Banca Popolare di Sondrio
FOUNDED IN 1871

CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 31 MARCH 2024

CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 31 MARCH 2024

Joint-stock company
Head Office and General Management: I - 23100 Sondrio SO - Piazza Garibaldi 16
Tel. 0342 528.111 - Fax 0342 528.204
Websites: https://www.popso.it – https://istituzionale.popso.it
E-mail: info@popso.it - Certified e-mail (PEC): postacertificata@pec.popso.it
Sondrio Companies Register No. 00053810149 - Official List of Banks No. 842
Parent Company of the Banca Popolare di Sondrio Banking Group,
Official List of Banking Groups No. 5696.0 - Member of the Interbank Deposits Protection Fund
Tax code and VAT number: 00053810149
Share capital: € 1,360,157,331 – Reserves: € 1,564,088,615
(Figures approved at the Shareholders' meeting of 27 April 2024)

Rating:

- Rating issued to Banca Popolare di Sondrio by S&P Global Ratings on 26 February 2024:
  - Stand alone credit profile: BBB-
  - Long-term Issuer Credit Rating: BBB-
  - Short-Term Issuer Credit Rating: A-3
  - Long-term Resolution Counterparty Rating: BBB
  - Short-term Resolution Counterparty Rating: A-2
  - Outlook: Stable

- Rating issued to Banca Popolare di Sondrio by Fitch Ratings on 24 April 2024:
  - Long-term Issuer Default Rating (IDR): BBB-
  - Short-term Issuer Default Rating (IDR): F3
  - Viability Rating: bbb-
  - Government Support Rating: n.a.
  - Long-term Deposit Rating: BBB
  - Short-term Deposit Rating: F3
  - Senior Preferred Debt: BBB-
  - Tier 2 Subordinated Debt: BB
  - Outlook: Stable

- Rating issued to Banca Popolare di Sondrio by Morningstar DBRS on 13 November 2023:
  - Long-Term Issuer Rating: BBB (low)
  - Short-Term Issuer Rating: R-2 (middle)
  - Intrinsic Assessment: BBB (low)
  - Support Assessment: SA3
  - Long-Term Deposit Rating: BBB
  - Short-Term Deposit Rating: R-2 (high)
  - Long-term Senior Debt: BBB (low)
  - Short-term Debt: R-2 (middle)
  - Subordinated Debt: BB
  - Trend: Positive

- Rating issued to Banca Popolare di Sondrio by Scope Ratings on 17 April 2024:
  - Issuer rating: BBB
  - Outlook: Stable

CONTENTS

CORPORATE OFFICES

BOARD OF DIRECTORS

Chair	FRANCESCO VENOSTA
Deputy Chair	LINO ENRICO STOPPANI*
Managing Director	MARIO ALBERTO PEDRANZINI**
Directors	NICOLA CORDONE
	LORETTA CREDARO*
	ANNA DORO
	FEDERICO FALCK*
	ROBERTO GIAY
	MARIA CHIARA MALAGUTI
	PIERLUIGI MOLLA
	SÉVERINE MÉLISSA HARMINE NEERVOORT
	GIUSEPPE RECCHI
	SERENELLA ROSSI
	SILVIA STEFINI
	ROSSANA ZAMBELLI

BOARD OF STATUTORY AUDITORS

Chair	CARLO MARIA VAGO
Statutory Auditors	MASSIMO DE BUGLIO
	LAURA VITALI
Alternate Auditors	MARCO FABIO CAPITANIO
	PAOLO VIDO

GENERAL MANAGEMENT

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

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

* Members of the Executive Committee

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

INFORMATION ON OPERATIONS

Note. *The amounts contained in this interim management report are represented using the euro as the accounting currency; comparisons in percentage terms refer for the balance sheet part to the homogeneous data at the end of 2023 and for the income statement part to the homogeneous data at 31 March 2023; any exceptions are explained. Because most of the figures in the text and tables are rounded to the nearest million or thousand euro, the percentages may differ marginally from those that would result from a comparison of the same amounts expressed in different units.*

INTRODUCTION

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

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

Our Group decided to give priority to market disclosure and therefore, in continuity with the past, this consolidated interim report as at 31 March 2024 has been prepared in accordance with the recognition and measurement criteria set forth in the IAS/IFRS adopted by the European Community at present.

This consolidated interim report has not been independently audited.

BASIS OF PREPARATION

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

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

For detailed information concerning the application of accounting standards, please refer to the consolidated financial statements as at 31 December 2023.

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

The balance sheet is compared with the balance sheet in the financial statements as at 31 December 2023.

The income statement is compared with the income statement for the period ended 31 March 2023.

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

THE BANCA POPOLARE DI SONDRIO BANKING GROUP

The Banca Popolare di Sondrio Banking Group comprises:

Parent Company:

Banca Popolare di Sondrio spa - Sondrio.

Group Companies:

- *Banca Popolare di Sondrio (SUISSE) SA - Lugano CH.*

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

- *Factorit spa - Milan.*

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

- *Sinergia Seconda srl - Milan*

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

- *Banca della Nuova Terra spa - Sondrio*

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

- *PrestiNuova srl - Agenzia in Attività Finanziaria - Rome.*

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

- *Popso Covered Bond srl - Conegliano (Tv).*

  The Parent Company holds 60% of the capital of Popso Covered Bond srl, 10,000 euro.

SCOPE OF CONSOLIDATION AND METHODOLOGY

The interim report presents the economic and financial position as at 31 March 2024 of the Banca Popolare di Sondrio Banking Group, which comprises the Parent Company, Banca Popolare di Sondrio (SUISSE) SA, Factorit spa, Sinergia Seconda srl, Banca della Nuova Terra spa, PrestiNuova srl - Agenzia in Attività Finanziaria and Popso Covered Bond srl and the entities that are controlled by the Group pursuant to IFRS 10.

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

EQUITY INVESTMENTS CONSOLIDATED LINE BY LINE

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

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

The scope of the companies consolidated on a line-by-line basis expanded compared to 31 December 2023 as a result of the inclusion of Residence Nuova Dogana Srl, formed on 22 March 2024 through the demerger by Immobiliare Borgo Palazzo Srl of a portion of its assets, consisting of the business unit responsible for management of hotel tourist complexes and related real estate assets.

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

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

- the Bank has a representative on the Board of Directors or the equivalent body of the affiliate;
- the Bank takes part in the decision-making process, including decisions regarding dividends;
- there are significant transactions between the parent company and the subsidiary;
- there is an exchange of managers;
- essential technical information is being provided.

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

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

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

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

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

Any subsequent write-backs cannot exceed the impairment losses recorded previously. Upon loss of significant influence over an associated company or joint control over a joint venture, the Group assesses and recognises the residual shareholding at fair value. The difference between the carrying amount of the investment at the date of the loss of significant influence or of the joint control and the fair value of the residual investment and the amount received is recognised in the income statement. The ownership percentages are specified in the following table:

EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

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

(1) joint control

For more details on how equity investments are presented in the financial statements, please refer to the notes under "Scope and methods of consolidation".

TRANSLATION OF FINANCIAL STATEMENTS IN CURRENCIES OTHER THAN THE EURO

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

SUBSEQUENT EVENTS

No events have taken place between the reference date for this consolidated interim report and the date of its approval by the Board of Directors on 7 May 2024 that would require the adjustment of such approved information, and nothing of significance has occurred that would require additional disclosures.

INTERNATIONAL CONTEXT

The first quarter of the year saw the continuation of the very serious situation of geopolitical uncertainty related to the conflicts in Ukraine and the Middle East. An expansion of crisis areas is unfortunately a concrete possibility, and the absence of actors capable of steering the parties to the conflict towards a peace process is becoming increasingly apparent.

Nonetheless, the world economy showed signs of improvement in early 2024, especially in the service sector. According to the latest forecasts, global GDP growth is expected to exceed 3% this year, in line with last year.

Global trade, while heavily conditioned by the insecurity burdening one of its most important hubs – the Red Sea – also seems to have continued the moderate expansion already seen at the end of 2023.

The decline in inflation has not yet been reflected in the policies of the monetary authorities, which have remained cautious on the rate front.

In addition, oil prices were driven higher by demand that outpaced expectations, as well as, of course, by the severe geopolitical tensions mentioned at the outset.

At the beginning of the year, the Euro Area – which is particularly close and sensitive to the ongoing conflicts in Ukraine and Israel – was unable to pull out of the substantial stagnation in which it has been mired for some time. The continuing weakness of the manufacturing sector was offset by some positive signals from the services sector, but without resulting in any real dynamism of GDP, which is expected to grow by only 0.6% this year.

Inflation seems to be on a downward path, which should bring it around the crucial 2% threshold by next year. The European Central Bank kept its rate level unchanged, leaving financing conditions restrictive. Expectations that a rate-cutting phase is about to begin have grown.

Turning to the Italian economy, the slightly positive GDP performance in late 2023 seems to be confirmed for the first quarter of the year.

The decline in consumption, conditioned by household spending capacity penalised by price growth not adequately reflected in wage increases, was at least partly offset by the increase in investments. While industrial activity was affected by, *inter alia*, the difficulties of the German economy, the construction sector remained dynamic, despite struggling with the adjustment of tax incentives.

The Swiss economy began the new year in substantial continuity with the moderate growth recorded at the end of 2023. According to the most recent forecasts, as a whole 2024 will be characterised by clearly below-average economic performance, with GDP growth for the whole year expected to be just above 1%. Due to both falling energy costs and the appreciation of the Swiss franc, inflation is falling sharply, with an end-of-year forecast of around 1.5%. For its part, the Swiss National Bank lowered the SNB guidance rate by 0.25% to 1.50%.

SUMMARY OF RESULTS

(in millions of euro)			
Balance sheet figures	**31/03/2024**	**31/12/2023**	**Change %**
Loans and receivables with customers	33,867	34,480	-1.78
Loans and receivables with customers measured at amortised cost	33,567	34,159	-1.73
Loans and receivables with customers measured at fair value through profit or loss	300	321	-6.55
Loans and receivables with banks	2,205	2,122	3.93
Financial assets that do not constitute loans	14,251	13,939	2.24
Equity investments	393	376	4.30
Total assets	56,742	57,722	-1.70
Direct funding from customers	41,986	42,393	-0.96
Indirect funding from customers	47,954	46,319	3.53
Direct funding from insurance premiums	2,113	2,067	2.25
Customer assets under administration	92,053	90,778	1.40
Other direct and indirect funding	18,341	19,545	-6.16
Equity	3,933	3,809	3.25

Income statement	**31/03/2024**	**31/03/2023**	**Change %**
Net interest income	267	192	39.04
Total income*	409	332	23.36
Profit from continuing operations	210	134	56.46
Profit (Loss) for the period	145	94	53.83

Capital ratios	**31/03/2024**	**31/12/2023**
CET1 Capital ratio	15.19%	15.37%
Total Capital ratio	17.98%	17.73%

Other information on the Banking Group	**31/03/2024**	**31/12/2023**
Number of employees	3,610	3,580
Number of branches	379	377

* Total income is presented as per the reclassified income statement summary (page 31)

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/03/2024	31/12/2023
Equity/Direct funding from customers	9.37%	8.99%
Shareholders' equity/Loans to customers	11.61%	11.05%
Equity/Financial assets	27.60%	27.33%
Equity/Total assets	6.93%	6.60%

Profitability indicators	31/03/2024	31/03/2023
Cost/Income	36.85%	40.92%
Net interest income/Total income	65.26%	57.90%
Administrative expenses/Total income	36.77%	41.28%
Net interest income/Total assets	0.47%	0.33%
Net financial income/Total assets	0.65%	0.51%
Profit for the year/Total assets	0.26%	0.16%

Asset quality indicators	31/03/2024	31/12/2023
NPL ratio	3.80%	3.71%
Texas ratio	13.65%	14.91%
Net bad loans/Equity	1.32%	1.63%
Net bad loans/Loans to customers	0.15%	0.18%
Loans to customers/Direct funding from customers	80.66%	81.33%
Cost of credit	0.51%	0.65%

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

FUNDING

The reporting period was characterised by continuing restrictive monetary policy aimed at combating inflation, resulting in rates remaining at high levels, while declining.

On a system-wide level, bank funding continued to decline as businesses and households reallocated their liquidity towards remunerative instruments. The trend showed a decrease in current account deposits against a growth in other term and time deposits and a marked increase in bonds. Indirect funding increased significantly, mainly due to the favourable market dynamics during the year. The average interest rate on total bank funding from customers continued to rise.

Our Group was no stranger to this trend, recording a slight decline in direct funding compared to the end of 2023. The item, which consists of the balance sheet liability items 10b "Due to customers" and 10c "Securities issued", amounted to 41,986 million, -0.96% on the comparative period, but up 7.53% year-on-year. Indirect funding from customers, at market values, totalled 47,954 million, +3.53%. Direct funding from insurance premiums reached 2,113 million, +2.25%. Total funding from customers therefore amounted to 92,053 million, +1.40%.

Deposits from banks amounted to 8,627 million, down from 9,918 million, a decrease partly related to the repayment of the T-LTRO III loan of 806 million that expired last March. This exposure is largely linked to longer-term refinancing operations with the European Central Bank for a total of 3,700 million.

Securities under administration entrusted to us by banks increased from 9,627 million to 9,714 million, +0.91%. Total funding from customers and banks therefore amounts to 110,394 million, +0.06%.

CONSOLIDATED TOTAL FUNDING

(thousands of euro)	31/03/2024	Compos. %	31/12/2023	Compos. %	Change %
Total direct funding from customers	41,985,813	38.04	42,392,811	38.43	-0.96
Total direct funding from insurance premiums	2,113,089	1.91	2,066,571	1.87	2.25
Total indirect funding from customers	47,953,750	43.44	46,318,512	41.98	3.53
- Asset management	*7,565,626*	*15.78*	*7,175,926*	*15.49*	*5.43*
- Assets under administration	*40,388,124*	*84.22*	*39,142,586*	*84.51*	*3.18*
Total	**92,052,652**	**83.39**	**90,777,894**	**82.28**	**1.40**
Due to banks	8,626,812	7.81	9,917,675	8.99	-13.02
Indirect funding from banks	9,714,351	8.80	9,626,913	8.73	0.91
Grand total	**110,393,815**	**100.00**	**110,322,482**	**100.00**	**0.06**

As for the individual components, current accounts and sight deposits, down 4.37% to 29,218 million, accounted for 69.60% of all direct funding. Bonds showed a robust increase, +19.47% to 5,237 million, due in part to a new covered bond issue for a benchmark amount of 500 million as part of the five-billion covered bond programme and the issuance of a 300 million fixed-rate subordinated bond. Fixed-term deposits amounted to 5,017 million, +14.65%. Repos, which were 2,241 million as at 31 December 2023, fell to 1,826 million, -18.53%. Bank drafts amounted to 88 million, -5.25%. Leasing liabilities (accounted for in accordance with IFRS 16) amounted to 157 million, -3.67%, while other funding fell from 582 million to 442 million, -23.98%. As regards asset management, please see the chapter on treasury and trading activities.

CONSOLIDATED DIRECT FUNDING FROM CUSTOMERS

(thousands of euro)	31/03/2024	Compos. %	31/12/2023	Compos. %	Change %
Current accounts and sight deposits	29,217,743	69.60	30,553,721	72.07	-4.37
Fixed-term deposits	5,017,244	11.95	4,376,073	10.32	14.65
Repurchase agreements	1,825,682	4.35	2,241,059	5.29	-18.53
Lease liabilities	157,263	0.37	163,259	0.39	-3.67
Bonds	5,237,165	12.47	4,383,516	10.34	19.47
Bank drafts and similar	88,111	0.21	92,994	0.22	-5.25
Other payables	442,605	1.05	582,189	1.37	-23.98
Total	**41,985,813**	**100.00**	**42,392,811**	**100.00**	**-0.96**

LOANS TO CUSTOMERS

In the first quarter of 2024 loans to customers continued to decline at the system-wide level. Demand for loans from businesses fell, reflecting the still high level of interest rates and a lower need for investment, even with greater recourse to self-financing. The demand for loans by households for home purchases also decreased, while demand for consumption purposes increased. Loan losses remained contained.

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

LOANS TO CUSTOMERS

(thousands of euro)	31/03/2024	Compos. %	31/12/2023	Compos. %	Change %
Current accounts	3,501,894	10.34	3,595,829	10.43	-2.61
Mortgage loans	20,608,980	60.85	20,820,558	60.38	-1.02
Personal loans and assignments of one-fifth of salary or pension	557,041	1.64	542,180	1.57	2.74
Factoring	3,680,926	10.87	3,789,704	10.99	-2.87
Other loans	4,769,866	14.08	4,978,676	14.45	-4.19
Fixed-yield securities	747,953	2.22	753,245	2.18	-0.70
Total	**33,866,660**	**100.00**	**34,480,192**	**100.00**	**-1.78**

Overall, loans to customers amounted to 33,867 million, -1.78% compared to end-2023, but up 3.14% year-on-year. The ratio of loans to direct funding from customers has thus risen to 80.66%, from 81.33%.

The various items have contributed to total customer loans to a different extent. The main item was mortgages and unsecured loans, which amounted to 20,609 million, down slightly, -1.02%, and accounted for 60.85% of loans. They also include transferred assets that were not derecognised because the requirements of IFRS 9 for derecognition were not met. The trend was affected by the decrease in residential sales; rising interest rates led people to postpone investments or to use their own capital more. There was a preference for fixed rate in new disbursements. This was followed by other financing (advances, grants, etc.), which amounted to 4,770 million, -4.19%, or 14.08% of financing. Current accounts amounted to 3,502 million, down 2.61%. Personal loans grew moderately, +2.74% to 557 million, while factoring operations declined, -2.87% to 3,681 million. Fixed-yield securities amounted to 748 million, -0.70%. The latter derive from securitisation transactions of loans to customers carried out by the investee companies Banca della Nuova Terra spa and Alba Leasing spa, and also include securities issued as part of the sales of NPLs from the SPV Diana, POP NPLS 2020, POP NPLS 2021 and POP NPLS 2022 and POP NPLS 2023.

Total net non-performing loans have fallen by 5.47% to 532 million, compared with 562 million at the end of 2023; in the comparative period there was a decrease of 7.61%. The aggregate is 1.57% (1.63%) of loans to customers.

NON-PERFORMING AND PERFORMING LOANS TO CUSTOMERS

(thousands of euro)		31/03/2024	31/12/2023	Absolute changes	Changes %
Non-performing loans	Gross exposure	1,328,437	1,316,481	11,956	0.91
	Value adjustments	796,874	754,173	42,701	5.66
	Net exposure	**531,563**	**562,308**	**-30,745**	**-5.47**
Bad loans	Gross exposure	340,868	348,408	-7,540	-2.16
	Value adjustments	289,084	286,186	2,898	1.01
	Net exposure	**51,784**	**62,222**	**-10,438**	**-16.78**
Unlikely-to-pay loans	Gross exposure	914,936	894,499	20,437	2.28
	Value adjustments	496,034	456,493	39,541	8.66
	Net exposure	**418,902**	**438,006**	**-19,104**	**-4.36**
Exposures past due and/or overdrawn non-performing	Gross exposure	72,633	73,574	-941	-1.28
	Value adjustments	11,756	11,494	262	2.28
	Net exposure	**60,877**	**62,080**	**-1,203**	**-1.94**
Performing loans	Gross exposure	33,586,312	34,167,755	-581,443	-1.70
	Value adjustments	251,215	249,871	1,344	0.54
	Net exposure	**33,335,097**	**33,917,884**	**-582,787**	**-1.72**
Total loans and receivables with customers	Gross exposure	34,914,749	35,484,236	-569,487	-1.60
	Value adjustments	1,048,089	1,004,044	44,045	4.39
	Net exposure	**33,866,660**	**34,480,192**	**-613,532**	**-1.78**

The total adjustments recorded for non-performing loans total 797 million, +5.66%, representing 59.99% of the gross amount compared with 57.29% last year. Adjustments for the period were higher compared with those of the previous year. Gross non-performing loans rose slightly from 1,316 million to 1,328 million, +0.91%. The gross NPL ratio was 3.80%, compared to 3.71% at year-end.

Net bad loans, adjusted for write-downs, amounted to 52 million, -16.78% (-48.93% in the comparison period), and correspond to 0.15% of total loans to customers, compared to 0.18% as at 31 December 2023. The adjustments to cover estimated losses on bad loans went from 286 million to 289 million (+1.01%), representing 84.81% of the gross amount of such loans compared with 82.14% in the previous year. It is one of the highest coverage percentages at banking system level.

Unlikely to pay, net of write-downs, amounted to 419 million, (-4.36%), corresponding to 1.24% of total loans to customers, compared to 1.27% in the previous year. The related adjustments, with the current coverage ratio of 54.22%, amounted to 496 million, +8.66%; the coverage ratio was 51.03% last year.

Net non-performing past due loans amounted to 61 million (-1.94%), and represent 0.18% of total loans with customers, as in the comparative period. Provisions for performing loans remained essentially stable, totalling 251 million, +0.54%, and amounted to 0.75% of performing loans compared to 0.73% at the end of 2023. This level reflects the prudential assessments with respect to the macroeconomic and geopolitical context, the persistently high level of inflation, but also the result of the identification of possible criticalities concerning, in particular, stage 2 positions, which are the most exposed to crisis events.

Adjustments totalled 1,048 million overall, +4.39%.

With reference to the inspection visit conducted by the European Central Bank from October 2022 to April 2023, focusing on credit and counterparty risk with specific reference to the Corporate & Large and SME (Small and Medium Enterprises) segments, as there are no new elements, please refer to the 2023 Annual Report.

TREASURY AND TRADING OPERATIONS

The first quarter of the year was marked by renewed optimism among global financial market participants, in an increasingly favourable macroeconomic environment. Equity markets were supported by the unexpected resilience of the global economy, especially the US economy, favourable corporate results and high liquidity. However, performance was uneven across the various regions: the increase compared to the beginning of the year was on the order of 12% in the Eurozone, 10% in the US, and 21% in Japan, while emerging country markets rose by an average of 4%. During the period under review, central banks maintained their restrictive stance, but signalled an upcoming monetary policy reversal.

Turning to our Group, the net interbank position was 6,421 million negative at 31 March 2024, compared with 7,796 million negative at the end of 2023. Cash and cash equivalents amounted to 3,152 million, compared with 4,547 million. As at 31 March 2024, the Parent Company had one TLTRO with the ECB outstanding of 3,700 million after the repayment of the 4,368 million tranche on 28 June 2023 and the 806 million tranche of 27 March 2024. The operation still outstanding was contracted on 29 September 2021 and matures on 25 September 2024.

Although liquidity declined following the repayment of the first above TLTRO tranche, it remained abundant throughout the reporting period. The exposure to this risk is monitored both with reference to the short term, taking a 3-month view every day, and over the long term with a monthly check. The indicators envisaged by the Delegated Regulation of the European Commission, the short-term one (Liquidity Coverage Ratio) and the structural one (Net Stable Funding Ratio), are both positioned at levels higher than the minimum expected. The stock of assets refinanceable at the ECB, including Abaco, net of the haircuts applied, amounts to 17.6 billion as of 31 March 2024, of which 8.8 free and 8.8 committed.

In the period under review, Treasury operations, on the lending side, still favoured the use of the Deposit Facility at the ECB remunerated at 4% (data as of the first quarter of 2024) and risk-free. After the repayment of the first and second tranches of the TLTRO, a large part of the liquidity deposited was raised on the electronic repurchase agreement market with institutional counterparties through Euronext Clearing with underlying Italian government securities and on the OTC market, through bilateral transactions with primary financial counterparties with underlying foreign government securities in euro, corporate securities and securitisations. The repurchase agreement funding activity was of a significant amount and at advantageous rates, thanks to the excellent quality collateral present in the portfolio. Interbank deposit activity was also significant (8,520 million, almost all funding). These include deposits made with the Italian MEF (Ministry of Economy and Finance) as part of money market operations with the Treasury in which we participate as an authorised counterparty.

As at 31 March 2024, the portfolio of financial assets comprising financial instruments other than securitisations totalled 14,251 million, up by 2.24% compared to 31 December 2023. The following table summarises the various amounts involved and the percentage changes.

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

(thousands of euro)	31/03/2024	31/12/2023	Change %
Financial assets held for trading	250,749	150,073	67.08
of which, derivatives	*74,405*	*22,717*	*227.53*
Other financial assets mandatorily measured at fair value	221,710	220,051	0.75
Financial assets measured at fair value through other comprehensive income	3,564,590	3,212,616	10.96
Financial assets measured at amortised cost	10,214,265	10,355,943	-1.37
Total	**14,251,314**	**13,938,683**	**2.24**

Analysing the individual segments, "Other financial assets mandatorily measured at fair value" remained substantially unchanged (+0.75%). On the other hand, both financial assets measured at fair value through other comprehensive income (+10.96%) and financial assets held for trading (+67.08%) increased sharply. Financial assets measured at amortised cost declined slightly (-1.37%).

In the first quarter, part of the floating-rate component of Italian government bonds was sold in favour of Italian and European fixed-rate government bonds. The total amount of floating-rate and inflation-indexed government bonds is now around 4.5 billion, down from 5.5 billion at the end of 2023. ESG securities, mostly green and social bonds, amounted to over 1.8 billion, or about 12.50% of the total portfolio.

The financial duration of the government bond portfolio, down slightly from 31 December 2023, stood at 3 years and 2 months, while the modified duration at 1.57% was up slightly. Overall, including bonds (net of securitisation notes), the modified duration is 1.83%, up slightly on the end of 2023.

Financial assets held for trading

The trading portfolio increased by 67.08% compared to 31 December 2023 and amounted to 251 million.

(thousands of euro)	31/03/2024	31/12/2023	Change %
Foreign government securities in foreign currency	46,850	-	n.a.
Equity securities	23,390	28,831	-18.87
Mutual funds	106,104	98,525	7.69
Net book value of derivative contracts	74,405	22,717	227.53
Total	**250,749**	**150,073**	**67.08**

Operations mainly focused on equities and units in UCI, in addition to Italian and foreign Government bonds. Units in UCI, which include ETFs, funds and SICAVs, were used as an alternative to direct equity exposure in view of diversification by geographical area, currency and sector. US dollar-denominated government bonds were traded during the period. As at 31 March, some 47 million short-dated Treasuries are carried in the proprietary portfolio. The derivatives component rose sharply from 23 million to 74 million.

Other financial assets mandatorily measured at fair value

Financial assets mandatorily measured at fair value amounted to 221 million, up slightly compared to 31 December 2023 (+0.75%).

The portfolio remains mainly concentrated on euro-denominated UCI, which mainly refer to closed-end funds (private debt, private equity, real estate and credit funds) or open-ended funds related to specific themes (PIR - Individual Savings Plan). Overall, this exposure remains small, in line with the end of 2023.

(thousands of euro)	31/03/2024	31/12/2023	Change %
Bank bonds	22,599	20,318	11.23
Other bonds	37,288	37,252	0.10
Mutual funds in euro	159,753	160,446	-0.43
Mutual funds in foreign currency (USD)	2,070	2,035	1.72
Total	**221,710**	**220,051**	**0.75**

Financial assets measured at fair value through other comprehensive income

The portfolio of financial assets measured at fair value through other comprehensive income recorded an increase of 10.96% since the end of 2023 to 3,565 million. Expectations of a possible return to an expansive monetary policy favoured an investment choice in fixed-rate securities, albeit of low duration, including of highly rated Eurozone countries.

(thousands of euro)	31/03/2024	31/12/2023	Change %
Floating-rate Italian government securities	611,749	1,059,744	-42.27
Fixed-rate Italian government securities	662,869	420,187	57.76
Foreign government securities	1,536,525	1,028,400	49.41
Bank bonds	414,873	419,910	-1.20
Other bonds	236,538	192,534	22.86
Equity securities	102,036	91,841	11.10
Total	**3,564,590**	**3,212,616**	**10.96**

More specifically, the exposure to floating-rate Italian government bonds was pared back (-42.27%) and now stands at 612 million, while the short-term fixed-rate component of Italian government bonds (+57.76%) and foreign Eurozone bonds (+49.41%) was increased. The overall weight of Italian government bonds on the segment stands at 35.76%, a further decrease from last year.

Bank bonds, government (sovereign) bonds and non-bank corporate bonds also showed increased, overall +6.36% compared to last year. Equity securities increased due to revaluations (+11.10%).

Financial assets measured at amortised cost

(thousands of euro)	31/03/2024	31/12/2023	Change %
LOANS AND RECEIVABLES WITH BANKS	**1,127,197**	**1,106,533**	**1.87**
Italian bank bonds	880,666	875,468	0.59
Foreign bank bonds	246,531	231,065	6.69
LOANS AND RECEIVABLES WITH CUSTOMERS	**9,087,068**	**9,249,410**	**-1.76**
Floating-rate Italian government securities	3,490,205	4,005,761	-12.87
Fixed-rate Italian government securities	1,815,411	1,450,465	25.16
Foreign government securities	2,776,694	2,795,577	-0.68
Other public administration bonds	197,934	254,003	-22.07
Other bonds	806,824	743,604	8.50
Total	**10,214,265**	**10,355,943**	**-1.37**

Financial assets measured at amortised cost amounted to 10,214 million, down 1.37% compared to 31 December 2023.

With regard to the portfolio's composition, we highlight, compared to 31 December 2023, the decrease in Italian floating-rate government bonds (-12.87%) and the increase in their fixed-rate counterparts (+25.16%), as well as the substantial stability of foreign government bonds (-0.68%), partly ESG. Overall, investments in Italian and foreign bank bonds were significant in amount (+1.87% on the end of 2023), as were corporate bonds (+8.50%), mainly of the ESG type, especially green bonds and social bonds. Investments in bonds issued by other public administrations decreased due to redemptions (-22.07%). During the period, the contribution from coupon flow remained strong despite the slight decline in interest rates.

Asset management

The year 2024 began with rather subdued activity for the asset management industry. Despite the favourable performance of equity markets, investor sentiment was mainly influenced by the uncertainty surrounding geopolitical events, which resulted in net outflows from the system.

In this general context, our Group bucked the trend, posting flattering growth. The assets managed in various forms total 7,566 million, +5.43%, of which 5,588 million, +5.73%, relates to mutual funds and SICAV, including Popso (SUISSE) Investment Fund Sicav; assets managed by the Group total 1,977 million, +4.59%.

INFORMATION ON EXPOSURE TO SOVEREIGN DEBT

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

In this regard, the overall exposure of the banking Group at 31 March 2024 amounted to 11,650 million and was structured as follows:

a) Italian government securities: 6,580 million;

b) Securities of other issuers: 4,691 million;

c) Loans to government departments: 102 million;

d) Loans to other public administrations and miscellaneous entities: 277 million.

EQUITY INVESTMENTS

Equity investments were 393 million, +4.30%. The increase resulted from the measurement of investees at equity.

PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS

Property, equipment and investment property and intangible assets amounted to 741 million compared to 715 million at the end of 2023. The former added up to a total of 703 million compared to 677 million, +3.78%, and the latter amounted to 38 million, essentially unchanged.

Intangible assets include 16.997 million relating to goodwill. Goodwill is tested for impairment whenever there are indicators of impairment and at least annually. The test was performed when preparing the consolidated financial statements as at 31 December 2023. As at 31 March 2024, there were no indicators of impairment.

OTHER PROVISIONS

These consist of the severance indemnity (TFR), which was stable at 34 million, and the provisions for liabilities and charges, which added up to 364 million, also stable overall. In particular, there was a modest decline in the provision for commitments and guarantees given, which fell from 96 million to 91 million, and a limited increase in the provision for pensions and similar obligations, from 179 million to 180 million, whereas other provisions for liabilities and charges rose from 88 million to 93 million.

HUMAN RESOURCES

The Group had 3,610 employees as at 31 March 2024, an increase of 140 persons from 31 March 2023, broken down as follows: 3,058 employed by the Parent Company, 375 by Banca Popolare di Sondrio (SUISSE) SA, 151 by Factorit spa and 26 by BNT spa. To the staff of the banking group must be added the 4 employees of the subsidiary Pirovano Stelvio spa and the 14 employees of the subsidiary Rent2Go srl.

EQUITY

Shareholders' equity at 31 March 2024, inclusive of valuation reserves and the profit for the year, amounts to 3,933.253 million. Compared with the total as at 31 December 2023 of 3,809.274 million, an increase of 123.979 million (+3.25%). The change essentially derives from booking the profit for the year under review, as well as from the change in reserves.

The Shareholders' Meeting held on 27 April 2024, called to approve the financial statements for the year 2023 and the allocation of profit, resolved to distribute a dividend, payable from 22 May 2024, of EUR 0.56 for each of the 453,385,777 shares outstanding as at 31 December 2023. The Parent Company's share capital, which consists of 453,385,777 ordinary shares without nominal value, amounts to 1,360.157 million, unchanged with respect to the comparative period.

The issue premium was unchanged at 78.949 million.

The item reserves rose to 2,387.202 million (+22.38%); the increase of 436.556 million resulted mainly from the allocation of the profit for the financial year 2023.

The valuation reserves item, mainly represented by the balance between gains and losses recorded on assets measured at fair value through other comprehensive income (FVOCI) and between actuarial profits and losses on defined benefit plans for employees, recorded a still negative balance of 12.854 million, a slight improvement compared to the end of 2023, when it was negative for 16.222 million; the effect can be linked to the positive trend of the financial markets.

Treasury shares in portfolio amounting to 25.429 million increased slightly.

With regard to capital adequacy, the harmonised legislation for banks and investment firms is contained in Regulation (EU) No. 575/2013 (CRR) and in Directive 2013/36/EU (CRD IV), which define the general limits on capital ratios, which are equal to 7% for the CET 1 Ratio, 8.50% for the Tier 1 Capital Ratio and 10.50% for the Total Capital Ratio. The European Central Bank, which by virtue of its powers, based on the evidence gathered as part of the supervisory review and evaluation process, has the authority to set customised capital and/or liquidity ratios for each intermediary subject to Community supervision, with communication dated 1 December 2023 at the conclusion of the annual Supervisory Review and Evaluation Process (SREP) conducted in 2023, sent the Parent Company the decision of the Supervisory Board regarding the minimum coefficients to be respected on a consolidated basis with effect 1 January 2024.

The minimum capital levels required of our banking Group are:

- a minimum requirement of Common Equity Tier 1 Ratio of 8.57%, calculated as the sum of the Pillar 1 regulatory minimum requirement (4.50%), the Capital Conservation Buffer (2.50%), and an additional Pillar 2 requirement (1.57%);
- a minimum requirement of Tier 1 Capital Ratio of 10.59%, calculated as the sum of the Pillar 1 regulatory minimum requirement (6%), the Capital Conservation Buffer (2.50%) and an additional Pillar 2 requirement (2.09%).
- a minimum requirement of Total Capital Ratio of 13.29%, calculated as the sum of the Pillar 1 regulatory minimum requirement (8%), the Capital Conservation Buffer (2.50%) and an additional Pillar 2 requirement (2.79%).

While the first two additions are specified by the prudential regulations and are identical for all banks in a given country, the third is determined by the ECB based on the actual degree of risk faced by the individual bank. The additional Pillar 2 Requirement (or "P2R2") is 2.79% (previously 2.66%). The new ratio, to be held in the form of Tier 1 (CET 1) capital for at least 56.25% and Tier 1 capital for at least 75%, includes a quota of 0.04% as an increase in the second pillar requirement for non-performing exposures.

Since 2017, the ECB has been providing the Bank with "Pillar 2 Guidance", which acts a guide to the future evolution of the Group's capital. This latter parameter takes on a confidential nature and is not subject to disclosure, as it is an element which, even according to the direction made known by the ECB, does not assume relevance in relation to the determination of distributable dividends.

Consolidated own funds for supervisory reporting purposes, which include part of the profit as at 31 March 2024, amounted to 4,162 million (phased-in) and 4,139 million (fully phased), while risk-weighted assets (RWA) amounted to 23,152 million.

For completeness of information, it is noted that the Group has decided to make use of the transitional regime provided for by Regulation 2020/873 of 24 June 2020 with reference to the additional adjustments linked to the Covid-19 emergency, which will apply to the value of the assets CET1 taking into account a decreasing percentage of computability over time, from 100% in 2020 and 2021, to 75% in 2022, to 50% in 2023, to 25% in 2024, until its total elimination in 2025.

The requirements referring to the Group as at 31 March 2024 are reported below:

Group's capital ratios	Phased-in	Fully phased
CET1 Ratio	15.19%	15.09%
Tier1 Capital Ratio	15.19%	15.09%
Total Capital Ratio	17.98%	17.88%

The consolidated Leverage Ratio was 5.64% applying the transitional arrangements (phased-in) and 5.60% according to the criteria to be applied at the end of the transition (fully phased).

The following ratios of capital (and reserves, including profit for the period) to the principal balance sheet aggregates are shown with comparative figures as at 31 December 2023:

- capital/direct funding from customers 9.37% vs. 8.99%;
- capital/customer loans 11.61% vs. 11.05%
- capital/financial assets 27.60% vs. 27.33%;
- capital/total assets 6.93% vs. 6.60%;
- net bad loans/capital 1.32% vs. 1.63%.

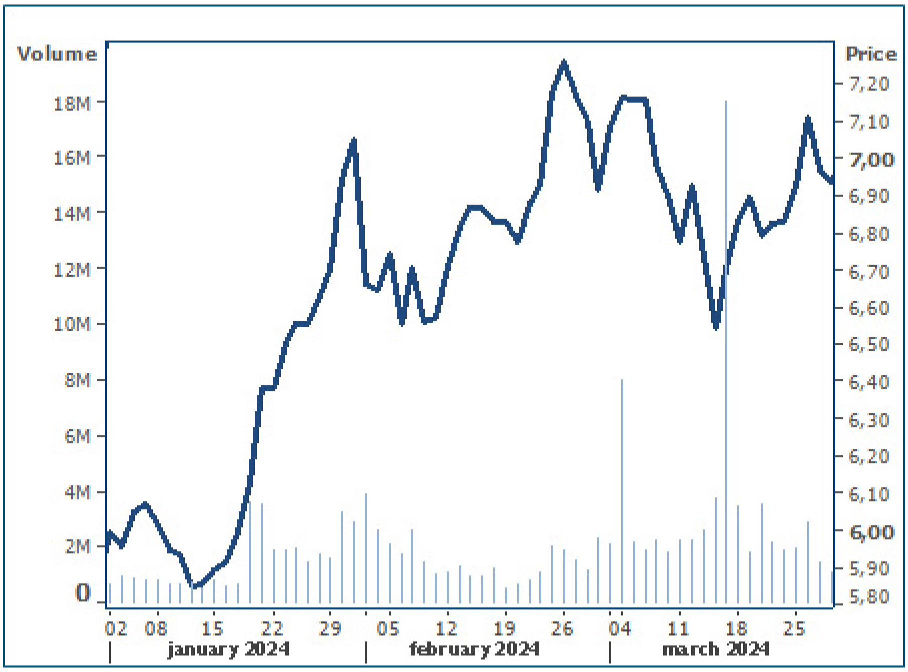
BANCA POPOLARE DI SONDRIO SHARES

Banca Popolare di Sondrio shares, traded on the Euronext Milan market of Borsa Italiana, part of the FTSE MIB index since 18 March 2024, closed the first quarter of 2024 with a positive performance of 18.43%, marking a reference price on 28 March 2024 of EUR 6.94, compared to EUR 5.86 at the end of 2023. During the reporting period, the shares reached an intraday low of EUR 5.77 on 15 January and a high of EUR 7.37 on 4 March. In the same period the FTSE MIB index recorded an increase of 14.49%, while the sectoral index Ftse Italia All-Share Banks was up 31.65%. The average daily volume of securities traded on Borsa Italiana's Euronext Milan market in the first three months of the year was 2.142 million, down sharply from 1.075 million in the same period of 2023.

With regard to treasury shares, whose operations are carried out in compliance with the specific shareholders' resolution, as at 31 March 2024 the Parent Company held 3,632,633 treasury shares in its portfolio, unchanged from the end of 2023. In addition are the 32,901 shares held by Banca Popolare di Sondrio (SUISSE) SA, as part of the share-based compensation plan provided for in the Group's Remuneration Policies. The book value is 25.429 million, of which 25.264 million constitutes utilisation of the parent company's treasury share purchase provision of 30 million.

The shareholder structure as at 31 March 2024 consisted of 145,398 shareholders.

BANCA POPOLARE DI SONDRIO shares – Euronext Milan Market of Borsa Italiana



Price Volume Source: REFINITIV EIKON

RATINGS

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

The ratings shown here refer to S&P Global Ratings' decision of 26 February 2024, as well as the assessments expressed by Fitch Ratings, Morningstar DBRS and Scope Ratings on 6 July 2023, 13 November 2023 and 14 March 2023, respectively.

S&P GLOBAL RATINGS – issued on 26/02/2024

	RATING
STAND-ALONE CREDIT PROFILE It measures the stand-alone creditworthiness of a company based on an analysis of its financial fundamentals. It is expressed on a scale from AAA to D.	**BBB-**
LONG-TERM ISSUER CREDIT RATING It is a measure of the probability of default and expresses the Bank's ability to repay medium to long-term financial commitments. It is expressed on a scale from AAA to D.	**BBB-**
SHORT-TERM ISSUER CREDIT RATING It measures the ability of the organisation to which the rating is assigned to meet financial obligations due in the short term. The assessment scale includes six levels (A-1, A-2, A-3, B, C, and D).	**A-3**
LONG-TERM RESOLUTION COUNTERPARTY RATING It reflects S&P Global Ratings' opinion of the bank's creditworthiness with regard to the timely fulfilment of certain medium-to-long-term financial liabilities that may be protected as part of a possible resolution process (bail-in). It is expressed on a scale from AAA to CC.	**BBB**
SHORT-TERM RESOLUTION COUNTERPARTY RATING It reflects S&P Global Ratings' opinion of the bank's creditworthiness with regard to the timely fulfilment of certain short-term financial liabilities that may be protected as part of a possible resolution process (bail-in). The measurement scale includes six levels from A-1 to SD and D.	**A-2**
SENIOR PREFERRED DEBT It is a measure of the probability of default of Senior Preferred bonds which is expressed using a scale from AAA to D.	**BBB-**
TIER 2 SUBORDINATED DEBT It is a measure of the probability of default of subordinated bonds that is expressed using a scale from AAA to D.	**BB**
OUTLOOK It is a prospective assessment of the possible evolution of the long-term rating assigned over a future period, generally of around two years. Any changes in economic and financial conditions are taken into account when determining the outlook.	**Stable**

FITCH RATINGS – issued on 06/07/2023

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

Morningstar DBRS – issued on 13/11/2023

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

Scope Ratings – issued on 14/03/2023

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

RECONCILIATION BETWEEN THE PARENT COMPANY'S AND THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

(thousands of euro)	Equity	of which: Profit for the period
Equity of the Parent Company at 31.03.2024	3,300,042	119,778
Consolidation adjustments	-5,987	-5,987
Difference with respect to the carrying amounts of equity investments in:		
- companies consolidated on a line-by-line basis	473,889	17,443
- companies valued using the equity method	165,309	13,994
Balance as at 31.03.2024, as reported in the consolidated financial statements	**3,933,253**	**145,228**

INCOME STATEMENT

If 2023 was characterised by weak growth, accompanied by a decline in inflation mainly driven by falling energy prices, the prospects at the beginning of 2024 were not much different. The manufacturing cycle remained weak in the first quarter of the year, although there were signs of recovery in the service sector, while financing conditions remained restrictive, factors that both affected investment. Initial stagnation is still expected in the coming months, followed by – geopolitical uncertainties permitting – a gradual recovery. Monetary policies to combat inflation remained restrictive and rate cuts are expected to begin next June.

In this context, our Group achieved a very satisfactory result. Profit for the period was 145.228 million, compared to profit of 94.407 million in the first three months of 2023, which were also characterised by widespread uncertainty.

The comments on the various items refer to the data shown in the "Summary consolidated income statement" below. Note that they have been reclassified with respect to those shown in the tables foreseen in Bank of Italy provision No. 262/2005 (the notes below indicate the reclassifications applied). The table showing the quarterly development of the reclassified consolidated income statement is also shown.

Net interest income amounted to 267.015 million, +39.04%. The positive performance in the item was affected by the continued restrictive monetary policy. Interest from customers rose sharply, with an improving rate spread, as did interest accrued on the securities portfolio, due less to the increase in its size than to the increase in coupon flows, particularly on indexed government bonds. Net interest income also continued to benefit from a significant increase in income from tax credits related to the "Cure Italy" and "Relaunch" Decree-Laws, which amounted to over 26 million, compared to over 16 million. The cost of funding, from both customers and banks, also rose sharply, despite the reduction in the component that derives from TLTRO III financing following the repayments made from June 2023 to March 2024.

Net fee and commission income of 106.869 million, +10.77%, increased robustly, particularly on guarantees issued, placement of insurance products and current accounts.

Dividends amounted to 0.983 million, compared with 0.663 million.

The result from financial activities (the sum of items 80, 90 and 100 of the reclassified income statement) was a positive 35.491 million compared to 29.811 million in the comparative period, +19.05%.

By contrast, the imbalance between capital gains and losses on securities in the trading portfolio, which was positive, remained positive, while declining. The result from foreign exchange and currency business increased. Net trading income - item 80 - was 27.054 million compared to 28.612 million in the first quarter of 2023, while the net hedging gain - item 90 - was 0.025 million. Gains on disposal or repurchase, item 100, amounted to 8.412 million. The result for the comparative period, reclassified for gains/losses from the sale of loans, was a positive 1.003 million. This includes profits of 2.882 million from financial assets measured at amortised cost, profits of 4.905 million from assets measured at fair value through other comprehensive income and profits of EUR 625 thousand from financial liabilities. The result from other financial assets mandatorily valued at fair value, item 110b), was a negative 1.189 million compared to a positive 12.677 million.

The total income therefore came to 409.169 million, up 23.36%. Within this aggregate, the weighting of net interest income was 65.26% compared with 57.90%.

Adjustments/write-backs for credit risk showed a substantial increase in overall impairment, amounting to 42.814 million, +7.52%. The figure includes the combined effect of adjustments on non-performing positions and the evolutionary dynamics of risk parameters and the updating of the parameters of the new macroeconomic scenarios.

Among its components, the sub-item Adjustments to financial assets measured at amortised cost, comprising exposure to customers and banks in the form of both loans and securities, increased by +36.78%. This sub-item amounted to 47.916 million and refers mainly to loans to customers. The increase, as already mentioned, is to a large extent related to prudential assessments in an environment that, on the whole, shows a low rate of non-performing loans and substantial regularity in payments by companies.

Sub-item 130b), which relates to financial assets measured at fair value through other comprehensive income, was positive for 68 thousand, compared to a negative 442 thousand, which was mainly due to the increase in loss expectations on certain bonds.

Line item 140, comprising the gains/losses on contractual amendments to cash flows not resulting in derecognition, shows a loss for the reporting period of 0.669 million compared with profits of 2.585 million in the first quarter of 2023.

Provisions for commitments and guarantees given showed a release of provisions of 5.703 million compared to accruals to provisions of 6.836 million.

The ratio of net adjustments to customer loans/total customer loans (cost of credit) was 0.51%, compared to 0.65% at year-end.

Financial income went from 291.861 to 366.355 million, +25.52%.

As always, there was a strong focus on cost containment in parallel with structural efficiency. Operating costs amounted to 150.790 million, +11.10%.

The cost/income ratio decreased from 40.92% to 36.85%. At the level of the individual components, administrative expenses, normalised to exclude the provision for the income from the pension fund, accounted for through other operating income/expense, amounted to 150.445 million, +9.87%. Within this item, personnel expenses went from 68.954 to 76.633 million, +11.14%; they were affected by the collective employment contract signed in December and significant new hires, while other administrative expenses rose from 67.973 to 73.812 million, +8.59%. IT costs and those related to the Group's growth in size also continued to be significant.

KEY FIGURES OF THE CONSOLIDATED INCOME STATEMENT

(thousands of euro)	31/03/2024	31/03/2023	Absolute changes	Changes %
Net interest income	267,015	192,047	74,968	39.04
Dividends	983	663	320	48.27
Net fee and commission income	106,869	96,482	10,387	10.77
Result of financial activities [a]	35,491	29,811	5,680	19.05
Result of other financial assets and liabilities measured at FVTPL [b]	-1,189	12,677	-13,866	n.a.
of which LOANS	*-2,011*	*2,918*	*-4,929*	n.a.
of which OTHER	*822*	*9,759*	*-8,937*	n.a.
Total income	**409,169**	**331,680**	**77,489**	**23.36**
Net adjustments [c]	-42,814	-39,819	-2,995	7.52
Net financial income	**366,355**	**291,861**	**74,494**	**25.52**
Personnel expenses [d]	-76,633	-68,954	-7,679	11.14
Other administrative expenses [e]	-73,812	-67,973	-5,839	8.59
Other operating income/expense [d]	17,328	22,000	-4,672	-21.24
Net accruals to provisions for risks and charges [f]	-1,083	-5,383	4,300	-79.88
Adjustments to property, equipment and investment property and intangible assets	-16,590	-15,411	-1,179	7.65
Operating costs	**-150,790**	**-135,721**	**-15,069**	**11.10**
Operating profit (loss)	**215,565**	**156,140**	**59,425**	**38.06**
Charges for stabilising the banking system [e]	-20,001	-35,005	15,004	-42.86
Net gains (losses) on equity investments and other investments	14,279	12,986	1,293	9.96
Profit (loss) before tax	**209,843**	**134,121**	**75,722**	**56.46**
Income taxes	-64,615	-39,714	-24,901	n.a.
Profit (loss)	**145,228**	**94,407**	**50,821**	**53.83**
Profit (loss) attributable to the Parent Company	**145,228**	**94,407**	**50,821**	**53.83**

Notes:
[a] The result of financial activities is made up of the sum of items 80 - 90 - 100 in the income statement.
[b] The result of other financial assets measured at FVTPL is comprised in item 110 of the income statement.
[c] Net adjustments consist of the sum of items 130 - 140 - 200 a) of the income statement.
[d] Personnel expenses and other operating income have been stated net of the income generated by the post-employment benefits fund of 2.611 million.
[e] Charges for stabilising the banking system have been separated from other administrative expenses and presented separately.
[f] Net allocations to provisions for risks and charges refer to item 200 b).

The item "net provisions for risks and charges" reflect allocations of 1.083 million compared with 5.383 million. The depreciation of property, equipment and investment property and the amortisation of software amounted to 16.590 million compared with 15.411 million. Other income, net of other operating expenses, amounted to 17.328 million, -21.24%.

With regard to charges for the stabilisation of the banking system, contributed to the National Resolution Fund and the FITD, provisions of 20.001 million were made, compared to 35.005 million, a decrease that was related to the absence of the contribution to the Single Resolution Fund (SRF) for the year under review. The aggregate profits/losses on equity and other investments was 14.279 million, +9.96%.

Profit before income taxes was 209.843 million compared with 134.121 million, +56.46%.

Income taxes amounted to 64.615 million. Profit for the period was thus 145.228 million compared to 94.407 million, +53.83%.

The tax rate, understood as the ratio of income taxes to pre-tax result, stood at 30.79% compared to 29.61%.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT QUARTER BY QUARTER

(thousands of euro)	2024	2023			
	I Quarter	IV Quarter	III Quarter	II Quarter	I Quarter
Net interest income	267,015	268,513	241,105	235,290	192,047
Dividends	983	3,073	2,271	1,645	663
Net fee and commission income	106,869	112,466	95,554	98,058	96,482
Result of financial activities [a]	35,491	35,643	21,553	28,306	29,811
Result of other financial assets and liabilities measured at FVTPL [b]	-1,189	2,406	-1,083	-8,792	12,677
of which LOANS	*-2,011*	*-1,069*	*-695*	*-1,836*	*2,918*
of which OTHER	*822*	*3,475*	*-388*	*-6,956*	*9,759*
Total income	**409,169**	**422,101**	**359,400**	**354,507**	**331,680**
Net adjustments [c]	-42,814	-124,435	-21,172	-39,116	-39,819
Net financial income	**366,355**	**297,666**	**338,228**	**315,391**	**291,861**
Personnel expenses [d]	-76,633	-77,053	-74,115	-72,920	-68,954
Other administrative expenses [e]	-73,812	-78,915	-66,918	-69,210	-67,973
Other operating income/expense [d]	17,328	27,388	22,073	22,875	22,000
Net accruals to provisions for risks and charges [f]	-1,083	-7,459	-6,453	-7,193	-5,383
Adjustments to property, equipment and investment property and intangible assets	-16,590	-22,829	-17,744	-16,499	-15,411
Operating costs	**-150,790**	**-158,868**	**-143,157**	**-142,947**	**-135,721**
Operating profit (loss)	**215,565**	**138,798**	**195,071**	**172,444**	**156,140**
Charges for stabilising the banking system [e]	-20,001	1,983	0	-5,852	-35,005
Net gains (losses) on equity investments and other investments	14,279	12,520	9,995	1,204	12,986
Profit (loss) before tax	**209,843**	**153,301**	**205,066**	**167,796**	**134,121**
Income taxes	-64,615	-40,728	-63,563	-55,117	-39,714
Profit (loss)	**145,228**	**112,573**	**141,503**	**112,679**	**94,407**
Profit (loss) attributable to the Parent Company	**145,228**	**112,573**	**141,503**	**112,679**	**94,407**

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

DISTRIBUTION BY GEOGRAPHICAL AREAS

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

The latter's contribution to the Group can be summarised in the following figures: Suisse accounts for 8.64% of direct customer deposits, 13.49% of loans to customers, 6.14% of net commissions and 2.28% of net interest income.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

On 4 April 2024 the sustainability rating company Standard Ethics, at the conclusion of its annual review process, raised the Corporate Standard Ethics Rating of Banca Popolare di Sondrio to "EE+" from the previous "EE" with a "Positive" outlook.

On 17 April 2024, the agency Scope Ratings, at the end of its annual rating review process, confirmed Banca Popolare di Sondrio's issuer rating at investment grade "BBB". The outlook was also kept unchanged at "Stable".

On 24 April 2024, the agency Fitch Ratings announced, at the end of its annual rating review, its decision to raise the credit rating of Banca Popolare di Sondrio, restoring it to investment grade. The main rating assigned to Banca Popolare di Sondrio, consisting of the long-term issuer insolvency rating, is "BBB-" with a "Stable" outlook.

Specific press releases were issued on the above three decisions and are available on the Banca Popolare di Sondrio website at https://istituzionale.popso.it/it/comunicati-ed-eventi-societari/comunicati

As regards the business outlook, the current macroeconomic context suggests a moderate recovery in growth and the containment of inflationary pressures, which should allow the European Central Bank to gradually loosen monetary policy. Given these factors, it is believed that our Group, thanks to the positive dynamics of its core business and careful management of operating costs, will be able to substantially replicate the results achieved in financial year 2023.

Sondrio, 07 May 2024

THE BOARD OF DIRECTORS

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

Pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Finance Act, the Manager responsible for preparing the Company's accounting documents, Maurizio Bertoletti, declares that the accounting information contained in this consolidated interim report as at 31 March 2024 corresponds to the documented results, books and accounting records.

Manager responsible for preparing the
Company's accounting documents

Maurizio Bertoletti

CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

CONSOLIDATED BALANCE SHEET

(thousands of euro)

	ASSET ITEMS	31/03/2024	31/12/2023
10.	**Cash and cash equivalents**	**3,151,653**	**4,546,559**
20.	**Financial assets measured at fair value through profit or loss**	**772,297**	**690,970**
	a) financial assets held for trading	250,749	150,073
	c) other financial assets mandatorily measured at fair value	521,548	540,897
30.	**Financial assets measured at fair value through other comprehensive income**	**3,564,590**	**3,212,616**
40.	**Financial assets measured at amortised cost**	**44,859,242**	**45,530,807**
	a) Loans and receivables with banks	2,205,355	2,122,051
	b) Loans and receivables with customers	42,653,887	43,408,756
50.	**Hedging derivatives**	**-**	**1**
60.	**Change in value of macro-hedged financial assets (+/-)**	**1,274**	**1,775**
70.	**Equity investments**	**392,545**	**376,357**
90.	**Property, equipment and investment property**	**702,673**	**677,074**
100.	**Intangible assets**	**38,039**	**37,756**
	of which:		
	- goodwill	16,997	16,997
110.	**Tax assets**	**251,961**	**260,813**
	a) current	1,230	1,375
	b) prepaid	250,731	259,438
130.	**Other assets**	**3,007,578**	**2,387,037**
	TOTAL ASSETS	**56,741,852**	**57,721,765**

	LIABILITIES AND EQUITY	31/03/2024	31/12/2023
10.	**Financial liabilities measured at amortised cost**	**50,612,625**	**52,310,486**
	a) Due to banks	8,626,812	9,917,675
	b) Customer deposits	36,660,536	37,916,301
	c) Securities issued	5,325,277	4,476,510
20.	**Financial liabilities held for trading**	**17,281**	**69,577**
40.	**Hedging derivatives**	**1,400**	**1,924**
60.	**Tax liabilities**	**120,167**	**71,354**
	a) current	93,863	41,999
	b) deferred	26,304	29,355
80.	**Other liabilities**	**1,659,311**	**1,062,057**
90.	**Provision for employee severance pay**	**33,925**	**33,459**
100.	**Provisions for risks and charges**	**363,876**	**363,620**
	a) commitments and guarantees given	90,512	96,237
	b) pension and similar obligations	180,036	178,950
	c) other provisions for risks and charges	93,328	88,433
120.	**Valuation reserves**	**(12,854)**	**(16,222)**
150.	**Reserves**	**2,387,202**	**1,950,646**
160.	**Share premium accounts**	**78,949**	**78,949**
170.	**Share capital**	**1,360,157**	**1,360,157**
180.	**Treasury shares (-)**	**(25,429)**	**(25,418)**
190.	**Non-controlling interests (+/-)**	**14**	**14**
200.	**Profit (loss) for the period (+/-)**	**145,228**	**461,162**
	TOTAL LIABILITIES AND EQUITY	**56,741,852**	**57,721,765**

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

ITEMS		31/03/2024	31/03/2023
10.	INTEREST AND SIMILAR INCOME	547,032	360,383
	of which: interest income calculated using the effective interest method	*542,349*	*356,759*
20.	INTEREST AND SIMILAR EXPENSES	(280,017)	(168,336)
30.	**NET INTEREST INCOME**	**267,015**	**192,047**
40.	FEE AND COMMISSION INCOME	112,626	102,232
50.	FEE AND COMMISSION EXPENSE	(5,757)	(5,750)
60.	**NET FEE AND COMMISSION INCOME**	**106,869**	**96,482**
70.	DIVIDENDS AND SIMILAR INCOME	983	663
80.	NET TRADING INCOME	27,054	28,612
90.	NET HEDGING GAIN (LOSS)	25	196
100.	GAINS (LOSSES) FROM SALES OR REPURCHASES OF:	8,412	909
	a) financial assets measured at amortised cost	2,882	1,488
	b) financial assets measured at fair value through other comprehensive income	4,905	(664)
	c) financial liabilities	625	85
110.	NET GAINS/LOSSES ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	(1,189)	12,677
	b) other financial assets mandatorily measured at fair value	(1,189)	12,677
120.	**TOTAL INCOME**	**409,169**	**331,586**
130.	NET ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATED TO:	(47,848)	(35,474)
	a) financial assets measured at amortised cost	(47,916)	(35,032)
	b) financial assets measured at fair value through other comprehensive income	68	(442)
140.	GAINS/LOSSES FROM CONTRACTUAL AMENDMENTS NOT RESULTING IN DERECOGNITION	(669)	2,585
150.	**NET FINANCIAL INCOME**	**360,652**	**298,697**
180.	**BALANCE OF FINANCIAL AND INSURANCE MANAGEMENT**	**360,652**	**298,697**
190.	ADMINISTRATIVE EXPENSES:	(173,057)	(174,562)
	a) personnel expenses	(79,244)	(71,584)
	b) other administrative expenses	(93,813)	(102,978)
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	4,620	(12,219)
	a) commitments for guarantees given	5,703	(6,836)
	b) other net provisions	(1,083)	(5,383)
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(13,061)	(11,900)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(3,529)	(3,511)
230.	OTHER OPERATING INCOME/EXPENSE	19,939	24,630
240.	**OPERATING COSTS**	**(165,088)**	**(177,562)**
250.	GAINS (LOSSES) ON EQUITY INVESTMENTS	13,994	12,970
260.	NET RESULT OF FAIR VALUE MEASUREMENT OF PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS	-	-
280.	GAINS (LOSSES) ON SALES OF INVESTMENTS	285	16
290.	**PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS**	**209,843**	**134,121**
300.	INCOME TAXES FOR THE YEAR FROM CURRENT OPERATIONS	(64,615)	(39,714)
310.	**POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS**	**145,228**	**94,407**
330.	**PROFIT (LOSS) FOR THE PERIOD**	**145,228**	**94,407**
340.	(PROFIT) LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-
350.	**PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY**	**145,228**	**94,407**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(thousands of euro)

ITEMS		31/03/2024	31/03/2023
10.	**Profit (loss) for the period**	**145,228**	**94,407**
	Other income items net of income taxes that will not be reclassified to profit or loss		
20.	Equity securities measured at fair value through other comprehensive income	10,392	3,027
50.	Property, equipment and investment property	-	-
70.	Defined-benefit plans	1,385	187
90.	Share of valuation reserves of equity investments measured at equity	(1)	76
	Other income items net of income taxes that may be reclassified subsequently to profit or loss		
120.	Exchange rate differences	(1,680)	(391)
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(8,865)	7,712
170.	Share of valuation reserves of equity investments measured at equity	2,137	14,828
200.	**Total other income items net of income taxes**	**3,368**	**25,439**
210.	**Other comprehensive income (Item 10+200)**	**148,596**	**119,846**
220.	Consolidated comprehensive income attributable to minorities	-	-
230.	**Consolidated other comprehensive income attributable to the parent company**	**148,596**	**119,846**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)

	Balance at 31.12.2023	Changes in opening balances	Balance at 1.1.2024	Allocation of prior year result: Reserves	Allocation of prior year result: Dividends and other allocations	Changes during the year: Changes in reserves	Changes during the year – Equity transactions: Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in interests held	Other comprehensive income at 31.03.2024	**Equity attributable to the Group at 31.03.2024**	**Equity attributable to non-controlling interests at 31.03.2024**
Share capital																
a) ordinary shares	1,360,171	-	1,360,171	-	-	-	-	-	-	-	-	-	-	-	1,360,157	14
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium accounts	78,949	-	78,949	-	-	-	-	-	-	-	-	-	-	-	78,949	-
Reserves																
a) from earnings	1,914,752	-	1,914,752	461,162	-	(24,606)	-	-	-	-	-	-	-	-	2,351,308	-
b) other	35,894	-	35,894	-	-	-	-	-	-	-	-	-	-	-	35,894	-
Valuation reserves	(16,222)	-	(16,222)	-	-	-	-	-	-	-	-	-	-	3,368	(12,854)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(25,418)	-	(25,418)	-	-	-	41	(52)	-	-	-	-	-	-	(25,429)	-
Profit for the year	461,162	-	461,162	(461,162)	-	-	-	-	-	-	-	-	-	145,228	145,228	-
Equity attributable to the Group	3,809,274	-	3,809,274	-	-	(24,606)	41	(52)	-	-	-	-	-	148,596	3,933,253	-
Equity attributable to non-controlling interests	14	-	14	-	-	-	-	-	-	-	-	-	-	-	-	14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)

				Allocation of prior year result		Changes during the year										
							Equity transactions									
	Balance at 31.12.2022	Changes in opening balances	Balance at 1.1.2023	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in interests held	Other comprehensive income at 31.03.2023	**Equity attributable to the Group at 31.03.2023**	**Equity attributable to non-controlling interests at 31.03.2023**
Share capital																
a) ordinary shares	1,360,161	-	1,360,161	-	-	-	-	-	-	-	-	-	-	-	1,360,157	4
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium accounts	**78,978**	**-**	**78,978**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**78,978**	**-**
Reserves																
a) from earnings	1,754,574	-	1,754,574	251,321	-	(6,993)	-	-	-	-	-	-	-	-	1,998,902	-
b) other	35,894	-	35,894	-	-	-	-	-	-	-	-	-	-	-	35,894	-
Valuation reserves	**(68,086)**	**-**	**(68,086)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,439**	**(42,647)**	**-**
Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Treasury shares	**(25,402)**	**-**	**(25,402)**	**-**	**-**	**-**	**-**	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,408)**	**-**
Profit for the year	**251,321**	**-**	**251,321**	**(251,321)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**94,407**	**94,407**	**-**
Equity attributable to the Group	**3,387,436**	**-**	**3,387,436**	**-**	**-**	**(6,993)**	**-**	**(6)**	**-**	**-**	**-**	**-**	**-**	**119,846**	**3,500,283**	**-**
Equity attributable to non-controlling interests	**4**	**-**	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**