

# **POPSO COVERED BOND S.R.L.**

## **REPORT AND FINANCIAL STATEMENTS**

### **AT 31 DECEMBER 2022**

Registered office: Via V. Alfieri no. 1 - 31015 Conegliano (TV)

Quota capital Euro 10,000.00-fully paid-up

Tax code, VAT and Treviso-Belluno Register of Companies no. 04620230260

Member of the Banca Popolare di Sondrio Banking Group –

Register of Banking Groups no. 5696.0

Management and coordination pursuant to Article 2497 and ff. of the Italian Civil Code: Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)

**BANCA POPOLARE DI SONDRIO GROUP**

# POPSO COVERED BOND S.R.L.

## CORPORATE BODIES

### BOARD OF DIRECTORS

CHAIRMAN AND MANAGING DIRECTOR	MACOGGI GIANPIETRO
MANAGING DIRECTOR	GABRIELE PAOLO
DIRECTOR	TROMBETTA CARLO

### INDEPENDENT AUDITORS

EY S.P.A

### QUOTAHOLDERS

BANCA POPOLARE DI SONDRIO S.C.P.A. (NOW BANCA POPOLARE DI SONDRIO S.P.A.)	60%
SVM SECURITISATION VEHICLES MANAGEMENT S.R.L.	40%

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# DIRECTORS' REPORT ON OPERATIONS

## 1. The business

The Company was established under the name "SPV Covered Bond 4 S.r.l." on 11 September 2013 pursuant to Law no. 130 of 30 April 1999 which contains provisions governing the implementation of securitisation transactions in Italy.

On 8 May 2014 the Company's Quotaholders' Meeting resolved to change the company name to "POPSO Covered Bond S.r.l." and to join the Banca Popolare di Sondrio banking group.

The sole purpose of the Company is the acquisition from banks of the assets listed below, for valuable consideration, within one or more issues (including both single issues and issue programmes) of covered bonds (*Obbligazioni Bancarie Garantite*) implemented pursuant to article 7-bis of Law no. 130 of 30 April 1999, as possibly amended and supplemented and related implementing provisions:

- (i) land and mortgage loans, which can also be identified in bulk;
- (ii) receivables that are claimed from or secured by public authorities, which can also be identified in bulk;
- (iii) securities issued within securitisation transactions concerning receivables that are of the same type;
- (iv) additional eligible assets or integration eligible assets that are permitted by the aforesaid regulations; through the raising of loans granted or secured also by the assignor banks, as well as the provision of guarantees issued by the same banks or by other banks.

The Company will carry out the abovementioned activities according to such terms and conditions and in such manners as those set out in the regulations applicable to the issues of covered bonds pursuant to article 7-bis of Law no. 130 of 30 April 1999.

In accordance with the aforesaid provisions of law and pursuant to Article 1180 of the Italian Civil Code, the receivables and securities purchased by the Company and the amounts paid out by the related debtors are aimed at satisfying the claims of the holders of the covered bonds referred to in article 7-bis, paragraph 1, of Law no. 130/1999 and issued within the context of the issues in which the Company participates and to the benefit of which the Company has provided guarantees, as well as of the counterparties to the derivative contracts entered into to hedge the risks associated with the receivables and securities purchased and to any other additional contract. They are also aimed at the payment of other transaction costs, on a priority basis with respect to the repayment of loans granted or secured also by the assignor banks pursuant to article 7-bis, paragraph 1, of Law no. 130/1999.

Any receivables and securities purchased by the Company within each issue transaction or programme constitute assets which are separate for all purposes both from the Company's assets and from those relating to other issue transactions or programmes, in relation to which no actions may be taken by any creditors other than the holders of the covered bonds issued and by the additional creditors referred to in the previous paragraph.

Within the limits permitted by Law no. 130 of 30 April 1999 and related implementing provisions, the Company may also carry out additional transactions to be entered into for the provision of guarantees and the successful completion of the issues of covered bonds in which it participates, as well as may carry out, in cases when it is permitted by Law no. 130/1999 and related implementing provisions and according to the procedures and within the limits set out therein, transactions of re-investment in other financial assets of funds deriving from the management of the receivables and securities which are purchased pursuant to these articles of association and which are not immediately used to satisfy the rights of the holders of covered bonds (issued within said issues) and to pay transaction costs.

Within the issue of covered bonds in which the Company participates and in compliance with Law no. 130/1999 and related implementing provisions, the Company may appoint third-party persons for the collection of any purchased receivables and for the provision of cash and payment services; it may also carry out any other activity permitted by Article 7-bis of Law no. 130/1999.

The Company may carry out its own activity both in Italy and abroad.

The Company has sought and obtained registration under no. 42040 of the General List of Financial Intermediaries (*Elenco Generale degli Intermediari Finanziari*) under article 106, paragraph 1, of Legislative Decree no. 385 of 1 September 1993, as amended (TUB, *Testo Unico Bancario*, Consolidated Act on Banking Laws).

According to Legislative Decree no. 141 of August 2010, as amended by Legislative Decree no. 218 of December 2010, “as regards the assignee persons referred to in article 7-bis, within the limits set out in a regulation enacted by the Minister of Economy and Finance and having heard the Bank of Italy, pursuant to article 17, paragraph 3, of Law no. 400 of 23 August 1988, the provisions laid down for financial intermediaries under Title V of legislative decree no. 385 of 1 September 1993 shall apply.”

Article 7 of subsequent Ministerial Decree no. 53/2015, which came into force on 23 May 2015, provides that: “If the assignee companies for the security of covered bonds belong to a banking group, as defined by Article 60 of the TUB, they are not required to register with the register.”

By virtue of the entry into force of the abovementioned regulations and given the Company’s membership to the Banca Popolare di Sondrio banking group, the Company submitted a request to the Bank of Italy for cancellation from the General List under Article 106 of the TUB; the cancellation became effective on 24 August 2015.

In compliance with the supervision provisions, the issue of Covered Bonds is an instrument reserved only for those banks which are “*provided with high capitalisation in consideration of the specific features of the market of Covered Bonds and of the need to protect creditors other than the Holders of the CBs, whose collateral security is diminished as a result of the transfer of high-quality bank assets.*”

In the context of the above purpose, the Company has been participating, since the 2014 financial year, in a programme of covered bonds of the Banca Popolare di Sondrio Banking Group, through (i) the purchase without recourse (*pro soluto*) by the Company of a portfolio of performing mortgage loans fully originated by Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) pursuant to articles 4 and 7-bis of Law no. 130/1999, on 30 May 2014, and (ii) the concurrent obtainment of a subordinated loan from the assignor bank itself and the signature, *inter alia*, of the contract whereby the purchased assets are pledged as an irrevocable guarantee of the bank bonds.

By virtue of the principle of segregation of each set of assets of covered bonds, the financial and economic position of the programme of covered bonds is reported in part D, section 1, letter L, of the Notes to the Financial Statements, in compliance with the provisions laid down in specific Orders issued by the Bank of Italy.

The Financial Statements at 31 December 2022 recognised a break-even result following the charge-back of net operational costs to the segregated assets in relation to the financial year just ending.

## **2. Performance of the relevant market in 2022**

The 2022 financial year was marked by a general framework characterised by geopolitical tensions generated by the Russian-Ukrainian conflict, with inevitable effects on growth and inflation triggered by the rising cost of raw materials, particularly energy.

The eruption of the conflict in Ukraine has abruptly dashed the hope of a return to normality after the Covid-19 health emergency, which became apparent at the end of 2021 due to a lower number of hospitalisations, the easing of restrictive measures and the gradual adaptation to them on the part of the population, paving the way for a new phase of living with the virus and, therefore, a gradual softening of risks to the economy.

The hostilities have demanded heavy humanitarian intervention and have triggered an energy crisis in Europe while also contributing, to an appreciable extent, to an increase in international prices of global food and raw materials, which have risen to decade highs. This has thus exacerbated those inflationary pressures that were already made acute by the adverse impact of the pandemic on global supply chains.

The resulting downward revision of growth estimates has primarily affected commodity-importing developing countries, which are more fragile in the face of rising energy and food prices. But unevenness has continued to persist among advanced economies as well.

The Eurozone economy, which is heavily dependent on Russian gas supplies, has borne the brunt of the shock from the Russian-Ukrainian conflict.

The expansion of EU sanctions against Russia has further aggravated supply constraints and has adversely affected energy prices. Given the even more significant increase in producer prices, there is concern that the current trend in consumer prices is not likely to subside so quickly, casting shadow on the outlook for consumption. The general rise in interest rates as a result of measures taken by central banks to combat inflation has caused an equally significant disruption in bond markets.

The conflict under consideration and the sanctions imposed by the international community on the government, companies and economy of Russia, as well as the countermeasures put in place by the latter country, have led to a situation of high uncertainty at the macroeconomic level, exchange rates, costs of energy and raw materials, the cost of debt, inflationary expectations and the cost of credit.

The economic performance in Italy in 2022 was naturally affected by the difficult environment described above. After a sharp rise recorded in the first quarters of the year, while continuing to benefit from the use of Next Generation EU funds, growth slowed down, particularly in the last quarter of the year, which was also due to a marked change in the direction of monetary policy and a sharp surge recorded in interest rates as a result of the measures taken by central banks to combat inflation. This was also contributed to by both attenuated recovery of value added in services, which returned to pre-pandemic values as early as in the summer months, and a decline in industrial production. Household spending slowed, despite measures to support disposable income amid high inflation.

### **3. Significant events of the financial year**

With reference to the Company, no significant events must be reported which occurred during the financial year.

It should be noted that as at 31 December 2022 no. 8 securitised credit contracts, corresponding to Euro 1.481 million (equal to approximately 0.12 % of the portfolio) still benefitted from the moratoria provided for by the support measures adopted by the Italian government.

With reference to the segregated assets, it is reported that the transaction had a regular performance.

With reference to the payments relating to the subordinated loan, it should be noted that, during the financial year just ending, the Company took steps to duly pay the interest accrued according to the priority order of payments prepared by the Guarantor Calculation Agent.

### **4. Information on the Company's position, performance and operating result**

With reference to the corporate assets, it is deemed that, given the business conducted by the Company, there is no additional information with respect to that illustrated in the Notes to the Financial Statements. Specifically, as regards performance indicators, it is deemed that they are not significant in relation to the corporate assets, while, as regards the performance of the segregated assets, reference is made to Part D, section L, of the Notes to the Financial Statements.

### **5. Significant events after the end of the Financial Year**

It is informed that no corporate events occurred which were such as to have a significant impact on the financial position and results of operations reported herein (IAS 10) during the period from 31 December 2022 to the date of approval of these financial statements.

### **6. Outlook**

The operations will be aimed at the regular performance of the transaction in place.

### **7. The Company as a going concern**

While preparing the Financial Statements, an assessment has been made as to the satisfaction of the requirements relating to the Company's ability to operate as a going concern within a time span of at least twelve months after the reporting date of the Financial Statements. To express this assessment, account has been taken of all the information available and of the specific business conducted by the Company, whose sole purpose, in compliance with Law no. 130 of 30 April 1999, is the participation in issues of covered bonds in the capacity as assignor and guarantor.

Accordingly, these Financial Statements have been prepared on a going concern basis, as no events have occurred or conditions have been fulfilled which could have raised doubt on the Company's ability to continue to operate as a going concern.

## **8. Other information**

### **A) Own quotas**

The Company does not hold either own interests or interests of the parent company, whether directly or through trust companies.

### **B) Research and development activities**

Given the special nature of the Company, no specific research and development activities were carried out during the Financial Year.

### **C) Relations with related parties**

With reference to the corporate assets, no transactions were effected with related parties, except for what is reported in section 6 of part L, "Other information", of the Notes of Financial Statements to which reference should be made.

With reference to the covered bond transaction, reference is made to paragraph L.3 of these Notes to the Financial Statements, reporting the complete list of the entities involved.

### **D) Direction and Coordination Activity**

The Company is subject to direction and coordination activity on the part of Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) pursuant to Article 2497-*bis* of the Italian Civil Code.

### **E) Information on risks and the related hedging policies**

The information reported below makes reference to the corporate management operations; as regards segregated assets, reference is made to paragraph L, of the Notes to the Financial Statements.

#### **Liquidity risk**

The Company believes that it has sufficient liquid assets to meet its own financial commitments.

#### **Interest rate risk**

The Company has no financial assets and liabilities which expose it to significant interest rate risks.

#### **Exchange risk**

The Company is active at a domestic level only and, accordingly, it is not exposed to exchange risks.

#### **Credit risk**

The Company mainly claims receivables from segregated assets as a result of the charge-back of operating costs. Given the collection forecasts on receivables from segregated assets and the priority in which these receipts will be applied to the payment of the abovementioned receivables, it is believed that no risks exist in relation to the possibility of them being recovered. At present, it is believed that the current emergency will have no consequences that could affect the Company's ability to continue as a going concern.

### **F) Tax treatment of segregated assets**

Pursuant to Circular Letter 8/E of 6 February 2003, any income arising from the management of segregated assets, in the implementation of transactions under Law no. 130/1999, is not comprised in

the available assets of the Company, and, accordingly, the Company's tax liability is excluded. This treatment confirms the provisions laid down in the Bank of Italy's Order of 29 March 2000, according to which the Company's income statement is not affected by the income and charges concerning the management of the programme of covered bonds.

The funds (if any) that should become available to the Company once all of the creditors of the segregated assets are satisfied will be taxed only at the end of the transaction under Law no. 130/1999. Furthermore, it should be noted that the separate balance sheet assets include receivables for withholding taxes applied to interest income accrued on current accounts. Pursuant to Resolution no. 222/E of 5 December 2003 and Resolution no. 77/E of 4 August 2010, these withholding taxes may be deducted in the financial year in which the securitisation transaction is concluded.

**G) Sub-offices**

The Company has no sub-offices.

**H) Employees**

The Company has no employees.

Conegliano, 17 March 2023

**POPSO Covered Bond S.r.l.**  
*The Chairman of the Board of Directors*  
Gianpietro Macoggi

## BALANCE SHEET

### ASSETS

Assets	31/12/2022	31/12/2021
<b>10.</b> Cash and cash equivalents	20,674	31,690
<b>20.</b> Financial assets measured at fair value through profit or loss		
<i>a) financial assets held for trading</i>		
<i>b) financial assets designated at fair value</i>		
<i>c) other financial assets mandatorily measured at fair value</i>		
<b>30.</b> Financial assets measured at fair value through comprehensive income		
<b>40.</b> Financial assets measured at amortised cost		
<i>a) receivables from banks</i>		
<i>b) receivables from financial companies</i>		
<i>c) receivables from customers</i>		
<b>50.</b> Hedging derivatives		
<b>60.</b> Value adjustment to financial assets subject to macro-hedging (+/-)		
<b>70.</b> Equity investments		
<b>80.</b> Property, plant and equipment		
<b>90.</b> Intangible assets		
<i>of which:</i>		
<i>-goodwill</i>		
<b>100.</b> Tax assets	3,049	3,207
<i>a) current</i>	3,049	3,207
<i>b) deferred</i>		
<b>110.</b> Non-current assets held for sale and disposal groups of assets		
<b>120.</b> Other assets	8,020	7,804
<b>TOTAL ASSETS</b>	<b>31,743</b>	<b>42,701</b>



## LIABILITIES AND EQUITY

	<b>Liabilities and equity</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>10.</b>	Financial liabilities measured at amortised cost	(1)	
	<i>a) payables</i>	(1)	
	<i>b) outstanding securities</i>		
<b>20.</b>	Financial liabilities held for trading		
<b>30.</b>	Financial liabilities designated at fair value		
<b>40.</b>	Hedging derivatives		
<b>50.</b>	Value adjustment to financial liabilities subject to macro-hedging (+/-)		
<b>60.</b>	Tax liabilities	349	206
	<i>a) current</i>	349	206
	<i>b) deferred</i>		
<b>70.</b>	Liabilities associated with assets held for sale		
<b>80.</b>	Other liabilities	19,262	30,361
<b>90.</b>	Post-employment benefits		
<b>100.</b>	Provisions for risks and charges:		
	<i>a) commitments and guarantees issued</i>		
	<i>b) pension fund and similar obligations</i>		
	<i>c) other provisions for risks and charges</i>		
<b>110.</b>	Quota capital	10,000	10,000
<b>120.</b>	Own quotas (-)		
<b>130.</b>	Equity instruments		
<b>140.</b>	Issue premiums	2,000	2,000
<b>150.</b>	Reserves	133	133
<b>160.</b>	Valuation reserves		
<b>170.</b>	Profit (loss) for the year		1
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>31,743</b>	<b>42,701</b>

## INCOME STATEMENT

	Items	31/12/2022	31/12/2021
10.	Interest earned and similar income <i>of which: interest income calculated according to the effective interest method</i>		
20.	Interest expense and similar charges		
30.	<b>INTEREST MARGIN</b>		
40.	Commissions income		
50.	Commissions expense	(393)	(340)
60.	<b>NET COMMISSIONS</b>	<b>(393)</b>	<b>(340)</b>
70.	Dividends and similar income		
80.	Net profit (loss) from trading		
90.	Net profit (loss) from hedging		
100.	Profit/loss from sale or repurchase of: <i>a) financial assets measured at amortised cost</i> <i>b) financial assets measured at fair value through comprehensive income</i> <i>c) financial liabilities</i>		
110.	Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss <i>a) financial assets and liabilities designated at fair value</i> <i>b) other financial assets mandatorily measured at fair value</i>		
120.	<b>OPERATING INCOME</b>	<b>(393)</b>	<b>(340)</b>
130.	Net value adjustments/write-backs for credit risk of: <i>a) financial assets measured at amortised cost</i> <i>b) financial assets measured at fair value through comprehensive income</i>		
140.	Profits/losses from contract amendments without cancellations		
150.	<b>NET PROFIT (LOSS) FROM FINANCIAL OPERATIONS</b>	<b>(393)</b>	<b>(340)</b>
160.	Administrative expenses: <i>a) personnel costs</i> <i>b) other administrative expenses</i>	(63,705) (11,080) (52,625)	(61,526) (10,964) (50,562)
170.	Net accruals to provisions for risks and charges <i>a) commitments and guarantees issued</i> <i>b) other net provisions</i>		
180.	Net value adjustments/write-backs on property, plant and equipment		
190.	Net value adjustments/write-backs on intangible assets		
200.	Other operating income and charges	64,399	62,072
210.	<b>OPERATING COSTS</b>	<b>694</b>	<b>546</b>
220.	Profits (Losses) from equity investments		
230.	Net profit (loss) from property, plant and equipment and intangible assets measured at fair value		
240.	Value adjustments to goodwill		
250.	Profits (Losses) from disposal of investments		
260.	<b>PROFIT (LOSS) BEFORE TAX FROM CURRENT OPERATIONS</b>	<b>301</b>	<b>206</b>
270.	Income tax from current operations for the year	(301)	(206)

<b>280.</b>	<b>PROFIT (LOSS) AFTER TAX FROM CURRENT OPERATIONS</b>	<b>0</b>	<b>0</b>
<b>290.</b>	Profit (Loss) after tax from discontinued operations		
<b>300.</b>	<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>0</b>	<b>0</b>

## STATEMENT OF COMPREHENSIVE INCOME

	Items	31/12/2022	31/12/2021
<b>10.</b>	<b>Profit (Loss) for the year</b>	0	0
	<b>Other income components, net of tax without transfer to P&amp;L</b>		
<b>20.</b>	Equity instruments designated at fair value through comprehensive income		
<b>30.</b>	Financial liabilities designated at fair value through profit or loss (changes in credit rating)		
<b>40.</b>	Hedging of equity instruments designated at fair value through comprehensive income		
<b>50.</b>	Property, plant and equipment		
<b>60.</b>	Intangible assets		
<b>70.</b>	Defined-benefit plans		
<b>80.</b>	Non-current assets held for sale and disposal group of assets		
<b>90.</b>	Portion of valuation reserves of equity-accounted investments		
	<b>Other income components, net of tax with transfer to P&amp;L</b>		
<b>100.</b>	Hedging of foreign investments		
<b>110.</b>	Foreign exchange differences		
<b>120.</b>	Cash flow hedge		
<b>130.</b>	Hedging instruments (items not designated)		
<b>140.</b>	Financial assets (other than equity instruments) measured at fair value through comprehensive income		
<b>150.</b>	Non-current assets held for sale and disposal groups of assets		
<b>160.</b>	Portion of valuation reserves of equity-accounted investments		
<b>170.</b>	<b>Total other income components, net of tax</b>		
<b>180.</b>	<b>Comprehensive income (Item 10+170)</b>	0	0

## STATEMENT OF CHANGES IN EQUITY

	Equity at 31/12/2021	Changes in opening	Equity at 1/01/2022	Allocation of result from previous Financial Year		Changes for the year					Comprehensive Income FY 2022	Equity at 31/12/2022	
				Reserves	Dividends and Other Allocations	Changes in Reserves	Equity Transactions						
							Issue of New Quotas	Purchase of Own Quotas	Distribution of extra-Dividends	Change in Equity Instruments			Other changes
Quota Capital	10,000		10,000									10,000	
Issue premium	2,000		2,000									2,000	
Reserves													
a) Retained earnings	134		134									134	
b) Others													
Valuation reserves													
Equity instruments													
Own Quotas													
Profit (Loss) for the year											-	-	
<b>EQUITY</b>	<b>12,134</b>		<b>12,134</b>								-	<b>12,134</b>	

	Equity at 31/12/2020	Changes in opening	Equity at 1/01/2021	Allocation of result from previous Financial Year		Changes for the year					Comprehensive Income FY 2021	Equity at 31/12/2021	
				Reserves	Dividends and Other Allocations	Changes in Reserves	Equity Transactions						
							Issue of New Quotas	Purchase of Own Quotas	Distribution of extra-Dividends	Change in Equity Instruments			Other changes
Quota Capital	10,000		10,000									10,000	
Issue premium	2,000		2,000									2,000	
Reserves													
a) Retained earnings	134		134									134	
b) Others													
Valuation reserves													
Equity instruments													
Own Quotas													
Profit (Loss) for the year													
<b>EQUITY</b>	<b>12,134</b>		<b>12,134</b>									<b>12,134</b>	

## CASH FLOW STATEMENT (INDIRECT METHOD)

	31/12/2022	31/12/2021
<b>A OPERATING ACTIVITIES</b>		
<b>1 OPERATIONS</b>	<b>0</b>	<b>0</b>
operating result (+/-)	0	0
capital gains/losses on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)	0	0
capital gains/losses on hedging assets (-/+)	0	0
net value adjustments for credit risk (+/-)	0	0
net value adjustments to property, plant and equipment and intangible assets (+/-)	0	0
net provisions for risks and charges and other costs/revenues (+/-)	0	0
unpaid taxes and duties and tax credits (+)	0	0
net value adjustments to discontinued operations, net of tax effect (+/-)	0	0
other adjustments (+/-)	0	0
<b>2 CASH FLOW GENERATED FROM/ABSORBED BY FINANCIAL ASSETS</b>	<b>(58)</b>	<b>4,222</b>
financial assets held for trading	0	0
financial assets designated at fair value	0	0
other assets mandatorily measured at fair value	0	0
financial assets measured at fair value through comprehensive income	0	0
financial assets measured at amortised cost	0	0
other assets	(58)	4,222
<b>3 CASH FLOW GENERATED FROM/ABSORBED BY FINANCIAL LIABILITIES</b>	<b>(10,958)</b>	<b>(7,426)</b>
financial liabilities measured at amortised cost	(1)	0
financial liabilities held for trading	0	0
financial liabilities designated at fair value	0	0
other liabilities	(10,957)	(7,426)
<i>Net Cash Flow generated from/used by operating activities</i>	<b>(11,016)</b>	<b>(3,204)</b>
<b>B INVESTING ACTIVITIES</b>		
<b>1 CASH FLOW GENERATED FROM:</b>	<b>0</b>	<b>0</b>
sales of equity investments	0	0
dividends collected on equity investments	0	0
sales of property, plant and equipment	0	0
sales of intangible assets	0	0
sales of business units	0	0
<b>2 CASH FLOW ABSORBED BY:</b>	<b>0</b>	<b>0</b>
purchases of equity investments	0	0
purchases of property, plant and equipment	0	0
purchases of intangible assets	0	0
purchases of business units	0	0
<i>Net Cash Flow generated from/absorbed by investing activities</i>	<b>0</b>	<b>0</b>
<b>C BORROWING ACTIVITIES</b>		
issues/purchases of own quotas	0	0
issues/purchases of equity instruments	0	0

distribution of dividends and other purposes	0	0
<b>Net Cash Flow generated from/absorbed by borrowing activities</b>	<b>0</b>	<b>0</b>
<b>D NET CASH FLOW GENERATED/USED IN THE YEAR</b>	<b>(11,016)</b>	<b>(3,204)</b>

KEY

- (+) generated
- (-) absorbed

RECONCILIATION	31/12/2022	31/12/2021
(E) Cash and cash equivalents at the beginning of the Year	31,690	34,894
(D) Net cash flow generated/absorbed in the Year	(11,016)	(3,204)
(F) Cash and cash equivalents: foreign exchange effect	0	0
(G) Cash and cash equivalents at the end of the Year (E+/-D+/-F)	20,674	31,690

“Cash and cash equivalents at the end of the Year” include sight funds available in current bank accounts classified under item 40 “Financial assets measured at amortised cost” of the Balance Sheet.

## **NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2022**

### **PREAMBLE**

The sole purpose of the Company, which was established pursuant to Law no. 130/1999, is to participate in issues of covered bonds, in the capacity as the assignor of a portfolio of receivables, which is purchased through loans granted by the assignor bank itself and which is intended to secure the bonds issued by the latter.

### **Form and content of the Notes to the Financial Statements**

These Notes to the Financial Statements are divided into the following four parties:

- Part A - Accounting Policies;
- Part B - Information on the balance sheet;
- Part C - Information on the income statement;
- Part D - Other information.

Each part in the Notes to the Financial Statements is composed of sections illustrating each individual aspect of the business management. The sections contain information of both a qualitative and quantitative nature.

Quantitative information generally includes items and tables.

The tables have been prepared complying with the formats envisaged in the current provisions.

The Financial Statements have been subject to statutory audit by the independent auditors EY S.p.A. on the basis of the engagement assigned by the Quotaholders' Meeting held on 17 April 2020 for the financial years from 31 December 2020 to 31 December 2022.



## PART A – ACCOUNTING POLICIES

### A.1 – GENERAL PART

#### Section 1 – Statement of compliance with international accounting standards

The Company has adopted the IAS/IFRS international accounting standards in the preparation of the Financial Statements at 31 December 2022.

IAS/IFRS means any and all International Accounting Standards (“IAS”), any and all International Financial Reporting Standards (“IFRS”), any and all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) - previously named Standing Interpretations Committee (“SIC”) - endorsed by the European Commission and transposed by Legislative Decree no. 38/2005 into the Italian legal system. Furthermore, the provisions in the “Framework” for the preparation and presentation of Financial Statements” were complied with specifically in relation to the principle concerning the prevalence of substance over form, as well as to the importance and significance of information.

As regards the disclosures required by IFRS 8, “Operating Segments”, it should be noted that any breakdown would not be significant given the nature of the Company; therefore, it is omitted from these notes to the financial statements.

Since the Company is consolidated in the Banca Popolare di Sondrio Banking Group according to IFRS 10, it has adopted, on a voluntary basis, the international accounting standards, as it met the requirements for the option at the time of the exercise pursuant to then Article 2, letter e), of Legislative Decree no. 38/2005.

The Company continues to prepare its financial statements according to international accounting standards. This option complies with Article 4, paragraph 6-bis, of Legislative Decree no. 38/2005 introduced by Legislative Decree no. 230 of 29 December 2011, which also extended the right to prepare financial statements by using IAS/IFRS to those companies for which, after the preparation of the financial statements in accordance with international accounting standards, the conditions are no longer fulfilled for their mandatory application.

The Financial Statements have been prepared by using the formats envisaged by the 7<sup>th</sup> updated version of the “Instructions for the preparation of the financial statements of the IFRS Intermediaries other than bank intermediaries”, which were issued by the Bank of Italy on 29 October 2021, as supplemented by a notice dated 21 December 2021 (Update of the additions to the provisions of the Order on “The financial statements of the IFRS Intermediaries other than bank intermediaries” concerning the impact of the COVID-19 pandemic and the measures put in place in support of economy). However, the Order of 9 December 2016 deleted, from its scope of regulation, any reference to securitisation SPVs and assignees for covered bonds belonging to a banking group and not registered on the list, as they are entities that can no longer be described as non-bank financial intermediaries following the Reform of Title V that was completed under Legislative Decree no. 141/2010 and subsequent amending decrees, the accounting effects of which were provided for in Legislative Decree no. 136/2015.

As a result of the fact that IAS 1 does not require strict compliance with the structure of schedules and pending the enactment of new rules aimed at replacing those previously in force and at regulating the preparation of financial statements of securitisation SPVs, these financial statements, were drawn up, with regard to corporate management operations, by using the abovementioned schedules in line with the previous financial year; the latter adopt the amendments introduced by the new IFRS9, which became applicable from 1 January 2018. As regards segregated assets, reference was made to the Bank of Italy’s Order of 15 December 2015 (3rd updating), given that the subsequent orders referred to above did not provide any information on the disclosures to be provided for securitisation transactions.

These frameworks were regarded as the most suitable option in order to provide information on the Company’s financial position, results of operations and cash flows which is useful for the users in making decisions of an economic nature and which, at the same time, appears to be important, reliable,

comparable and comprehensible.

This decision is also based on the compliance with the general principle of continuity in the description of management events in order to make the financial statements more understandable.

## **Section 2 – General principles for the preparation of financial statements**

These Financial Statements are made up - in accordance with IAS 1 - of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and the Notes to the Financial Statements, and are also accompanied by the Directors' Report on Operations, the economic results achieved and equity and financial position of the Company.

In accordance with article 5 of Legislative Decree no. 38/2005, the Financial Statements have been prepared using the Euro as the money of account, without decimal fractions.

The Financial Statements have been prepared with the intent of giving a true and fair representation of the financial position, results of operations and cash flows for the Financial Year.

The Financial Statements have been prepared on a going concern basis (IAS 1 Revised paragraph 25 - reference is made to point 7 of the Report on Operations as to the considerations made by the Company for establishing the existence of the requirements behind the going-concern concept), on an accruals basis (IAS 1 Revised paragraphs 27 and 28) and in compliance with a consistent presentation and classification of the items in the Financial Statements (IAS 1 Revised paragraph 45). The assets and liabilities, income and costs have not been set off against each other save where required or permitted by a standard or an interpretation (IAS 1 Revised paragraph 32).

Below are the accounting standards that will be applicable from 1 January 2022 and that have already been endorsed by the European Commission:

On 2 July 2021, Regulation (EU) 2021/1080 was published, which endorsed the following documents published by the IASB on 14 May 2020:

- *“Reference to the Conceptual Framework (Amendments to IFRS3)”*
- *“Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)”*
- *“Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)”*
- *“Annual Improvements to IFRS Standards 2018–2020”*

It should be noted that the amendments reported above had no impact on the Company's financial position and results of operations at 31 December 2022.

- On 23 November 2021 Regulation (EU) 2021/2036 was published, which endorsed the accounting standard **IFRS 17 “Insurance Contracts”**, which was issued by the IASB on 18 May 2017, as amended on 25 June 2020.

Furthermore, note the following new accounting standards, amendments and interpretations issued by the IASB, but not yet endorsed by the European Union, as at 31 December 2022:

The following amendments to IAS 1 submitted by the IASB are in the process of being endorsed:

- *“Classification of Liabilities as Current or Non-Current Date”* issued on 23 January 2020
- *“Non-current Liabilities with Covenants”* issued on 31 October 2022.

On 22 September 2022 the IASB published the amendment to IFRS 16 *“Lease Liability in a Sale and Leaseback”*, which clarifies how a sale and leaseback transaction is accounted for after the date of

transaction.

Based on the analyses carried out, the first-time adoption of the abovementioned standards will have no substantial impact on the current amounts of the Company's financial position and results of operations.

Where necessary, the data relating to the Financial Statements of the previous financial year have been subject to consistent reclassifications in order to make them comparable with the data in these Financial Statements.

Each account in the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement, also report the amount relating to the previous financial year for comparative purposes.

### **Transactions carried out**

Based on the information reported in Section 1 of Part A.1 of these Notes to the Financial Statements, the Company continues to apply the Bank of Italy's Instructions dated 15 December 2015 to prepare these Financial Statements with reference to segregated assets, given that the subsequent orders did not report any information on the disclosures to be provided for securitisation transactions.

Consequently, the purchased receivables, the securities issued and any other transaction completed within the scope of the securitisation transaction are represented in a specific statement and are described in a specific section of the Notes to the Financial Statements and do not form part of the Financial Statements schedules.

This approach is also in line with Law no. 130 of 30 April 1999, according to which "the receivables relating to each transaction will constitute assets which are separate for all purposes both from the company's assets and from those relating to any other transaction."

As a consequence, these values concerning the covered bond transaction have not been affected by the application of the IAS/IFRS standards, since in no way do these standards deal with the disclosures relating to segregated assets.

However, it should be specified that, pursuant to article 7-bis, last paragraph, the receivables have been purchased at the accounting entry value, as resulting from the last financial statements approved by the Assignor, which was affected by the application by the latter of the International Financial Reporting Standards. For completeness of information, it should be noted that the matter of the accounting treatment, according to international standards, of financial assets and/or groups of financial assets and financial liabilities arising in the context of securitisation transactions and issues of covered bonds, is still being analysed by the bodies responsible for interpreting the statutory accounting standards.

On 4 September 2015 Legislative Decree no. 139/2015 was published, which became effective for the financial statements of financial years beginning from 1 January 2016 and pursuant to which important amendments were applied to the accounting policies concerning some financial statement items of companies required to comply with the accounting rules laid down in the Italian Civil Code and in the Italian GAAPs.

Specifically, these amendments include the measurement, at amortised cost, of receivables and liabilities that arose during 2016, as well as the fair value measurement of derivatives outstanding as at the date of first-time adoption of the decree.

While pending the enactment of an express regulatory clarification concerning the applicability of these amendments to the segregated assets of securitisation SPVs, the Company has decided to continue to apply, in compliance with the principle of continuity, the same accounting policies concerning the items of the offering circular, which are detailed in the paragraph on "Information relating to the Summary Statement" of Part D – Other Information, to which reference should be made.

In this regard, it should be remembered that any and all information must be provided, even if not expressly required, in order to give a full representation of the situation, while any information must be omitted which might decrease, by its nature or the excess content, the clarity and immediacy of the

disclosures in the document.

### **Section 3 - Events after the reporting date**

For more details, reference should be made to the Directors' Report on Operations.

### **Section 4 – Other aspects**

There are no further aspects to report.

### **Risks, uncertainties and impacts of the Covid-19 pandemic and of the Russia-Ukraine conflict**

Given the type of the Company's business, it is also believed that the risks and uncertainties that the Company may face in the performance of its operations, even considering the effects of Covid-19 and of the Russia-Ukraine conflict are not significant and are therefore not such as to cast doubts on its ability to continue as a going concern.

### **Contract amendments due to the Covid-19 emergency**

There are no contract amendments due to the Covid-19 emergency to be reported.

## **A.2 – PART RELATING TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS**

The accounting standards adopted for the preparation of these Financial Statements are reported below. The accounting policies adopted are the same as those used in the preparation of the Financial Statements of the previous financial year.

## **ASSETS**

### **Section 1 – Cash and cash equivalents**

#### **Cash and cash equivalents**

This item includes legal tender, including foreign banknotes and divisional coins, as well as any and all receivables "at sight" in the technical forms of current accounts and deposits with banks and with the Bank, with the exception of the mandatory reserve.

Cash amounts are accounted at nominal value.

### **Section 10 – Tax assets and liabilities**

Both current and deferred income taxes are calculated in compliance with current tax legislation.

Income taxes are recognised in the income statement, except for those relating to items charged or credited directly to equity.

Provision for income taxes is calculated on the basis of a forecast of current, prepaid and deferred taxes. In particular, deferred tax assets and liabilities are calculated on the basis of temporary differences between an asset or liability's accounting value and its value recognised for tax purposes. Deferred tax assets are recognised in the accounts on the basis of the Company's ability to generate positive taxable income on a continuous basis in the future financial years.

Deferred tax assets and liabilities are accounted for in the balance sheet as pre-closing balances and without any offset, entering the former under "Tax Assets" and the latter under "Tax Liabilities".

### **Section 12 - Other assets**

This item includes receivables which are not attributable to any other items under Balance Sheet Assets. These items are entered at their nominal value, or if lower, at their realisable value.

## **LIABILITIES**

### **Section 8 - Other Liabilities**

This item includes payables which are not attributable to any other items under Balance Sheet Liabilities:

in particular, payables to suppliers and to the segregated assets.  
These items are entered at their nominal value, which represents settlement value.

## INCOME STATEMENT

### Recognition of Costs and Revenues

Costs and revenues are accounted for on an accruals basis. In consideration of the exclusive nature of the management activity carried out by the Company, operating charges incurred are charged to the segregated assets, limited to the amount necessary to ensure the Company's economic and financial stability, as also provided for by contract. This amount is classified under other operating income and charges.

### A.3 – INFORMATION ON THE TRANSFERS OF FINANCIAL ASSETS BETWEEN PORTFOLIOS

In relation to the disclosures required by IFRS 7, it should be noted that no reclassifications of financial assets were made between different portfolios.

### A.4 – INFORMATION ON THE FAIR VALUE

#### Qualitative nature

In May 2011 the International Accounting Standards Board (IASB) published IFRS 13 “Fair Value Measurement” aimed at increasing consistency and comparability in fair value measurements, which was transposed into Regulation (EU) no. 1255 of 11 December 2012, applicable as from 1 January 2013.

IFRS13 provides for fair value measurements of financial instruments to be classified on the basis of a 3-level fair value hierarchy (paragraphs 76-90), which reflects the significance of the inputs used in measurements. The standard envisages the following fair value levels:

- Level 1 of fair value: inputs to measure the instrument are quoted prices in active markets for identical instruments that the entity can access at the measurement date;
- Level 2 of fair value: inputs to measure the instrument are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 of fair value: inputs to measure the instrument are unobservable inputs.

As required by the regulation, the approach hierarchy adopted to measure the fair value of all financial instruments (shares, UCIs, bonds, bond issues and derivatives) gives the highest priority to quoted prices in active markets for assets and liabilities to be measured, and, in their absence, to the measurement of assets and liabilities based on significant quotations, or by making reference to identical assets and liabilities. Finally, the hierarchy gives the lowest priority to measurement techniques based on unobservable inputs, which are therefore more discretionary.

#### Quantitative information

##### A.4.5 Fair value hierarchy

*A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level*

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2022				31.12.2021			
	BV	L1	L2	L3	BV	L1	L2	L3

1. Financial assets measured at amortised cost								
2. Property, plant and equipment held for investment								
3. Non-current assets held for sale and disposal groups of assets								
<b>Total</b>								
1. Financial liabilities measured at amortised cost								
2. Liabilities associated with assets held for sale								
<b>Total</b>								

## PART B – INFORMATION ON THE BALANCE SHEET

### ASSETS

#### Section 1 – Cash and cash equivalents – Item 10 Breakdown of item 10 “Cash and cash equivalents”

Items	31/12/2022	31/12/2021
Current accounts	20,674	31,690

The item is made up of the credit balance of the current bank accounts held with Banca Monte dei Paschi di Siena S.p.A..

#### Section 10 – Tax assets and Tax liabilities - Item 100 of assets and item 60 of liabilities 10.1 “Tax assets: current and deferred”: breakdown

Items	31/12/2022	31/12/2021
Current tax assets	3,049	3,207
Deferred tax assets	0	0

#### 10.2 “Tax liabilities: current and deferred”: breakdown

Items	31/12/2022	31/12/2021
Current tax liabilities	349	206
Deferred tax liabilities	0	0

Current tax liabilities include accrued IRES tax (*Imposta sul Reddito delle Società*, Corporate Income Tax) calculated by applying a 24% rate, while for accrued IRAP tax (*Imposta Regionale sulle Attività Produttive*, Local Tax on Production Activities) the rate applied is equal to 3.90%.

#### Section 12 – Other Assets (Item 120)

##### 12.1 Other assets: breakdown

120 - OTHER ASSETS	31/12/2022	31/12/2021
Accrued income for administrative services	7,504	7,336
Prepaid expenses for services paid in advance	516	468
<b>TOTAL OTHER ASSETS</b>	<b>8,020</b>	<b>7,704</b>

As expressly required by the IAS/IFRS accounting standards, this item includes accrued income and prepaid expenses which are not attributable to any other Balance Sheet item.

“Prepaid expenses for services paid in advance” relate to revenues attributable to two Financial Years, as determined on an accruals basis in the application of the matching principle between costs and revenues of the Financial Year.

“Accrued income for administrative services” relates to revenues attributable to two Financial Years, as determined on an accruals basis in the application of the matching principle between costs and revenues of the Financial Year. In particular, it includes the accrual of the corporate servicer fee, the fee received by the corporate management operations on a periodical basis from the segregated assets of securitisation

transaction for the administrative and corporate management service of the SPV company accruing at 31 December 2022, pursuant to the Administrative Services Agreement.

## LIABILITIES

### Section 6 – Tax liabilities – Item 60

This item includes tax liabilities: as to the relevant compilation, reference is made to Section 10 of Assets “Tax assets and tax liabilities”.

### Section 8 – Other Liabilities – Item 80

#### 8.1 Other liabilities: breakdown

<b>80 - OTHER LIABILITIES</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Sundry payables	0	60
Advances from securitised operations	1,576	11,960
Payables to suppliers	287	1,271
Accrued expenses	7,504	7,336
Payables to suppliers for invoices to be received	9,894	9,735
<b>TOTAL OTHER LIABILITIES</b>	<b>19,262</b>	<b>30,362</b>

As expressly required by the IAS/IFRS accounting standards, this item includes accrued expenses and deferred income which are not attributable to any other item under Balance Sheet.

“Advances from segregated assets” relate to the funds that the corporate management must pass on for the payment of operating expenses.

“Accrued expenses for administrative services” relate to costs attributable to two Financial Years, as determined on an accruals basis in the application of the principle of matching costs to revenues of the Financial Year. In particular, they include the cost for the administrative and corporate management of the securitisation SPV, as calculated as per contract on an annual basis, accruing at 31 December 2022, for which the supplier will issue the invoice in the next Financial Year.

“Payables to suppliers for invoices to be received” relate to invoices for the provision of services relating to 2021 but not yet received at the reporting date of the Financial Statements.

“Payables to suppliers”, referred to in the comparative data, relate to invoices not yet paid.

### Section 11 - Equity - Items 110, 120, 130, 140, 150, 160 and 170

#### 11.1 Quota Capital: breakdown

Types	31/12/2022	31/12/2021
1. Quota capital	10,000	10,000
1.1 Ordinary quotas/equity investments	No. 2	No. 2
1.2 Other quotas (to be specified)		



The fully subscribed and paid-up Quota Capital is made up as follows:

Quotaholders	Equity Investment Percentage	Equity Investment Face Value
SVM Securitisation Vehicles Management S.r.l.	40.00%	4,000
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	60.00%	6,000

For more details on the changes that occurred in Equity, reference is made to the related statement.

#### 11.4 Issue premiums: breakdown

Types	31/12/2022	31/12/2021
Issue premiums	2,000	2,000

#### 11.5 Other information

##### a) Breakdown and change of item 160 Reserves

Types / Values	Retained earnings					Total
	Legal reserve	Extraordinary reserve	Profits (Losses) carried forward	Other: FTA Reserve	Other reserves	
<b>A. Opening Balance</b>	134	1,715	(1,715)	0	0	134
<b>B. Increases</b>						
B.1 Allocations of Profits						
B.2 Other changes						
<b>C. Decreases</b>						
C.1 Uses						
- loss coverage						
- distribution						
- transfer of capital						
C.2 Other changes						
<b>D. Closing Balance</b>	134	1,715	(1,715)	0	0	134

*b) Statement of available and distributable Reserves*

Description	Amount	Possible uses	Available share	Summary of uses made in the three previous financial years	
				for loss coverage	for other reasons
<b>Quota Capital</b>	<b>10,000</b>				
<b>Equity Reserves:</b>	<b>2,000</b>				
Provision for issue premium	2,000	B	2,000		
Other Equity Reserves					
<b>Retained earnings:</b>	<b>134</b>				
Profits (Losses) carried forward	(1,715)				
FTA Reserve					
Extraordinary reserve	1,715				
Legal reserve	134				
<b>Total</b>	<b>12,134</b>		<b>2,000</b>		
<b>Non-distributable share</b>			<b>2,000</b>		
<b>Distributable share</b>					

Key

- A for capital increase
- B for loss coverage
- C for distribution to quotaholders

## PART C – INFORMATION ON THE INCOME STATEMENT

### Section 2 - Commissions – Items 40 and 50

#### 2.2 Commissions expense: breakdown

Breakdown/Sectors	31/12/2022	31/12/2021
a) guarantees received		
b) distribution of services from third parties		
c) collection and payment services	393	340
d) other commissions (to be specified)		
<b>Total</b>	<b>393</b>	<b>340</b>

### Section 10 - Administrative Expenses - Item 160

#### 10.1 Personnel costs: breakdown

Type of expenses/Values	31/12/2022	31/12/2021
1. Personnel employed		
a) wages and salaries		
b) social security contributions		
c) post-employment benefits		
d) social security costs		
e) provision for post-employment benefits		
f) provision for pension fund and similar obligations:		
- defined contribution		
- defined benefits		
g) payments to external supplementary pension funds:		
- defined contribution		
- defined benefits		
h) other employee benefits		
2. Other personnel in active employment		
3. Directors and Statutory Auditors	11,080	10,964
4. Staff on retirement		
5. Recoveries of expenses for employees seconded to other companies		
6. Reimbursements of expense for employees seconded to the Company		
<b>Total</b>	<b>11,080</b>	<b>10,964</b>

### 10.3 Other administrative expenses: breakdown

Type of expense /Values	Total at 31/12/2022	Total at 31/12/2021
Auditing costs	9,742	9,653
Chamber of Commerce dues	120	0
Other indirect taxes and duties	0	120
Government concession tax	310	310
Revenue stamps	0	0
CONSOB contribution	932	906
Stamp tax	32	16
Corporate management services *	41,489	39,557
<b>Total</b>	<b>52,625</b>	<b>50,562</b>

\* The item "Corporate management services" includes any and all corporate existence costs.

### 14.2 Other operating income: breakdown

Items	31/12/2022	31/12/2021
Other operating income and charges	64,399	62,072
<b>TOTAL OTHER OPERATING INCOME AND CHARGES</b>	<b>64,399</b>	<b>62,072</b>

## Section 19 – Income taxes from current operations for the year - Item 270

### 19.1 Income taxes from current operations for the year: breakdown

Items	31/12/2022	31/12/2021
1. Current taxes (-)	349	206
2. Changes in current taxes of previous financial years (+/-)	(48)	0
3. Reduction in current taxes for the year (+)		
3.bis Reduction in current taxes for the year for tax credits under Law no. 214/2011 (+)		
4. Change in deferred tax assets (+/-)		
5. Change in deferred tax liabilities (+/-)		
6. Taxes accrued in the year (-) (-1+/-2+3+ 3 bis+/-4+/-5)	301	206

Taxes include IRES tax (at a statutory rate of 24%) for Euro 218 and IRAP tax (at a rate of 3.90%) for Euro 131 accrued in 2022.

## 19.2 Reconciliation between theoretical and effective tax burden in the financial statements

	Taxable income	Tax rate	Tax
<b>Theoretical IRES tax</b>	<b>349</b>	<b>24.00%</b>	<b>84</b>
<b>Increases</b>			
Non-deductible costs	584	24.00%	140
<b>Decreases</b>			
Other deductible expenses	(26)	24.00%	(6)
<b>Effective IRES tax</b>	<b>907</b>	<b>24.00%</b>	<b>218</b>

  

	Taxable income	Tax rate	Tax
<b>Theoretical IRAP tax</b>	<b>349</b>	<b>3.90%</b>	<b>14</b>
<b>Increase</b>			
Personnel and insurance costs	10,467	3.90%	408
Other non-deductible expenses	584	3.90%	23
<b>Decreases</b>			
Lump-sum deduction	(8,000)	3.90%	(312)
<b>Effective IRAP tax</b>	<b>3,400</b>	<b>3.90%</b>	<b>131</b>

## PART D – OTHER INFORMATION

### Section 1 – SPECIFIC REFERENCES TO OPERATIONS CARRIED OUT

#### D. GUARANTEES ISSUED AND COMMITMENTS

As at the reporting date of the Financial Statements, the Company had not issued guarantees in favour of third parties and there were no commitments in place, except for those envisaged and expressly regulated by the contracts relating to the covered bond transaction and concerning the related “segregated assets”.

#### L. COVERED BONDS

In the absence of specific tables of breakdown as required by the Bank of Italy's Decision of 16 December 2009 and by the Bank of Italy's Decision of 13 March 2012 and related updates, it was deemed appropriate to report any disclosure provided in this section by adopting the information structure that is expressly required for part “F. Securitisation of Receivables”.

Below is the breakdown of the initial portfolio and of that subsequently purchased, as well as the funds borrowed for their acquisition in the form of subordinated loans obtained from the assignor bank.

Assignor	Relevant date	Face Value	Provision for bad debts	IAS adjustments	Price of assignment
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	initial portfolio	809,619,781	6,055,772	1,813,395	801,750,613
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	assignment 15/12/2015	204,106,160	1,527,926	569,935	202,308,299
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	assignment 11/02/2016	582,101,182	682,661	677,988	580,740,533
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	assignment 15/11/2016	227,485,350	325,402	730,295	226,429,654
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	assignment 01/10/2018	308,687,848	425,976	1,025,056	307,236,816
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	assignment 01/10/2018	325,298,369	808,995	1,156,390	323,332,984
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	assignment 10/12/2019	355,946,528	1,968,959	1,605,041	352,372,528
Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)	assignment 14/11/2022	166,879,221	440,160	677,320	166,094,613.09
<b>Total Receivables acquired</b>					<b>2,960,266,040</b>

The subordinated loan disbursed by Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) on 16 June 2014 in an amount equal to the price of assignment, is regulated by interest to be paid out on each payment date, equal to a base interest that can be calculated as 1.0% of the amount disbursed for the period of quarterly accrual and an additional amount, the so-called Premium Interest, corresponding to the difference between the funds available on account of interest of the guarantor and any other amount whose payment is due on a priority basis in accordance with the priority order of payments.

Loans may be repaid on each payment date in accordance with the applicable priority order of payments and within the limits of funds available on account of capital, provided that such payment does not result in a violation of the tests contained in the contracts.

Section L is dedicated to the information relating to the covered bond transaction.

## INFORMATION RELATING TO THE SUMMARY STATEMENT

Based on the information reported in the paragraph on Transactions carried out of Part A.1, Section 1 and Section 2, the structure and form of the summary statement are in line with the Instructions that were issued by the Bank of Italy by Decision dated 15 December 2015.

It should be noted that, pending official rulings in this regard, these policies are not affected by the measurement changes made by Legislative Decree 139/15, but are consistent with the accounting policies applied in previous years. They are, in fact, the most suitable option to reflect the financial features of the specific nature of the Company's business and to allow the reconciliation of these financial statements and the remaining financial reporting that is required to be submitted by the Company.

The items connected to the receivables relating to the segregated assets correspond to the values inferred from the accounting and from the IT system of the Servicer, Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.).

### **A. Securitised assets**

#### **A.1 Receivables**

Receivables have been entered at their assignment value, which, pursuant to article 7-bis of Law no. 130/1999, corresponds to the entry value of the same in the last financial statements approved by the Assignor. These receivables have been valued according to the methods used by the assignor for measuring its receivables. The value of the receivables was possibly decreased in order to adjust it to the presumed realisable value on the basis of the information provided by the Servicer. They include accruals for interest income which accrued on an accruals basis and which are considered to be recoverable.

The write-down on receivables is determined according to IFRS9, which requires financial assets that are not measured at fair value through profit or loss, consisting of debt securities and loans, to be subjected to the new impairment model based on expected loss (ECL – Expected Credit Losses).

According to the information provided by the Servicer, write-downs relate to the impairment of loans classified in Stage 1, Stage 2, Stage 3, depending on the evolution of the debtor's credit rating.

Below are the items for:

#### Stage 1:

performing financial assets the credit risk of which has not increased significantly compared to the date of initial recognition or the credit risk of which is considered to be low. The impairment is based on the estimated expected credit loss making reference to a period of time of one year;

#### Stage 2:

performing financial assets the credit risk of which has increased significantly compared to the date of initial recognition. The impairment is commensurate with the estimated expected credit loss making reference to a period of time equal to the entire residual life of the financial asset;

#### Stage 3:

impaired financial assets (probability of default equal to 100%) The impairment is commensurate with the estimated expected credit loss on the specific financial asset throughout its entire life.

### **B. Uses of liquidity from management of receivables**

#### **B. 3 Cash**

The credit balances in current accounts held with banks are entered in the Financial Statements at their nominal value, corresponding to their presumed realisable value and include the interest accrued at the date of these Financial Statements.

#### **B. 4 Investments treated as Liquidity**

This item includes the receipts that had already been collected on the receivables as at the reporting date, but not yet credited to the Company's current accounts.

#### **B.5 Accrued income and prepaid expenses**

Accrued income has been calculated on an accruals basis, by applying the principle of matching costs to revenues per financial year.

#### **B.6 Other Receivables**

The withholding taxes applied to the Company represent the deductions applied to interest income accrued on current accounts opened in favour of the segregated assets at the date of these Financial Statements.

This receivable is shown at its presumed realisable value.

#### **D. Loans received**

The amount is entered at its face value.

#### **E. Other liabilities**

Payables are entered at their nominal value.

Accrued expenses have been calculated on an accruals basis, by applying the principle of matching costs to revenues per financial year.

#### **Interest, commissions, income and charges**

Costs and revenues referable to securitised assets, interest, commissions, income and charges arising from the covered bond transaction have been accounted for on an accruals basis.

#### **Derivative contracts**

The differential on the Interest Rate Swap agreement, which is entered into in order to hedge the risk attached to the exchange rate fluctuations, is recognised under income or charges on an accruals basis, applied to the flows exchanged between the SWAP counterparties during the reporting period.

#### **Settlement of segregated assets**

From the Summary Statement, table L1, it can be inferred that a break-even result was recorded in the financial year, through the allocation of the positive margin accrued in the year in full, in the form of a Premium on the subordinated loan.

Therefore, total Assets coincide with total Liabilities of segregated assets.

#### **RECONCILIATION OF THE STATEMENT ON FOLLOWING PAGES**

TOTAL ASSETS	1,372,594,387
TOTAL LIABILITIES	1,372,594,387
<b>FINANCIAL DIFFERENCE</b>	<b>0</b>
RESULTS FROM PREVIOUS YEARS	0
<b>RESULT FROM THE TRANSACTION FOR THE CURRENT FINANCIAL YEAR</b>	<b>0</b>



<b>SUMMARY STATEMENT</b>		<b>31/12/2022</b>	<b>31/12/2021</b>
<b>A</b>	<b>Securitised assets</b>	<b>1,255,373,397</b>	<b>1,276,440,593</b>
A.1	Receivables	1,255,373,397	1,276,440,593
<b>B</b>	<b>Uses of liquidity from management of receivables</b>	<b>117,220,990</b>	<b>530,705,478</b>
B.3	Cash	108,463,400	520,526,707
B.4	Investments and investments treated as liquidity	8,303,811	8,536,539
B.5	Accrued income and prepaid expenses	370,350	1,630,200
B.6	Other Receivables	83,430	12,032
<b>D</b>	<b>Loans received</b>	<b>(1,369,821,110)</b>	<b>(1,803,336,992)</b>
<b>E</b>	<b>Other liabilities</b>	<b>(2,773,277)</b>	<b>(3,809,080)</b>
E.1	Suppliers for services rendered to securitisation	(2,226)	(2,226)
E.2	Accrued expenses and deferred income	(277,507)	(318,187)
E.4	Sundry payables	(2,493,544)	(3,488,667)
<b>G</b>	<b>Transaction commissions and fees</b>	<b>1,032,365</b>	<b>1,158,167</b>
G.1	For Servicing	930,819	1,056,272
G.2	For other services	101,547	101,895
<b>H</b>	<b>Other charges</b>	<b>23,973,554</b>	<b>30,659,848</b>
H.1	Value adjustments on receivables	2,965,956	0
H.2	Interest expense	20,995,569	30,657,495
H.4	Other charges	12,029	2,353
<b>I</b>	<b>Interest generated from securitised assets</b>	<b>(23,345,982)</b>	<b>(25,228,460)</b>
<b>L</b>	<b>Other revenues</b>	<b>(1,659,937)</b>	<b>(2,871,440)</b>
L.1	Interest income	(314,547)	0
L.2	Value write-backs on receivables	(681,203)	(665,764)
L.3	Swap differential receivable	(508,800)	(2,069,017)
L.4	Other revenues	(155,388)	(136,659)

For the comments on the notes under the statement above, reference is made to the following pages.

<b>STATEMENT– BREAKDOWN OF ITEMS</b>		<b>31/12/2022</b>	<b>31/12/2021</b>
<b>A.1</b>	<b>Receivables</b>	<b>1,255,373,397</b>	<b>1,276,440,593</b>
a.	PROVISION FOR BAD DEBTS – SECURITISED FINANCIAL RECEIVABLES	(11)	(11)
b.	PROVISION FOR BAD DEBTS – SECURITISED NON-PERFORMING LOANS	(12,251,691)	(8,845,575)
c.	LOANS - CAPITAL QUOTA	1,267,060,386	1,285,490,208
d.	LOANS - DEFAULT INTEREST	652	1,696
e.	OVERDUE RECEIVABLES - CAPITAL QUOTA	453,464	389,607
f.	OVERDUE RECEIVABLES - INTEREST	117,523	84,389
g.	RECEIVABLES FOR ACCRUED INTEREST INCOME ON LOANS	2,954,291	2,285,380
h.	RECEIVABLES MEASURED AT FAIR VALUE	475,552	346,620
i.	ADJUSTMENT TO RECEIVABLES AT AMORTISED COST	(3,436,768)	(3,311,720)
<b>B.3</b>	<b>Liquidity</b>	<b>108,463,400</b>	<b>520,526,707</b>
a.	PAYMENT ACCOUNT	1,364,637	42,167
b.	CASH RESERVE ACCOUNT	2,162,569	1,210,806
c.	COLLECTION ACCOUNT	104,936,193	519,273,735
<b>B.4</b>	<b>Investments and investments treated as liquidity</b>	<b>8,303,811</b>	<b>8,536,539</b>
a.	RECEIVABLES FOR AMOUNTS TO BE COLLECTED	8,303,811	8,536,539
<b>B.5</b>	<b>Accrued income and prepaid expenses</b>	<b>370,350</b>	<b>1,630,200</b>
a.	ACCRUED INCOME ON SWAP	370,350	1,630,200
<b>B.6</b>	<b>Other receivables</b>	<b>83,430</b>	<b>12,032</b>
a.	ADVANCES FOR EXPENSES ON RECURRING OPERATIONS	1,576	11,960
b.	WITHHOLDING TAX RECEIVABLES FROM THE TAX OFFICE ON INTEREST INCOME FROM CURRENT ACCOUNT	81,854	72
<b>D</b>	<b>Loans received</b>	<b>(1,369,821,110)</b>	<b>(1,803,336,992)</b>
a.	PAYABLES FOR SUBORDINATED LOAN	(1,369,821,110)	(1,803,336,992)
<b>E.1</b>	<b>Suppliers for services rendered to securitisation</b>	<b>(2,226)</b>	<b>(2,226)</b>
a.	INVOICES TO BE RECEIVED	(1,250)	(1,250)
b.	PAYABLES TO SUPPLIERS	(976)	(976)
<b>E.2</b>	<b>Accrued expenses and deferred income</b>	<b>(277,507)</b>	<b>(318,187)</b>
a.	ACCRUED EXPENSES	(12,175)	(12,006)
b.	ACCRUED EXPENSES FOR SERVICING FEES	(265,333)	(306,181)
<b>E.4</b>	<b>Sundry payables</b>	<b>(2,493,544)</b>	<b>(3,488,667)</b>
a.	INTEREST DEBT ON SUBORDINATED LOAN	(2,493,544)	(3,488,667)
<b>G.1</b>	<b>Servicing</b>	<b>930,819</b>	<b>1,056,272</b>
a.	BACK UP SERVICING	9,266	6,100
b.	SERVICING	921,553	1,050,172
<b>G.2</b>	<b>Commissions for other services</b>	<b>101,547</b>	<b>101,895</b>
G.2a	CORPORATE EXPENSES	64,399	62,072
G.2b	ONGOING EXPENSES	37,148	39,823
<b>H.1</b>	<b>Value adjustments to receivables</b>	<b>2,965,956</b>	<b>0</b>
a.	GENERAL WRITE-DOWN OF RECEIVABLES	2,965,956	0
<b>H.2</b>	<b>Interest expense</b>	<b>20,995,569</b>	<b>30,657,495</b>
a.	INTEREST EXPENSE ON SUBORDINATED LOAN	20,995,569	30,657,495

<b>H.4</b>	<b>Other charges</b>	<b>12,029</b>	<b>2,353</b>
a.	BANK CHARGES AND EXPENSES	72	72
b.	OPERATING COSTS	79	0
c.	PUBLICATION EXPENSES	9,718	0
d.	TRANSLATION COSTS	2,159	1,305
e.	CONSULTANCY ADVICE	0	976
<b>I</b>	<b>Interest generated from securitised assets</b>	<b>(23,345,982)</b>	<b>(25,228,460)</b>
a.	DEFAULT INTEREST INCOME ON SECURITISED RECEIVABLES	(11,164)	(12,254)
b.	INTEREST INCOME ON SECURITISED RECEIVABLES	(23,334,818)	(25,216,206)
<b>L.1</b>	<b>Interest income</b>	<b>(314,547)</b>	<b>0</b>
a.	INTEREST INCOME ON CURRENT ACCOUNTS	(314,547)	0
<b>L.2</b>	<b>Value write-backs on receivables</b>	<b>(681,203)</b>	<b>(665,764)</b>
a.	INCOME/CHARGES FROM MEASUREMENT OF LOANS AT FV	(128,931)	0
b.	VALUE WRITE-BACKS - IFRS 9	(552,271)	(665,764)
<b>L.3</b>	<b>Swap differential receivable</b>	<b>(508,800)</b>	<b>(2,069,017)</b>
a.	INCOME/CHARGES FROM SWAP	(508,800)	(2,069,017)
<b>L.4</b>	<b>Other revenues</b>	<b>(155,388)</b>	<b>(136,659)</b>
a.	REBATES AND ALLOWANCES RECEIVABLE	(2)	0
b.	INDEMNITIES	(31,939)	(18,259)
c.	PENALTIES/OTHER REVENUES	(123,447)	(118,399)

## QUALITATIVE INFORMATION

### L.2 DESCRIPTION AND PERFORMANCE OF THE TRANSACTION

#### Date of the transaction

The transaction was completed through the execution of the assignment agreement of receivables on 30 May 2014. This agreement regulates the assignment of the initial portfolio of receivables and the subsequent assignments which will be included in a single issue of covered bonds issued by Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.), in the context of which the Company acts in the capacity as Guarantor through the provision of an irrevocable, unconditional and autonomous first-demand guarantee in favour of the holders of covered bonds.

The purchase by the Guarantor of receivables was financed through the Subordinated Loan.

➤ Date of the agreement of the Initial Assignment (legal effect):	30/05/2014
➤ Effective date of the economic effects of the Initial Assignment:	01/06/2014
➤ Valuation date of the Initial Portfolio:	31/05/2014
➤ Date of issue by Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) of the first series of covered bonds:	05/08/2014
➤ Date of signature of the guarantee on covered bonds:	22/07/2014
➤ Date of disbursement of the First Subordinated Loan:	16/06/2014

#### Assignor:

➤ Company/Business Name:	Banca Popolare di Sondrio S.c.p.A.
➤ Legal status:	Cooperative Company limited by shares ( <i>Società Cooperativa per Azioni</i> )
➤ Registered Office:	Piazza Garibaldi No.16, Sondrio 23100
➤ Tax code and Register of Companies:	00053810149
➤ Register of Banks:	5696.0
➤ Banking group:	Banca Popolare di Sondrio Banking Group

### Assigned receivables

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements, entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the First Portfolio (including accruing interest): Euro 801,750,613
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 67 of 7 June 2014, also in order to notify the assignment to debtors.
- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a second portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements, entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the Second Portfolio (including accruing interest): Euro 202,308,299
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 143 of 12 December 2015, also in order to notify the assignment to debtors.
- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a third portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements, entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the Third Portfolio (including accruing interest): Euro 580,740,533
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were

published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 15 of 4 February 2016, also in order to notify the assignment to debtors.

- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a fourth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements, entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the Fourth Portfolio (including accruing interest): Euro 226,429,653
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 132 of 8 November 2016, also in order to notify the assignment to debtors.
- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a fifth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements, entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the Fifth Portfolio (including accruing interest): Euro 307,236,816
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 118 of 7 October 2017, also in order to notify the assignment to debtors.
- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a sixth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements,

entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the Sixth Portfolio (including accruing interest): Euro 323,332,983
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 116 of 4 October 2018, also in order to notify the assignment to debtors.
- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a seventh portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements, entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the Seventh Portfolio (including accruing interest): Euro 352,372,528
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 143 of 5 December 2019, also in order to notify the assignment to debtors.
- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, an eighth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from land and/or residential mortgage loan agreements, entered into by the Assignor in favour of individuals and businesses.

- Price of assignment of the Eighth Portfolio (including accruing interest): Euro 166,094,613
- Type of assets: The portfolio is made up of receivables arising from: residential loans.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 131 of 10 November 2022, also in order to notify the assignment to debtors.
- Quality of purchased receivables: At the time of the assignment, receivables were classified as performing loans on the basis of the

criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

### **Performance of the transaction**

The transaction is being carried out regularly, no irregularities have been reported with respect to the provisions under the contractual documentation.

Specifically, in relation to the payments referable to the subordinated loan, it should be noted that they were made in accordance with the payment priority order prepared by the Guarantor Calculation Agent. Compliance with the ratios indicated below was monitored, on a quarterly basis, by the Asset Monitor of the transaction, which prepares, on a quarterly basis and at the request of the issuer of the CBs, a Report which analyses the following benchmarks:

- Nominal Value Test: the overall nominal value of the assets comprising the segregated assets must be equal at least to the nominal value of the Covered Bonds in place; as long as the Asset Coverage Test is passed, it will not be necessary to also carry out the Nominal Value Test;
- Net Present Value Test: the present value of the assets comprising the segregated assets, net of all transaction costs to be borne by the Guarantor, including expected costs and charges from derivative contracts (if any) entered into to hedge financial risks in relation to the transaction, must be equal at least to the net present value of the Covered Bonds in place;
- Interest Coverage Test: interest and any other income generated from assets comprising the segregated assets, net of costs to be borne by the Guarantor, must be sufficient to cover interest and costs payable by the issuing bank on the Covered Bonds in place, taking account of derivative contracts (if any) entered into to hedge financial risks in relation to the transaction;
- Asset Coverage Test: it verifies, in a dynamic manner, that the assets comprising the segregated assets, which are weighted differently according to the type and quality, are able to ensure the minimum level of overcollateralization required by the rating agency.

It is confirmed that the abovementioned ratios had been complied with until the reporting date.

### **Other information relating to significant events**

With reference to the Company, no significant events are reported which occurred during the financial year.

With reference to the segregated assets, the transaction had a regular performance.

### **L.3 INDICATION OF THE PARTIES INVOLVED**

Guarantor of the CBs	POPSO Covered Bond S.r.l.
Issuer of the CBs	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Assignor	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Originator	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Servicer	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Guarantor Corporate Servicer	Securitisation Services S.p.A. (now Banca Finanziaria Internazionale S.p.A.)
Guarantor Calculation Agent	Securitisation Services S.p.A. (now Banca Finanziaria Internazionale S.p.A.)
Guarantor Paying Agent	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Issuer Paying Agent	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Luxembourg Listing Agent	BNP Paribas Securities Services, Luxembourg branch.
Representative of the Covered Bonds	Securitisation Services S.p.A. (now Banca Finanziaria Internazionale S.p.A.)
Liability Swap Provider	BNP Paribas



Cash Manager	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Test Calculation Agent	Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.)
Asset Monitor	BDO Italia S.p.A.
Back-Up Servicer	Securitisation Services S.p.A. (now Banca Finanziaria Internazionale S.p.A.)

It should be noted that on 5 January 2022 the resolution whereby the Extraordinary Shareholders' Meeting held on 29 December 2021 on second call approved the transformation of Banca Popolare di Sondrio from a "cooperative company" into a "joint stock company" was registered with the Sondrio Register of Companies.

### **Obligations of the assignor**

At the date of assignment, the Company in its capacity as Guarantor and Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) in its capacity as assignor entered into a guarantee and indemnity agreement pursuant to which the assignor made specific representations and warranties in favour of the Guarantor in relation to the portfolio of receivables assigned and agreed to indemnify the Guarantor in relation to certain costs, expenses and liabilities which the latter should incur in relation to the purchase and ownership of the portfolio.

For the illustration of any other possible obligations of the assignor and of any other party involved in the transaction for any reason whatsoever, reference is made to section L.5 Additional financial transactions.

### **Contractual relationships between the parties involved**

The Guarantor has appointed Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.), as Servicer for the management of receipts on the securitised portfolio. Pursuant to Law no. 130/1999, the Servicer is responsible for monitoring the transaction so that it may be carried out in accordance with law and the prospectus.

Any receipts from the receivables are credited to the Italian Collection Account, which is registered in the name of the Guarantor and held with the Account Bank (BNP Paribas Securities Services, Milan Branch).

On the basis of the reports provided by the Servicer in relation to the performance of the transaction and, more specifically, to the receipts on receivables and the other items which contribute to the setting-up of the funds available to the Guarantor, Securitisation Services S.p.A. (now Banca Finanziaria Internazionale S.p.A.), in its capacity as Guarantor Calculation Agent, distributes these funds at each date of payment on account of fees and expenses to the various persons which have been appointed to carry out specific functions for the segregated assets and by way of remuneration of the subordinated loan. Paragraph L.4 considers, more in detail, the funds available to the Guarantor and the priority order that it is required to comply with in order to make payments to the counterparties.

On the contrary, the management of administrative and accounting services is the responsibility of Securitisation Services S.p.A. (now Banca Finanziaria Internazionale S.p.A.), in the capacity as Guarantor Corporate Servicer.

The role of Representative of the Holders of covered bonds is carried out by Securitisation Services S.p.A. (now Banca Finanziaria Internazionale S.p.A.).

### **L.4 CHARACTERISTICS OF THE ISSUES**

For information purposes, below is reported the following information relating to the bonds issued by Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) for which the vehicle performs the duties of Guarantor.

Series and Class	Series 1
ISIN code	IT0005039711
Issue date	05/08/2014

Maturity date	05/08/2019
Extended maturity	05/08/2020
Currency	Euro
Amount	500,000,000
Type of rate	Fixed
Benchmark	1.375%
Coupon	Annual
Applicable law	Italian Law

The Series 1 was repaid in full on 5 August 2019.

Series and Class	Series 2
ISIN code	IT0005175242
Issue date	04/04/2016
Maturity date	04/04/2023
Extended maturity	04/04/2024
Currency	Euro
Amount	500,000,000
Type of rate	Fixed
Benchmark	0.750%
Coupon	Annual
Applicable law	Italian Law

### **Allocation of cash flows arising from the portfolio of receivables**

The allocation of the cash flows arising from the portfolio of purchased receivables follows the order provided for in the Intercreditor Agreement, or Agreement between the creditors.

The funds on account of interest available to the Guarantor are allocated according to the following priority order:

- payment of corporate expenses and reinstatement of the Retention Amount;
- payment to the Company's Agents and the Representative of covered bonds;
- payment to the Swap counterparty;
- payment of the Required Reserve Amount;
- payment to the Swap counterparty in the case of a Swap Trigger Event;
- payment of any other amounts arising from the Securitisation Documents;
- payment of interest on the Subordinated Loan;
- payment of additional interest on the Subordinated Loan.

## **L.5 ADDITIONAL FINANCIAL TRANSACTIONS**

### **Interest rate risk hedging**

On 29 July 2014 POPSO Covered Bond S.r.l. entered into an Interest Rate Swap contract in order to hedge interest rate risks arising from the misalignment between interest income flows on the Portfolio and interest expense flows on the first series of covered bonds issued by Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) within the programme that, in a Post Issuer Default scenario, should be paid by the Guarantor. It should be noted that this contract was terminated following the repayment of the Series 1 bonds.

On 24 March 2016 POPSO Covered Bond S.r.l. also entered into an Interest Rate Swap contract in order to hedge interest rate risks arising from the misalignment between interest income flows on the Portfolio and interest expense flows on the second series of covered bonds issued by Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) within the programme that, in a Post Issuer Default scenario, should be paid by the Guarantor.

### **Required Reserve Amount**

Starting from the first date of payment by the guarantor, a cash reserve was set aside, which was equal to the sum of:

- the expenses incurred by the Company, to be paid on the subsequent payment date;
- the senior Agents' fees to be paid on the subsequent payment date;
- for each of the covered bonds not hedged by the Liability Swap, the coupons accruing in the subsequent quarter;
- for each of the covered bonds that are fully hedged by the Liability Swap, the maximum of the swap amount that the vehicle must pay on the subsequent payment date and the coupon accruing in the subsequent quarter;
- for each of the covered bonds that are partially hedged by the Liability Swap, the maximum of the swap amount that the vehicle must pay on the subsequent payment date and the coupon accruing in the subsequent quarter for the portion hedged by the Liability Swap and the coupon accruing in the subsequent quarter for the portion not hedged by the Liability Swap.

Therefore, this reserve ensures, also in the case of the issuer's default, the payment of the senior expenses incurred by the guarantor, as well as the payment of the coupons on the covered bonds issued for the subsequent quarter.

#### **L.6 OPERATIONAL POWERS OF THE ASSIGNEE COMPANY**

POPSO Covered Bond S.r.l., as assignee and guarantor, has operational powers limited by its articles of association. Specifically, section 3 provides that:

“The sole purpose of the Company is the acquisition from banks of the assets listed below, for valuable consideration, within one or more issues (including both single issues and issue programmes) of covered bonds (*Obbligazioni Bancarie Garantite*) implemented pursuant to article 7-bis of Law no. 130 of 30 April 1999, as possibly amended and supplemented, and related implementing provisions:

- (i) land and mortgage loans, which can also be identified in bulk;
- (ii) receivables that are claimed from or secured by public authorities, which can also be identified in bulk;
- (iii) securities issued within securitisation transactions concerning receivables that are of the same type;
- (iv) additional eligible assets or integration eligible assets that are permitted by the aforesaid Regulations;

through the raising of loans granted or secured also by the assignor banks, as well as the provision of guarantees issued by the same banks or by other banks.

The Company will carry out the abovementioned activities according to such terms and conditions and in such manners as those set out in the regulations applicable to the issues of covered bonds pursuant to article 7-bis of Law no. 130 of 30 April 1999, as possibly amended and supplemented and related implementing provisions.

In accordance with the aforesaid provisions of law, the receivables and securities purchased by the Company and the amounts paid out by the related debtors are aimed at satisfying the claims, also pursuant to article 1180 of the Italian Civil Code, of the holders of the covered bonds referred to in article 7-bis, paragraph 1, of Law no. 130 of 30 April 1999 and issued within the context of the issues in which the Company participates and to the benefit of which the Company has provided guarantees, as well as of the counterparties to the derivative contracts entered into to hedge the risks associated with the receivables and securities purchased and to any other additional contract. They are also aimed at the payment of other transaction costs, on a priority basis with respect to the repayment of loans granted or secured also by the assignor banks pursuant to article 7-bis, paragraph 1, of Law no. 130 of 30 April 1999.

Any receivables and securities purchased by the Company within each issue transaction or programme constitute assets which are separate for all purposes both from the Company's assets and from those relating to other issue transactions or programmes, in relation to which no actions may be taken by any creditors other than the holders of the covered bonds issued and by the additional creditors referred to in the previous paragraph.

Within the limits permitted by Law no. 130 of 30 April 1999, and related implementing provisions, the Company may also carry out additional transactions to be entered into for the provision of guarantees and the successful completion of the issues of covered bonds in which it participates, as well as may

carry out, in cases when it is permitted by Law no. 130/1999 and related implementing provisions, and according to the procedures and within the limits set out therein, transactions of re-investment in other financial assets of funds deriving from the management of the receivables and securities which are purchased pursuant to these articles of association and which are not immediately used to satisfy the rights of the holders of covered bonds (issued within these issues) and to pay transaction costs.

Within the issue of covered bonds in which the Company participates, and in compliance with the provisions laid down under Law no. 130/1999 and related implementing provisions, the Company may appoint third-party persons for the collection of any purchased receivables and for the provision of cash and payment services; it may also carry out any other activity permitted by Article 7-bis of Law no. 130/1999 and related implementing provisions.”

All the main operational activities connected with the management of the transaction have been contracted out to third parties (see point L.3).

## QUANTITATIVE INFORMATION

### L.7 FLOW DATA RELATING TO RECEIVABLES

Description	2022	from the date of inception to 31/12/2021
<b>Opening Balance of receivables at the beginning of the period</b>	<b>1,276,440,593</b>	<b>0</b>
Receivables purchased	165,761,741	2,794,171,427
Accrued interest	23,515,694	224,441,357
IAS adjustment	681,203	3,776,271
Value write-down/write-back on Receivables	(2,965,956)	3,791,949
Default interest income	11,164	169,908
Receipts	(208,071,042)	(1,749,910,319)
<b>Closing balance of Receivables at the end of the period</b>	<b>1,255,373,397</b>	<b>1,276,440,593</b>

### I.8 TREND IN OVERDUE RECEIVABLES

Description	2022	2021
<b>Opening Balance of receivables at the beginning of the period</b>	<b>477,018</b>	<b>361,179</b>
Receivables purchased	0	0
Accrued instalments	132,734,138	135,869,473
Instalments collected /repurchases	(132,639,518)	(135,753,634)
<b>Closing Balance of Receivables at the end of the period</b>	<b>571,639</b>	<b>477,018</b>

The collection and recovery of overdue receivables are the responsibility of Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) according to the Servicing Agreement.

The receivables in the portfolio as at 31 December 2022 were adjusted, on the instructions of the Servicer, in order to adjust the book value of the securitised portfolio at its presumed realisable value, which reflects the actual prospects of recovery of the receivables themselves. Specifically, this presumed realisable value has been estimated on the basis of a new specific calculation model, which has allowed a more exact allocation of the credit risk for each position in the securitised portfolio.

During the year the Servicer continued to monitor the receivables and took recovery actions according to the manners set out in the Servicing Agreement.

## L.9 CASH FLOWS

<b>Inflows</b>	<b>2022</b>	<b>2021</b>
Opening balance	520,526,707	409,092,006
Receipts on securitised loans	208,611,152	238,655,794
Net interest on current accounts	232,693	
Proceeds collected on the Swap income	2,229,000	2,204,767
<b>Total Inflows during the Year</b>	<b>731,599,551</b>	<b>649,952,567</b>

  

<b>Outflows</b>	<b>2022</b>	<b>2021</b>
Payment of the Issuer Retention Amount	13,750	18,842
Payment of the Servicing Fees	962,401	1,050,209
Payment of the Premium on subordinated loan	0	108,896,414
Interest paid on subordinated loans	15,254,801	19,204,794
Repayment of subordinated loans	606,346,385	0
Payment of ongoing expenses to counterparties	98,465	86,252
Charges paid on the Swap expense	460,350	169,350
<b>Total Outflows during the Year</b>	<b>623,136,151</b>	<b>129,425,860</b>

The imbalance between inflows and outflows represents the balance of current accounts at 31 December 2022 (items B.3 of the summary statement of securitised assets and loans received).

It should be noted that some financial flows referred to in the tables above took place by offsetting credit and debit flows: specifically, the price of assignment of the assigned portfolio was paid by offsetting the subscription of the loan.

On the basis of the financial plans provided by the Servicer, it is expected that receipts from receivables will come, during 2023, to about Euro 253 million; this forecast does not take account of any possible delayed payment, classifications to doubtful loans and early redemptions.

## L.10 SITUATION OF GUARANTEES AND LIQUIDITY FACILITIES

There are no liquidity facilities.

## L.11 BREAKDOWN BY RESIDUAL MATURITY

### Assets

#### ▪ Receivables

<b>Residual Maturity</b>	<b>Balance of Receivables - FY 2022</b>
01) Until 3 months	1,717,517
02) From 3 months to 1 year	4,321,452
03) From 1 year to 5 years	85,915,645
04) Beyond 5 years	1,178,060,064
Indefinite maturity (***)	571,639
<b>Total receivables at the end of the Year:</b>	<b>1,270,586,316</b>

The balance of receivables is stated by including the collective provision for bad debts, the fair value measurement of assets that can no longer be classified as financial assets measured at amortised cost and the IAS adjustment.

▪ **Other Assets**

Other Assets, made up of “Cash” (item B.3 of the summary statement), “Investments and Investments treated as Liquidity” (item B.4 of the summary statement), “Accrued income and prepaid expenses” (item B.5 of the summary statement) and “Other Receivables” (item B.6 of the summary statement) have a maturity of within 3 months, except for the Receivable from the Tax Office for the deductions applied to interest income from current accounts (item B.6a of the summary statement), which has an indefinite term maturity.

**Liabilities**

▪ **Other Liabilities**

The items “Suppliers for services rendered to securitisation”, “Accrued expenses and deferred income”, “Payables to the Originator” and “Sundry Payables” (items E.1, E.2., E.3. and E.4 of the summary statement) have a maturity of less than 3 months.

The loans received have a residual maturity equal to the redemption of the last series of bonds issued.

**L.12 BREAKDOWN BY GEOGRAPHICAL AREA**

As at 31 December 2022 all receivables were denominated in Euros.

<b>Geographical Area</b>	<b>Balance of Receivables – FY 2022</b>
Italy	1,270,586,316
<b>Total receivables at the end of the Year:</b>	<b>1,270,586,316</b>

The balance of receivables is stated by including the collective provision for bad debts, the fair value measurement of assets that can no longer be classified as financial assets measured at amortised cost and the IAS adjustment.

**I.13 RISK CONCENTRATION**

<b>Classes of amount (Euro)</b>	<b>Number of Customers</b>	<b>Balance of Receivables – FY 2022</b>	
01) 0 – 25,000	12,496	12,496	29,913,717
02) 25,001 – 75,000	6,498	6,498	320,433,492
03) 75,001 – 250,000	6,022	6,022	738,809,559
04) Beyond 250,000	470	470	181,429,548
<b>Total receivables at the end of the Year:</b>	<b>25,486</b>	<b>25,486</b>	<b>1,270,586,316</b>

The balance of receivables is stated by including the collective provision for bad debts, the fair value measurement of assets that can no longer be classified as financial assets measured at amortised cost and the IAS adjustment.

At 31 December 2022 there were no receivables whose capital due was more than 2% of the total receivables in portfolio.

## **Section 2 – SECURITISATION TRANSACTIONS, DISCLOSURE ON STRUCTURED ENTITIES NOT CONSOLIDATED IN THE ACCOUNTS (OTHER THAN SECURITISATION SPVs) AND TRANSFERS OF ASSETS**

This Section is not applicable since the Company is not an originator intermediary in securitisation transactions.

## **Section 3 - INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES**

### **3.1 Credit risk**

#### **QUALITATIVE INFORMATION**

With reference to the corporate assets, the Company mainly claims receivables from segregated assets as a result of the charge-back of operating costs. Given the collection forecasts on receivables from segregated assets and the priority in which these receipts will be applied to the payment of the abovementioned receivables, it is believed that no risks exist in relation to the possibility of them being recovered.

#### **QUANTITATIVE INFORMATION**

The quantitative information can be exhaustively inferred from what is reported in part B of the Notes to the Financial Statements.

### **3.2 Market risk**

#### **QUALITATIVE INFORMATION**

The Company has no financial assets and liabilities which expose it to significant interest rate and price risks. Furthermore, the Company is active at a domestic level only and, accordingly, it is not exposed to exchange risks.

#### **QUANTITATIVE INFORMATION**

The quantitative information can be exhaustively inferred from what is reported in part B of the Notes to the Financial Statements.

As a result of the principle of segregation of securitised assets as required by Law no. 130/1999, the Company does not assume credit or market risks (if any) on the receivables regarding the implementation of the covered bond transaction that are instead transferred to the Subordinated Loan Provider.

### **3.3 Operating risks**

#### **QUALITATIVE INFORMATION**

As regards operating risks, it is recalled that the Company has no employees and the performance of its functions, together with the connected operating risk, was delegated to entities contractually appointed for the purpose.

#### **QUANTITATIVE INFORMATION**

Given the Company's scope of operations, this request for information is not considered to be applicable.

### **3.4 Liquidity risk**

#### **QUALITATIVE INFORMATION**

With reference to the corporate management, the Company believes that it has sufficient cash and cash equivalents to meet its financial commitments.

#### **QUANTITATIVE INFORMATION**

As a result of the principle of segregation of securitised assets as required by Law no. 130/1999, the Company does not assume liquidity risks regarding the implementation of the covered bond transaction, given the limited recourse of all the obligations undertaken, that are instead transferred to the Subordinated Loan Provider.

As regards the liquidity risk, it should be pointed out that the transaction's structure, as regulated by the related contracts, provides for the Company to use, on an exclusive basis as at the date of payment of interest, any receipts from segregated assets.

In any case, the transaction's structure provides for the Company to make recourse to the instruments specified under paragraph I.5 of the Notes to the Financial Statements in the event that any receipts



arising from securitised assets are not temporarily sufficient to meet the obligations undertaken by the Company.

## Section 4 – INFORMATION ON EQUITY

### 4.1 The Company's equity

#### 4.1.1 Qualitative information

In accordance with the provisions under article 7-*bis* of Law no. 130/1999, the Company has been established as a limited liability company and has a quota capital equal to Euro 10,000.00 fully paid-up. Given the sole purpose of the Company, it pursues the objective of preserving its equity over time, while obtaining the coverage of its operating expenses from the segregated assets.

#### 4.1.2 Quantitative information

##### 4.1.2.1 The Company's equity: breakdown

Items/values	Amount at 31/12/2022	Amount at 31/12/2021
1. Quota Capital	10,000	10,000
2. Issue premiums	2,000	2,000
3. Reserves		
- retained earnings		
a) legal reserve	134	134
b) reserve required by the articles of association		
c) own quotas		
d) others		
- other	0	0)
4. (Own quotas)		
5. Valuation reserves		
- Equity instruments designated at fair value through comprehensive income		
- Hedging of equity instruments designated at fair value through comprehensive income		
- Financial assets (other than equity instruments) measured at fair value through comprehensive income		
- Intangible assets		
- Hedging of foreign investments		
- Cash flow hedge		
- Hedging instruments (items not designated)		
- Foreign exchange differences		
- Non-current assets held for sale and disposal groups of assets		
- Financial liabilities designated at fair value through profit or loss (changes in credit rating)		
- Special revaluation laws		
- Actuarial gains/losses relating to defined-benefit plans		
- Portion of valuation reserves relating to equity-accounted investments		
6. Equity instruments		
7. Profit (loss) for the year	0	0

Total	12,134	12,134
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#### **4.2 The regulatory capital and ratios**

Given the scope of the Company's operations and the provisions reported in Section 4.1, this Section is deemed not applicable.

#### **Section 5 – ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME**

According to what is reported in the Statement of Comprehensive Income, the Company's Profit/Loss coincides with its comprehensive income.

#### **Section 6 – TRANSACTIONS WITH RELATED PARTIES**

##### **6.1 Information on the fees due to key executives**

The Company has no employees, nor a board of statutory auditors.

An amount of fees of Euro 10,467.49 has been resolved in favour of the Board member Paolo Gabriele for the 2022 financial year, including ISTAT (Italian Statistics Institute) adjustment.

##### **6.2 Loans and guarantees issued to the benefit of directors and statutory auditors**

Neither loans have been granted, nor have guarantees been issued, to the benefit of the members of the Board of Directors.

##### **6.3 Information on transactions with related parties**

With reference to the covered bond transaction, reference is made to paragraph L.3 of the Notes to the Financial Statements , which reports the complete list of the parties involved.

Pursuant to article 2497-*bis* of the Italian Civil Code, the statement attached hereto reports the highlights of the last financial statements approved by the Board of Directors of the company which carries out the direction and coordination activities, i.e. Banca Popolare di Sondrio S.C.p.A. (now Banca Popolare di Sondrio S.p.A.), which is registered in the Register of Banking Groups (*Albo dei Gruppi Bancari*) under no. 5696.0. The controlling company also prepares the Consolidated Financial Statements of the Group. The highlights of the financial statements of Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.), reported below have been taken from the related annual accounts at 31 December 2021. For an adequate and complete understanding of the financial position and cash flows of Banca Popolare di Sondrio S.c.p.A. (now Banca Popolare di Sondrio S.p.A.) at 31 December 2021, as well as of the result of operations achieved by the company in the financial year ended at that date, reference is made to the financial statements which, accompanied by the independent auditors' report, are available in the forms prescribed by law.

<b>HIGHLIGHTS (in €/mil.)</b>	<b>31/12/2021</b>	<b>31/12/2020</b>	<b>% Change</b>
<b>Balance Sheet data</b>			
Loans to customers	25,040	24,097	3.91
Loans to customers measured at amortised cost	24,606	23,715	3.76
Loans to customers measured at fair value through profit or loss	434	382	13.53
Loans to banks	4,846	5,108	-5.12
Financial assets other than loans	13,707	10,541	30.04
Equity investments	613	613	-0.10
Total assets	49,636	45,231	9.74
Direct deposits from customers	35,850	32,534	10.19
Indirect deposits from customers	38,970	33,052	17.91
Insurance deposits	1,909	1,717	11.19
Customers' assets under management	76,730	67,303	14.01
Other direct and indirect deposits	18,574	15,400	20.61
Equity	2,832	2,641	7.23
<b>Income Statement data</b>			
	<b>31/12/2021</b>	<b>31/12/2020</b>	<b>% Change</b>
Interest margin	447	406	10.20
Operating income*	903	744	21.33
Profit (loss) from current operations	302	112	169.47
Profit (loss) for the year	212	75	182.90
<b>Balance sheet ratios</b>			
Cost/income	51.52	56.91	
Interest margin / Total assets	0.90	0.90	
Net profit (loss) from financial operations / Total assets	1.55	1.18	
Interest margin / Operating income	49.51	54.60	
Administrative expenses / Operating income	51.01	58.87	
Profit for the period / Total assets	0.43	0.17	
Non-performing loans / Loans to customers	0.75	1.42	
Loans to customers / Direct deposits	69.85	74.07	
<b>Capital ratios</b>			
CET1 Capital ratio	17.53%	17.77%	
Total Capital ratio	21.27%	17.77%	
Capital surplus	2,050	1,797	
<b>Other information on the banking group</b>			
Number of employees	2,866	2,799	
Number of branches	350	349	

**BALANCE SHEET**  
(in EUROS)

<b>Assets</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
10. Cash and cash equivalents	4,703,889,378	4,476,284,059
20. Financial assets measured at fair value through profit or loss	1,458,703,687	1,239,044,920
a) Financial assets held for trading	202,413,061	169,744,106
c) Other financial assets mandatorily measured at fair value	1,256,290,626	1,069,300,814
30. Financial assets measured at fair value through comprehensive. income	3,098,860,630	2,617,072,850
40. Financial assets measured at amortised cost	38,247,794,841	35,140,118,894
a) receivables from banks	4,846,046,900	4,894,616,704
b) receivables from customers	33,401,747,941	30,245,502,190
70. Equity investments	612,881,184	613,487,983
80. Property, plant and equipment	397,699,575	379,777,099
90. Intangible assets	15,705,531	12,872,557
100. Tax assets	289,532,693	378,942,324
a) current	7,046,019	43,167,619
b) deferred	282,486,674	335,774,705
120. Other assets	810,729,046	373,759,393
<b>Total assets</b>	<b>49,635,796,565</b>	<b>45,231,360,079</b>

<b>Liabilities and equity</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
10. Financial liabilities measured at amortised cost	45,539,331,233	41,392,257,233
a) payables to banks	9,689,126,033	8,858,607,901
b) payables to customers	32,176,500,378	29,725,068,448
c) outstanding securities	3,673,704,822	2,808,580,884
20. Financial liabilities held for trading	22,795,622	31,785,558
60. Tax liabilities	28,200,195	26,177,989
a) current	-	-
b) deferred	28,200,195	26,177,989
80. Other liabilities	916,805,041	844,105,983
90. Post-employment benefits	37,821,567	39,854,380
100. Provisions for risks and charges	258,856,209	256,130,244
a) commitments and guarantees issued	42,904,110	58,301,001
b) pension fund and similar obligations	164,886,732	162,296,416
c) other provisions for risks and charges	51,065,367	35,532,827
110. Valuation reserves	52,087,552	49,906,067
140. Reserves	1,153,959,091	1,102,256,637
150. Share premium reserves	79,005,128	79,005,128
160. Share capital	1,360,157,331	1,360,157,331
170. Own shares (-)	(25,321,549)	(25,321,549)
180. Profit (loss) for the year (+/-)	212,099,145	75,045,078
<b>Total liabilities and equity</b>	<b>49,635,796,565</b>	<b>45,231,360,079</b>

**INCOME STATEMENT**  
(in EUROS)

Items	31/12/2021	31/12/2020
10. Interest earned and similar income	554,081,281	499,257,139
of which: interest income calculated according to the effective interest method	545,930,738	491,791,157
20. Interest expenses and similar charges	(107,238,358)	(93,039,782)
<b>30. Interest margin</b>	<b>446,842,923</b>	<b>406,217,357</b>
40. Commissions income	322,497,371	289,140,354
50. Commission expense	(12,669,722)	(12,824,563)
<b>60. Net commissions</b>	<b>309,827,649</b>	<b>276,315,791</b>
70. Dividends and similar income	22,262,886	21,118,202
80. Net profit (loss) from trading	50,590,460	(6,519,006)
100. Profits (losses) from disposal or repurchase of:	46,616,556	(717,156)
a) financial assets measured at amortised cost	32,878,373	(25,590,503)
b) financial assets measured at fair value through comprehensive income	13,756,106	24,811,767
c) financial liabilities	(17,923)	61,580
110. Net result of other financial assets or liabilities measured at fair value through profit or loss	23,752,704	(1,799,424)
b) other financial assets mandatorily measured at fair value	23,752,704	(1,799,424)
<b>120. Operating income</b>	<b>899,893,178</b>	<b>694,615,764</b>
130. Net value adjustments/write-backs for credit risk of:	(140,242,538)	(132,910,477)
a) financial assets measured at amortised cost	(141,251,457)	(132,054,574)
b) financial assets measured at fair value through comprehensive income	1,008,919	(855,903)
140. Profits/losses from contract amendments without cancellations	(6,098,547)	(6,414,585)
<b>150. Net result from financial operations</b>	<b>753,552,093</b>	<b>555,290,702</b>
160. Administrative expenses:	(471,609,050)	(441,887,596)
a) personnel costs	(208,575,438)	(190,267,407)
b) other administrative expenses	(263,033,612)	(251,620,189)
170. Net provisions for risks and charges	(460,303)	(12,616,540)
a) commitments and guarantees issued	15,396,891	(15,510,974)
b) other net accruals	(15,857,194)	2,894,434
180. Net value adjustments/write-backs on property, plant and equipment	(32,145,524)	(32,770,630)
190. Net value adjustments/write-backs on intangible assets	(14,502,720)	(13,739,044)
200. Other operating income/charges	67,599,038	58,071,163
<b>210. Operating costs</b>	<b>(451,118,559)</b>	<b>(442,942,647)</b>
220. Profits (losses) from equity investments	(894,887)	(582,334)
230. Net profit (loss) from fair value measurement of property, plant and equipment and intangible assets	(271,952)	-
250. Profits (losses) from disposal of equity investments	113,326	12,007
<b>260. Profit (loss) before tax from current operations</b>	<b>301,380,021</b>	<b>111,777,728</b>
270. Income taxes for the year from current operations	(89,280,876)	(36,732,650)
<b>280. Profit (loss) after tax from current operations</b>	<b>212,099,145</b>	<b>75,045,078</b>
<b>300. Profit (loss) for the year</b>	<b>212,099,145</b>	<b>75,045,078</b>

## Section 7 - OTHER INFORMATION DETAILS

The Company has no employees, relying on external service providers for its functioning.

### *Statement of the fees accrued in the financial year for the services provided by the Independent Auditors EY S.p.A.*

The fees reported in the table are those agreed as per contract (net of VAT, refunds of expenses, Consob [Italian Securities and Exchange Commission] contribution and ISTAT [Italian Institute of Statistics] index adjustments)

Description of the service	Fees (net of VAT and expenses)	Total
Audit of Financial Statements and audit of the report on operations' compliance with annual financial statements	5,000	5,000
Bookkeeping audits	2,000	2,000
Tax returns	500	500
<b>Total</b>	<b>7,500</b>	<b>7,500</b>

### **Allocation of profits**

Dear Quotaholders,  
the Financial Statements show a break-even result; therefore, there is no allocation of profits to be made.

Conegliano, 17 March 2023

**POPSO Covered Bond S.r.l.**  
*The Chairman of the Board of Directors*  
Gianpietro Macoggi