



**Banca Popolare
di Sondrio**

FOUNDED IN 1871

TIER 2 NOTE NEW ISSUANCE

INVESTOR PRESENTATION

March 4th, 2024

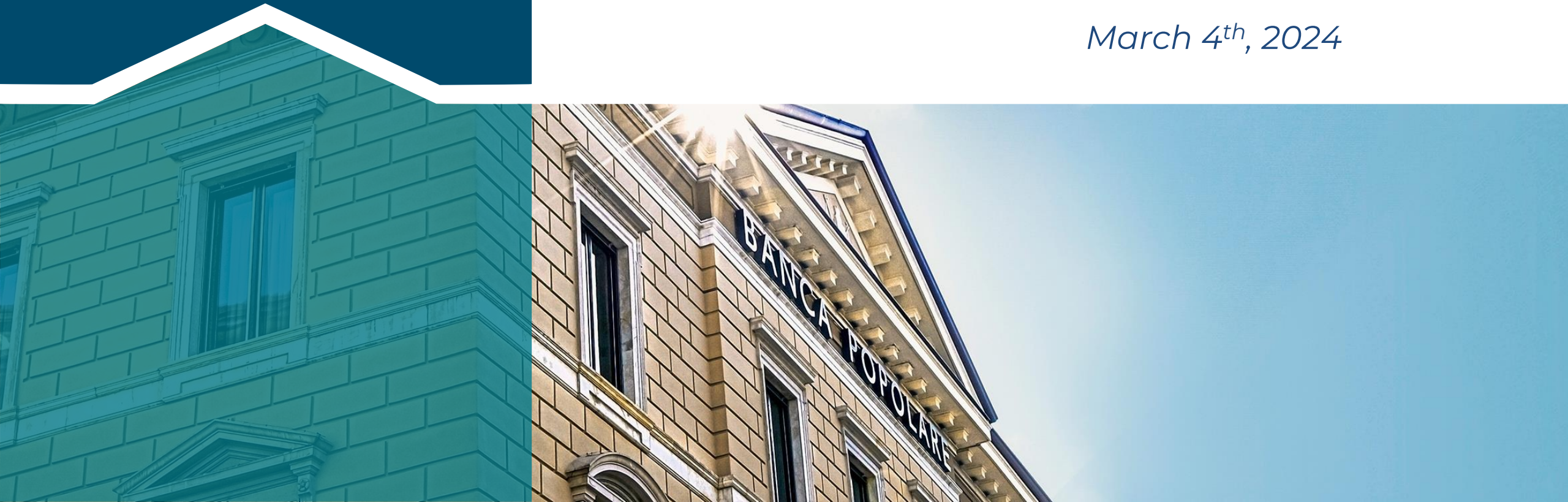


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① TRANSACTION HIGHLIGHTS AND RATIONALE

KEY TRANSACTION HIGHLIGHTS

TRANSACTION SUMMARY

New Issue

- EUR Tier 2 bond issuance (the “New Notes”)
- Issuer: Banca Popolare di Sondrio S.p.A. (“BPS” or the “Issuer”)
- EUR Benchmark Reg S 10NC5 Tier 2 Notes
- Expected issue rating: BB (S&P)
- Issuance under BPS’ EUR 5bn EMTN programme

Tender Offer

- Notes: €200,000,000 Fixed Rate Reset Subordinated Notes due 30 July 2029 (ISIN: XS2034847637)
- Offeror: Banca Popolare di Sondrio S.p.A. (“BPS”)
- Amount Subject to the Offer: Any and all
- Purchase Price: 101.000%, plus accrued interest
- Expiration deadline: 5pm CET on 11th March 2024

ISSUANCE RATIONALE

- Proactively manage the refinancing of the Notes for the purposes of managing and strengthening the Issuer's capital position
- Net proceeds from the issuance of the New Notes will be used by the Issuer for the general corporate and financing purposes of the Group, including financing the tender offer
- Transaction also supports an optimized capital structure, while contributing to MREL build-up
- Tender offer minimises the cost impact on BPS by enabling early refinancing, while supporting liquidity in the secondary market

INVESTMENT HIGHLIGHTS

- Profitable business model focused on corporate, retail and SMEs serving the territories in which it operates, with a 13.8% ROE at end of 2023
- Core revenue up 26% y/y: €937m of NII up (+38% y/y); €403m of net fees & commissions up (+6% y/y)
- Stable funding and solid liquidity position, with LCR 188% and NSFR 126%
- Good asset quality with a substantial focus on derisking; net NPE ratio of 1.6% and NPE coverage ratio at 57.3%
- Sound capital position, with a CET1 ratio of 15.4% and large buffer over 8.5% 2024 SREP requirement
- Cost/Income ratio best in class 39.6%

SUMMARY ISSUANCE TERMSHEET [1/2]

Issuer	Banca Popolare di Sondrio S.p.A.
Issuer's LEI	J48C8PCSJVUBR8KCW529
Issuer Ratings	BBB- (Stable) / BB+ (Stable) / BBB (LOW) (Positive) / BBB (Stable) (S&P / Fitch / DBRS / Scope)
Expected Instrument Rating	BB (S&P)
Status of the Notes	Subordinated Notes (intended to qualify as Tier 2 capital for regulatory capital purposes) as per Condition 2.3 of the Terms & Conditions in the Issuer's €5,000,000,000 Euro Medium Term Note Programme dated 19/12/2023, as supplemented on 01/03/2024 (the "EMTN Programme"). The Notes and any relative Receipts and Coupons constitute direct, unconditional, subordinated unsecured obligations of the Issuer and rank (a) after all unsubordinated, unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of the Issuer and after all creditors of the Issuer holding instruments that are or are expressed by their terms to be less subordinated than the relevant Subordinated Notes; (b) at least pari passu without any preference among themselves with all other present and future subordinated obligations of the Issuer that are not expressed by their terms to rank or which do not rank junior or senior to the relevant Subordinated Notes, save for those preferred by mandatory and/or overriding provisions of law; and (c) in priority to the claims of shareholders of the Issuer and to all other present and future subordinated obligations of the Issuer which rank or are expressed by their terms to rank junior to the relevant Subordinated Notes.
Format	10NC5, Regulation S, Bearer, NGN, Tefra D
Currency	Euro ("EUR")
Nominal Amount	EUR 300,000,000 ("WNG")
Redemption Amount	100%
Optional Redemption Amount	100% of Nominal Amount
Coupon	[•]%, payable annually until the Optional Redemption Date, then reset to the prevailing 5-year EUR Mid-Swap Rate + [•]bps, payable annually
Coupon Payment Dates	Every March in each year, from and including March 13 2025 up to and including the Maturity Date
Business Day Convention	Actual/Actual (ICMA), Following Unadjusted
Stabilisation	FCA / ICMA stabilisation applies
Business Days	T2, London
Redemption at the option of the Issuer (Issuer Call)	Applicable. The Issuer may (subject to the provisions of Condition 5.15), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount specified in the form of Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date
Redemption for tax reasons	Applicable, in whole but not in part, at any time, at their Early Redemption Amount together with accrued interest to (but excluding) the date of redemption, as per Condition 5.2 of the Terms & Conditions of the Notes, but subject to the provisions of Condition 5.15.
Redemption for regulatory reasons (Regulatory Call)	Applicable, in whole but not in part, at any time, at their Early Redemption Amount together with accrued interest to (but excluding) the date of redemption, as per Condition 5.3 of the Terms & Conditions of the Notes, but subject to the provisions of Condition 5.15.
Variation	If at any time a Regulatory Event, Tax Event and/or an Alignment Event occurs, or in order to ensure the effectiveness and enforceability of Condition 16 (Statutory Loss Absorption Powers), then the Issuer may, subject to certain conditions (without any requirement for the consent or approval of the holders of the relevant Notes of that Series), at any time vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes
Acknowledgement of Bail-in	Condition 16 of the Notes applies

SUMMARY ISSUANCE TERMSHEET [2/2]

Clean-up Call	75%
Events of Default	If the Issuer shall be liquidated (including becoming subject to Liquidazione Coatta Amministrativa as defined in the Italian Consolidated Banking Act), then any holder of the Subordinated Note may, by written notice to the Issuer and at the specified office of the Agent, declare any Subordinated Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind. For the avoidance of doubt, the non-payment by the Issuer of any amount due and payable under these Notes, or the taking of any crisis prevention measure or crisis management measure in relation to the Issuer in accordance with the BRRD, is not an event of default.
Waiver of Set-Off	As specified in Condition 2.3 (Status of the Subordinated Notes) of the Terms and Conditions of the Notes, each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note
Documentation	Banca Popolare di Sondrio S.p.A. €5,000,000,000 Euro Medium Term Note Programme dated 19/12/2023, as supplemented on 01/03/2024 (the "EMTN Programme").
Governing Law	Italian law
Selling Restrictions	As per Base Prospectus (RegS, TEFRA rules apply. No communications with or into the U.S.; no sales into Japan and Singapore)
Denominations	EUR 200,000 x 1,000
Settlement	Euroclear Bank / Clearstream Banking Luxembourg
Target Market	Manufacturer target market (MiFID II product governance and MiFIR product governance) is eligible counterparties and professional investors only (all distribution channels). No EU or UK PRIIPs Key Information Document (KID) has been prepared as not available to retail in the EEA or in the UK.
Listing	Luxembourg Stock Exchange Regulated Market
Use of Proceeds	General Funding Purposes
ISIN	[•]
Common Code	[•]
Joint Bookrunners	BofA Securities, IMI-Intesa Sanpaolo and UBS Europe SE
Advertisements	This communication is an advertisement for the purposes of Regulation (EU) 2017/1129 and underlying legislation. It is not a prospectus. The Base Prospectus and any supplements and the Final Terms, when published, will be available at: https://www.luxse.com/issuer/BcaPdiSondrio/44667

TENDER OFFER KEY TERMS OVERVIEW

Key Terms of the Tender Offer	
Offeror	<ul style="list-style-type: none"> Banca Popolare di Sondrio S.p.A.
Rationale and Background for the Offer	<ul style="list-style-type: none"> The Offer and the New Notes issuance are part of the Offeror's proactive management of its financing structure The Offer provides Noteholders with the opportunity to sell their current holdings in the Notes and to subscribe to the issuance of the New Notes, as more fully described in the Tender Offer Memorandum
Target Notes	<ul style="list-style-type: none"> Notes: €200,000,000 Fixed Rate Reset Subordinated Notes due 30 July 2029 ISIN: XS2034847637 First Reset Date / Optional Redemption Date: 30 July 2024 Rate of Interest until First Reset Date: 6.25%
Amount Subject to the Offer	<ul style="list-style-type: none"> Any and all
Purchase Price	<ul style="list-style-type: none"> 101.000%, plus accrued interest
New Financing Condition	<ul style="list-style-type: none"> Completion of the Offer is conditional, without limitation, on the successful completion of the issuance of the New Notes
New Notes Priority	<ul style="list-style-type: none"> When considering allocation of the New Notes, the Offeror may (but is not under an obligation to) give preference to those Noteholders who, prior to such allocation, have validly tendered or indicated their firm intention to the Dealer Managers to tender the Notes and subscribe for New Notes.
Dealer Managers	<ul style="list-style-type: none"> BofA Securities, IMI-Intesa Sanpaolo and UBS Europe SE
Tender Agent	<ul style="list-style-type: none"> Morrow Sodali

Important Dates & Times	
Commencement of the Offer	<ul style="list-style-type: none"> 4th March 2024
Expiration Deadline	<ul style="list-style-type: none"> 5pm CET on 11th March 2024
Results Announcement	<ul style="list-style-type: none"> As soon as reasonably practicable on 12th March 2024
Settlement Date	<ul style="list-style-type: none"> 13th March 2024



② BPS GROUP OVERVIEW

MORE THAN 150 YEARS OF SUCCESSFUL GROWTH LEADING TO...

FOUNDATION AS ONE OF THE FIRST ITALIAN COOPERATIVE BANKS

1871

ESTABLISHED BPS SUISSA AND THE BPS BANKING GROUP

1995

ENTRY AS A SIGNIFICANT BANK IN THE ECB'S SSM

2014

TRANSFORMATION INTO JOINT-STOCK COMPANY

2021

1991

LISTING ON THE "RISTRETTO" MARKET OF THE MILAN STOCK EXCHANGE

2010

ACQUISITION OF THE CONTROLLING STAKE OF FACTORIT

2017

FULL ACQUISITION OF BNT BANK

2022

FULL ACQUISITION OF FACTORIT



...A DIVERSIFIED GROUP WITH A DISTINCTIVE GEOGRAPHICAL FOOTPRINT



Number of branches in the region

NOTE: Company's data as of 31/12/2023



486 POINTS OF SALES:

- 356 BRANCHES
- 130 «TESORERIE» (LIGHT BRANCHES)

WITH A PRESENCE IN:

- 36 PROVINCES
- 10 REGIONS

BANKING GROUP'S EMPLOYEES: 3,580



Banca Popolare di Sondrio (SUISSE)
 OPERATING IN THE SWISS TERRITORY
 IT HAS 20 OFFICES IN 8 CANTONS,
 AS WELL AS THE REPRESENTATIVE OFFICE IN VERBIER,
 THE DIRECT BANKING VIRTUAL BRANCH IN LUGANO
 AND THE MONACO BRANCH OUTSIDE SWITZERLAND
 IN THE PRINCIPALITY OF THE SAME NAME



6 branches offices in • MILANO • TORINO • PADOVA
 • BOLOGNA • ROMA • PALERMO
 and a network of foreign correspondents in over 90 countries.
 Operating at Banca Popolare di Sondrio's branches
 and at its partner banks' counters.



Banca della Nuova Terra
 Offices in • MILANO • PALERMO • CATANIA
 • CALTANISSETTA • PRATO
 Operating at Banca Popolare di Sondrio's branches
 and at its partner banks' counters.

...WITH A DISTINCTIVE WAY OF DOING BUSINESS

QUALIFIED GEOGRAPHICAL FOOTPRINT

- Strong commercial positioning in **key areas for the Italian economy**
- Established presence in **Switzerland** thanks to BPS Suisse
- Presence in the **Principality of Monaco**

SERVICES OF EXCELLENCE

- **Competent**, motivated and reliable **staff**
- **Short decision-making chain**
- Strong **customer-oriented business model**, thanks to in-house product factories and well-established Correspondent Banking department with an articulated foreign network

3-PILLAR SHAREHOLDER BASE

- **Unipol Group** (First shareholder with 19.7% of capital and historical industrial partner in Bancassurance)
- **Widespread retail shareholders** (approx. 45% of capital)
- **Institutional investors** (approx. 35% of capital)

DISTINCTIVE WAY OF DOING BUSINESS

Constant **value generation** over time
Organic and continuous **growth**
Lean and flexible **operating machine**
Best-in-class branch **productivity**

FY 2023 KEY MESSAGES



FY 2023 KEY FIGURES

- NET RESULT EQUAL TO 461 €M (+83.5% Y/Y) - ROE EQUAL TO 13.8%
- DPS OF 0.56 € - UPWARD REVISION OF DIVIDEND PAYOUT TO 55% VS 50% ENVISAGED BY BUSINESS PLAN
- CORE REVENUE UP 26% Y/Y: 937 €M OF NII UP (+38% Y/Y); 403 €M OF NET FEES & COMMISSIONS UP (+6% Y/Y)
- LENDING STOCK GROWTH 4.4% Y/Y; 4.8 €BN OF NEW DISBURSEMENTS TO THE REAL ECONOMY



SOUND ASSET QUALITY

- ASSET QUALITY UNDER CONTROL, WITH DEFAULT RATIO AT 1.1%
- GROSS AND NET NPE RATIO AT 3.7% AND 1.6% RESPECTIVELY
- NPE COVERAGE AT 57.3%
- ANNUALISED COST OF RISK AT 0.65% (INCLUDING OVERLAYS NOW EQUAL TO AROUND 200 €M)



STRONG FUNDING AND LIQUIDITY PROFILE

- REGULATORY LIQUIDITY INDICATORS COMFORTABLY ABOVE REQUIREMENTS (LCR AT 188% AND NSFR AT 126%)
- “CORE” CUSTOMER FUNDING UP 1.9% Y/Y
- UNENCUMBERED ECB REFINANCEABLE ASSETS AROUND 7.3 €BN
- 2023 MEDIUM-LONG TERM FUNDING PLAN FULLY EXECUTED



ESG ACHIEVEMENTS

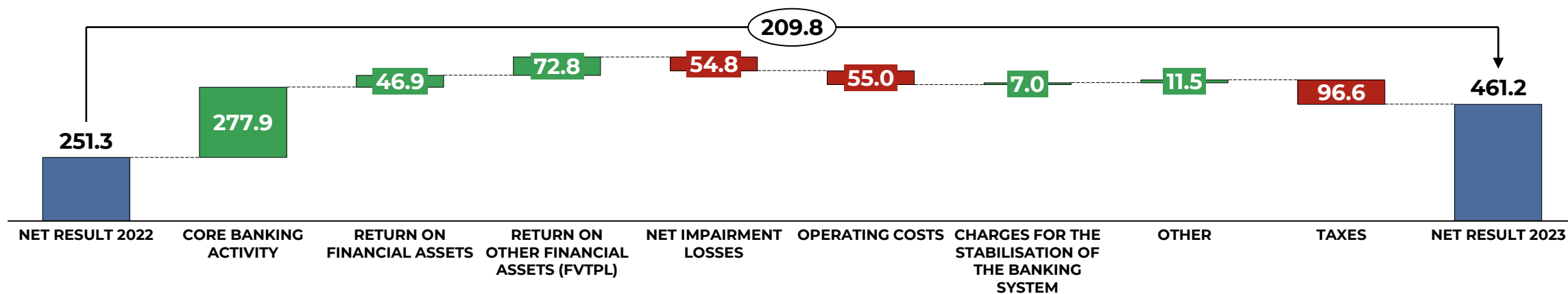
- PARTNERSHIP WITH THE UNITED NATIONS ENVIRONMENT PROGRAM (UNEP FI); MEMBERSHIP IN THE NET-ZERO BANKING ALLIANCE (NZBA) AND PRICIPLES FOR RESPONSIBLE BANKING (PRB)
- NEW GREEN BOND ISSUANCE
- NEW ESG BOND FRAMEWORK



FY 2023 P&L OVERVIEW

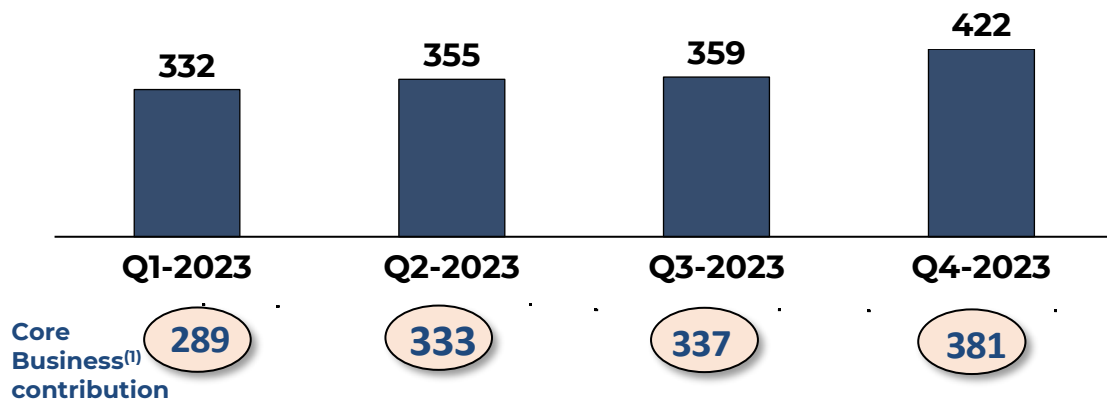
INCOME STATEMENT [1] € M	2022	2023	YoY	
	ACTUAL	ACTUAL	Δ € M	Δ%
CORE BANKING ACTIVITY	1,061.7	1,339.5	277.9	26.2%
ow Net interest income	681.1	937.0	255.9	37.6%
ow Net fee and commission income	380.6	402.6	22.0	5.8%
RETURN ON FINANCIAL ASSETS	76.0	123.0	46.9	61.7%
RETURN ON OTHER FINANCIAL ASSETS (FVTPL)	-67.6	5.2	72.8	-
TOTAL INCOME	1,070.1	1,467.7	397.6	37.2%
NET IMPAIRMENT LOSSES	-169.8	-224.5	-54.8	32.3%
OPERATING COSTS	-525.7	-580.7	-55.0	10.5%
CHARGES FOR THE STABILISATION OF THE BANKING SYSTEM	-45.9	-38.9	7.0	-15.3%
GROSS RESULT	353.9	660.3	306.4	86.6%
NET RESULT	251.3	461.2	209.8	83.5%

- CORE BANKING ACTIVITY +277.9 €M (+26.2% YoY) DRIVEN BY NII GROWTH (+37.6% YoY) AND SOLID FEES GROWTH (+5.8% YoY)
- TOTAL RETURN ON FINANCIAL ASSETS +46.9 €M YoY (+61.7%)
- TOTAL INCOME 2.5x OPERATING COSTS

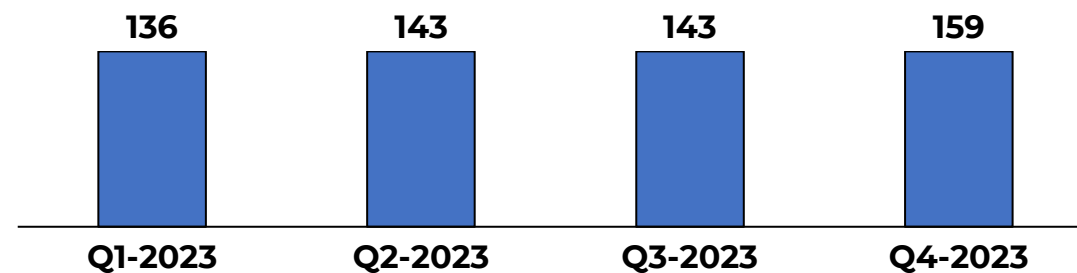


P&L QUARTERLY EVOLUTION

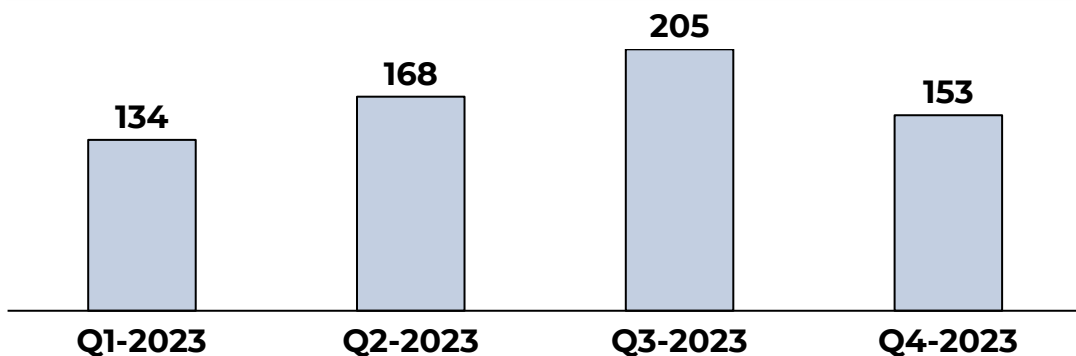
GROSS INCOME (€M)



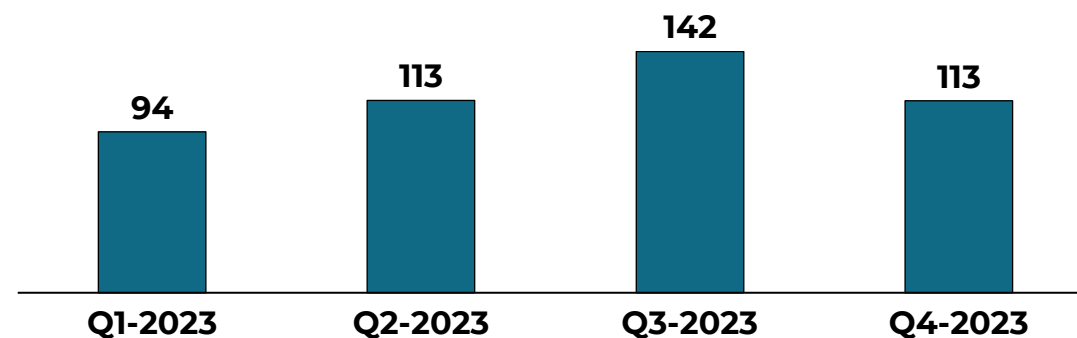
OPERATING COSTS (€M)



GROSS RESULT (€M)



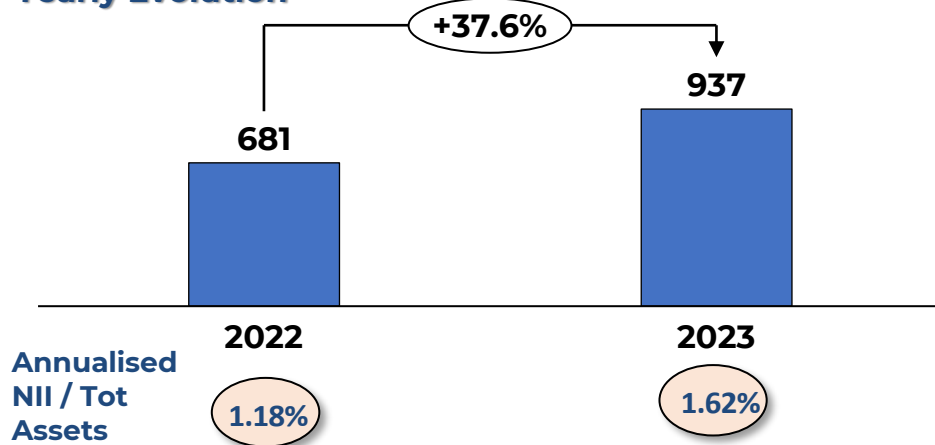
NET RESULT (€M)



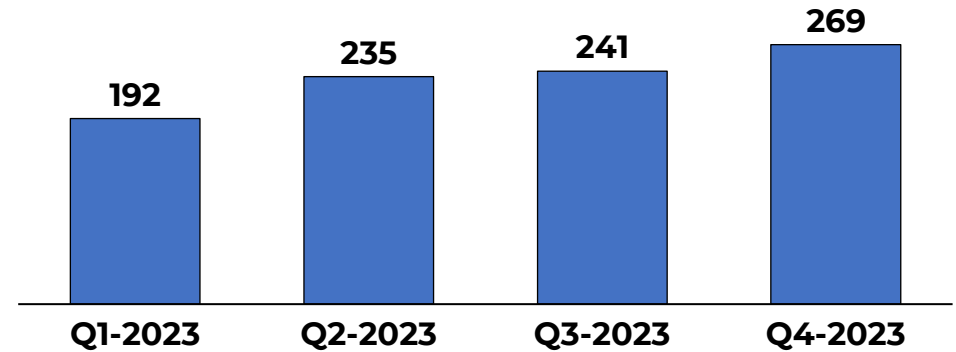
NET INTEREST INCOME [1/2]

NET INTEREST INCOME EVOLUTION (€M)

Yearly Evolution

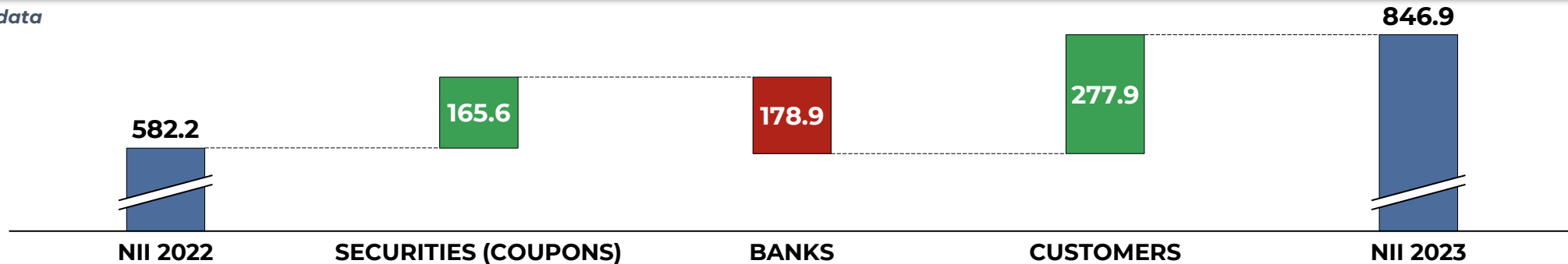


Quarterly Evolution



NII'S MOVING PARTS (€M)

BPS individual data



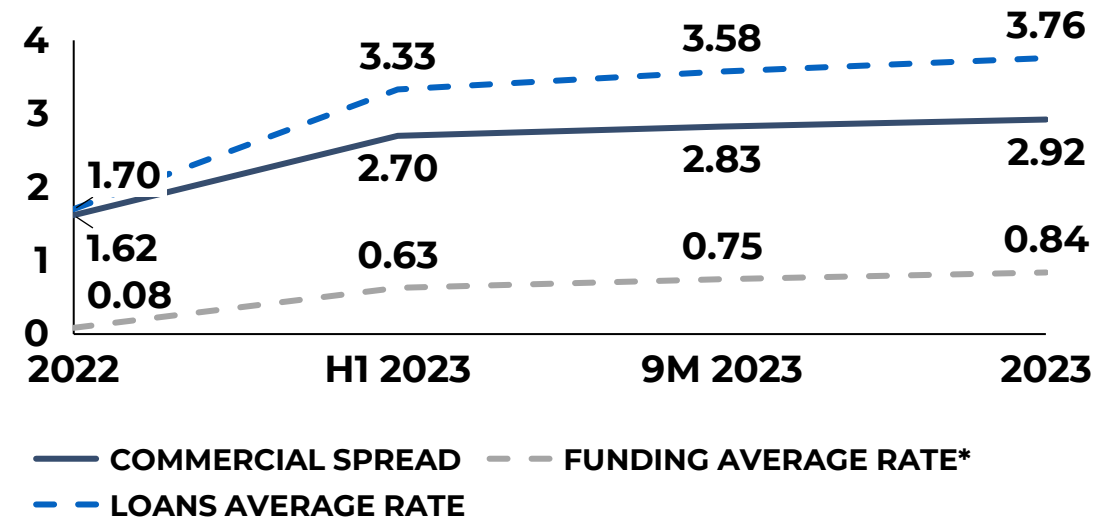
NET INTEREST INCOME [2/2]

Management data

FY 2023 NII'S DRIVERS

- COMMERCIAL SPREAD OPENS UP FROM 1.62% AS OF 31 DECEMBER 2022 TO 2.92% AS OF 31 DECEMBER 2023 TOGETHER WITH A POSITIVE LOANS' AVERAGE VOLUME EFFECT
- FY 2023 OBSERVED DEPOSIT BETA AROUND 28%¹
- COUPON FLOWS OF PROPRIETARY PORTFOLIO MORE THAN DOUBLED (311 €M FROM 145 €M IN FY 2022)¹
- NET NEGATIVE IMPACT FOR ABOUT 128 €M OF INTERBANK FUNDING (vs +51 €M FY 2022) MAINLY REFERRED TO TLTRO III COMPONENT¹

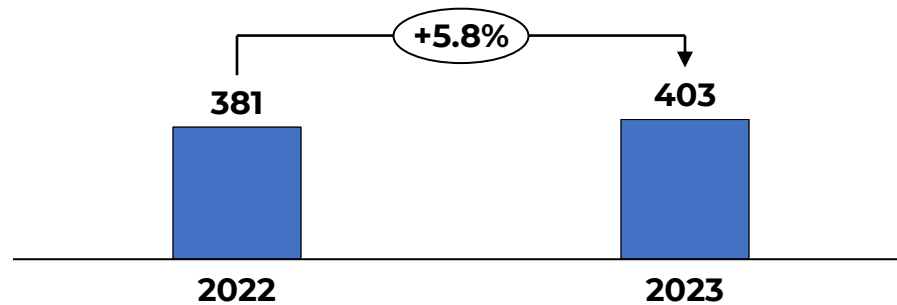
COMMERCIAL SPREAD EVOLUTION



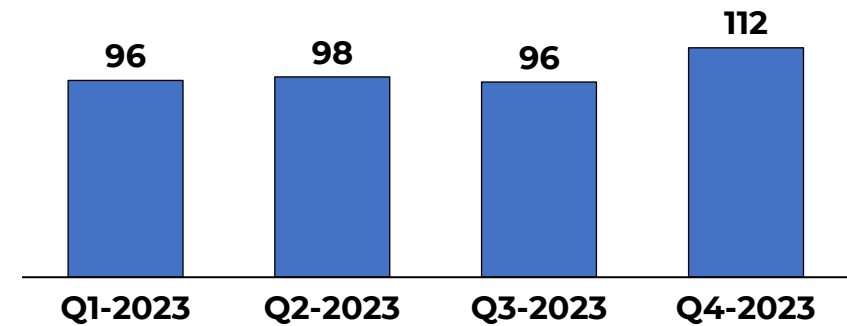
NET FEES AND COMMISSIONS

NET FEES (€M)

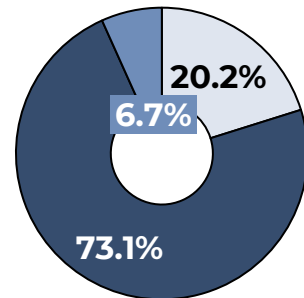
Yearly Evolution



Quarterly Evolution



2023 BREAKDOWN

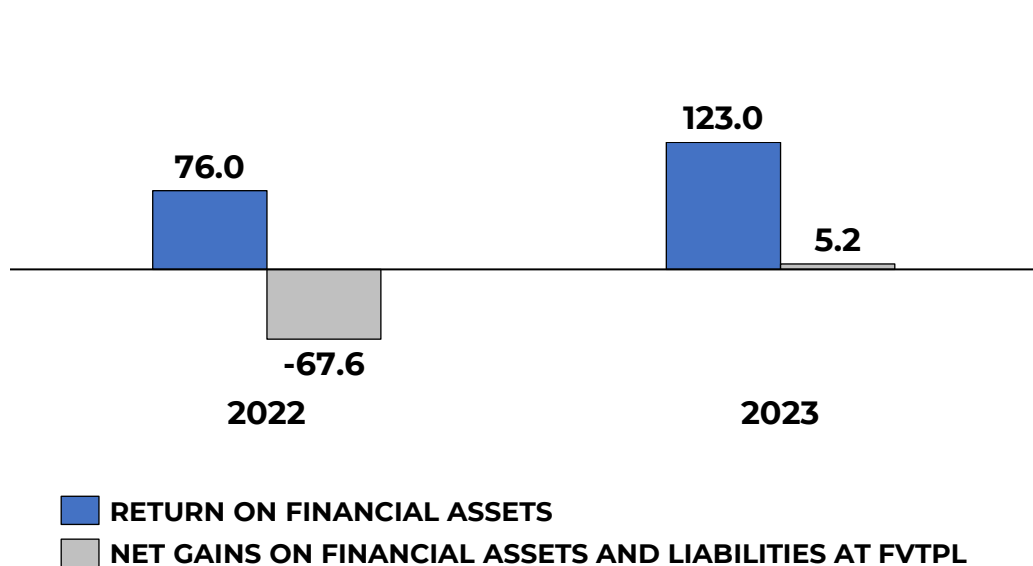


- STRONG INCREASE OF COMMISSIONS ACROSS EVERY BUSINESS AREA DESPITE THE CHALLENGING ENVIRONMENT
- REMARKABLE CONTRIBUTION (% Y/Y) FROM FEES RELATED TO:
 - ASSETS UNDER CUSTODY (+20.9%)
 - CUSTOMER LOANS (+9.1%)
 - BANCASSURANCE (+5.6%)

FINANCIAL ASSETS CONTRIBUTION

BREAKDOWN OF RETURN ON FINANCIAL ASSETS (€M)

Yearly Evolution



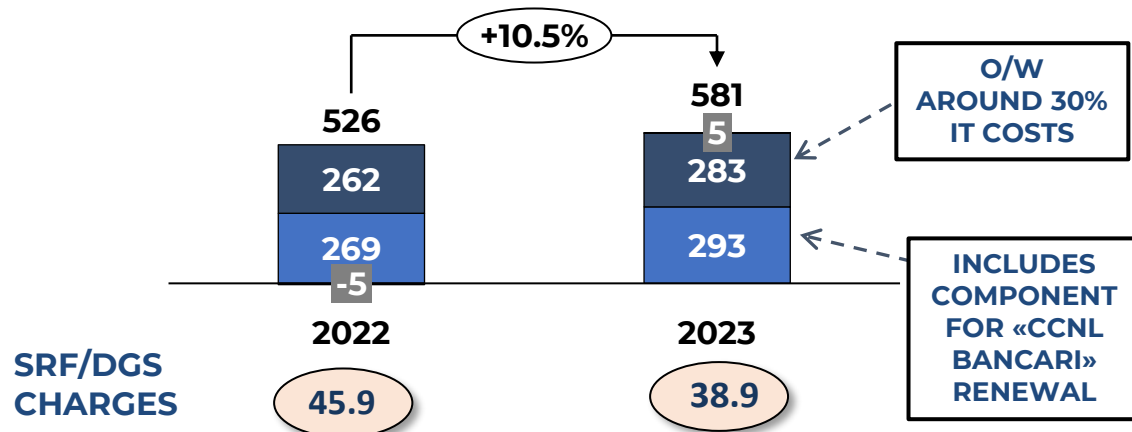
	2022	2023	YoY		Q3-2023	Q4-2023	QoQ	
			Δ € M	Δ%			Δ € M	Δ%
DIVIDENDS AND SIMILAR INCOME	6.5	7.7	1.2	18.4%	2.3	3.1	0.8	35.3%
NET TRADING INCOME	28.4	113.0	84.6	297.8%	21.4	36.6	15.2	71.2%
NET HEDGING INCOME	-0.2	-0.1	0.1	-58.0%	0.0	-0.1	-0.1	-
NET GAINS FROM SALES OR REPURCHASES	41.3	2.4	-38.9	-94.2%	0.1	-0.9	-1.1	-
RETURN ON FINANCIAL ASSETS	76.0	123.0	46.9	61.7%	23.8	38.7	14.9	62.5%
NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL	-67.6	5.2	72.8	-	-1.1	2.4	3.5	-
O/W LOANS	-10.5	-0.7	9.8	-93.5%	-0.7	-1.1	-0.4	53.8%
O/W OTHER (MAINLY FUNDS AND SICAV)	-57.1	5.9	63.0	-	-0.4	3.5	3.9	-
TOTAL	8.4	128.2	119.7	-	22.7	41.1	18.4	80.8%

- SIGNIFICANT GROWTH OF RETURN ON FINANCIAL ASSETS (123 €M vs 76 €M FY 2022)
- POSITIVE FVTPL MARK TO MARKET GAINS (+5 €M vs -67.6 €M FY 2022) THANKS TO THE POSITIVE CONTRIBUTION FROM FUNDS MANAGED BY THIRD PARTYS (WITH A REMAINING STOCK OF JUST 160 €M)

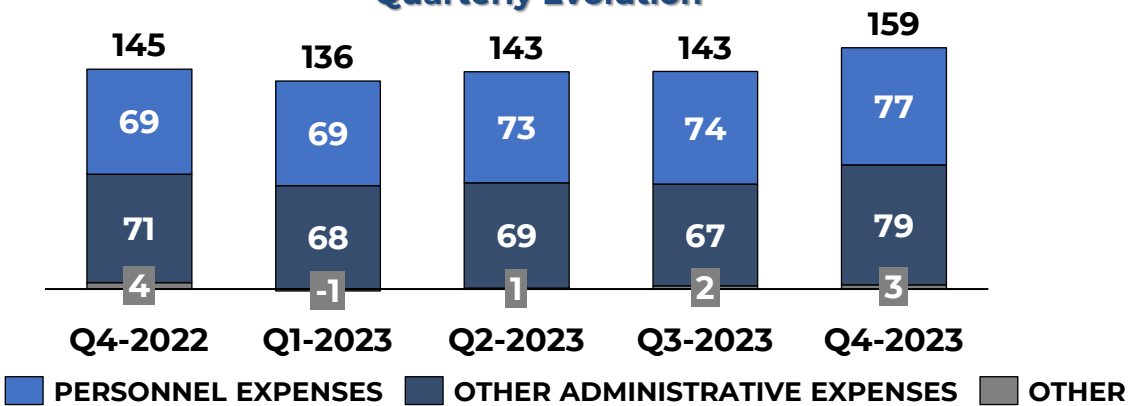
OPERATING COSTS

OPERATING COSTS¹ (€M)

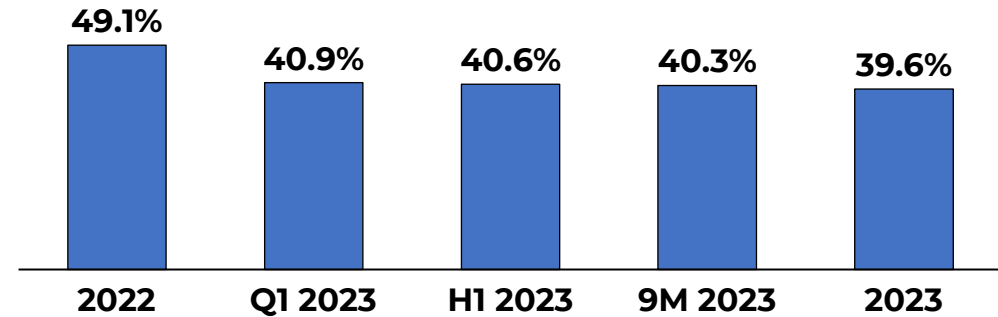
Yearly Evolution



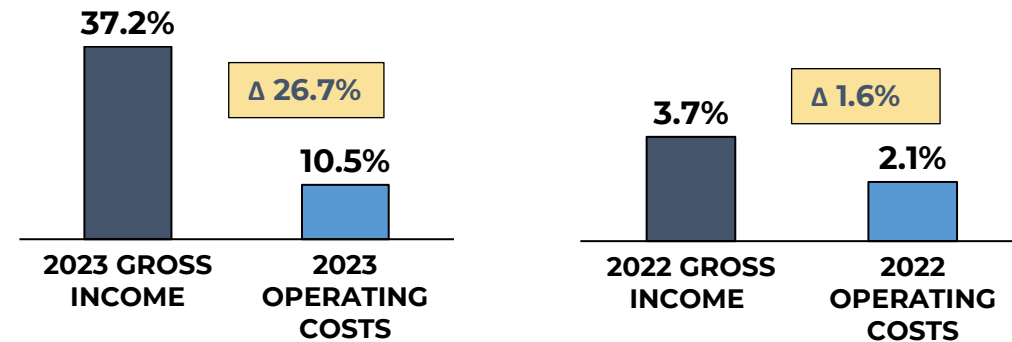
Quarterly Evolution



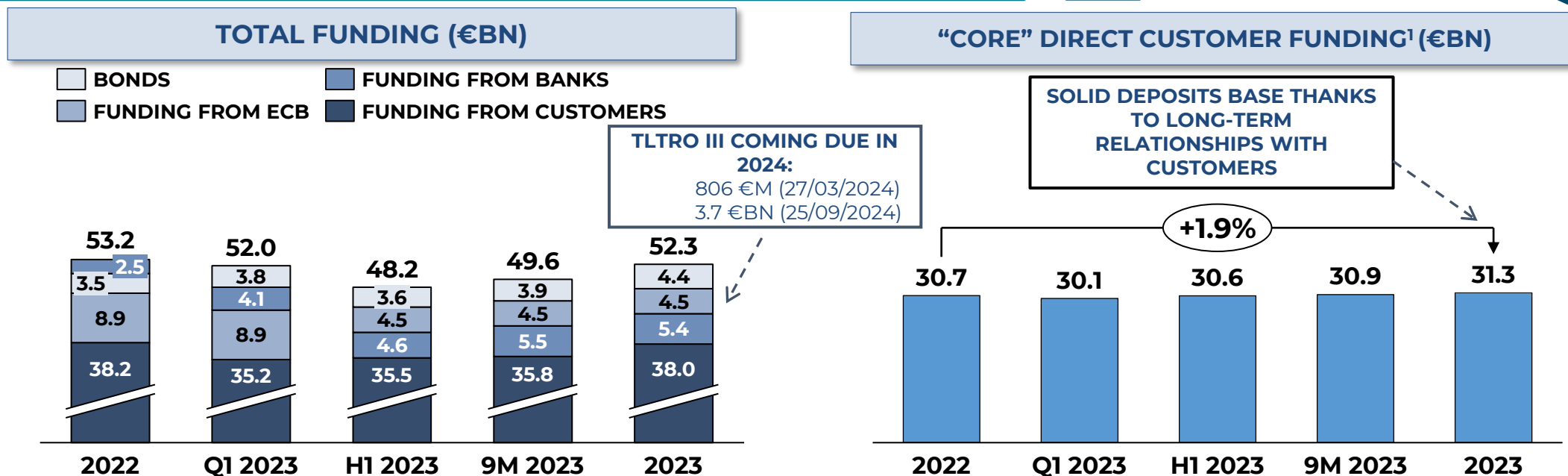
COST / INCOME RATIO (%)



POSITIVE JAWS EVOLUTION (Δ% Y/Y)



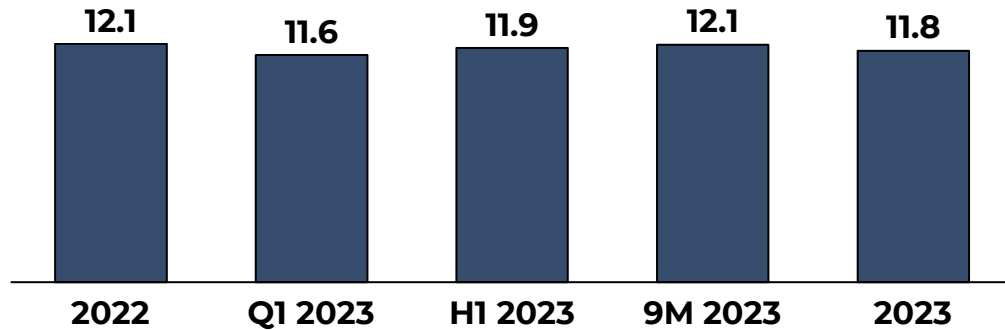
FUNDING STRUCTURE



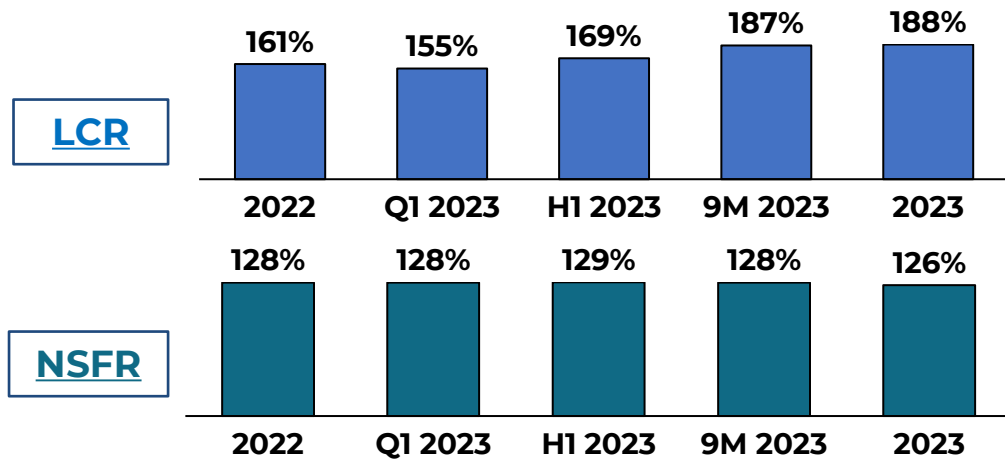
- **"CORE" DIRECT CUSTOMER FUNDING¹** EQUAL TO 31,275 €M SLIGHTLY UP COMPARED TO 30,704 €M AS OF 31/12/2022 (+1.9%); Q4 2023 vs Q3 2023 SHOWS A POSITIVE TREND (+1.2%), MAINLY THANKS TO A STRONG GROWTH OF TERM-DEPOSITS AND BONDS
- **2023 MEDIUM-LONG TERM FUNDING PLAN FULLY EXECUTED:**
 - ❑ 470 €M SENIOR PREFERRED BOND ISSUED WITH RETAIL INVESTORS;
 - ❑ 150 €M PRIVATE PLACEMENT TO CASSA DEPOSITI E PRESTITI;
 - ❑ 1 €BN PLACED WITH INSTITUTIONAL INVESTORS
(O/W 500 €M GREEN SENIOR PREFERRED; 500 €M COVERED BOND)

LIQUIDITY POSITION

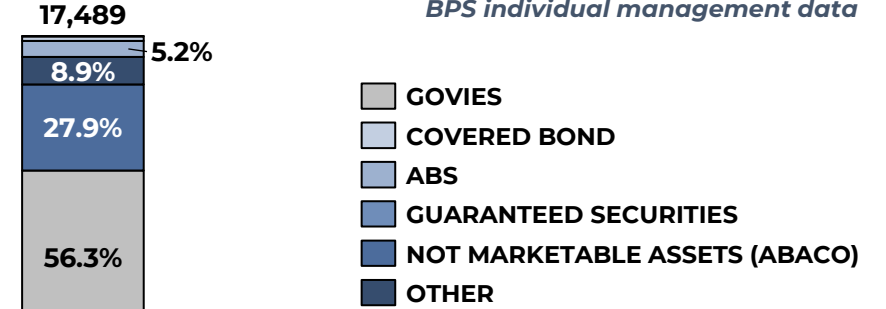
COUNTERBALANCING CAPACITY (€BN)



REGULATORY INDICATORS

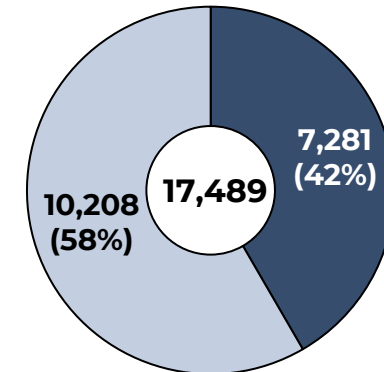


STOCK OF ELIGIBLE ASSETS (€M)



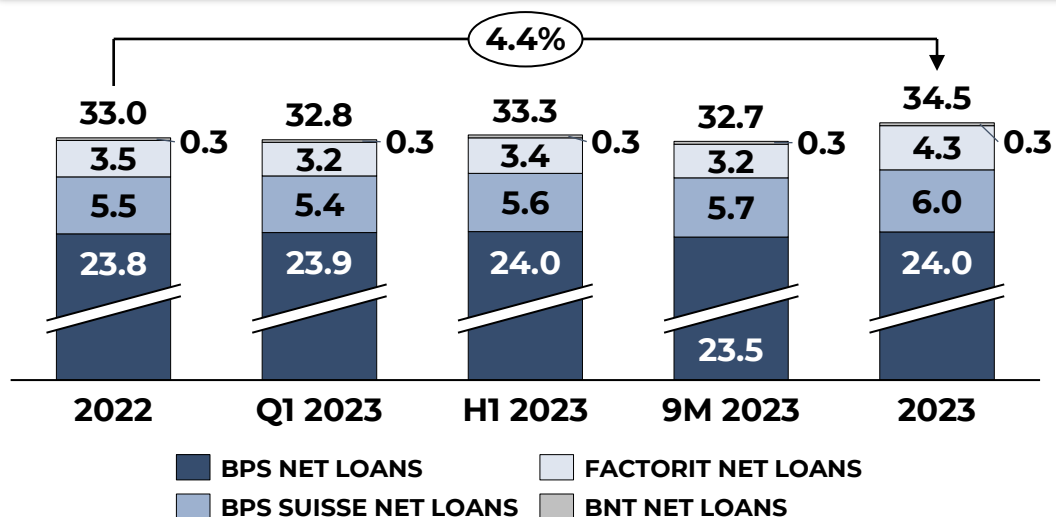
ELIGIBLE ASSETS AVAILABILITY (€M)

- UNENCUMBERED ELIGIBLE ASSETS
- ENCUMBERED ELIGIBLE ASSETS



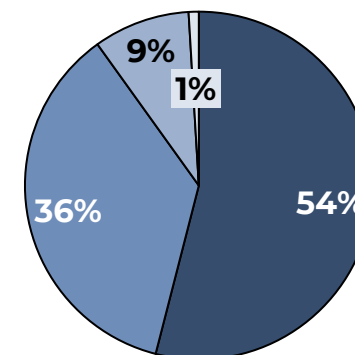
LENDING ACTIVITY [1/2]

NET CUSTOMER LOANS (€BN)



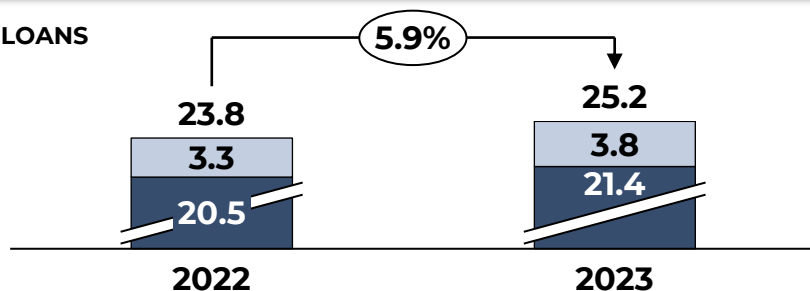
NET LOANS BY TYPE OF CUSTOMER FY 2023

■ CORPORATE & SME ■ OTHER FINANCIAL INSTITUTIONS
■ HOUSEHOLDS ■ PUBLIC ADMINISTRATIONS



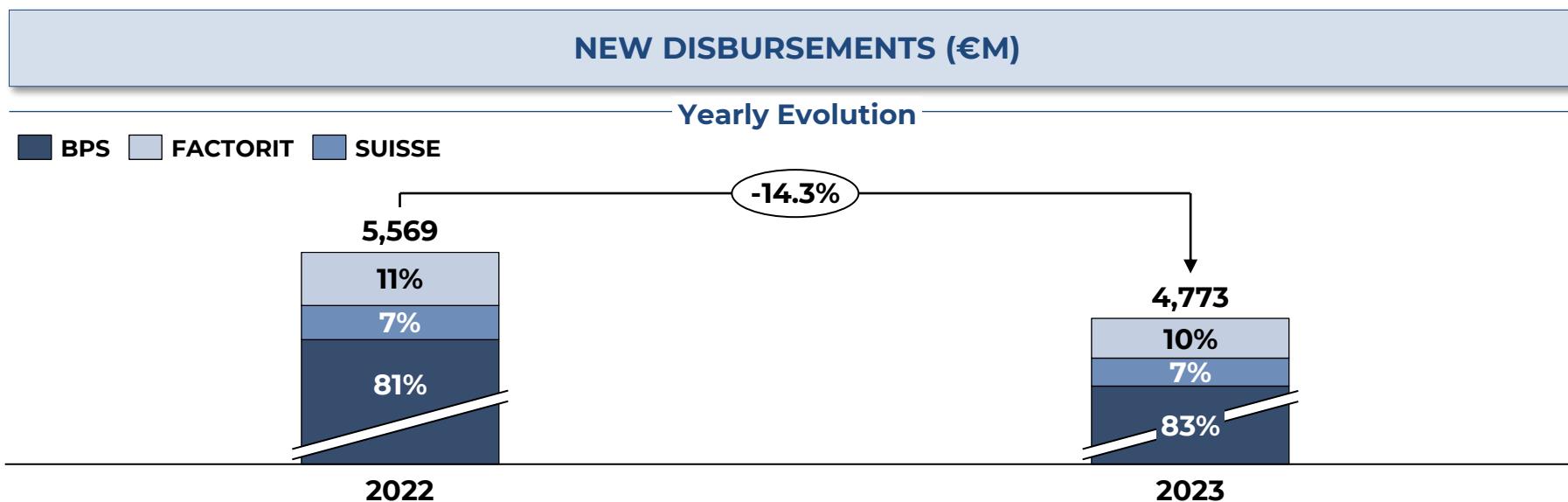
INSTALLMENT LOANS AND FACTORING (€BN)

■ INSTALLMENT LOANS
■ FACTORING



- INSTALLMENT LOANS AND FACTORING SHOWING UP Y/Y
- AROUND 31% OF LOANS ARE RELATED TO BPS SUISSE, FACTORIT AND BNT
- INCIDENCE OF FLOATING-RATE LOANS AROUND 70%

LENDING ACTIVITY [2/2]



FOCUS ON INSTALLMENT LOANS

BPS individual management data (million)

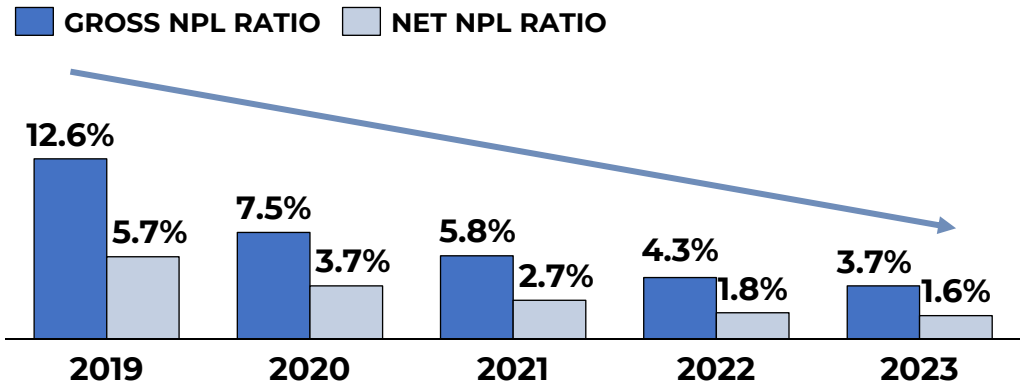
INSTALLMENT LOANS NEW DISBURSEMENTS (€ M)	2022	2023
TOTAL	3,646	3,471
of which MORTGAGE LOANS	1,509	1,266
of which OTHER UNSECURED LOANS	2,015	2,084
of which PERSONAL LOANS	121	121

NEW LENDING AT AVERAGE RATE OF 5.15% vs 2.42% FY 2022;

83% ARE FLOATING-RATE LOANS

ASSET QUALITY

FIRM DERISKING COMMITMENT SINCE 2019



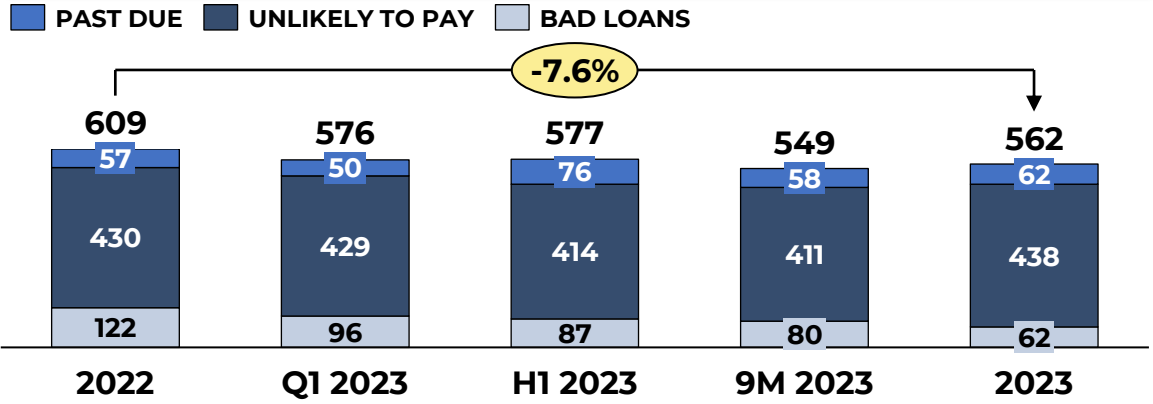
NPL COVERAGE (%)

	2022	2023
BAD LOANS	76.5%	82.1%
UTP	51.2%	51.0%
PAST DUE	7.8%	15.6%
TOTAL NPLs	58.3%	57.3%

NPL MANAGEMENT

- DISPOSAL OF AROUND 225 €M OF NPLs (O/W 174 €M «LUZZATTI» MULTIORIGINATOR DEAL)
- COVERAGE OF NON PERFORMING LOANS AT HIGH LEVEL (ABOVE 57%)

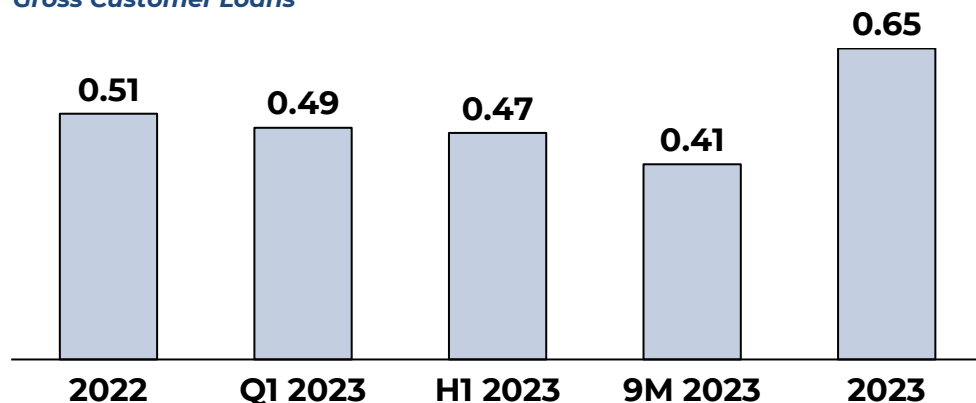
QUARTERLY NET NPL STOCK EVOLUTION (€M)



COST OF CREDIT RISK

EVOLUTION OF COST OF RISK (%)

Gross Customer Loans



LLP
(€M)

170

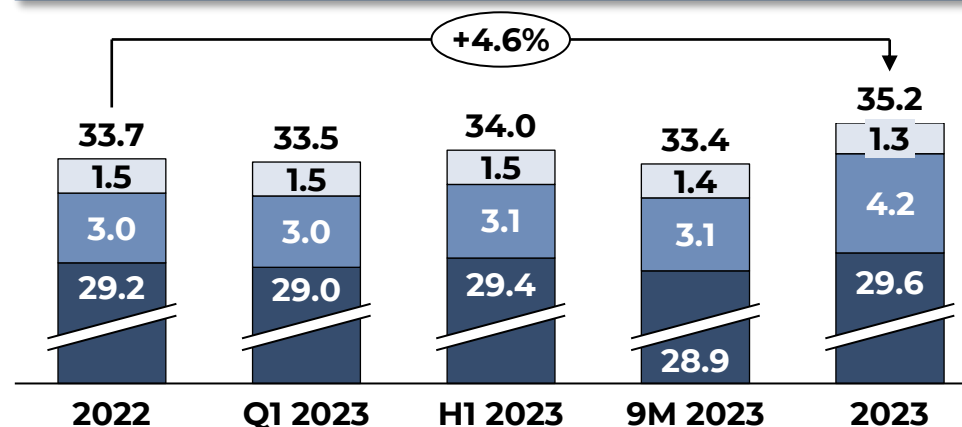
40

79

100

225

FOCUS ON STAGING¹ (€BN)



■ STAGE 1 ■ STAGE 2 ■ STAGE 3

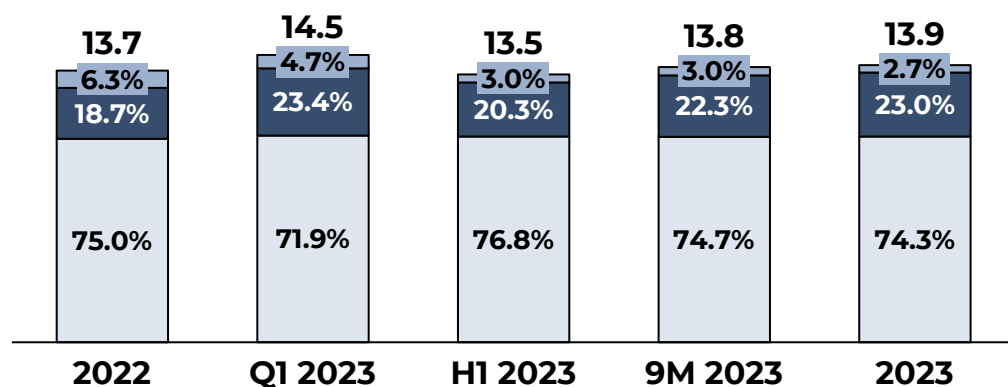
KEY HIGHLIGHTS

- MAIN DRIVERS OF Q4 COST OF RISK: INCREASED COVERAGE OF THE PERFORMING PORTFOLIO BY ALIGNING WITH SYSTEM LEVELS
- OVERALL PERFORMING LOANS COVERAGE UP TO 0.73% FROM 0.45% AS OF YE 2022
- STAGE 2 LOANS COVERAGE UP TO 4.53% FROM 3.39% AS OF YE 2022 (70 €M OF ADDITIONAL PROVISIONS IN Q4)
- FURTHER INCREASE OF MANAGEMENT OVERLAYS NOW AT AROUND 200 €M

PROPRIETARY PORTFOLIO [1/2]

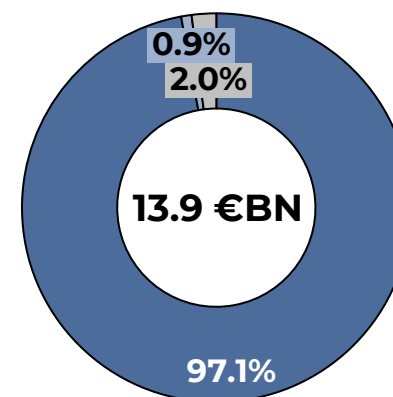
IFRS9 PORTFOLIO ALLOCATION (%)

Held to collect (HTC)
 Held to collect and sell (HTCS)
 FVTPL



BREAKDOWN BY TYPE OF ASSETS (%)

BONDS
 EQUITY
 OTHER (MAINLY FUNDS AND SICAV)



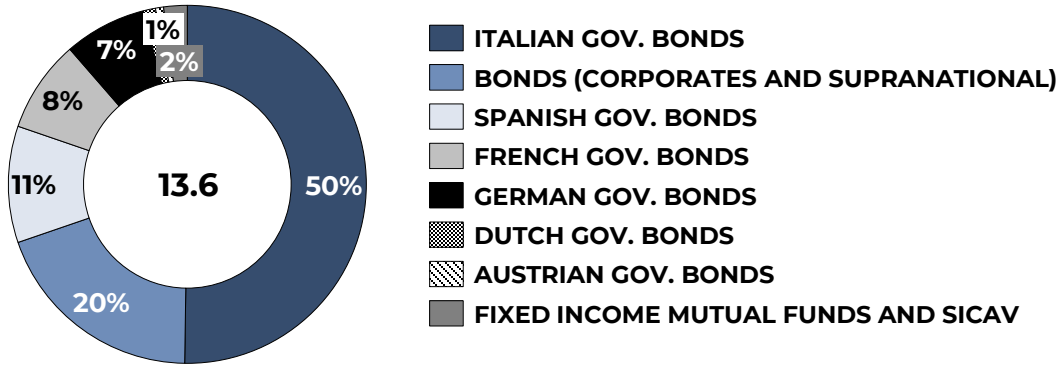
KEY MESSAGES

- SIGNIFICANT FLOATING-RATE COMPONENT STRONGLY CONTRIBUTING TO NII
- INCREASINGLY DIVERSIFIED PORTFOLIO WITH EXPOSURE TO GERMAN, SPANISH, FRENCH, DUTCH AND AUSTRIAN “GOVIES”
- YIELD TO MATURITY AROUND 4%; DURATION 3.4 Y; VOLATILITY 1.8
- AROUND 1.5 €BN OF **ESG BONDS** IN THE PROPRIETARY PORTFOLIO AS OF 31/12/23

PROPRIETARY PORTFOLIO [2/2]: FOCUS ON THE DEBT SECURITIES

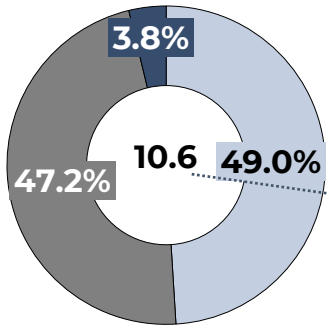
BPS individual management data as at 31/12/2023

DEBT SECURITIES COMPONENT BREAKDOWN



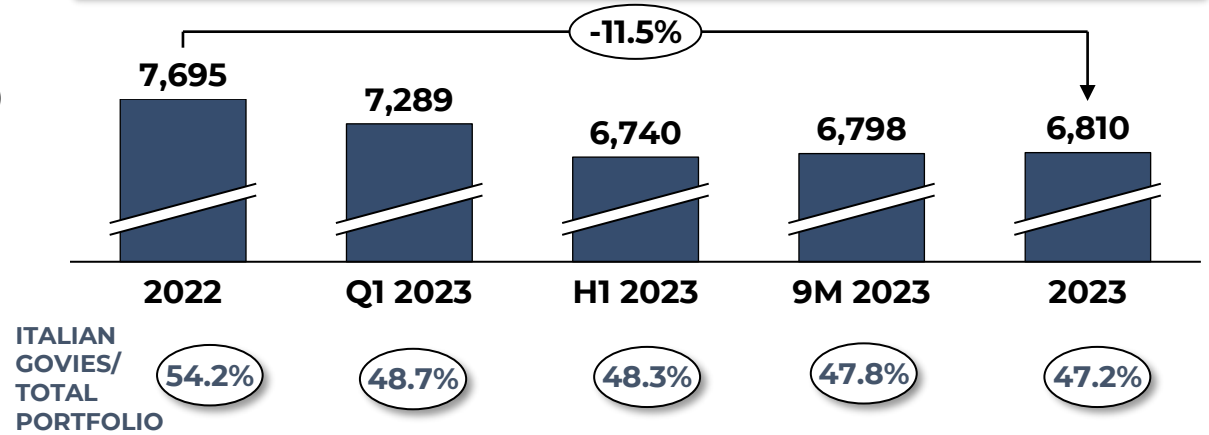
GOVERNMENT BONDS: BREAKDOWN BY TYPE OF RATE

FIXED RATE FLOATING RATE INFLATION-LINKED



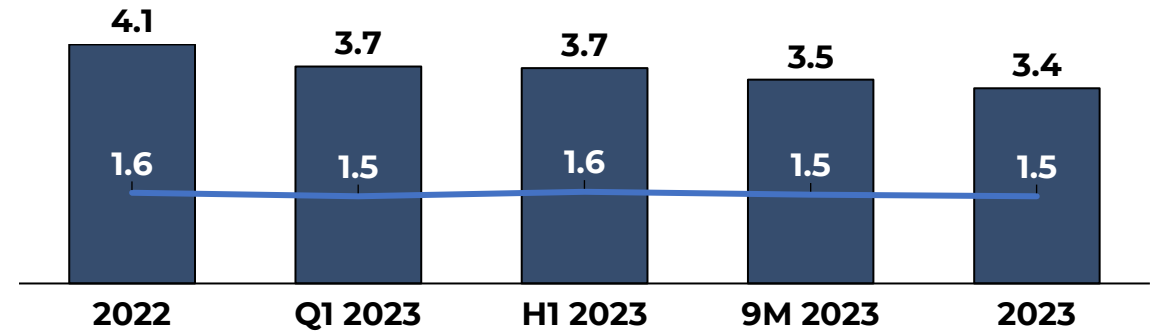
6.8 €BN of « GOVIES»
(o/w around 5 €BN of
FLOATING-RATE CCTs)

ITALIAN GOVERNMENT BONDS (€M)



GOVERNMENT BONDS PORTFOLIO DURATION AND VOLATILITY

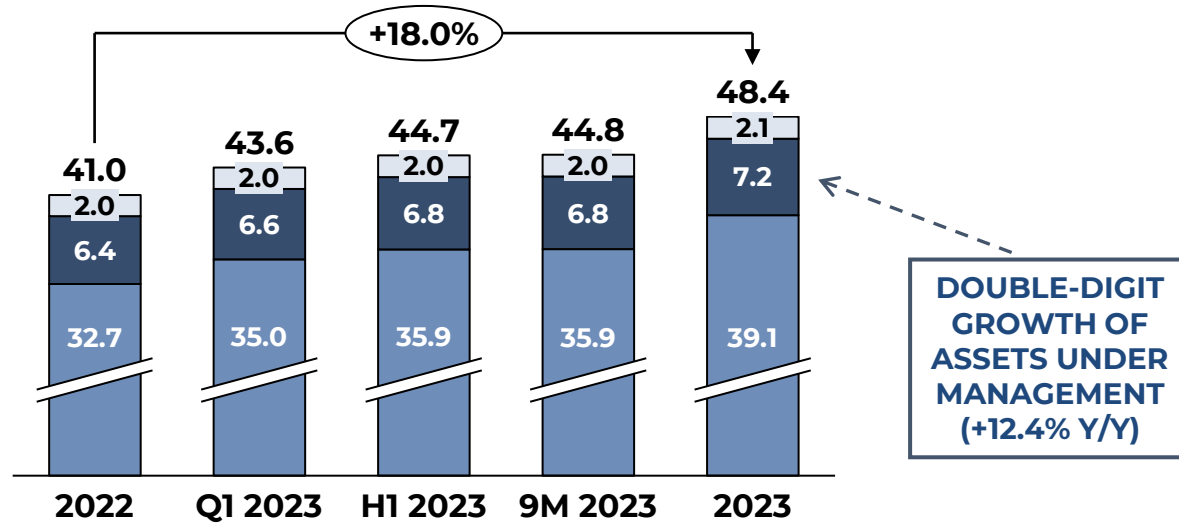
VOLATILITY DURATION



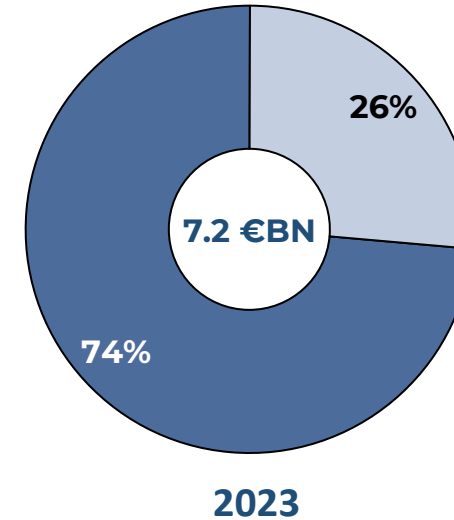
INDIRECT FUNDING

INDIRECT FUNDING (€BN)

INSURANCE PREMIUMS
 ASSETS UNDER CUSTODY
 ASSETS UNDER MANAGEMENT



AUM BREAKDOWN (€BN)



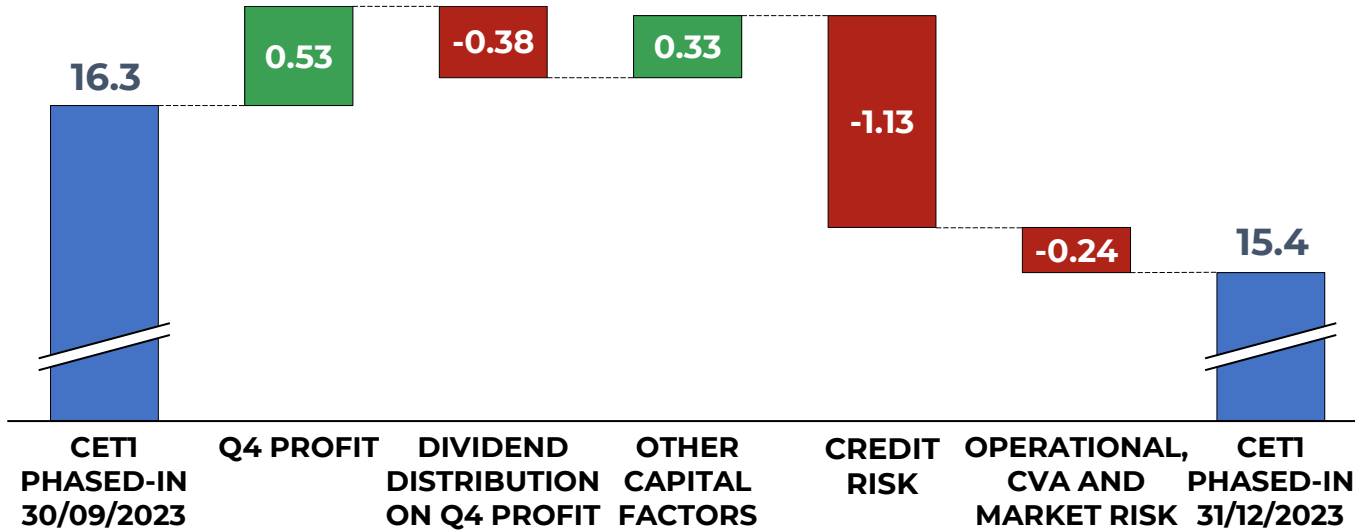
MUTUAL FUNDS
 INDIVIDUAL PORTFOLIOS MANAGEMENT

POSITIVE COMMERCIAL EVOLUTION WITH:

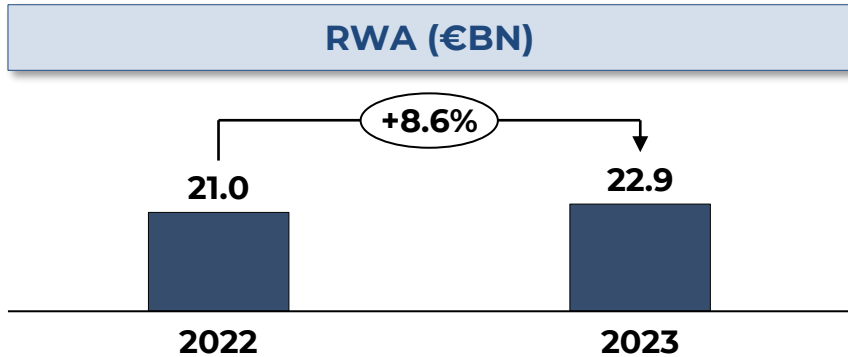
- NET NEW INFLOWS FOR ASSET UNDER MANAGEMENT PRODUCTS OF AROUND 440 €M
- BANCASSURANCE BUSINESS WITH NEW INFLOWS OF OVER 60 €M

CAPITAL WALK AND CAPITAL POSITION

CET1 RATIO Q/Q (%)



- STRONG LENDING GROWTH IN Q4 EXPLAINS THE INCREASE OF CREDIT RWA
- AROUND 254 €M OF IMPLIED DIVIDEND ACCRUED IN 2023 (ASSUMING A 55% PAYOUT RATIO)



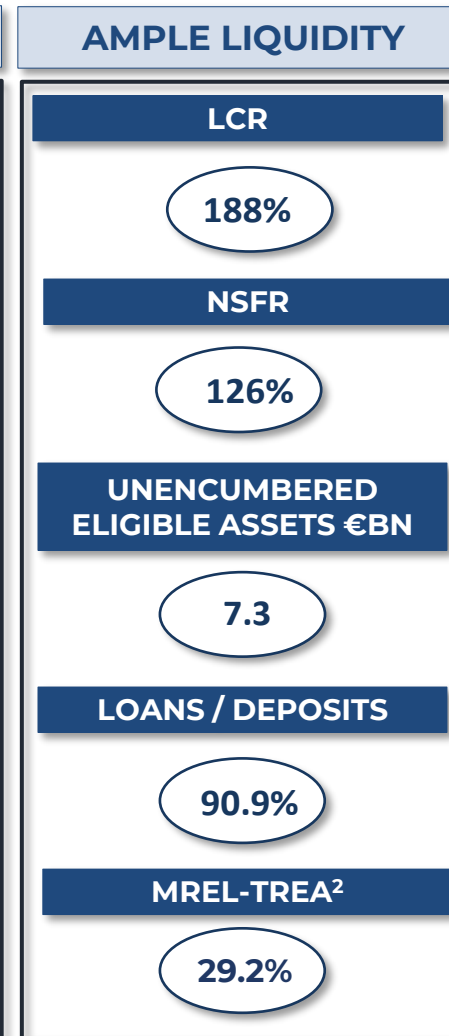
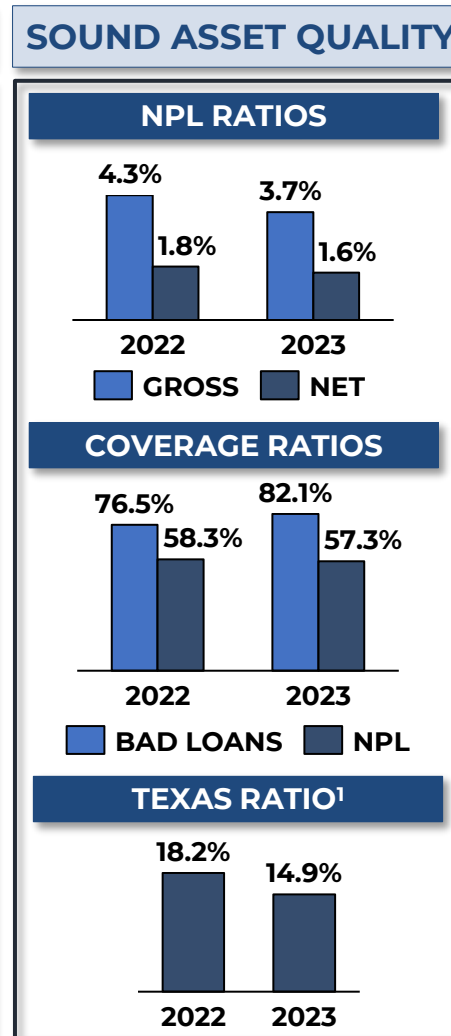
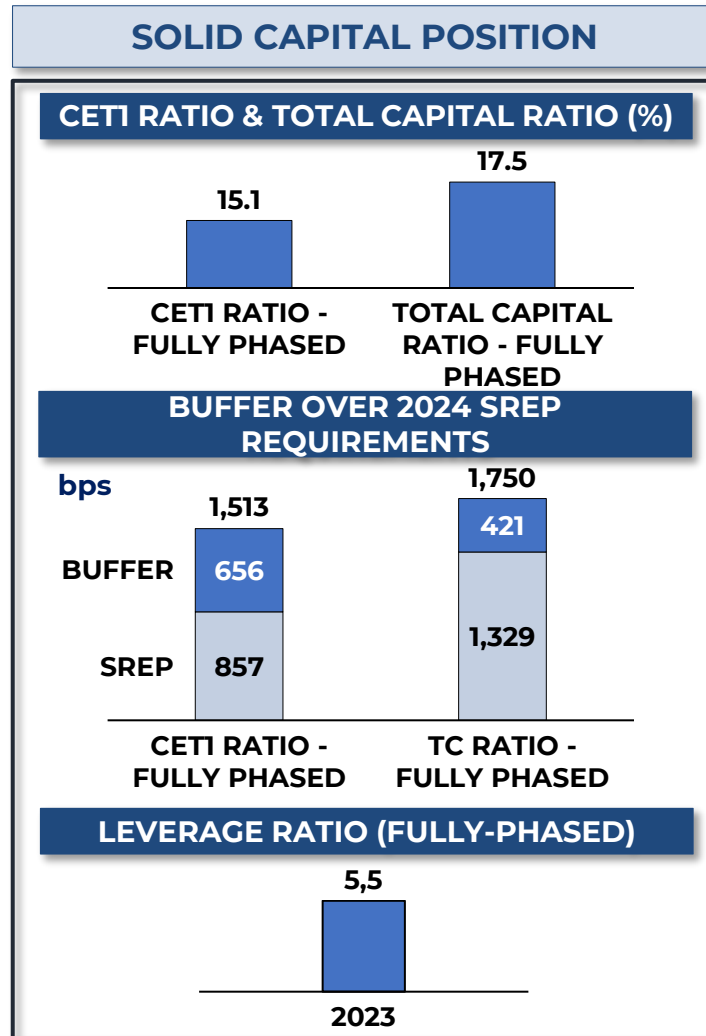
FY 2023 CAPITAL RATIOS [Phased-in]

- ✓ CET1 RATIO 15.37%
- ✓ TOTAL CAPITAL RATIO 17.74%

2024 SREP REQUIREMENTS

- CET1 RATIO 8.57%
- TOTAL CAPITAL RATIO 13.29%

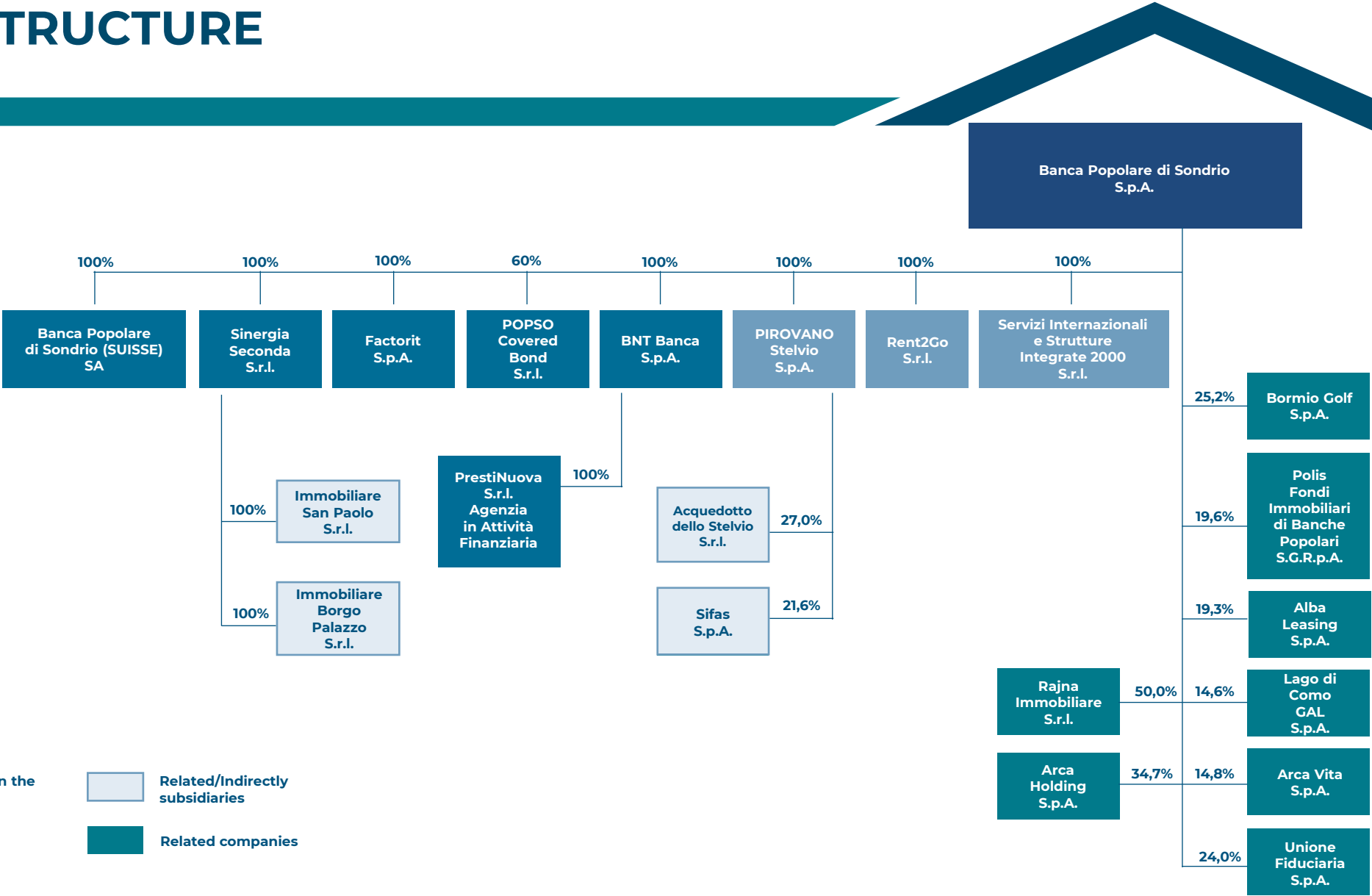
THE BANK IN A NUTSHELL





3 ANNEXES

GROUP STRUCTURE



Subsidiaries not in the banking group

Related/Indirectly subsidiaries

Banking group

Related companies

NOTE: Company's data as of 31/12/2023.

LOANS TO CUSTOMERS

NON PERFORMING AND PERFORMING EXPOSURES

31-12-2023

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(3.71%)	1,316,481	754,173	(1.63%)	562,308	57.29%
of which Bad loans	(0.98%)	348,408	286,186	(0.18%)	62,222	82.14%
of which Unlikely to pay	(2.52%)	894,499	456,493	(1.27%)	438,006	51.03%
of which Past due	(0.21%)	73,574	11,494	(0.18%)	62,080	15.62%
Performing exposures	(96.29%)	34,167,755	249,871	(98.37%)	33,917,884	0.73%
Total loans to customers	(100%)	35,484,236	1,004,044	(100%)	34,480,192	2.83%

31-12-2022

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(4.29%)	1,460,176	851,580	(1.84%)	608,596	58.32%
of which Bad loans	(1.52%)	517,931	396,094	(0.37%)	121,837	76.48%
of which Unlikely to pay	(2.59%)	880,694	450,688	(1.3%)	430,006	51.17%
of which Past due	(0.18%)	61,551	4,798	(0.17%)	56,753	7.80%
Performing exposures	(95.71%)	32,557,337	145,754	(98.16%)	32,411,583	0.45%
Total loans to customers	(100%)	34,017,513	997,334	(100%)	33,020,179	2.93%

FINANCIAL RATINGS

SUSTAINABILITY RATING

S&P Global
Ratings

RATING RELEASED
ON
26 FEBRUARY 2024

LONG-TERM: **BBB-**

SHORT-TERM: A-3

OUTLOOK: **STABLE**

FitchRatings

RATING UPDATED
ON
6 JULY 2023

LONG-TERM: **BB+**

SHORT-TERM: B

OUTLOOK: **STABLE**



RATING UPDATED
ON
13 NOVEMBER 2023

LONG-TERM: **BBB**
(LOW)

SHORT-TERM: R-2
(MIDDLE)

OUTLOOK: **POSITIVE**



RATING UPDATED
ON
14 MARCH 2023

LONG-TERM: **BBB**

OUTLOOK: **STABLE**



RATING UPDATED
ON
5 APRIL 2023

CORPORATE: **EE**

LONG-TERM: **EE+**

OUTLOOK: **POSITIVE**

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**Banca Popolare
di Sondrio**

FOUNDED IN 1871

THE BANKING GROUP IN THE HEART OF THE ALPS



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