



**Banca Popolare  
di Sondrio**  **150**  
1871  
2021

Subordinated Tier 2 Issuance – Investors Presentation November 2021

- 1 BPS GROUP AT A GLANCE
- 2 FINANCIAL PERFORMANCE HIGHLIGHTS
- 3 ASSET QUALITY AND CAPITAL POSITION
- 4 FUNDING
- 5 PROPOSED SUBORDINATED TIER 2 TRANSACTION
- 6 ANNEXES

\*Please note that the data provided in the following slides are based on the reclassified income statement (slide 39).

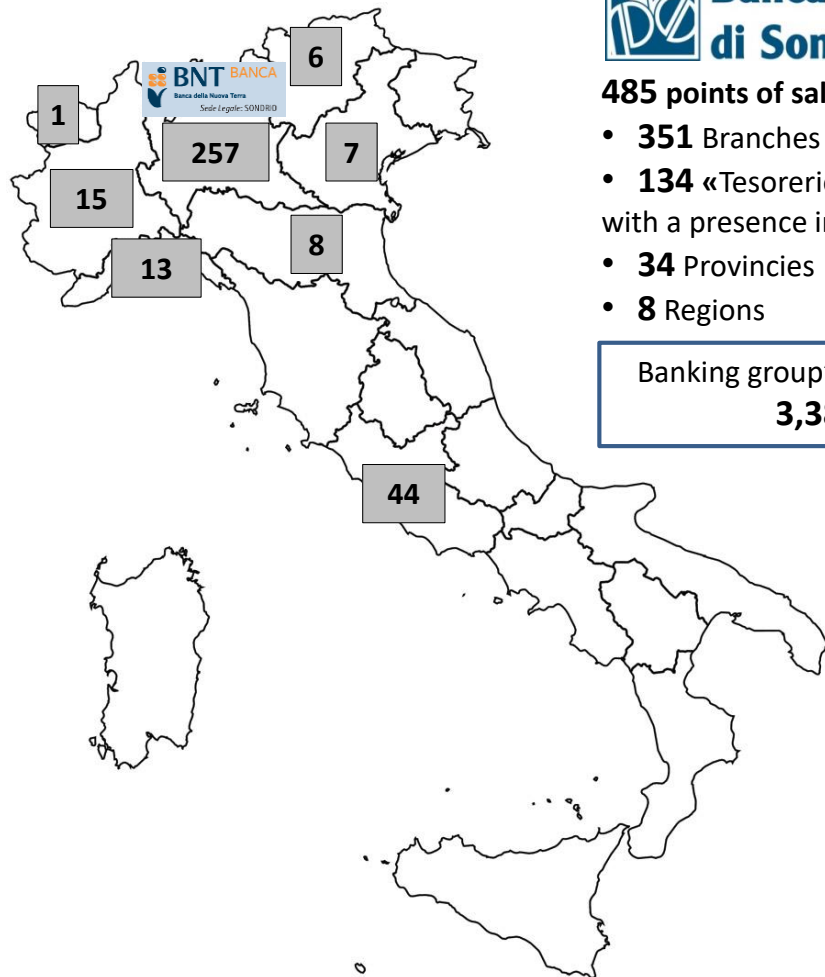
# GEOGRAPHICAL DISTRIBUTION



**485 points of sales:**

- 351 Branches
- 134 «Tesorerie» (Light branches) with a presence in:
- 34 Provinces
- 8 Regions

Banking group's employees:  
**3,383**



Number of branches in the region.

SOURCE:  
Company's data as of 30/09/2021.



**20 branches in 8 cantons:**

Lugano, Basilea, Bellinzona, Berna, Biasca, Castasegna, Celerina, Chiasso, Coira, Locarno, Martigny, Neuchâtel, Pontresina, Poschiavo, St. Moritz, Verbier, Vevey, Zurigo.

*Principato di Monaco:* Monaco



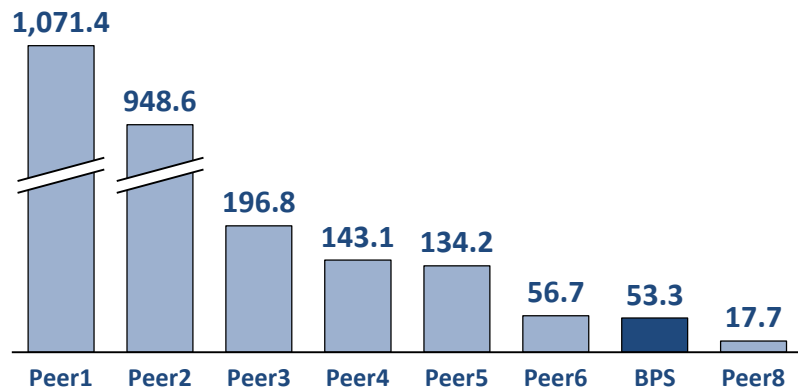
**5 branches in:**

- MILANO
  - TORINO
  - PADOVA
  - ROMA
  - BOLOGNA
- and over 400 correspondents in the main international markets.

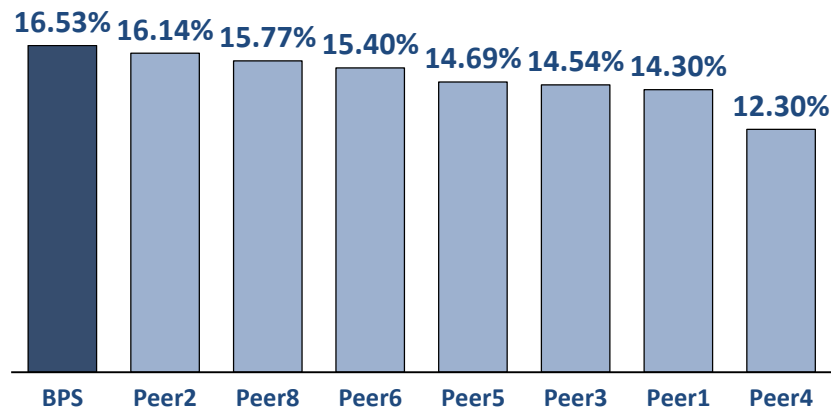


# COMPETITIVE POSITIONING AND FINANCIAL RATINGS

TOTAL ASSETS<sup>1</sup> [€ bio.]



CET1 [PHASED-IN]<sup>1</sup>



## FINANCIAL RATINGS

**FitchRatings**

Rating updated on  
**1 September 2021**

Long term: **BB+**  
Short term: **B**  
OUTLOOK: **STABLE**



Rating updated on  
**15 November 2021**

Long term: **BBB (low)**  
Short term: **R-2 (middle)**  
OUTLOOK: **STABLE**



Rating updated on  
**31 March 2021**

Long term: **BBB-**  
OUTLOOK: **STABLE**

NOTES:

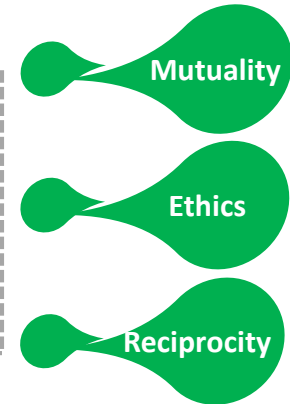
[1] Info from corporate documents as at 30/09/2021.

Peers: BancoBPM, Bper, Credem, Desio, Intesa Sanpaolo, Monte dei Paschi Siena, Unicredit.

# A STRONG COMMITMENT TOWARDS SUSTAINABILITY

Since its foundation in 1871, the Bank has directed its action to the satisfaction of the different stakeholders' interests, associating the traditional objective of pursuing profits with the identity one of achieving a shared benefit.

In this perspective, the Group acts consistently to the **UN Agenda 2030** e to the **UN Sustainable Development Goals (SDGs)**.



Relevant SDGs to the business

**1** NO POVERTY

**3** GOOD HEALTH AND WELL-BEING

**4** QUALITY EDUCATION

**5** GENDER EQUALITY

**7** AFFORDABLE AND CLEAN ENERGY

**8** DECENT WORK AND ECONOMIC GROWTH

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**10** REDUCED INEQUALITIES

**11** SUSTAINABLE CITIES AND COMMUNITIES

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**13** CLIMATE ACTION

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

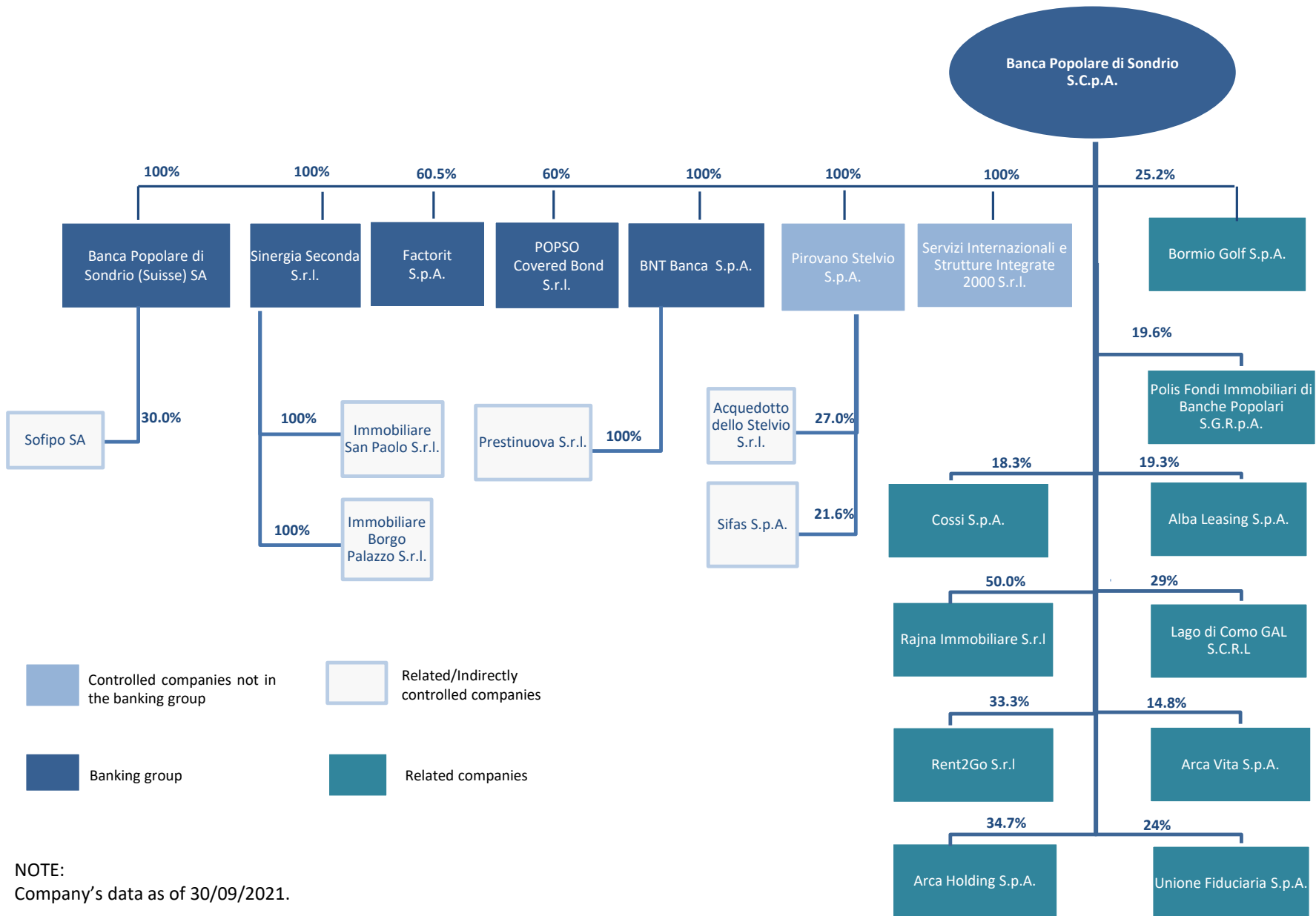
✓ **9 March 2021:** Sustainability rating (EE) assigned by the independent agency Standard Ethics.



EEE	EEE-	EE+	EE	EE-	E+	E	E-	F
Full	Excellent	Very strong	Strong	Adequate	Non-compliant	Low	Very Low	Lowest level
Investment Grade				Lower Investment Grade		Non-investment Grade		

✓ **July 2021:** launch of the Green Bond Framework followed by a successful placement among institutional investors of an **inaugural 500 € mio 6NC5 Senior Preferred Green Bond**.

# GROUP STRUCTURE



NOTE:  
Company's data as of 30/09/2021.

- 1 BPS GROUP AT A GLANCE
- 2 FINANCIAL PERFORMANCE HIGHLIGHTS
- 3 ASSET QUALITY AND CAPITAL POSITION
- 4 FUNDING
- 5 PROPOSED SUBORDINATED TIER 2 TRANSACTION
- 6 ANNEXES



# 9M 2021 PERFORMANCE – MAIN KPIs

Profitability and Efficiency	30 SEPTEMBER 2021
NET RESULT (€ mio)	201.5
ROE <sup>1</sup>	9.01%
COST-INCOME RATIO	53.37%
COST OF RISK	0.40%

Credit quality	30 SEPTEMBER 2021
GROSS NPL RATIO	6.99%
INCIDENCE NET BAD LOANS <sup>4</sup>	1.04%
COVERAGE NPL	58.1%
TEXAS RATIO <sup>5</sup>	29.78%

Structure	30 SEPTEMBER 2021
LOANS TO CUSTOMERS/TOTAL ASSETS	57.4%
DIRECT FUNDING/TOTAL LIABILITIES	70.2%
LOANS TO DEPOSIT <sup>2</sup>	90.0%
FINANCIAL LEVERAGE <sup>3</sup>	16.92

Capital and liquidity adequacy	30 SEPTEMBER 2021
CET 1 RATIO [Phased-in]	16.53%
CET 1 RATIO [Fully-Phased]	16.44%
TOTAL CAPITAL RATIO	18.33%
LEVERAGE RATIO	5.73%
LCR	219%
NSFR	>100%

NOTES:

- [1] Net equity – Net result for the period.
- [2] Net loans to customers/Due to customers.
- [3] Total assets/(Net equity – Intangible assets).
- [4] Net bad loans/net loans to customers.
- [5] Net NPLs/(Net equity – Intangible assets).



# RESULTS AT A GLANCE

€ mio.	30 SEPTEMBER 2021	30 SEPTEMBER 2020	Difference %
Net interest income	390.4	362.2	7.8%
Net fee and commission income	258.9	229.6	12.7%
Results of financial activities *	105.3	8.1	1195.6%
Total income	754.6	600.0	25.8%
Net adjustments to loans and financial assets	-91.2	-140.6	-35.1%
Operating costs	-402.7	-384.4	4.8%
Gross result	286.2	93.4	206.3%
<b>Net result</b>	<b>201.5</b>	<b>64.4</b>	<b>212.6%</b>

€ mio.	30 SEPTEMBER 2021	31 DECEMBER 2020	Difference %
Direct funding from customers	37,415	35,559	5.2%
Indirect funding from customers	39,099	34,797	12.4%
o/w Asset under Management	6,645	5,965	11.4%
Direct funding from insurance premiums	1,870	1,717	8.9%
Customer assets under administration	78,385	72,074	8.8%
Loans and receivables with customers	30,602	29,380	4.2%

NOTE:

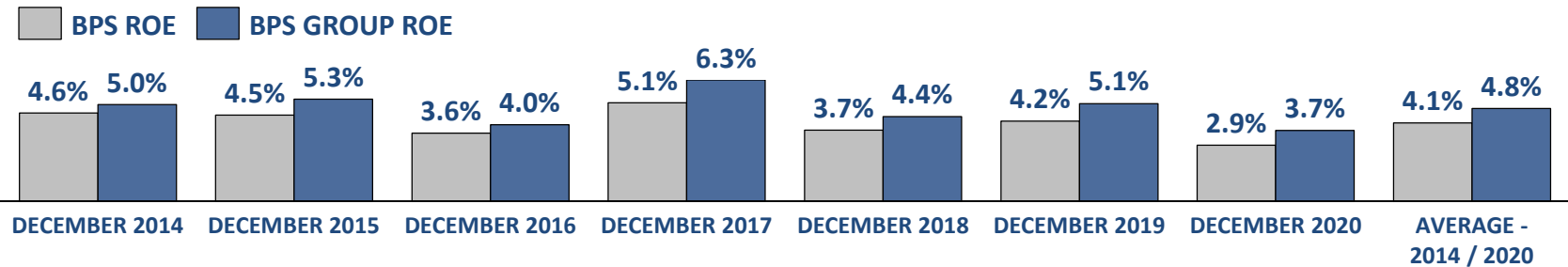
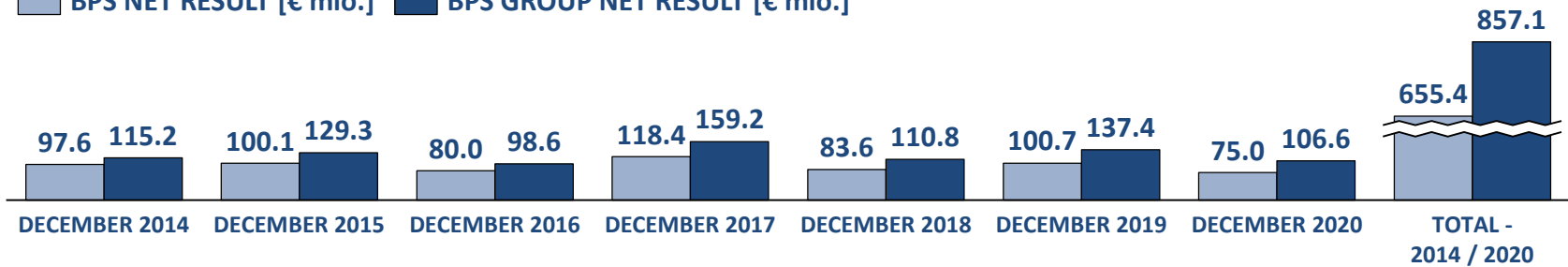
\*Without dividends

SOURCE:

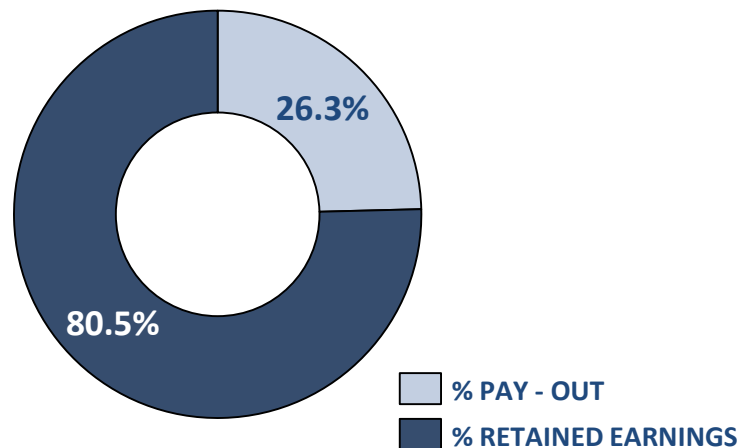
Company's data as of 30/09/2021.

# MEDIUM AND LONG-TERM PROFITABILITY

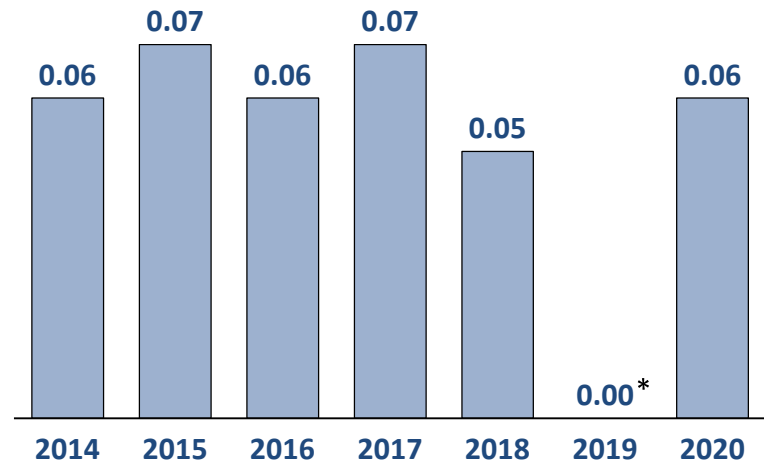
■ BPS NET RESULT [€ mio.] ■ BPS GROUP NET RESULT [€ mio.]



**PAYOUT VS RETAINED EARNINGS**  
[Volumes' average 2014-2020]



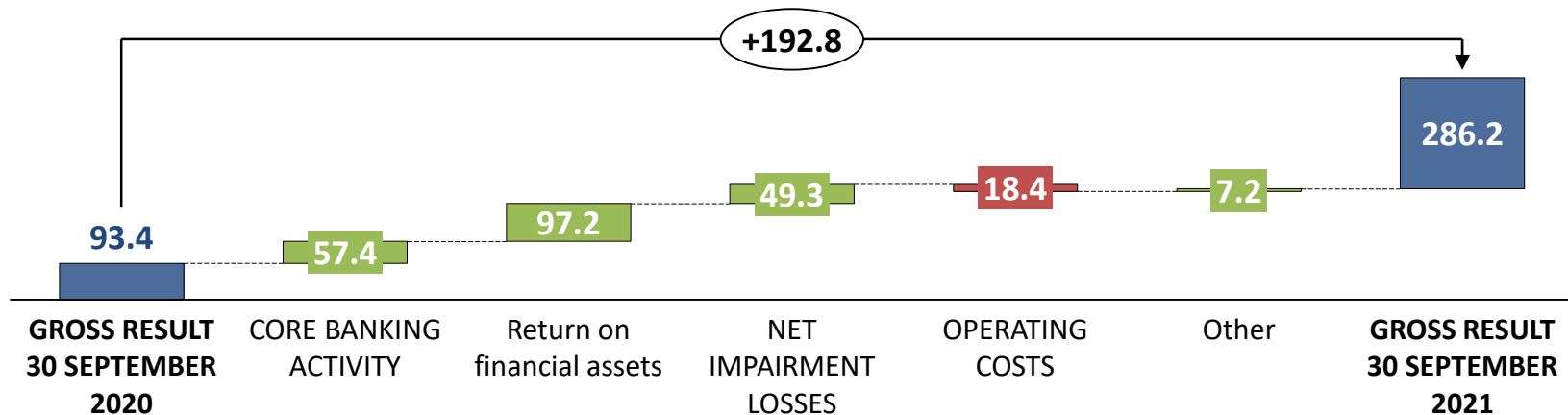
**DIVIDEND PER SHARE [€]**



\*Dividend not paid in accordance with ECB recommendation

# INCOME STATEMENT

INCOME STATEMENT € mio.	30 SEPTEMBER 2020	30 SEPTEMBER 2021	YoY	
	ACTUAL	ACTUAL	absolute	%
<b>NET RESULT</b>	<b>64.4</b>	<b>201.5</b>	<b>137.0</b>	<b>212.6%</b>
<b>GROSS RESULT</b>	<b>93.4</b>	<b>286.2</b>	<b>192.8</b>	<b>206.3%</b>
<b>CORE BANKING ACTIVITY</b>	<b>591.8</b>	<b>649.2</b>	<b>57.4</b>	<b>9.7%</b>
ow Net interest income	362.2	390.4	28.1	7.8%
ow Net fee and commission income	229.6	258.9	29.3	12.7%
<b>Return on financial assets</b>	<b>8.1</b>	<b>105.3</b>	<b>97.2</b>	<b>1195.6%</b>
<b>TOTAL INCOME</b>	<b>600.0</b>	<b>754.6</b>	<b>154.6</b>	<b>25.8%</b>
<b>NET IMPAIRMENT LOSSES (*)</b>	<b>-140.6</b>	<b>-91.2</b>	<b>49.3</b>	<b>-35.1%</b>
<b>OPERATING COSTS (*)</b>	<b>-384.4</b>	<b>-402.7</b>	<b>-18.4</b>	<b>4.8%</b>

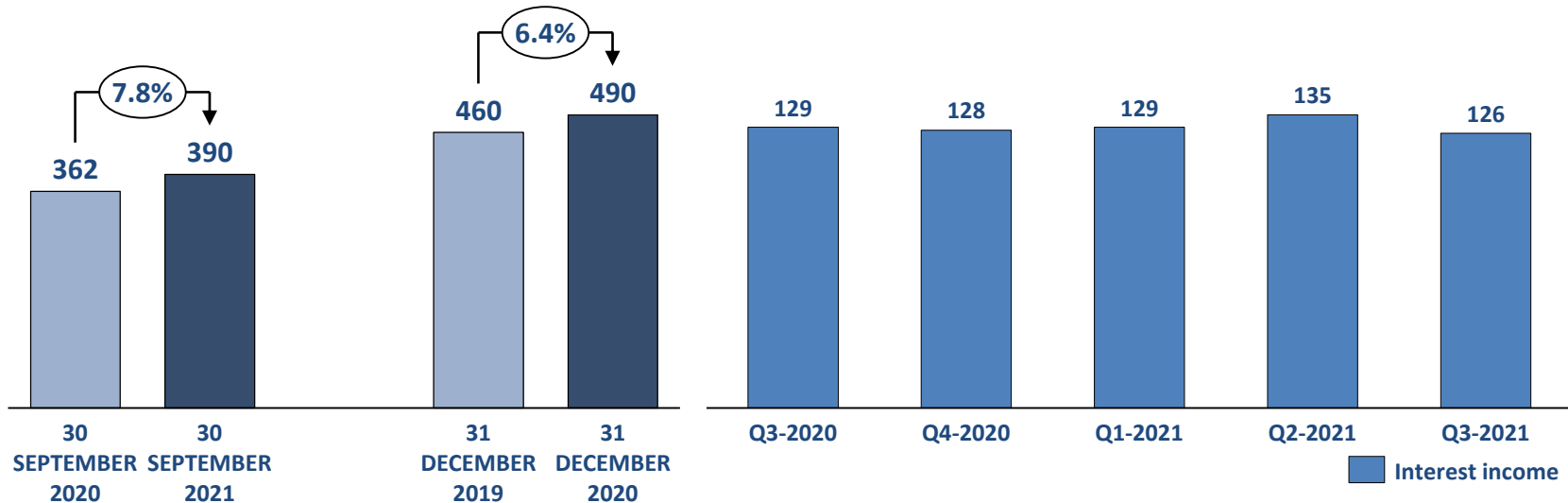


(\*) A restatement was made of € 19 million of net releases on credit risk provisions for commitments and guarantees, initially included in the aggregate of operating costs, showing them under net impairment losses.

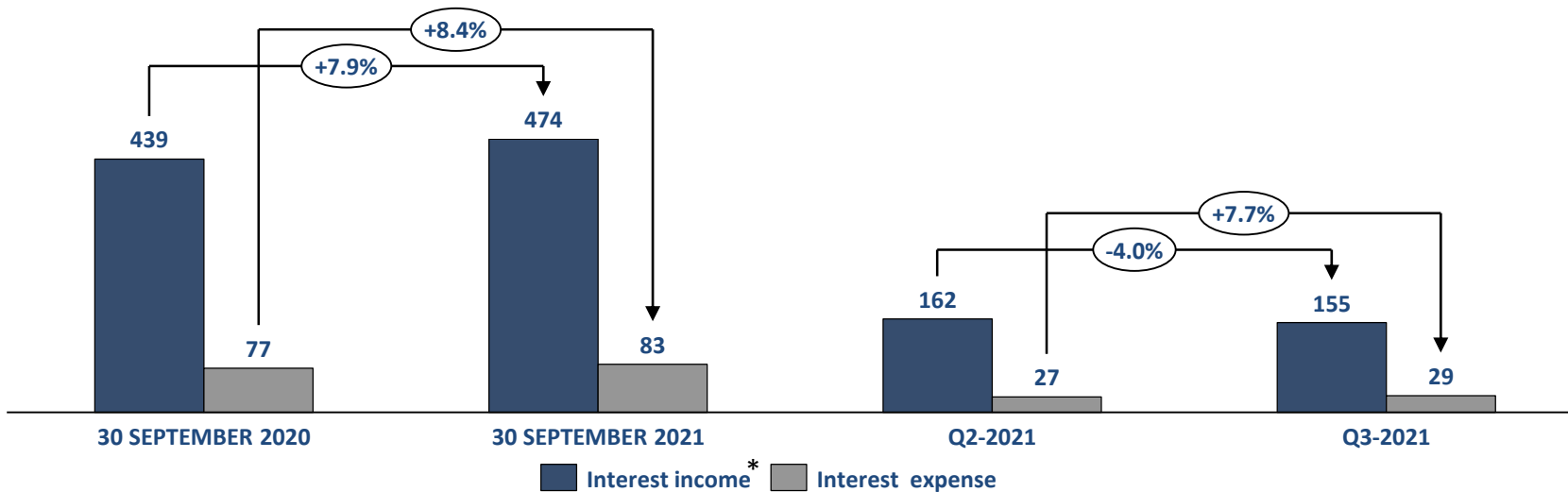
# INTEREST INCOME

INTEREST INCOME [€ mio.]

INTEREST INCOME QUARTERLY TREND [€ mio.]



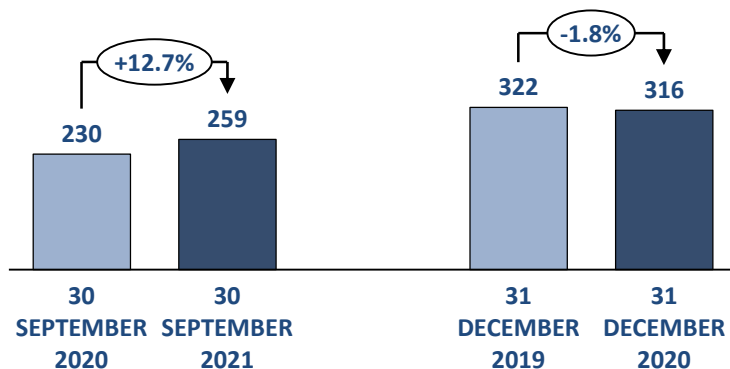
ACTIVE/PASSIVE INTERESTS QUARTERLY TREND [€ mio.]



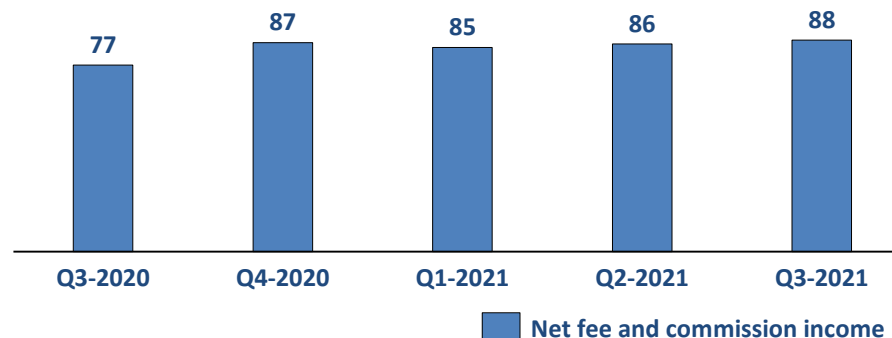
\* Interest income includes negative rate on TLTRO III funding.

# NET COMMISSIONS

## NET COMMISSIONS [€ mio.]

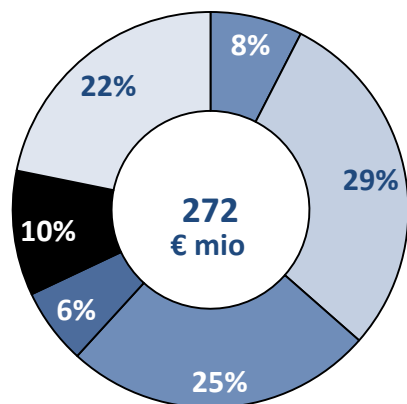


## NET COMMISSIONS QUARTERLY TREND [€ mio.]



## COMMISSIONS INCOME BREAKDOWN

30 SEPTEMBER 2021



- Guarantees given
- Management, intermediation and consultancy services
- Collection and payment services
- Services for factoring transactions
- Management of current accounts
- Other services

	30 SEPTEMBER 2020	30 SEPTEMBER 2021	YoY	
			absolute	%
Guarantees given	17.8	20.5	2.7	15.0%
Management, intermediation and consultancy services	68.2	78.6	10.3	15.2%
Collection and payment services	59.5	68.7	9.2	15.5%
Services for factoring transactions	14.6	16.9	2.3	16.0%
Management of current accounts	26.1	27.7	1.6	6.1%
Other services *	55.7	59.3	3.5	6.3%

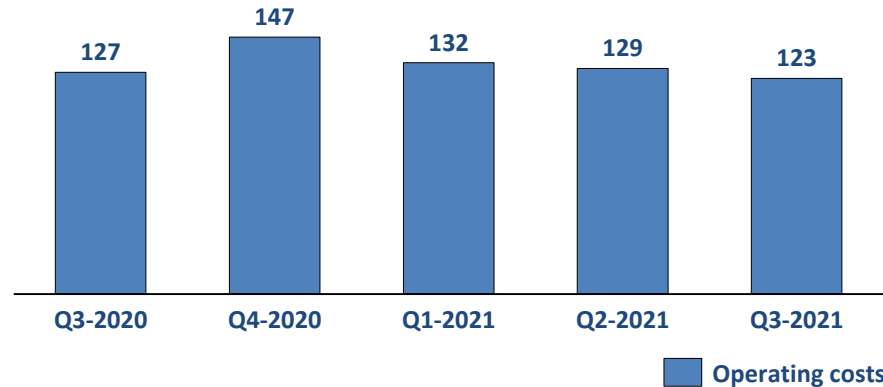
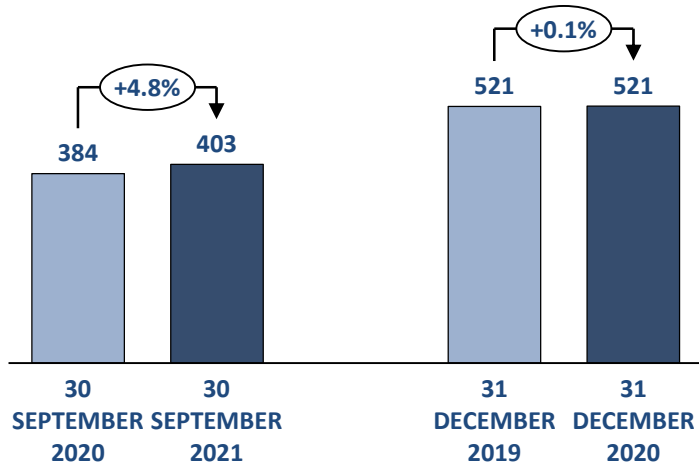
	Q2-2021	Q3-2021	YoY	
			absolute	%
Guarantees given	-10.8	14.0	24.8	-229.6%
Management, intermediation and consultancy services	-40.1	51.9	91.9	-229.5%
Collection and payment services	-38.0	46.4	84.4	-222.0%
Services for factoring transactions	-8.7	11.4	20.1	-230.2%
Management of current accounts	-17.2	18.7	35.9	-208.8%
Other services *	-39.0	40.1	79.2	-202.9%

\* Includes commissions on Loans, Third party loans and Services and Products offered by the foreign department.

# OPERATING COSTS

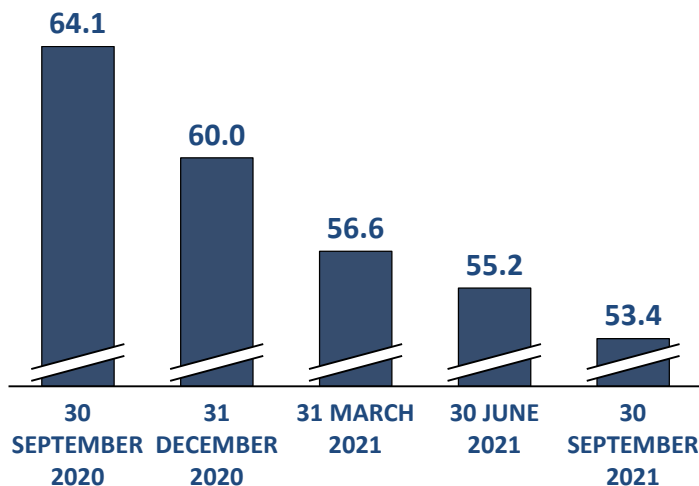
## OPERATING COSTS [€ mio.]

## OPERATING COSTS QUARTERLY TREND [€ mio.]



## COST-INCOME EVOLUTION [%]

## OPERATING COSTS COMPONENTS [€ mio.]



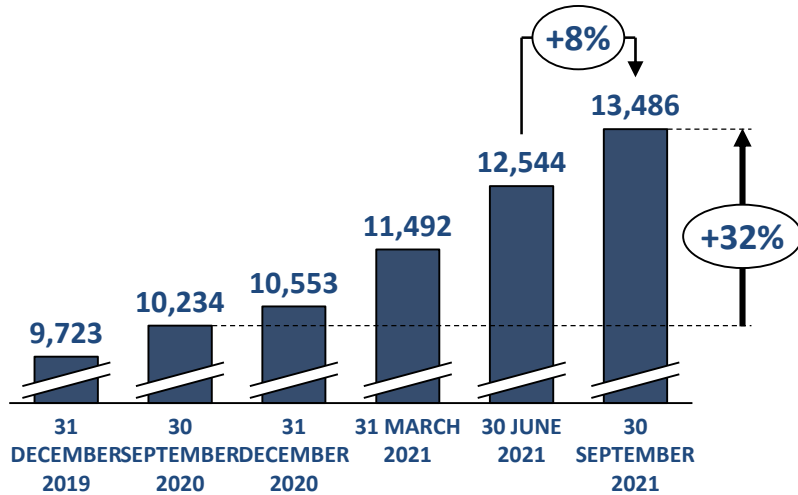
	30 SEPTEMBER 2020	30 SEPTEMBER 2021	YoY	
			absolute	%
Personnel expenses	184.3	191.6	7.2	3.9%
Other administrative expenses	210.5	215.6	5.1	2.4%
Other *	-10.5	-4.4	6.0	-57.5%
<b>Operating costs</b>	<b>384.4</b>	<b>402.7</b>	<b>18.4</b>	<b>4.8%</b>

	Q2-2021	Q3-2021	Var.	
			absolute	%
Personnel expenses	64.4	68.3	3.9	6.1%
Other administrative expenses	79.1	57.0	-22.1	-27.9%
Other *	-14.7	-2.3	12.5	-84.7%
<b>Operating costs</b>	<b>128.7</b>	<b>123.0</b>	<b>-5.7</b>	<b>-4.4%</b>

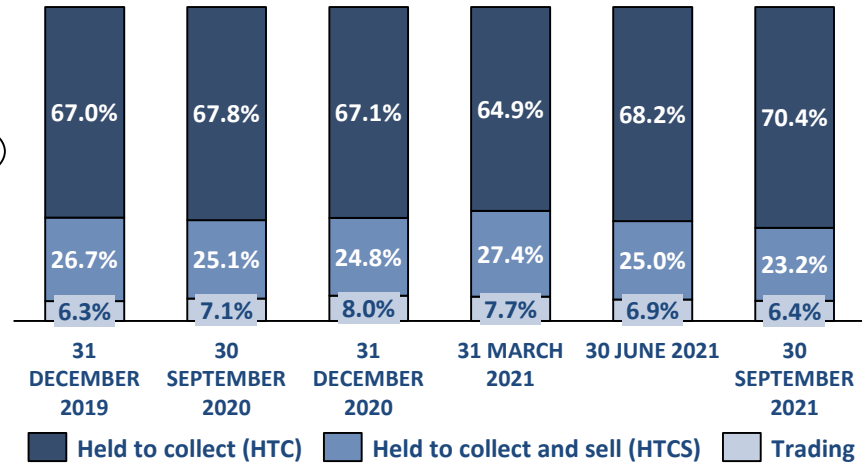
\* Includes significant provisions regarding the charges for the stability of the banking system [35 € mio in 2021 vs 28,7 € mio in 2020].

# SECURITIES PORTFOLIO

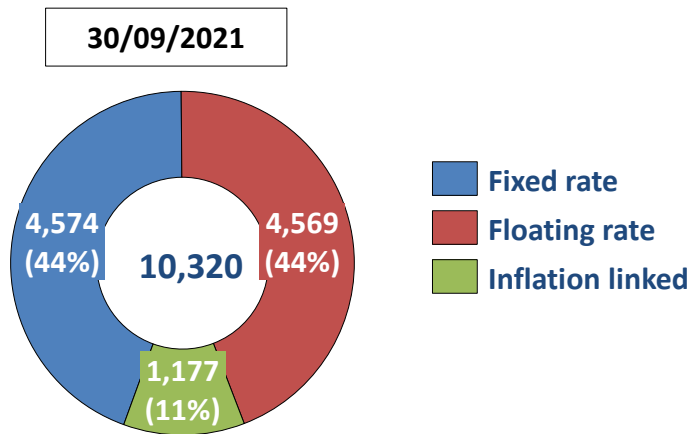
## SECURITIES PORTFOLIO [€ mio.]



## BREAKDOWN BY PORTFOLIO [%]

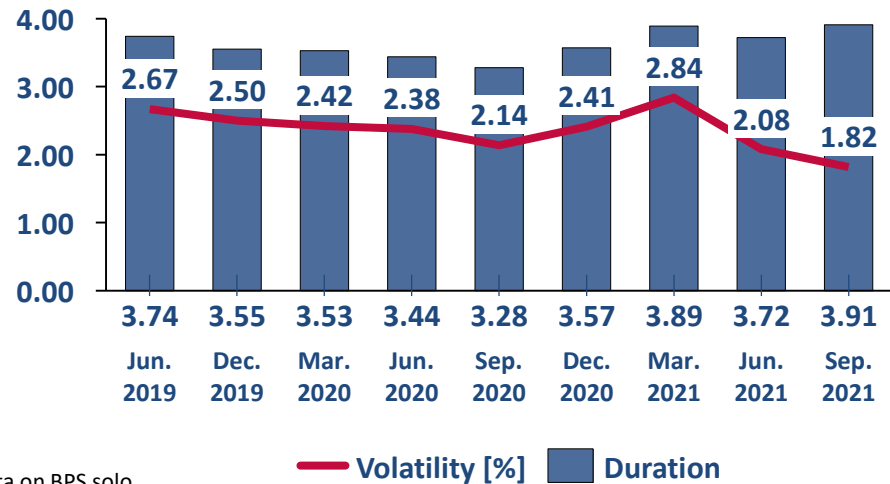


## GOVERNMENT BONDS: BREAKDOWN BY TYPE OF RATE



Data in €mio.

## GOVERNMENT BONDS: EVOLUTION OF DURATION AND VOLATILITY



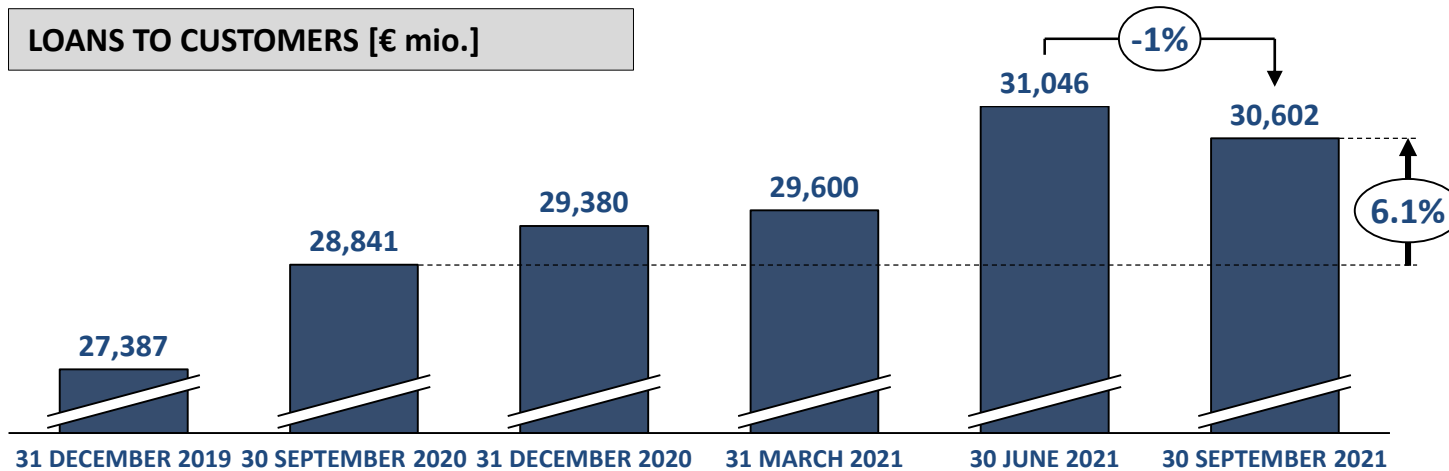
Note: Management data on BPS solo.



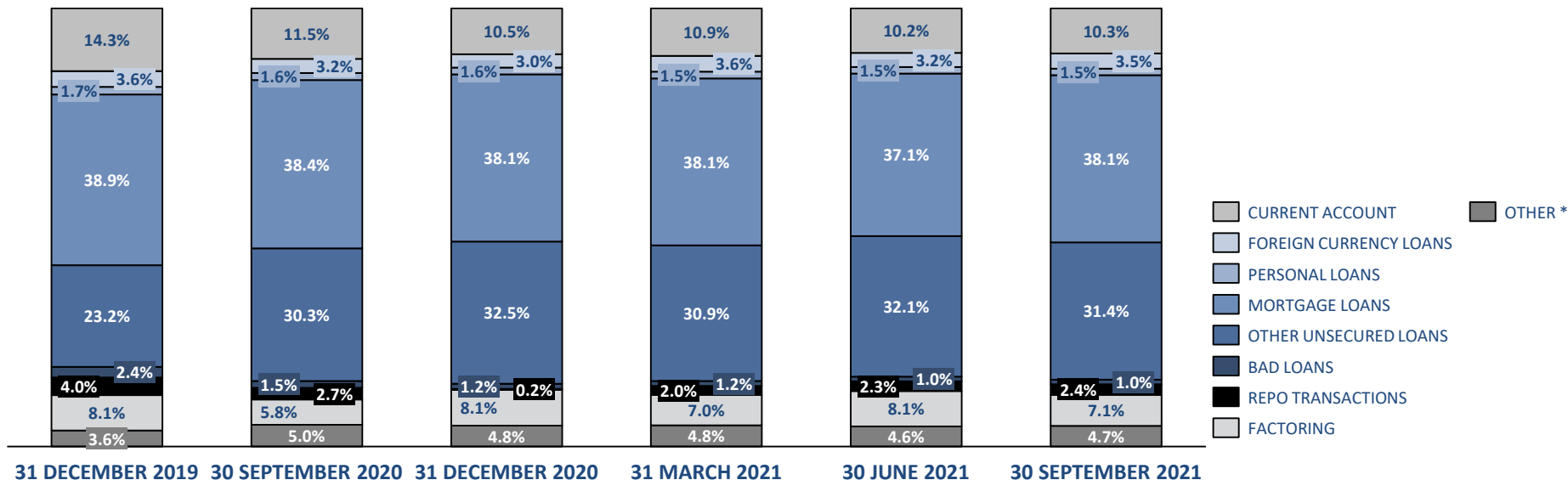
- 1 BPS GROUP AT A GLANCE
- 2 FINANCIAL PERFORMANCE HIGHLIGHTS
- 3 ASSET QUALITY AND CAPITAL POSITION
- 4 FUNDING
- 5 PROPOSED SUBORDINATED TIER 2 TRANSACTION
- 6 ANNEXES

# LOANS TO CUSTOMERS

## LOANS TO CUSTOMERS [€ mio.]



## BREAKDOWN BY PRODUCT [%]

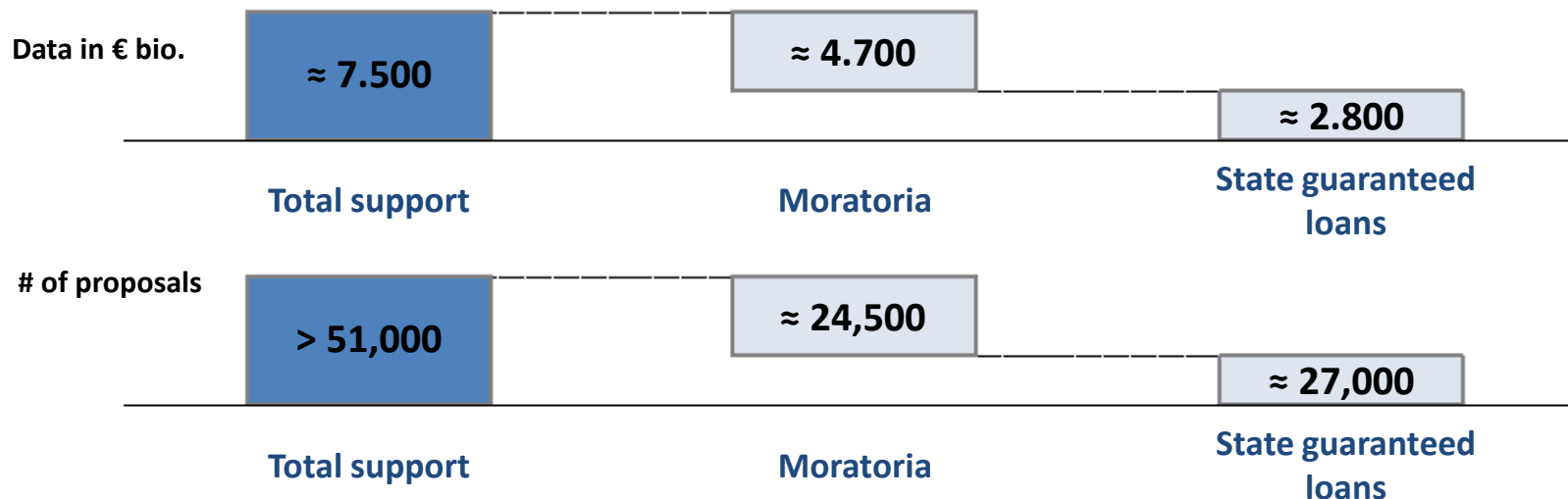


NOTE:

\*Advances, STC advances, discounted portfolio, loans and mortgages to artisans, agricultural loans, debt notes.

## BPS PLAYED AN ACTIVE ROLE IN SUPPORTING HOUSEHOLDS AND BUSINESSES BY:

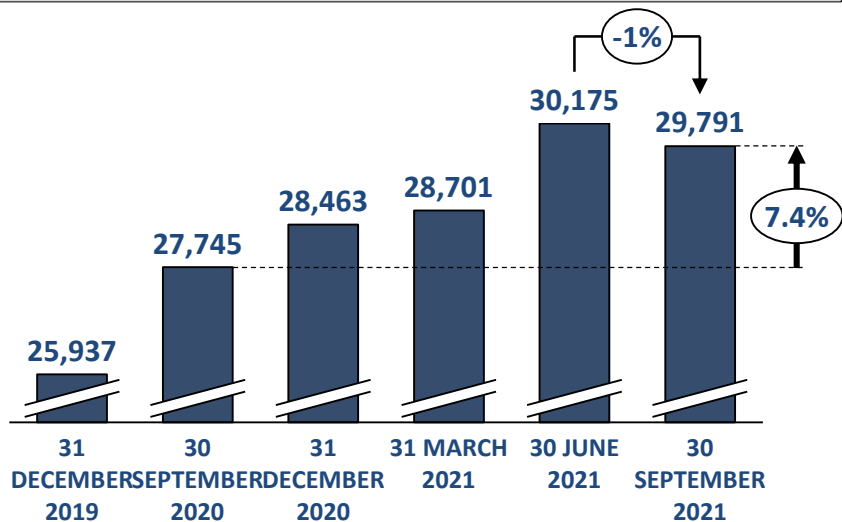
1. **Guaranteeing operational continuity** both through the branch network and the online banking solutions developed over the years and further strengthened during the crisis.
2. **Granting loans** (new disbursements as of 30/09/2021 from 31/03/2020 of around € 2.8 bio. of state guaranteed loans; around 27,000 approved proposals).
3. **Granting moratoria** ('Cura Italia'/ABI/Ad hoc agreement) for around € 4.7 bio. residual debt, over 24,500 finalized proposals, around 16% of the loan book o/w 59% PMI and 17% households.



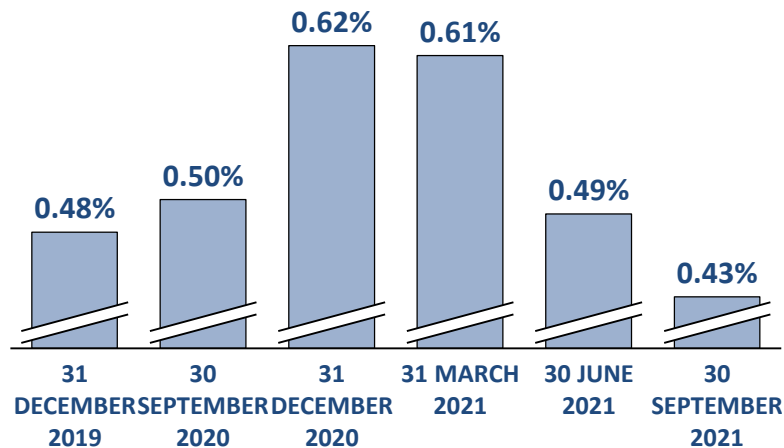
As of 30/09/2021 still in place **moratoria** ("Cura Italia"/ABI) for around € 1.1 bio. of residual debt. Management evidence on the non-payment of loans no longer covered by the moratoria is reassuring and the default rate is particularly low.

# ASSET QUALITY: PERFORMING LOANS

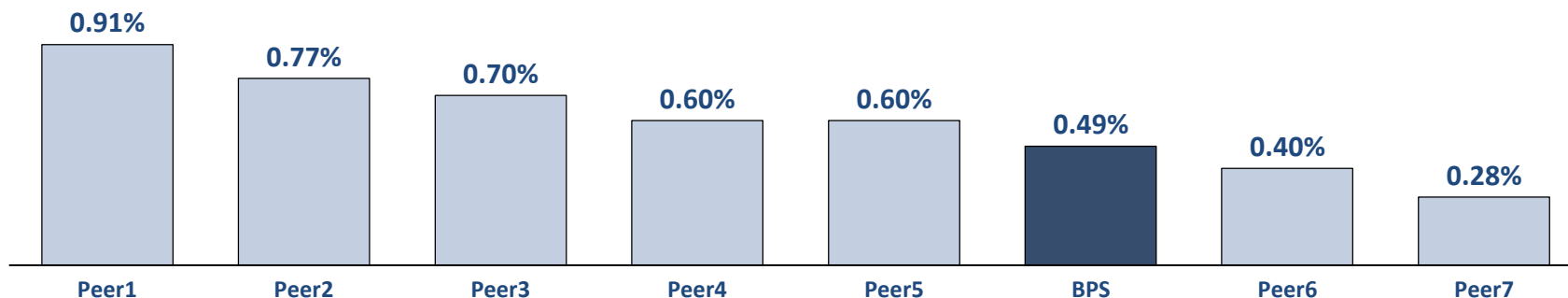
EVOLUTION OF GROSS PERFORMING LOANS [€ mio.]



COVERAGE PERFORMING LOANS



COVERAGE PERFORMING LOANS: BENCHMARKING AT 30/06/2021

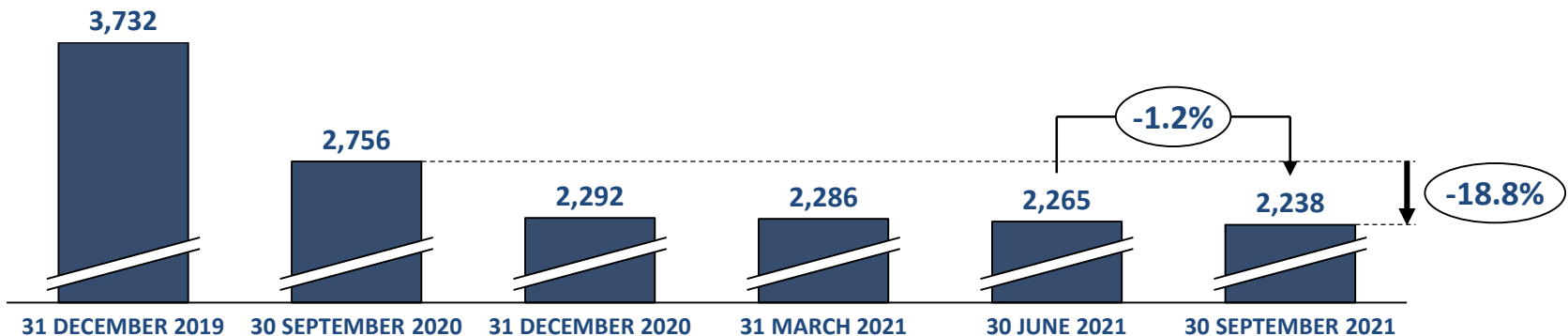


Peers composition: BancoBPM, Bper, Credem, Desio, Intesa Sanpaolo, Monte dei Paschi Siena, Unicredit.

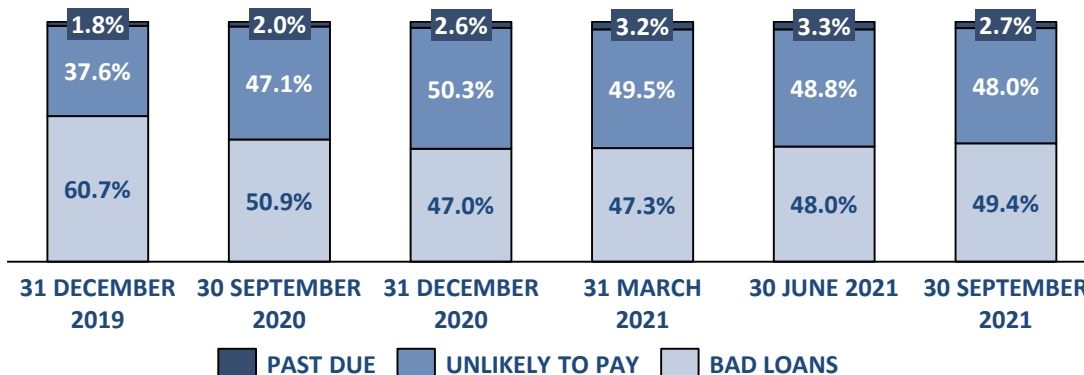
# ASSET QUALITY: NPLs

30 SEPTEMBER 2021	VOLUMES (€ mio.)		WEIGHT (%)		RATIOS (%)		COVERAGE
	GROSS	NET	GROSS	NET	GROSS	NET	%
<b>TOTAL NPLs</b>	<b>2,238</b>	<b>939</b>	<b>100%</b>	<b>100%</b>	<b>6.99%</b>	<b>3.07%</b>	<b>58.05%</b>
o/w PAST DUE	60	53	2.66%	5.60%	0.19%	0.17%	11.70%
o/w UNLIKELY TO PAY	1,074	568	47.98%	60.47%	3.35%	1.85%	47.13%
o/w BAD LOANS	1,105	319	49.36%	33.93%	3.45%	1.04%	71.16%
PERFORMING LOANS	29,791	29,663	-	-	93.01%	96.93%	0.43%
<b>TOTAL LOANS</b>	<b>32,029</b>	<b>30,602</b>	-	-	<b>100.00%</b>	<b>100.00%</b>	<b>4.46%</b>

TOTAL GROSS NPLs [€ mio.]



NPLs BREAKDOWN [%]



Credit quality	30 SEPTEMBER 2021
GROSS NPL RATIO	6.99%
NET NPL RATIO	3.07%
COVERAGE NPL	58.1%
TEXAS RATIO	29.8%

# CAPITAL POSITION

## CET 1 RATIO [Phased-in]

16.53%

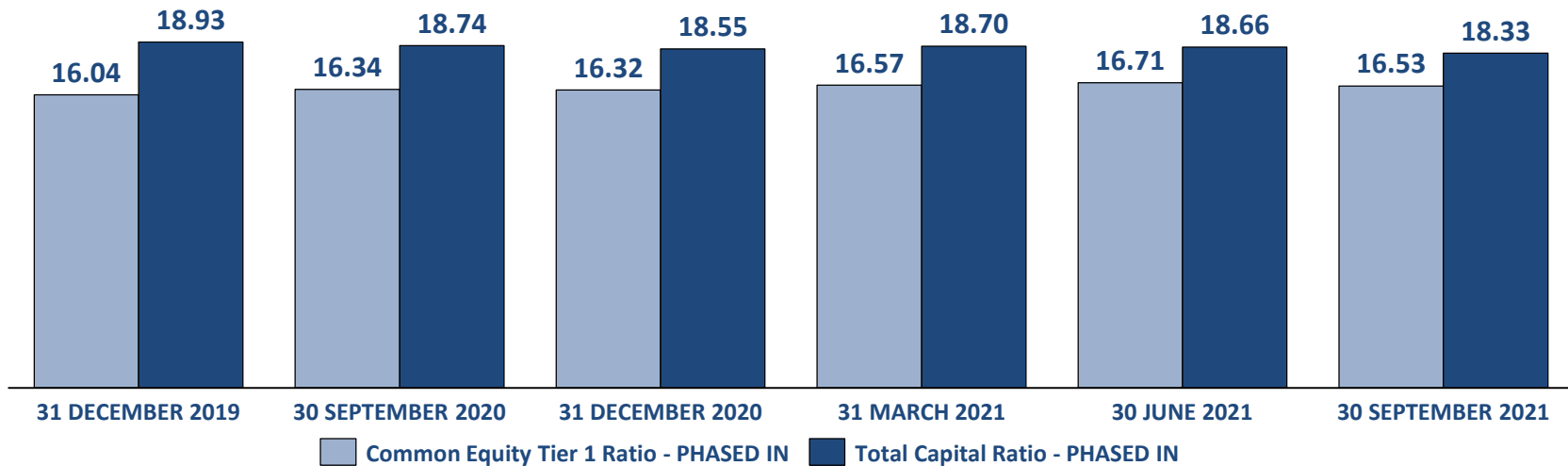
## LEVERAGE RATIO

5.73%

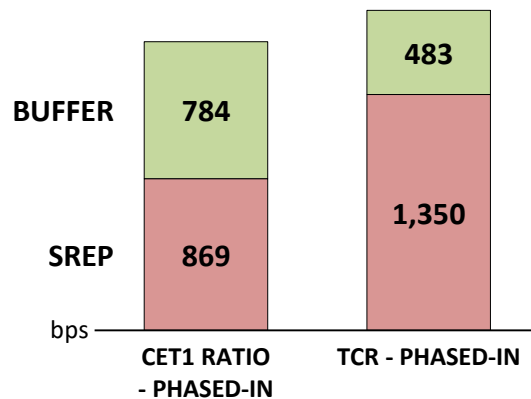
## RWA DENSITY

24%

## CET1 RATIO & TOTAL CAPITAL RATIO EVOLUTION [%]



## BUFFER OVER 2021 SREP REQUIREMENTS



## SREP REQUIREMENTS

TOTAL CAPITAL RATIO  
13.50%

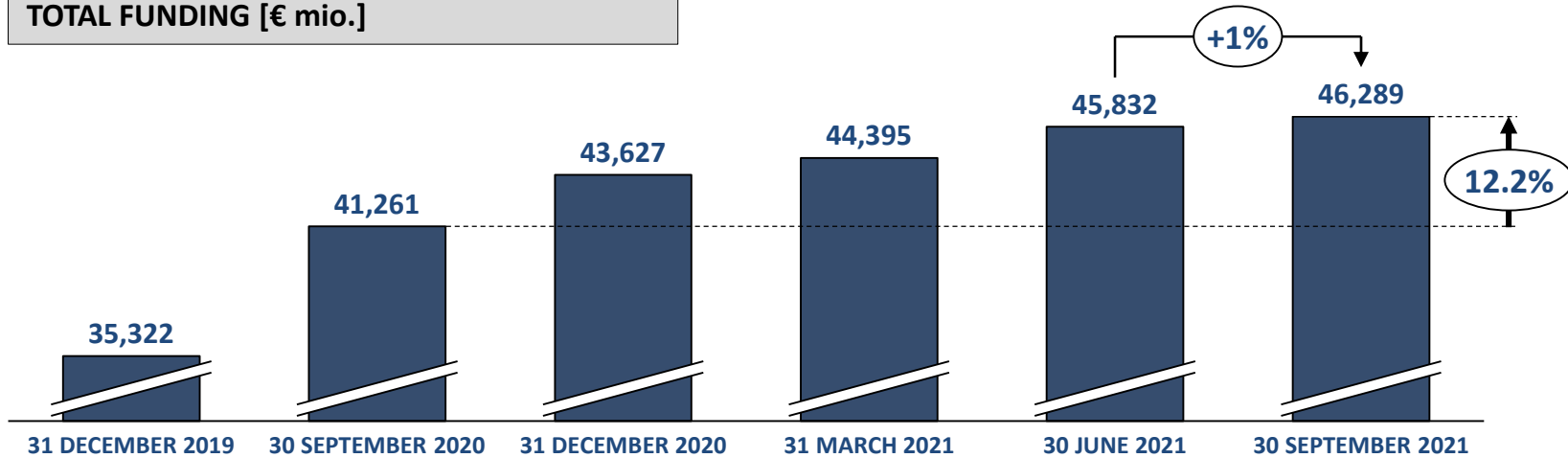
CET1 RATIO  
8.69%

- 1 BPS GROUP AT A GLANCE
- 2 FINANCIAL PERFORMANCE HIGHLIGHTS
- 3 ASSET QUALITY AND CAPITAL POSITION
- 4 FUNDING
- 5 PROPOSED SUBORDINATED TIER 2 TRANSACTION
- 6 ANNEXES

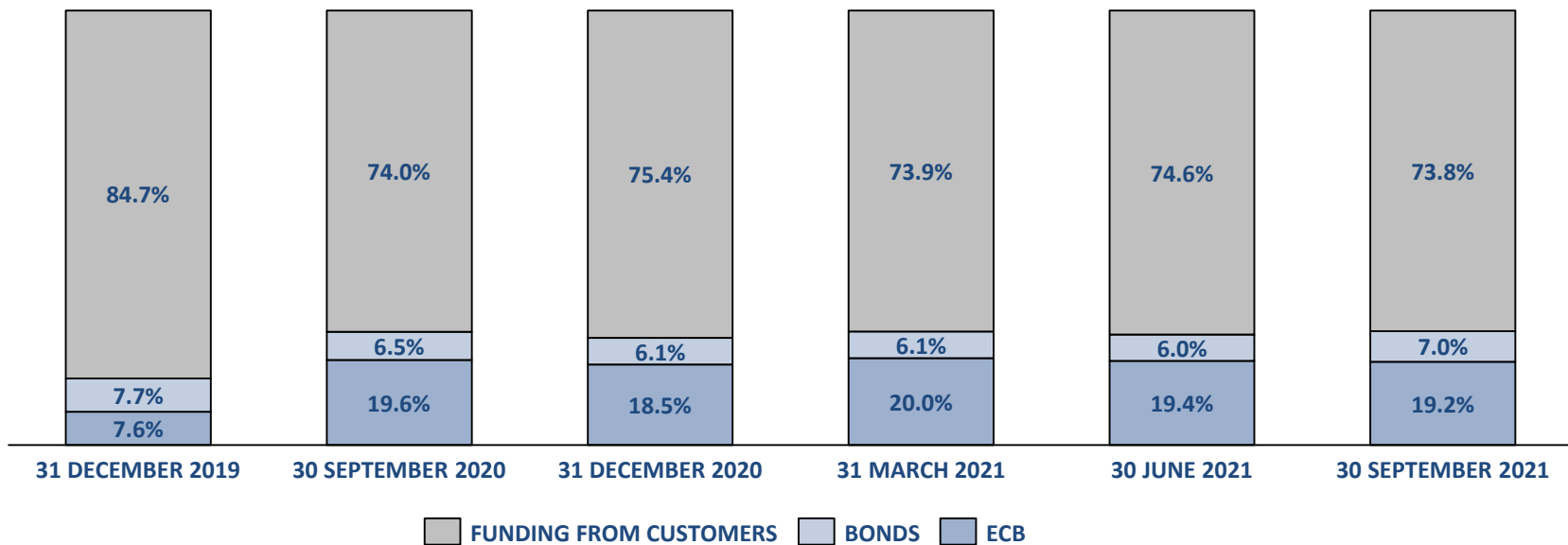


# FUNDING STRUCTURE EVOLUTION

## TOTAL FUNDING [€ mio.]

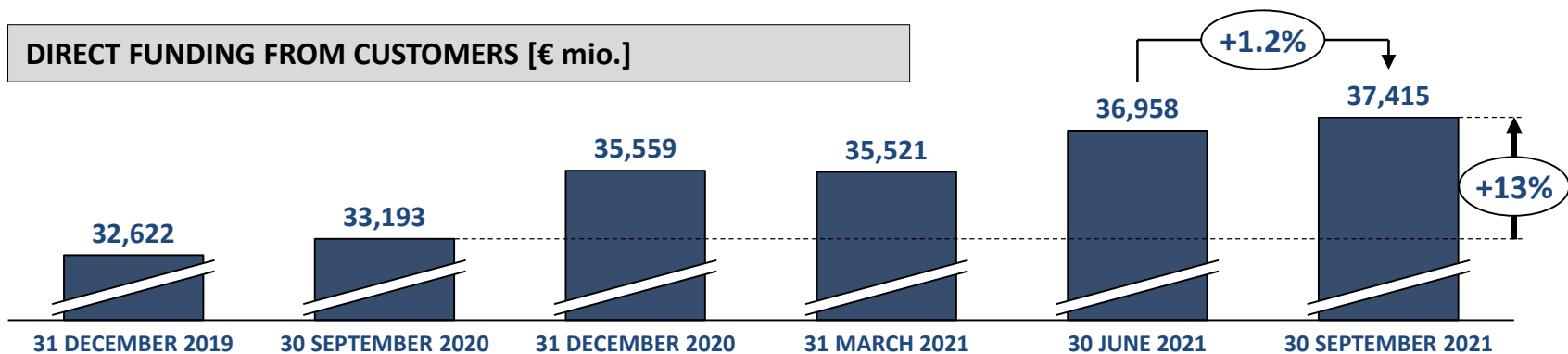


## TOTAL FUNDING BREAKDOWN [%]

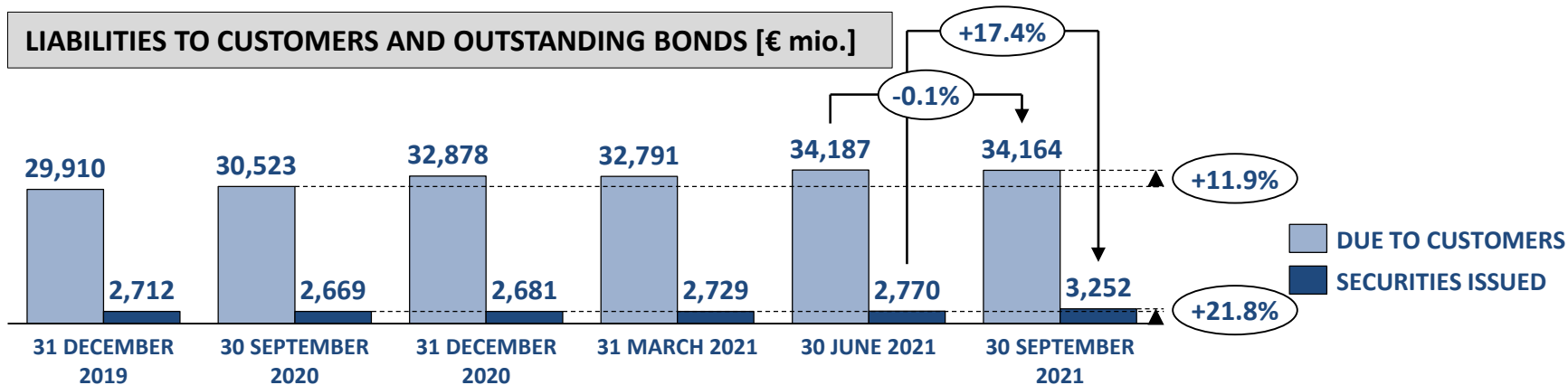


# DIRECT FUNDING

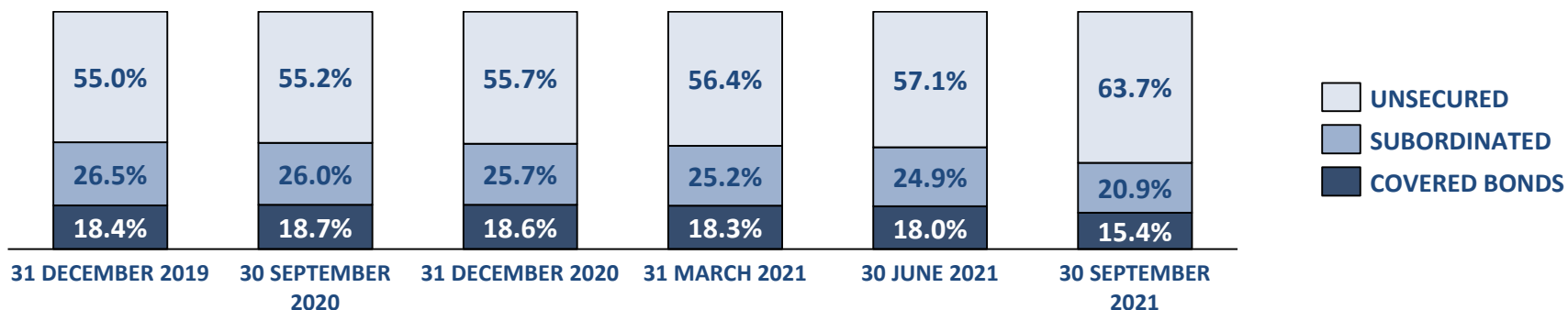
## DIRECT FUNDING FROM CUSTOMERS [€ mio.]



## LIABILITIES TO CUSTOMERS AND OUTSTANDING BONDS [€ mio.]



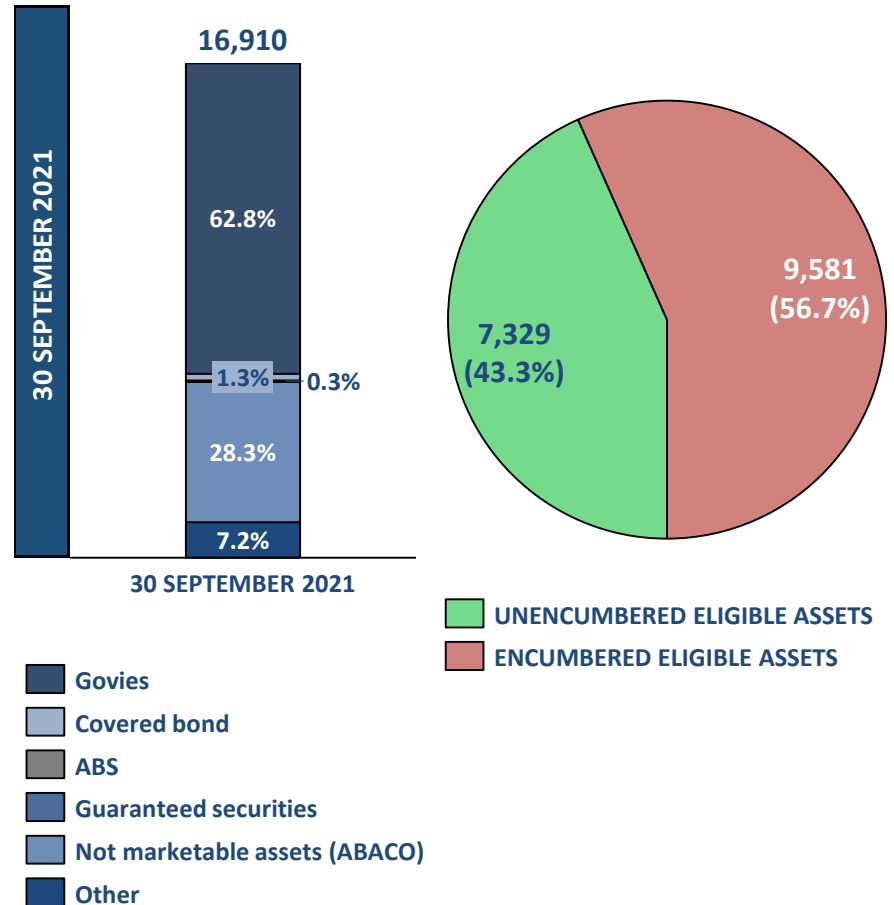
## OUTSTANDING BONDS BREAKDOWN BY TYPE [%]



## FUNDING TLTRO III

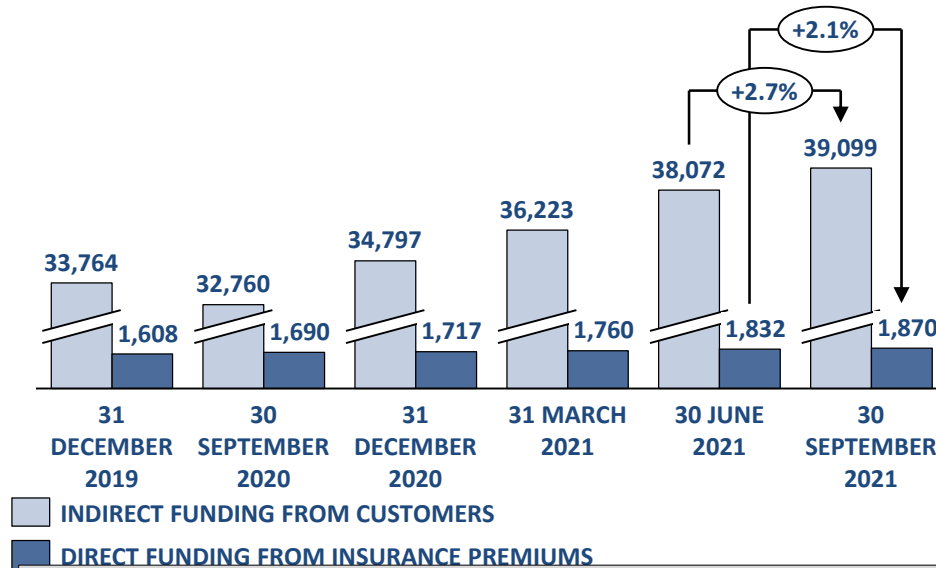
4,368 € mio.	Coming due 28 June 2023
806 € mio.	Coming due 27 March 2024
3,700 € mio.	Coming due 25 September 2024
8,874 € mio.	Total exposure

## ELIGIBLE ASSETS

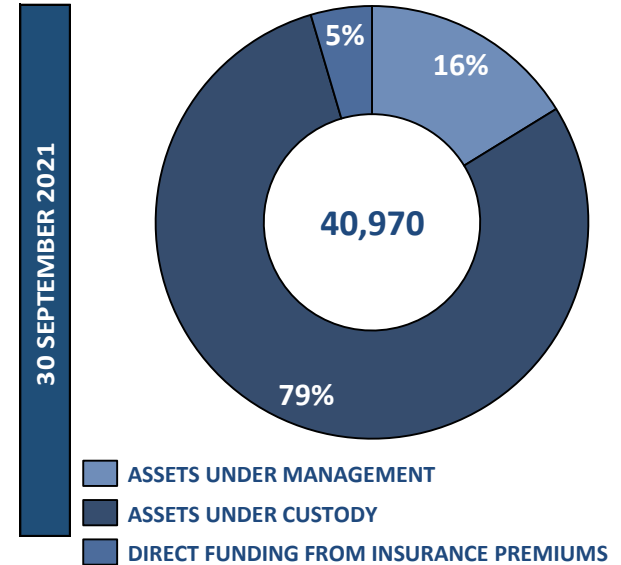


# INDIRECT FUNDING

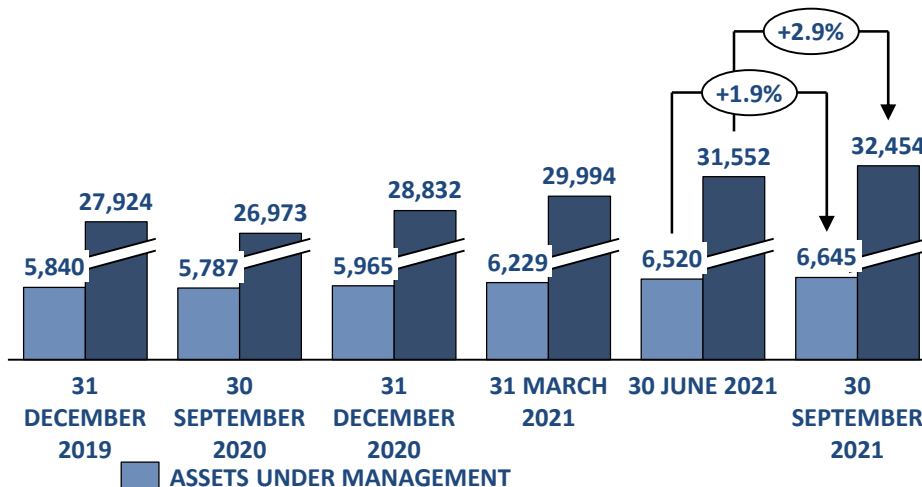
## INDIRECT AND INSURANCE FUNDS [€ mio.]



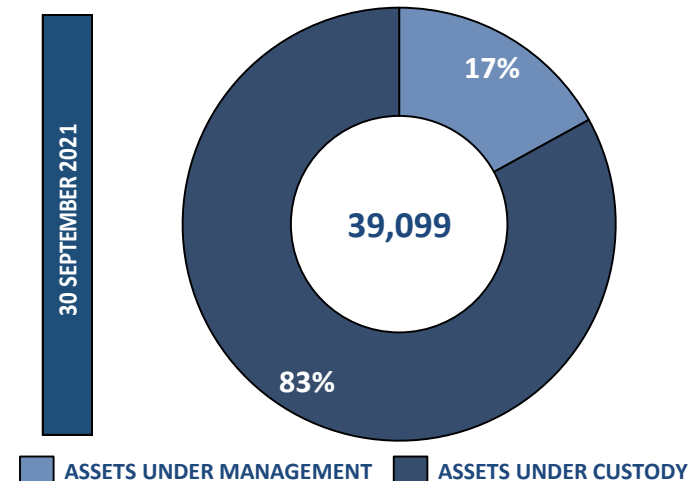
## INDIRECT AND INSURANCE FUNDS BREAKDOWN



## ASSETS UNDER MANAGEMENT AND CUSTODY [€ mio.]



## ASSETS UNDER MANAGEMENT AND CUSTODY BREAKDOWN



- 1 BPS GROUP AT A GLANCE
- 2 FINANCIAL PERFORMANCE HIGHLIGHTS
- 3 ASSET QUALITY AND CAPITAL POSITION
- 4 FUNDING
- 5 PROPOSED SUBORDINATED TIER 2 TRANSACTION
- 6 ANNEXES

### Rationale

- Optimization of total capital ratio, MREL position and buffer to SREP/Pillar 2 requirements
- Strengthen capital base and diversification of funding sources and investors
- Maintain an adequate Tier 2 buffer aimed at protecting senior bondholders
- Extend the subordinated curve with a new reference point following the inaugural Tier 2 transaction in 2019

### Key issuance terms

- Dated subordinated notes that are intended to qualify on issue as Tier 2 capital of Banca Popolare di Sondrio S.C.p.A.
- 10.25yr maturity with a 3-month par call at the option of the Issuer on any date from and including [●] November 2026 and ending and including [●] February 2027, subject to regulatory approval and conditions to redemption
- Fixed coupon, with reset in year 5.25 if not called
- Redeemable at par in full upon Tax or, as the case may be, Regulatory Event
- Expected rating by Fitch [BB-] and DBRS [BB]

### Investment themes

- Provider of a range of banking and financial services to households, SMEs and institutions within the wealthiest areas of Italy
- Continuous de-risking process leading to a Net NPEs of 3.07% at 30<sup>th</sup> September 2021
- Stable and long-term profitability with high percentage of retained earnings
- Capital ratios well above SREP requirement

# INDICATIVE TERMSHEET <sup>(1)</sup> OF BPS TIER 2 SUBORDINATED BOND ISSUANCE

<b>Issuer</b>	Banca Popolare di Sondrio S.C.p.A.
<b>Status</b>	Subordinated Tier 2 Notes
<b>LT Issuer Default Rating</b>	BB+ Stable by Fitch / BBB (low) Stable by DBRS
<b>Expected Issue Ratings</b>	[BB-] by Fitch / [BB] by DBRS
<b>Tenor</b>	10.25 NC 5.25
<b>Size</b>	EUR 300 mio. - No grow
<b>Maturity / Call / Reset Date</b>	10.25-year / 3-month call option at par from and including [•] November 2026 to and excluding the First Reset Date [•] February 2027
<b>Coupon</b>	FXD, Annual, Actual / Actual (ICMA), one time reset after year 5.25 to prevailing 5yr MS + First Margin
<b>Special Events Calls</b>	Yes, Regulatory and Tax Events
<b>Loss Absorption / Contractual recognition of statutory bail-in power</b>	Yes, statutory with contractual recognition of statutory loss absorption powers
<b>Minimum Denomination/Increment</b>	€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000
<b>Listing / Docs</b>	Regulated Market of the Luxembourg Stock Exchange / Issuer's €5bn EMTN Programme dated 8 <sup>th</sup> October 2021 and supplemented on 11 <sup>th</sup> November 2021
<b>Governing Law</b>	Italian Law
<b>Joint bookrunners</b>	BNP Paribas / Mediobanca / Morgan Stanley / UniCredit (B&D)
<b>Target Market</b>	MiFID II or UK MiFIR professionals / Eligible Counterparties only / No PRIIPs KID
<b>Format</b>	Reg S Compliance Category 2, Bearer form, New Global Note, TEFRA D apply no communication with or into the US, no sales to Canada

*(1) Summary terms are indicative only. Please refer to the EMTN Base Prospectus, dated 8<sup>th</sup> October 2021 and supplemented on the 11<sup>th</sup> of November for the full Terms & Conditions. Capitalised terms used in this summary and not otherwise defined in this presentation shall have the meanings ascribed to them in the Terms and Conditions of the Base Prospectus*



- 1 BPS GROUP AT A GLANCE
- 2 FINANCIAL PERFORMANCE HIGHLIGHTS
- 3 ASSET QUALITY AND CAPITAL POSITION
- 4 FUNDING
- 5 PROPOSED SUBORDINATED TIER 2 TRANSACTION
- 6 ANNEXES

# KEY MILESTONES IN BPS HISTORY



**1871:** BANCA POPOLARE DI SONDRIO ESTABLISHED IN SONDRIO



**1978:** OPENING OF THE FIRST BRANCH IN MILAN



**1990:** OPENING OF THE MAIN BRANCH IN ROME



**1991:** LISTING ON THE “RISTRETTO” MARKET IN MILAN



**1995:** BANCA POPOLARE DI SONDRIO (SUISSE) SA ESTABLISHED IN LUGANO



**1995:** “BANCA POPOLARE DI SONDRIO BANKING GROUP” ESTABLISHED



**2010:** ACQUISITION OF THE CONTROLLING STAKE OF FACTORIT



**2017:** FULL ACQUISITION OF BANCA DELLA NUOVA TERRA



**2017:** RENEWAL OF BANCASSURANCE PARTNERSHIP WITH ARCA VITA



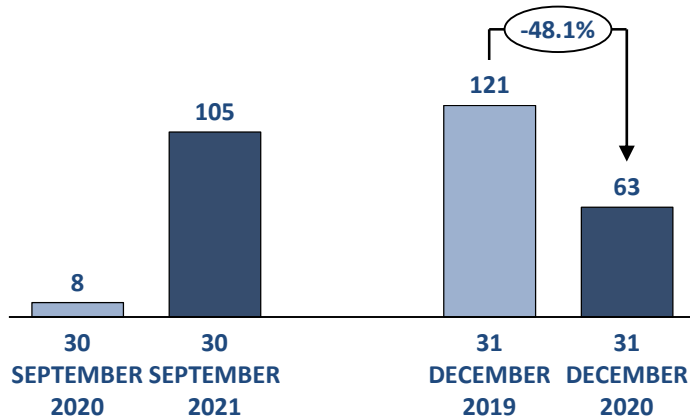
**2018:** FULL ACQUISITION OF PRESTINUOVA



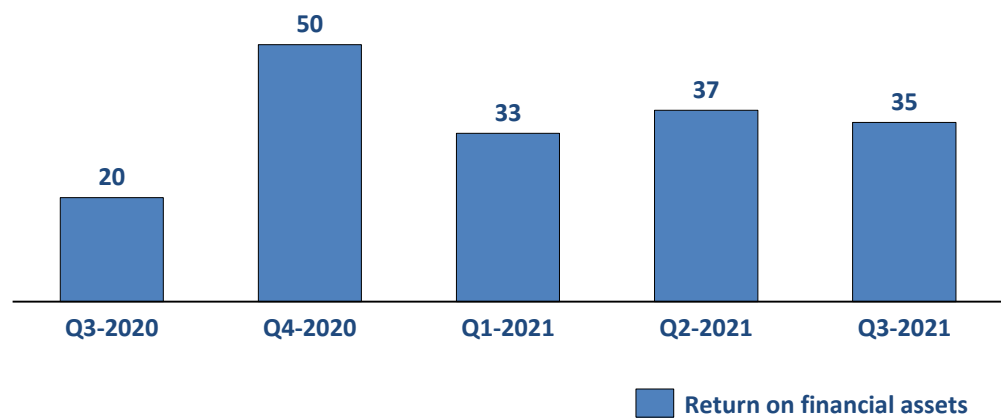
**2019:** ACQUISITION OF A FURTHER 15.7% OF ARCA HOLDING

# RETURN ON FINANCIAL ASSETS

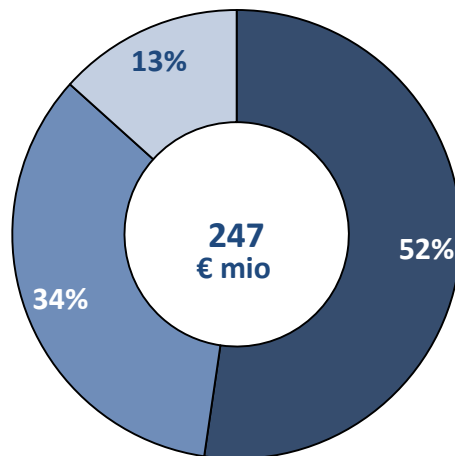
## RETURN ON FINANCIAL ASSETS [€ mio.]



## RETURN ON FINANCIAL ASSETS QUARTERLY TREND [€ mio.]



## TOTAL INCOME BREAKDOWN



- Net interest income
- Net fee and commission income
- Return on financial assets

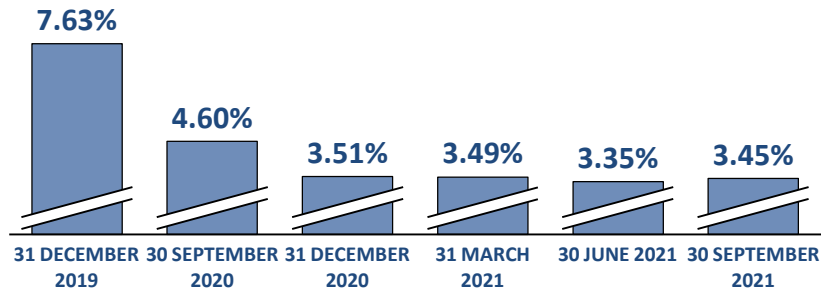
## BREAKDOWN OF RETURN ON FINANCIAL ASSETS [€ mio.]

	30 SEPTEMBER 2020	30 SEPTEMBER 2021	YoY	
			absolute	%
Dividends and similar income	4.1	4.7	0.6	13.4%
Net trading income	-11.1	44.1	55.2	-
Net hedging income	0.1	0.0	-0.1	-62.0%
Net gains from sales or repurchases	22.7	31.4	8.8	38.7%
Net gains on financial assets and liabilities at FVTPL	-7.6	25.1	32.7	-
<b>Return on financial assets</b>	<b>8.1</b>	<b>105.3</b>	<b>97.2</b>	<b>1195.6%</b>

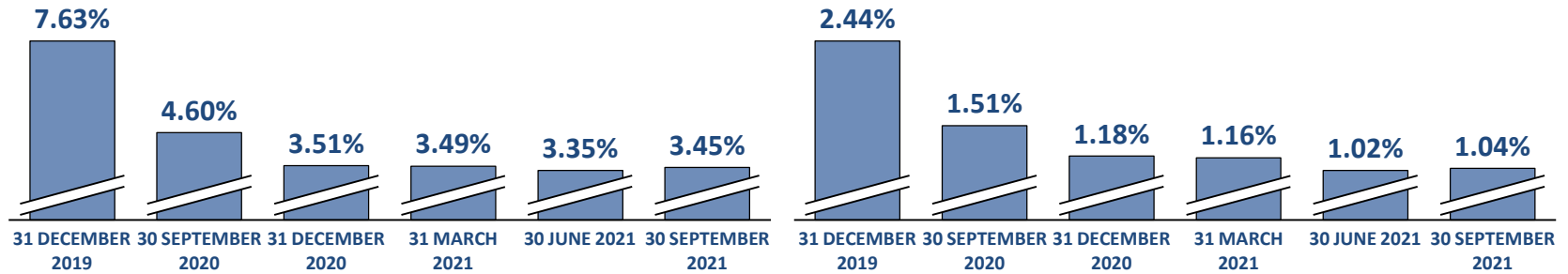
	Q2-2021	Q3-2021	Var.	
			absolute	%
Dividends and similar income	3.4	0.5	-3.0	-86.8%
Net trading income	13.2	12.8	-0.4	-3.0%
Net hedging income	0.0	-0.0	-0.1	-
Net gains from sales or repurchases	11.5	9.1	-2.4	-20.9%
Net gains on financial assets and liabilities at FVTPL	9.3	12.7	3.5	37.2%
<b>Return on financial assets</b>	<b>37.4</b>	<b>35.0</b>	<b>-2.4</b>	<b>-6.4%</b>

# ASSET QUALITY: BAD LOANS

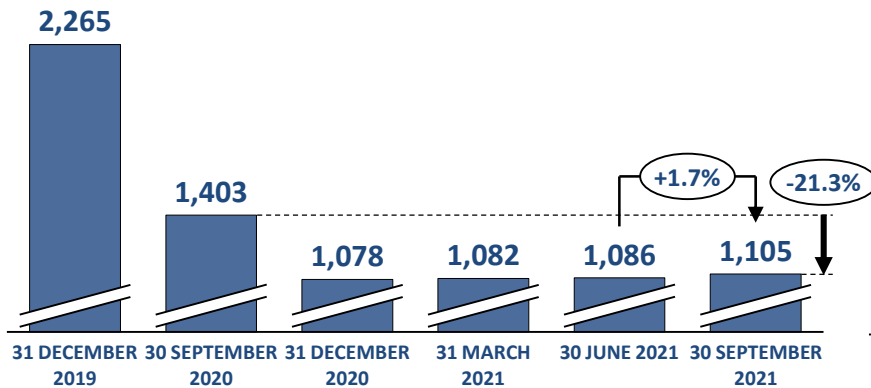
## GROSS BAD LOANS/GROSS LOANS TO CUSTOMER



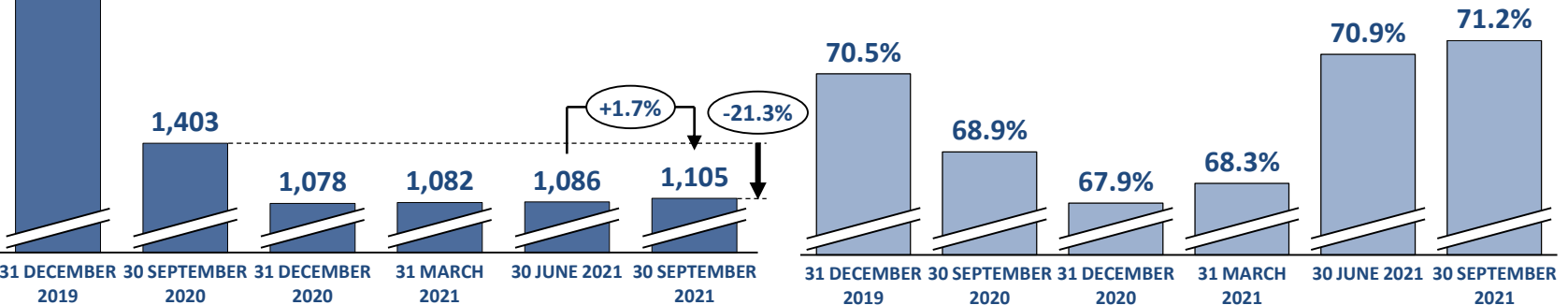
## NET BAD LOANS/NET LOANS TO CUSTOMER



## BAD LOANS TREND [€ mio.]

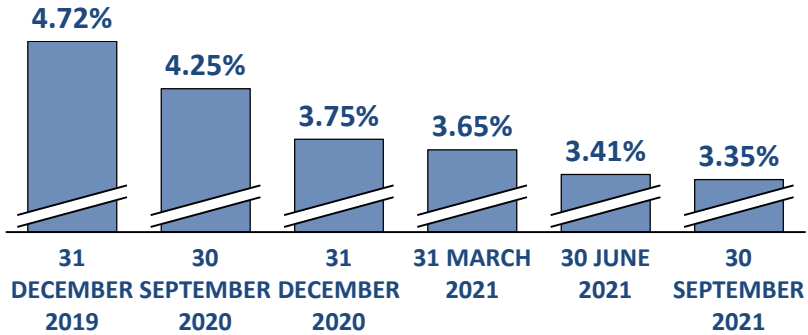


## BAD LOANS COVERAGE

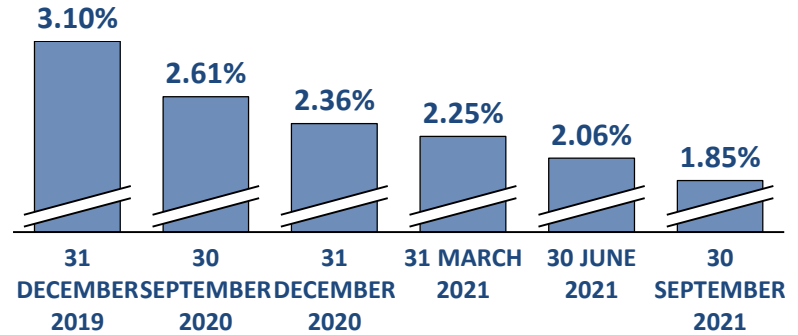


# ASSET QUALITY: UNLIKELY TO PAY

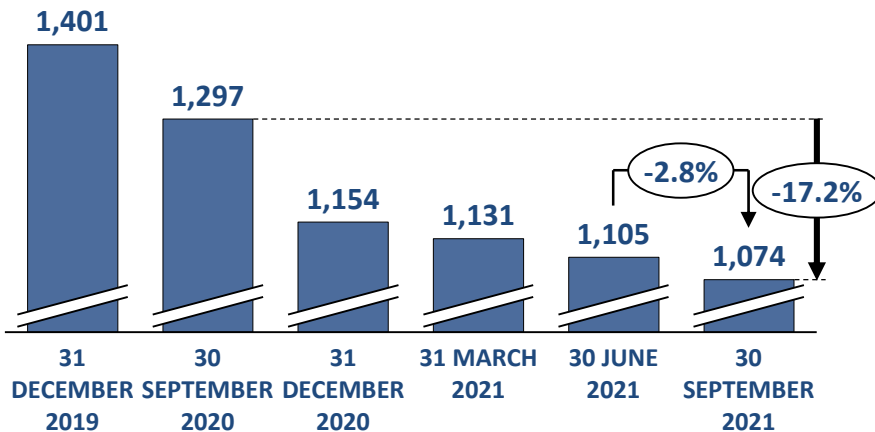
## GROSS UNLIKELY TO PAY/GROSS LOANS TO CUSTOMER



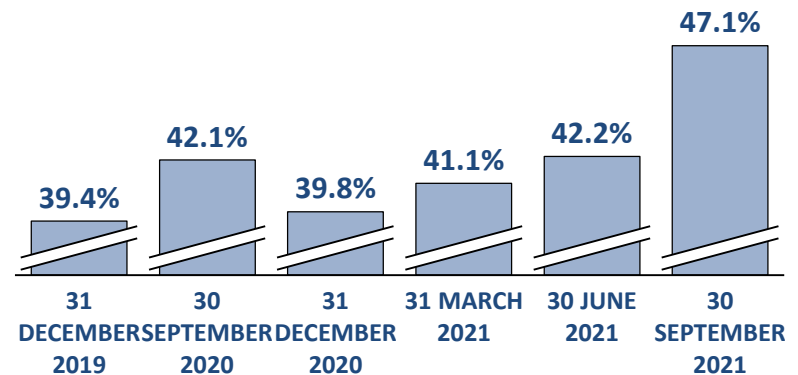
## NET UNLIKELY TO PAY/NET LOANS TO CUSTOMER



## UNLIKELY TO PAY TREND [€ mio.]

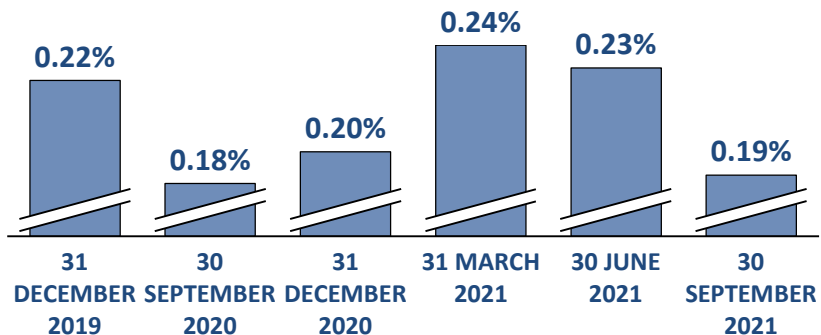


## COVERAGE UNLIKELY TO PAY

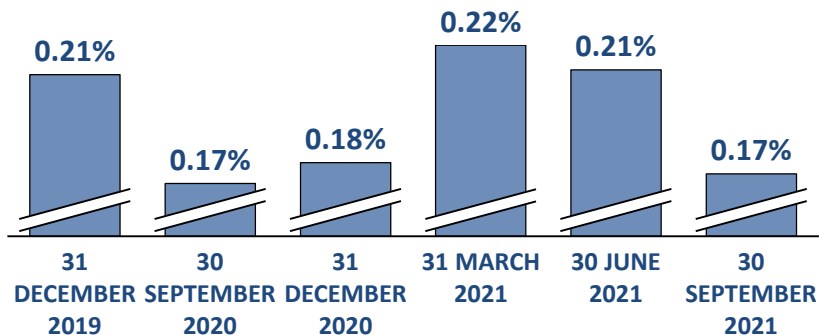


# ASSET QUALITY: PAST DUE

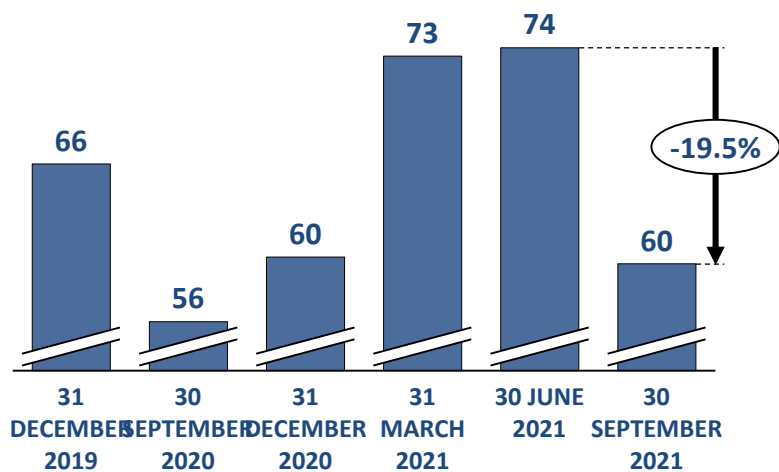
## GROSS PAST DUE/ GROSS CUSTOMER LOANS



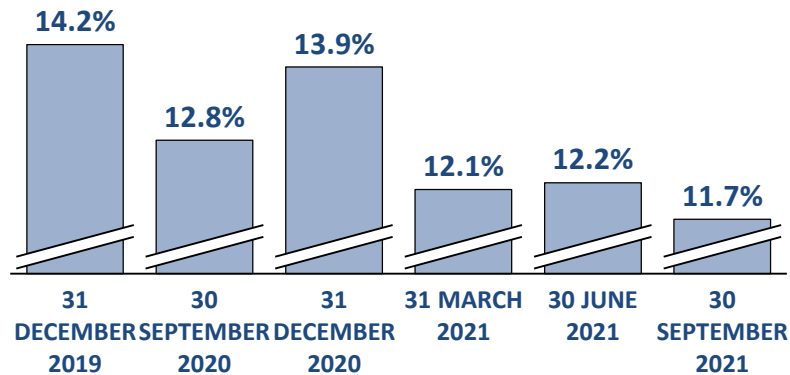
## NET PAST DUE/ NET CUSTOMER LOANS



## PAST DUE TREND [€ mio.]



## PAST DUE COVERAGE



# FINANCIAL STATEMENT: BALANCE SHEET ASSETS

thousands of euros

ASSETS		30/09/2021	31/12/2020
10.	CASH AND CASH EQUIVALENTS	4,470,274	5,066,606
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,315,280	1,228,733
	a) financial assets held for trading	191,958	190,545
	b) financial assets designed at fair value	-	-
	c) financial assets mandatorily at fair value through profit or loss	1,123,322	1,038,188
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	3,129,168	2,619,939
40.	FINANCIAL ASSETS AT AMORTISED COST	42,585,604	39,168,264
	a) loans and receivables with banks	3,700,116	3,620,595
	b) loans and receivables with customers	38,885,488	35,547,669
50.	HEDGING DERIVATIVES	-	-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)	-	-
70.	EQUITY INVESTMENTS	328,107	305,444
80.	TECHNICAL RESERVES OF REINSURERS	-	-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	561,398	567,799
100.	INTANGIBLE ASSETS	30,561	28,328
	of which:		
	- goodwill	12,632	12,632
110.	TAX ASSETS	346,673	423,785
	a) current	10,817	46,596
	b) deferred	335,856	377,189
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	-	-
130.	OTHER ASSETS	567,179	398,699
<b>TOTAL ASSETS</b>		<b>53,334,244</b>	<b>49,807,597</b>



# FINANCIAL STATEMENT: BALANCE SHEET LIABILITY & EQUITY

thousands of euros

LIABILITY AND EQUITY		30/09/2021	31/12/2020
10.	FINANCIAL LIABILITIES AT AMORTISED COST	<b>48,279,115</b>	<b>45,386,147</b>
	a) due to banks	10,864,021	9,826,687
	b) due to customers	34,009,383	32,728,348
	c) securities issued	3,405,711	2,831,112
20.	FINANCIAL LIABILITIES HELD FOR TRADING	<b>41,228</b>	<b>33,816</b>
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	-	-
40.	HEDGING DERIVATIVES	<b>3,759</b>	<b>6,271</b>
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)	-	-
60.	TAX LIABILITIES	<b>38,979</b>	<b>37,400</b>
	a) current	4,151	3,567
	b) deferred	34,828	33,833
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	-
80.	OTHER LIABILITIES	<b>1,379,847</b>	<b>914,191</b>
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS	<b>40,426</b>	<b>42,341</b>
100.	PROVISIONS FOR RISKS AND CHARGES:	<b>264,965</b>	<b>291,757</b>
	a) loans commitments and	39,293	58,520
	b) pensions and similar	187,498	189,873
	c) other provisions	38,174	43,364
110.	TECHNICAL RESERVES	-	-
120.	VALUATION RESERVES	<b>30,409</b>	<b>27,840</b>
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS	-	-
130.	REDEEMABLE SHARES	-	-
140.	EQUITY INSTRUMENTS	-	-
150.	RESERVES	<b>1,537,451</b>	<b>1,449,360</b>
155.	OF WHICH INTERIM DIVIDENDS	-	-
160.	SHARE PREMIUM	<b>79,005</b>	<b>79,005</b>
170.	SHARE CAPITAL	<b>1,360,157</b>	<b>1,360,157</b>
180.	TREASURY SHARES (-)	<b>(25,456)</b>	<b>(25,388)</b>
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	<b>102,887</b>	<b>98,103</b>
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)	<b>201,472</b>	<b>106,597</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>53,334,244</b>	<b>49,807,597</b>

# FINANCIAL STATEMENT: INCOME STATEMENT

thousands of euros

ITEMS		30/09/2021		30/09/2020
10.	INTEREST AND SIMILAR INCOME		473,500	438,913
	of which: interest calculated using the effective interest method	467,091		432,930
20.	INTEREST AND SIMILAR EXPENSE		(83,141)	(76,701)
30.	<b>NET INTEREST INCOME</b>		<b>390,359</b>	<b>362,212</b>
40.	FEE AND COMMISSION INCOME		271,687	241,976
50.	FEE AND COMMISSION EXPENSE		(12,803)	(12,350)
60.	<b>NET FEE AND COMMISSION INCOME</b>		<b>258,884</b>	<b>229,626</b>
70.	DIVIDENDS AND SIMILAR INCOME		4,658	4,108
80.	NET TRADING INCOME		44,109	(11,128)
90.	NET HEDGING INCOME		35	92
100.	NET GAINS FROM SALES OR REPURCHASES OF:		31,446	(22,430)
	a) financial assets at amortized cost	18,024		(33,980)
	b) financial assets at fair value through other comprehensive income	13,443		11,509
	c) financial liabilities	(21)		41
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		25,098	(7,616)
	a) financial assets and liabilities designated at fair value	-		-
	b) other financial assets mandatorily measured at fair value	25,098		(7,616)
120.	<b>TOTAL INCOME</b>		<b>754,589</b>	<b>554,864</b>
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:		(104,847)	(80,341)
	a) financial assets at amortized cost	(105,534)		(79,326)
	b) financial assets at fair value through other comprehensive income	687		(1,015)
140.	NET GAINS FROM CONTRACTUAL CHANGES WITHOUT DERECOGNITION		(5,397)	(5,779)
150.	<b>NET FINANCIAL INCOME</b>		<b>644,345</b>	<b>468,744</b>
160.	NET INSURANCE PREMIUMS		-	-
170.	OTHER NET INSURANCE INCOME (EXPENSE)		-	-
180.	<b>NET FINANCIAL INCOME AND INSURANCE INCOME</b>		<b>644,345</b>	<b>468,744</b>
190.	ADMINISTRATIVE EXPENSES:		(415,556)	(394,834)
	a) personnel expenses	(199,963)		(184,338)
	b) other administrative expenses	(215,593)		(210,496)
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES		17,505	(3,682)
	a) commitments for guarantees given	19,008		(6,681)
	b) other net provisions	(1,503)		2,999
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY		(27,758)	(28,371)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS		(11,562)	(11,641)
230.	OTHER NET OPERATING INCOME		53,648	44,817
240.	<b>OPERATING COSTS</b>		<b>(383,723)</b>	<b>(393,711)</b>
250.	SHARE OF PROFITS OF INVESTEEES		25,623	18,923
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED		(320)	(518)
270.	GOODWILL IMPAIRMENT LOSSES		-	-
280.	NET GAINS ON SALES OF INVESTMENTS		279	9
290.	<b>PRE-TAX PROFIT FROM CONTINUING OPERATIONS</b>		<b>286,204</b>	<b>93,447</b>
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS		(80,083)	(25,881)
310.	<b>POST-TAX PROFIT FROM CONTINUING OPERATIONS</b>		<b>206,121</b>	<b>67,566</b>
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-	-
330.	<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>206,121</b>	<b>67,566</b>
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS		(4,649)	(3,116)
350.	<b>NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK</b>		<b>201,472</b>	<b>64,450</b>
	EARNINGS (LOSS) PER SHARE		0.444	0.142
	DILUTED EARNINGS (LOSSES) PER SHARE		0.444	0.142

# FINANCIAL STATEMENT: RECLASSIFIED INCOME STATEMENT

(in thousands of euro)	30/09/2021	30/09/2020	(+/-)	% change
Net interest income	390,359	362,212	28,147	7.77
Dividends and similar income	4,658	4,108	550	13.39
Net fee and commission income	258,884	229,626	29,258	12.74
Net gains on financial assets	100,688	4,023	96,665	2402.81
<b>Total income</b>	<b>754,589</b>	<b>599,969</b>	<b>154,620</b>	<b>25.77</b>
Net impairment losses [a]	-91,236	-140,557	49,321	-35.09
<b>Net financial income</b>	<b>663,353</b>	<b>459,412</b>	<b>203,941</b>	<b>44.39</b>
Personnel expenses [b]	-191,577	-184,338	-7,239	3.93
Other administrative expenses	-215,593	-210,496	-5,097	2.42
Other net operating income [b]	45,262	47,468	-2,206	-4.65
Net accruals to provisions for risks and charges [a]	-1,503	2,999	-4,502	-
Depreciation and amortisation on tangible and intangible assets	-39,320	-40,012	692	-1.73
<b>Operating costs</b>	<b>-402,731</b>	<b>-384,379</b>	<b>-18,352</b>	<b>4.77</b>
<b>Operating result</b>	<b>260,622</b>	<b>75,033</b>	<b>185,589</b>	<b>247.34</b>
Share of profits of investees and net gains on sales of investments	25,582	18,414	7,168	38.93
<b>Pre-tax profit from continuing operations</b>	<b>286,204</b>	<b>93,447</b>	<b>192,757</b>	<b>206.27</b>
Income taxes	-80,083	-25,881	-54,202	209.43
<b>Net profit (loss) for the period</b>	<b>206,121</b>	<b>67,566</b>	<b>138,555</b>	<b>205.07</b>
Net (profit) loss of the period attributable to minority interests	-4,649	-3,116	-1,533	49.20
<b>Net profit (loss) for the period attributable to the owners of Parent</b>	<b>201,472</b>	<b>64,450</b>	<b>137,022</b>	<b>212.60</b>

## Notes:

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

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

The results at 30/09/2021 have been subject to the following reclassifications:

[a] reclassified net reversals on provisions for credit risk for commitments and guarantees for 19.008 € million initially included in item net accruals to provisions for risks and charges [a] commitments for guarantees given] showing them among net impairment losses. The results at 30/09/2020 have been made consistent with those of 2021;

[b] a reclassification of personnel expenses and other operating income, netting them off against the proceeds of the retirement employees fund of 8.386 € million.

# TREND RESULTS AND KPIs [1 of 2]

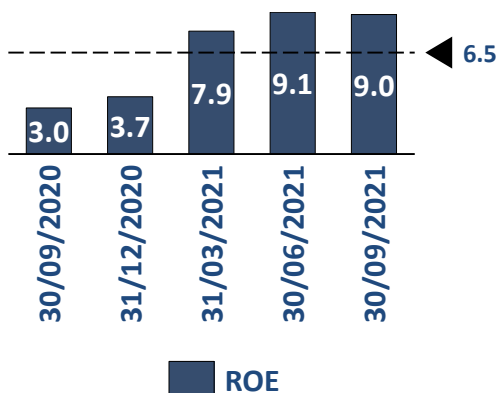
INCOME STATEMENT	30 SEPTEMBER 2020	31 DECEMBER 2020	31 MARCH 2021	30 JUNE 2021	30 SEPTEMBER 2021
€ mio.					
<b>NET RESULT</b>	<b>64.4</b>	<b>106.6</b>	<b>59.3</b>	<b>136.7</b>	<b>201.5</b>
GROSS RESULT	93.4	156.9	86.8	192.9	286.2
<b>CORE BANKING ACTIVITY</b>	<b>591.8</b>	<b>806.4</b>	<b>213.9</b>	<b>435.0</b>	<b>649.2</b>
ow Net interest income	362.2	490.0	129.1	264.0	390.4
ow Net fee and commission income	229.6	316.4	84.8	171.0	258.9
Return on financial assets	8.1	62.6	32.9	70.3	105.3
<b>TOTAL INCOME</b>	<b>600.0</b>	<b>869.1</b>	<b>246.9</b>	<b>505.3</b>	<b>754.6</b>
<b>NET IMPAIRMENT LOSSES</b>	<b>-140.6</b>	<b>-217.2</b>	<b>-28.9</b>	<b>-49.5</b>	<b>-91.2</b>
<b>OPERATING COSTS</b>	<b>-384.4</b>	<b>-521.3</b>	<b>-139.6</b>	<b>-279.0</b>	<b>-402.7</b>

INCOME STATEMENT	Q3-2020	Q4-2020	Q1-2021	Q2-2021	Q3-2021
€ mio.					
<b>NET RESULT</b>	<b>50.0</b>	<b>42.1</b>	<b>59.3</b>	<b>77.4</b>	<b>64.8</b>
GROSS RESULT	71.9	63.5	86.8	106.1	93.3
<b>CORE BANKING ACTIVITY</b>	<b>206.6</b>	<b>214.6</b>	<b>213.9</b>	<b>221.1</b>	<b>214.2</b>
ow Net interest income	129.2	127.8	129.1	134.9	126.3
ow Net fee and commission income	77.4	86.8	84.8	86.2	87.9
Return on financial assets	20.3	50.2	32.9	37.4	35.0
<b>TOTAL INCOME</b>	<b>226.9</b>	<b>264.8</b>	<b>246.9</b>	<b>258.5</b>	<b>249.2</b>
<b>NET IMPAIRMENT LOSSES</b>	<b>-33.3</b>	<b>-62.5</b>	<b>-36.6</b>	<b>-31.3</b>	<b>-42.4</b>
<b>OPERATING COSTS</b>	<b>-126.6</b>	<b>-146.7</b>	<b>-132.0</b>	<b>-128.7</b>	<b>-123.0</b>

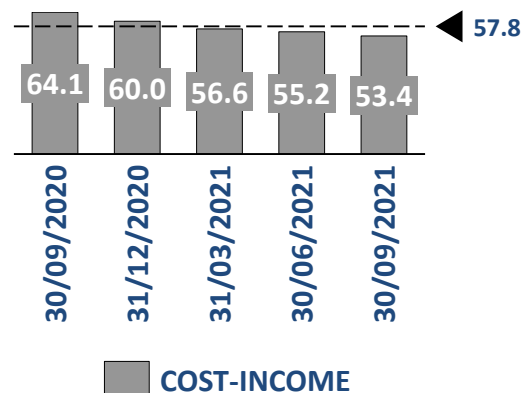
# TREND RESULTS AND KPIs [2 of 2]

KPI € mio.	30 SEPTEMBER 2020	31 DECEMBER 2020	31 MARCH 2021	30 JUNE 2021	30 SEPTEMBER 2021
ROE	3.0%	3.7%	7.9%	9.1%	9.0%
COST-INCOME RATIO	64.1%	60.0%	56.6%	55.2%	53.4%
COST OF RISK	0.6%	0.7%	0.4%	0.3%	0.4%
NPLs COVERAGE	55.2%	52.4%	53.0%	55.0%	58.1%
BAD LOANS COVERAGE	68.9%	67.9%	68.3%	70.9%	71.2%
GROSS NPL RATIO	9.0%	7.5%	7.4%	7.0%	7.0%
NET NPL RATIO	4.3%	3.7%	3.6%	3.3%	3.1%
TEXAS RATIO	42.2%	36.8%	35.6%	32.9%	29.8%
CET1 RATIO	16.3%	16.3%	16.6%	16.7%	16.5%
TOTAL CAPITAL RATIO	18.7%	18.5%	18.7%	18.7%	18.3%

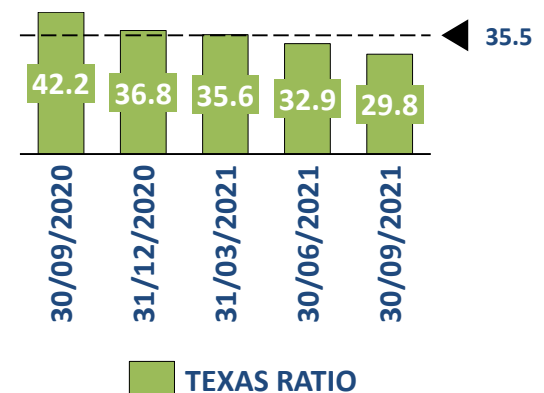
## PROFITABILITY



## EFFICIENCY



## CREDIT QUALITY/EQUITY



- ❑ *This document has been prepared by Banca Popolare di Sondrio for information purpose only and does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect of such securities or other financial instruments.*
- ❑ *The information, opinions, estimates and forecasts contained herein have not been independently verified. They have been obtained from, are based upon, sources that company believes to be reliable but makes no representations (either express or implied) or warranty on their completeness, timeliness or accuracy.*
- ❑ *The document may contain forward-looking statements, which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to significant risks and uncertainties, many of which are outside the company's control. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice.*
- ❑ *Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2), Maurizio Bertoletti, in his capacity as manager in charge of financial reporting declares that the accounting information contained in this Presentation reflects the group's documented results, financial accounts and accounting records.*

IL GRUPPO BANCARIO AL CENTRO DELLE ALPI



[www.popso.it](http://www.popso.it)

# Banca Popolare di Sondrio

FONDATA NEL 1871



## BPS (SUISSE)

Banca Popolare di Sondrio (SUISSE)

[www.bps-suisse.ch](http://www.bps-suisse.ch)  
[contact@bps-suisse.ch](mailto:contact@bps-suisse.ch)



## BNT BANCA

Banca della Nuova Terra

[www.bntbanca.it](http://www.bntbanca.it)  
[infobanca@bntbanca.it](mailto:infobanca@bntbanca.it)

SINERGIA  
SECONDA

POPSO  
COVERED  
BOND



## Factorit

[www.factorit.it](http://www.factorit.it)  
[info@factorit.it](mailto:info@factorit.it)



## PrestiNuova

[www.prestinuova.it](http://www.prestinuova.it)  
[info@prestinuova.it](mailto:info@prestinuova.it)

[www.pirovano.it](http://www.pirovano.it)  
[info@pirovano.it](mailto:info@pirovano.it)

## PIROVANO

L'UNIVERSITÀ DELLO SCI  
SNOWBOARD UNIVERSITY  
L'UNIVERSITÀ DELLA MONTAGNA