Banca Popolare di Sondrio

FOUNDED IN 1871

CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2023

CONSOLIDATED INTERIM REPORT ON OPERATION AT 30 SEPTEMBER 2023

Società per azioni (joint-stock company)
Head Office and General Management: I - 23100 Sondrio SO - Piazza Garibaldi 16
Tel. 0342 528.111 - Fax 0342 528.204
Websites: https://www.popso.it – https://istituzionale.popso.it
E-mail: info@popso.it - Certified e-mail (PEC): postacertificata@pec.popso.it
Sondrio Companies Register No. 00053810149 - Official List of Banks No. 842
Parent Company of the Banca Popolare di Sondrio Banking Group,
Official List of Banking Groups No. 5696.0 - Member of the Interbank Deposits Protection Fund
Tax code and VAT number: 00053810149
Share capital: € 1,360,157,331 – Reserves: € 1,385,452,113
(Figures approved at the Shareholders' meeting of 29 April 2023)

Rating:

- Rating issued to Banca Popolare di Sondrio by Fitch Ratings on 6 July 2023:
  - Long-term Issuer Default Rating (IDR): BB+
  - Short-term Issuer Default Rating (IDR): B
  - Viability Rating: bb+
  - Government Support Rating: NA
  - Long-term Deposit Rating: BBB-
  - Short-term Deposit Rating: F3
  - Senior Preferred Debt: BB+
  - Subordinated Debt: BB-
  - Outlook: Stable

- Rating issued to Banca Popolare di Sondrio by DBRS Morningstar on 14 November 2022:
  - Long-Term Issuer Rating: BBB (low)
  - Short-Term Issuer Rating: R-2 (middle)
  - Intrinsic Assessment: BBB (low)
  - Support Assessment: SA3
  - Long-Term Deposit Rating: BBB
  - Short-Term Deposit Rating: R-2 (high)
  - Long-term Senior Debt: BBB (low)
  - Short-term Debt: R-2 (middle)
  - Subordinated Debt: BB
  - Trend: Stable

- Rating issued to Banca Popolare di Sondrio by Scope Ratings on 14 March 2023:
  - Issuer rating: BBB
  - Outlook: Stable

BOARD OF DIRECTORS

Chair	FRANCESCO VENOSTA
Deputy Chair	LINO ENRICO STOPPANI*
Managing Director	MARIO ALBERTO PEDRANZINI**
Directors	ALESSANDRO CARRETTA
	NICOLA CORDONE
	LORETTA CREDARO*
	DONATELLA DEPPERU
	ANNA DORO
	FEDERICO FALCK*
	ATTILIO PIERO FERRARI*
	MARIA CHIARA MALAGUTI
	PIERLUIGI MOLLA
	SERENELLA ROSSI
	SILVIA STEFINI
	ROSSANA ZAMBELLI

BOARD OF STATUTORY AUDITORS

Chair	SERENELLA ROSSANO
Statutory Auditors	MASSIMO DE BUGLIO
	LAURA VITALI
Alternate Auditors	ALESSANDRO MELLARINI
	PAOLO VIDO

GENERAL MANAGEMENT

General Manager	MARIO ALBERTO PEDRANZINI
Deputy General Managers	MARIO ERBA
	MILO GUSMEROLI
	CESARE POLETTI

Manager responsible for preparing the Company's accounting documents	MAURIZIO BERTOLETTI

* Members of the Executive Committee

** Member of the Executive Committee and Secretary of the Board of Directors

INFORMATION ON OPERATIONS

Note. *The amounts contained in this interim management report are represented using the euro as the accounting currency; comparisons in percentage terms refer for the balance sheet part to the homogeneous data at the end of 2022 and for the income statement part to the homogeneous data at 30 September 2022; any exceptions are explained. Because most of the figures in the text and tables are rounded to the nearest million or thousand euro, the percentages may differ marginally from those that would result from a comparison of the same amounts expressed in different units.*

INTRODUCTION

Legislative Decree No. 25 of 15 February 2016, which amended the Consolidated Law on Finance, abolished the disclosure requirements for the first and third quarters of the year to which issuers were subject, without prejudice to the possibility given to Consob to provide for additional periodic disclosure obligations for issuers.

Consob has provided the option for listed companies to choose whether or not to publish additional periodic financial information.

Our Group decided to give priority to market disclosure and therefore, in continuity with the past, this consolidated interim report as at 30 September 2023 has been prepared in accordance with the recognition and measurement criteria set forth in the IAS/IFRS adopted by the European Community at present.

This consolidated interim report has not been independently audited.

BASIS OF PREPARATION

The financial statements included in the consolidated interim report conform to the mandatory financial statement formats provided for by Bank of Italy Order No. 262 of 22 December 2005, 8th update of 17 November 2022.

In the reporting period, the accounting standards adopted remained essentially unchanged from the previous year.

For detailed information concerning the application of accounting standards, please refer to the consolidated financial statements as at 31 December 2022.

In the financial statements, values are expressed in thousands of euro.

The balance sheet is compared with the balance sheet in the financial statements as at 31 December 2022.

The income statement is compared with the income statement for the period ended 30 September 2022.

The preparation of the consolidated interim report usually requires a more extensive use of estimation methods than the annual report with respect to both asset and liability items and income statement items.

THE BANCA POPOLARE DI SONDRIO BANKING GROUP

The Banca Popolare di Sondrio Banking Group comprises:

Parent Company:

Banca Popolare di Sondrio spa - Sondrio.

Group Companies:

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

Factorit spa - Milan.
The Parent Company holds the entire capital of Factorit spa, 85,000,002 euro.

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

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

PrestiNuova srl - Agenzia in Attività Finanziaria - Rome.
Banca della Nuova Terra spa holds all the capital of PrestiNuova srl - Agenzia in Attività Finanziaria, 100,000 euro.

Popso Covered Bond srl - Conegliano (Tv).
The Parent Company holds 60% of the capital of Popso Covered Bond srl, 10,000 euro.

SCOPE OF CONSOLIDATION AND METHODOLOGY

The interim report presents the economic and financial position as at 30 September 2023 of the Banca Popolare di Sondrio Banking Group, which comprises the Parent Company, Banca Popolare di Sondrio (SUISSE) SA, Factorit spa, Sinergia Seconda srl, Banca della Nuova Terra spa, PrestiNuova srl - Agenzia in Attività Finanziaria and Popso Covered Bond srl and the entities that are controlled by the Group pursuant to IFRS 10.

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

EQUITY INVESTMENTS CONSOLIDATED LINE BY LINE

Company Name	Head office	Share capital (in thousands)	% holding
Banca Popolare di Sondrio (SUISSE) SA	Lugano	(CHF) 180,000	100
Factorit spa	Milan	85,000	100
Sinergia Seconda srl	Milan	60,000	100
Banca della Nuova Terra spa	Sondrio	31,315	100
Pirovano Stelvio spa (1)	Sondrio	2,064	100
Servizi Internazionali e Strutture Integrate 2000 srl (1)	Milan	75	100
PrestiNuova srl - Agenzia in Attività Finanziaria	Rome	100(3)	100
Immobiliare Borgo Palazzo srl (1)	Tirano	10(2)	100
Immobiliare San Paolo srl (1)	Tirano	10(2)	100
Rent2Go srl (1)	Bolzano	12,050	100
Prima srl (1)	Milan	25(4)	100
Popso Covered Bond srl	Conegliano V.	10	60
Centro delle Alpi SME srl (1)	Conegliano V.	10	-

(1) equity investments not included in the banking group
(2) held by Sinergia Seconda srl
(3) held by Banca della Nuova Terra spa
(4) held by Immobiliare San Paolo srl

The Parent Company holds 100% of Fondo Immobiliare Centro delle Alpi Real Estate and consolidates it line by line.

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

a. the Bank has a representative on the Board of Directors or the equivalent body of the affiliate;
b. the Bank takes part in the decision-making process, including decisions regarding dividends;

c. there are significant transactions between the parent company and the subsidiary;
d. there is an exchange of managers;
e. essential technical information is being provided.

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

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

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

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

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

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

The ownership percentages are specified in the following table:

EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

Company Name	Head office	Share capital (in thousands)	% holding
Alba Leasing spa	Milan	357,953	19.264
Arca Vita spa	Verona	208,279	14.837
Arca Holding spa	Milan	50,000	34.715
Unione Fiduciaria spa	Milan	5,940	24.000
Polis Fondi Sgrpa	Milan	5,200	19.600
Sofipo SA [1]	Lugano	(CHF) 2,000	30.000
Rajna Immobiliare srl [2]	Sondrio	20	50.000

[1] held by Banca Popolare di Sondrio (Suisse) SA
[2] joint control

TRANSLATION OF FINANCIAL STATEMENTS IN CURRENCIES OTHER THAN THE EURO

The quarterly situation of Banca Popolare di Sondrio (SUISSE) SA is translated into euro at the official year-end exchange rate for balance sheet assets and liabilities, while costs and revenues are translated into euro at average exchange rate. Differences arising on translation of financial statement figures are booked in the statement of comprehensive income.

SUBSEQUENT EVENTS

No events have taken place between the reference date for this consolidated interim report and the date of its approval by the Board of Directors on 7 November 2023 that would require the adjustment of such approved information, and nothing of significance has occurred that would require additional disclosures.

INTERNATIONAL CONTEXT

The severe, rising geopolitical tensions – the recent terrorist attacks in Israel and the ensuing war have greatly exacerbated the dangers of increasingly extensive, devastating conflicts – have undoubtedly weighed on the development of the global economic scenario. During the summer, world trade slowed down markedly, yielding a year-on-year decline of close to 4% in August.

Monetary policies remained restrictive. The Federal Reserve, ECB and Bank of England continued to raise rates. In the third quarter of the year, conditions on financial markets worsened overall, due in part to the expectation of high rates for a longer period than initially expected. For its part, inflation declined, but remained at critical levels.

All this was reflected in the performance of the global economy, which slowed over the summer. The downturn in the manufacturing cycle was accompanied by more limited growth in services.

According to the latest forecasts, global output is expected to slow in 2023-2024. Much will clearly depend on how the current geopolitical crises progress. The course of global economic events likewise depends on the ability to steer such crises towards possible solutions, rather than allowing them to worsen, with new actors possibly becoming involved in the conflicts.

In the euro area, there was little growth in the summer, with GDP reported at +0.5%. Among the causes were more restrictive credit conditions and the decline in household purchasing power due to inflation. Inflation fell to 4.3% in September, but this did not prevent the ECB from raising its reference interest rates by a further 25 basis points.

GDP growth estimates, already revised downwards in September, will have to reckon with an extremely problematic geopolitical situation in the nearby Middle East.

As for the Italian economy, after the significant GDP growth in the first quarter of the year (+0.6%) and the decline (-0.4%) in the second, the reporting period saw phases of stagnation. This stagnation was driven by the end of the downturn in industrial production and the stagnation of the tertiary sector, which seems – at least for the time being – to have reach the end of the strong recovery that had followed the pandemic.

Household consumption continued to be conditioned by inflation, which fell sharply, to 1.8%, at the end of October, while the cost of mortgage loans penalised real estate purchases.

The Swiss economy, after a very positive start to 2023, was inevitably affected by the problematic international economic environment, and the forecasts for the current year (+1.3%) and the following year (+1.2%) indicate GDP growth well below average. Inflation has fallen significantly in recent months, coming to 1.7% in October, and the Swiss National Bank will closely monitor developments in order to ensure appropriate monetary conditions.

SUMMARY OF RESULTS

(in millions of euro)

Balance sheet figures	**30/09/2023**	**31/12/2022**	**Change %**
Loans to customers	32,676	33,020	-1.04
Loans and receivables with customers measured at amortised cost	32,345	32,632	-0.88
Loans and receivables with customers measured at fair value through profit or loss	331	388	-14.75
Loans and receivables with banks	2,080	1,865	11.52
Financial assets that do not constitute loans	13,845	13,667	1.30
Equity investments	364	323	12.69
Total assets	54,788	57,854	-5.30
Direct funding from customers	39,647	41,771	-5.09
Indirect funding from customers	42,766	39,059	9.49
Direct funding from insurance premiums	2,040	1,958	4.21
Customer assets under administration	84,453	82,787	2.01
Other direct and indirect funding	19,314	20,177	-4.28
Equity	3,655	3,387	7.89

Income statement	**30/09/2023**	**30/09/2022**	**Change %**
Net interest income	668	477	40.06
Total income*	1,046	731	43.05
Profit from continuing operations	507	218	132.97
Profit (Loss) for the period	349	151	130.42

Capital ratios	**30/09/2023**	**31/12/2022**
CET1 Capital ratio	16.27%	15.39%
Total Capital ratio	18.84%	17.95%

Other information on the Banking Group	**30/09/2023**	**31/12/2022**
Number of employees	3,539	3,456
Number of branches	373	373

* Net interest and other banking income is presented as per the reclassified income statement summary (page 30)

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	30/09/2023	31/12/2022
Equity/Direct funding from customers	9.22%	8.11%
Equity/Loans to customers	11.18%	10.26%
Equity/Financial assets	26.40%	24.78%
Equity/Total assets	6.67%	5.86%

Profitability indicators	30/09/2023	30/09/2022
Cost/income ratio	40.34%	52.12%
Net interest income/Total income	63.93%	65.29%
Administrative expenses/Total income	40.18%	53.46%
Net interest income/Total assets	1.22%	0.85%
Net financial income/Total assets	1.73%	1.11%
Profit for the year/Total assets	0.64%	0.27%

Asset quality indicators	30/09/2023	31/12/2022
NPL ratio	4.27%	4.29%
Texas ratio	15.16%	18.16%
Net bad loans/Equity	2.19%	3.60%
Net bad loans/Loans to customers	0.25%	0.37%
Loans to customers/Direct funding from customers	82.42%	79.05%
Cost of credit	0.41%	0.51%

Notes:
- The ratios were calculated using the figures shown in the summary reclassified income statement.
- Cost/Income ratio: the ratio between operating costs and total income.
- Texas ratio: the ratio between non-performing loans and the difference between equity and intangible assets, as the denominator.
- Cost of credit: ratio of net adjustments to total loans to customers.

FUNDING

In a phase characterised by interest rates that remained high, companies used their liquidity to reduce their recourse to bank credit, while retail customers diverted part of their liquidity from current accounts to more remunerative investment products, in particular government bonds. This trend, which continued in the third quarter of the year, led to a further decline in bank deposits, which affected sight deposits in particular and was only partially offset by growth in other forms of deposits. This shift is due to the slower adjustment of interest rates to changes in reference rates for current accounts than for time deposits. The trend in indirect deposits was the opposite, marking a significant increase, attributable mainly to the positive market performance during the year. The average interest rate on total bank customer deposits continued to rise.

Our Group was no stranger to this trend, recording a decline in direct funding. The item, which consists of the balance sheet liability items 10b "Due to customers" and 10c "Securities issued", amounted to 39,647 million, -5.09% on the comparative period and -0.78% year-on-year.

Indirect customer deposits, at market values, totalled 42,766 million, +9.49%.

Direct funding from insurance premiums reached 2,040 million, +4.21%.

Total funding from customers therefore amounted to 84,453 million, +2.01%. Deposits from banks amounted to 9,979 million, down from 11,382 million, a decrease partly related to the repayment of the T-LTRO III loan that expired last June. This exposure is largely linked to longer-term refinancing operations with the European Central Bank for a total of 4,506 million.

Securities under administration lodged by banks have increased from 8,796 million to 9,334 million, +6.13%.

Total funding from customers and banks therefore amounts to 103,767 million, +0.78%.

CONSOLIDATED TOTAL FUNDING

(thousands of euro)	30/09/2023	Compos. %	31/12/2022	Compos. %	Change %
Total direct funding from customers	39,646,685	38.21	41,771,007	40.57	-5.09
Total direct funding from insurance premiums	2,040,300	1.97	1,957,819	1.90	4.21
Total indirect funding from customers	42,766,383	41.21	39,058,623	37.93	9.49
- Asset management	*6,823,412*	*15.96*	*6,386,243*	*16.35*	*6.85*
- Assets under administration	*35,942,971*	*84.04*	*32,672,380*	*83.65*	*10.01*
Total	**84,453,368**	**81.39**	**82,787,449**	**80.40**	**2.01**
Due to banks	9,979,085	9.61	11,381,702	11.05	-12.32
Indirect funding from banks	9,334,486	9.00	8,795,626	8.55	6.13
Grand total	**103,766,939**	**100.00**	**102,964,777**	**100.00**	**0.78**

As for the individual components, current accounts and sight deposits, down 8.78% to 30,664 million, accounted for 77.35% of all direct funding. Bonds increased moderately, by +9.71%, to 3,875 million. Deposits maturing amounted to 3,950 million, +48.39%. Repos, which were 1,576 million as at 31 December 2022, fell to 787 million, -50.06%. Bank drafts amounted to 111 million, -4.99%. Leasing liabilities (accounted for in accordance with IFRS 16) amounted to 168 million, -2.01%, while other funding fell from 96 million to 92 million, -4.08%. As regards asset management, please see the chapter on treasury and trading activities.

CONSOLIDATED DIRECT FUNDING FROM CUSTOMERS

(thousands of euro)	30/09/2023	Compos. %	31/12/2022	Compos. %	Change %
Current accounts and sight deposits	30,663,695	77.35	33,616,828	80.48	-8.78
Fixed-term deposits	3,949,898	9.96	2,661,831	6.37	48.39
Repo transactions	787,106	1.99	1,576,069	3.77	-50.06
Lease liabilities	167,702	0.42	171,146	0.41	-2.01
Bonds	3,874,856	9.77	3,531,946	8.46	9.71
Bank drafts and similar	110,987	0.28	116,815	0.28	-4.99
Other payables	92,441	0.23	96,372	0.23	-4.08
Total	**39,646,685**	**100.00**	**41,771,007**	**100.00**	**-5.09**

LOANS TO CUSTOMERS

Credit to businesses and households continued to decline during the summer. This decline is consistent with the slowdown in economic growth, which drives down demand for loans. Demand for loans was restrained by both the rising cost of loans for businesses and households and by lesser liquidity needs, and also reflects the tightening of conditions of access to credit. The increase in the cost of mortgage loans led to a reduction in applications for the purchase of real estate by households. Loan loss rates remained modest, but the flow of loans with late payments increased.

Loans to customers, as shown in the table below, constitute a restatement of the balances reported in the balance sheet and consist solely of loans, with the exclusion of securities, except for those that do not constitute a financial investment because of their nature. They are equal to the sum of the loans included in line item "40. financial assets measured at amortised cost – b) loans and receivables with customers" and line item "20. financial assets measured at fair value through profit or loss – c) other financial assets mandatorily measured at fair value".

Overall, loans to customers amounted to 32,676 million, -1.04% compared to end-2022 and -0.22% year-on-year. The ratio of loans to direct funding from customers has thus risen to 82.42%, from 79.05%.

The various types have contributed to total customer loans to a different extent. The main item is mortgages and unsecured loans, which amounted to 20,304 million, up slightly, +1.58%, and accounted for 62.14% of loans. They also include transferred assets that were not derecognised because the requirements of IFRS 9 for derecognition were not met. The trend was affected by a decrease in residential transactions; rising interest rates led people to postpone investments or make greater use of their own capital. There is a preference for variable rates on new disbursements. This was followed by other financing (advances, grants, etc.), which amounted to 4,584 million, -5.77%, or 14.03% of financing; current accounts amounted to 3,536 million, down 1.83%. Personal loans grew moderately, +5.62% to 531 million, while factoring operations declined, -8.65% to 2,990 million. Fixed-yield securities amounted to 732 million, -7.25%. The latter derive from customer loan securitisations carried out by the investee companies Banca della Nuova Terra spa and Alba Leasing spa, also including the securities issued, as part of the sale of NPLs, by SPV Diana, POP NPLs 2020, POP NPLs 2021 and POP NPLs 2022.

LOANS TO CUSTOMERS

(thousands of euro)	30/09/2023	Compos. %	31/12/2022	Compos. %	Change %
Current accounts	3,536,243	10.82	3,601,999	10.91	-1.83
Mortgage loans	20,304,220	62.14	19,989,083	60.54	1.58
Personal loans and assignments of one-fifth of salary or pension	530,750	1.62	502,524	1.52	5.62
Factoring	2,990,049	9.15	3,273,352	9.91	-8.65
Other loans	4,583,564	14.03	4,864,391	14.73	-5.77
Fixed-yield securities	731,647	2.24	788,830	2.39	-7.25
Total	**32,676,473**	**100.00**	**33,020,179**	**100.00**	**-1.04**

Total net non-performing loans have fallen by 9.86% to 549 million, compared with 609 million at the end of 2022; in the comparative period there was a decrease of 27.27%. This aggregate comes to 1.68% (1.84%) of loans to customers; its contraction is due to the sales of NPLs, as well as to the policy to strengthen the corporate structures responsible for granting, managing and monitoring credit.

The total adjustments recorded for non-performing loans totalled 892 million, +4,75%, representing 61.92% of the gross amount compared with 58.32% last year. Adjustments for the period were down slightly compared with those of the previous year. Gross non-performing loans fell from 1,460 million to 1,441 million, -1.34%. The gross NPL ratio was 4.27%, compared to 4.29% at year-end. Net bad loans, adjusted for write-downs, amounted to 80 million, -34.18% (-36.64% in the comparison period), and correspond to 0.25% of total loans to customers, compared to 0.37% as at 31 December 2022. The adjustments to cover estimated losses on bad loans went from 396 million to 452 million (+14%), representing 84.92% of the gross amount of such loans compared with 76.48% in the previous year. It is one of the highest coverage percentages at banking system level.

Unlikely to pay, net of write-downs, amounted to 411 million, (-4.53%), corresponding to 1.26% of total loans to customers, compared to 1.30% in the previous year. The related adjustments, with the current coverage ratio of 51.04%, amounted to 428 million, -5.04%; the coverage ratio was 51.17% last year.

Net impaired past-due loans amounted to 58 million, +1.95%, an increase partly due to seasonal temporary situations, and represented 0.18% of total loans to customers, compared to 0.17%.

Provisions, for performing loans, added up to 174 million, +19.13%, and amounted to 0.54% of the same compared to 0.45% at the end of 2022. This increase reflects the prudential assessments with respect to the macroeconomic and geopolitical context, the persistently high level of inflation, and the uncertainties linked to the Russian-Ukrainian conflict, but also the result of the identification of possible criticalities concerning, in particular, stage 2 positions, which are the most exposed to crisis events. Adjustments totalled 1,066 million overall, +6.86%.

NON-PERFORMING AND PERFORMING LOANS TO CUSTOMERS

(thousands of euro)		30/09/2023	31/12/2022	Absolute changes	Changes %
Non-performing loans	Gross exposure	1,440,662	1,460,176	-19,514	-1.34
	Loan loss adjustments	892,066	851,580	40,486	4.75
	Net exposure	**548,596**	**608,596**	**-60,000**	**-9.86**
Bad loans	Gross exposure	531,734	517,931	13,803	2.67
	Loan loss adjustments	451,545	396,094	55,451	14.00
	Net exposure	**80,189**	**121,837**	**-41,648**	**-34.18**
Unlikely-to-pay loans	Gross exposure	838,522	880,694	-42,172	-4.79
	Loan loss adjustments	427,977	450,688	-22,711	-5.04
	Net exposure	**410,545**	**430,006**	**-19,461**	**-4.53**
Exposures past due and/or overdrawn non-performing	Gross exposure	70,406	61,551	8,855	14.39
	Loan loss adjustments	12,544	4,798	7,745	161.41
	Net exposure	**57,862**	**56,753**	**1,109**	**1.95**
Performing loans	Gross exposure	32,301,519	32,557,337	-255,818	-0.79
	Loan loss adjustments	173,642	145,754	27,887	19.13
	Net exposure	**32,127,877**	**32,411,583**	**-283,706**	**-0.88**
Total loans and receivables with customers	Gross exposure	33,742,181	34,017,513	-275,332	-0.81
	Loan loss adjustments	1,065,708	997,334	68,373	6.86
	Net exposure	**32,676,473**	**33,020,179**	**-343,706**	**-1.04**

Other information

The Supervisor's verification action, aimed at ascertaining the correct degree of transposition of prudential regulations on credit risk management and assessing the effectiveness of processes and procedures set up by intermediaries, remains assiduous and pressing. The inspections carried out by the Supervisory Authority, which recently focused on the corporate sector, contribute to increasing the performance of our internal models and act as a stimulus for the optimisation of management procedures and control systems: a task in which the structures are engaged "during", to provide timely feedback to the requests of the inspection teams, as well as "after", to remedy within prescriptive deadlines the areas of improvement identified as a result of the inspections. In this regard, it should be noted that the European Central Bank conducted an on-site inspection on the Banca Popolare di Sondrio Group from 2022 to April of the current year, focusing on credit and counterparty risk with reference to the Corporate&Large and SME portfolios. The inspection is part of the ordinary processes that the European Supervisory Authority implements with the aim of conducting an asset quality review of selected portfolios and assessing credit risk management processes and procedures, control and governance systems, including the implementation of the IFRS 9 accounting standard and any other ancillary aspects related to this purpose and topic. At the date of this report, the Bank is awaiting the outcome of the audits conducted and the receipt of the Final Follow-up Letter.

TREASURY AND TRADING OPERATIONS

The third quarter of the year was marked by a negative stock market performance, shaped by the rising interest rate scenario and uncertainties over economic growth. In order to counter inflation, which is on the decline, but still far from target levels, Western central banks maintained a restrictive approach to monetary policy. The bond market was weak during the summer, with the downturn gathering momentum in September. Government bond yields recorded new multi-year highs.

Turning to our Group, the net interbank position was 7,899 million negative as at 30 September 2023, compared with 9,516 million negative at the end of 2022. Cash and cash equivalents amounted to 3,654 million, compared with 6,991 million. As at 30 September 2023, the Parent Company had two outstanding T-LTRO transactions with the ECB, totalling 4,506 million, after the repayment of the 4,368 million tranche of 28 June 2023 taken on 24 June 2020. The first operation still in force, for the amount of 806 million, is effective from 24 March 2021, with maturity on 27 March 2024 and early repayment option from 30 March 2022. The second one was entered into for 3,700 million on 29 September 2021, with a maturity date of 25 September 2024 and an early repayment option from 29 June 2022. If the targets assigned by the ECB on net loans disbursed are met, all transactions provide for a funding rate indexed to the average deposit facility rate at the opening date until 22 November 2022 (for the period from 24 June 2020 to 23 June 2022, the rate has been set at -1%). As of 23 November 2022, the interest rate on outstanding transactions is indexed to the average interest rate of the Deposit Facility calculated as of that date.

Liquidity, though declining following the repayment of the first tranche of T-LTRO III, remained abundant throughout the reporting period. The exposure to this risk is monitored both in the short term, taking a 3-month view every day, and over the long term with a monthly check. As at 30 September 2023, liquidity indicators – both short-term (Liquidity Coverage Ratio) and medium-long term (Net Stable Funding Ratio) – presented values well above the minimum requirements for the current year (100%). Specifically, the Liquidity Coverage Ratio stood at 187%, from 142% in September 2022, even against the repayment of the T-LTRO funding tranche that expired in June (4.4 billion). The Net Stable Funding Ratio stands at 128%. The Group can always rely on a substantial portfolio of assets eligible for refinancing, which, net of haircuts applied, amounted to 17,263 million, compared to 17,437 million at 30 June 2023. This aggregate also includes ECB-eligible securities amounting to approximately 1 billion from the self-securitisation of loans to small and medium-sized enterprises finalised in June. Available assets amounted to 8,447 million. Counterbalancing capacity, which includes the available daily liquidity balance, remained essentially stable at around 12 billion.

During the reporting period, treasury operations continued to favour recourse to the Deposit Facility with the ECB, although to a much lesser extent after the repayment of the T-LTRO tranche. A large part of the liquidity deposited was raised on the electronic repurchase agreement market with institutional counterparties (MMF Money Market Facility), through Euronext Clearing (formerly Cassa di Compensazione e Garanzia) with underlying Italian government securities, and on the OTC market, through bilateral transactions with primary financial counterparties with underlying mainly foreign government securities (Germany, France, Spain, Austria and Holland), corporate securities and securitisations. Repo financing remained very intense and at favourable rates this quarter, thanks to the high-quality collateral in the portfolio. Also on the upswing, helped by the return of interest rates to positive territory, was the activity related to interbank deposits (mainly deposits); among these, the deposits made with the MEF (Ministry of Economy and

Finance) as part of the money market operation with the Treasury in which we participate as an authorised counterparty were highly significant.

As at 30 September 2023, the portfolio of financial assets comprising financial instruments other than securitisations totalled 13,845 million, up by 1.30% compared to 31 December 2022. The following table summarises the various amounts involved and the percentage changes.

FINANCIAL ASSETS (FIXED-YIELD SECURITIES, EQUITY SECURITIES, MUTUAL FUNDS AND DERIVATIVES) BY PORTFOLIO

(thousands of euro)	30/09/2023	31/12/2022	Change %
Financial assets held for trading	210,451	179,665	17.14
of which, derivatives	*63,322*	*63,361*	*-0.06*
Other financial assets mandatorily measured at fair value	208,250	686,768	-69.68
Financial assets measured at fair value through other comprehensive income	3,087,080	2,555,705	20.79
Financial assets measured at amortised cost	10,339,643	10,245,242	0.92
Total	**13,845,424**	**13,667,380**	**1.30**

The portfolio as a whole showed a slight increase compared to 31 December 2022 (+1.30%).

Analysing the individual components, "Other financial assets mandatorily measured at fair value" decreased by 69.68% as a result of the reduction of funds and Sicavs that began last year and ended in the second quarter of 2023. On the other hand, both financial assets measured at fair value through other comprehensive income (+20.79%) and financial assets held for trading (+17.14%) increased as a result of the purchases of funds and Sicavs made in addition to ETFs and equity to improve trading activity in view of diversification. Financial assets measured at amortised cost changed little (+0.92%).

Overall, although decreasing, the floating-rate component of Italian government bonds was still favoured, as well as foreign government bonds of core or semi-core countries with short maturities and bank and corporate bonds, mostly ESG.

The total amount of floating-rate and inflation-indexed government bonds was around 5.1 billion, down from 6.3 billion at the end of 2022.

The financial duration of the government bond portfolio, down from 31 December 2022, stood at 3 years and 6 months, while the modified duration stood at 1.53%, essentially in line with the previous period. Overall, including bonds (net of securitisation), the modified duration is 1.79%, down slightly on the end of 2022.

Financial assets held for trading

The trading portfolio, albeit up compared to 31 December 2022 (+17.14%), represents an insignificant part of the total securities portfolio and amounted to 210 million.

(thousands of euro)	30/09/2023	31/12/2022	Change %
Floating-rate Italian government securities	10,041	-	100
Equity securities	36,953	50,856	-27.34
Mutual funds	100,135	65,448	53.00
Net book value of derivative contracts	63,322	63,361	-0.06
Total	**210,451**	**179,665**	**17.14**

Operations mainly focused on equities and units in UCITS, in addition to Italian and foreign Government bonds. The increase concerned units in UCITS, which include both ETFs and funds and Sicavs with a view to geographical, currency and sector diversification as an alternative to direct equity exposure. The balance of government bonds as at 30 September was just 10 million in CCT, as the exposures on this segment are trading-oriented and thus very short-term.

Other financial assets mandatorily measured at fair value

The financial assets mandatorily measured at fair value amounted to 208 million, down 69.68% from 687 million at the end of 2022.

The portfolio remains mainly concentrated on euro-denominated UCITS, which mainly refer to closed-end funds (private debt, private equity, real estate and credit funds) or open-ended funds related to specific themes (PIR - Individual Savings Plan). Overall, the exposure is significantly reduced compared to 31 December 2022.

(thousands of euro)	30/09/2023	31/12/2022	Change %
Bank bonds	19,546	17,250	13.31
Other bonds	37,996	33,100	14.79
Mutual funds in euro	148,814	617,273	-75.89
Mutual funds in foreign currency (USD)	1,894	19,145	-90.11
Total	**208,250**	**686,768**	**-69.68**

Financial assets measured at fair value through other comprehensive income

The portfolio of financial assets measured at fair value through other comprehensive income has recorded an increase compared to the end of 2022, to 3,087 million (+20.79%). The upward shift in the yield curve has in fact favoured investment in the segment in short-maturity government bonds even from core or semi-core countries. More specifically, the exposure to floating-rate Italian government bonds was reduced (-29.17) and now stands at 1,057 million, while the short-term fixed-rate component increased by around 200 million (+99.60%). Foreign government securities of core countries with short or very short maturities also rose significantly (+199.81%). The overall weight of Italian government bonds on the segment stands at 47.44%, a net decrease from last year.

Bank bonds (+20.38%) and corporate bonds (+23.77%) also showed positive changes, although at absolute levels, especially the latter, that were not particularly significant. Equities changed negatively due to valuations (-4.20%).

(thousands of euro)	30/09/2023	31/12/2022	Change %
Floating-rate Italian government securities	1,057,461	1,492,991	-29.17
Fixed-rate Italian government securities	407,135	203,978	99.60
Foreign government securities	1,015,663	338,768	199.81
Bank bonds	355,270	295,117	20.38
Other bonds	159,906	129,192	23.77
Equity securities	91,645	95,659	-4.20
Total	**3,087,080**	**2,555,705**	**20.79**

Financial assets measured at amortised cost

Financial assets measured at amortised cost amounted to 10,340 million, up 0.92% from 31 December 2022 and substantially in line with the previous quarter.

With regard to the portfolio's composition, we highlight, compared to 31 December 2022, the decrease in Italian government bonds, both floating-rate (-8.41%) and fixed-rate (-13.44%), and the increase in foreign government bonds (+18.76%), partly ESG. The component of floating-rate government bonds facilitated a significant increase in the coupon flow, mitigating the effects of rising reference interest rates. In addition, investments in bank bonds (+26.09%) and corporate bonds (+12.08%) of mostly the ESG variety, especially green bonds and social bonds, continued to be favoured during the period.

(thousands of euro)	30/09/2023	31/12/2022	Change %
LOANS AND RECEIVABLES WITH BANKS	**1,100,047**	**872,396**	**26.09**
Italian bank bonds	851,405	662,648	28.49
Foreign bank bonds	248,642	209,748	18.54
LOANS AND RECEIVABLES WITH CUSTOMERS	**9,239,596**	**9,372,846**	**-1.42**
Floating-rate Italian government securities	4,042,545	4,413,601	-8.41
Fixed-rate Italian government securities	1,462,123	1,689,096	-13.44
Foreign government securities	2,766,562	2,329,482	18.76
Other public administration bonds	268,252	315,996	-15.11
Other bonds	700,114	624,671	12.08
Total	**10,339,643**	**10,245,242**	**0.92**

ASSET MANAGEMENT

The first nine months of 2023 saw a weak performance by the asset management industry, which translated into system-wide net outflows in Italy. In fact, investors consistently maintained a very cautious stance, showing little inclination to make medium-to-long-term investments, due to uncertainty related to both inflation and restrictive monetary policies. The above dynamics also affected our Group, which nevertheless performed well. The assets managed in various forms totalled 6,823 million, +6.85%, of which 4,957 million, +6.90%, relates to mutual funds and Sicavs, including Popso (SUISSE) Investment Fund Sicav; assets managed by the Group total 1,866 million, +6.70%.

INFORMATION ON EXPOSURE TO SOVEREIGN DEBT

Consob, with communication No. DEM/11070007 of 5 August 2011, invited listed companies to provide in the financial statements information on exposures to sovereign debtors, i.e. bonds issued by central and local governments, government agencies and any loans made to them.

In this regard, the overall exposure of the banking Group as at 30 September 2023 amounted to 11,644 million and was structured as follows:

a) Italian government securities: 6,979 million;
b) Securities of other issuers: 4,117 million;
c) Loans to government departments: 206 million;
d) Loans to other public administrations and miscellaneous entities: 342 million.

EQUITY INVESTMENTS

Equity investments were 364 million, +12.69%. The increase resulted from the measurement of investees at equity.

PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS

Property, equipment and investment property and intangible assets amounted to 716 million compared to 688 million at the end of 2022. The former added up to a total of 679 million compared to 651 million, +4.33%, and the latter amounted to 37 million, +1.67%.

Intangible assets include 16.997 million relating to goodwill, already recognised in the financial statements at 31 December 2022. Goodwill is tested for impairment whenever there are indicators of impairment and at least annually. The test was performed when preparing the consolidated financial statements at 31 December 2022. As at 30 September 2023, there were no indicators of impairment.

OTHER PROVISIONS

These consist of the severance indemnity (TFR), which decreased from 36 million to 34 million, and the provisions for liabilities and charges, which added up to 330 million, +11.77% from the end of 2022. In particular, there was a significant increase in the provision for commitments and guarantees given, which rose from 63 million to 77 million, and substantial stability in the provision for pensions and similar obligations, from 168 million to 167 million, whereas other provisions for liabilities and charges rose from 64 million to 86 million.

HUMAN RESOURCES

The Group had 3,539 employees as at 30 September 2023, an increase of 99 persons from 30 September 2022, broken down as follows: 2,992 employed by the Parent Company, 370 by Banca Popolare di Sondrio (SUISSE) SA, 151 by Factorit spa and 26 by BNT spa. To the staff of the banking group must be added the 21 employees of the subsidiary Pirovano Stelvio spa, of whom 18 are employed on a seasonal basis, and the 14 employees of the subsidiary Rent2Go srl.

EXTRAORDINARY TAX CALCULATED ON THE INCREASE IN NET INTEREST INCOME

Decree-Law No. 104 of 10 August 2023 was converted, with amendments, by Law No. 136 of 9 October 2023. Article 26 of the above Decree introduces an extraordinary tax of 40% of net interest income included in item 30 of the income statement prepared in accordance with the formats approved by the Bank of Italy relating to the financial year ended 31 December 2023 that exceeds net interest income for the financial year ended 31 December 2021 by at least 10%. The maximum amount of the tax may not exceed 0.26% of the total amount of risk exposure on an individual basis (RWAs) at 31 December 2022. In lieu of paying the tax, the entity may opt for the allocation, upon approval of the financial statements for the year ending 31 December 2023, to a non-distributable reserve identified for this purpose of an amount not less than two and a half times the tax. If it is then decided to use this reserve for the distribution of profits, the tax, plus interest calculated at the interest rate on deposits with the European Central Bank, must be paid within 30 days of the relevant resolution.

The Board of Directors approved the proposal to put before the Shareholders' Meeting to be called to approve the 2023 financial statements the allocation of a portion of profit estimated at approximately 107 million, equal to two and a half times the extraordinary tax, to a non-distributable reserve established pursuant to Article 26 of Decree-Law No. 104 of 10 August 2023, as converted into law.

Taking into account the provisions of the law and the above-mentioned decision, no obligation to pay the tax was found. In accordance with IFRIC 21, no effect was recognised in the income statement.

EQUITY

Shareholders' equity as at 30 September 2023, inclusive of valuation reserves and the profit for the year, amounts to 3,654.680 million. Compared with the total as at 31 December 2022 of 3,387.436 million, an increase of 267.244 million (+7.89%). The change derives from booking the profit for the year under review and the reduction in valuation reserves. The Shareholders' Meeting of the Parent Company held on 29 April 2023, called to approve the financial statements for the year 2022 and the allocation of profit, resolved to distribute a dividend paid from 24 May 2023 of EUR 0.28 for each of the 453,385,777 shares outstanding as at 31 December 2022. The Parent Company's share capital, which consists of 453,385,777 ordinary shares without nominal value, amounts to 1,360.157 million, unchanged with respect to the comparative period. There was a slight change in issue premiums, amounting to 78.949 million, due to negative differences between the discharge price and the corresponding book value of the shares sold. The item reserves rose to 1,929.454 million (+7.76%); the increase of 138.986 million resulted mainly from the allocation of the profit for the financial year 2022. The item valuation reserves, representing primarily the net unrealised gains and losses recorded on financial assets measured at fair value through other comprehensive income (FVOCI), on properties at fair value and the net actuarial gains and losses on the defined benefit plans arranged for employees, remained negative with a balance of 37.088 million, an improvement compared to the end of 2022, when it was negative for 68.086 million. Treasury shares in portfolio changed slightly to 25.381 million. With regard to capital adequacy, the harmonised legislation for banks and investment firms is contained in Regulation (EU) No. 575/2013 (CRR) and in Directive 2013/36/EU (CRD IV), which define the general limits on capital ratios, which are equal to 7% for the CET 1 Ratio, 8.50% for the Tier 1 Capital Ratio and 10.50% for the Total Capital Ratio. The European Central Bank, by virtue of its powers and on the basis of the evidence gathered within the prudential review and assessment process, sets capital and/or liquidity ratios tailored to each intermediary subject to EU supervision. On 15 December 2022, at the conclusion of the annual SREP ("Supervisory Review and Evaluation Process") conducted in 2022, notification was received from the European Central Bank of the new decision regarding the prudential requirements to be met on a consolidated basis, effective as of 1 January 2023.

The minimum capital levels required of our banking Group in 2023 are:

- a minimum requirement of Common Equity Tier 1 Ratio of 8.50%, calculated as the sum of the Pillar 1 regulatory minimum requirement (4.50%), the Capital Conservation Buffer (2.50%), and an additional Pillar 2 requirement (1.50%);
- a minimum requirement of Total Capital Ratio of 10.50%, calculated as the sum of the Pillar 1 regulatory minimum requirement (6%), the Capital Conservation Buffer (2.50%) and an additional Pillar 2 requirement (2.00%);
- a minimum requirement of Total Capital Ratio of 13.16%, calculated as the sum of the Pillar 1 regulatory minimum requirement (8%), the Capital Conservation Buffer (2.50%) and an additional Pillar 2 requirement (2.66%).

While the first two additions are specified by the prudential regulations and are identical for all banks in a given country, the third is determined by the ECB based on the actual degree of risk faced by the individual bank. The additional Pillar 2 Requirement (or "P2R2") is 2.66%, down from the previous 2.77%. The new ratio, to be held in the form of primary Tier 1 capital (CET 1) for at least 56.25% and Tier 1 capital for at least 75%, includes a quota of 0.01% as an increase in the second pillar requirement for impaired exposures. Since 2017, the ECB has been providing "Pillar 2 Guidance", which acts a guide to the future evolution of the Group's capital. This parameter is confidential, by contrast with the two minimum requirements, and – based on guidelines issued by the ECB – is not deemed relevant for the determination of distributable dividends.

Consolidated own funds for supervisory reporting purposes, which include part of the profit as at 30 September 2023, amounted to 3,951 million (phased-in) and 3,929 million (fully phased), while risk-weighted assets (RWA) amounted to 20,969 million. In the interest of completeness of information, it should be noted that the Parent Company has decided to avail itself of the transitional arrangements provided for in Regulation (EU) No 2020/873 of 24 June 2020 with regard to the additional adjustments related to the COVID-19 emergency, which will be applied to the value of CET1 capital taking into account a decreasing percentage of calculation over time, from 100% in 2020 and 2021, to 75% in 2022, to 50% in 2023, to 25% in 2024, until its total elimination in 2025.

The requirements referring to the Group as at 30 September 2023 are reported below:

Group's capital ratios	Phased-in	Fully phased
CET1 Ratio	16.27%	16.16%
Tier1 Capital Ratio	16.27%	16.16%
Total Capital Ratio	18.84%	18.74%

The consolidated Leverage Ratio was 5.68% applying the transitional arrangements (phased-in) and 5.64% according to the criteria to be applied at the end of the transition (fully phased).

The following ratios of capital (and reserves, including profit for the period) to the principal balance sheet aggregates are shown with comparative figures as at 31 December 2022:

- equity/direct funding from customers: 9.22% compared to 8.11%
- equity/loans to customers: 11.18% compared to 10.26%
- equity/financial assets: 26.40% compared to 24.78%
- equity/total assets: 6.67% compared to 5.86%
- net bad loans/equity: 2.19% compared to 3.60%.

BANCA POPOLARE DI SONDRIO STOCK

The Banca Popolare di Sondrio share, traded on the Euronext Milan market of Borsa Italiana, part of the FTSE Italia All-Share index, closed the first nine months of 2023 with a negative performance of +28.99%, marking a reference price on 29 September 2023 of 4.876 euro, compared to 3.78 euro at the end of 2022. During the reporting period, the share marked an intraday low and high of 3.47 euro on 31 May and 5.20 euro on 22 September, respectively. The general index FTSE Italia All-Share in the same period recorded an increase of 17.06%, while the sectoral index FTSE Italia All-Share Banks was up by 30.78%.

The average daily volume of securities traded on Borsa Italiana's Euronext Milan market in the first nine months of the year was 1.319 million, up from 0.890 million in the same period of 2022. The shareholder structure as at 30 September 2023 consisted of 151,885 shareholders.

BANCA POPOLARE DI SONDRIO stock - Euronext Milan Market of Borsa Italiana

With regard to treasury shares, whose operations are carried out in compliance with the specific shareholders' resolution, it should be noted that as at 30 September 2023, the Parent Company held 3,632,633 shares in its portfolio, a decrease of 9,085 shares compared to the end of 2022 as a result of the activities carried out to implement the remuneration policies of the Banca Popolare di Sondrio Banking Group. In addition are the 36,730 shares held by Banca Popolare di Sondrio (SUISSE) SA, as part of the share-based compensation plan provided for in the Group's Remuneration Policies. The book value is 25.381 million, of which 25.201 million constitutes utilisation of the parent company's treasury share purchase provision of 30 million.

RATINGS

The solvency of the Banca Popolare di Sondrio Banking Group, detailed in the table below, has been assessed by the rating agencies Fitch Ratings, DBRS Morningstar and Scope Ratings.

The ratings shown here refer to Fitch Ratings' decision of 6 July 2023, as well as the assessments expressed by DBRS Morningstar and Scope Ratings on 14 November 2022 and 14 March 2023, respectively.

FITCH RATINGS – issued on 06/07/2023

	RATING
LONG-TERM ISSUER DEFAULT RATING It is a measure of the probability of default and expresses the bank's ability to repay medium to long-term loans. It is expressed on a scale from AAA to D, for a total of 11 levels.	**BB+**
SHORT-TERM ISSUER DEFAULT RATING It measures the ability of the organisation to which the rating is assigned to meet payments due in the short term, i.e. within 13 months. The measurement scale includes seven levels (F1, F2, F3, B, C, RD and D).	**B**
VIABILITY RATING It aims to assess the bank's intrinsic soundness based on fundamentals and in the absence of external support. It is expressed on a scale from AAA to D, for a total of 11 levels.	**bb+**
GOVERNMENT SUPPORT It expresses Fitch's assessment of the possibility of state intervention to support the issuer in a state of crisis. In the case of eurozone banks, the EU Directive on Bank Recovery and Resolution and the Single Resolution Mechanism provide a framework for resolution that envisages, if necessary, the participation of senior creditors in losses instead of/before a bank receives state support.	**No Support**
LONG-TERM DEPOSIT RATING It is a measure that expresses the vulnerability to default of uninsured deposits. It is expressed on a scale similar to that used for the long-term rating (from AAA to D).	**BBB-**
SHORT-TERM DEPOSIT RATING It is a measure that expresses the vulnerability to default of uninsured deposits maturing in the short term. It is expressed on a scale similar to that used for the short-term rating (F1, F2, F3, B, C, RD and D).	**F3**
SENIOR PREFERRED DEBT It is a measure of the probability of default of Senior Preferred bonds which is expressed using a scale from AAA to D.	**BB+**
SUBORDINATED DEBT It is a measure of the probability of default of subordinated bonds that is expressed using a scale from AAA to D.	**BB-**
OUTLOOK It is a prospective assessment of the possible evolution of the issuer's ratings over a period of 1 to 2 years.	**Stable**

DBRS Morningstar – issued on 14/11/2022

	RATING
LONG-TERM ISSUER RATING It is a measure of the probability of default and expresses the bank's ability to repay medium to long-term loans. It is expressed on a scale from AAA to D.	**BBB (low)**
SHORT-TERM ISSUER RATING It measures the ability of the organisation to which the rating is assigned to meet payments due in the short term. The measurement scale includes six levels (R-1; R-2; R-3; R-4; R-5 and D).	**R-2 (middle)**
INTRINSIC ASSESSMENT It reflects the opinion of DBRS on the intrinsic fundamentals of the bank assessed on the basis of quantitative and qualitative elements. It is expressed on a scale from AAA to CCC.	**BBB (low)**
SUPPORT ASSESSMENT It reflects DBRS's view on the likelihood and predictability of timely external support for the Bank in case of need. The measurement scale includes four levels from SA1 (best) to SA4 (worst).	**SA3**
LONG-TERM DEPOSIT RATING It is a measure that expresses the vulnerability to default of medium/long-term uninsured deposits. It is expressed on a scale similar to that used for the long-term rating (from AAA to D).	**BBB**
SHORT-TERM DEPOSIT RATING It is a measure that expresses the vulnerability to default of short-term uninsured deposits. It is expressed on a scale similar to that used for the short-term rating (R-1; R-2; R-3; R-4; R-5 and D).	**R-2 (high)**
LONG-TERM SENIOR DEBT It is a measure of the probability of default of Senior Preferred bonds which is expressed using a scale from AAA to D.	**BBB (low)**
SHORT-TERM DEBT It is a measure of the probability of default of short-dated bonds that is expressed using a scale from R-1 to D.	**R-2 (middle)**
SUBORDINATED DEBT It is a measure of the probability of default of subordinated bonds that is expressed using a scale from AAA to D.	**BB**
TREND (outlook) It is a prospective assessment of the possible evolution of the long-term rating assigned over a period of 1-2 years.	**Stable**

Scope Ratings – issued on 14/03/2023

	RATING
ISSUER RATING It is a rating on the bank's ability to meet its contractual financial commitments in a timely and complete manner. It is expressed on a scale from AAA to D.	**BBB**
OUTLOOK It is a prospective assessment of the possible evolution of the issuer rating assigned over a period of 12-18 months.	**Stable**

RECONCILIATION OF THE EQUITY AND PROFIT FOR THE YEAR REPORTED BY THE PARENT COMPANY WITH THE CONSOLIDATED FINANCIAL STATEMENTS

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

(thousands of euro)	Equity	of which: Profit for the period
Equity of the Parent Company at 30.09.2023	3,070,538	310,795
Consolidation adjustments	-35,666	-35,666
Difference with respect to the carrying amounts of equity investments in:		
- companies consolidated on a line-by-line basis	468,442	48,172
- companies valued using the equity method	151,366	25,288
Balance at 30.09.2023, as reported in the Group's consolidated financial statements	**3,654,680**	**348,589**

INCOME STATEMENT

Despite the complexities of the macroeconomic environment, the Banca Popolare di Sondrio Group's commercial and organisational efforts allowed it to achieve solid financial results, with a record net profit of 348.6 million in the first nine months of 2023, up 130.4% on the previous year.

This result was linked to the solid performance of all revenue components, in particular net interest income and the result from securities transactions, accompanied by substantial stability in loans to customers.

The comments below refer to the data shown in the "Consolidated summary income statement", which constitutes a reclassification of the schemes provided for by the Bank of Italy provision No. 262/2005. The notes to the table show the reclassifications. A table showing quarterly changes in the reclassified consolidated income statement is also provided, highlighting changes in the income statement during the nine months.

The persistence of inflationary pressures, as mentioned above, prompted the ECB to persist in raising rates (most recently by 0.25% on 14 September), resulting in higher bond yields. This situation of high interest rates benefited the Group's net interest income, which recorded a positive performance of +40.06% in the nine months, a further percentage increase compared to June, amounting to 668.442 million, compared to 477.252 million.

Interest from customers rose sharply, with an improving rate spread, as did interest accrued on the securities portfolio, due in part to the increase in its size, but mainly to the increase in coupon flows, particularly on indexed government bonds. The cost of funding, from both customers and banks, also rose sharply, especially the cost of T-LTRO III loans following the repeated rate increases by the ECB. Net interest income also benefited from a significant increase in income from tax credits acquired in connection with the "Cure Italy" and "Relaunch" Decree-Laws.

Net fee and commission income also increased to 290.094 million, +4.97%. Commissions related to loans and current accounts, collections and payments, guarantees issued, order collection, treasury, and foreign exchange were positive; those related to the placement of financial products were substantially stable, while those related to credit cards declined.

Dividends totalling 4.579 million were collected, compared with 6.099 million. The overall result of the securities, foreign exchange and derivatives business (which is the sum of items 80, 90, 100 of the income statement reclassified as shown in the table on the margin) was a positive 79.670 million, compared to a positive result of 45.382 million, +75.55%. Net trading income, item 80, was 76.335 million, versus 4.517 million in the comparative period. During the reporting period, it recorded a positive balance between revaluations and write-downs of securities, compared to a negative balance in the comparative period. The result from foreign exchange and currency business increased. Gains on disposal or repurchase, item 100, net of gains on disposal of loans of 1.134 million, reclassified under loan adjustments, amounted to 3.347 million, down sharply compared to the comparative period, when they amounted to 40.869 million. The result of the hedging activity was negative for 0.012 million. The result from other financial assets mandatorily measured at fair value, item 110b), was a positive 2.802 million, compared to a negative 74.151 million recorded in the first nine months of 2022.

KEY FIGURES OF THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(thousands of euro)	30/09/2023	30/09/2022	Absolute changes	Changes %
Net interest income	668,442	477,252	191,190	40.06
Dividends	4,579	6,099	-1,520	-24.92
Net fee and commission income	290,094	276,359	13,735	4.97
Result of financial activities [a]	79,670	45,382	34,288	75.55
Result of other financial assets and liabilities measured at FVTPL [b]	2,802	-74,151	76,953	n.s.
of which LOANS	*387*	*-15,168*	*15,555*	n.s.
of which OTHER	*2,415*	*-58,983*	*61,398*	n.s.
Total income	**1,045,587**	**730,941**	**314,646**	**43.05**
Net adjustments [c]	-100,107	-103,881	3,774	-3.63
Net financial income	**945,480**	**627,060**	**318,420**	**50.78**
Personnel expenses [d]	-215,989	-200,050	-15,939	7.97
Other administrative expenses [e]	-204,101	-190,715	-13,386	7.02
Other operating income/expense [d]	66,948	61,837	5,111	8.27
Net accruals to provisions for risks and charges [f]	-19,029	-7,743	-11,286	145.76
Adjustments to property, equipment and investment property and intangible assets	-49,654	-44,300	-5,354	12.09
Operating costs	**-421,825**	**-380,971**	**-40,854**	**10.72**
Operating profit (loss)	**523,655**	**246,089**	**277,566**	**112.79**
Charges for stabilising the banking system [e]	-40,857	-43,044	2,187	-5.08
Net gains (losses) on equity investments and other investments	24,185	14,569	9,616	n.s.
Profit (loss) before tax	**506,983**	**217,614**	**289,369**	**132.97**
Income taxes	-158,394	-66,328	-92,066	n.s.
Profit (loss)	**348,589**	**151,286**	**197,303**	**130.42**
Profit (loss) attributable to the Parent Company	**348,589**	**151,286**	**197,303**	**130.42**

Notes:
[a] The result of financial activities is made up of the sum of items 80 - 90 - 100 in the income statement.
[b] The result of other financial assets measured at FVTPL is comprised in item 110 of the income statement.
[c] Net adjustments consist of the sum of items 130 - 140 - 200 a) in the income statement including the losses on disposals of EUR 1.134 million.
[d] Personnel expenses and other operating income have been stated net of the income generated by the post-employment benefits fund of EUR 4.622 million.
[e] Charges for stabilising the banking system have been separated from other administrative expenses and presented separately.
[f] Net allocations to provisions for risks and charges refer to item 200 b).

The total income therefore rose to 1,045.587 million, compared to 730.941 million, +43.05%. In its composition, the contribution of net interest income was 63.93%, compared to 65.29%.

Net adjustments on loans and financial assets totalled 100.107 million, compared to 103.881 million, -3.63%. Of the total adjustments mentioned above, item 130 of the income statement, which relates to exposure to customers and banks in the form of both loans and securities, is the largest and amounted to 92.376 million, compared to 85.363 million. This item consisted of 92.189 million in adjustments relating to financial assets measured at amortised cost, compared to 85.696 million in the comparative year, while net adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income recorded allocations of 0.187 million on fixed-yield securities, compared to reversals of 0.333 million in the comparative year. The estimate of expected losses on performing loans is determined in accordance with the requirements of IFRS 9, using modelling that adopts different macro-scenarios for calculation purposes. Alongside the results of the ECL estimation models, in continuity with what was already done for the 2022 financial statements, management overlays were introduced, a further increase on 30 September 2023, totalling approximately 120 million. The aggregate also includes item 140, which records the profits/losses from contractual changes without cancellations deriving from the changes made to the contractual cash flows, and which in the reference period was a positive 6.185 million, compared to a positive 3.589 million. Finally, provisions for commitments and guarantees issued showed an allocation of provisions of 13.916 million, compared to 22.107 million in the comparative period. The ratio of net adjustments on loans to customers/loans to customers, which is also referred to as the cost of credit, showed an improvement, going from 0.41% to 0.51% as at 31 December 2022.

This resulted in a net income from financial operations of 945.480 million, compared to 627.060 million, +50.78%.

Operating costs, to which the utmost attention is paid, rose from 380.971 million to 421.825 million, +10.72%. The ratio of operating expenses, excluding system stabilisation charges, to net interest and other banking income ("cost income ratio") decreased from 52.12% to 40.34%. Analysing the individual components, administrative expenses totalled 420.090 million, +7.50%, of which personnel expenses amounted to 215.989 million, compared to 200.050 million, +7.97%; the increase is tied to both the rise in provisions related to the contractual renewal in progress for the Parent Company. Other administrative expenses rose from 190.715 million to 204.101 million, +7.02%. Of note are increases in expenditure for electricity, water and heating, rental and maintenance of hardware and software, consultancy fees, fees for searches and information, and outsourcing costs. The item "Net provisions for risks and charges" reflect releases of 19.029 million compared with 7.743 million.

There was still a strong, albeit declining, incidence of charges for contributions incurred or planned for the Resolution Funds and FITD, which went from 43.044 million to 40.857 million, -5.08%. The depreciation of property, equipment and investment property and the amortisation of software amounted to 49.654 million, +12.09%. Other income, net of other operating expenses, amounted to 66.948 million, +8.27%.

The aggregate profits/losses on equity and other investments shows a positive balance of 24.185 million, compared with 14.569 million. The overall result before taxes therefore marked an increase of 132.97% from 217.614 to 506.983 million. Finally, after deducting income taxes, estimated at 158.394 million, the net profit for the period was 348.589 million, compared to 151.286 million, +130.42%. The effective tax rate, i.e. the ratio between income taxes and the gross result of current operations, is 31.24% compared with 30.48% in the comparative period.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT QUARTER BY QUARTER

(thousands of euro)	2023			2022			
	III Quarter	II Quarter	I Quarter	IV Quarter	III Quarter	II Quarter	I Quarter
Net interest income	241,105	235,290	192,047	203,815	156,943	164,119	156,190
Dividends	2,271	1,645	663	365	413	5,448	238
Net fee and commission income	95,554	98,058	96,482	104,231	91,840	93,057	91,462
Result of financial activities [a]	21,553	28,306	29,811	24,183	3,597	24,692	17,093
Result of other financial assets and liabilities measured at FVTPL [b]	-1,083	-8,792	12,677	6,563	-6,566	-33,999	-33,586
of which LOANS	-695	*-1,836*	*2,918*	4,708	*2,076*	*-4,279*	*-12,965*
of which OTHER	-388	*-6,956*	*9,759*	1,855	*-8,642*	*-29,720*	*-20,621*
Total income	**359,400**	**354,507**	**331,680**	**339,157**	**246,227**	**253,317**	**231,397**
Net adjustments [c]	-21,172	-39,116	-39,819	-65,873	-60,051	-16,528	-27,302
Net financial income	**338,228**	**315,391**	**291,861**	**273,284**	**186,176**	**236,789**	**204,095**
Personnel expenses [d]	-74,115	-72,920	-68,954	-69,096	-69,326	-64,247	-66,477
Other administrative expenses [e]	-66,918	-69,210	-67,973	-71,288	-60,059	-68,154	-62,502
Other operating income/expense [d]	22,073	22,875	22,000	20,357	22,887	22,053	16,897
Net accruals to provisions for risks and charges [f]	-6,453	-7,193	-5,383	-6,545	-1,495	-6,653	405
Adjustments to property, equipment and investment property and intangible assets	-17,744	-16,499	-15,411	-18,180	-16,778	-15,547	-11,975
Operating costs	**-143,157**	**-142,947**	**-135,721**	**-144,752**	**-124,771**	**-132,548**	**-123,652**
Operating profit (loss)	**195,071**	**172,444**	**156,140**	**128,532**	**61,405**	**104,241**	**80,443**
Charges for stabilising the banking system [e]	-	-5,852	-35,005	-2,865	-3,004	-10,040	-30,000
Net gains (losses) on equity investments and other investments	9,995	1,204	12,986	10,609	5,331	2,578	6,660
Profit (loss) before tax	**205,066**	**167,796**	**134,121**	**136,276**	**63,732**	**96,779**	**57,103**
Income taxes	-63,563	-55,117	-39,714	-36,241	-17,507	-32,018	-16,803
Profit (loss)	**141,503**	**112,679**	**94,407**	**100,035**	**46,225**	**64,761**	**40,300**
Profit (loss) attributable to the Parent Company	**141,503**	**112,679**	**94,407**	**100,035**	**46,225**	**64,761**	**40,300**

Notes:
[a] The result of financial activities is made up of the sum of items 80 - 90 - 100 in the income statement.
[b] The result of other financial assets measured at FVTPL is comprised in item 110 of the income statement.
[c] Net adjustments consist of the sum of items 130 - 140 - 200 a) of the income statement.
[d], [e] and [f] The figures are shown in accordance with the reclassifications presented in the summary of the reclassified consolidated income statement.

DISTRIBUTION BY GEOGRAPHICAL AREAS

The Group’s activities are carried out in Italy and in neighbouring Swiss Confederation, where its subsidiary Banca Popolare di Sondrio (SUISSE) SA operates.

The latter's contribution to the Group can be summarised in the following figures: Suisse accounts for 10.22% of direct customer deposits, 13.67% of loans to customers, 6.42% of net commissions and 4.47% of net interest income.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

On 17 October, the Parent Company placed on the market the third issue of covered bonds reserved for institutional investors of 500 million, maturing on 24 October 2028 and with a fixed coupon of 4.125%.

In terms of business outlook, the macroeconomic framework clearly continues to be strongly conditioned by international tensions related to the continuing war in Ukraine and, more recently, the ongoing escalation of the unresolved Israeli-Palestinian conflict. In the euro area, the overall inflationary pressure is abating, albeit more slowly than expected.

For our Group, it is reasonable to expect a consolidation of the results achieved so far in the fourth quarter, thus exceeding the targets set in the business plan approved in June of the previous year.

Sondrio, 7 November 2023

THE BOARD OF DIRECTORS

Certification of the Manager responsible for preparing the Company's accounting documents

Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act, the Manager responsible for preparing the Company's accounting documents, Maurizio Bertoletti, declares that the accounting information contained in this consolidated interim report as at 30 September 2023 corresponds to the documented results, books and accounting records.

Manager responsible for preparing the
Company's accounting documents

Maurizio Bertoletti

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

CONSOLIDATED BALANCE SHEET

(thousands of euro)

ASSET ITEMS		30/09/2023	31/12/2022
10.	**Cash and cash equivalents**	**3,653,546**	**6,990,689**
20.	**Financial assets measured at fair value through profit or loss**	**749,477**	**1,254,070**
	a) financial assets held for trading	210,451	179,665
	c) other financial assets mandatorily measured at fair value	539,026	1,074,405
30.	**Financial assets measured at fair value through other comprehensive income**	**3,087,080**	**2,555,705**
40.	**Financial assets measured at amortised cost**	**43,665,341**	**43,870,637**
	a) Loans and receivables with banks	2,080,045	1,865,249
	b) Loans and receivables with customers	41,585,296	42,005,388
50.	**Hedging derivatives**	**1,395**	**248**
60.	**Change in value of macro-hedged financial assets (+/-)**	**(1,371)**	**(198)**
70.	**Equity investments**	**363,559**	**322,632**
90.	**Property, equipment and investment property**	**679,075**	**650,908**
100.	**Intangible assets**	**37,283**	**36,669**
	of which:		
	- goodwill	16,997	16,997
110.	**Tax assets**	**286,357**	**342,647**
	a) current	1,750	17,654
	b) prepaid	284,607	324,993
130.	**Other assets**	**2,266,362**	**1,830,354**
	TOTAL ASSETS	**54,788,104**	**57,854,361**

	LIABILITIES AND EQUITY	30/09/2023	31/12/2022
10.	**Financial liabilities measured at amortised cost**	**49,625,771**	**53,152,710**
	a) Due to banks	9,979,085	11,381,703
	b) Customer deposits	35,660,842	38,122,246
	c) Debt securities issued	3,985,844	3,648,761
20.	**Financial liabilities held for trading**	**28,979**	**115,871**
40.	**Hedging derivatives**	**33**	**227**
60.	**Tax liabilities**	**102,858**	**32,359**
	a) current	78,010	3,160
	b) deferred	24,848	29,199
80.	**Other liabilities**	**1,011,852**	**834,629**
90.	**Provision for employee severance pay**	**33,613**	**35,597**
100.	**Provisions for risks and charges**	**330,304**	**295,528**
	a) commitments and guarantees given	77,137	63,204
	b) pension and similar obligations	167,368	167,827
	c) other provisions for risks and charges	85,799	64,497
120.	**Valuation reserves**	**(37,088)**	**(68,086)**
150.	**Reserves**	**1,929,454**	**1,790,468**
160.	**Share premium reserve**	**78,949**	**78,978**
170.	**Share capital**	**1,360,157**	**1,360,157**
180.	**Treasury shares (-)**	**(25,381)**	**(25,402)**
190.	**Non-controlling interests (+/-)**	**14**	**4**
200.	**Profit (Loss) for the period (+/-)**	**348,589**	**251,321**
	TOTAL LIABILITIES AND EQUITY	**54,788,104**	**57,854,361**

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

ITEMS		30/09/2023	30/09/2022
10.	INTEREST AND SIMILAR INCOME	1,286,976	565,944
	of which: interest income calculated using the effective interest method	1,274,539	559,099
20.	INTEREST AND SIMILAR EXPENSES	(618,534)	(88,692)
30.	**NET INTEREST INCOME**	**668,442**	**477,252**
40.	FEE AND COMMISSION INCOME	306,103	290,769
50.	FEE AND COMMISSION EXPENSE	(16,009)	(14,410)
60.	**NET FEE AND COMMISSION INCOME**	**290,094**	**276,359**
70.	DIVIDENDS AND SIMILAR INCOME	4,579	6,099
80.	NET TRADING INCOME	76,335	4,517
90.	NET HEDGING GAIN (LOSS)	(12)	(4)
100.	GAINS (LOSSES) FROM SALES OR REPURCHASES OF:	4,481	43,716
	a) financial assets measured at amortised cost	4,617	32,261
	b) financial assets measured at fair value through other comprehensive income	(222)	11,452
	c) financial liabilities	86	3
110.	NET GAINS/LOSSES ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,802	(74,151)
	b) other financial assets mandatorily measured at fair value	2,802	(74,151)
120.	**TOTAL INCOME**	**1,046,721**	**733,788**
130.	NET ADJUSTMENTS/WRITEBACKS FOR CREDIT RISK RELATED TO:	(93,510)	(88,210)
	a) financial assets measured at amortised cost	(93,323)	(88,543)
	b) financial assets measured at fair value through other comprehensive income	(187)	333
140.	GAINS/LOSSES FROM CONTRACTUAL AMENDMENTS NOT RESULTING IN DERECOGNITION	6,185	3,589
150.	**NET FINANCIAL INCOME**	**959,396**	**649,167**
180.	**BALANCE OF FINANCIAL AND INSURANCE MANAGEMENT**	**959,396**	**649,167**
190.	ADMINISTRATIVE EXPENSES:	(465,569)	(434,790)
	a) personnel expenses	(220,611)	(201,031)
	b) other administrative expenses	(244,958)	(233,759)
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	(32,945)	(29,850)
	a) commitments for guarantees given	(13,916)	(22,107)
	b) other net provisions	(19,029)	(7,743)
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(37,196)	(33,068)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(12,458)	(11,232)
230.	OTHER OPERATING INCOME/EXPENSE	71,570	62,818
240.	**OPERATING COSTS**	**(476,598)**	**(446,122)**
250.	GAINS (LOSSES) ON EQUITY INVESTMENTS	25,288	16,053
260.	NET RESULT OF FAIR VALUE MEASUREMENT OF PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS	(1,490)	(1,614)
280.	GAINS (LOSSES) ON SALES OF INVESTMENTS	387	130
290.	**PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS**	**506,983**	**217,614**
300.	INCOME TAXES FOR THE YEAR FROM CURRENT OPERATIONS	(158,394)	(66,328)
310.	**POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS**	**348,589**	**151,286**
330.	**PROFIT (LOSS) FOR THE PERIOD**	**348,589**	**151,286**
340.	(PROFIT) LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-
350.	**PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY**	**348,589**	**151,286**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(thousands of euro)

ITEMS		2023	2022
10.	**Profit (loss) for the period**	**348,589**	**151,286**
	Other income items net of income taxes that will not be reclassified to profit or loss		
20.	Equity securities measured at fair value through other comprehensive income	(4,383)	(1,342)
70.	Defined-benefit plans	2,645	22,533
90.	Share of valuation reserves of equity investments measured at equity	69	47
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
120.	Exchange differences	(131)	(474)
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	8,531	(92,554)
170.	Share of valuation reserves of equity investments measured at equity	24,267	(7,224)
200.	**Total other income items net of income taxes**	**30,998**	**(79,014)**
210.	**Other comprehensive income (Item 10+200)**	**379,587**	**72,272**
220.	Consolidated other comprehensive income attributable to non-controlling interests	-	161
230.	**Consolidated other comprehensive income attributable to the parent company**	**379,587**	**72,111**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)

				Allocation of prior year result		Changes during the year										
							Equity transactions									
	Balance at 31.12.2022	Changes in opening balances	Balance at 1.1.2023	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in interests held	Other comprehensive income at 30.09.2023	**Equity attributable to the Group at 30.09.2023**	**Equity attributable to non-controlling interests at 30.09.2023**
Share capital																
a) ordinary shares	1,360,161	-	1,360,161	-	-	-	10	-	-	-	-	-	-	-	1,360,157	14
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**78,978**	**-**	**78,978**	**-**	**-**	**-**	**(29)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**78,949**	**-**
Reserves																
a) from earnings	1,754,574	-	1,754,574	125,093	-	13,893	-	-	-	-	-	-	-	-	1,893,560	-
b) other	35,894	-	35,894	-	-	-	-	-	-	-	-	-	-	-	35,894	-
Valuation reserves	**(68,086)**	**-**	**(68,086)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30,998**	**(37,088)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**(25,402)**	**-**	**(25,402)**	**-**	**-**	**-**	**63**	**(42)**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,381)**	**-**
Profit for the year	**251,321**	**-**	**251,321**	**(125,093)**	**(126,228)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**348,589**	**348,589**	**-**
Equity attributable to the Group	**3,387,436**	**-**	**3,387,436**	**-**	**(126,228)**	**13,893**	**34**	**(42)**	**-**	**-**	**-**	**-**	**-**	**379,587**	**3,654,680**	**-**
Equity attributable to non-controlling interests	**4**	**-**	**4**	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)

				Allocation of prior year result		Changes during the year										
							Equity transactions									
	Balance at 31.12.2021	Changes in opening balances	Balance at 1.1.2022	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in interests held	Other comprehensive income at 30.09.2022	**Equity attributable to the Group at 30.09.2022**	**Equity attributable to non-controlling interests at 30.09.2022**
Share capital																
a) ordinary shares	1,393,736	-	1,393,736	-	-	-	-	-	-	-	-	-	(33,575)	-	1,360,157	4
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	**83,363**	**-**	**83,363**	**-**	**-**	**-**	**(27)**	**-**	**-**	**-**	**-**	**-**	**(4,358)**	**-**	**78,978**	**-**
Reserves																
a) from earnings	1,578,288	-	1,578,288	184,773	-	68,223	-	-	-	-	-	-	(64,850)	-	1,766,434	-
b) other	37,851	-	37,851	-	-	-	-	-	-	-	-	-	(1,957)	-	35,894	-
Valuation reserves	**32,276**	**-**	**32,276**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(79,014)**	**(46,738)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**(25,457)**	**-**	**(25,457)**	**-**	**-**	**-**	**69**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,388)**	**-**
Profit for the year	**275,020**	**-**	**275,020**	**(184,773)**	**(90,247)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**151,286**	**151,286**	**-**
Equity attributable to the Group	**3,270,494**	**-**	**3,270,494**	**-**	**(90,247)**	**68,223**	**42**	**-**	**-**	**-**	**-**	**-**	**-**	**72,111**	**3,320,623**	**-**
Equity attributable to non-controlling interests	**104,583**	**-**	**104,583**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(104,740)**	**161**	**-**	**4**