042)	(9,439)
	a) commitments for guarantees given	(15,078)	2,834
	b) other net provisions	2,036	(12,273)
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(44,015)	(41,104)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(16,661)	(17,916)
230.	OTHER NET OPERATING INCOME	63,112	76,194
240.	OPERATING COSTS	(540,432)	(517,725)
250.	SHARE OF PROFITS OF INVESTEEES	26,997	25,529
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED	(707)	(290)
270.	GOODWILL IMPAIRMENT LOSSES	-	-
280.	NET GAINS ON SALES OF INVESTMENTS	54	14
290.	PRE-TAX PROFIT FROM CONTINUING OPERATIONS	156,927	194,996
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS	(47,184)	(55,522)
310.	POST-TAX PROFIT FROM CONTINUING OPERATIONS	109,743	139,474
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-	-
330.	NET PROFIT (LOSS) FOR THE PERIOD	109,743	139,474
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS	(3,146)	(2,039)
350.	NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK	106,597	137,435
	EARNINGS (LOSS) PER SHARE	0.235	0.303
	DILUTED EARNINGS (LOSSES) PER SHARE	0.235	0.303



RECLASSIFIED CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/12/2020	31/12/2019	(+/-)	% change
Net interest income	490,010	460,375	29,635	6.44
Dividends and similar income	4,375	3,554	821	23.10
Net fee and commission income	316,416	322,277	-5,861	-1.82
Net gains on financial assets [a]	58,270	117,087	-58,817	-50.23
Total income	869,071	903,293	-34,222	-3.79
Net impairment losses [a] [b] [c]	-217,169	-212,991	-4,178	1.96
Net financial income	651,902	690,302	-38,400	-5.56
Personnel expenses [d]	-247,019	-245,182	-1,837	0.75
Other administrative expenses	-278,943	-271,771	-7,172	2.64
Other net operating income [b] [d]	63,283	67,687	-4,404	-6.51
Net accruals to provisions for risks and charges [c]	2,036	-12,273	14,309	-
Depreciation and amortisation on tangible and intangible assets	-60,676	-59,020	-1,656	2.81
Operating costs	-521,319	-520,559	-760	0.15
Operating result	130,583	169,743	-39,160	-23.07
Share of profits of investees and net gains on sales of investments	26,344	25,253	1,091	4.32
Pre-tax profit from continuing operations	156,927	194,996	-38,069	-19.52
Income taxes	-47,184	-55,522	8,338	-15.02
Net profit (loss) for the period	109,743	139,474	-29,731	-21.32
Net (profit) loss of the period attributable to minority interests	-3,146	-2,039	-1,107	54.29
Net profit (loss) for the period attributable to the owners of Parent	106,597	137,435	-30,838	-22.44

Notes:

The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement.

Net impairment losses is made up of the sum of items 130 and 140 in the income statement.

The results at 31/12/2020 have been subject to the following reclassifications:

[a] reclassified losses related to NPL disposals for 49.394 € million initially included in item gains/losses on financial assets valued at amortized cost showing them among net impairment losses;

[b] reclassified charges related to the disposals amounting to 4.035 € million initially included in item other net operating income showing them among net impairment losses;

[c] reclassified net provisions for credit risk for commitments and guarantees issued for 15.078 € million initially included in item net accruals to provisions for risks and charges [a] commitments for guarantees given] showing them among net impairment losses. The results at 31/12/2019 have been made consistent with those of 2020;

[d] a reclassification of personnel expenses and other operating income, netting them off against the proceeds of the retirement employees fund of 3.864 € million. The results at 31/12/2019 have been made consistent with those of 2020.



RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

(in million of euro)	Q4 - 2020	Q3 - 2020	Q2 - 2020	Q1 - 2020	Q4 - 2019
Net interest income	127.8	129.2	120.9	112.2	119.8
Dividends and similar income	0.3	1.2	2.2	0.7	0.2
Net fee and commission income	86.8	77.4	73.3	78.9	92.2
Net gains on financial assets [a]	54.2	19.2	44.0	-59.1	15.2
Total income	269.1	226.9	240.4	132.7	227.5
Net impairment losses [a] [b] [c]	-76.6	-36.4	-38.9	-65.3	-84.7
Net financial income	192.5	190.5	201.5	67.4	142.9
Personnel expenses [d]	-62.7	-62.6	-59.0	-62.8	-63.0
Other administrative expenses	-68.4	-65.2	-67.1	-78.2	-66.1
Other net operating income [b] [d]	15.8	18.2	13.1	16.2	18.4
Net accruals to provisions for risks and charges [c]	-1.0	-0.1	3.6	-0.6	-5.1
Depreciation and amortisation on tangible and intangible assets	-20.7	-13.8	-13.4	-12.8	-17.8
Operating costs	-136.9	-123.5	-122.8	-138.1	-133.6
Operating result	55.6	67.0	78.7	-70.7	9.3
Share of profits of investees and net gains on sales of investments	7.9	4.9	7.3	6.2	3.9
Pre-tax profit from continuing operations	63.5	71.9	86.1	-64.5	13.1
Income taxes	-21.3	-20.6	-24.4	19.2	1.7
Net profit (loss) for the period	42.2	51.3	61.6	-45.4	14.8
Net (profit) loss of the period attributable to minority interests	0.0	-1.3	-0.7	-1.1	-0.6
Net profit (loss) for the period attributable to the owners of Parent	42.1	50.0	60.9	-46.5	14.2

Notes:

The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement.

Net impairment losses is made up of the sum of items 130 and 140 in the income statement.

[a], [b], [c], [d] The amounts are shown in accordance with the reclassifications shown in the reclassified consolidated summary of income statement.



STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(in thousands of euro)

ITEMS		31/12/2020	31/12/2019
10.	Profit (loss) for the period	109,743	139,474
	Other income items net of income taxes that will not be reclassified to profit or loss		
20.	Variable-yield securities measured at fair value through other comprehensive income	30,366	(17,833)
70.	Defined-benefit plans	(7,358)	(12,303)
90.	Share of valuation reserves of equity investments valued at net equity	(44)	(25)
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
110.	Exchange differences	(584)	308
140.	Financial assets (other than variable-yield securities) measured at fair value through other comprehensive income	12,856	53,048
160.	Share of valuation reserves of equity investments valued at net equity	(596)	4,334
170.	Total other income items net of income taxes	34,640	27,530
180.	Comprehensive income (Item 10+170)	144,383	167,004
190.	Consolidated comprehensive income attributable to minority interests	(3,062)	(2,002)
200.	Consolidated comprehensive income attributable to the Parent Company	141,321	165,001