



Banca Popolare di Sondrio

Co-operative Society by shares - founded in 1871
Head office and general management: I - 23100 Sondrio So - Piazza Garibaldi 16
Registered in the Register of Companies of Sondrio at no. 00053810149
Registered in the Register of Banks under no. 842.
Parent Bank of the Banca Popolare di Sondrio Banking Group, registered in the Register of Banking Groups under no. 5696.0
Registered in the Register of Cooperative Societies under no. A160536
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share Capital € 1,360,157,331 - Reserves € 1,253,388,214
(data approved by the Shareholders' Meeting of 11/5/2021)

PRESS RELEASE

Banca Popolare di Sondrio: the results of the 2021 ECB/SSM stress test confirm the Group's capital strength both in the baseline and in the adverse scenario

Banca Popolare di Sondrio Group was subject, together with 50 other banks in the Eurozone, to the 2021 stress test conducted by the ECB according to a methodology similar to that of the exercise carried out simultaneously by the EBA on a sample of the 38 most significant institutions.

Banca Popolare di Sondrio takes note of the communication made today by the ECB on the outcome of the stress test.

The macroeconomic scenarios used for the baseline and adverse simulation cover a three-year horizon (2021-23). While the first assumes normal business development, the second foresees a prolonged and particularly unfavourable phase of economic stagnation compared to the situation at the end of 2020, already affected by the pandemic. As in the past, the stress test was conducted under the assumption of a static balance sheet at 31 December 2020 and does not take into account corporate strategies and/or future management initiatives.

In the baseline scenario, the Group does not reveal any criticality as it would continue to generate significant profits that would both strengthen equity through self-financing and remunerate the capital contributed by members and shareholders. At the end of 2023, the CET1 ratio would increase to 17.39% from 16.20%.

In the adverse scenario, the Group records a capital erosion at the end of the three-year period 2021-23 of 610 bps which collocates it, for a minimal amount, in the range between 600 and 899 bps. As far as CET1 is concerned, the result of the exercise, at 10.1%, is above the European average of 9.9%.

These values testify to the presence of significant margins for BPS with respect to the SREP requirements and therefore its capital strength. The exercise, in

confirming the resilience of the business model adopted, demonstrates above all the capacity of the capital to absorb losses related to a hypothetical, absolutely unfavourable, scenario. For more details, please refer to the official documentation released today by the ECB.

Sondrio, 30 July 2021.

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