Banca Popolare di Sondrio FONDATA NEL 1871

PILLAR 3

REPORT PUBLIC DISCLOSURES AT 31.03.2025

Banca Popolare di Sondrio Group

Date of publication: 11/07/2025

This document is an English translation of the original Italian document "Terzo Pilastro Informativa al pubblico al 31/03/2025 – 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.

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Società per azioni

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Parent Company of the Banca Popolare di Sondrio Banking Group,
Official List of Banking Groups under No. 5696.0
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)
Stock listed on the Mercato Telematico Azionario (MTA or Screen-Traded Market)

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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, characterized by different levels of complexity.

"Pillar 2" (*Supervisory review process*) requires banks to equip themselves with strategies and internal processes in order to verify the adequacy of both capital (ICAAP - Internal Capital Adequacy Assessment Process) and liquidity positions (ILAAP - Internal Liquidity Adequacy Assessment Process). Verifying the reliability and consistency of the results of these two processes and adopting, if necessary, appropriate corrective measures, is up to the Supervisory Authorities as part of their Supervisory Review and Evaluation Process (SREP).

"Pillar 3" (*Market discipline*) establishes specific public disclosure requirements to allow market participants to make a more accurate assessment of banks' capital strength and exposure to risks, as well as of their risk management and control systems.

On 7 June 2019, after publication in the Official Journal of the European Union, a package of reforms introduced significant changes to the Union's regulatory framework was issued, including the Regulation known as "CRR II" (Regulation EU No 2019/876) and the Directive known as "CRD V" (Directive EU No 2019/878).

On 19 June 2024, Regulation (EU) 2024/1623 (known as "CRR III") was published on the Official Journal of the European Union, amending Regulation (EU) No 575/2013 regarding requirements for credit risk, credit assessment adjustment risk, operational risk, market risk and the output floor. The regulation transposed into the European legislative framework the set of additional reforms and updates to the Basel III arrangements universally known as "Basel 4." The most relevant elements of the new framework of prudential supervisory rules came into effect on 1 January 2025.

Pillar 3 disclosure is governed by the CRR, Part Eight "*Disclosure by institutions*" (articles 431 - 455). The provisions have been transposed by the Bank of Italy into Circular No. 285 of 17 December 2013, Part Two "*Application in Italy of the CRR*", Chapter 13 "*Public disclosures*". The relevant regulatory framework for the fulfillment of public disclosure provisions is completed with the execution measures contained in Regulatory or Implementing Technical Standards (RTS and ITS) adopted by the European Commission on the proposal of the European Supervisory Authorities.

In line with the evolution of the prudential regulatory framework resulting from 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 entities 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 disclosures which will continue to apply until 31 December 2025 - and includes the publication requirements detailed by Regulation (EU) 2022/631 regarding the disclosure of interest rate risk exposures on positions not held in the trading book as required by Article 448 of "CRR II' and Implementing Regulation (EU) 2022/2453 on disclosure of environmental risks, social and governance (ESG) risks.

The Pillar 3 regulatory framework 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).

The European Banking Authority (EBA) with the aim of ensuring high-quality and comparable disclosures, also provides institutions with an analytical tool, the so-called "Mapping Tool," a specific file for mapping and reconciling the data reported in the quantitative templates that make up the public disclosure and the contents of the supervisory reporting.

With these Public Disclosures, Banca Popolare di Sondrio Group (also referred to as the "Group") intends to fulfil the disclosure requirements envisaged in the "Pillar 3" legislation mentioned above.

Article 433 of the CRR, "Frequency and Scope of Disclosures," requires that Pillar 3 disclosures be published together with the financial reporting for the corresponding period, if applicable, or as soon as possible thereafter. With regard to 31 March 2025, it should be noted that the deadline for the transmission of quarterly supervisory reports on the same date has been postponed from 12 May 2025 to 30 June 2025 as a result of a transitional provision contained in Implementing Regulation (EU) 2024/3117, as an act of facilitation for the date of the first-time application of the new and complex Basel IV framework by institutions. In view of this, also taking into account the necessary internal approval processes, the publication of this Disclosure should be considered consistent with the postponed timing of production and submission of the supervisory reporting relating to the reference date of 31 March 2025.

The frequency of disclosure conforms to the rules dictated by article 433-bis of CRR/CRR II for the category of listed "large institutions".

This document has been prepared by Banca Popolare di Sondrio S.p.A., the Parent Company, on a consolidated basis with reference to the prudential scope of consolidation and is available in the "Investor Relations" section of the Bank's website (https://istituzionale.popso.it), sub-section "Pillar 3". It 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").

* * *

NOTE:

All the amounts indicated in the various 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 (UE) Regulation No 876/2019 ("CRR II") and Regulation No 2024/1623 ("CRR III"), to the relevant disclosure requirements for Banca Popolare di Sondrio Group. The table also includes the disclosure frequency and the sections of this document in which the Group's situation as at 31 March 2025 is reported with regard to the "Pillar 3" regulations.

Art. CRR	Article description	Frequency of publication	Section Public Disclosures as at 31 March 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	Means of disclosure	-	
Art. 434-bis	Uniform disclosure formats	-	
Art. 435	Disclosure of risk management objectives and policies	Annual	
Art. 436	Disclosure of the scope of application	Quarterly/ Half-yearly *Scope of consolidation*	1 - Scope of application
		Annual *Full art. 436*	
Art. 437	Disclosure of own funds	Half-yearly *lett. a)*	
		Annual *Full art. 437*	
Art. 437-bis	Disclosure of own funds and eligible liabilities	Half-yearly	
Art. 438	Disclosure of own funds requirements and risk-weighted exposure amounts	Quarterly *lett. d) and h)*	2 - Disclosure of overview of risk management, key prudential metrics and RWA 4 - Disclosure of credit risk IRB
		Half-yearly *lett. e)*	
		Annual *Full art. 438*	

Art. CRR	Article description	Frequency of publication	Section Public Disclosures as at 31 March 2025
Art. 439	Disclosure of exposures to counterparty risk	Half-yearly *lett. e) to l)* Annual *Full art. 439*	
Art. 440	Disclosure of countercyclical capital buffers	Half-yearly	
Art. 442	Disclosure of exposures to credit risk and dilution risk	Half-yearly *points c), e), f) and g)* Annual *Full art. 442*	
Art. 443	Disclosure of encumbered and unencumbered assets	Annual	
Art. 444	Disclosure of the use of the Standardised Approach	Half-yearly *lett. e)* Annual *Full art. 444*	
Art. 445	Disclosure of exposures to market risk under the standardised approach	Half-yearly	
Art. 445-bis	Disclosure of CVA risk	Annual	
Art. 446	Disclosure of operational risk	Annual	
Art. 447	Disclosure of key metrics	Quarterly	2 - Disclosure of overview of risk management, key prudential metrics and RWA
Art. 448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Half-yearly *par. 1, lett. a) and b)* Annual *Full art. 448*	
Art. 449	Disclosure of exposure to securitisation positions	Half-yearly *lett. j), k) and l)* Annual *Full art. 449*	
Art. 449-bis	Disclosure of environmental, social and governance risks (ESG risks)	Half-yearly	
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 *par. 1, lett. a) and b)* Annual *Full art. 451*	

[1] On 22 May 2025 the EBA published the consultation document "*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*".

Art. CRR	Article description	Frequency of publication	Section Public Disclosures as at 31 March 2025
Art. 451-bis	Disclosure of liquidity requirements	Quarterly *par. 2*	3 - Disclosure of liquidity requirements
		Half-yearly *par. 3*	
		Annual *Full art. 451-bis*	
Art. 451-ter	Disclosure of crypto-asset exposures and related activities	*Annual*	
Art. 452	Disclosure of the use of the IRB approach to credit risk	Half-yearly *lett. g)*	
		Annual *Full art. 452*	
Art. 453	Disclosure of the use of credit risk mitigation techniques	Half-yearly *llett. f) to j)*	
		Annual *Full art. 453*	

As at the reporting date of this Disclosure, the following articles of Regulation (EU) No 575/2013, and subsequent updates, to which it would be subject as a listed “large institution” pursuant to article 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 Pillar III disclosure template to which the Group would be subject pursuant to art. 438, point h) of CRR is not published due to the absence of counterparty risk exposures treated according to the “Internal Model Method” (IMM):

Template EU CCR7: RWEA flow statements of CCR exposures under the IMM

The Group does not adopt the “Internal Model Approach” (IMA) for measuring its exposures subject to market risk for the purposes of determining capital requirements. The disclosure template to which the Group would be subject pursuant to art. 438, point h) of the CRR, is not published:

Template EU MR2-B: RWEA flow statements of market risk exposures under the IMM

The Group does not adopt the “Standardized Approach” to calculate the risk-weighted exposure amount for credit valuation adjustments. Therefore, the following additional template to which the Group would be subject pursuant to art. 438, points d) and h), of the CRR, is not published:

Template EU CVA4: RWEA flow statements of credit valuation adjustment risk under the Standardised Approach

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, 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
Disclosure of overview of risk management, key prudential metrics and RWA

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/CRR II 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 di 2)

		a	b
		31/03/2025	**31/12/2024**
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	3,656,477	3,681,296
2	Tier 1 capital	3,656,477	3,681,296
3	Total capital	4,315,566	4,348,985
	Risk-weighted exposure amounts		
4	Total risk exposure amount	25,613,395	23,925,016
4a	Total risk exposure pre-floor	25,613,395	-
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	14.2756%	15.3868%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.2760%	-
6	Tier 1 ratio (%)	14.2756%	15.3868%
6b	Tier 1 ratio considering unfloored TREA (%)	14.2760%	-
7	Total capital ratio (%)	16.8489%	18.1776%
7b	Total capital ratio considering unfloored TREA (%)	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%	2.7900%
EU 7e	*of which: to be made up of CET1 capital (percentage points)*	*1.5469%*	*1.5694%*
EU 7f	*of which: to be made up of Tier 1 capital (percentage points)*	*2.0625%*	*2.0925%*
EU 7g	Total SREP own funds requirements (%)	10.7500%	10.7900%

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

		a	b
		31/03/2025	**31/12/2024**
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	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 (%)	0.0464%	0.0545%
EU 9a	Systemic risk buffer (%)	0.3639%	0.3443%
10	Global Systemically Important Institution buffer (%)	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-
11	Combined buffer requirement (%)	2.9104%	2.8988%
EU 11a	Overall capital requirements (%)	13.6604%	13.6888%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.0989%	7.2943%
	Leverage ratio		
13	Total exposure measure	61,672,003	62,743,230
14	Leverage ratio (%)	5.9289%	5.8672%
	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	*of which: to be made up of CET1 capital (percentage points)*	-	-
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)	10,893,403	11,152,163
EU 16a	Cash outflows - Total weighted value	9,429,030	9,318,598
EU 16b	Cash inflows - Total weighted value	3,348,425	3,275,205
16	Total net cash outflows (adjusted value)	6,080,605	6,043,393
17	Liquidity coverage ratio (%)	179.1920%	184.6005%
	Net Stable Funding Ratio		
18	Total available stable funding	37,017,745	37,523,377
19	Total required stable funding	29,043,069	28,963,313
20	NSFR ratio (%)	127.4581%	129.5548%

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 di 2)

		c	d	e
		30/09/2024	30/06/2024	31/03/2024
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	3,715,302	3,622,276	3,516,085
2	Tier 1 capital	3,715,302	3,622,276	3,516,085
3	Total capital	4,376,447	4,268,253	4,162,217
	Risk-weighted exposure amounts			
4	Total risk exposure amount	22,545,694	22,732,338	23,151,727
4a	Total risk exposure pre-floor	-	-	-
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	16.4790%	15.9345%	15.1871%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	-	-	-
6	Tier 1 ratio (%)	16.4790%	15.9345%	15.1871%
6b	Tier 1 ratio considering unfloored TREA (%)	-	-	-
7	Total capital ratio (%)	19.4115%	18.7761%	17.9780%
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	*of which: to be made up of CET1 capital (percentage points)*	*1.5694%*	*1.5694%*	*1.5694%*
EU 7f	*of which: to be made up of Tier 1 capital (percentage points)*	*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 (%)	0.0364%	0.0510%	0.0350%
EU 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-
11	Combined buffer requirement (%)	2.5364%	2.5510%	2.5350%
EU 11a	Overall capital requirements (%)	13.3264%	13.3410%	13.3250%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.3865%	7.8420%	7.0946%
	Leverage ratio			
13	Total exposure measure	59,987,273	62,328,732	62,346,915
14	Leverage ratio (%)	6.1935%	5.8116%	5.6396%

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

		c	d	e
		30/09/2024	30/06/2024	31/03/2024
	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	*of which: to be made up of CET1 capital (percentage points)*	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0000%	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%	3.0000%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	11,295,635	10,807,511	10,747,395
EU 16a	Cash outflows - Total weighted value	9,169,322	9,032,386	9,097,424
EU 16b	Cash inflows - Total weighted value	3,189,118	3,185,939	3,144,005
16	Total net cash outflows (adjusted value)	5,980,204	5,846,446	5,953,418
17	Liquidity coverage ratio (%)	188.7857%	184.8666%	180.7696%
	Net Stable Funding Ratio			
18	Total available stable funding	36,690,528	36,263,785	33,558,257
19	Total required stable funding	28,447,734	28,687,263	28,544,893
20	NSFR ratio (%)	128.9752%	126.4108%	117.5631%

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:* mandatory reserve made up of Common Equity Tier 1 Capital, equivalent to an additional capital 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 additional buffer is also made up of Core Capital to protect the capital position of 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 Italian counterparties exposures, which is reviewed by the Bank of Italy on a quarterly basis, remained unchanged at 0% also in the third 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 capital reserve that can be established by each individual EU Member State in order to mitigate long-term non-cyclical systemic or macro-prudential risks that are not already covered by the macro-prudential instruments under the CRR or previous capital buffers and, in this way, cope with the negative effects of unexpected systemic crises caused by factors of systemic scope. On 26 April 2024, the Bank of Italy announced its decision to apply to all individual banks and banking groups authorized in Italy to apply a systemic risk buffer (SyRB) of 1.0% of risk-weighted credit and counterparty exposures to Italian residents, to be achieved gradually by establishing a CET1 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 capital requirements and additional reserves determines the minimum level of capital conservation required for banks and banking groups (known as the "Combined Buffer Requirement").

Banks that do not hold capital reserves to the minimum required extent 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 by the Group as of 31 March 2025 [2] consist of:

- a minimum requirement for Common Equity Tier 1 Ratio equal to 8.96%, made up of the sum of the Pillar 1 regulatory requirement (4.50%), the additional Pillar 2 Requirement (1.55%) and the amount of Combined Buffer Requirement (2.91%);
- a minimum requirement for Tier 1 Ratio of 10.97%, made up of the sum of the Pillar 1 regulatory requirement (6.0%), the additional Pillar 2 Requirement (2.06%) and the Combined Buffer Requirement (2.91%);
- a minimum requirement for Total Capital Ratio of 13.66%, made up of the sum of the Pillar 1 regulatory requirement (8.0%), the additional Pillar 2 Requirement (2.75%) and the Combined Buffer Requirement (2.91%).

In addition to these minimum ratios, there is a "Pillar 2 Guidance" (P2G) which aims to provide guidance on the prospective development of the Group's capital position. However, unlike the aforementioned binding capital requirements, this target parameter, assigned by the Supervisor as part of the SREP process, is confidential and not publicly disclosed. According to the Supervisory view, it is not relevant for calculating distributable dividends.

[2] The *Combined Buffer Requirement* is composed of the *Capital Conservation Buffer* (2.50%), the *Countercyclical Capital Buffer* (0.05% at 31/03/2025) and the *Systemic Risk Buffer* (0.36% at 31/03/2025).

As at 31 March 2025, the Group's capital ratios maintained wide margins compared to regulatory requirements, showing a decline in the quarter largely due to the effects of the Basel 4 regulations. The CET1 Ratio and Tier 1 Ratio stood at 14.28% while the Total Capital Ratio was 16.85%.

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).

As of 31 March 2025, the Group's Leverage Ratio stood at 5.93%, an increase compared to the previous quarter (5.87%). In the first quarter of 2025, a significant decrease in the overall exposure amount was recorded, combined with a modest decrease in Tier 1 Capital in the numerator.

At the same date, both the short-term liquidity indicator (*Liquidity Coverage Ratio*) and the medium long term liquidity indicator (*Net Stable Funding Ratio*) set at values well above the minimum requirements (100%). For any additional information regarding the Liquidity Coverage Ratio please refer to Section 3 of the present disclosure.

* * *

The table below provides an overview of the Group's risk-weighted exposures (RWA or TREA) and capital absorption as of 31 March 2025, broken down by type of exposure and calculation method required by prudential regulations.

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

		Total risk exposure amounts (TREA)	Total own funds requirements
		a	a
		31/03/2025	31/03/2025
1	Credit risk (excluding CCR)	22,145,468	1,771,637
2	*Of which the standardised approach*	*11,809,332*	*944,747*
3	*Of which the Foundation IRB (F-IRB) approach*	*3,212,999*	*257,040*
4	*Of which slotting approach*	-	-
EU 4a	*Of which equities under the simple risk weighted approach*	-	-
5	*Of which the Advanced IRB (A-IRB) approach*	*7,123,137*	*569,851*
6	Counterparty credit risk - CCR	267,569	21,406
7	*Of which the standardised approach*	*37,811*	*3,025*
8	*Of which internal model method (IMM)*	-	-
EU 8a	*Of which exposures to a CCP*	*3,329*	*266*
9	*Of which other CCR*	*226,429*	*18,114*
10	Credit valuation adjustments risk - CVA risk	20,024	1,602
EU 10a	*Of which the standardised approach (SA)*	-	-
EU 10b	*Of which the basic approach (F-BA and R-BA)*	*20,024*	*1,602*
EU 10c	*Of which the simplified approach*	-	-
15	Settlement risk	-	-
16	Securitisation exposures in the non-trading book (after the cap)	206,817	16,545
17	*Of which SEC-IRBA approach*	*72,512*	*5,801*
18	*Of which SEC-ERBA (including IAA)*	*57,617*	*4,609*
19	*Of which SEC-SA approach*	*61,911*	*4,953*
EU 19a	*Of which 1250% / deduction*	*14,777*	*1,182*
20	Position, foreign exchange and commodities risks (Market risk)	637,644	51,012
21	*Of which the Alternative standardised approach (A-SA)*	*n.a.*	*n.a.*
EU 21a	*Of which the Simplified standardised approach (S-SA)*	*n.a.*	*n.a.*
22	*Of which the Alternative Internal Models Approach (A-IMA)*	*n.a.*	*n.a.*
EU 22a	Large exposures	-	-
23	Reclassifications between trading and non-trading books	-	-
24	Operational risk	2,335,874	186,870
EU 24a	Exposures to crypto-assets	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	767,156	61,373
26	Output floor applied (%)	50.0000%	
27	Floor adjustment (before application of transitional cap)	-	
28	Floor adjustment (after application of transitional cap)	-	
29	**TOTAL**	**25,613,395**	**2,049,072**

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 given the postponement of the introduction of the new regulatory framework for calculating own funds requirements for market risk (*Fundamental Review of Trading Book* - FRTB).

NOTE. The "output floor" mechanism introduced by the Basel IV framework (new rows 26, 27, and 28 of the EU OV1 Model) entails the application of a minimum threshold to the RWA values that are calculated using internal models, in order to limit the possible excursion of values to 72.5% (when fully implemented) of RWAs as they would be determined through the application of the standardized methodology. It should be noted that with reference to the Group, as of 31 March 2025, the conditions for the application of this mechanism do not exist. For further details see the EU CMS1 and EU CMS2 tables below.

The data as of 31 December 2024 has not been reported in accordance with Article 26, paragraph 5) of Implementing Regulation (EU) 2024/3172, which states that data referring to previous periods does not need to be published if it is being published for the first time.

The Group's total risk-weighted exposures have increased sharply since the end of 2024. The capital requirements for credit and counterparty risks increased due to the implementation of the new Basel 4 prudential framework, but also reflecting the rise in customer lending volumes, particularly in the corporate sector of the portfolio. Market risk exposure also increased due to greater exchange rate risks associated with investments in government bonds denominated in foreign currencies. Capital absorption for operational risks decreased compared to the end of December 2024, benefiting from the calculation carried out according to the new Standardized Measurement Approach (SMA) effective from 1 January 2025. Credit valuation adjustment (CVA) risks, affecting over-the-counter (OTC) derivative transactions, remain barely material, although they have increased slightly due to the implementation of Basel 4 framework.

Below are two new detailed templates introduced by Implementing Regulation (EU) 2024/3172 regarding the so-called "output floor" mechanism, one refers to all types of risk (EU CMS1), the other to credit risk only (EU CMS2). As previously mentioned, concerning the Group, the conditions for applying this mechanism as of 31 March 2025 do not exist.

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

		31/03/2025				
		a	b	c	d	EU d
		Risk weighted exposure amounts (RWEAs)				
		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)	10,336,136	11,809,332	22,145,468	28,552,805	25,977,755
2	Counterparty credit risk	18,160	249,409	267,569	273,271	273,271
3	Credit valuation adjustment		20,024	20,024	20,024	20,024
4	Securitisation exposures in the banking book	72,512	134,305	206,817	450,955	450,955
5	Market risk	-	637,644	637,644	637,644	637,644
6	Operational risk		2,335,874	2,335,874	2,335,874	2,335,874
7	Other risk weighted exposure amounts		-	-	-	-
8	**Total**	**10,426,808**	**15,186,588**	**25,613,395**	**32,270,573**	**29,695,523**

Source: COREP reporting framework - Capital adequacy: Template C 02.00 - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00 - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.01 - Credit and counterparty risks, IRB exposures subject to the output floor: Template C 10.00.

As of 31 March 2025, following the adoption of the new provisions for determining prudential requirements under the Basel 4 reforms, the Group's risk-weighted assets relating to exposures for which the internal models authorized by the Supervisory Authority are used amounted to EUR 10,427 million (column "a"), while the risk-weighted assets relating to exposures for which the standardized approach is applied amounted to EUR 15,187 million (column "b"). The values shown in column "c", totaling EUR 25,613 million, represent the actual regulatory RWEA (the sum of columns "a" and "b"). The total amount of risk-weighted exposures calculated using the full standardized approach (so-called "Full Standard") is equal to EUR 32,271 million (column "d"), while the RWEA calculated using standard methodologies and with the application of the transitional provisions under the Article 465 of CRR 3 is equal to EUR 29,696 million (column "EU d").

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

		31/03/2025				
		a	b	c	d	EU d
		Risk weighted exposure amounts (RWEAs)				
		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	-	6	84	90	90
EU 1a	Regional governments or local authorities	-	5,575	10,620	16,195	16,195
EU 1b	Public sector entities	-	31	366,258	366,289	366,289
EU 1c	Categorised as Multilateral Development Banks in SA	-	-	-	-	-
EU 1d	Categorised as International organisations in SA	-	-	-	-	-
2	Institutions	-	4,834	1,414,544	1,419,378	1,419,378
3	Equity	-	-	735,993	735,993	735,993
5	Corporates	8,162,663	8,196,897	12,526,790	15,136,074	12,561,024
5.1	*Of which: F-IRB is applied*	*3,212,999*	*3,610,837*	*3,212,999*	*4,730,827*	*3,610,837*
5.2	*Of which: A-IRB is applied*	*4,949,664*	*7,037,958*	*4,949,664*	*7,046,466*	*7,037,958*
EU 5a	*Of which: Corporates - General*	*8,162,663*	*8,196,897*	*8,162,663*	*10,771,947*	*8,196,897*
EU 5b	*Of which: Corporates - Specialised lending*	-	-	*24,584*	*24,584*	*24,584*
EU 5c	*Of which: Corporates - Purchased receivables*	-	-	-	-	-
6	Retail	2,000,778	1,449,173	2,348,825	1,797,220	1,797,220
6.1	*Of which: Retail - Qualifying revolving*	*39,805*	*29,298*	*39,805*	*29,298*	*29,298*
EU 6.1a	*Of which: Retail - Purchased receivables*	-	-	-	-	-
EU 6.1b	*Of which: Retail - Other*	*1,179,923*		*1,179,923*	-	*1,419,875*
6.2	*Of which: Retail - Secured by residential real estate*	*781,050*	*1,235,538*	*781,050*	*1,235,538*	*1,235,538*
EU 7a	Of which: Retail - Categorised as secured by mortgages on immovable properties and ADC exposures in SA	-	4,152,384	1,993,994	6,146,378	6,146,378

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

		31/03/2025				
		a	b	c	d	EU d
		Risk weighted exposure amounts (RWEAs)				
		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 7b	Collective investment undertakings (CIU)	-	-	1,027,775	1,027,775	1,027,775
EU 7c	Categorised as exposures in default in SA	172,695	359,525	243,140	429,969	429,969
EU 7d	Categorised as subordinated debt exposures in SA	-	-	602,790	602,790	602,790
EU 7e	Categorised as covered bonds in SA	-	-	33,730	33,730	33,730
EU 7f	Categorised as claims on institutions and corporates with a short-term credit assessment in SA	-	-	-	-	-
8	Others	-	-	840,925	840,925	840,925
9	**Total**	**10,336,136**	**14,168,423**	**22,145,468**	**28,552,805**	**25,977,755**

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00 - Credit and counterparty risks, IRB exposures subject to the output floor: Template C 10.00

The template EU CMS2 shows only credit risk-weighted assets (row 1 of the previous template EU CMS1), differentiating them by calculation type. Particularly:

- Column "a": shows the RWEAs for exposures for which the internal models validated by the Supervisory Authority are used (EUR 10,336 million);
- Column "b": shows the RWEAs for the exposures referred to in the previous point, recalculated using the standardized methodology (EUR 14,168 million);
- Column "c": shows the actual RWEAs subject to supervisory reporting (EUR 22,145 million);
- Column "d": shows the RWEAs calculated using the full standardized approach (EUR 28,553 million);
- Column "EU d": contains the RWEAs recalculated using the standardized methodology, applying the transitional provisions of CRR 3 (EUR 25,978 million).

The transition from the internal model-based approach (column "a") to the standardized methodology (column "b") results in an increase in RWEA on the portfolios subject to validation by the Supervisor, i.e. the "Corporate" (EUR +2.5 billion) and "Retail" (EUR +1.3 billion) segments.

The spread found on the "Companies" portfolio can be deduced by observing subclasses 5.1 and 5.2 and not item 5 of the template, which assumes a lower overall value, as the exposures to companies classified in the template in the asset classes EU 7a - *Exposures classified as secured by mortgages on immovable properties and ADC exposures in SA* method and EU 7c - *Exposures in default in SA* method are deducted from it.

As of 31 March 2025, the ratio between actual RWEA and Group RWEA determined according to the full standard methodology - i.e. without considering the effects of the transitional provisions under Article 465 of CRR 3 - is equal to 77.56%.

Section 3
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. This 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, and subsequent updates. 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 6 - Template EU LIQ1 - Liquidity Coverage Ratio (1 of 2)

		a	b	c	d
		Total unweighted value (average)			
EU 1a	Quarter ending on 31/03/2025	31/03/2025	31/12/2024	30/09/2024	30/06/2024
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:	19,101,484	18,944,699	18,751,677	18,680,709
3	*Stable deposits*	*11,965,499*	*11,938,147*	*11,906,302*	*11,899,735*
4	*Less stable deposits*	*6,348,421*	*6,288,155*	*6,240,441*	*6,281,888*
5	Unsecured wholesale funding	16,336,173	16,062,643	15,711,506	15,346,176
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*3,195,108*	*3,211,589*	*3,050,477*	*2,949,555*
7	*Non-operational deposits (all counterparties)*	*13,105,555*	*12,778,552*	*12,588,240*	*12,323,038*
8	*Unsecured debt*	*35,511*	*72,503*	*72,788*	*73,583*
9	Secured wholesale funding				
10	Additional requirements	989,391	962,642	941,845	890,133
11	*Outflows related to derivative exposures and other collateral requirements*	*9,370*	*8,218*	*13,465*	*11,597*
12	*Outflows related to loss of funding on debt products*	-	-	-	*1,550*
13	*Credit and liquidity facilities*	*980,021*	*954,425*	*928,379*	*876,986*
14	Other contractual funding	18,270	12,463	9,202	6,675
15	Other contingent funding obligations	15,369,670	15,336,360	15,287,816	15,170,811
16	**TOTAL CASH OUTFLOWS**				
	CASH - INFLOWS				
17	Secured lending (e.g. reverse repos)	135,973	94,352	111,045	59,596
18	Inflows from fully performing exposures	3,059,452	2,951,487	2,836,047	2,806,124
19	Other cash inflows	4,131,509	4,256,631	4,360,686	4,417,595
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**	**7,326,934**	**7,302,470**	**7,307,778**	**7,283,314**
EU-20a	*Fully exempt inflows*	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*7,326,934*	*7,302,470*	*7,307,778*	*7,283,314*
	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 7 - Template EU LIQ1 - Liquidity Coverage Ratio (2 of 2)

		e	f	g	h
		Total weighted value (average)			
EU 1a	Quarter ending on 31/03/2025	31/3/2025	31/12/2024	30/9/2024	30/6/2024
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)	10,893,403	11,152,163	11,295,635	10,807,511
CASH - OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	1,437,635	1,421,920	1,407,633	1,410,228
3	*Stable deposits*	*598,275*	*596,907*	*595,315*	*594,987*
4	*Less stable deposits*	*839,360*	*825,013*	*812,318*	*815,241*
5	Unsecured wholesale funding	7,162,586	7,078,692	6,950,366	6,827,103
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*775,304*	*779,815*	*740,248*	*715,644*
7	*Non-operational deposits (all counterparties)*	*6,351,771*	*6,226,374*	*6,137,330*	*6,037,877*
8	*Unsecured debt*	*35,511*	*72,503*	*72,788*	*73,583*
9	*Secured wholesale funding*	*68,263*	*66,895*	*63,026*	*58,199*
10	Additional requirements	181,252	178,663	181,509	176,444
11	*Outflows related to derivative exposures and other collateral requirements*	*9,370*	*8,218*	*13,465*	*11,597*
12	*Outflows related to loss of funding on debt products*	-	-	-	*1,550*
13	*Credit and liquidity facilities*	*171,883*	*170,446*	*168,044*	*163,297*
14	Other contractual funding	16,134	10,306	7,023	4,489
15	Other contingent funding obligations	563,160	562,121	559,764	555,922
16	**TOTAL CASH OUTFLOWS**	**9,429,030**	**9,318,598**	**9,169,322**	**9,032,386**
CASH - INFLOWS					
17	Secured lending (e.g. reverse repos)	-	-	-	-
18	Inflows from fully performing exposures	2,462,967	2,368,552	2,266,934	2,257,874
19	Other cash inflows	885,458	906,653	922,184	928,065
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**	**3,348,425**	**3,275,205**	**3,189,118**	**3,185,939**
EU-20a	*Fully exempt inflows*	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*3,348,425*	*3,275,205*	*3,189,118*	*3,185,939*
TOTAL ADJUSTED VALUE					
EU-21	**LIQUIDITY BUFFER**	**10.893.403**	**11.152.163**	**11.295.635**	**10.807.511**
22	**TOTAL NET CASH OUTFLOWS**	**6.080.605**	**6.043.393**	**5.980.204**	**5.846.446**
23	**LIQUIDITY COVERAGE RATIO (%)**	**179,1920%**	**184,6005%**	**188,7857%**	**184,8666%**

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*

Analysis of the data reported in previous templates shows that, on average, LCR levels have contracted slightly over the last twelve months. However, these levels have consistently exceeded the minimum regulatory requirement of 100%.

The recent performance of the ratio has been driven by a decline in liabilities due to a lower share of demand deposits and a simultaneous, albeit slight, reduction in restricted deposits. Regarding assets, there has been a significant increase in non-installment advances and, to a lesser extent, mortgages compared to December levels; this has been partially offset by the reduction in factoring and interbank deposit volumes. Overall, the impact on the average share of loans expected to be repaid within the 30-day period envisaged by the coefficient has been limited.

These changes are reflected in the average net cash outflows in the denominator of the coefficient. This is determined by applying the prescribed weighted inflow and outflow factors to all liabilities and assets due on demand or expiring within 30 days, in order to incorporate the effects of systemic and idiosyncratic stress in the calculation of the coefficient. Specifically, the change compared to the previous quarter stems from the dual effect of increased outflows and, to a lesser extent, weighted average liquidity inflows, resulting from funding and lending dynamics respectively.

Alle these dynamics have led to a consequent decrease in the volume of deposits at Central Banks, and the average level of high-quality liquid assets included in the liquidity reserve in the numerator of the coefficient declined compared to December levels, averaging around EUR 11 billion.

The Group holds high-quality liquid assets ("HQLA") mainly in Euros to meet any financial needs expressed in this currency. These consist primarily of debt instruments issued by eligible sovereign entities classified in the "EHQLA" category (Level 1) [3], recognized as being of extremely high liquidity and credit quality in accordance with Delegated Regulation (EU) 2015/61. These consist primarily of Italian government securities, as well as investments in bonds issued by other sovereign states (notably Spain and France), supranational bodies, credit institutions and financial companies. The subsidiary Banca Popolare di Sondrio (SUISSE) also holds its own bond portfolio consisting mainly of securities eligible for the Swiss National Bank, as well as CHF deposits held with the latter to meet specific liquidity requirements.

The Group mitigates the risks associated with the concentration of funding sources by maintaining a substantial retail funding base that is, by definition, adequately diversified. Additional sources of funding include national and international private entities and companies, as well as banking counterparties. Given its high reputation, the Group has no difficulty obtaining financing from these counterparties at market rates.

The liquidity risks associated with derivative exposures are limited 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.

[3] 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.

Section 4
Disclosure of credit risk under IRB approach

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

Table 8 - 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**	**8,253,524**
2	Asset size	497,755
3	Asset quality	265,316
4	Model updates	-
5	Methodology and policy	1,317,407
6	Acquisitions and disposals	-
7	Foreign exchange movements	(7,558)
8	Other	82,817
9	**RISK WEIGHTED EXPOSURE AMOUNT AS AT THE END OF THE REPORTING PERIOD**	**10,409,260**

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

As at 31 March 2025, the aggregate risk-weighted assets subject to credit risk increased compared to the previous quarter, mainly due to the F-IRB (Foundation Internal Rating Based) methodology required by the Basel IV framework for the “Large Corporate” and “Financials” segments, which are characterized by high risk weights well above those estimated using the A-IRB (Advanced Internal Rating Based) approach. Also of note is the increase in customer lending volumes. Other changes include the combined effects of credit items assessed by stand-alone analysis.

Certifications 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., in accordance with the provisions of article 154-bis, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, hereby certifies that the accounting information contained in this document agrees with the underlying accounting entries, records and documentation.

Sondrio, 10 July 2025

Signed Simona Orietti
Manager responsible for preparing the Company's accounting documents

Glossary

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).

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”).

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.

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 Baking 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 according to Part 6 of Regulation (EU) No. 575/2013 of 26 June 2013 ("CRR"). 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.

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

A lower limit ("floor") for capital requirements determined according to banks' internal models equal to 72.5% of the capital requirements that would apply if only standardized approaches ("output") were used. The application of the output floor is subject to a transitional arrangement established in Article 465 of the CRR III.

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.

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).